Chapter 2: Traffic - Commercial and Operations

The Traffic Department of IR has two distinct business processes- Operations and Commercial. The Commercial Branch is responsible for the sale of transportation provided by a Railway, for creating and developing traffic, both passenger and freight and maintaining a healthy customer interface with the traveling public and the trade. Its main functions are fixing of freight, passenger fares and other charges and their collection, accountal and remittance. The Operating Branch is responsible for the smooth transportation of freight and passengers. Mobilisation of the passenger/freight train services as per designated times and as per indents received is performed by this Branch. At Railway Board, the Department is headed by Member (Traffic). At the Zonal level, the Chief Commercial Manager is the head of the Commercial branch and Chief Operating Manager is the head of the Operating branch.

The total expenditure of the Traffic Department during the year 2009-10 was ₹3,414.35 crore. During the year, apart from regular audit of vouchers and tenders etc., 506 offices of the department including 421 stations were inspected.

This chapter includes two thematic studies on Container Operations in Indian Railways dealing with the implementation of freight container policy and its revenue implications for Railways and the operation of Tatkal scheme and the Advance Passenger Reservation System. Besides, major audit findings on the issues of revenue collection, performance of incentive schemes and movement of rolling stock, infrastructural deficiency in sidings/goods shed leading to detention of stock or loss of freight, issues on initiatives of new/special schemes, new services as well as suburban services and non-adherence/non-implementation of rules contained in Traffic Code, Commercial Manuals and other rules/orders issued by Indian Railway Conference Association and Railway Board are also featured.

2.1 Container operations in Indian Railways

Executive Summary

Prior to incorporation of Container Corporation of India Limited (CONCOR) in March 1988 under the Companies Act, Indian Railways were providing domestic container service on sixteen pairs of stations and ISO container service from seven Inland Container Depots (ICD). Till 2006, CONCOR was the sole container operator in Indian Railways but thereafter 15 other private operators had been permitted and licensed to enter the container rail business.

The audit of container traffic was taken up with the main objective of obtaining an assurance that the charges recoverable by the Indian Railways (IR) for use of their assets such as tracks, stations and rolling stock were fixed and recovered correctly and the haulage charges recovered by Railways were adequate to meet the cost of operations incurred. The primary objective of inducting CONCOR and other private operators was to capture the piecemeal traffic that Railway had lost due to its policy to carry only bulk traffic. Subsequently these container operators were allowed to carry bulk commodities as well, such as cement, food grains, fertilizer etc. The impact of this shift in policy was also examined..

It was noticed that the rates of haulage charges fixed by Railway were less than the base class rates, i.e. break even rates and a form of subsidy provided only to commodities which IR carried to meet its social obligation towards the nation. Audit observed that movement of container traffic per se under base class rates was unjustified and was putting Railways to a huge loss. The revision of rates was done by considering the escalation factor of the previous year instead of the current year and also by taking into account the electric traction cost alone. Though the haulage charges recoverable from container operators were fixed on the basis of per kilometer unit cost, the charges were not recovered by the actual distance of carriage resulting in non-recovery of even the operational cost incurred by Railway. Audit scrutiny revealed that though the volume of Forty Feet Equivalent Unit (FEU) was almost double that of Twenty Feet Equivalent Unit Container (TEU), the carrying capacity fixed for loading and charging 40' container was only 27 tonne as compared to 21.5 tonne for a 20' container. Though only one 40' container was loaded on a flat wagon as against two 20' containers, the haulage charges for a 40' container were recovered at 1.8 times of a 20' container causing huge loss.

40' container loaded on a flat wagon

Two 20' containers loaded on a flat wagon

Audit also noticed that the haulage charges for 20' container were fixed for three weight slabs but it was not specified to which slab the haulage charges of a 40' container were to be applied; as a result, most of the booking points were charging the 40' container at 1.8 times of the lowest weight slab of 20' container. The total revenue loss on various accounts was assessed in audit as ` 1,175 crore.

Summary of Recommendations

- The present policy of allowing container operators to participate in lifting of bulk traffic that conventionally belonged to IR need to be reviewed on priority including the sub-optimal tariffs charged as at present, as these would cause recurring losses to the railway while at the same time unjustly benefit the container operators. *(Para 2.1.8.1)*

- While Railways had achieved economy through rake load movement of freight, the policy of allowing CONCOR and other PCOs to lift bulk commodities had exposed the Railway to potential risk of diversion of regular rail traffic. Therefore, IR needs to shift its focus to a policy of aggregation of piecemeal traffic as originally envisaged. *(Para 2.1.8.2 & 2.1.8.3)*

- Keeping in view the fact that only one 40' container was carried on a flat wagon as against two 20' containers and also that the cargo weight actually being loaded in these containers was double than that loaded in 20' container, there was no justification to charge these containers at 1.8 times of a 20' container. Considering the actual cargo weight carried in 40' container, Railway should consider fixation of separate haulage rates for such containers. *(Para 2.1.8.5)*

- While fixing the haulage rates Railway Board should consider the fact that diesel being the dominant source of traction, due weightage of all tractions in use should be adequately provided in costing so that the rates arrived at approximate the costs actually incurred. *(Para 2.1.8.6)*

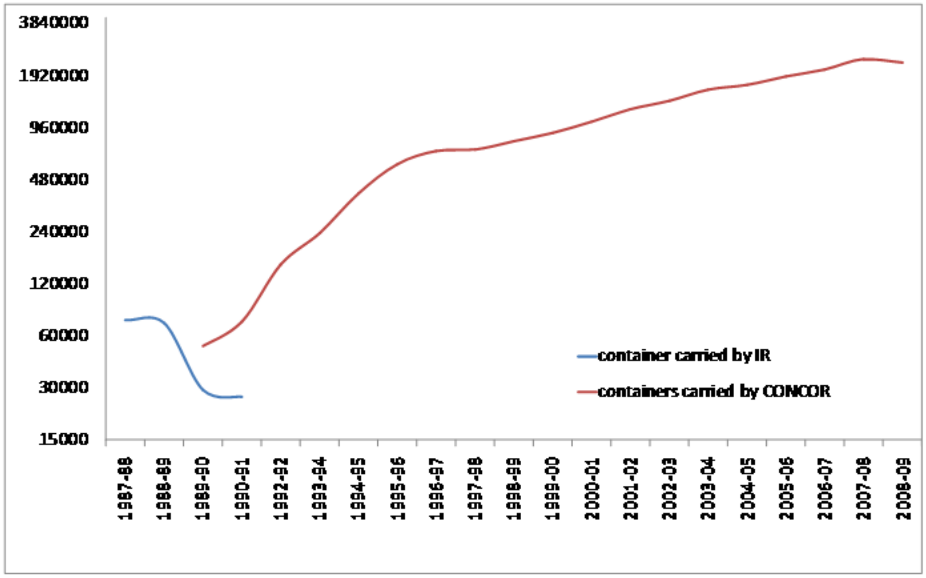
- Since the haulage charges fixed by Railway are calculated on per km unit cost basis, it is imperative that the charges were recovered by the actual route of carriage so that the full operational cost is recovered. *(Para 2.1.8.7)*

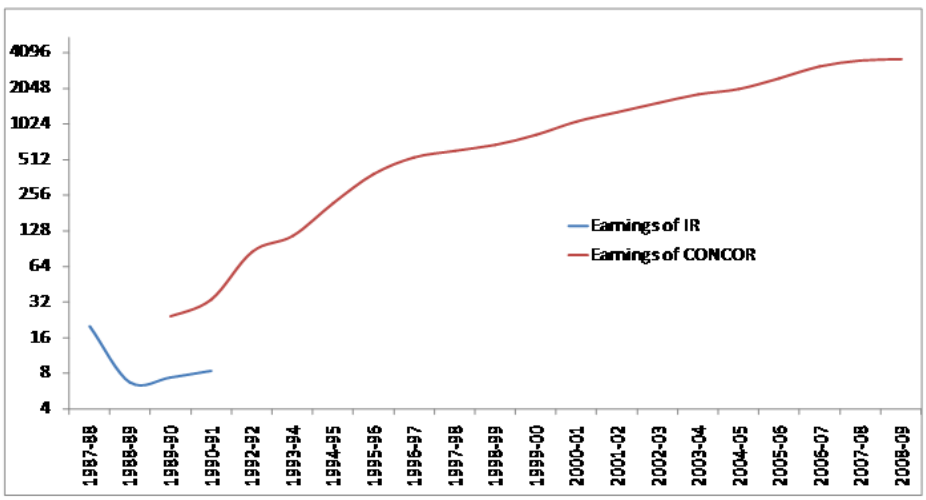
- The weight actually loaded by container operators in 20' container and 40' container exceeded the carrying capacity fixed by Railway Board. In order to check the overloading it must be ensured that each container train is weighed at the originating station by mandatory provision of weighbridges by the PCOs. *(Para 2.1.8.9)*

- In order to ensure that no container train moved without payment of haulage charges and the charges paid by PCOs, particularly by CONCOR were correct, (since the RRs of CONCOR traffic are not prepared by Railway staff) Railway Board should ensure that terminal summaries of movement of trains are sent by each terminal and station to Traffic Accounts Office for reconciliation. *(Para 2.1.8.10)*

2.1.1 Introduction

Prior to incorporation of Container Corporation of India Limited (CONCOR) in March 1988 under the Companies Act, Indian Railways were providing domestic container service at sixteen pairs of stations and ISO container service from seven Inland Container Depots (ICDs). CONCOR commenced operations from November 1989 when it took over the then existing Inland Container Depots (ICDs) from the Indian Railways. The main objective of setting up of CONCOR was to carry piecemeal traffic which the Indian Railway had lost due to its shift to carry bulk traffic in rake loads. CONCOR being an integral part of IR was to work as a multi-modal transport operator and was to undertake the marketing functions as well as market research for integrated logistics infrastructure for the country's trade, commerce and industry. The infrastructure to be developed by CONCOR was primarily to serve the rail traffic, especially high rated container oriented and sundry piecemeal traffic helping to increase the revenue for IR. The quantum of container traffic handled by IR and subsequently by CONCOR is depicted in graph below:





Till 2006, container services by rail were operated only by CONCOR. Subsequently, 15 other private container operators (PCOs) were permitted and licensed to enter the container rail business. The Indian Railway recovered only the haulage charges calculated on the basis of fully distributed cost of operations plus a margin of profit and had no arrangement for sharing the revenue earned by Private Container Operators.

The container traffic data was not maintained in terms of weight carried until 2007-08. From the data given in the table below, it was observed that

CONCOR was the dominant player contributing about 90 per cent of earnings from container traffic.

Year	Total traffic by IR (in million tonne)	Container traffic (in million tonne)	% of container traffic	Earnings from (` in crore)		
				CONCOR Traffic	Other PCOs	Total
2007-08	793.30	21.13	2.66	2290.95	-	**1474.14**
2008-09	833.39	30.34	3.64	2250.63	275.30	**2525.93**

Source-Table IV of Explanatory Memorandum – Railway Budget 2009-10 & 2010-11 & CONCOR's Profit & Loss account.

As per Memorandum of Guidelines between Indian Railways and CONCOR, the following arrangements were agreed to:

2.1.2 Operational aspects

- Facilities for transportation of container trains inside an ICD/CFS or outside for reception and dispatch of trains was to be provided by IR.
- Establishment of ICD/CFS for future requirement was to be the responsibility of CONCOR.
- Existing assets such as land, handling equipment, godowns, fixtures, sidings etc being used for container traffic by IR were to be transferred on mutually agreed cost/lease.
- Some goods sheds/sidings were also to be utilized without detriment to IRs normal operations.
- Design of the wagons for movement of containers was to be determined by IR in close conjunction with CONCOR and the procurement was to be made accordingly.

Initially Indian Railways had provided approximately 7,200 dedicated container wagons to CONCOR for moving containers. Between 1999 and 2001, Indian Railway sold 1,357 BFKI type of container flats to CONCOR. As on 31 March 2010, the CONCOR had their own fleet of approximately 8,374 wagons which constituted around 85 per cent of the total wagons in use on their network.

2.1.3 Commercial aspects

- IR was to operate point to point trains in coordination with CONCOR. However, with the passage of time, CONCOR was permitted to book container traffic from/to any ICD/Railway Station.

- A consolidated amount for a train, per flat or per wagon was to be quoted by IR and CONCOR was to determine its own pricing structure for consumers.
- Rail transport charges to be levied by IR on CONCOR were to be fixed on the basis of marginal cost and nominal profit. Initially, these charges were to be fixed for a period of two years but subsequently revised annually or six monthly basis as per requirement.
- All services such as marketing, documentation and terminal handling were to be provided by CONCOR.

2.1.4 Operations by other PCOs

- Operations of conventional trains were given preference over container trains.
- Depending upon requirement, Container Rail Terminals (CRTs) were to be notified on each Railway. All PCOs were to have access to CRTs.
- Storage facilities were not to be provided at CRTs and PCOs were to develop their own terminals.
- Custody, security and responsibility for the containers and cargo on ground awaiting removal, stuffing, de-stuffing unloading or loading would be with the PCOs.
- In addition to haulage charges at prescribed rates, the PCOs were to pay Terminal Access Charges, Detention Charges for containers/wagons detained beyond permissible free time, Ground Usage Charges etc.

2.1.5 Audit Objectives

In the past few years Audit had reported various irregularities in container operations by CONCOR that inter alia included losses arising on account of non-revision of haulage charges, under load running of trains, non-recovery of haulage charges in respect of empty containers, non-levy of charges by actual distance, etc. As a remedial measure, Railway Board prescribed the minimum number of wagons/containers chargeable and rates for empty movement. No action was taken to recover the haulage charges based on the actual distance carried. Considering the increasing containerization of cargo by rail, the audit was undertaken to review the basis of recovery of operational cost and towards this end, the following issues were examined:

- The basis of fixation of haulage charges and whether these were being recovered in respect of the actual distance of carriage.
- The rationale of charging haulage rates in respect of CC commodities, predominantly rail borne traffic, and its impact on railway's revenue share.
- The impact of reduction of haulage rates to 1.8 times of a TEU in respect of FEU whereas the volume of 'Forty Feet Equivalent Unit (FEU) was exactly double that of Twenty Feet Equivalent Unit (TEU).
- Utilisation of assets such as land and ICDs transferred to CONCOR for the purpose of rail traffic and recovery of lease charges thereof.

The above issues also covered other private operators who were licensed to commence operations and additional recovery of various charges as were made applicable under the licensing arrangements were looked into.

2.1.6 Methodology

The basis of fixation of haulage rates as fixed by Railway Board from time to time was reviewed with respect to orders issued for movement and charging of container traffic. The records relating to actual recovery of haulage charges were examined in the Traffic Accounts Offices of the Zonal Railways. An attempt was made to cross verify with the records of actual movement of traffic maintained at certain interchange points falling en-route.

2.1.7 Pricing of Container Traffic- Background

As per Memorandum of guidelines between Indian Railways (IR) and CONCOR, the IR was to quote a consolidated amount for a train, per flat or per wagon leaving CONCOR to determine its own pricing structure. Initially the rates as per IR tariff were collected by CONCOR and the entire amount so collected was deposited with the Zonal Railway. The Zonal Railway paid the CONCOR a service charge of ten per cent. From 1 November 1990, haulage rates calculated on the basis of per 20' container per kilometer were introduced for all commodities. In October 1994, Railway Board permitted CONCOR to carry commodities having carrying capacity (CC) as weight condition and stipulated that CONCOR recover the freight for such commodities at IR tariff rates. The entire freight was to be remitted to the Zonal Railway concerned and CONCOR was allowed to retain 18 per cent for services rendered. In January 1997, Railway Board allowed CONCOR to carry all except eleven bulk commodities by paying only haulage rates instead of IR tariff minus service charge. 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.

2.1.8 Audit Findings

2.1.8.1 Loss due to fixation of haulage rates less than the base class

Indian Railway tariff charged freight from its customers by grouping various commodities into classes. The class 100 was considered the base class and the rates charged at this class were break even rates where there was no profit or loss. The rates of less than the base class were provided to only commodities in the nature of essential mass consumption in respect of which the differential was borne by IR as part of its social responsibilities. With CONCOR being progressively permitted to carry CC commodities (predominantly rail borne traffic) such as cement, food grains, fertilizer, sugar and iron & steel at less than base class rates, Audit had raised the issue of the huge loss suffered by IR (` 801 crore) vide Para 2.1.1 of Report No. CA 6 of 2008. Though a period of more than two years had lapsed, no remedial action had been taken so far.

Audit observed that allowing private operators including CONCOR to lift commodities such as cement, food grains, fertilizer, sugar and iron & steel at rates less than the base class rates had the unintended consequence of subsidizing the container operators as the latter were free to fix the tariff for their customers. Besides, such indiscriminate policy of tariff pricing of container traffic without regard to railway's own tariffs chargeable was bound to cut into Railway's share of bulk traffic by causing diversion. It was also observed that the existing haulage rates were 12 to 18 per cent below the base class rates as indicated in the table below:

Distance slab	**Base class rate of IR (per tonne in rupees)**	**Total freight for a wagon with 61 T load**	**Haulage rates per TEU**	**Total haulage charges per wagon loaded with two TEU**	**Loss (difference between base class rate and haulage rates (Col. 3 – 5)**	**Percentage of haulage rates to IR base class rates**
1	*2*	*3*	*4*	*5*	*6*	*7*
500 km	308.20	18801	8208	16416	2385	**87.31**
1000 km	591.90	36106	14851	29702	6404	**82.26**
1500 km	873.80	53302	21765	43530	9772	**81.66**
2000 km	**1096.40**	**66881**	**28820**	**57640**	**9241**	**86.18**

Since IR charged most of the CC commodities carried by them at above the base class rate, charging the same at sub-base levels tantamount to providing unjustified subsidy to container operators including CONCOR while the latter were free to charge higher tariffs from their consumers.

Recommendation

The extant policy of allowing container operators to participate in lifting of bulk traffic that conventionally belonged to IR need to be reviewed on priority including the sub-optimal tariffs charged, as these would cause recurring losses to the railway while at the same time unjustly benefit the container operators.

2.1.8.2 Inconsistencies in fixation of haulage rates for CC commodities and impact on Railway revenue

Audit observed that by allowing CONCOR to carry CC commodities such as Grains & Pulses, Fertilizer, Cement and Iron & Steel etc. (predominantly carried by Railways) and recovering only haulage charges, the Railways were losing substantial revenue as indicated below:

Commodity / Class	**Comparison of Freight recoverable as per IR Tariff minus 20% and Haulage rates actually recovered as well as rates charged by CONCOR from customers (Charges for two 20' Containers on a flat wagons of 61 T)**								
Pairs of stations	**JNPT –BRC= 475 Kms**			**TKD –JNPT=1364 Kms**			**DDL- MDCC/KDPL=1532 Kms**		
	IR rate	**CONCOR rates**	**Haulage rates**	**IR rate**	**CONCOR rates**	**Haulage rates**	**IR rate**	**CONCOR rate**	**Haulage rate**
Grain & Pulses/120	17392	24200	16416	47073	72500	40332	52670	67000	**44318**
Fertilizer - 120	17392	24200	16416	47073	72500	40332	52670	67000	**44318**
Cement-140	20291	24200	16416	54915	72500	40332	61449	67000	**44318**
Iron & Steel-180	**26089**	**24200**	**16416**	**70604**	**72500**	**40332**	**79003**	**67000**	**44318**

It was evident that haulage charges being recovered by Railways from CONCOR including private operators were much less than those recovered by CONCOR from its customers and were also less than those that would have been recovered as per arrangement existing prior to 1 November 2006.

Analysis of the haulage charges realized by Railway at the rates prescribed after 1 November 2006 and those that would have been realized as per IR Tariff minus 20 per cent for carriage of CC commodities indicated that the Zonal Railways suffered a revenue loss of ` 65.33 crore during the period 1 November 2006 and 31 March 2010 as indicated below:

- CC commodities loaded in 7,699 containers from six ICDs/ RCTs over Northern Railway resulted in loss of ` 10.59 crore during the period from 1 January 2010 to 31 March 2010.

- Containers traffic booked in 1,05,590 containers from three ICDs/ RCTs over South Central Railway and 2,123 containers booked from one RCT of South East Central Railway during 1 November 2006 to 31 March 2010 resulted in loss of ` 28.28 crore and ` 1.03 crore respectively.
- On South Western Railway, 7,630 containers booked from three RCTs during the period 1 April 2007 to 31 March 2010 resulted in loss of ` 22.80 crore.
- Similarly 3,127 containers, 1,215 containers, 3,000 containers and 1,060 containers booked from Central, North Western, Western and West Central Railways respectively during 1 April 2009 to 31 March 2010 accounted for loss of ` 2.82 crore. **(Annexure I)**

2.1.8.3 Diversion of rail traffic to PCO

As per Railway Board's instructions (July 2007) while notifying a rail station as Rail Container Terminal for granting access to private operators, it was to be ensured that container operations by PCOs should not lead to diversion of rail traffic. Audit observed that allowing the container operators to carry traffic without safeguarding Railway's own interest had resulted in diversion of regular steel traffic booked ex-Chalthan of Western Railway. After the commencement of operations by PCOs at this station, no steel consignment was booked by Railway and the entire traffic was captured by PCO. This had resulted in loss of ` 13.08 crore to Railway by way of difference of haulage charge received and the freight that could have been earned had if the traffic been booked by the Zonal Railway. (**Annexure II)**

Recommendation

While Railways had achieved economy through rake load movement of freight, the policy of allowing CONCOR and other PCOs to lift the bulk (CC commodities) had exposed the Railway to potential risk of diversion of regular rail traffic. Therefore, Indian Railway need to shift its focus to a policy of aggregation of piecemeal traffic as originally envisaged.

2.1.8.4 Inconsistency in charging haulage charges for a TEU and FEU

Prior to April 2006, the haulage rates recoverable for container traffic were fixed on the basis of per 20' container irrespective of weight loaded. From 1 April 2006, Railway Board introduced a slab system where by haulage rates were prescribed for fixed distance slab per container (i) loaded up to 20 tonne, (ii) containers loaded above 20 tonne and (iii) empty containers. Subsequently from 1 November 2006, another weight slab for loaded containers was introduced and the haulage rates were to be recovered as under:

- Twenty feet container loaded up to 20 tonne
- Twenty feet container loaded between 20 tonne and 26 tonne
- Twenty feet container loaded above 26 tonne

Though the haulage charges for 40’ container were to be recovered at two times of the rate of a 20’ container, it was not specific as to which of the above three weight slabs was to be taken into account for computing the haulage charges of 40’ containers.

Audit scrutiny of booking of container traffic by PCOs over Western Railway revealed that the 40’ containers booked from Chalthan over Western Railway were charged at 1.8 times the rate applicable to the category of 20’ containers loaded above 26 tonne. However, the 40’ containers booked from Mundra Port Cargo complex (though loaded up to or more than 54 tonne) were charged at 1.8 times the rate applicable to the category of 20’ container loaded up to 20 tonne. The ambiguity in instructions resulted in the same size containers being charged differently leading to loss of revenue of `7.67 crore for the year 2009-10 at one Rail Container Terminal (RCT) alone **(Annexure III)**

2.1.8.5 Impact of reduction in haulage charges recoverable for FEU

Prior to 1 January 2007, the haulage rates for 40’ containers were recovered at double the rate fixed for 20’ containers. From 1 January 2007 for reasons unknown, the rates for 40’ containers were reduced to 1.8 times that of 20’ container.

Audit observed that Zonal Railways recovered the cost of haulage on the basis of fully distributed cost of carrying one 20’ container per kilometer. While two 20’ containers were loaded on a flat wagon, only one 40’ container was loaded. Thus the cost of hauling one 40’ container is equivalent to two 20’ containers. By reducing the rate of haulage charges to be recovered in respect of 40’ container to 1.8 times of the 20’ container IR was not fully recovering the cost incurred for the carriage of such traffic by Rail. As a result Indian Railways suffered a huge loss of `63.07 crore during the period from 1 June 2007 to 31 March 2010. **(Annexure IV)**

Recommendation

Keeping in view the fact that only one 40’ container is carried on a flat wagon as against two 20’ containers and also that the cargo weight actually being loaded in these containers is double than that loaded in 20’ container, there is no justification to charge these containers at 1.8 times of a 20’ container. Considering the actual cargo weight carried in 40’ container, Railway should consider fixation of separate haulage rates for such containers.

2.1.8.6 Incorrect fixation of haulage rates

Indian Railway charged haulage rates from CONCOR for movement of their traffic and these charges were worked out on the basis of fully distributed haulage cost plus a margin of 20 per cent as profit. Audit noticed that while fixing the haulage charges recoverable from CONCOR from 01-07-2009, the Railway Board had taken into account the escalation factor for 2008-09 (18.38 per cent) instead of 2009-10 (35.75 per cent). Thus the haulage charges fixed and notified were less by `72 per container to `3,174 per container depending on the distance slab for which the rates applied. These charges remained in force up to 31-12-2009. Further the haulage charges effective from 01-01-2010 were worked out by taking into account only electric traction ignoring the fact that container trains were hauled by using diesel traction also. This again led to fixation of lower haulage charges yielding a differential value of `154 per container over the distance slab of 501 - 550 and ` 1,575 per container at the highest distance slab of 3,451 - 3,500.

The impact of fixation of haulage rates on account of taking the escalation factor for 2008-09 instead of escalation factor of 2009-10 was reviewed at 78 ICD/RCT over Central (1), Eastern(1), Northern (10), North Central (4), North Eastern (1) North Western (6), Southern (6), South Central(3), South Eastern (10), South East Central (1), South Western (6), Western (19) and West Central (2) Railways from where the CONCOR containers were booked and it was observed that Railways suffered a loss of `35.99 crore during the six months period (1 July 2009 to 31 December 2009) alone **(Annexure V)**.

Similarly, review of the impact of fixation of haulage charges by taking into account only the electric traction instead of taking into account mixed traction i.e. Diesel and Electric (which were commonly in use) in respect of containers booked from 77 ICD/RCTs on the above mentioned Zonal Railways revealed that IR suffered a loss of `8.18 crore during the three months period from 1 January 2010 to 31 March 2010. **[Annexure V (A)]**

Further there was a loss of `4.52 crore in respect of container traffic booked by other PCOs operating over Eastern, North Eastern, Southern and South Western Railways during the period from 1 July 2007 to 31 March 2010. **(Annexure VI)**

Recommendation
While fixing the haulage rates Railway Board should consider the fact that the diesel being the dominant source of traction, the weightage of all tractions in use should be adequately provided in costing so that the rates arrived at approximate costs actually incurred.

2.1.8.7 Non-recovery of haulage charges by the route of actual carriage

Railway Board's orders issued from time to time stipulated that haulage charges for loaded containers of (CONCOR) should be charged from originating point to the destination point for the entire distance of actual haulage via the specified hub. The format of Inland Way Bill (IWB) approved by Railway Board also required that the route via which the CONCOR traffic was carried should be mentioned on the IWB.

The matter regarding non-recovery of haulage charges by the actual route of carriage of traffic was taken up vide Para 2.3.1 of the Report of Comptroller & Auditor General of India – Union Government (Railways) for year ended on March 2008. Though the Railway Board had accepted the contention of the Audit and issued instructions to General Manager, Western Railway for recovery of `27.65 crore from CONCOR, the amount had not been recovered so far. Moreover, in the absence of general instructions to all other zones, the traffic was being charged incorrectly by the shortest route causing further loss to the Zonal Railway. On review of different streams of CONCOR's traffic originating from Eastern, North Central, North Western, Southern, South Central, South Eastern, South Western, Western and West Central Railways, audit observed that haulage charges were recovered via the shortest route instead of charging the same via the actual carried routes or via hubs. This resulted in short recovery of `26.57 crore in addition to `27.65 crore pointed out earlier vide Para 2.3.1 of the Report for the year ended March 2008. **(Annexure VII)**

It was also observed that the route via which the traffic was to be carried was not being indicated on the IWB prepared by the CONCOR. In the absence of this information, the correctness of haulage charges being paid by CONCOR could not be ascertained, leaving the quality of monitoring by the Traffic Accounts Office in doubt.

Recommendation

Since the haulage charges fixed by Railway were calculated on per km unit cost basis, it is imperative that the charges are recovered by the actual route of carriage so that the full operational cost is recovered.

2.1.8.8 Non-recovery of haulage charges of IR owned brake vans attached to container trains

As per Railway Board's orders (October 2006) if IR owned brake vans were attached to container trains, they should be charged haulage charges equivalent to TEU. The haulage charges of IR owned brake vans attached to container trains were revised (from 1 October 2007) to haulage rates prescribed for 20' container (up to 20 MT) plus 10 per cent.

Audit scrutiny of records of Traffic Accounts of Eastern, East Coast, North Eastern and Western Railways revealed that the haulage charges for IR owned brake vans attached with container trains of CONCOR were either not recovered or were recovered less. This has resulted in non-recovery of ` 0.61 crore. **(Annexure VIII)**

During audit our scrutiny of IWBs received in the Traffic Accounts Office of NCR, it was observed that no indication was given on the Inland Way Bill (IWB) whether it was for brake van or otherwise. Similarly in North Western Railway, neither separate IW Bills were submitted nor was any return regarding container booking and brake vans being sent to the Traffic Accounts Office. In the absence of the relevant information about the brake vans from the booking stations, the correctness or recovery of haulage charges could not be verified.

2.1.8.9 Non-weighment of container trains

Railway Board issued instructions (October 2006) 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. Subsequently Railway Board reiterated (December 2009) these instructions for compliance including levy of penalty in case of overloading.

Audit noticed that the container trains originating from ICD/RCT over Central, Northern, Northeast Frontier, Southern, South Central, Western and West Central Railways were either not weighed or weighment results were not being communicated to Traffic Account Office for ensuring correctness of haulage charges.

Recommendation

The weight actually loaded by container operators in 20' container and 40' container exceeded the carrying capacity fixed by Railway Board. In order to check the overloading it must be ensured that each container train is weighed at the originating station by mandatory provision of weighbridges by the PCOs.

2.1.8.10 Non-implementation/non-availability of mechanism for monitoring movement of containers

As per para (vii) of Railway Board's letter No.80/TC(M&S)/15/32/Mtg.II dated 17.6.1991, the Station Master of non-ICD station was required to send a return to Traffic Accounts Office containing details of all containers moved on CONCOR account indicating date of movement, IWB No. & date, container size and status whether loaded or empty and name of the destination. In order to improve monitoring of movement of container trains, Railway Board communicated (November 2004) to all Zonal Railways that henceforth CONCOR would provide, every fortnight, terminal wise summary of all trains dispatched giving details of wagons no., wagon ownership, container no., IW Bill No., distance, rate, container status (loaded or empty, ISO/DSO etc.), empty flats and the number of wagons by which the rake was under load to the Traffic Accounts Office.

Audit noticed that despite the above instructions, no return was ever sent by the Station Masters of non-ICD stations/CONCOR depots of Central, Eastern, Southern and South Central Railways to the Traffic Accounts Office. The Traffic Accounts Office of these Zonal Railways also did not bother to obtain the same for ensuring correctness of haulage charges paid by the CONCOR. Thus there was a total failure of following a system which was necessary to ensure that container trains were not moved without recovery of charges.

Recommendation
In order to ensure that no container train moved without payment of haulage charges and the charges were paid by PCOs, particularly by CONCOR are correct, (since the RRs of CONCOR traffic are not prepared by Railway staff) Railway Board should ensure that terminal summaries of movement of trains are sent by each terminal and station to Traffic Accounts Office for reconciliation.

2.1.8.11 Non-maintenance of proper records of land leased and recovery of licence fee

As per Railway Board's letter (March 1990), CONCOR was to pay licence fee of Railway land at the rate of 6 per cent per annum on the book value of the land. In August 2005, it was decided that land licensed to CONCOR for setting up new ICDs would be licenced at the rate of 6 per cent per annum of the market value of the land or at the rate of `200 per 20' container (up to 31March 2004), at the rate of `250 per 20' container (upto 31 March 2007), `350 per 20' container (from 1 April 2007 to 30 September 2007) and `500 per 20' container (beyond 30 September 2007). Audit review of records of the following Zonal Railways in respect of land leased/licensed to CONCOR revealed under-recoveries.

Central Railway

As per land lease agreement entered between CONCOR and Central Railway, lease charges were to be calculated on the basis of the number of TEU handled. Central Railway had leased land to CONCOR at Wadi Bunder, NGSM and Turbhe (23 September 2002), Chinchawad (26 November 2001), and Miraj (19 August 2004). It was observed that Central Railway had not been maintaining any records regarding the number of containers handled and were accepting the lease charges as paid by CONCOR. A joint inspection (May 2009) by Traffic Accounts Office and audit teams, of the CONCOR's depot at NGSM depot and CYM, Mulund revealed that CONCOR was maintaining records of only outward containers and paying lease charges ignoring the inward containers.

Audit also observed that CONCOR intimated the Central Railway in February 2008 that they had closed the Wadi Bunder depot in December 2003 and that no dues on account of lease charges were pending. Similarly no container traffic was handled at Miraj and Chinchawad. However, Railway had neither taken back the valuable land nor recovered the lease charges which worked out to `9.47 crore.

Northern Railway

Railway land measuring 72,184.21 square meter and 18,069.778 square meters was licensed to CONCOR at Phillaur and Sonepat stations in January 2005 and April 2006 respectively. Audit observed that while the total number of containers handled at Phillaur during April 2006 to September 2009 (as per records of Train Branch) was 96,755, the CONCOR had paid licence fee for only 28,381 containers resulting in short payment of `2.71 crore. The Zonal Traffic Accounts Office had accepted the payment without reconciling the same with the figures of actual containers handled. In respect of land licensed at Sonepat, no agreement was entered into and as such licence fee of `12.31 crore pertaining to the period from April 2006 to March 2010 was not realized.

Thus there was short realization/non-relisation of licence fee of `15.02 crore.

Northeast Frontier Railway

Short realization and unauthorized sub-leasing of Railway land

Audit noticed that as against 31,807 containers handled at ICD Amingaon (for which Railway had provided 66,458.36 square meters of land) during the period 1.4.2007 to 30.9.2009, licence fee was recovered in respect of only 29,611 containers resulting in less recovery of `0.09 crore.

Audit also noticed that in total disregard of agreement with IR, CONCOR had leased out 2,500 square meters of the total area of 66,458.36 square meters of Railway land to M/S George Williamson Ltd for a period of three years from April 2003. After expiry of the lease period, the same land was leased to M/S Mcleod Russel India Ltd. for a period of five years from April 2006. Thus the CONCOR had made unauthorized use of Railway land and gained a profit of `1.40 crore. Zonal Railway Administration had not taken any action against misuse of their land by CONCOR.

Western Railway

Non maintenance of records of 20' containers handled for the purpose of recovery of licence fee and other charges

The Traffic Accounts Office of Western Railway had not been maintaining records regarding the number of containers handled at the ICDs of CONCOR. In the absence of such information, the correctness of the licence fee paid by CONCOR could not be verified.

Similarly the charges for water, electricity etc. supplied to CONCOR were not being remitted by them.

2.1.8.12 Non realization of other outstanding dues

Northern Railway

Non recovery of excess amount deducted on account cost of two rakes of BLC wagons taken over by Railway

As per direction of the Railway Board, Jagadhari Workshop converted two rakes of BLC wagons of CONCOR to be used as auto carrier. The rakes were converted and put for traffic use in June and November 2008 without intimating the facts to CONCOR as well as to the Zonal Traffic Accounts Office (TAO) for making proper adjustment. Audit noticed that CONCOR unilaterally deducted (October 2008 and January 2009) a sum of `22.12 crore towards present day cost of two rakes. It was only in January 2010, that the Zonal TAO noticed that an amount of `7.53 crore was recoverable from CONCOR after adjusting the depreciated cost of the rakes. The amount was still not recovered.

Non-recovery of amount reported through Error Sheets

As per rules when a mistake involving apparent financial loss to the Railways was detected, the same should be debited to the authority concerned through Error Sheets. Audit noticed that though a debit of `26.49 crore was raised through 39 Error Sheets against the ICD, Tughlakabad during 1993 to 2009, the same had not been paid by CONCOR.

Similarly, Error Sheets amounting to `9.35 crore on account of penalty for overloading the containers during 1997 to 2002 were raised against CONCOR. However, in a joint discussion held (March 2005) between CONCOR and Northern Railway, the former had agreed to pay only 10 per cent of the overloading charges for the period from June 2001-02 and the claim of `3.20 crore pertaining to the period 1997 to May 2001 was referred to Railway Board for a decision. Though Railway Board had directed (September 2007) the Zonal Traffic Accounts Office to recover this amount at the earliest, the same had not been paid by CONCOR so far (May 2010).

Non levy of busy season surcharge

As per Para 2.2 of Directorate of Traffic Transportation/Railway Board's letter No. 2006/TT-III/73/12 dated 11 October 2006, the surcharges like busy season surcharge, busy route surcharge etc were leviable on all types of container traffic. These instructions were also reiterated at the time of subsequent six monthly revisions of haulage rates from 1 July 2008. 1 June 2009 and 1 January 2010. However, contrary to these instructions, the Directorate of Traffic Commercial vide their letter No. TCR/1078/2006/5 Pt 1 dated 26 October 2006 stipulated that container traffic would be exempted from the levy of busy season surcharge for the period from 1.11.2006 to 31.3.2007. These instructions were reiterated from time to time. It was also interesting to note that both the Directorates had issued these instructions with the concurrence of the Finance Directorate.

Audit observed that the issue of contrary instructions had resulted in non-levy of busy season surcharge of `59.73 crore on container traffic booked from Northern Railway alone.

Western Railway

Non recovery of shunting charges

As per MOU signed between Railways and CONCOR, charges for shunting operations arising from specific operational needs were payable by CONCOR as siding charges. Non-recovery of siding charges amounting to `1.22 crore pointed out by audit was accepted by Zonal Railway and debits were raised against CONCOR. However, instead of making payment of the charges, the CONCOR referred the matter to Railway Board in 2002. Railway Board had not taken any decision so far and the amount remained un-recovered.

Further scrutiny of records of Vadodara and Ratlam ICDs revealed that though shunting operations were carried out by Zonal Railway engines, no charges were being recovered from the CONCOR. The total charges on this account worked out by Audit amounted to `11.62 crore for the period from April 2007 to December 2009.

South Western Railway

Damage to bridge caused by movement of over dimensional containers

In April 2000, a container train of CONCOR booked from Gandhidham to Hubli loaded with containers having height of 9'- 6" had damaged the portal bracings of a bridge. On the matter having been taken up with the CONCOR, it was assured that in future no train with 9'-6" containers would be moved on Miraj –Londa section. However, on 14 January, 2005 again a train with containers of 9'-6'' was moved over bridge No. 184 damaging all the portal bracings. Though the enquiry Committee had held CONCOR responsible for the damages of `0.38 crore, the cost was not recovered.

2.1.8.13 Issues related to PCOs other than CONCOR

As per extant instructions, IR besides recovering haulage rates for the container traffic booked by POCs, also levied terminal excess charge, ground usage charges, terminal detention charges, shunting charges and cost of staff provided for documentation work at the RCTs. Audit of operations of container trains by PCOs revealed as under:

- Although eight PCOs had started operations for the last two to three years, agreements entered with them were not available and none of the PCOs except M/S Adani Logistics Ltd (ALIK) on North Western Railway had developed their own terminals/ICD. M/S Adani Logistics Ltd (ALIK) had constructed a private siding which was commissioned in January 2009. The agreement executed was not complete and the information such as details of plan, area of land leased, licence fee recoverable, and the cost of siding was not included. As a result, it was not ascertainable whether the party had paid the cost in full Land license fee of `0.06 crore, supervision charges of `0.33 crore, shunting charges of `0.15 crore and staff cost of `0.21 crore had not been recovered.
- Though as per Railway Board's instructions, the cost of Railway staff posted at terminals for documentation works, issue of RRs etc. was to be borne by the PCOs, the staff cost was not being recovered on Eastern, Northern, North Western and Western Railway. Staff cost of `0.74 crore , ` 0.21 crore and `0.19 crore as assessed by Eastern, North Central and Northern Railway Audit respectively for the period April 2007 to May

2010 was not recovered from PCO operating at Cossipur and Chitpur Goods sheds of Eastern Railway and Gari Harsaru of Northern Railway.

- Though an amount of `8.31 crore pertaining to the periods from 2007 to 2010 on account of stabling charges, siding charges, shunting charges haulage charges and terminal access charges were outstanding from various PCOs over Northern, North Central and South Eastern Railways, no action to invoke provision of the agreement for levying penalty had been taken for realization of their dues. **(Annexure IX)**
- Though siding charges for the trips of less than one hour were to be recovered on the basis of one hour, the Northern Railway Administration at Patli station had been recovering the siding charges on the basis of a trip of 49 minutes (`9,344) instead of hourly basis (`11440) from M/S Adani Logistics Pvt. Ltd. This resulted in short recovery of `0.06 crore during 24 September 2009 to 14 May 2010.
- Cases of incorrect recovery of haulage charges resulting in undercharges of `0.50 crore were noticed in respect of four RCT at Dhappar, Ahmadgarh, Mandi Govindgarh and Doraha of Northern Railway.
- Stabling/detention charges for private stock detained at the Railway premises due to party's inability to accept the placement had resulted in non-recovery of `0.83 crore (Malanpur and Orai stations of North Central Railway).
- Non-levy of ground usage charges for non-removal of the containers within the prescribed time resulted in non-recovery of `0.07 crore at Malanpur and Orai stations of North Central Railway.
- Haulage charges for booking of flat wagons loaded with empty containers were not levied by Satroad station of North Western Railway resulting in non-recovery of `0.20 crore.
- Haulage charges for empty flat wagons were calculated incorrectly by Sheodaspura Padampura station of North Western Railway resulting in less recovery of `0.02 crore.
- Haulage charges for loaded containers booked from Faridabad were recovered as for empty resulting in undercharges of `0.04 crore.
- Routing of PCO traffic booked from Noli and Patli RCTs over Northern Railway to Satellite Goods Terminal, Whitefield (SGWF) and vice versa

via longer route viz. Jolarpettai and recovering haulage charges via Dharmavaram-Gooty-Nagpur –Gwalior resulting in short recovery of `0.89 crore.

- Reduction of rates of 40’ container to 1.8 times of a TEU had resulted in revenue loss of `0.04 crore.
- Loading of containers with the same commodity and charging the same in different weight slabs resulted in underutilization of wagon capacity and consequent loss of revenue of `1.01 crore on Western Railway.

2.1.9 Conclusion

The primary objective of promoting CONCOR and other private operators was to increase the rail share of traffic by focusing on sundry and piecemeal traffic which Railway had decided not to carry with the objective of improving its operational efficiency through rake load movement. However, in practice the container operators including CONCOR had been allowed to carry bulk commodities traditionally carried by Indian Railways in their wagons and the risk of possible loss/diversion of conventional traffic had remained unaddressed. Further the policy of allowing private operators including CONCOR to lift traffic at suboptimal tariffs was bound to cause continued loss to Indian Railways on account of operational cost not being recovered, with little incentive for private operators to invest in expansion of rail terminals.

The matter was brought to the notice of Railway Board (October 2010); the reply had not been received (January 2011).

2.2 Tatkal and Advance Reservation System in Indian Railways

Executive Summary

Advance reservation system was introduced in Indian Railways to facilitate Passengers to book their tickets in advance. At present, advance reservation period is 90 days. Indian Railway also introduced (December 1997) a scheme of Tatkal reservation facility for the passengers who planned their journey at short notice. This facility was provided on payment of premium charges. Trains/class wise quota was fixed for reservation under this scheme.

Audit of functioning of the Tatkal and Advance reservation system revealed that genuine users, for which the scheme was intended, were not able to access the facility with ease as it was susceptible to manipulation.

Audit conducted a study of the records including electronic data dump of PRS Delhi in particular and other PRS locations and found many instances of booking before and after business hours that could have been carried out only through manual intervention by Rail Traveler's Service Agents (RTSAs) in connivance with the booking clerks and single ticket issued for more than prescribed number of passengers (six). Physical inspection of the booking counters disclosed that the RTSAs/ touts had distributed their presence not only among earmarked counters but also those meant for general public.

The study also revealed other lapses in delivery of services such as delay in announcement of special/new trains, reservations with incomplete names of passengers etc. Railway Board, in their reply, had accepted certain audit recommendations and agreed to take corrective action.

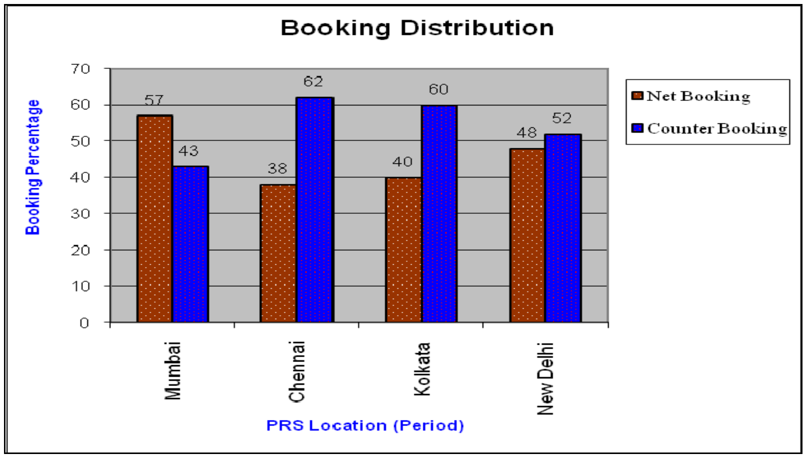
2.2.1 Introduction

For booking train tickets in advance, there is a system of advance booking in Indian Railways. Besides, for urgent booking at short notice, Tatkal Reservation system is in vogue

Computer Reservation of passenger journey tickets was introduced on Indian Railways on 15 November 1985 by implementing Passenger Reservation System (PRS) software. Through the use of single counter universal ticketing facility passengers could book the tickets from any location of the Indian Railway through five PRS (Delhi, Kolkata, Mumbai, Chennai and Secunderabad) located at 2,436 centres with 6210 counters. Tickets could also be reserved globally through internet. A reserved ticket could be booked 90 days in advance of the actual date of journey.

To meet the urgent/emergent travel requirement of passengers who planned their journey at short notice and did not have confirmed reservation, Indian Railways introduced the Tatkal reservation facility in December 1997. This facility was provided on payment of premium charges on 'first come first served' basis. Initially, a full coach was nominated as a Tatkal Coach. Later, class-wise tatkal quota was introduced (November 2004). Presently the Tatkal scheme was available for all classes except 1st class in all Mail/ Express trains including Rajdhani/ Shatabdi/ Jan-Shatabdi trains but excluding Duronto and Yuva express trains.

The Advance Reservation Period (ARP) fixed for Tatkal reservation (April 2006) was five days, excluding the date of journey. Effective 1 April 2009, the ARP was revised downwards to two days, excluding the date of journey. Tatkal and Advance Reservation tickets could be booked from any counter of PRS between 08:00 hours and 20:00 hours. On Sundays and Gazetted Holidays, the reservation timings were from 08:00 hours to 14:00 hours. Tickets could also be booked through Indian Railway Catering & Tourism Corporation (IRCTC) website/agents at 08:00 hrs on the opening day of booking and from 05:30 hrs to 23:30 hrs (00:30 hours to 23:30 hours with effect from 1 April 2010) on the subsequent days. Scrutiny of records for the year 2009 pertaining to different PRS locations at different periods revealed that tickets were booked through internet ranging between 38 to 57 per cent of the total booking. The booking distribution between PRS counters and internet at five PRS locations is exhibited below:



2.2.2 Audit Objectives

The major audit objective of review of operation of the scheme was to assess the extent to which genuine passengers were able to obtain reservations through the internet and the booking counters with ease and whether the system provided for transparency in procedures. The role of Railway appointed agents in promoting the scheme was also evaluated.

2.2.3 Scope and Methodology of Audit

The review involved analysis of electronic data relating to passenger reservations (both Tatkal and Advance) in respect of four PRS locations (Delhi, Mumbai, Kolkata, Chennai). Some popular/high demand trains were selected for study for specific periods while passenger data dump was analysed in detail in respect of PRS, Delhi from January to December 2009 to evaluate the integrity and transparency of the functioning of the Tatkal scheme. In addition, physical inspection of RTSAs on PRS counters was carried out and surprise checks conducted during late night and early morning hours at three locations (IRCA building, New Delhi, Faridabad and Sarojini Nagar, New Delhi).

2.2.4 Audit Findings

2.2.4.1 Irregularities in Booking of tickets through PRS counters

Booking on stipulated ARP day before 8 AM and beyond business hours

On the day of ARP, booking of tickets was scheduled to commence exactly at 08:00 hours onwards. However, on PRS, Delhi, 13 cases were noticed where booking against Tatkal quota was made before 08:00 hours on the day of ARP.

Clearly, the input controls in the PRS system were bypassed and/or not functioning as envisaged.

Tickets could be booked through PRS counters only during the prescribed business hours. An analysis of data of PRS, Delhi, however, revealed that tickets were booked through PRS Counters against taktal quota beyond the specified timings as was evident from the table below:

Month	Tatkal tickets booked before 08:00 hrs or beyond 22:00 hrs.	Remarks	Tatkal tickets booked beyond 14:00 hrs. on Sunday
January	-		**17**
February	16	Between 22:50 to 23:20 hours	**24**
March	2	Beyond 22:00 hours	**16**
April	-		**33**
May	2	Beyond 22:00 hours	**20**
June	-		**17**
July	-		**23**
August	-		**23**
September	-		**29**
October	-		**17**
May, Sept & Nov.	13	Before 08:00 hours	**26**
December	**-**		**21**

Further analysis of different PRS counters of Delhi revealed that reservations related transactions between 52 and 256 were processed on the terminals/nodes which were not authorized to book tickets beyond 20:00 hours **(Annexure X).**

Railway Board in their reply stated that checks in the PRS system were in place to ensure that no booking was done before 8 AM. As regards booking beyond business hours, they stated that it was possible in generation of new PNR in case of allotment of berths/seats from emergency quota with a view to allot compact accommodation in the same class or in lower/higher class. They admitted that blocking of accommodation was possible during opening hours but not after business hours and sought specific details for further examination.

Railway Board's contention that checks were in place was not convincing because tickets found issued before 8.00 AM indicated either lack of checks or some fraudulent access by booking clerks. Moreover, Railway Board, needed to ensure that bulk of the tickets were not grabbed by RTSA for sale through touts.

Booking of tatkal quota tickets beyond business hours indicated intentional bypassing of controls within the PRS by Railway officials.

Booking on stipulated ARP day at precisely 08:00 hours

It was noticed in Audit that a number of bookings were made through a single counter precisely at 0800 hours, which was only possible through manual intervention in the system.

It was observed physically that completion of processing of one reservation requisition for booking of six persons by an efficient Enquiry-cum-Reservation clerk (E&RC) took around one minute including printing of ticket and exchanging cash/payment. In case, the number of passengers was less, say 1 or 2, it was possible to process, at the most, two requisition forms by an E&RC.

Audit scrutiny of data of PRS, Delhi revealed that an unusual number of passenger tickets (1,50,111 PNRs and 3,63,700 passengers) were booked at precisely 08:00 hours on the day of ARP. Further irregularities were noticed as under:

- As per prescribed rules, maximum six passengers could be booked through one PNR. However, 189 PNRs (involving 1,922 passengers) having 8, 10 or 12 passengers were booked. Interestingly, all these bookings were made exactly at 08:00 hours on 23rd October 2009 which happened to be a day before Chhat, a prominent festival.
- In the case of 16,276 PNRs (representing 11 per cent of the total PNRs booked at precisely 08:00 hours of the ARP), a single Booking Clerk made 2 or more bookings at the same time (viz. 08:00 hours). **Of these 16,276 PNRs, 15,912 PNRs (95 per cent) were booked from PRS Counters and not internet.**
- Multiple PNRs were processed by 38 E&RCs on 30 or more days during 2009 at exactly 08:00 hours on the ARP date. Total number of PNRs booked by these 38 E&RCs during this spell between 60 and 316 involving number of passengers between 112 and 1,141

Railway Board in their reply stated that the number of tickets issued depended on the efficiency of the booking clerk as well as clientele and varied from counter to counter. Counters earmarked for RTSA processed a number of requests within a minute as they had ready information regarding trains, fare etc. ready before the request was tendered . Now a watch was being kept on locations where tickets were issued disproportionately through MIS. The cases of issue of single ticket for more than six persons would be investigated on receipt of details.

Audit had noticed the instances of higher/disproportionate transactions at counters other than those earmarked for RTSAs. Moreover, Railway Board needed to ensure that bulk of the tickets were not grabbed by RTSA for sale through touts.

All the above detailed tickets were booked from PRS Counters and not internet. Considering that the minimum time required to process an application including keying in the details of the passengers in the system, print the ticket and transact cash would be at least one minute, the fact that the Booking Clerks could process multiple PNRs at exactly 08:00 hours indicated that the tatkal booking scheme was being misused.

Booking at Reservation counters by E&RCs

Audit parties physically visited three different locations falling under PRS Delhi viz., Faridabad, Sarojini Nagar and IRCA, New Delhi and observed that E&RCs were violating the laid down guidelines and circumventing the tatkal system.

As per the extant orders, the E&RC could accept only one requisition form from a person at a time. However, if onward/return journey was involved, 2 or 3 forms could be accepted from the same passenger. Analysis of the tatkal data for the year 2009 revealed that a number of E&RCs were able to process more than one requisition form in one minute as detailed below:

Sl. No.	No. of instances where a single Clerk processed more than one reservation form in a minute between the following slabs					
	Month/ year	**7-12 people**	**13-18 people**	**19-24 people**	**25-46 people**	**Total**
1.	January 2009	287	3	0	0	**290**
2.	February 2009	199	1	0	0	**200**
3.	March 2009	286	1	0	0	**287**
4.	April 2009	320	0	0	0	**320**
5.	May 2009	1910	24	1	0	**1935**
6.	June 2009	1875	78	5	0	**1958**
7.	July 2009	513	7	0	0	**520**
8.	August 2009	377	3	0	0	**380**
9.	September 2009	313	0	0	0	**313**
10.	October 2009	**3051**	**89**	**18**	**2**	**3160***
11.	November 2009	1540	43	3	0	**1586**
12.	December 2009	2525	70	3	0	**2598**
	Total					**13587**

*Also contains duplicate records

E&RCs were misusing their position by giving undue benefits to Railway agents and touts and thereby depriving general public from the benefits of the Tatkal Scheme

During a visit to Windows No. 142 to 145 at PRS, IRCA New Delhi, meant for RTSAs between 08.00 hrs and 08.30 hrs on 2 July 2010, instances were noticed where the E&RCs accepted multiple slips from RTSA representatives in violation of the prescribed procedure (see the photograph given alongside from IRCA, New Delhi).

Further, the representatives of three different Agents booked multiple tickets by standing in different queues as shown in the table below:

Name of the RTSA	ID Number of the RTSA's representative	Window No. (number of requisition slips tendered by agents/ their representatives)				Total number of requisition slips tendered
		142	143	144	145	
Amalok Raj Travels	6454	6	-	3	-	09
	6455	2	-	4	-	06
	6456	4	-	3	-	07
V.K.Jain	6757	4	-	9	1	14
Safari Tours	6834	-	4	-	-	04
Rajdhani Travels	6848	-	4	1	-	05
	6849	-	7	-	-	07
B.M.Tours	6803	-	-	-	2	02
S.Z.Hashmi	6906	-	-	-	3	03
	6870	-	-	-	2	02

The RTSAs and Booking Clerks/E&RCs were apparently conniving to deprive the general public of the benefits envisaged under the tatkal scheme. The procedure required effective monitoring to avoid the misuse of reservation facilities extended to RTSAs

An analysis of the Delhi PRS servers down time vis-à-vis booking done on various terminals of the Delhi PRS revealed that when the Delhi PRS servers were reported down during the year 2009, reservation transactions involving 2,334 passengers **(Annexure XI)** were carried out in the system.

Railway Board's reply on processing of more than one requisition at a time was silent. However, regarding reservation having been done while the servers were down, they stated that it was possible that the backend server was not down and agreed to investigate the matter on receipt of specific details.

2.2.4.2 Net Bookings

Tatkal and Advance Reservation could also be booked through IRCTC's website between 00:30 hours and 23:30 hours (with effect from April 2010). However, on the day of ARP, the booking could be done only at 08:00 hours onwards. Scrutiny of records and discussions with IRCTC officials revealed that IRCTC had about 20,000 Website (Normal) Agents and 68 Master Agents of Web services. Apart from these, IRCTC had about 160 lakh other registered users.

- A review of the booking transactions on IRCTC website during May-June 2010 revealed that on an average, about 91 per cent of the total tatkal bookings during 16 May–15 June 2010 took place during 08:00–09:00 hours. Further analysis of transactions that took place on internet on 7 July 2010 disclosed that out of 23,035 tatkal transactions done by various Master Agents between 08:00–09:00 hours, one Master Agent was able to book/process up to 160 transactions in a minute, which was obviously impossible, unless the system permitted manual intervention. A further analysis of the tatkal data of the year 2009 revealed that a number of Net users were able to book more than six passengers in one minute **(Annexure XII)**.
- Further, test check of accessibility of IRCTC server revealed that during login of IRCTC's website exactly at 08:00 hours on the day of ARP either for Tatkal or General tickets, the system would hang. It generally took 4-5 minutes to login, by which Tatkal quota was sold out. One plausible explanation could be is that the server capacity of IRCTC website was limited in comparison to PRS servers and therefore insufficient to meet the growing requirements of net users who were now a sizable segment. As such, there would be a reasonable case for upgrading the server capacity to meet the demands of net users including website agents.

Railway Board in their reply stated that earlier the access to all users was available simultaneously at 8 AM. They added that from July 2010 onward access to IRCTC agents had been denied between 8 AM and 9 AM on the opening day of ARP for Tatkal and General quota. As regards login problems, Railway Board stated that steps were being taken to enhance the capacity of IRCTC server. Railway Board did not indicate whether they had been monitoring the actual impact of denial of the access to IRCTC agents.

2.2.4.3 Irregularities in generation of wait list tickets

- As per Circular No. 47 of 2005, wait listed tickets were to be issued under tatkal scheme to the extent of the quota earmarked. A test check of the data of PRS, Delhi revealed that the above instructions were not being followed. For example, in Train No. 4033 (Jammu Mail), 15 berths in 2AC and 21 berths in 3AC were earmarked under tatkal quota in December 2009. However, the tatkal wait lists of this train were operated up to 34 and 30 in 2AC and 3AC respectively on 30 December 2009.
- Scrutiny of records of PRS, Delhi revealed that wait lists were not operated in seriatim. For example, tatkal wait list for 3AC in Train No.2780 of 16 October 2009 for journey between HNZM to AGC started from serial number 3 and tatkal wait list for 3AC in the same train of 23 October 2009 from HNZM to Pune started from serial number 5. Similar irregularities were also noticed in PRS, Kolkata where tatkal or general wait list started from 3 and 2 (for train No.2381 and 3005 respectively).
- A sample check on PRS, Kolkata revealed that wait list ticket was generated for a station (Mughalsarai) for a particular class (2 AC) in a train (No.2303) despite the fact that the station was not given such facility for the particular class.

The system for generation of a fault –free wait list ticket needed attention.

2.2.4.4 Operation of Special Trains/New Trains

Railways introduced special trains every year on specified routes to cater to the heavy rush of passengers during festivals like Chhat, Diwali and Christmas and during summer vacations. Similarly, new trains announced during the budget were also required to be started by Railway Administration. Presently, the ARP allowed for booking of train tickets was90 days. It was noticed that the announcement of the dates of Special/New Trains during 2009-10 failed to provide sufficient advance notice; often the time-gap between announcing the special/new trains and actual date of appearance in the reservation system was two to four days. However, for common passengers, this short period of two to four days' intimation was insufficient to plan their journeys and get a confirmed reservation. Some instances of such delays are mentioned as under:

- Central Railway Administration declared 1530 special trains (up and down directions) through advertisement in leading daily newspapers on 10th March 2010. However, their booking started on 11th and 13th of March 2010 for trains starting from the first week of April 2010.
- All the 30 new trains introduced during 2009-10 by Eastern Railway Administration appeared in the system before 0 day to 13 days from their first run. Out of 36 special trains declared, 20 special trains appeared in the system 1 day to 9 days in advance from the respective scheduled departure dates.
- A test check in respect of special trains declared by Northern Railway Administration during January to June 2009 and 2010 revealed that announcement of special trains was done through Newspapers/Railway stations at a very short notice of 1 to 5 days. Data analysis further revealed that in 29 per cent of special trains announced, less than 10 passengers were booked against tatkal quota as exhibited below:

Month	Number of Spl. Trains in which Tatkal passengers were booked	Number of trains with less than 10 passengers booked against Tatkal quota	Percentage
Dec-09	846	226	27
Nov-09	803	184	23
Oct-09	1131	274	24
Sep-09	806	305	38
Aug-09	704	225	32
Jul-09	648	180	28
Month	**Number of Spl. Trains in which Tatkal passengers were booked**	**Number of trains with less than 10 passengers booked against Tatkal quota**	**Percentage**
Jun-09	697	117	17
May-09	969	187	19
Apr-09	847	269	32
Mar-09	675	242	36
Feb-09	539	230	43
Jan-09	570	235	41
Total	**9235**	**2673**	**29**

Railway Board stated (December 2010) that depending upon availability of rolling stock and other operational factors, running of special trains was announced with a notice of shorter duration. Announcement was stated to have been done through all possible means to ensure proper utilization and the same was monitored. The decision to run special trains was taken on the basis of occupancy rate during the same period of the last year. The reply was not convincing because of the fact that in 29 per cent of the special trains over Northern Railway, the booking against Tatkal quota was less than 10 passengers.

Delay in announcement of special trains deprived a large part of the general public an opportunity to plan their journey. This also resulted in loss of revenue to Railways due to less occupancy of such trains

2.2.4.5 Booking through Rail Traveler's Service Agents (RTSAs)

RTSAs booked tickets even through the counters not meant for them in connivance with booking clerks, which creates a lot of problems to general public

As a commercial policy, Railways appointed RTSAs in major cities and towns with authorization to purchase tickets and secure reservation on behalf of the passengers. RTSAs had been appointed initially for three years; later their licenses were renewed subject to satisfaction of the Local Railway Administration. The service charges payable by the passengers to the RTSAs are ` 25 per passenger for 1AC, 2AC, 3AC and AC Chair Car and ` 15 per passenger for Sleeper Class and Second Class. Appointment of RTSAs had been decentralized with effect from September 2002. The agents were required to use separate pre-printed reservation slips with agency details for making the reservations. There were separate counters at major stations for the agents for booking tickets. Though physical counters had been provided for RTSAs, the system design had no such provision. As a result, the data related to actual bookings made by the agents was not accessible as the identification code of the agents could not be captured by the system. Also, the lacuna enabled RTSAs to manipulate the booking process as evident below:

- During physical verification of PRS location at Kolkata, audit noticed that despite earmarked counters for the RTSAs, their representatives were jamming the queues at counters not meant for them. Similarly, at a PRS location (IRCA) of Delhi, it was noticed that although four windows had been provided for bookings by the RTSAs, they had not confined themselves to the specified windows, but had been booking tickets from the other counters also.

Railway Board in their reply stated that they had asked CRIS to make a provision in the PRS so that the identification of RTSA was captured and once the provision was made, it would be feasible to analyse the data related to booking by them. They also stated that regular drives were being conducted at reservation centres to check and apprehend unscrupulous agents who were involved in malpractices.

- On 2nd July 2010, E&RCs on duty at the windows reserved for RTSAs at IRCA, New Delhi booked even up to 51 transactions within 30 minutes of opening of the window for booking. Consequently, the agents got confirmed tickets while the others ended up in the waiting list. This suggested collusion with Railway officials.
- A check of records maintained by Delhi Division of NR revealed that there were 13 RTSAs who did not appear in the Divisional list even though they appeared in the Northern Railway's Time-Table **(Annexure XIII)**. As far as the general public was concerned, information given in the Railway time table was authentic. This suggested that all 13 RTSAs who figured in the Northern Railway's Time Table had been operating without authorization.
- A test check of ten cases in Delhi Division revealed that no inspections were carried out by CMI to verify the records of the RTSAs during the validity period of the license of the RTSAs. In the absence of any evidence relating to the monitoring of the activities of the RTSAs, transparency in the transactions by the RTSAs could not be vouched.

Railway Board agreed (December 2010) to reconcile the details of RTSAs with the records of Commercial department and Divisional authorities to ensure that only the names of authorized agents figured in the Time Table. They also noted for compliance that the inspection of RTSAs'/website agents' records/transactions would be done at regular intervals to ensure that the licenses of only those who complied with the prescribed procedures were renewed.

2.2.4.6 Miscellaneous irregularities

Non-exhibition of Passengers' identification

In order to establish the identity of a passenger as well as to avoid a passenger traveling on a proxy ticket, it was necessary that complete and accurate details of the passengers were captured at the time of booking.

Audit scrutiny of PRS, Delhi revealed that while reserving/booking seats, Users/E&RCs entered the name of the passenger in many cases as one character (A, B, C etc.) Instances of 2 character names, which were absolutely illogical, were also noticed. Further analysis revealed that in respect of 5 – 60 cases, same names of the passengers were repeated, from 1,000 – 3,132 times **(Annexure XIV),** while booking passengers in different trains and in 1 – 234 cases, same names were repeated up to 10 to 30 times, while booking passengers in each train.

It was evident that the validation controls in the system were either weak or were being by-passed. By booking on generic/incomplete names rather than specific names and addresses, without the mandatory requirement of proving the identity of the passengers, the tatkal facility was being misused by agents/touts to book tickets in advance and sell these to unsuspecting public at a premium.

Railway Board stated (December 2010) that instructions had already been issued to Zonal Railways that such instances where the booking was being made with incomplete name, should be taken up seriously. Remedial action taken by Railway Board was not sufficient as necessary modifications were required to be incorporated in the application software in the PRS to avoid such instances of abuse.

Issuing of Duplicate Tickets

As per rule, a duplicate ticket was to be issued in lieu of lost, misplaced/ torn/ mutilated Reserved/RAC tickets. Duplicate tickets issued before preparation of chart entailed a non-refundable clerkage charge of `20/- per passenger. No duplicate ticket is issued for lost RAC/WL ticket after chart preparation. Some irregularities noticed in issuing of duplicate tickets were as under:

- During the data analysis of PRS, Mumbai for the Tatkal reservation tickets, instances were noticed where duplicate tickets were issued to passengers who booked Tatkal tickets from remote locations on the opening day of Tatkal booking. In most of the cases, the tickets were booked from a far away location but the duplicate tickets were issued from the nearby location of the source of journey. In many cases, such duplicate tickets were issued on the same day of booking or on the very next day.
- On PRS, Kolkata, most of the duplicate tickets were issued against lost Tatkal tickets on the date of booking, date of journey or the day before journey.

- A sample check of data of PRS, Chennai revealed that out of 36 duplicate tickets issued against Tatkal tickets, 18 were booked from other locations.
- Data analysis of the records of PRS, Delhi revealed that four passengers who had 'WL' status at the time of booking, were issued duplicate tickets, but their final status was recorded in the data as "00".

It is evident that passengers booked the Tatkal ticket through agents or through other sources on the opening day of ARP from a remote location, where possibly there was less booking demand. These details were then forwarded to the passengers who got duplicate tickets by paying the stipulated nominal clerkage charge though there was no loss of the original ticket.

Railway Board stated (December 2010) that issues regarding misuse of provision of issuing duplicate tickets and proposals for increasing the clerkage charges for issuing duplicate tickets in Tatkal scheme were being examined.

Reservation on pre-bought tickets by Charting Section

Audit scrutiny on PRS, Delhi revealed that bookings had been done by IRC2, i.e. Charting Section, on pre-bought tickets, which it was not authorized to do. As this Section was not authorized to collect money, was not understood as to how the amount for these bookings was collected and accounted for.

Inaccuracy of financial data

An amount of `1.50 lakh was recoverable by the Railways from the passengers for tatkal reservation during 2009. Cancellation charges had not been collected from 236 passengers who had cancelled their tickets. Further, analysis of data showed ` 32.46 crore as collected in excess by the Railways and refundable to the passengers. Various charges (base fare, reservation charges etc.) shown to have been collected by Railways on the sale of tickets in the tatkal system did not add up to the total fare depicted in the system. As such, there were issues relating to data accuracy and completeness.

2.2.5 Conclusion

The main objective of introducing the Tatkal scheme was to provide the reservation facility to those passengers who could not plan their journey in advance. The objective of launching the tatkal scheme was fulfilled only to a limited extent. In practice, the system was susceptible to abuse by unscrupulous booking clerks, RTSAs and touts. The general and application controls in the PRS system as well as in the internet booking system relating to tatkal/advance bookings were inadequate leaving scope for manual intervention in the system. The procedure for reservation under the scheme lacked transparency as reservations were made before/beyond business hours on the day of ARP and also when server was reported to be down. Further, while the increase in the percentage of internet bookings was a welcome sign as the facility was available at the doorstep of the passengers, capacity of the server meant for internet booking was not sufficient as there were delays in login at 08:00 hours (i.e. opening of ARP). To ensure that the Tatkal scheme served its intended purposes, Railway needed to streamline system controls to eliminate manual intervention of the scheme by unauthorized persons.

Recommendations

- Railway need to take a comprehensive re-look at the Tatkal scheme in its entirety– scheme guidelines, its operation and monitoring, and devise a strategy to ensure that only genuine passengers, for whom the scheme is intended, were benefited from it.
- General and application controls of the PRS system, especially data input, validation and security, need to be tightened and violations/manual interventions should be logged, reviewed regularly at appropriate levels and swift action initiated against those violating the prescribed procedures. Rigorous validation controls should be built into the PRS system to ensure that only valid and reliable data was accepted by the system. This should also ensure transparent generation of passenger waitlist.
- Railway Administration should review User ID-wise reports, on an ongoing basis, for all tatkal bookings taking place during the first hour on the ARP day, especially where the quota is fully exhausted. These reports should be reviewed regularly and stringent action should be taken against the RTSAs/Agents/Clerks found guilty of malpractices depriving the envisaged benefit to the intended public.
- Accessibility of IRCTC Website from 08:00 to 09:00 hours need to be monitored closely for necessary corrective action. Further, in order to avoid instances of login delays at 08:00 hours faced by general public seeking reservations through internet, IRCTC should augment capacity of their servers to cater to the increased traffic/demand.

- There should be a digitized ID for RTSAs and website agents in the reservation system to identify the tickets booked by them. Besides, the system should be designed to capture full name and address of the passengers to ensure the genuineness of the bookings.
- Details of RTSAs should be reconciled with the records of Commercial department and Divisional Authorities to ensure that only the names of authorized agents figure in the Time Table. Inspection of RTSAs'/website agents' records/transactions should also be carried out at regular intervals to ensure that the licenses of only those who comply with the prescribed procedures are renewed.
- Bulk cancellation of wait list tickets by RTSAs purchased under tatkal/general reservation in respect of important trains may be monitored regularly to keep check on their activities.
- For minimizing the issue of duplicate tickets reserved against tatkal quota, the clerkage charges for issuing duplicate tickets may be increased substantially.

2.3 South Western Railway: Loss of earnings due to injudicious deletion of rationalization order

Injudicious deletion of already implemented rationalization order in respect of a route resulted in loss of freight to the extent of ₹ 81.35 crore

As a rule, goods were despatched by the route operationally feasible, unless there were specific instructions to the contrary from the consignors and freight was charged by the shortest route. The rules provided that Government by an order under section 7(1) (b) of Railway Act 1989 could charge freight by the route specified therein even if it was not the shortest route.

Ranjitpura (RNJP) near Bellary (BAY) was one of the prime iron ore loading stations. Iron ore was booked from this station to Panambur (PNMB) and Kudremukh Iron Ore Company (PNKI) siding located near Mangalore (MAQ). Subsequent to the opening of Hassan-Mangalore (HAS-MAQ) Broad Gauge line for goods traffic in May 2006, route via HAS became the shortest route (659 Kms) for the movement of iron ore from RNJP to PNMB/PNKI. However, due to operational requirements, Railway Board rationalized with effect from June 2006 the longer route (887 kms) via Madgaon (MAO) and notified the route for freight charge. The rationalization of this route was initially valid till June 2007.

Railway Board further extended (March 2007) the rationalization up to June 2008. However, even before the order came into force (April 2007), the route was deleted from the list of rationalized routes by the Railway Board (26 March 2007) at the request of Zonal Railway Administration. While justifying the deletion of the rationalized route, it was claimed that due to routing iron ore traffic via MAO, Railway was losing an incremental traffic of about 30 to 40 rakes per month and would benefit from incremental traffic, if the iron ore traffic to PNMB was routed via HAS, the shorter route. Railway Administration also assured to the Railway Board that all such traffic would be run via HAS, the shorter route. As a result of deletion of the rationalized route, (1.April 2007), Railway charged all the rakes booked from RNJP to PNMB/PNKI by the shorter route via HAS.

Subsequently, Railway Administration, quoting operational constraints like reversal of engine and brake van at BAY, longer block sections, permanent and caution orders and shortage of crews etc., decided to revert to the earlier position and proposed (September 2009) for re-rationalization of the longer route via MAO. Railway Board was yet to accede to the proposal.

A review of records in Audit revealed that during the period from April 2007 to December 2009, out of 981 rakes booked from RNJP to PNMB/PNKI, 902 rakes (92 per cent) moved by longer route (via MAO) and those rakes were charged by the shorter route via HAS. As such, the assurance given to the Railway Board was not fulfilled. Since more than 90 per cent of the rakes booked to PNMB/PNKI moved via Madgaon, the Railway had evidently no intention of capturing incremental traffic as justified during proposal for deletion. Loss of freight due to charging by the shorter route for the ore traffic carried by the longer route during the period April 2007 to December 2009 was to the extent of ` 81.35 crore.

When the matter was taken up (September 2010) with the Railway Board, they stated (January 2011) that after the deletion of rationalization order, the trains could not be run through shorter route (via HAS) due to capacity/operational constraints. As a result, Railway was compelled to run majority of trains through the longer route (via MAO). Railway Board had not accepted Railway's request to re-rationalize the longer route as it could have resulted in loss of iron ore traffic for export in view of already increased freight tariffs and impact of additional freight cost due to rationalization. The reply is not acceptable. Although the constraints involved in moving goods traffic through shorter route (via HAS) were known to the local Railway Administration, they approached the Railway Board for the withdrawal of rationalization order for moving and charging the traffic through the longer route (via MAO). The freight increase had been opted for as a deliberate policy and was consistent with actual movement of traffic. Thus non-charging of traffic via the longer route went against the Railway's financial interest.

2.4 Central Railway: Non implementation of the Scheme of Leasing of Parcel Cargo Express Trains

Railway Board had introduced a scheme for leasing of 'Millennium' Parcel Express in 2001 but the same had not succeeded. In order to improve the capacity utilization of Parcel Vans, the Railway Board issued a modified scheme of leasing Parcel Cargo Express trains to private operators. The new scheme was aimed to attract parcel traffic by providing value added door to door service to the Rail customers at competitive pricing and within the guaranteed transit time. The Parcel Express train was to be leased out for a period of three years which could be extended for a period of another two

Inordinate delay in establishing operational feasibility for leasing of Parcel Cargo trains and finalization of tenders coupled with injudicious fixation of higher reserve price not only deprived the Railway of additional revenue of ₹ 57.64 crore but also resulted in non-implementation of a new scheme introduced to attract new customers

years on mutual consent with 25 per cent increase in lump sum leased freight subject to satisfactory performance.

In response to Railway Board's new scheme three firms viz. M/S Videocon Industries, Aurangabad, M/S Western Carriers Kolkatta and M/S TCI Nagpur had expressed their interest in leasing of cargo express trains to be run on Nagothane/Kalamboli–Kashipur and Nagpur-Tinsukia routes from Central Railway to NER/NFR in the months of March 2007 to December 2007. Scrutiny of records of Chief Commercial Manager's (CCM) office in September 2009, revealed that Railway Administration took almost two years to complete the formalities such as obtaining 'No Objection Certificates' from the destination Railway and to make arrangements for examination of the Parcel Vans. The tenders for leasing of Parcel Cargo Express trains on all the routes were invited in February 2009. While there was no response from private operators for the Nagothane/Kalamboli-Kashipur route, for the Nagpur-Tinsukia route, two offers were received of which one was rejected on grounds of not meeting the eligibility criteria of minimum turnover and the second was rejected on the ground that the rates quoted were less than the reserve price. For the Jalgaon – New Guwahati route only one offer was received. As the tender was not finalized within the original validity period, the firm declined to extend the validity of their offer. In this connection the following observations are made:

- Railway Board in their guidelines had clearly stipulated that the reserve price for leasing of Parcel Express trains was to be worked out with a minimum composition of 15 parcel vans plus one brake van with two compartments of 4 tonne CC each. Reserve price for round trip for all origin/destination Railways for traffic booked other than from/to NFR was to be fixed at 1.25 times of the Scale 'P' rates and for NFR at 1.65 times of the Scale 'P' rates (for single journey freight). Audit observed that Central Railway, contrary to these guidelines, fixed the reserve price for Nagpur – Tinsukia route at ` 31,45,388 (i.e.2.25 times of scale 'P') instead of ` 23,06,618 (i.e. 1.65 times of scale 'P'). Though the round trip price of ` 28,52,000 offered by the party for this route was higher by ` 5,45,382 than the reserve price required to be fixed as per guidelines, the same was injudiciously rejected by the Tender Committee, thereby depriving the Railway of potential earnings of ` 41.07 crore in respect of the three year lease. Against this, the Central Railway earned only ` 9.07 crore from the total parcel traffic moved during 2007-08 to 2009-10.

- The offer price of ` 23,02,000 per round trip for Jalgaon – Guwahati route was also higher by ` 47,516 than the reserve price of ` 22,54,484. The Railway Administration failed to finalise the tender within the validity period of offer; as a result, the party backed out. Thus delay on the part of Railway deprived them of potential earnings of ` 16.57 crore for the three year lease period. Against this, the Railway's total parcel earnings on this route during the period 2007-08 to 2009-10 was only ` 7.59 crore.

When the matter was taken up with the Railway Administration (January 2010), they stated that the delay was unavoidable and occurred because the scheme being new, had to be studied in totality and operational feasibility as well as carriage and wagons maintenance facilities on these routes had to be finalized in consultation with other Railways. As regards fixation of reserve price on higher side in contravention of Railway Board's guidelines, it was stated that this was done keeping in view the traffic potentiality in the return direction to maximize the revenue. They also added that the Railway had not lost the parcel traffic on account of non-leasing of parcel trains as the available stock of parcel vans on the system was fully utilized.

The reply is not acceptable because the delay of two years for finalization of operational feasibility could not be considered as reasonable. However fixation of reserve price for Nagpur – Tinsukia route on higher side with a view to maximize the revenue had deprived the Railway of additional earnings of `41.07 crore. Similarly non-finalisation of tenders within the validity period of offers resulted a party backing out and causing loss of assured earnings of `16.57 crores. Railway's contention that the available VPs on the system were fully utilized for carrying the parcels was not supported by facts. The actual parcel earnings of ` 9.07 crore and ` 7.59 crore on the above mentioned routes during the three years was much less than the earning of ` 41.07 crore and ` 16.57 anticipated from leasing of the parcel trains.

Thus inordinate delay in establishing operational feasibility for leasing of Parcel Cargo trains and delayed finalization of tenders coupled with injudicious fixation of higher reserve price not only deprived the Railway of potential earnings of ` 57.64 crore but also resulted in non-implementation of a scheme introduced to attract new customers.

The matter was brought to the notice of Railway Board (September 2010); reply had not been received (January 2011).

2.5 South Eastern Railway: Blockage of capital due to non-utilisation of train rake

Failure of Railway Administration to utilize the dedicated rake for service of Garib Rath Express resulted in blockage of revenue earning assets

A bi-weekly Garib Rath Express train, Ranchi-New Delhi, via Gomoh was announced in the Railway Budget for 2008-09. Accordingly, Railway Board provided a rake, consisting of 16 WACCN and two WRRMDAC coaches, at a cost of ` 17.69 crore, which was received at Ranchi on 16 July 2008. Operating and commercial staff were arranged on receipt of approval of Railway Board for introduction of the train. Sanction of Commissioner for Railway safety (CRS) for running of this pair of train on the above route was obtained in August 12, 2008. The inaugural service of the train was, however, flagged off on 28 January 2009 as a special train from Ranchi followed by the commencement of normal service from 31 January 2009 respectively. Thus, failure of Railway Administration to press the rake dedicated for Garib Rath Express train into service within the least possible time led to blockage of capital of `17.69 crore for six months with revenue potential (traffic earnings) of ` 6.97 crore. In addition to above, Railway Administration had to pay dividend to the Govt. of India for the assets not utilized.

The matter was taken up with the Railway Board in (August 2010); they stated (February 2011) that Railway Budget (2008-09) had envisaged introduction of Garib Rath via Gomoh; later on it was decided that the train would run via Barkakana instead of Gomoh. The delay was due to announcement of Elections in Ranchi on 29 December 2008, enforcement of model code of conduct effective from 05 January 2009 and non-availability of CRS sanction for the revised route. The reply, however, did not bring out the reasons for diversion of the original proposed route for which the CRS sanction for operation of the train was obtained in August 2008. Moreover, the sanction of CRS for the revised route was received prior to enforcement of model code of conduct and hence the reply was not acceptable.

2.6 East Coast Railway: Non-realisation of compensation claim

Non-realisation of compensation claim of ₹ 18.86 crore by Railway on M/s. Essar Steel Ltd. towards freight for shortfall of guaranteed traffic as per agreement of Way Leave Permission for Iron Ore Slurry Pipe Line

Railway Board allowed (19 July 2005) Way Leave facility to Essar Steel Limited for laying their underground pipeline through railway land and across railway bridges at Duvvada, Visakhapatnam for transportation of iron slurry after executing necessary agreement with Railway Administration since the party had agreed to offer lumps for loading to Railway. The Railway Board also directed Railway Administration to ensure incorporation of a proper clause in the agreement regarding offering of lumps to be loaded by Railway as per the commitment given by the party. Accordingly, an agreement was entered into with Essar Steel Ltd. on 05 August 2005.

Scrutiny of records revealed that as per Clause 38 of the Agreement the permittee (Essar Steel Limited) should transport a minimum of 1.2 million tons of programmed traffic per annum for the first 2 years which was to be increased from 1.2 million tons to 2 million tons from the 3rd year. Thereafter it was to be increased to 2.5 million tons and then to 3 million tons per annum. In case of any shortfall of the annual guaranteed and committed traffic loading by the permittee to the permittor during any of the years, the permittee would indemnify and compensate the permittor without demur such shortfall of traffic loading which shall be quantified as loss of earnings to railways as per extant railway's tariff rate prevalent during such periods and on receipt of such demand from the permittor. For that the permittee would provide a corporate guarantee in the shape of Indemnity Bond.

Records revealed that Essar Steel Ltd. had agreed to indemnify as per Indemnity Bond executed on 05 August 2005 against any loss arising out of shortfall in the annual guaranteed traffic in accordance with the commitment made in the letter dated 01 August 2005 on demand without demur within 30 days of receipt of the claim from the Railways. It was, however, noticed that while as per clause 38 of the Agreement the party was to indemnify the Railway against any loss as a result of shortfall in annual guaranteed traffic, the letter dated 1 August 2005 stipulated that in case the traffic offered fell short of 80 per cent of the programmed traffic, the corporate guarantee to the extent of shortfall might be invoked. Therefore, the Indemnity Bond required modification in line with the provisions of Clause 38 of the Agreement. This issue was taken up with Essar Steel Ltd. (September 2005) who were requested to make necessary modifications in the Indemnity Bond. Not only did the Railway Administration not effectively pursue the matter until March

2009 upon the issue being raised by Audit in December 2008, but also no timely action was taken to raise bills in respect of the shortfall in traffic offered. In fact, the Railway Administration sent a revised Indemnity Bond for consent of the company only in November 2009 and the same was awaited.

Audit found that Essar Steel Ltd. had fulfilled their commitment of annual guaranteed traffic of 1.2 million tons for the first two years. However, they could offer only 10,43,751.3 tons during August 2007 to July 2008 and 11,08,367 tons during August 2008 to July 2009 resulting in a shortfall of 1,56,248.7 tons and 9,16,33 tons in 2007-08 and 2008-09 respectively from the minimum guaranteed traffic of 1.2 million tons whereas they had assured to increase the traffic from 1.2 million tons to 2 million tons in the 3rd year and 3 million tons thereafter.

As assessed in Audit, Railways should be compensated at least the freight value of 1,56,248.7 + 91,633 = 24,7881.3 tons of iron ore which fell short of the minimum guaranteed traffic (1.2 Million tons) for the years 2007-08 and 2008-09 valuing ` 18.86 crore. The matter was taken up by audit in December 2008. In reply, it was stated (November 2009) that M/s Essar Steel was yet to submit modified indemnity bond though the Waltair (WAT) division had prepared the same and sent the same to M/s Essar Steel in November 2009 for signature and submission to Railway. They further stated that WAT division on the pursuance of Audit had already preferred the claim of ` 82.43 crore. The reply was not acceptable as Railway failed to effectively pursue the proposed modification of the Indemnity Bond with the company. Besides, no bill was raised in support of the claim until as late as 30 March 2009 and further claim for shortfall for the year 2008-09 was yet to be raised. As such, the prospects of realisation of the compensation claim were diminished.

The matter was brought to the notice of Railway Board (September 2010); reply had not been received (January 2011).

2.7 North Eastern and: East Central Railways — Loss due to non-rationalisation of longer route

Non-rationalisation of longer route resulted in loss of ₹ 15.35 crore

As per rules [Para 125 of Goods Tariff, Pt.I (Vol.I)], for booking and charging of traffic carried by Railways, all goods traffic should be dispatched by the operationally feasible route and freight charges recovered by the shortest route. However, since some traffic had to be regularly carried by longer routes requiring incurrence of extra expenditure, Railways had been rationalizing such routes by issuing General Orders periodically under Section 71 (1) (b) of the Railway Act 1989 and freight was, thus, recovered by the rationalized routes instead of the shortest route. Further, to bring all routes, where traffic was regularly carried via longer routes, under the purview of General Orders, Railway Board had instructed the Zonal Railways (February 1976, April 1998 and November 1999) to send the details of such routes for taking necessary action.

North Eastern Railway

Audit scrutiny of records, revealed that movement of stone chips booked from Barharwa, Pakur and Sakarigali (Eastern Railway) and cement traffic from Tatanagar (South Eastern Railway) to Siwan station (North Eastern Railway) were regularly carried through the longer route i.e. via Mughalsarai Junction (MGS)– Varanasi (BSB) but was booked via shorter route i.e. Barauni Junction (BJU) and freight was collected accordingly. The Railways could not levy the actual freight via longer route due to non-rationalisation. This had resulted in short realisation of freight to the tune of ₹ 15.35 crore during the period April 2008 to July 2009.

When the matter was brought to the notice of Railway Administration in December 2009, they accepted (February 2010) that the traffic had been regularly moving over the longer route via MGS-BSB, but was booked via shorter route via BJU and freight was collected accordingly. They further stated that the carried route being faster and operationally more convenient than the booked route, the movement was allowed through the longer route. It was also stated that most of the traffic was railway materials (Ballast), timely supply of which was essential for track maintenance work. The Railway Administration's contention was not tenable since having accepted that the longer route was operationally more convenient and the traffic would continue to be carried by the longer route, it was in the Railways' interest to rationalize this route and recover freight accordingly. Further, scrutiny of records revealed that the traffic booked was not ballast (Railway traffic) but stone chips and cement traffic booked as public traffic as certified by the Goods Superintendent, Siwan.

Thus, failure of the Railway Administration to rationalize the longer route by which traffic was regularly carried resulted in short realisation of freight to the tune of ₹ 15.35 crore during the period April 2008 to July 2009.

The matter was brought to the notice of Railway Board (September 2010); reply had not been received (January 2011).

East Central Railway

Non-rationalization of regularly used longer route as per Railway Board's instructions led to short realization of freight and consequently loss of ₹ 6.13 crore to Railway

Scrutiny of records for the period April 2005 to September 2009 revealed that coal rakes were regularly carried from Dudhichua siding of Shaktinagar station to Thermal Plants at Paricha, Panipat and Suratgarh via Singrauli and New Katni (longer route), but the freight was charged via Chopan, Chunar and Allahabad (shorter route). During this period, 181 coal rakes were carried via longer route due to higher gradient in the shorter route (via Chopan, Chunar and Allahabad), entailing additional route kilometers of 42 Km, 178 Km and 169 Km respectively. The Railway Administration could not levy the actual freight via longer route due to non-rationalisation which led to short realization of freight to the tune of ₹ 6.13 crore during April 2005 to September 2009.

When the matter was taken up with the Railway Administration in April 2010, they stated (June 2010) that the freight had been charged via shorter route as per Rule 125 (1) of Goods Tariff, Pt.I (Vol.I). However, as per Rate Circular No.48 of 2009, proposal to rationalize the longer route for charging freight had been sent (June 2010) to Railway Board. The reply is not acceptable in view of the fact that the proposal for rationalization was sent belatedly (June 2010) despite the fact that Railway Board had issued instructions from time to time for rationalization of routes, the latest having been issued 10 months earlier (August 2009). Since the route via Singrauli and New Katni had been used regularly, Railway could have initiated action for rationalization of the same as envisaged in Section 71(1) (b) of the Railway Act and avoided the loss through short levy.

The matter was brought to the notice of Railway Board (October 2010); the reply had not been received (January 2011).

2.8 South Central: Railway — Injudicious declaration of a station as open for handling goods traffic

Railway's injudicious decision to open a station for booking with goods traffic in trainloads resulted in additional expenditure on extra haulage of trains (₹1.10 crore) besides loss of earning capacity of wagons (₹ 13.30 crore)

Sanatnagar Goods Complex (SNAG) was the main goods terminal/independent booking point in twin cities Hyderabad and Secunderabad for dealing with both inward and outward traffic. Consequent on closure of Kacheguda goods shed for handling traffic (November 2001) and based on the requests of the traders, Railway Administration declared (March 2002) Falaknuma (FM) station located within the municipal limits of Hyderabad as open for handling goods traffic in train loads.

Audit noticed that the opening of FM station for handling goods traffic in train loads was injudicious as-

- The infrastructure available at FM was deficient. There was only one single line for the purpose of loading and unloading of goods. There was no high level platform or a shed. Due to lack of facilities, unloading/loading undertaken directly from/ to trucks was not completed within the free time allowed for the purpose.
- Very often, loaded goods trains booked to FM were hauled further up to Timmapur (TMX) and Shadnagar (SHNR) stations that were away at a distance of 30 and 45 kms respectively. Many times the loaded rakes were split into two lots at Timmapur/ Shadnagar and each lot was brought separately to FM for unloading. This resulted in haulage of loaded trains for higher distances than the distance for which freight was levied. During the period from April 2007 to October 2009, whereas the additional expenditure incurred on extra haulage was to the extent of ` 1.10 crore, avoidable loss of earnings due to detention beyond free time worked out to ` 13.30 crore.
- Utilization of Sanatnagar Goods Complex (SNAG) has been far below its handling capacity (46 per cent to 71 per cent) during 2005-06 to 2009-10. The maximum utilization of FM was noticed during 2008-09 when traffic dealt there was 54 per cent of the handling capacity. Since the traffic dealt at FM was mostly inward traffic generating no additional revenue, the same could have easily been managed at SNAG.

When the matter was taken up (October 2010) with the Railway Board, they stated (December 2010) that opening of Falaknuma goods shed was a conscious decision in the larger public interest. Had it not been done, cement traffic generated on South Central Railway would have been lost. Further, non-availability of high level platform and availability of only a single line at Falaknuma for handling goods traffic was not a deficiency. Whenever any loaded rake was under release at Falaknuma, subsequent loaded rake was hauled further up to Timmapur and Shadnagar stations to avoid detention between Secunderabad and Falaknuma due to capacity constraints and frequent movement of Multi Modal Transport System (MMTS) trains. However, with the development of chord line and its electrification, this practice had been discontinued. Now the subsequent rake was regulated before Falaknuma.

Their contention was not acceptable. Falaknuma was opened as a station for handling goods traffic entertaining the requests of traders and loss of cement traffic was not at all under consideration. In spite of opening of Falaknuma, cement rakes continued to be booked to Sanatgarh Goods Complex which had not been utilized to its full capacity during previous years. Further, the deficiency in infrastructure at Falaknuma caused detention to wagons regularly as loading/unloading was not completed within the free time allowed. In fact, the detention to covered wagons could have been avoided if the traffic had been dealt at Sanatnagar Goods Complex instead of Falaknuma. It is significant that due to shortage of covered wagons CONCOR was lifting cement traffic against indents placed on Zonal Railway. Thus opening of Falaknuma shed, in the context of an existing under-utilized goods terminal, neither served any public purpose nor the financial interest of Railways. So far as discontinuance of the practice of hauling loaded rakes beyond Falaknuma was concerned, the wagons were still being detained during regulated movement of loaded rakes before Falaknuma.

2.9 South Central: Railway — Under-utilisation of coaches due to non-movement in full rake form

Movement of coaches in piecemeal instead of full rakes for and after Periodical Overhaul delayed the availability of coaches for transportation resulting in loss of earning capacity to the extent of ₹ 12.02 crore

Optimum utilization of existing coaching stock was required in view of large shortage of coaches on Indian Railways, particularly to meet the demand of newly introduced/ frequency extended trains. The Executive Summary on the Eleventh Five Year Plan (2007-12) presented by the Ministry of Railways noted a shortfall of approximately 1150 coaches per annum between the requirement and the production capacity over the plan period.

For effective utilization of coaching stock and reducing shunting for attachment and detachment of coaches, movement of coaches in the form of full rakes for sending to and after Periodical overhaul (POH) was required. Railway Board had stressed the need for expeditious movement of coaches in full rake form prior to and after POH. This was followed up by Railway Administration with the introduction of concept of 'rake in rake out' under a Joint Procedure Order and related guidelines for forming rakes right in the yards of Workshops after POH.

On South Central Railway, there were 13 coaching depots where coaches required for the trains emanating from the Zone were maintained. Coaching stock had been distributed among the coaching depots depending upon the requirement of rakes to run train services. POH of coaches was undertaken at an interval of one and half years at Mechanical Workshop, Lallaguda (LGDS) and Coaching Repair Shop, Tirupati (TPYS). Coaching depots pertaining to

Secunderabad, Hyderabad and Nanded divisions were tagged with LGDS while those of Vijayawada, Guntur and Guntakal divisions with TPYS.

Audit noticed that the concept of 'rake in rake out' was not being observed by the Railway. Movement of coaches for POH to LGDS and TPYS was being done in piecemeal. Moreover, coaches meant for POH at LGDS were routed through Coaching depot, Secunderabad before and after POH on the ground of shortage of sufficient space inside the shop yard for full rake formation. Further, whereas the return of coaches after POH at LGDS was always in piecemeal, coaches were pooled for formation of rakes in the yard of TPYS after POH. As a result, the coaches, after POH, were retuned to base depots after considerable delay of up to 231 days. This adversely affected the running of many Express trains with 24 coaches and newly introduced trains. As the coaches were not available for transportation, Railways were deprived of earning capacity to the extent of ` 12.02 crore during April 2007 to March 2010.

When the matter was taken up (October 2010) with the Railway Board, they stated (February 2011) that piecemeal feeding/clearance of coaches was done for making available POH due coaches to shops in time, to expedite the dispatch of coaches to depots after POH for augmentation of trains/running of special trains in view of urgent operating requirements. The reply was not acceptable. Piecemeal movement of coaches before and after POH was against Railway Board's orders and guideline issued by the Railway Administration. Further, verification by audit had revealed that before the receipt of POHed coaches in the depots, coaches were not utilized for forming seasonal special trains or to augment popular services. For such purpose, Zonal Railway had a surplus of 163 coaches after meeting the requirement for running scheduled trains as mentioned in Rake Link booklet in force from November 2009. It was also noticed that many special trains were run with rakes meant for non-daily trains. Had the receipt of POHed coaches in depots not been delayed, coaches would have been available for forming 24 coaches rakes and for running Express trains introduced but put on hold

2.10 South Central: Railway — Avoidable operational expenditure due to inadequate traffic facilities at take off station of a branch line

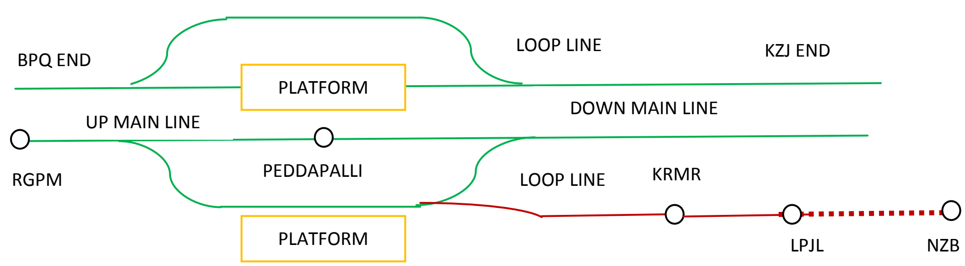
Balharshah (BPQ) - Kazipet (KZJ) section is situated on a highly congested electrified grand trunk route having heavy through traffic including South-

Railway's failure in providing necessary traffic facilities for dealing with the traffic of a branch line at take off station resulted in recurring avoidable operational expenditure to the extent of ₹ 11.71crore per annum

North bound super-fast trains. Peddapalli (PDPL) station was located on this section. This is a four line station where down loop is a passenger platform line. The line capacity available at the station was limited. Shunting operations at PDPL would involve use of main lines hampering the heavy traffic.

Railway Administration proposed (1993-94) construction of a branch line between PDPL and Nizamabad (NZB) via Karimnagar (KRMR) and Lingampet Jagityal (LPJL). In the initial justification for the branch line, the traffic projected was one goods train, three passenger trains and one departmental train per day in each direction. The to and fro traffic on BPQ-KZJ section on the main line was required to be dealt at PDPL, a take off station of branch line, for shunting operations for changing of locomotive/direction. Although shunting operations were not possible on main lines, the basic requirement of an additional loop line at PDPL was not recommended in the justification.

The branch line between PDPL and NZB was laid up to KRMR and opened for goods traffic in 2001. This branch line was extended up to LPJL and opened for goods traffic in 2007. The level of goods traffic on this non-electrified branch line ranged between 40 and 45 rakes per month. Around 85 per cent of the goods traffic from this branch line moved towards KZJ side.



Due to limited line capacity at PDPL and the need to change engines from diesel to electric and *vice versa,* goods trains, whether loaded or empty, from this branch line, bound for KZJ side or *vice versa* were hauled up to Raghavapuram (RGPM), at a distance of about 8 km from PDPL on BPQ end. The expenditure involved on haulage of trains to RGPM was to the extent of `11.71 crore per annum and could have been avoided with the provision of a bye-pass/ loop line.

Railway Administration, however, belatedly proposed (October 2009) a bye-pass line connecting the branch line with the main line near PDPL. The cost of bye-pass line including electrification was estimated at ` 28.82 crore including provision of ₹18 crore for acquisition of land alone. Railway Board had not sanctioned the work so far.

Had the basic requirement of a bye-pass line at PDPL been proposed in the initial justification for the branch line itself, the land required for the bye-pass line could have been acquired at a cost of ` 0.24 crore along with the land acquired for branch line. The bye-pass line could have been constructed earlier at a lesser cost, besides avoiding recurring operational expenditure to the extent of ` 11.71 crore per annum and detention of rolling stock.

When the matter was taken up (October 2010) with the Railway Board, they stated (January 2011) that at the time of justifying new line, the level of traffic projected did not warrant the requirement of additional loop line. The traffic increased from 2005 onwards. Railway Administration watched the traffic trend and after its stabilization, proposed for a bye-pass line. The reply was not acceptable as the line capacity available at PDPL station was already limited and opening of loop lines for direct entry/ exit from both ends being an operational necessity. Further, the justification for the estimates for the new line projected an increase in the traffic corresponded to the actual traffic achieved by 2005. As such, the initial justification should have anticipated the requirement and incorporated provision of a bye-pass line for avoiding unnecessary congestion and recurring haulage costs.

2.11 Northern Railway: Loss of revenue due to incorrect computation of distance

Failure to compute correct 'chargeable distance' resulted in loss of revenue of ₹ 5.59 crore

Rules provided that copies of invoices received from booking stations should be checked at the destination station to ensure that freight had been calculated and recovered correctly.

As per General Order No. 1 of 2000 (effective from 1 December 2000) issued by Railway Board, all the goods traffic from and via Varanasi to Lucknow, for which the shorter route was via Varanasi-Sultanpur, should be booked and charged via Janghai-Pratapgarh-Rae Bareli. The validity of this order was extended from time to time up to 31 October 2010.

Audit scrutiny of the records of inward coal traffic received at Ropar Thermal Power Plant siding (served by Roopnagar station of Northern Railway) from North Govindpur Colliery Siding and Barora Washery Colliery Siding (served by Katrasgarh station of East Central Railway) and Panem Coal Mines Ltd siding (served by Pakur station of Eastern Railway) revealed that the 'chargeable distance' for levying the freight in respect of this traffic was not computed correctly. The staff of destination station failed to detect this irregularity. This resulted in short recovery of freight amounting to ` 5.59 crore during May 2006 to August 2009.

When the matter was taken up (August 2010) with the Railway Board they admitted (September 2010) the mistake and stated that disciplinary actions were initiated against the concerned staff and efforts for recovery were underway. The recovery was still pending (October 2010).

Thus, Railway Administration's failure to compute correct 'chargeable distance' resulted in loss of revenue of ` 5.59 crore during May 2006 to August 2009.

2.12 South Eastern: Railway — *Loss due to non-realisation of additional freight for traffic carried through longer route*

> Failure of Railway Administration to obtain prior consent of the sender for diversion of traffic through alternate route when traffic could not move through next shortest route resulted in loss of ₹ 4.05 crore

Rule125 of Goods Tariff (GT) No.41, Part-1 (Volume-1) stipulated that consignment should be charged and forwarded by other than the shortest route or the cheapest route only on the specific instructions in writing from the sender or his authorised agent. In the event of shortest route being closed, correct route for carriage of traffic shall be the next shortest open route at the charges by the next cheapest open route with the consent of the sender.

Due to heavy rainfall on 19/20 August 2007 causing enforced suspension of track between Sonakhan-Sagra-Garpose-Tongarmunda stations (SXN-SOGR-GPH-TGM) in Rourkela – Jharsuguda section, M/s Jindal Steel and Power Limited (JSPL) requested Railway Administration on 20 August 2007 to arrange movement of iron ore from Deojhar (DJHR) and Bursuan (BXF) for the steel plant at Kirodimal Nagar (KDTR) through alternative route on an emergency basis in view of disruption of traffic and agreed to pay additional freight for movement of iron ore rakes through longer route.

Approval of competent authority was communicated immediately to the concerned Divisional Officer of Commercial and Operating Departments. Accordingly, ten iron ore rakes booked from DJHR between 20 August 2007 and 23 August 2007 were dispatched to KDTR through the alternate route via KGP-BHC-KUR-PSA-VZM-TIG-R (*1,700* km) instead of normal shortest route via RKSM-ROU-JSG-RAIGARH (408 km). However, the consent of the consignee to the diverted longer route was not obtained. Similarly, four iron ore rakes booked from BXF on 21/22 August 2007 were also dispatched to KDJR through the same alternate route (1,766 km) instead of the normal route (260 km) without the consent of the consignee. The station authorities had issued paid Railway Receipts (RR) charging freight on shortest route. Subsequently, in December 2007, both DJHR and BXF stations preferred bills of undercharges of ` 3.95 crore (calculated on distance of 1460 km) and ` 2.27 crore (calculated on distance of 1766 km) respectively to M/s JSPL for 14 rakes carried via the alternate route on the order of the competent authority.

M/s JSPL declined to pay the total claim of ` 6.22 crore on the plea that the rakes were moved through a much longer route ignoring the possible alternative route DJHR-JRLI-KJR-CTC-TLHR-SBP-JSG-RAIGARH-KDTR consuming more time for which the very purpose of diversion of traffic was defeated (March 2008). However, JSPL paid ` 3.11 crore (50 per cent of the undercharges). Railway Administration had taken up with the firm for payment of balance amount of undercharges of ` 3.11 crore without any positive response so far.

As the Railway Administration failed to obtain prior consent of the sender for the exact route through which traffic would move as the shortest route was closed and the it was not possible to carry the traffic by the next possible shortest route, ambiguity prevailed in the charging of freight and senders refused to pay full freight resulting in loss to Railway Administration.

Further, the undercharges for ten rakes moved from DJHR via alternate route were erroneously calculated on the distance of 1,460 km instead of actual distance of 1,700 km resulting in short preferment of undercharges of ` 0.94 crore in the bill.

The matter was taken up with Railway Board in September 2010. In reply (January 2011), the Board admitted the audit contention and stated that having failed to recover all the Railway dues from the party, the Railway had denotified their newly constructed in plant siding at Deojhar. They further stated that M/s JSPL had moved High Court/ Cuttack against the denotification of the siding. Hon'ble High Court in their interim order directed Railway not to close the siding subject to the party depositing ` 2.00 crore with Railway. M/s JSPL had since deposited ` 2.00 crore with Railway as per Hon'ble Court's order on an ad-hoc measure.

The failure of the Railway Administration to obtain prior consent of the consignee for movement of traffic through alternate longer route thus rendered the recovery of balance amount of ` 4.05 crore doubtful in the absence of a legally enforceable claim. Further, Railway Administration had denotified the siding of M/s JSPL for non-settlement of railway dues, major reason for which was enhanced license fee on revaluation of the land and non-payment of additional freight was a secondary issue.

2.13 North Western Railway: Loss due to delayed commencement of services of Garib Rath Trains

Delayed commencement of services and idling of Garib Rath trains on a popular route resulted in loss of earnings of ₹ 3.78 crore besides avoidable empty haulage costing ₹ 0.09 crore

A tri-weekly Garib Rath train between Mumbai Bandra Terminus - Jaipur (BDTS-JP) was announced in the Railway Budget of February 2007. Accordingly the route of the train was decided in April 2007 and the timings of the train were published in the time table (July 2007). The rake of the train was received at Jaipur on 5 December 2007 and was hauled in empty condition to BDTS on 20 January 2008. After two months of idling, the service was finally introduced from BDTS on 5 February 2008 upon receipt of necessary instructions (31 January 2008) from Railway Board. It was noticed that due to low fare structure, the train was very popular among the passengers and since its introduction, the occupancy was almost cent per cent. Thus, due to delayed introduction of the train, Railway Administration suffered loss of earnings of `1.69 crore besides avoidable empty haulage ex JP to BDTS for 1106 kms costing ` 0.06 crore.

In the interim Railway Budget (2009-10), another Garib Rath train from Ajmer to Bhagalpur via Delhi (bi-weekly) was proposed along with extension of the Garib Rath train between BDTS and JP up to Delhi. Accordingly, a rake of 21 coaches for Ajmer-Bhagalpur Garib Rath train was received on 2 July 2009 but was kept stabled at Phulera station for more than one month. Thereafter, the rake was handed over to Northern Railway for utilization in the extended services of BDTS-JP Garib Rath train which was finally introduced with effect from 5 September 2009. Thus, a rake allotted and received for Ajmer-Bhagalpur Garib Rath train was kept idle for a total period of 63 days before being finally utilised for another train resulting in loss of earning capacity to the tune of ` 2.09 crore besides avoidable empty haulage of ` 0.03 crore up to Delhi Sarai Rohilla. The decision to introduce Ajmer-Bhagalpur Garib Rath and its subsequent exclusion was indicative of inadequate ground work that resulted in forced idling of the rake over two months. Critical rolling stocks were dispatched without proper planning and without confirmation of the requirement for introduction of the service. Zonal Railway also did not pursue the matter at all.

When the matter was taken up with the Railway Board (August 2010), they stated (February 2011) that the Ajmer-Bhagalpur Garib Rath service was previously announced in the interim budget 2009-10 but the same was not included in the main budget presented on 3 July 2009. They further stated that since the Garib Rath coaches were special type of coaches with end-on-generation, special colour scheme and special berth arrangement, these coaches could not be utilized to run in any other link.

The reply is not acceptable because once it was decided not to introduce Ajmer-Bhagalpur Garib Rath train in the final budget (July 2009), the Railway Administration should have immediately utilised the available rake for the extended services (BDTS-JP up to DLI) as was done after two months to meet the demand requirements.

Thus, despite availability of substantial traffic, poor decision making and lack of promptness resulted in avoidable idling of critical rolling stock causing loss of ` 3.87 crore.

2.14 South Western Railway: Loss of earnings due to delay in implementing Board's Orders

Delay on the part of Divisional Authorities in implementing Railway Board orders for the revision of rake size of BOXN wagon from 58 wagons to 59 wagons resulted in loss of earnings to the extent of ₹ 3.54 crore

Railway Board revised (May 2008) standard size of rakes for different types of wagons. In pursuance of these orders, Zonal Railway Administration notified (May 2008) the revised composition of rakes for different types of wagons. Standard size of BOXN rakes was revised to 59 wagons from the existing 58 wagons.

Railway started (May 2008) making available BOXN rakes with 59 wagons to Mormugao Harbour (MRH) for loading coal and limestone. Mormugao Port Trust (MPT) Authorities, however, continued to load 58 wagons only, pleading inability to load 59th wagon due to infrastructural constraints at the mechanical loading point. As such, one wagon was not loaded and left empty in each rake. Instead of prevailing upon the MPT authorities to load all the 59 wagons as per Railway Board orders, Hubli Division allowed loading of 58 wagons and charged accordingly.

The wagon hauled empty along with the loaded wagons from MRH was detached en-route at Kulem due to restriction imposed by Divisional Authorities for moving empty wagon along with loaded rakes on Kulem-Castlerock Ghat section due to operational reasons. The wagons so detached were formed as a separate rake and moved over to Carriage and Wagon maintenance depot, Hospet situated at a distance of 318 Kms for formation of fresh rakes.

Zonal Railway Administration intervened in the matter in January 2010 and instructed to correctly implement the Railway Board's orders. Accordingly, Divisional authorities intimated MPT authorities that the 59th wagon would be charged even if not loaded. As a result, MPT authorities started loading all the 59 wagons since February 2010.

A review of the records in audit pertaining to the period from October 2008 to January 2010 revealed that 891 wagons in as many rakes were not loaded at MRH resulting in loss of freight amounting to ` 2.54 crore besides incurring cost of haulage (` 0.33 crore) for hauling empties from Kulem to Hospet and a loss of earning capacity (` 0.67 crore) on account of their detention at Kulem pending formation of special rakes for movement to Hospet. As such, there was a total loss of earnings to the extent of ` 3.54 crore.

When the matter was taken up (August 2010) with the Railway Board, they stated (December 2010) that the non-loading of 59th wagon was due to non-availability of the infrastructural facility which was developed later. It was unreasonable to expect the handling facilities to be augmented immediately on revision of the standard size of BOXN rake. Their contention was not acceptable. The infrastructural facility was developed in July 2010 whereas consequent to Railway's decision (January 2010) to charge 59th wagon even if not loaded, MPT authorities had already started loading of 59th wagon in February 2010. Clearly, there was undue delay of nearly two years on the part of Railway in implementing their own decision (May 2008) to run 59 wagon loaded rakes. Audit had assessed the loss of revenue with effect from October 2008 i.e. after making time allowance for necessary arrangements for loading additional 59th wagon.

2.15 North Western: Railway — Inefficient handling of a yard remodeling project

Poor management of yard remodeling work of Rewari caused protracted cancellation and diversion of trains, resulting in avoidable loss of ₹ 2.81 crore

Poor management of yard remodeling work of Rewari caused protracted cancellation and diversion of trains, resulting in avoidable loss of ₹ 2.81 crore

As per provisions of Operating Manual for Indian Railways, non-interlocked (NI) working of a station referred to temporary disconnection of points, signals, track circuits, axle counters and other signaling gadgets for any designated work. This kind of working was normally resorted to when important works such as yard remodeling, route relay interlocking (RRI) work etc. were to be carried out. NI was considered an unsafe system of track working and hence the period of NI works should be kept to a bare minimum. The planned work should be completed at the earliest under close supervision. All sanctions, clearances and preparatory works of Engineering and Signal & Telecommunication (S&T) Departments needed to be completed sufficiently in advance.

Rewari is an important junction of Jaipur Divison of North Western Railway with the traffic moving in and out of six directions. With the gauge conversion of the metre gauge (MG) section touching Rewari and doubling of Rewari-Delhi section, Railway Administration felt the need for the remodeling of the Rewari yard to ease the movement of high volume of freight and coaching traffic. Accordingly a Traffic Working Order (TWO) was framed by the Operating Department in May 2009 for carrying out pre NI, NI and post NI works in Rewari yard in a period of 15 days from 12 May 2009 to 26 May 2009 and essential staff of Operating, Signalling and Engineering Departments with equipments/ ancillary facilities were deployed to ensure timely completion of the work. Complete block of the yard was planned for one day on 17 May 2009. The Operating Department planned cancellation of 33 passenger trains, partial cancellation of 24 passenger trains and diversion of 13 passenger trains during the period and all goods trains were to be diverted.

Audit noticed that the Construction organization failed to carry out the stipulated works as planned in the TWO. The Engineering Department delayed the works of insertion of switches for points etc. Similarly, the Signal and Telecommunication department failed to provide the point machine connection on these points and crossings. The Operating Department also failed to co-ordinate with the Construction Organization to ensure timely execution of the TWO. As a result, the complete block planned for one day on 17 May 2009 had to be extended by three days due to incomplete and delayed works as all the lines were not interlocked and the yard was not ready for safe movement of the trains causing extended diversion and cancellation of train services. The essential manpower deployed at substantial cost thus remained unutilized as no train movement was allowed by the Operating Department.

Twenty seven passenger trains remained cancelled from three to eight days in excess of the planned period resulting in loss of earnings of `.1.20 crore. Besides this, as against diversion of 13 trains planned for a period from one to six days (maximum up to 19 May 2009), 53 trains were actually diverted via longer routes till 23 May 2009 resulting in excess cost of haulage worth `.0.27 crore. Further, the diversion of goods trains also resulted in excess cost of haulage to the tune of `.1.34 crore. Thus, the total expenditure on account of extended cancellation/ diversion of passenger and goods trains worked out to `.2.81 crore apart from inconvenience to the passengers.

When the matter was taken up with the Divisional Railway Authorities in November 2009/ April 2010, the Operating department accepted (April 2010) that delays were on account of lack of co-ordination between the Engineering and S&T Departments, which resulted in prolonged NI period causing detention to trains for a longer period.

Thus due to ineffective inter-departmental co-ordination, yard remodeling work of Rewari yard was delayed resulting in avoidable loss of `.2.81 crore.

The matter was brought to the notice of Railway Board (November 2010); the reply had not been received (January 2011).

2.16 South Central Railway — Avoidable expenditure on payment of Kilometrage Allowance due to irregular identification of a few sections as handicapped sections

Failure on the part of Railway in correctly interpreting the Railway Board's orders for identification of handicapped sections for payment of Kilometrage Allowance resulted in extra expenditure of ₹.2.07 crore

Running staff (drivers, guards etc.) working on through goods trains were eligible for Kilometrage Allowance for the actual distance covered. The existing system of payment, as a rule, of a minimum guaranteed kilometrage in all cases where the kilometrage earned in a day falls short of a prescribed level was discontinued with effect from 1 August 1981. However, each Railway was to identify such sections and circumstances that did not have the potential for enabling the running staff to earn adequate Kilometrage Allowance within the stipulated duty hours. For such identified sections and circumstances, the running staff was to be paid Kilometrage Allowance for

120 km for the full stipulated duty hours. The stipulated duty hours are 10, which could be extended up to 12.

In view of Railway Board's orders, Railway Administration identified 38 sections and called them 'handicapped sections'. They defined a handicapped section as 'a section where it is not possible for a running staff to come back to his home station within the stipulated duty hours, either due to non-availability of a return train or due to the distance not permitting such a return journey'. The identification of sections was not in order as difficulty in returning to home station within stipulated duty hours could not form the basis for this purpose, as there was no such provision in the Running Allowance Rules. Thus, irregular extra payment of Kilometrage Allowance for 120 km was made for shorter trips requiring less than full stipulated duty hours. Audit observed that during the period April 2006 to March 2010, avoidable expenditure to the extent of `2.07 crore was made in this regard in respect of 26 handicapped sections. In other handicapped sections, booking of running staff was infrequent.

When the matter was taken up (April 2010) with the Railway Administration, they stated (July 2010) that extra payment pointed out in Audit was hypothetical as the sections identified were strictly in conformity with the Railway Board's orders (July 1981). Clubbing return journey was advantageous as it ensured maximum utilization of crew within the stipulated duty hours. The reply was not acceptable as interpretation drawn by the Railway Administration for handicapped section was contrary to the scheme of the Running Allowance Rules as per which the allowance would be payable only in cases where stipulated duty hours were performed without eligible distance being covered. In fact, the implementation of the scheme by the South Central Railway resulted in under utilization of running staff as they worked for mere 74 hours (fortnightly) in a handicapped section against 104 hours prescribed.

The matter was brought to the notice of Railway Board (November 2010); the reply had not been received (January 2011).

2.17 East Central Railway: Incorrect fixation of siding charges

Incorrect fixation of siding charges of ACC siding from Sindri Marshalling Yard instead of Patherdih from where the locos were actually supplied resulted in loss of ₹2.01 crore

Indian Railway Code for Traffic Department (Commercial) (Para 1807) stipulated that in the case of sidings where locomotives had to be brought from stations, other than the stations serving a siding, the time taken for bringing the locomotive from the Depot station to the serving station and back should also be taken into account in arriving at the time required for performing the round trip to serve a siding for the purpose of working out the siding charges.

The serving station of ACC siding (SNFC) was changed from Patherdih (PEH) to Sindri Marshalling Yard (SNMY) in January 2005. Audit noticed that while working out siding charges from July 2005 onwards, trial and motion studies of locos were done from SNMY despite the fact that the locos were actually harnessed for working the siding from PEH. Thus, siding charges were incorrectly calculated based on the trial run of loco from SNMY to ACC (distance 7.0 Kms.) for 131 minutes (101 for the actual running time and 30 minutes for vaccum creation) instead of PEH to ACC (distance 11.48 Kms.). As such, the correct average time would get increased by approximately 1.64 times i.e. 196 minutes (166 for the actual running time and 30 minutes for vaccum creation) as the distance of siding from PEH (11.48 Kms.) where loco was actually supplied was 1.64 times that of SNMY (7.0 Kms.).

Thus, the fixation of siding charges from Sindri Marshalling Yard instead of Patherdih from where locos were actually supplied resulted in loss of ` 2.01 crore towards siding charges during the period from July 2005 to March 2010.

When the matter was taken up with Railway Board in October 2010, they stated (January 2011) that the serving station of ACC siding (SNFC) since July 2005 was Sindri Marshalling Yard (SNMY) and the rakes were moved from SNMY to SNFC by using the train engine. As no locos were brought from Patherdih station (PEH) for movement of rakes from SNMY to SNFC, the charging of siding charges from SNMY to SNFC was in order. The reply was not acceptable as audit scrutiny revealed that locos were actually brought from PEH during the period in question. As such, the fact of bringing locomotives from PEH should have been duly accounted for in the computation of siding charges.

2.18 South Central: Railway — Short levy of siding charges on military traffic

Failure on the part of Railway in levying siding charges applicable to public traffic in respect of their own wagons used for military traffic resulted in short levy of siding charges to the extent of ₹ 1.82 crore

In terms of Para 1807 of Indian Railway code for Traffic Department, in respect of sidings where freight was levied from and to the serving station, siding charges were levied by the Railway towards the cost of haulage of wagons between the serving station and the siding. Siding charges were fixed taking into account cost per engine hour and the average time for a round trip from the serving station to the siding and back for the placement or removal of wagons. Railway Board last revised the siding charges for military traffic with effect from 1 April 2001. Further, Railway Board during rationalization of rates for military traffic (April 2006) had ordered that siding charges in respect of Railway owned wagons would be levied as per extant instructions applicable to public traffic.

In the course of scrutiny of soldier tickets and military credit notes issued between April 2006 and January 2010 in respect of Trimulgery Millitary siding served by Secunderabad station on South Central Railway, Audit noticed that while levying siding charges, Railway Administration treated BOM/BWT wagons as military owned wagons. Each such wagon was equated with two four wheeled wagon units and siding charges fixed in April 2001 for military vehicle (` 251 per unit) were levied. Railway's action was not in order in view of the fact that BOM/BWT wagons were Railway owned wagons. Since siding charges in respect of Railway owned wagons were to be levied as per extant instructions applicable to public traffic, siding charges for BOM/BWT wagons should have been levied at the rates fixed for public traffic. Further, each such wagon should have been equated with 2 ½ units of a four wheeled wagons in terms of instructions contained in IRCA Goods Tariff Part-I (Volume I) and IRCA Conference Rules Part II. Railway's inappropriate action resulted in short levy of siding charges to the extent of `1.82 crore.

When the matter was taken up (April 2010) with the Railway Administration, they stated (September 2010) that though BOM/BWT wagons were Railway owned wagons, these were exclusively used for military traffic. Further, the maintenance charges for this stock were paid periodically by the Defence Department. In view of this, levy of siding charges at the rate fixed for military traffic in 2001 was correct. The reply was not tenable. The cost of BOM/BWT wagons had been borne by the Railway and these wagons were Railway owned wagons. Exclusive use of wagons for the Defence Department and payment of maintenance charges would not entitle Defence Department to treat the wagons as their own. Moreover, a further review of records in Audit had revealed that Railway had not even raised the maintenance charges. As such, non-levy of siding charges applicable to public traffic as per Railway Board's instructions of 2006 had resulted in short levy of siding charges to the extent of `1.82 crore.

The matter was brought to the notice of Railway Board (January 2010); reply had not been received (January 2011).

2.19 Eastern Railway: Avoidable expenditure to the tune of ` 1.64 crore due to unnecessary haulage of Permanent Way Materials

Avoidable extra expenditure of ₹ 1.64 crore on transportation charges due to inconvenient location of Central Track Depot at Asansol

The Central Track Depot (CTD), Assansol, was established in 1960 for centralized receipt, stocking and subsequent dispatch of Permanent Way Materials procured centrally by the Chief Track Engineer to Divisions in the erstwhile Eastern Railway against demands placed by them. Thus, the CTD mainly functioned as a Transit Depot for receiving and distributing Railway track materials.

After bifurcation of Eastern Railway in 2003, the location advantage of CTD, Asansol became less relevant with a majority of the firms supplying track materials based in and around Kolkata. Scrutiny of records (April 2007 to July 2009) revealed that out of 398 cases of supply of Permanent Way Materials, 293 (73.61 per cent) were made by firms based in and around Kolkata.

Review of records of CTD, Asansol, revealed that the process of dispatching material to the Central Track Depot first and thereafter to the Divisional Track Depots resulted in double handling and transportation of material, leading to incurrence of avoidable extra expenditure to Railway Administration. During the period from 2004-05 to 2009-10 (up to June 2009) an amount of ` 1.64 crore was incurred by the Railway Administration towards lorry/trailer hire charges for transporting materials from CTD, Asansol, to the four Divisional Track Depots. This could have been avoided had the track materials been dispatched directly to the Divisional Track Depots or the CTD shifted near Kolkata.

A case in point was the recommendation of a Work Study Report on Naihati Depot, which functioned as a Transit Stores Depot since 1969 (January 2008) in favour of closure of the Depot and direct dispatch of materials to the consignees, thus saving both time and money in transportation of materials.

When the matter was taken up with Railway Board (October 2010), they while accepting (January 2011) the Audit contention, also stated that the closure of CTD was under consideration.

2.20 Northeast Frontier Railway: Loss due to payment of excess road freight charges

Failure to impose maximum limit of corresponding rail freight as in the case of special cement towards reimbursement of road freight charges for procurement of Signalling and Telecommunication cables resulted in avoidable loss of ₹ 1.47 crore

In their circular of 1991 regarding transportation of material (special cement) by road, Ministry of Railways (Railway Board) had clarified that reimbursement of freight charges to the suppliers of materials be made either at the rate of prescribed rail freight charges or up to a reasonable limit of 120 per cent (subsequently raised to 150 per cent) of the corresponding rail freight when transport by rail was not found feasible and the materials were actually carried by road.

Test check of 42 purchase orders during the period September 2005 to June 2009 regarding procurement of 6,048.648 kms of Signalling and Telecommunication (S&T) cables from different private firms located at New Delhi, Noida, Faridabad, Jaipur, Vrindavan and Gorakhpur for various locations of Northeast Frontier Railway revealed that although all the consignor/ consignee points were well connected by rail network, yet the Railway Administration procured the S&T cables through road transport. It was also noticed that the Railway Administration had the option of subjecting road freight to a limiting clause as in the case of special cement but they failed to incorporate any such clause in the 'Instructions to the Tenderers'/ Purchase Orders, and paid exorbitant amount of ` 3.04 crore of road transport charges to the consignees. This had resulted in excess payment `1.47 crore as road freight charges to the consignees.

When the matter was brought to the notice of the Railway Administration in January 2010, they stated (June 2010) that S&T cables were generally not procured by the Railway Board. They were procured by Zonal Railways on the basis of their requirement from time to time and generally the quantity ordered was very small and could not form a full rake load as in the case of cement. They further stated that the signaling cable factories and the consignee places were not directly connected with rail heads. The contention of the Railway Administration was not acceptable. Audit did not object to the carriage of S&T cables by road but emphasised the need for framing a clear procedure for ensuring reasonableness of rates of road transport charges paid to the suppliers. Even though the Railway Administration was aware of the Railway Board's existing instructions regarding reimbursement of road freight charges of the corresponding rail freight charges to the suppliers for procurement of special cement and HTS wire, they could have made similar provisions in the "Instructions to the Tenderers" and Purchase Orders for procurement of S&T cables so that loss of ` 1.47 crore on account of excess payment made to the contractor could have been avoided. Further, the cables were procured from New Delhi, Faridabad, Jaipur, Vrindavan and Gorakhpur for delivery at New Jalpaiguri, New Coochbehar, Alipurduar, Katihar, Lumding, Silchar, Pandu and Guwahati and the entire consignor and consignee points were on rail heads.

The matter was brought to the notice of Railway Board (September 2010); the reply had not been received (January 2011).