

Chapter 1 – Introduction

1.1 Audited Entity Profile

Indian Railways is a multi-gauge, multi-traction system with a total route length of 67,956 Km (as on 31 March 2020). Some important statistics¹ regarding route/track length in Indian Railways are indicated in **Table 1.1**.

Particulars	Broad Gauge (1,676 mm)	Metre Gauge (1,000 mm)	Narrow Gauge (762/610 mm)	Total
Route Km ²	63,950	2,402	1,604	67,956
Track Km ³	1,21,756	2,653	1,957	1,26,366
Electrified Route Km	39,329	-	-	39,329

Indian Railways runs 13,169 passenger trains and 8,479 goods trains every day. During 2019-20, it carried 22.15 million passengers and 3.32 million tonnes freight each day. As on 31 March 2020, Indian Railways had 12.54 lakh workforce and maintained the following infrastructural assets and rolling stock as indicated in **Table 1.2**.

Infrastructural assets/Rolling stock	Numbers
Stations	7,325
Locomotives	12,729
Coaching Vehicles	76,608
Freight Wagons	2,93,077

Ministry of Railways (MoR) is headed by a Union Minister for Railways (a Cabinet Minister) and two Ministers of State for Railways. Railway Board which is the apex body of Indian Railways, reports to the Minister of Railways. The Board is headed by Chairman, Railway Board & Chief Executive Officer (CRB-CEO) and has four Members viz. Member (Operations & Business Development), Member (Infrastructure), Member (Traction & Rolling Stock) and Member (Finance)⁴. The Board lays down policies on operation and maintenance of train services, acquisition, construction and maintenance of assets. It monitors implementation of policies and instructions across Zonal Railways. Railway Board also regulates pricing of both passenger fares and freight tariffs. The functional directorates under each Member assist and aid in decision-making and monitoring of railway operations.

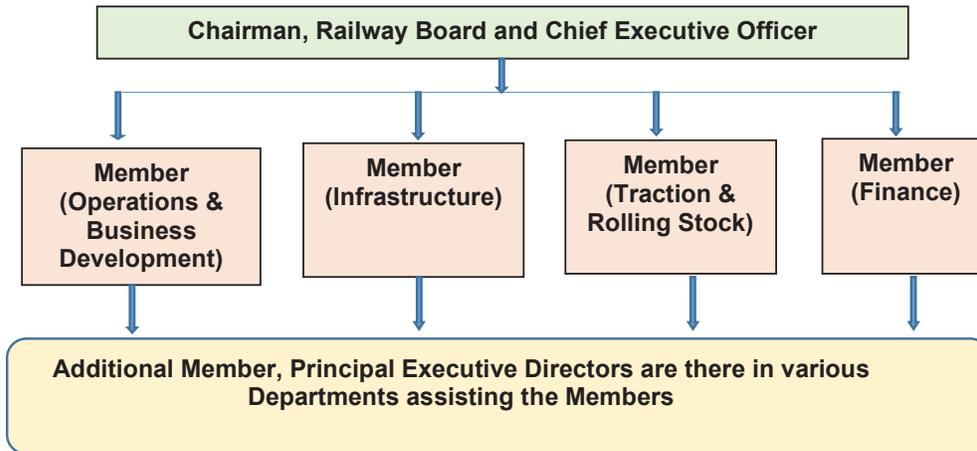
¹ Source: Indian Railways Year Book 2019-20

² The distance between two points on the Railway irrespective of the number of lines connecting them, whether single line, double line *etc.*

³ Length of all running tracks and tracks in sidings, yards *etc.*

⁴ Revised Organizational Structure of Railway Board issued vide MoR's Office Order No.64 of 2020 dated 8 September 2020

The organizational structure⁵ of Railway Board is as follows:



Member (Operations & Business Development) looks after Traffic Transportation, Coaching, Tourism & Catering, Commercial, Non-Fare Revenue, Marketing & Business Development and Information Technology.

Member (Infrastructure) looks after Works, Civil Engineering, Bridges, Signal & Telecommunication, Land & Amenities, Station Development and Railway Electrification.

Member (Traction & Rolling Stock) looks after Production Units, Mechanical Workshops, Coaches, Locomotives, Train sets, Environment and House Keeping, Electrical Maintenance of Coaching Stock, Traction Distribution, Power Supply, Renewable Energy and Material Management.

Member (Finance) is responsible for Accounts, Finance, Budget, Revenue and Statistics & Economics.

In addition, Human Resources, Safety, Security, Health, Planning, Infrastructure, Vigilance, Efficiency & Research, Public Relations, Heritage, Transformation Cell, Corporate Co-ordination are the Directorates that report directly to the CRB-CEO. These Directorates are headed by Additional Members and Principal Executive Directors.

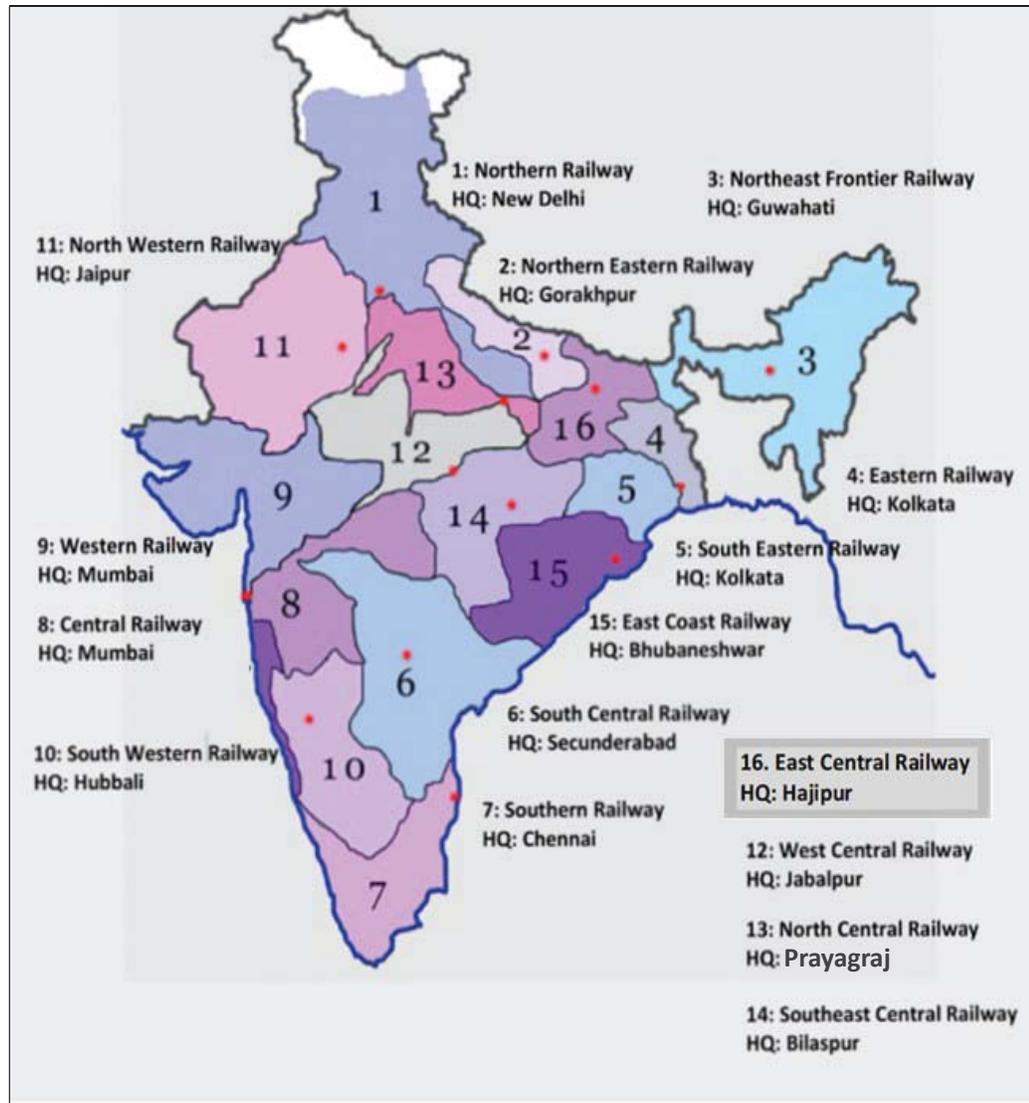
At the field level, there are 17 Zonal Railways including Metro Railway /Kolkata. In addition, there are specialized organizations *viz.*,

- Research Designs and Standards Organization (RDSO), Lucknow for research and standardization;
- Central Organization for Modernization of Workshops (COFMOW) for procurement of specialized machinery;

⁵ Ministry of Railways' Office Order No.64 of 2020 dated 8 September 2020

- Locomotive manufacturing units- Banaras Locomotive Works⁶ at Varanasi, Chittaranjan Locomotive Works at Chittaranjan and Diesel Loco Modernization Works at Patiala; and
- Coach factories at Kapurthala, Raebareli and Perambur, Rail & Wheel Factory at Yelahanka and Rail Wheel Plant at Bela.

The Zonal Railways jurisdiction and their Headquarters as on 31 March 2020 is shown in the diagram below:



Zonal Railways wise Total Track Kilometers and number of Stations under their jurisdiction as on 31 March 2020 are indicated in **Table 1.3**.

⁶ Diesel Locomotive Works, Varanasi renamed as Banaras Locomotive Works vide Gazette Notification No.2020/Elect (TRS)/225/2 dated 27 October 2020.

Table 1.3			
Zonal Railways (Establishment Year)	Total Track Kms	No. of Stations	Divisions
Central (1951)	8827	552	Mumbai, Bhusawal, Pune, Solapur, Nagpur
Southern (1951)	9103	575	Chennai, Trichy, Madurai, Palakkad, Salem, Thiruvananthapuram
Western (1951)	10659	708	Mumbai Central, Ratlam, Ahmedabad, Rajkot, Bhavnagar, Vadodara
Eastern (1952)	7221	453	Howrah, Sealdah, Asansol, Malda
North Eastern (1952)	4893	336	Izzatnagar, Lucknow, Varanasi
Northern (1952)	13558	803	Delhi, Ambala, Firozpur, Lucknow, Moradabad
South Eastern (1955)	6549	334	Adra, Chakradharpur, Kharagpur, Ranchi
Northeast Frontier (1958)	6473	453	Alipurduar, Katihar, Rangia, Lumding, Tinsukia
South Central (1966)	10872	622	Secunderabad, Hyderabad, Guntakal, Guntur, Nanded, Vijayawada
South East Central (1998)	5193	224	Bilaspur, Raipur, Nagpur
East Central (2002)	9954	473	Danapur, Dhanbad, Deen Dayal Upadhyaya, Samastipur, Sonpur
North Western (2002)	8027	473	Jaipur, Ajmer, Bikaner, Jodhpur
East Coast (2003)	6009	285	Khurda Road, Sambalpur, Visakhapatnam
North Central (2003)	6436	413	Prayagraj, Agra, Jhansi
South Western (2003)	5880	307	Hubli, Bangalore, Mysore
West Central (2003)	6617	290	Jabalpur, Bhopal, Kota
Metro Kolkata (2009)	95	24	Kolkata

A fully integrated financial advice and control system exists at Railway Board headed by the Member (Finance). At Zonal level, finance functions are headed by Principal Financial Adviser (PFA). He is assisted by Financial Adviser and Chief Accounts Officers (FA & CAOs). They are responsible for rendering advice and scrutinizing all proposals involving expenditure from the public exchequer.

1.2 Authority for Audit

The authority for our audit is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (DPC) Act, 1971. Audit of expenditure and receipts of MoR and its Autonomous Bodies is conducted under Section 13, Section 16 and Section 20 (1) of the CAG's (DPC) Act respectively.

1.3 Audit Planning

Selection of the units for audit of the Railways is planned on the basis of a risk assessment. The risk is assessed based on the level of budget planned, resources allocated and deployed, extent of compliance with internal controls, scope of delegation of powers, sensitivity and criticality of function/activity, external environment factors *etc.*, previous audit findings, Public Accounts Committee (PAC)'s recommendation and action taken by the MoR, media reports, where relevant, are also considered. Based on such risk assessment, test audit of 5,323 entities/units of the Railways was conducted during 2019-20.

The Audit Plan focused on selected issues of significant nature in terms of policy and its implementation. These included operations, freight traffic, earnings, infrastructure development, passenger amenities, asset management, material management and safety works. Each study brings out important audit findings and conclusions followed by audit recommendations to help improve systems and strengthen internal control mechanism in Railways.

1.4 Reporting

Audits of selected topics were conducted across the Zonal Railways. Relevant records and documents of the field units as well as that of Railway Board were reviewed. Appropriate samples from the population were selected so as to adequately cover the issues under study. The audit findings were issued to the respective Zonal Managements for their response. Audit findings were either settled or further action for compliance was advised depending upon the action taken. Important audit observations, not having been complied with, were followed up through Draft Paragraphs addressed to the General Managers of Zonal Railways. Copies of Draft Paragraphs were endorsed to the FA & CAOs and Heads of the Departments for reply within the prescribed period. Selected issues were taken up as Provisional Paragraphs and issued to the MoR for eliciting their reply before inclusion in Audit Report.

1.5 Structure of the Report

This Audit Report comprises results of scrutiny of transactions relating to expenditure, receipts, assets and liabilities of the units under the control of

MoR. This includes examination of the adequacy, legality, transparency and effectiveness of the relevant rules to maintain and ensure control mechanism over public expenditure. The effectiveness of the rules to safeguard against misuse, waste and losses were also examined.

The Report contains four Chapters. Chapter 1 is introductory in nature and covers issues of cross-cutting nature. The other three Chapters relate to the core functional areas of the three Railway Board Members (Operations & Business Development, Infrastructure and Traction & Rolling Stock). The Report presents audit findings of significant materiality which are intended to aid the Executive in taking corrective actions for better performance and financial management. Detailed findings pertaining to the Zonal Railways on the following subjects are presented in this Report:

- (i) Punctuality and Travel time in train operations in Indian Railways
- (ii) Implementation of Dedicated Freight Corridor Project in Indian Railways

In addition, 31 individual paragraphs covering audit findings of respective Zonal Railways are presented in Chapters 2 to 4 of this Report.

1.6 Response of the Ministry/Department to Provisional Paragraphs

As per the recommendation of the Public Accounts Committee, Ministry of Finance issued (June 1960) directions to all Ministries to send their response to the draft audit paragraphs within a time limit of six weeks.

A total of 35 Provisional Paragraphs were issued to MoR⁷. At the end of November 2021, MoR's replies were received in respect of 15 Provisional Paragraphs. Replies received were duly considered and suitably incorporated in the Audit Report. The response in respect of remaining Provisional Paragraphs (20 nos.) was awaited from MoR.

1.7 Recoveries at the instance of Audit

Audit had pointed out cases of undercharges/overpayments of ₹ 81.99 crore in various Zonal Railways during the year 2019-20. This included undercharges in realization of freight and other earnings, over payments to staff and other agencies, non-recovery of dues of the Railways etc. During the past six years, ₹ 752.07 crore had been recovered/ accepted for recovery by the Railways at the instance of Audit, as detailed in **Table 1.4**.

⁷ CRB, Members concerned and Member (Finance)

Table 1.4-Recovery at the instance of Audit during 2014-15 to 2019-20	
Year	Amount Recovered/accepted for recovery (₹ in crore)
2014-15	101.26
2015-16	80.27
2016-17	162.91
2017-18	193.13
2018-19	132.51
2019-20	81.99
Total	752.07

During 2019-20, an amount of ₹ 81.99 crore was accepted for recovery by various Zonal Railways and other field units. Of this, ₹ 61.71 crore was recovered and ₹ 20.28 crore was agreed to be recovered by the Zonal Railways. Four Zonal Railways accounted for recoveries exceeding ₹ 10 crore each⁸. Out of ₹ 81.99 crore, ₹ 52.83 crore pertained to transactions already checked by Railways' Accounts Department and ₹ 28.86 crore pertained to other than those checked by Accounts Department. As a result of further review carried out by Accounts Department, another ₹ 0.30 crore was recovered/agreed to be recovered by the Zonal Railways.

1.8 Remedial action on Audit Paragraphs included in the Audit Reports

As per the Public Accounts Committee (PAC) recommendations⁹, Ministry/Departments of the Government of India should furnish corrective/remedial Action Taken Note (ATN) on all paragraphs raised in the Audit Reports within four months after laying of the Report in the Parliament.

On the Audit Paragraphs selected by PAC, discussions/oral evidence is taken by PAC. After the oral evidence, PAC issue Reports containing their observations/recommendations on which action is to be taken by the Ministry. The Action Taken Reports (ATRs) on the PAC Reports are submitted by the Ministry to the PAC after audit vetting.

The status of pending ATNs as on 30 September 2021 has been given in **Annexure 1.1**.

Some of the important cases, where MoR had made appropriate changes and issued instructions during 2019-20 for streamlining their internal process are illustrated in **Table 1.5**.

⁸ NER (₹ 10.73 crore), NR (₹ 11.30 crore), SER (₹ 11.92 crore) and SWR (₹ 12.24 crore)

⁹ Ninth Report (Eleventh Lok Sabha) presented to the Parliament on 22 April 1997

Table 1.5

Para No./Report No.	Audit Observations /Recommendations	Action taken by Railways
<i>Para No. 4.6 of Report No. 14 of 2017 - Premature rejection of Electronic Rectifier - cum-Regulating Unit (ERRU) in South Eastern Railway</i>	ERRU, a type of electronic based maintenance free item, became defective without serving its full life and remained in defective/breakdown condition in workshop/ coaching depots of South Eastern Railway.	To arrest the problem, Research Designs and Standards Organization (RDSO) made efforts for upgrading the specification. Firms, who could not rise to the occasion, have been delisted from the Approved Suppliers List.
<i>Para 2.4 of Report No. 5 of 2018- Incorrect entry of train timing of terminating trains in Integrated Coaching Management System (ICMS) led to compromise in data integrity</i>	Railway entered the arrival timing of terminating trains at Prayagraj station incorrectly in ICMS. This led to compromise in data integrity. As the information fed into ICMS is reflected in National Train Enquiry System (NTES), the incorrect entries caused inconvenience to passengers by showing wrong timings of arrival of trains at Prayagraj station. Similar position of incorrect data entry of arrival/departure time of trains may prevail at other stations. MoR may issue instructions to Zonal Railways to ensure correct entry of the arrival/departure timings in NTES (either through direct entry in NTES or through entry in Control Office Application or through data loggers) so that passengers get accurate information on arrival/departure of trains.	To address the issue of wrong data feeding and consequent discrepancy in NTES/Punctuality Analysis Module (PAM) vis-à-vis actual train timing, MoR has taken a decision to automate train running information input by installing data loggers at selected locations. MoR is working on Real Time Train Information System (RTIS) wherein devices will be installed on locomotives, and through satellite, information regarding train location and running will be fed into ICMS/PAM/NTES. RTIS system is in pilot stage and will be rolled out soon.

Table 1.5

Para No./Report No.	Audit Observations /Recommendations	Action taken by Railways
<p><i>Para 2.15 of Report No. 5 of 2018 - Undue advantage taken by Jansadharan Ticket Booking Sewaks (JTBSs) by depositing de-monetized specified bank notes with the Railways post-demonetization</i></p>	<p>No upper limit for deposit the cash by the JTBSs (for issue of tickets) was fixed by MoR. In absence of upper limit for cash deposits by JTBSs, JTBSs took undue advantage and deposited large amounts of cash with the railways in de-notified denominations instead of depositing the same in the banks.</p>	<p>MoR issued (August 2019) instructions that JTBSs shall be allowed to deposit the maximum amount equivalent to 15 days daily average transactions of the JTBS during previous financial year subject to condition that the said amount does not fall below the prescribed lower limit of ₹ 10,000. In case of newly appointed JTBS, this limit can be decided by the Zonal Railways concerned with approval of associate finance.</p>
<p><i>Para 6.1 of Report No. 5 of 2018 - Receipt of wagons not due for Periodical Overhaul (POH) in Dahod Workshop (Western Railway) led to detention and consequent loss of earning capacity of these wagons</i></p>	<p>During the period from June 2013 to March 2017, 434 wagons not due for POH were received in Dahod workshop. Inspection and approval was not being carried out by workshop staff before accepting the wagons for POH. These wagons hindered operational activities as they occupied track inside the workshop and were returned back to the Zonal Railways without carrying out any work on them after being detained at the workshop for long periods. This led to avoidable loss of potential earning capacity of ₹ 16.46 crore due to detention.</p>	<p>MoR issued instructions to Workshops and Open Line for proper co-ordination, prior to booking of wagons due for POH, to avoid detention in future.</p>