OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
RAILWAY PRODUCTION UNITS AND METRO RAILWAY

Report of the Principal Director of Audit
Metro Railway
Kolkata
2011-12

14 STRAND ROAD, NEW KOILAGHAT BUILDING (5TH FLOOR)
KOLKATA-700001

CHANAKYAPURI
Race Course
JOR BAGH
Lodi Road
Jawaharlal Nehru Stadium
Jangpura
Sarai Kale Khan ISBT
National Rail Museum
Netaji Nagar
Sarojini Nagar
Thyagaraj Sports Complex
South Ex-I
LAJPAT NAGAR
NEW FRIENDS COLONY
RK PURAM
Ring Road/Mahatma Gandhi Marg
AIIMS
Safdarjung Hospital
Moolchand
Safdarjang Enclave
Neeti Bagh
R.K. Khanna Sport Complex
NEHRU PLACE
ISKCON Temple
Lotus Temple
Munirka
HAUZ KHAS
Siri Fort Sports Complex
Hauz Khas Enclave
Sukhdev Vihar
Shyam Nagar
OKHLA INDUSTRIAL AREA PHASE II
IIT Delhi
Katwaria Sarai
Outer Ring Road
Kalkaji
Begumpur
Chirag Delhi
Greater Kailash III
GREATER KAILASH II
Malviya Nagar
Kalkaji Extension
Press Enclave Marg
SAKET
Pushp Vihar
Qutab Minar
Lado Sarai
ALAKNANDA
MEHRAULI
Mehrauli Badarpur Road
Madangir
TUGHLAKABAD
CHHATARPUR
SAINIK FARM
SANGAM VIHAR
Dr Karni Singh Shooting Range


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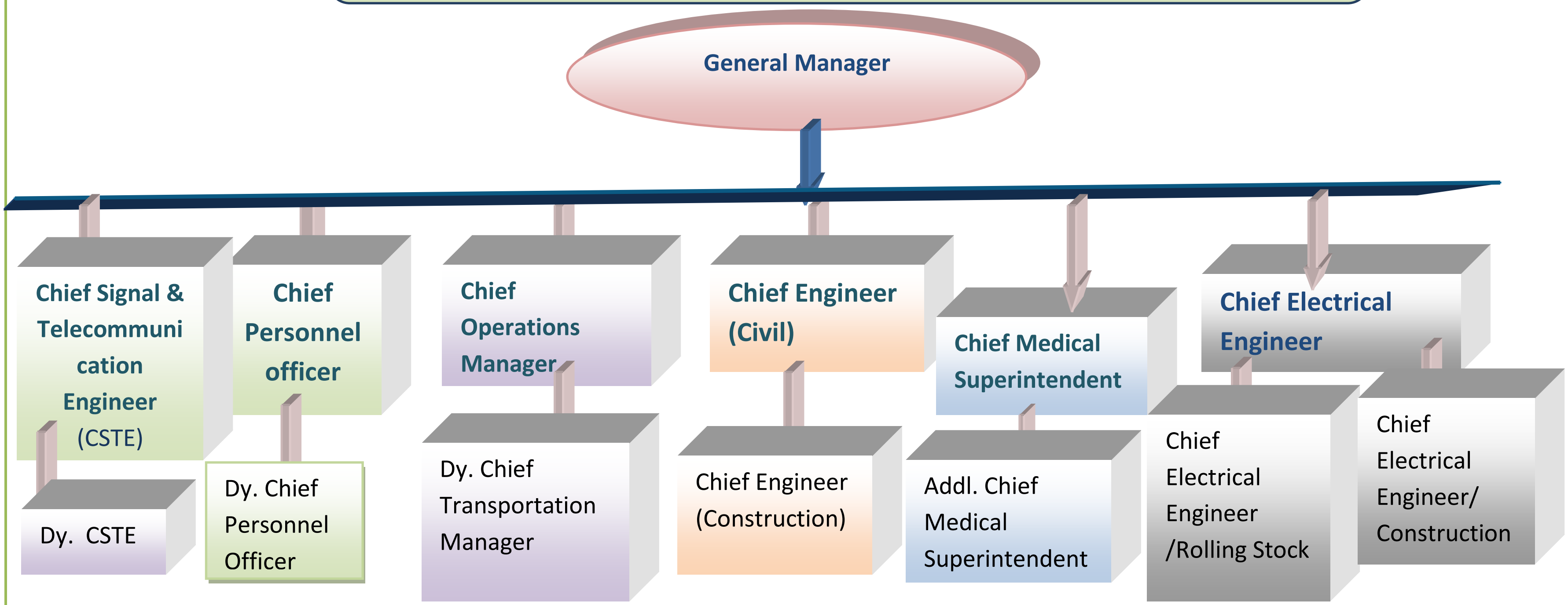
SANGAM VIHAR
Dr Karni Singh Shooting Range


TOTAL FOOTBALL
FEDERATION CUP 2011
LIVE & EXCLUSIVE
on
... চ্যালেঞ্জ এবার
নিউজ টাইমে
১৭ থেকে ২৯ সেপ্টেম্বর
TRAIN TO
দমদম
EXPT. TIME
13:53
TIME NOW
13 50

ORGANISATIONAL SET-UP IN METRO RAILWAY



Note: This delineation is for PHOD/HOD and SAG levels

Preface

This report flags the important matters, which in our opinion, are required to be brought to the notice of the General Manager, Metro Railway, Kolkata, and have not been reported through the Reports of the Comptroller & Auditor General of India on Union Government (Railways).

This report covers comments arising from the audit of the accounts of Metro Railway during the period 2011-12 and other issues that we have noticed in the course of the test audit of transactions of various departments viz., **Operating & Commercial, Civil Engineering, Electrical, Stores, Personnel, Security and Signal and Telecommunication** of Metro Railway, Kolkata.

Every endeavour has been made to make the report a managerial tool for the Railway Administration towards better organization and accountability. The matters detailed in this report are a result of team work, professionalism and dedication of all officers and staff of this office.

I expect that the efforts made would be useful to the Metro Railway in better governance.

S. Jafri

Principal Director of Audit
Railway Production Units
& Metro Railway
Kolkata

Table of Contents

Chapter I

Financial Results of the Metro Railway

This Chapter focuses on a comprehensive analysis of the financial position of the Metro Railway during 2011-12. It brings out the analysis of the critical changes in the key financial indicators from the previous year as well as the overall trends:

Key changes in financial position of 2011-12 as compared to 2010-11 at a glance:

- *There was a growth of 3.86 percent (₹ 3.98 crore) in Gross Traffic Receipts over 2010-11.*
- *Total Working Expenses increased by 42.66 percent (₹ 99.61crore) from the previous year.*
- *Net revenue decreased by 73.36 percent (₹ 96.03 crore) over 2010-11.*
- *Traffic earnings increased by ₹ 3.99 crore during the year 2011-12 as compared to the previous year 2010-11.*
- *Passenger earnings went up by 5.04 per cent over the previous year.*
- *MR carried 8.3 million (5.22 per cent) more passengers as compared to the previous year.*
- *Increase in average lead per passenger by 0.14 kilometers in 2011-12 (10.33 km) in comparison to 2010-11(10.19 km).*
- *Earnings for carrying a passenger over one kilometer fell short by 0.85 paise in 2011-12 (52.81 paise) as compared to 2010-11 (53.66 paise).*
- *The Operating Ratio which was at 221.28 in 2006-07 has gone up to 310.89 in 2011-12.*
- *Capital-Output Ratio at 56.03 in 2010-11 has gone up to 61.74 in 2011-12.*

The financial results of the Metro Railway for the year 2011-12, a comparison of the Actual of the 2011-12 with the previous year (2010-11) are shown below:

Table 1 **(₹ in crore)**

S. No.	Particulars	Actual 2010-11	Actual 2011-12
1	**Gross Traffic Receipts**	103.16	107.14
2	Miscellaneous Receipts Miscellaneous Expenditure	0.0098 0.602	0.0060 0.9954
	Net Miscellaneous Receipts (a) – (b)	**(-) 0.5920**	**(-) 0.9894**
3	**Total Receipts (1 + 2)**	**102.57**	**106.15**
4	(a) Ordinary Working Expenses (Excluding Appropriation to Funds) (b) Less operational loss on strategic lines	189.21 0	207.60 0
5	Appropriation to [1] (a) Depreciation Reserve Fund (b) Pension Fund	13.00 31.27	86.80 38.69
6	**Total Working Expenses (4+5)**	233.48	333.09
7	**Net Revenue/ (3-6)**	**(-) 130.91**	**(-) 226.94**

Only increase of 3.86 per cent (₹ 3.98 crore) in the year 2011-12, in Gross Traffic Receipts over 2010-11, hardly justified any cost effectiveness of the Railway and that effect too was completely annulled by the huge margin of increase of ₹ 99.61 crore (42.66 per cent) in Total Working Expenses, thereby leading to the consequential massive decrease in the net revenue by 73.36 per cent (₹ 96.03 crore) as compared to the previous year.

Gross Traffic Receipts

Contrary to the trend in all Indian Zonal Railways, where Earnings from Freight Traffic is the main source of revenues, in respect of Metro Railway, Kolkata, Passenger Earnings is the main source of revenue, besides Sundry Other Earnings obtained through commercial exploitation of property, advertising etc.

The detailed break-up of the Traffic Receipts of the Railways for the year 2011-12 alongwith actual of previous year's receipts are shown in Table 2:

[1] Excluding interest on funds.

Table 2 **(₹ in crore)**

Traffic Earnings	Actual 2010-11	Estimate 2011-12	Actual 2011-12
Passenger	86.98	90.00	91.36
Sundries including suspense	16.17	18.70	15.78
Total	**103.15**	**108.70**	**107.14**

There was an overall increase in Traffic Earnings by ₹ 3.99 crore during the year 2011-12 as compared to the previous year 2010-11.

- *In spite of having an extension of 8.6 km services from Tollygunj to New Garia (Kavi Subhash) in October 2010, the earnings, however, decreased by ₹ 1.56 crore from what was initially estimated.*

- *Sundry Earnings constitute to 14.73 per cent (2011-12) of Total Earnings.*
- *Short realization of Sundry Earnings (₹ 2.92 crore) in 2011-12 in comparison to estimated ones have also been noticed which indicates that sufficient initiatives were not taken in respect of earnings from Advertisements.*

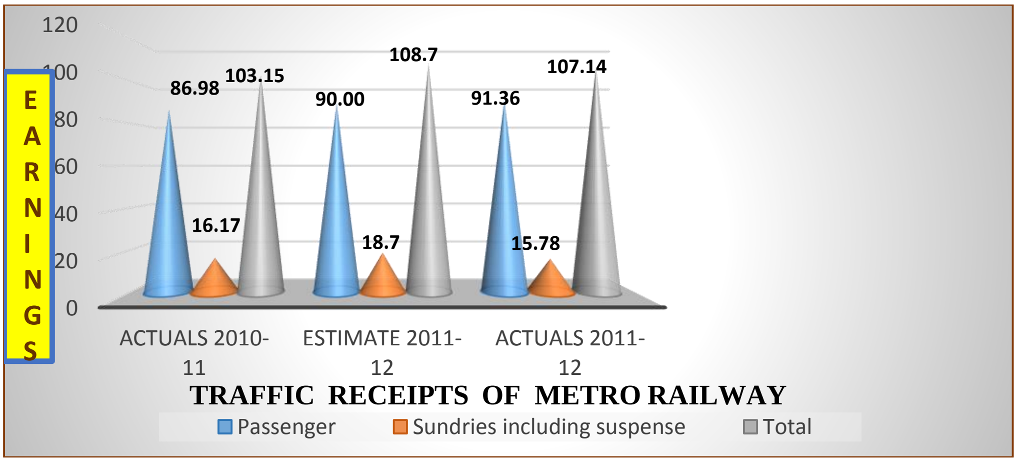


Figure 1

Further review revealed that Advertising Fees and Scrap disposal constituted 97.60 per cent of the total Sundry Earnings (2011-12). The balance amount was contributed by diet charges from patients in Railway Hospitals, Rent from Residential Buildings etc.

The results of the review of the Metro Railways' performance in passenger traffic are discussed in the succeeding paragraphs:

Passenger Earnings

The trends in passenger earnings vis-à-vis the average lead and the average rate per passenger kilometer over the past two years are shown in Table 3:

Table 3

Year	Anticipated Passenger Earnings (in crore)	Actual Passenger earnings (in crore)	Increase in passenger Earnings (in crore)	No. of passengers (in millions)	Passenger kilometers (in millions)	Average lead per passenger (in kilometers) Col. (6) / (5)	Average earnings per passenger kilometers (in Paise) Col. (3) / (6) x 1000
1	2	3	4	5	6	7	8
2010-11	80.40	86.98	6.58	159.1	1620.96	10.19	53.66
2011-12	90.00	91.36	1.36	167.4	1729.94	10.33	52.81

From the above, it can be seen that during the year 2011-12, passenger earnings went up by 5.04 per cent over the previous year. During the year 2011-12, MR carried 8.3 million (5.22 per cent) more passengers as compared to the previous year owing to operation of an extended stretch of 8.6 km from Tollygunj to Kavi Subhas (New Garia) in October 2010. This has also resulted in increase in average lead per passenger by 0.14 km in 2011-12 (10.33 km) in comparison to 2010-11(10.19 km).

However, Earnings for carrying a passenger over one kilometer fell short by 0.85 paise in 2011-12 (52.81 paise) as compared to 2010-11 (53.66 paise). Thus Metro Railway could not achieve a qualitative increase in earnings in 2011-12.

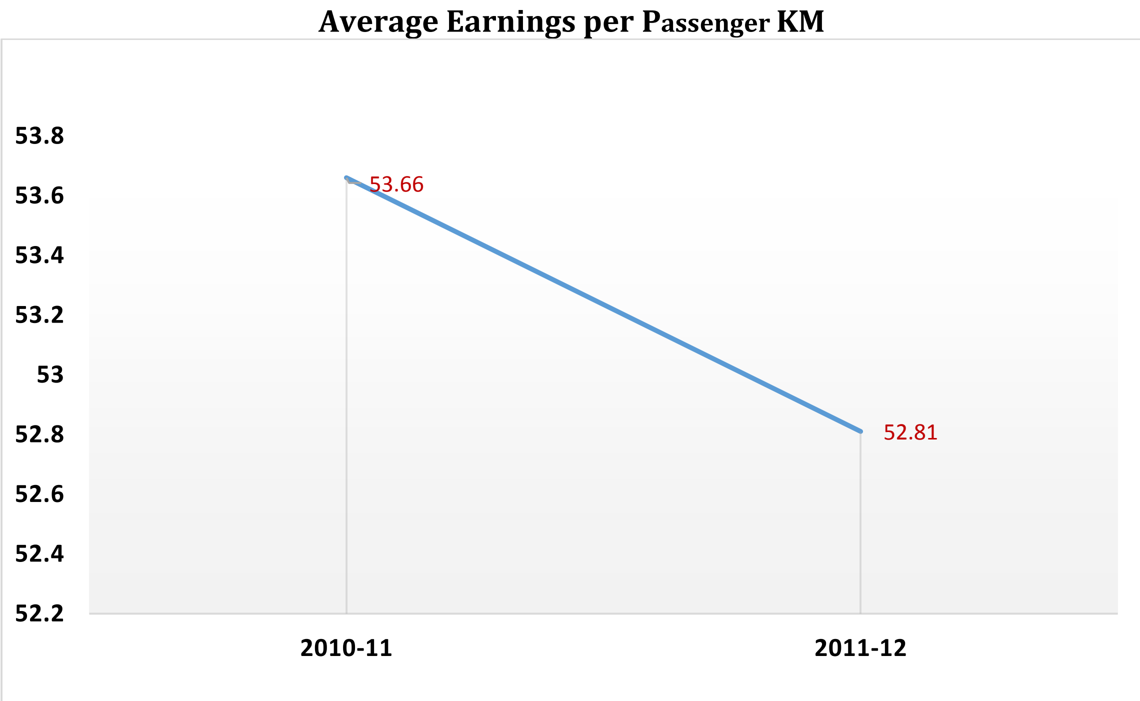


Figure 2

The reasons for such decrease in earnings for carrying a passenger over one kilometer may be attributed to:

- *Lack of perspective planning with regard to reduction of operating costs or increase in revenue.*
- *The increase in concessional facilities in the form of LMR, EMR etc from time to time.*

Efficiency Indices

The financial efficiency and performance of MR can be best assessed from its financial and performance ratios viz., "Operating Ratio", "Capital-Output Ratio" and "Specific Energy Consumption".

Operating Ratio

The Operating Ratio represents the percentage of working expenses (including the expenses not yet paid) to traffic earnings (including the earnings not yet realized).

Operating Ratio: Percentage of Working Expenses *to* Gross Earnings

Statistics on change in Operating Ratio during 2007-08 to 2011-12

Table 4

Year	Gross Working Expenses of MR (in crore of ₹)	Gross Earnings of MR (in crore of ₹)	Operating Ratio of MR [Col 2/Col 3]*100	Operating Ratio of IR as a whole
(1)	(2)	(3)	(4)	(5)
2007-08	157.46	75.33	209.03	**75.90**
2008-09	187.35	74.06	253.00	**88.30**
2009-10	219.99	88,71	248.00	**94.70**
2010-11	233.48	103.16	226.33	**92.30**
2011-12	333.09	107.14	310.89	**95.00**
Average Operating Ratio from 2007-08 to 2011-12			**246.91**	**89.24**

<u>Comparative Graph of Operating Ratio</u>

<u>MR vis-à-vis ECoR[2] (minimum OR in Indian Rail (IR))</u>

<u>MR vis-à-vis IR</u>

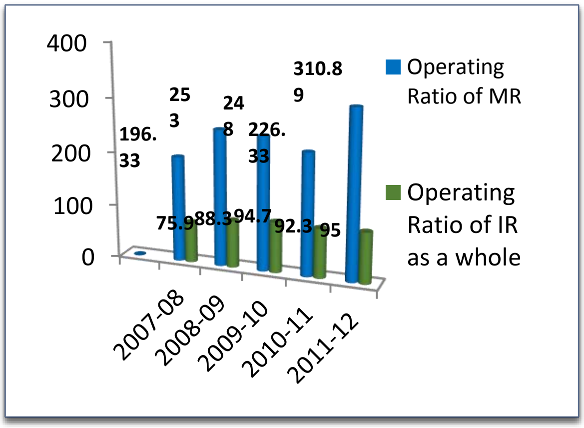


Figure 3

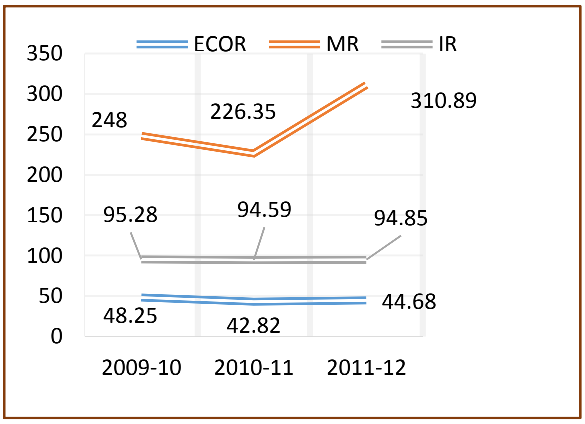


Figure 4

[2] East Coast Railway

From the above (Figure 2), it can be seen that the Operating Ratio was above 100 percent in all these years implying that working expenditure was more than earnings. The operating ratio, which was at 221.28 in 2006-07, has gone up to 310.89 in 2011-12. A critical analysis of operating ratio revealed that:

1. Metro Railway was unable to meet its operational cost of passenger services. During 2011-12, there was a loss on passenger services of ₹ 225.95 crore.
2. During 2007-08 to 2011-12 the Average Operating Ratio of MR (246.91) was much higher in comparison to Average Operating Ratio of IR (89.24 per cent).

Management needs to factor this in its long-term strategic perspective planning.

Capital-Output Ratio

Capital-Output Ratio i.e. Capital employed for NTKM indicates the extent to which the operating measures and technological advancements have helped in reducing the Capital-Output ratio. The Capital-Output ratio for the total traffic (in terms of NTKM) carried by the Metro Railway during the last five years is shown below:

Table 5

Period ending	Total Capital including investment from Capital Fund (₹ in millions)	Passenger Traffic		Total Traffic (in Million NTKMs)	Capital at charge (in ₹) per NTKM
		Passenger Kilometres (in millions)	Million NTKMs		
March 2008	24179.6	11140.52	303.20	303.20	79.74
March 2009	25174.6	11658.55	316.30	316.30	79.59
March 2010	26347.6	12860.01	423.17	423.17	62.26
March 2011	27910.3	1620.95	498.09	498.09	56.03
March 2012	34307.9	1729.94	555.64	555.64	61.74

The statement indicates a steady diminishing trend in the Capital-Output Ratio.

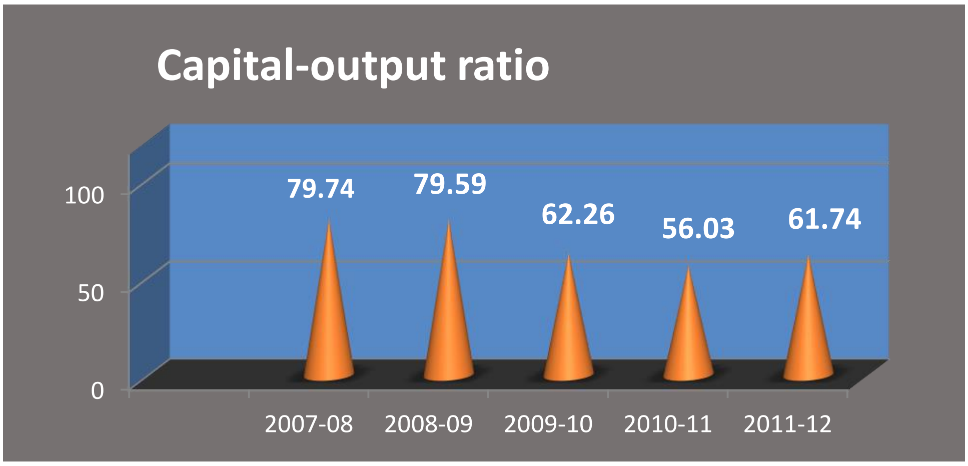


Figure 5

Capital-Output ratio has increased from ₹ 56.03 (2010-11) to ₹ 61.74 (2011-12) indicating deteriorating physical performance of MR compared to Capital employed. Higher cost over runs may be due to non-completion of projects in time, *inter-alia*, contributing to higher Capital- Output ratio.

Specific Energy Consumption and Energy Consumption:

Specific Energy Consumption measures the unit of Traction Energy Consumption per thousand GTKM. It was further revealed that while there was an increase in GTKM by 29.54 per cent only in 2009-10 over 2008-09, however, there was an appreciable enhancement in corresponding consumption of Traction Energy by 36.28 *per cent*.

Table 6

Year	Gross Tonne kilometer (GTKM) ('000)	Total Energy Consumption (KWH)	Traction Energy Consumption (KWH)	Specific Energy Consumption (4/2) (KWH)
1.	2.	3.	4.	5.
2007-08	370045	71269169	27202230	73.51
2008-09	386247	76940157	28377115	73.48
2009-10	500327	84271282	38673223	76.99
2010-11	595343	97081787	45943727	77.17
2011-12	659440	98874245	50061349	75.95

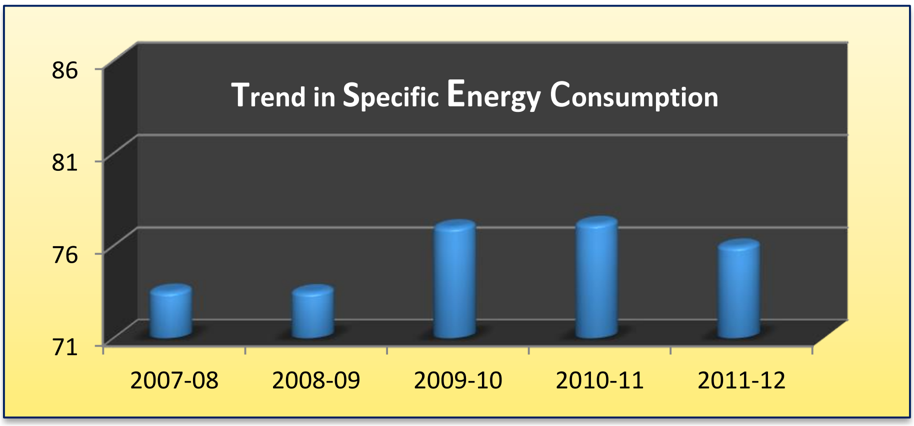


Figure 6

In "IR Vision 2020 Statement" several measures for reducing carbon foot print have been envisaged. One of the measures is to use at least 10 *percent* energy from renewable energy sources such as solar power, biomass, CNG and wind energy etc.

Chapter 2
Appropriation Accounts

This Chapter focuses on the financial accountability and budgetary practices through audit of Appropriation Accounts.

The major areas in Finance and Appropriation Accounts and significant audit contentions have been brought out as follows:

Macro -view of Appropriation Accounts:

- ***There was savings of ₹ 4.12 crore in Revenue Grants and ₹ 69.53 crore in Capital Grants against the sanctioned provisions available in 2011-12.***
- ***Only 22.86 per cent of the total expenditure was spent on Revenue Grants as compared to the Capital Grants (77.14 percent).***
- ***Savings have been exceeded by₹ 1 crore in case of four Minor Heads/Plan Heads.***

Summary of observations:

- ***Improper accounting and exhibition of remittances into bank account (₹. 11 crore).***
- ***Three cases of defects in Budgeting involving excess/short provision of ₹ 3.1 crore.***
- ***Non-crediting of Retired Assets to Capital leads to exhibition of inflated values of Block Accounts in Balance Sheet.***

Appropriation Accounts for the sums expended during the year ended 31st March 2012 compared with the sums authorized in the Original and Supplementary Demands for Grants for expenditure are summarized below:

Summary of Appropriation Accounts 2011-12

Table 7 **₹ in crore**

Voted and Charged	Original Grants	Supplementary Grants & Re-appropriation	Total sanctioned Grants	Actual expenditure	Savings/ Excess
Revenue	229.50	(-) 18.96	210.54	206.42	**(-) 4.12**
Capital	6108.27	(-) 5342.13	766.14	696.61	**(-) 69.53**
Total	**6337.77**	**(-) 5361.09**	**976.68**	**903.03**	**(-) 73.65**

We observed that out of the total expenditure of ₹ 384.68 crore during the financial year 2011-2012, nearly 22.86 per *cent* was spent on revenue grants which constituted working expenses on Administrative, Operational and Maintenance activities and 77.14 *per cent* was spent on Capital Grants dealing with creation and augmentation of infrastructure facilities through assets acquisition, construction and their replacement/renewal. The Table also indicates savings of ₹ 4.12 crore in revenue grants and ₹69.53 crore in Capital Grants against the sanctioned provisions available in 2011-2012.

We noticed that MR Administration have cited the following as the reasons for variations:

- Savings due to non-finalisation of expected court cases during the year (under MTP head).
- Savings of expenditure is due to less booking of expenditure on behalf of RVNL The Railway Board assessed in the FG that fund amounting ₹ 321.05 crore would be spent by RVNL. The debit received towards release of fund to RVNL by Railway Board is less than the expected amount which was assessed by the Board. (under Head MAC)
- Variation is due to procurement of emergent revenue stores. (Plan Head -71-stores suspense)
- All the works under plan head 36 [Plan Head-36- Other Electrical Works] could not be started

We observed savings under the following Minor Heads/Plan Heads of Grants, exceeded ₹ 1 crore:

Table 8 (₹ in crore**)**

Grant No.	Minor/Plan Head	Original	Supplementary/ **Revised**	Total Sanctioned	Actual Expenditure	Savings (-)
16	33	14.20	(-) 10.20	4.00	2.97	1.03
16	53	12.03	(-) 7.03	5.00	3.37	1.63
16	81	1.49	1.01	2.50	1.37	1.13
16	81/7314	6024.32	(-) 5326.76	697.56	630.55	67.01

Comments on Finance Accounts and Appropriation Accounts:
We observed various deficiencies in Finance and Appropriation Accounts of 2010-11.

Significant comments

- ***Improper accounting and exhibition of "Remittance into Bank A/c" of ₹0.11 crore.***
- ***Defects in Budgeting.***
- ***Non-crediting of retired assets to Capital Account.***

Improper accounting & exhibition of "Remittance into Bank" A/c

According to Para 433 of Accounts Code Volume I, if any discrepancy is noticed during reconciliation with Reserve Bank that should be reported immediately to RBI/Nagpur and the Railway Board simultaneously.

We observed instances where Remittances into Bank Account included an amount of ₹ 0.11 crore pertaining to the period 1985-1991 which was referred by Metro Railway Administration to RBI after expiry of ten (10) years (approx) in complete defiance of codal provision referred above.

The non-compliance has resulted in improper accounting and exhibition of "Remittance into Bank" A/c (RIB) and also overstatement of RIB and understatement of Debt Head Report. MR Administration needs to initiate actions to write off the balance under 'Remittance into Bank' (₹ 10, 29,392), as the same cannot be carried forward for an indefinite period without any prospect of reconciliation.

Defects in Budgeting during the year 2011-12 (Grant-16):

We noticed defects in Budgeting involving excess/short provision of ₹ 3.1 crore beyond the prescribed limits during the year and which was also accepted by the Administration in the following three (3) cases.

Budgetary projections need to be made more realistically so as to ensure that funds are utilized for the purpose for which it was sanctioned.

Grant Affected	Plan Head	Brief Particulars
16	33	Against BG of ₹ 14.2 crore and FG 2011-12 of ₹ 4.0 crore, actual expenditure stands at ₹ 2.97 crore. **Savings of ₹ 1.03 crore** (25.75 per cent) in Signal and Telecommunication work was accounted for. The reason for savings as stated by MR was FME proposed to the Railway Board was ₹ 26600 ('000). But FG received from Railway Board was ₹ 40000 ('000).
16	DRF-53	Against BG of ₹ 12.02 crore FG was kept at ₹ 5.0 crore. Actual expenditure is ₹ 3.37 crore having **a savings of ₹ 1.63 crore** (32.6 per cent). The reason for savings as stated by MR was FME proposed to the Railway Board was ₹ 34800 ('000). But FG received from Railway Board was ₹ 50000 ('000).
16	41	Though there was no Original Grant, F.G sanctioned was ₹ 0.64 crore actual expenditure ₹ 0.20 crore having **savings of ₹ 0.44 crore** (68.75 per cent) under Machinery and Plant Head. The reason for savings as stated by MR was FME proposed to the Railway Board was ₹ 2000 ('000) but FG received from Railway Board was ₹ 6400 ('000).

• Non-crediting of retired assets to Capital Account:

Para 436 of FI[3] connotes that a statement should be attached showing the total amount under each sub-head of Grant -16 which has been credited to Capital by

[3] Indian Railway Financial Code Vol I

corresponding Debit to DRF as a result of writing-off the cost of the retired assets.

We noticed that this system is not being followed in MR Accounts. On being pointed out by audit, MR stated that Grant No. 16 is under Miscellaneous Advance Capital (MAC) and not a Capital Account, as such this is not applicable for MR.

However, we observed that due to non-crediting of retired assets to Capital leads to exhibition of inflated values of Block Accounts in Balance Sheet of MR.

MR Administration needs to follow the standard accounting procedures scrupulously to achieve transparency in the accounting system.

Chapter 3
Operating and Commercial

Preamble

Operating Department is mainly involved in moving the trains and dealing with customers- Passengers, in the conduct of passenger business. This wing is also dealing with the generation of revenue from passenger and other sources.

During 2011-12, the number of originating passengers on MR was 167.4 million vis-à-vis 159.1 million during 2010-11 registering an increase of 5.22 per cent mainly due to extension of services from Tollygunj to Kavi Subhas (New Garia) in October 2010. The passenger earnings during this period was ₹ 91.36 crore (2011-12), which had increased by ₹ 4.38 crore (5.04 per cent) compared to the earnings during the year 2010-11.

However, we observed that Metro Railway did not revise the basic fare structure of Metro Railway over a period of more than 12 years despite high incidence of cost in operation and continued to extend concessional facilities in the form of Limited Multi Ride (LMR), Extended Multi Rides (EMR) etc. to its commuters.

Highlights of Transaction Audit:

Three (3)[4] Operating and Commercial offices including two stations at Dum Dum (DMI) and Maidan were covered under Transaction Audit during 2011-12.

Important results of inspections are discussed in the following paras:

- *Irregularities during the preparation of Station Balance sheet for the month of October 2011.*
- *Shortage of Smart Cards.*
- *Non-receipt of acknowledged foils to the cash remittance Note.*
- *Improper utilization of Smart Token.*

Irregularities during the preparation of Balance sheet for the month of October 2011

We observed that the cash remitted by Station Superintendent/Dum Dum (SS/DMI) was taken into account on Debit and Credit sides of the Balance Sheet of October 2011 instead of the amount acknowledged by the Cash Office which is in contravention of the rules stipulated in the A– II[5] for preparation of the Balance Sheet. This, in turn, inflated the Credit by ₹ 0.005 crore in the Balance Sheet for the said month without any valid / authentic document.

Shortage of Smart Card

Station Superintendent/Dum Dum received 37824 numbers of new Smart Card (developed by CRIS) during July, 2011 to 24th November. We noticed discrepancies in accountal of 5398 numbers of Smart Cards as follows:

[4] COM/Metro Bhawan,2 Stations (Maidan and Dum Dum)
[5] Indian Railways Accounts Code Vol II

- Received: 37824
- Sold:29658
- Issued to different stations: 1850
- Balance should be: 6316
- Balance as per physical verification: 918
- **Shortage: 5398**
- Cost of each card: ₹40.
- **Cost of 5398 Smart cards: ₹ 0.0216 crore.**

Inconsistencies in the following areas have also been noticed in the stations at Dum Dum (DMI) and Maidan of Metro Railway, Kolkata.

- Acknowledged counter foils of the CR notes bearing serial numbers 780802 dated 26th October 2011, 780803 dated 27th October 2011 and 780804 dated 28th October 2011 have not been received at DMI. These were required to be accounted along with the corresponding foils to the CR notes to authenticate the cash remittance from Dum Dum station. As the CR Notes is very important/ vital document in nature, involves accepting the monetary element, unless main cash office at Headquarters, Metro Bhavan, admits the entire amount as mentioned in the CR Notes, it should be treated as unaccepted remitted amount.
- In DMI, we observed discrepancy between number of Smart Token (ST) received through system (Server) from exit bin at DMI station and physical counting of the same ST as follows:

Table 9

Date	As per server report	As per physical counting	Difference
10th September 2011	14779	24302	9523
22th October 2011	14532	14003	529
29th October 2011	13401	15076	1675

Daily consumption of DMI station is 30,000 Smart Tokens. As the sale at Dum Dum station is maximum among the existing stations, steps may be taken to collect from exit bin on regular basis to make availability of Smart Token to the ticket counters to ensure smooth functioning of the services.

MR needs to institute adequate internal control mechanism to set right the discrepancies in above cases.

CHAPTER 4
CIVIL ENGINEERING

Preamble

The Civil Engineering department is responsible for creation and maintenance of permanent way including bridges, buildings – office, station, welfare and residential buildings. The Construction Organization (including MTP) is responsible for construction works of new/ extension of lines, buildings and bridges. Track renewal works are, however, being carried out by the open line. Civil Engineering workshops are also functioning under the control of engineering department

Audit findings

Study Report on "Cost-sharing procedure between Metro Railway, Kolkata and the Government of West Bengal on the Tollygunge-Garia project".

Non-execution of formal agreement by Metro Railway, Kolkata with the Government of West Bengal on the Tollygunge – Garia Extension project on cost-sharing basis resulted in short recovery of ₹ 104.95 crore.

The extension work of Metro Railway, Kolkata from Tollygunge to Garia undertaken by the Metro Railway Administration on cost-sharing basis with the Government of West Bengal was commissioned in October 2010 and was running at a loss since its commissioning. The extension work was considered essential for managing the increasing travel demand in the Kolkata Metropolitan area.

The Government of West Bengal (GWB) who was the main beneficiary of the extension work had agreed (February 1999) to bear 33 per cent of the total cost of the project. Based only on a written assurance from GWB (February 1999), the extension work from Tollygunge to Garia had commenced (1999 – 2000) at an estimated cost of ₹ 696 crore (October 1999) which was first revised to ₹ 953.63 crore (January 2000), then to ₹ 1032.76 crore (October 2007) and finally to ₹ 1092.08 crore (November 2011). The original work was to be completed by March 2004. Although the written assurance, inter-alia, stipulated that the schedule and manner of payment would be worked out through mutual discussions, the modalities of payment were never finalized. The justification for the same was not on record.

Before commencement of the work, a formal Memorandum of Understanding (MOU) between the Metro Railway Administration and the Government of West Bengal needed to be executed to ensure smooth flow of funds from the Government of West Bengal as a part of their obligated commitment. In this connection, Audit observed that:

- A draft MOU was prepared by the Metro Railway Administration, containing estimated cost of the project, scheduled date of completion, accounting of contribution. But, there was a serious omission for provision of interest in case of delayed payment/non-payment which could have been a safeguard to the financial interest of the organisation. The reasons for omission of the interest clause were, however, not on record.

- The draft MOU was forwarded to the Government of West Bengal for their approval (November, 1999). The MOU with their approval was awaited till February 2002, when the Railway Ministry itself intervened and requested the State Government to expedite the approval of the draft MOU. Audit did not observe any concerted and intensive pursuance made by the Metro Railway Administration with the Government of West Bengal on this issue after February 2002 and till May 2009. In May 2009, the Chairman, Railway Board in his meeting with the Additional Chief Secretary, Government of West Bengal requested the Government of West Bengal to finalize the pending MOU. However, from May 2009 till date (May 2012) the draft MOU has not been signed and MR has continued to accept payment made by the GWB without any concurrent action to formalize the MOU.
- Metro Railway Administration thus went ahead with the Tollygunge- Garia extension work without any signed MOU for which no reasons were recorded.
- During the execution of the work, the payment made by the Government of West Bengal, fell short of their committed amount of the share, particularly during the year 2009-10, 2010-11 and 2011-12. The actual expenditure incurred for the project till date (15th May 2012) stood at ₹ 1106.86 crore against which MR received a payment of ₹ 269.96 crore (15th May 2012) which constituted 23.84 per cent share resulting in shortfall of stakeholders contribution by ₹ 104.95 crore[6]. Except for occasional reminders MR has not made any serious effort to realize the amount.
- Due to the absence of a formal agreement signed by both parties, Metro Railway has thus been unable to enforce realisation of committed share of the Government of West Bengal. Lack of an agreement and formal MOU was tantamount to creating a framework for execution of a major project without specifications of the rights and responsibilities of the major stakeholder viz. GWB.
- We also observed that the Administration had outlined no plan for recovery of stakeholder's dues thereon despite continuously incurring overall losses which amounted to ₹ 259.96 crore for 2009-10 and 2010-11 as brought out in the table below.

Table 10

(₹ in crore)

Year	Gross Working Expenses	Gross Earnings	Net Loss in operation of Services [Col 2 –Col 3]
(1)	(2)	(3)	(4)
2009-10	219.99	88.71	131.28
2010-11	231.84	103.16	128.68
Total	**451.83**	**191.87**	**259.96**

Thus, undertaking of the Tollygunge-Garia Extension work without any formal Memorandum of Understanding and non-existence of any enforceable provision for

[6] **9.49 per cent (33.33 per cent *minus* 23.84 per cent).**

payment of the outstanding amounts absolved the Government of West Bengal of their responsibility of clearing their dues on time. Metro Railway Administration suffered a short recovery of ₹ 104.95 crore, owing to a non-regulated financial framework supported by valid and legally enforceable instruments.

The Management in their reply (15th May 2012), inter-alia, stated that the project is not yet completed and hence payment cannot be said to be delayed. The reply of Management confirmed that the conduct of work was without formal MOU. The reply is further found not tenable as it does not clearly state why there has been shortfall of Government of West Bengal's share from the mutually agreed 33 per cent. Nor does the reply indicate if in the absence of the formal MOU between MR and GWB, if MR has received any concrete assurances of payment of outstanding amounts of GWB; and according to what schedule of such payments.

The MR reply is also unconvincing as it does not indicate any perspective planning for fiscal viability assessment of the ongoing work. The omission of any interest clause for delayed payment in the draft MOU constituted a non-safeguard to the financial interest of MR.

The contention of the Management about the status of the project is further not tenable in view of the fact that the Tollygunge-Garia Extension route has been functioning commercially upon completion of the work. The incomplete portion of work like RPF Barrack, Dog Kennel etc. cannot be construed as a part of the project as it does not affect the operational functioning of the project. Hence short payment by GWB needed to have been accounted for.

Highlights of Transaction Audit:

During 2011-12, Nine (9)[7] Engineering Offices were inspected. Accordingly, important observations raised during inspection are highlighted as follows:

- **Redundant or Wasteful expenditure.**
- **Time over-run resulting in cost over-run to the tune of ₹ 2.51 crore.**
- **Approval of excess expenditure of ₹ 8.25 crore without addressing the vitiation aspect properly.**

Defective Planning

Redundant or Wasteful expenditure

Stores Department of Metro Railway procured substantial quantity of BLT (Balast Less Track) materials amounting to a tune of ₹ 2.03 crore twenty years ago. At present the materials are lying idle in the Stores Depot at Patipukur. In spite of having such similar BLT materials in stock Engineering Department procured the BLT items under various works contracts from January, 2002 to March, 2006 for maintenance work. Till the date of inspection, the idle BLT items were not utilised though the same could have

[7] CE/Con & OM/MR, Dy.CE/Tolly, Dy.CE/Con/East Patuli, SE/PWI/DMI, SE/PWI/BEL, Sr.DEN/MB, SE/W/Kalighat, SSE/PWI/Tolly/Car Shed. SSE/W/BEL.

been utilised in the construction works of 4.75 km. double line on elevated via duct in connection with extension of Metro Railway from Tollygunj to New Garia, which was awarded to M/s Royal Vijay (JV)[8].

We noticed that the progress of the work was very slow and as a result BLT items like anchor stud bolt, bearing plate, punch washer, spring washer were issued by Railway to the firm on loan, as the supplier failed to supply the above items within the time schedule.

In view of the above, we observed as follows:

- Para 701 of Indian Railway Code for Stores Department stipulates that the Controller of Stores, being the only officer through whom purchase may be made would have complete authority to insist upon Executive Officers drawing stores from stock until they are exhausted before indenting for new stores. Reasons for non-drawal of BLT items from Patipukur Stores Depot before floating the tender are not available on records.
- Procurement of BLT materials through works contract resulted in blockage of capital.
- Before finalisation of the above, Metro Railway Administration should have been in a position to hand over the site at the time of issuance of LOA, which they failed to do. This resulted in time and cost over-run.
- As per contract, the work should have been done with OPC cement. Metro Railway, however, permitted the firm to carry out the work with PPC grade cement M50, thus violating the contract itself.

Deficient Contract Management

Time over-run resulting in cost over-run to the tune of ₹ 2.51 Crore

Metro Railway, Kolkata had undertaken the construction work of Road over Bridge (ROB) and Road approaches in replacement of Manned Level Crossings at Km 118/4-5, Km 0/18 and 123/2-3 in Kharagpur – Bhadrak section from South Eastern (SE) Railway. It was to share the cost of ₹ 23.68 crore. An Open Tender[9] was invited for a value of ₹ 22.50 crore with contractor's supply of cement and reinforcing steel to share in the ratio of 37.5 per cent, 37.5 per cent and 25 per cent amongst Ministry of Railways, Government of West Bengal and IIT Kharagpur respectively.
After the lapse of three months from the date of opening of the tender, the Tender Committee recommended on 24th September 2008 for discharging the tender and re-tendering with fresh assessment of cost of ₹ 18 Crore after reducing the quantity of steel in the tender, which were to be supplied by Metro Railway.

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[8] LOA no. MRTS/W-15/PH-II/62(HQ)/71 dated 16th November 2006
[9] No. Civil/SER/1805

Accordingly, a tender (no. Civil/SER/1805(Recall)) was floated and the contract was awarded to the second highest bidder Neo Built Corporation[10] at the contractual amount ₹ 18.77 Crore i.e. 4.27 per cent above the estimated value avoiding lowest offer quoted by Civtect (India) Pvt. Ltd. on the ground that there was no experiences of Civtect (India) Pvt. Ltd.in similar nature of work for a minimum value of 35 per cent of the advertised tender value of ₹18 Crore. Though the works were to be completed by 4th February 2011, the firm could have completed only 8 per cent of total works upto 1st July 2010 and ₹1.68 crore was paid to the firm upto fifth on account bill. Finally, Railway Administration terminated the contract considering slow progress of work.

Further contract was awarded to Civtect (India) Private Limited on 23rd February 2011[11] at the contractual amount ₹ 19.60 Crore against the estimated value of ₹17.66 Crore, overall 11 per cent above the basic tender value and the work was to be completed within eight months i.e. by 22nd October 2011. The contractor could not mobilize its resources before July, 2011 due to non-availability of site.

Even after the elapse of almost three years from initiation (5th February 2009), hardly 10 per cent of the work done, totally defeating the purpose of the said prestigious job, which was entrusted upon Metro Railway by Railway Board, resulting in time over run and that led to cost overrun. From above, it is quite evident that, tardy pace of work led to huge escalation and already shoot up by ₹ 2.51 Crore.

We observed that after termination of work by Railway Administration in July, 2010, sixteen months have been elapsed since then, however, the progress of the work remains almost static and exposing the risk of enhancement in the cost of the work in future.

Approval of excess expenditure of ₹ 8.25 crore without addressing the vitiation aspect properly

Special Limited Tender[12] for the work, 'Construction of shed at New Garia car-shed comprising of pile foundation, superstructures and other miscellaneous Civil Engineering works like inspection pit, high level platform, laying pipe line etc. in connection with extension of Metro Railway from Tollygunge to Garia', was awarded to M/s Ratan Kumar Das at a contract value of ₹ 9.34 crore[13].

The schedule time of completion was within eight months, i.e. by 3rd April 2010. Four extensions were granted and the work was finally completed on 31st August 2011, entailing a period of completion for more than two years, three times the scheduled contract period. During the period four variations have been registered and the value of the work got escalated to ₹ 17.59 crore.

We observed the following discrepancies at the various stages of variations:

- At the stage of processing the 1st variation statement, the site for construction of platform could not be finalized as the decision for construction of two platforms measuring 275 m could be arrived at only on joint inspection with

[10] Letter of Acceptance No. MRTS/W-15/1929/HQ/304 dated 05.02.2009
[11] LOA no. MRTS/W-15/2020/HQ/55 dated 23.02.2011
[12] No. Civil/PH-II/92.
[13] vide Letter of Acceptance (LOA) No. MRTS/W-15/PH-II/92/HQ/374 dated 04.08.2009

the Eastern Railway Administration hold on 28th April 2010 i.e. after the original Date of Completion 3rd April 2010 was over.

- While processing the 2nd variation statement, associated accounts expressed opinion to floating a separate tender as the inclusion of additional works in the existing tender would constitute enhancement of 99 per cent of the schedule of work as per original contract, however, finally not materialized.
- Proposal for 4th variation was tendered at the stage of completion (on 26th August 2011), culminating into final contract value of ₹ 17.59 crore inclusive of an excess near to contract value of ₹.9.34 crore. The variation amount also includes Non-schedule item to the tune of ₹ 0.66 crore.

Further we observed that Railway Board's instructions of 31st December 2010 warrants examination of percentage deviation for each and every item, irrespective of the same are beyond 25 per cent or 40 per cent (increase or decrease) while according approval to any variation instead of overall variation .

We noticed that the instructions ibid have not been scrupulously followed by the Metro Administration as the gross value of contract was considered while checking the vitiation aspect.

In view of the above, the following observations are made:

- Since the scope of work was changed with the variation to the extent of almost original contract value, floating a new tender could be more worthwhile.
- Non-finalisation of location of platforms even at the stage of processing variation indicates lack of proper planning.
- Vitiation aspect on the basis of rate offered by the contractor vis-a-vis that of unsuccessful bidders in respect of the individual items involving more than 25 per cent variation should have been scrutinized at each and every stage of variation to arrive at vitiation.
- The work was initially due to be completed within 8 months. Due to unwarranted delay in approval of drawing for the work, the work got delayed and took more than three times of scheduled time period. This is a case of Time-over-run as the floating of tender as well as commencement of the work was taken up before site investigation have been completed and detailed drawings and plans have been approved.

We reported the above issues to MR Administration during transaction audit of respective audited entities, replies to which are still awaited.

CHAPTER 5

Electrical Department

Preamble

Electrical Department is responsible for the General Electrical Services, Traction distribution, Train lighting and air-conditioning equipment and operation and maintenance of Electrical Rolling Stock.

During 2011-12, three offices[14] including Noapara Car Shed were inspected. Besides inspection, study on the performance of AC rakes in MR was also conducted.

Highlights of audit findings are discussed in the following paras:

Major findings:

- ***Avoidable expenditure of ₹ 31 crore incurred due to low Power and Load factor.***
- **Non-supply of overhauling kits for Pneumatic Brake and Door System of BHEL Coaches.**
- ***Wasteful expenditure on procurement of stock***

Highlights of Transaction Audit:

Deficient Contract Management

Avoidable expenditure of ₹ 0.31 crore incurred due to Low Power Factor and Load Factor

Railway Administration opted for 'Domestic (Rate-R) connection at Metro Railway Residential Complex Belgachia, 'Commercial (Rate-B) connection at Central Administrative Building (Metro Bhavan) and Traction/Metro Railway (Rate-T) at three sub-stations at Shyambazar, Jatin Das Park and central Station.

We observed that MR Administration failed to avail the following concessions provided by CESC due to non-fulfilment of the requisite criterion:

- **Power Factor (PF)**

  For availing the High Tension facility, Calcutta Electric Supply Corporation (CESC) offers a special rebate on average power factor subject to the condition that if PF is more than 97 per cent, then a rebate @ 3 per cent (maximum) is admissible on the total bill amount. However, if the PF is less than 86 per cent, then instead of the benefit of rebate, the consumer has to pay an additional amount towards surcharge.

  We noticed from scrutiny of electric bills, that four locations except Shyambazar sub-station could not avail most of the time the benefit of rebate. As a result, Railway Administration had to incur avoidable expenditure of ₹ 0.25 crore during the last 15 months. The reasons for same was not available on records.

[14] Dy.CEE/POH/NOA, Dy.CEE/RS/NOA and CEE/CON & OM/MR.

- **Load Factor (LF)**
  CESC also provides a rebate on average factor if it is more than 50 per cent. We observed that only Metro Railway Residential Complex Belgachia has achieved a rebate of ₹ 0.0037 crore in this regard. However, according to CESC rule, if the load factor is less than 25 per cent for HT consumers, load surcharge @ 30 paise/kwh is applicable on the shortfall of consumption from 25 per cent level. Railway Administration had to pay a surcharge (₹ 0.00397 crore) in respect of Central Administrative Building as the load factor (21.19 per cent) for the month of January, 2011 was below 25 per cent.

- **Demand Charge (DC)**

  This apart, Railway Administration paid ₹ 0.05 crore as demand charges for excess drawal of electricity during the period. For sub-stations at Shyambazar and Jatin Das Park, the said charge was appreciably high, ₹ 0.28 crore and ₹ 0.25 crore respectively.

  As the total payment for the Jatin Das Park and Central Sub-station is generally more than ₹ 1 Crore per month, even a difference of 0.5 per cent in rebate is appreciably high and some cases, difference of maximum obtainable rebate and actually earned rebate was more than ₹ 0.02 crore in a month.

  We reported the above to MR Administration in March 2012, in reply MR has reported that necessary steps have been initiated to overcome the above deficiencies and to avail the facilities.

Defective Planning

We observed deficiencies in planning in various aspects as follows:

Non-supply of overhauling kits for Pneumatic Brake and Door System of BHEL Coaches

Overhauling kits for Pneumatic Brake and Door System are required during POH of the BHEL Coaches. We observed that due to non-availability of the same from Stores, the BHEL coaches were turned out after POH without replacement of those items, thereby compromising with the safety aspects.

We further observed that severe brake binding occurred and heavy leakage was detected from 'Seven step rely valve' of a BHEL coach during commercial service on 11th December 2012.

This, inter-alia, jeopardize the safety aspects and exposed the risk of untoward incidents during commercial services.

Wasteful expenditure on procurement of stock items

Para 103 of SI[15] provides that all Stocks of stores on hand, whether with the Stores Department or other departments of the Railway, represent funds that are not productive. While stocks should be such that stores required by the railway are readily available, they should be as small as possible, and losses due to obsolescence or deterioration should be the minimum practicable.

We observed that a considerable amount of "Non-moving" items (nearly 40 per cent of the total value of stock) were lying at Noapara Stores Depot. Items valued ₹ 2.02 crore was found non-moving since December, 2010, some of which were found non-moving since 2004

We further observed that, 62 numbers of an item[16] valuing ₹ 1.67 crore were lying at the depot since 2009. . The holding of huge stock is in contravention to the provisions ibid, and involve blockade of capital.

We reported the matter to MR in April 2012, reply to which is still awaited.

MR needs to institute adequate internal control mechanism to set right the discrepancies in above cases.

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[15] Indian Railway Stores Code Vol I.
[16] Pack of item of stock absorber of 900 kg capacity.

CHAPTER 6

STORES

Preamble

Stores Department discharges two types of functions:

- Stores Purchase, and
- Stores keeping.

Purchases of major item are centralized at Stores/HQ and stores keeping are done on decentralized manner.

There are Two Stores Depots in Metro Railway. They are at Noapara and Patipukur.

Two stores offices[17] including one store depot at Noapara were inspected during 2011-12.

Highlights of Transaction Audit are furnished below:-

Major findings:

- ***Non-implementation of MMIS.***
- ***Defective Smart Tokens.***
- ***Absence of internal control mechanism.***

Defective Planning

Non-implementation of MMIS in Metro Rail

M/S. Center for Railway Information and System (CRIS), New Delhi was awarded the contract for implementation of MMIS in Metro Railway[18], at a total cost of ₹ 0.56 crore with a target of 365 days for implementation of MMIS. Even after revision of the target dates thrice by M/S. CRIS on 31 July 2008, 15th October 2008 and 31st July 2010, the system could not be implemented upto 31st December 2010. Moreover, the portion of the work done by CRIS were also not tested or not used except "Demand Registration" under Purchase Module. However, an amount of ₹ 0.49 crore (88 per cent) had already been paid to M/S. CRIS[19] on 19th August 2008.

The reasons for non-implementation have been attributed to by MR:

- Finance Department is facing some problems to introduce the Finance Module e.g, Failure of Data transfer between ITAS and MMIS ,
    - Non introduction of uniform vender code, etc.
- Non- implementation of Depot Module for compilation of stores transaction under Finance Module.

The matter was taken up through IR on 23rd November 2011, reply is awaited.

Defective Smart Tokens

Stores Department of Metro Railway placed an Purchase Order[20] on M/s. Siepmenns Card Systems Pvt. Ltd., Mumbai for procurement of 7 lakhs Smart Tokens at a total cost of ₹ 1.19 crore to be delivered by 31st May 2011. As per Purchase Order, the inspecting authority was Chief Operations Manager/ Metro Railway/ Kolkata or his authorized representative.

[17] COS/MB and Sr.MM/NOA.
[18] Vide agreement dated 13 March 2007,
[19] Center for Railway Information and System.
[20] No. 02017120 (12622) dated 10 January 2011

Out of 7 lakhs Smart Tokens Metro Railway Administration received 50 per cent of order quantity from the firm of which 1716 numbers of Smart Tokens were found to be invalid and could not be initialized by the Metro Railway Administration.
Replacement of defective Smart Tokens valuing ₹ 0.0039 crore were not available from records.

The matter was taken up with Railway Administration on 23rd November 2011, reply to which is awaited.

During Transaction Audit of Senior Material Manager/Noapara the inconsistencies in the following areas have also been found.

Necessary action to streamline the system need to be initiated by MR Authority:

Inadequate internal control mechanism:

In the following cases inadequacy in internal control mechanism have been noticed:

- Stores code[21] provides that **Sample Testing Charges** for materials found defective during testing has to be debited to suppliers account. Two such incidences of failure during testing have been noticed in audit, however, in absence of records regarding debiting, the sample testing charges to respective suppliers could not be ensured.
- Purchase orders which have not been complied with by the supplier within the delivery period are termed as overdue. We noticed 156 instances of overdue of materials during 2008-09 to 2010-11. In absence of non-receipt of the materials, the possibility of affecting the production process could not be ruled out.
- Materials lying unutilized in stores for long period are deemed to be dead stock. We noticed that 78 items were found lying unused for more than ten years under the custodian of SMM/PPK. Any action regarding its disposal/otherwise could not be made available on record.
- Periodical verification of stock by Accounts Department is mandatory. We noticed that a discrepancy (₹ 0.013 crore) was pointed out by Accounts Department in June 2011. Though there was a specific order of Board regarding finalization of stock sheets within six months, the same was not complied with by the Stores Department.
- We noticed that Scrap Account as required under provisions of Para 2410 of SI[22] showing the details of scarp materials accumulated for the purpose of sale are not maintained in SMM/NOA office. In absence of the same the actual scrap position could not be verified which in turn exposes the risk of incorrect accountal of scrap.

Railway Administration needs to strengthen the internal control mechanism to ensure smooth running of the system.

We reported these issues to MR Administration, however, reply is still awaited.

[21] Para 1330 (b) (i)
[22] Stores code Vol I.

CHAPTER 7

PERSONNEL

Preamble

The Personnel Department is responsible for recruitment, appointment and training of staff. The Department is also responsible for payroll maintenance, maintenance of personnel records, maintaining labour relations, implementation of labour laws and labour welfare.

Highlights on Transaction Audit

Three offices[23] including Law Office and Legal Cell of Metro Railway were inspected during 2011-12. Besides inspection we also test checked paid vouchers, service registers, leave accounts, miscellaneous pay orders etc.

Highlights of audit findings are discussed in the following paras:

Major findings at a glance:

- ***Irregular grant of increment.***
- ***Non-deduction of obligatory Income Tax of ₹ 0.042 crore from compensation claim.***

Incorrect Application of Rules and Regulations:

Irregular grant of increment

Railway Board's circular of 9th April 2009[24] stipulates that Railway servant who have rendered less than six months of service as on 1st July of a year will not be eligible to draw increment on that day and then the date of increment will fall 12 months later on the next 1st of July[25]. A further clarification of implementation of 6th Pay Commission recommendations that increment to an official who was on Extraordinary Leave (EXOL) other than on medical ground between 1st January 2006 and 30th June 2006 will be granted on 1st July of subsequent year.

We observed that the following ten officials who were on EXOL[26] other than on medical ground for a period ranging from 6 to 76 days during 1st January 2006 to 30th June 2006 granted annual increment on 1st July 2006, in contrary to the Board's instructions ibid.

[23] CPO/MR, GM office & Law office.
[24] No. PCVI/2008/1/RSRP/1/Pt.III (RBE No. 64/2009) dated 09.04.2009
[25] (CPO Circular No. 56/2009).
[26] Extra Ordinary Leave

Table 11

Sl. No.	Name	Designation	PF No.	EXOL (Without MC) between 1st January 2006 and 30th June 2006
1	Sri Bhamabar Nayak	Safaiwala	99916526	76 days
2	Sri Durgalal Hela	Safaiwala	99915923	21 days
3	Sri Soumen Dasgupta	Helper/Grade-I	99919059	38 days
4	Sri Ajit Kumar Datta Chowdhuri	Helper/Grade-I	99915819	38 days
5	Sri Tapas Kumar Mukherjee	Helper/Grade-I	99914580	8 days
6	Sri Bijoy Kumar Tiwari	Gangman	99922939	18 days
7	Sri Habibul Islam	Gangman	99917646	18 days
8	Sri Ranjan Seal	Gangman	99921340	21 days
9	Sri Mohendra Das	Safaiwala	99929132	6 days
10	Sri Achin Kumar Ghosh	Helper/Grade-I	99911759	10 days

Railway Administration needs to initiate necessary steps to restrict this type of irregularities.

Non-deduction of obligatory Income Tax of ₹ 0.042 crore from compensation claim.

Deduction of Tax at Source is mandatory for payment of compensation amount above ₹ one lakh @ 10 per cent on compensation paid for compulsory acquisition of any immoveable property as per section 194 LA of Income Tax Act.

We observed that Metro Railway Administration failed to deduct ₹ 0.04 crore Tax Deducted at Source (TDS) before payment of compensation of ₹ 0.39 crore to individual land owners for compulsory acquisition of land for Tolly-Garia project.

As the amount of compensation has already been discharged by MR Administration there is no scope for recovery of the same from the individual owners of land.

MR needs to institute adequate internal control mechanism to set right the discrepancies in above cases.

We reported these to Metro Railway Administration in December 2011, reply to which is pending.

CHAPTER 8

SECURITY

The responsibility of providing security on the Railways is assigned to two agencies viz. Govt. Railway Police of the State (GRP) and the Railway Protection Force (RPF).

One office[27] was inspected during 2011-12. A study on the security arrangements in Metro Railway was also conducted.

Highlights of Audit findings are furnished below:-

Study report on Security arrangements to safeguard the commuters' interest:

The most important aspect of any security strategy is to ensure the safety and security of its passengers.
The Citizen Charter of Indian Railways spells out the railways commitment to provide safe and dependable train services to passengers. The security of railway passengers is interlinked with the security and safety of railway assets used by the passengers viz. the railway stations and trains.

Major findings at a glance:

- In spite of specific comments in audit review in July 2010 security of Metro Passengers have not been secured.
- Non-maintenance of Theft and Loss Register.

Audit has repeatedly highlighted on the importance of passenger safety aspects in past Studies /Reports on Security Management.

The recommendations of Integrated Security System (ISS)

As a follow up to the recommendations of the Committee, the Railway Board decided in July 2008 to implement an Integrated Security System (ISS) over Indian Railways for augmenting the existing security system of the Railways at the identified high risk stations.
The ISS consists of four broad areas –
(i) Internet Protocol (IP) based Closed Circuit Television (CCTV) surveillance system for watching the movement of people on the platforms.
(ii) Access Control solutions for filtering out bonafide passengers.
(iii) Personal and baggage screening system such as DFMDs, HHMDs, x-ray baggage scanners etc.,
(iv) Bomb Detection and Disposal System (BDDS).

As reported by MR authority that necessary steps have been taken to ensure passenger safety as follows:

- Deployment of security staff at all the entry surface gates of MR;

[27] IPF/Fire/MR/Tolly.

- Checking of baggage's through DFMD gates/scanner;

Security to women being a leading factor, to curb crime against women passengers as reported by MR authority that they have initiated adequate steps to ensure safety to women passengers as follows:

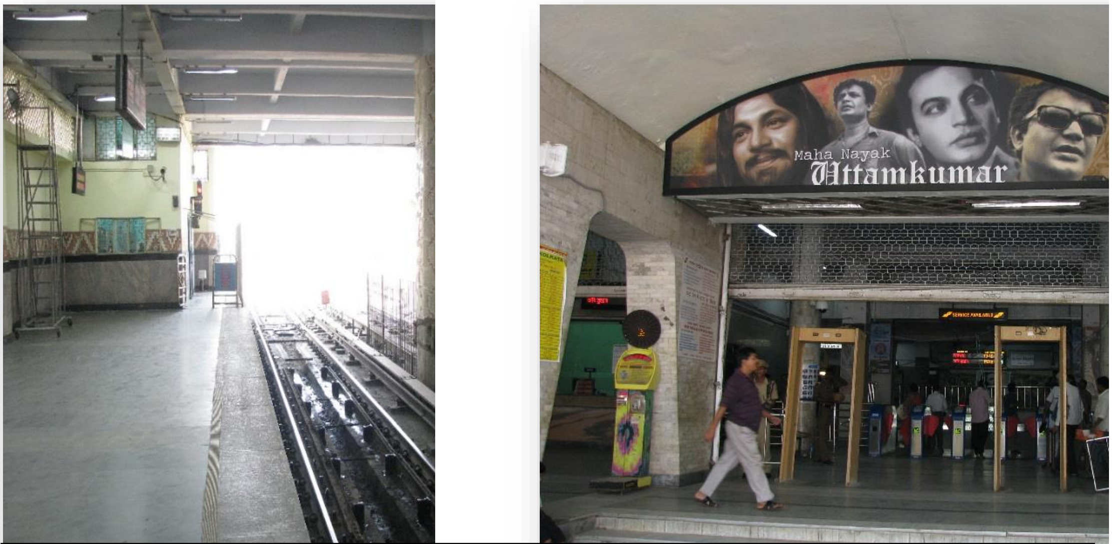
- Deployment of Special squad in Train;
- Deployment of lady force in all Metro Stations;
- Installation of CCTV in stations/platform;
- Displaying women helpline in Metro trains;

Audit review revealed that during 2011-12 eighty seven (87) cases of untoward incidents have occurred in different station of Metro Railway Kolkata as follows:

Table 12

Women molestation	**Suicide cases**		**Theft-pickpocket cases**	**Total**
	Number of attempts	Death due to suicide (Number)		
05	31	19	32	87

The results of implementation of different actions initiated by MR to safeguard the commuters' interest have not been borne out by the above tabular representation. Moreover, absence of adequate security arrangements at Metro Stations/Entry points have been noticed as follows:



Absence of adequate security and DFMDs at the entry point of Metro Station at Dum Dum and Mahnayak Uttamkumar respectively.

Figure 7

Highlights of Transaction Audit findings are furnished below:-

Non maintenance of Theft and Loss Register

As per Railway Rules a Theft and Loss Register should be maintained and a monthly return on theft and loss (even nil return) should be sent to higher authority by every office. This procedure was not found to be followed in the office of the IPF/Fire/Tolly

This may please be looked into and this deviation from codal provisions should be avoided in future.

CHAPTER 9

Signal and Telecommunication

Role of the Signalling & Telecommunication department in Train Operations

- *Signalling Systems for Safe and smooth train operations.*
- *Optimum utilization of line capacity.*
- *Train Protection and Warning System (TPWS)*

Existing Signalling System

Trains are presently worked on **3 Aspect Auto Signaling with Digital Axle Counter for entire section.**

Out of the existing 23 stations, only 15 stations are provided with **Panel Interlocking System** with **3 Aspect Colour Light line side Signals**. Balance 8 stations are fully automatic

A **Route Relay Interlocking System** has been provided at Maha Nayak Uttam Kumar and Noapara carshedand are in operation to facilitate prompt withdrawal and injection of rakes as well as performance of shunting operation inside Carshed required for maintenance purpose.

Data Logger System has been provided for all stations from Dum Dum to Kavi Subhash with Central Monitoring Unit at Central Control. Basically this is an on-line time tagged Event Track Recorder that monitors and records the functioning of the equipments and records all the signaling operations as well as train movements that helps to analyze unusual occurrence and diagnose failures.

Train Protection and Warning System (TPWS) is being provided on the entire stretch of Metro Railway. This system will prevent collision caused due to human (Motorman) error. This System will be commissioned next year.

Train Describer System and Auto Train Charting has been provided.

Highlights of Audit findings are furnished below:-

Four offices[28] were inspected during 2011-12.

[28] CSTE/MB, SSE/T/OM/Tolly, SE/T/NOA, SE/T/O&M/DMI.

Results of Transaction Audit:

- **Lack of internal control mechanism**:

Irregularities in maintenance of various registers upholds the absence of adequate internal control mechanism.

We observed lack of internal control mechanism in the following areas. MR needs to strengthen its internal control mechanism to ensure proper functioning of the system:

- Registers like Material Register, Dead Stock Register are crucial for accountal of materials. Dead Stocks are also warrant periodical verifications by accounts and by the Stores Department. Non-maintenance of above registers in the office of the Sr. Section Engineer/T/Tollygunge/SSE/T/Noapara/SSE/T/DMI exposes lack of internal control.
- Deficiencies in maintenance of records of telecommunication systems in the office of the SSE/T/Tolly have also been noticed as follows;
    - Accountal of defective telephone sets sent to DMI for repair,
    - Dispatch of amplifiers for repair.
    - Distribution of uniform to Group-D staff.
- Non-verification of stores ledger after 2008 in SSE/T/NOA office exposing the risk of incorrect accountal of materials.
- Maintenance of minimum temperature in OFC[29] room is crucial for safe performance of valuable machineries installed in the office of the SSE/T/DMI. Frequent failure of the AC Machine provided for in the OFC room exposes the risk of malfunctioning of the machines required to ensure safe performance of the system.
- We noticed that Six Digital tape recorder (DTR) machines were lying idle in the office of the SSE/T/DMI, this in turn may affect the smooth running of Train Services.

MR needs to institute adequate internal control mechanism to set-right the discrepancies in above cases.

We reported the above issues to MR Administration in December 2011, replies are awaited.

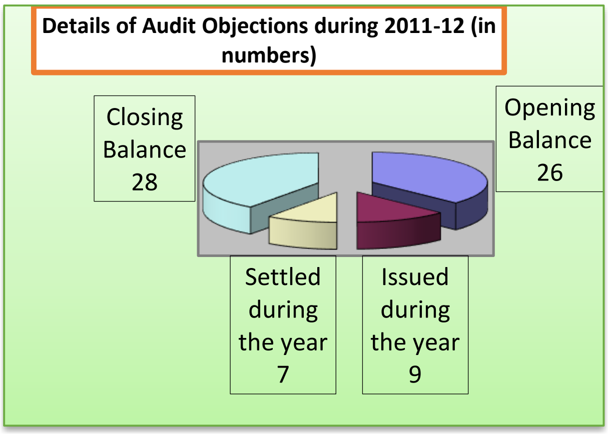
[29] Optical Fiber Cable

CHAPTER 10

AUDIT EFFECTIVENESS

Audit objections issued/settled and outstanding

On the results of test audit, a total of Nine (9) audit objections were issued through Special Letters, Part-I Audit Notes and Inspection Reports. Besides this, there was carry forward of 26 audit objections pertaining to previous years. A total of 7 audit objections were settled during the year. Balance 28 audit objections were outstanding as on 31st March 2012 involving financial irregularities amounting to ₹ 84.72 crore.



The reason for non-settlement of outstanding audit objections may be attributed to non-receipt of reply from Railway Administration/ insufficient reply furnished by Railway Administration.

Recoveries at the instance of Audit

As a result of cases of under charges, over payment, non-recovery of dues etc. of ₹ 3.24 crore being brought to the notice of Metro Railway Administration during the year 2011-12, ₹ 0.30 crore has already been recovered.

Impact of Audit:

- **Revision of Fare Structure in Metro Railway, Kolkata after a decade**

Audit observation on "Non-revision of Fare Structure and consequential fiscal deficit over MR, Kolkata" contained in Special Letter issued in May 2011 was converted into Draft Paragraph No. 1 of 2010-11 issued in July 2011.

Audit had observed that:

- Dynamic pricing policy based on differential, Peak, Shoulder Peak and Off Peak fare structures were not evolved so as to bring forth effectiveness in realization of revenue.

- There remained gaps on part of the Metro Railway in evolving inputs for a rational fare structure based on automatic fare revision inputs indexed with cost of living, average annual growth rate of passenger traffic etc. and proposing the same to the Railway Board.

- Metro Railway increased concessions to 31.25 per cent and 35.25 per cent respectively in LMR and EMR in 2003, introduced new concessions of MMR in August 2005 and Smart Cards in January 2006 and implemented 60 per cent students concession in September 2009, which is indicative of a lack of co-ordinated perspective planning inputs in the issue of fare adjustments vis-à-vis maintaining the viability of operational revenues and incentivizing passenger volumes with zonal pricing.

- The Average Operating Ratio (percentage of Gross Working expenses to Gross Earnings) in Metro Railway was 228.67, which was much higher compared to the All India average Operating Ratio of 85.98 of the Indian Railways during the period from 2006-07 to 2010-11. The abnormally high operating ratio warrants reduction in cost or increase in revenue.

Metro Railway Authority initiated the following measures to obviate the above inconsistencies as follows:

- *Metro Railway formed Fare Structure Committee in October 2011.*
- *Revised Fare Structure came into effect in November 2013.*