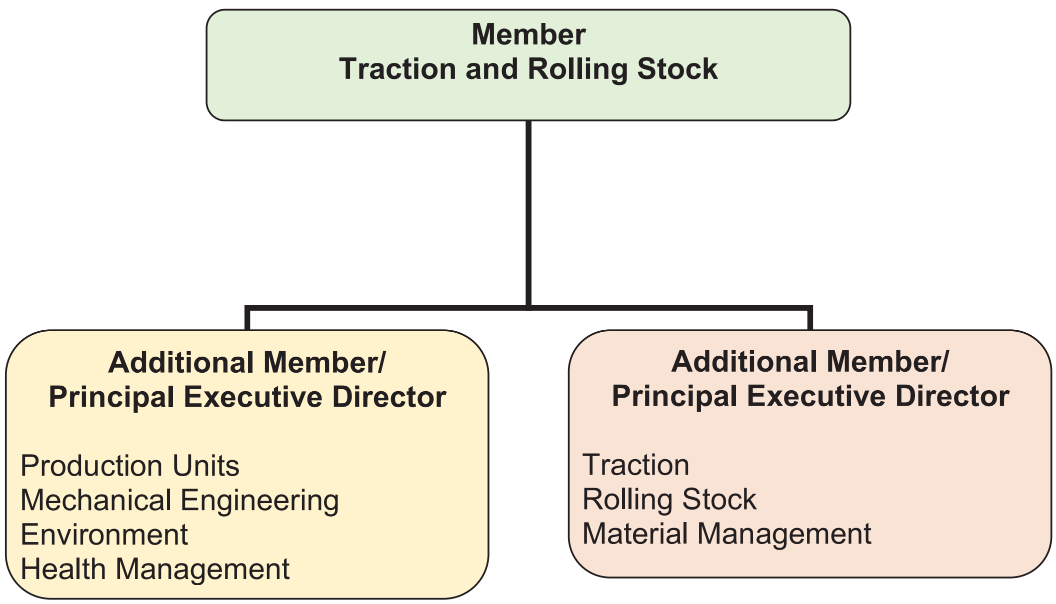
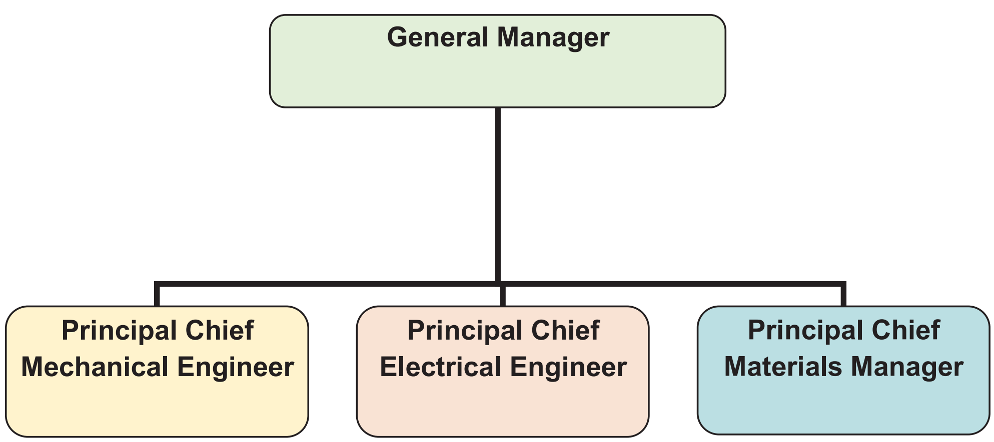
Chapter 4 – Traction and Rolling Stock

Member (Traction and Rolling Stock) at Railway Board is overall in-charge of Mechanical Department including Workshops and Production Units as well as Material Management Department. The works related to Electric Multiple Unit/Mainline Electric Multiple Unit (EMU/MEMU) and electrical maintenance of all coaching stock along with Environment and Health Management (EnHM) is also the responsibility of the Member (Traction and Rolling Stock).

Railway Board Level



Zonal level



At Zonal level, Principal Chief Mechanical Engineer (PCME) is responsible for overall supervision and maintenance of all coaches, wagons *etc.* Chief Workshop Engineer (CWE) is overall in-charge of the workshops, which undertake maintenance of rolling stock and related items. Principal Chief Electrical Engineer is overall in-charge of electrical maintenance of electric rolling stock, which includes electric Locos, Electric Multiple units, Electric Loco sheds, electric workshops, General services and Over Head Traction services etc.

Total revenue expenditure on repair and maintenance of rolling stock[173] in workshop during 2019-20 was ₹ 17,368.21 crore[174]. Operating expenses on rolling stock and equipment was ₹ 17,830 crore[175] during 2019-20. Further, capital expenditure on Production Units[176] during 2019-20 was ₹ 30,206 crore. During the year, apart from regular audit of vouchers and tenders, 745 offices of the Mechanical Department were taken up for inspection.

Material Management Department is responsible for planning, procurement of various types of stores required for operations and maintenance of trains. These include supply of spare parts, components, fittings, sub-assemblies to production units, maintenance, and manufacturing workshops. The Department is also responsible for total inventory management of all stores, their purchasing and distribution to consignees. Besides this, Material Management Department also carries out disposal of scrap items through public auction and tenders (selected items).

At the Zonal level, Principal Chief Materials Manager is the principal head of the Department who is assisted by Chief Material Managers and Deputy Chief Material Managers. At Divisional level, Senior Divisional Material Manager is head of the Department and reports to Divisional Railway Manager. Total expenditure of the Stores Department during 2019-20 was ₹ 1,156.45[177] crore. During the year, apart from regular audit of vouchers and tenders *etc*., 281 offices of the Stores Department were inspected.

This Chapter includes five individual paragraphs. These paragraphs cover compliance issues on Rolling stock and Material Management.

[173] including Carriages & Wagons, Plant & Equipment
[174] Sub head 3002-3003 (4)-Repair and maintenance of Carriages and Wagons and Minor head 300 of Sub head 3002-3003 (5)-Repair and maintenance of Plant and Equipment-Appropriation Accounts – 2019-20
[175] Sub head 3002-3003 (6)-Operating Expenses - Rolling Stock and Equipment-Appropriation Accounts – 2019-20
[176] ICF/Chennai, RCF/Kapurthala, MCF/Raebareli, RWP/Bela, RWF/Yelahanka, DMW/Patiala, DLW/Varanasi and CLW/Chittaranjan – Appropriation Accounts – 2019-20
[177] Minor Head 400 of Sub head 3002-3003 (01) – General Superintendence and Services-Indian Railways Appropriation Accounts-2019-20

4.1 Avoidable expenditure towards procurement of power from Bhartiya Rail Bijlee Company Limited: Central Railway and Railway Board

Indian Railways had incurred avoidable expenditure of ₹ 968.73 crore towards procurement of power from Bhartiya Rail Bijlee Company Limited (BRBCL). This avoidable expenditure includes ₹ 463.30 crore towards fixed capacity charges, transmission charge and surcharge for belated payment of dues and ₹ 505.43 crore due to injudicious decision to discontinue power purchase agreement with TATA Power-Distribution and procurement of power from BRBCL at higher tariff.

In November 2007, Indian Railway (IR) had set up a 1000 mega watt (MW) captive power plant as a Joint Venture company, Bharatiya Rail Bijlee Company Limited (BRBCL), at Nabinagar, Bihar in collaboration with National Thermal Power Corporation Limited (NTPC). On behalf of IR, East Central Railway (ECR) executed a Bulk Power Purchase Agreement (BPPA) with BRBCL in December 2010. As per the agreement, IR would draw upto 900 MW of power through open access for various Traction Sub-stations (TSS) of IR located in different states for a period of 25 years.

BRBCL declared the Commercial Operation Date (COD) of the first unit of 250 MW from 15 January 2017. The 90 per cent of power from this unit was scheduled for Railways' in the states of Bihar (50 MW), West Bengal (95 MW) and Odisha (60 MW). These states, however, did not agree to issue 'No Objection Certificate' (NOC). As a result, IR could not draw power from the first unit of BRBCL. Ministry of Railways raised the issue at various levels with the competent authorities of those states. Bihar had stated that NOC would be issued in about two years time as the transmission network of the state was being strengthened. While the matter was under consideration with Odisha Electricity Regulatory Commission, no response was received from West Bengal.

In view of the above, IR re-scheduled the power plan. 130 MW was allocated to Mumbai area (Central and Western Railway) and 75 MW for Damodar Valley Corporation (DVC) area[178]. Audit observed that Central Railway (CR) had PPA with Tata Power Company-Distribution (TPC-D) up to 10 February 2017 for supply of power at the rate of ₹ 4.70 per Kilowatt hour (Kwh) from nine TSS located in Mumbai Suburban area. For implementation of the

[178] Railways allocation was 90 per cent of 250 MW capacity of the first unit i.e. 225 MW ex BUS (electricity generation point). This 225 MW reduces to 205 MW at the consumption point due to transmission losses.

revised power plan, it was decided to discontinue the existing Power Purchase Agreement (PPA) with TATA Power after its expiry in February 2017. Chairman Railway Board, however, did not agree (December 2016) to the decision on the ground that TATA Power had advantage of local standby distribution networks and cheap tariff. Power Purchase Agreement with TATA was, therefore extended up to 01 August 2017. The agreement with TATA power was not renewed further. The supply of power from the first unit of BRBCL commenced from 02 August 2017.

Audit observed that IR failed in compliance of statutory requirement of 'No Objection Certificate'(NOC) for transmission of power to different states as per power plan during the long gestation period between setting up of BRBCL in December 2010 and commissioning of first unit of the plant in January 2017. As a result, IR could not draw power from BRBCL during the period 15 January 2017 (COD) to 01 August 2017. During the period 15 January 2017 (COD) to 31 July 2017, when no power was drawn from Unit I, BRBCL paid fixed capacity charges of ₹ 200.89 crore. It includes CR's share was ₹ 127.71 crore. Out of ₹ 273.14 crore paid towards consumption of power for the period 15 January 2017 to 01 August 2017, CR adjusted ₹ 59.81 crore against the debit raised by ECR during the period August 2017 to March 2018.

In respect of 2nd unit, COD was 10 September 2017. During the period September 2017 to November 2017, only 118.336 MW power was supplied from Unit II. Thereafter, no power was drawn from Unit II till June 2018 resulting in extra expenditure of about ₹ 262.41 crore[179] towards payment of fixed capacity charges for the period from December 2017 to June 2018. Further, discontinuation of PPA with TATA to draw power from BRBCL at higher tariff also led to extra expenditure of ₹ 505.43 crore for the period August 2017 to May 2021 as shown in **Annexure 4.1.**

In response to special letter issued in March 2019 on loss due to procurement of power from BRBCL at higher tariff, the Central Railway Administration stated (April 2019) that the power was availed from BRBCL to reduce the impact of payment of fixed capacity charges irrespective of energy being drawn from BRBCL. It was also stated that availing of power from Tata Power Corporation – Distribution (TPC-D) was not financially beneficial to CR as it would have resulted in non-utilisation of capacity already tied up with BRBCL and payment of capacity charges to both TPC-D and BRBCL. The Railway Administration further asserted that the decision to switch over the

[179] Calculated in audit based on the average expenditure on account of fixed capacity charges for Unit I.

procurement of power supply from TPC-D to BRBCL was as per the policy decision taken by Railway Board.

The contention of the Railway Administration was not tenable. The Railway Administration could not draw power from BRBCL due to its failure in obtaining NOC for transmission of power to Bihar, West Bengal and Odisha. Indian Railways (IR) was compelled to reallocate power to Mumbai area and discontinue the PPA with TPC-D to counter the financial liability towards payment of fixed charges due to non-utilisation of capacity already tied up with BRBCL.

Thus, IR had incurred avoidable extra expenditure of ₹ 968.73 crore towards fixed capacity charges and procurement of power from BRBCL at higher tariff.

The matter was taken up with MoR in September 2021; no reply was received (November 2021).

4.2. Avoidable expenditure due to payment of penalty for excess load: North Eastern Railway and Northern Railway

Despite clear directives of Ministry of Railways for review of Contract Demand and its timely revision, North Eastern and Northern Railway Administrations failed to assess the Contract Demand realistically and take timely action for its revision. Failure in assessment and timely revision of Contract Demand resulted into avoidable payment of penalty of ₹ 16.87 crore by North Eastern Railway and ₹ 15.16 crore by Northern Railway.

As per Para 20102 of Indian Railway Manual of AC Traction Maintenance and Operation, the Contract Demand (CD)[180] for each sub-station should be stipulated in relation to the expected actual Maximum Demand[181] in such a manner that infructuous payments viz., penal charges for exceeding the Contract Demand, are avoided. The Manual also stated that the Contract Demand has to be carefully determined, reviewed periodically and if necessary, modified to avoid penal charges. Also, the notice period for altering Contract Demand should be kept as low as possible in the agreement, preferably four to six weeks.

As per the Rate Schedule of State Electricity Suppliers[182], there is a penalty charged for exceeding the contracted demand. In case the Maximum Demand

[180]Contract Demand means the maximum KW/KVA demand for supply of which the Supplier undertakes to provide facility to the Consumer from time to time.
[181]Maximum Demand means the average amount of KW/KVA delivered to the point of supply of the Consumer and recorded during a 15 minutes period of maximum use in the month.
[182]UPPCL; MVVNL and PVVNL.

in any month exceeds the Contract Demand, excess demand shall be levied equal to 200 *per cent* of the normal rate. This would be in addition to the normal demand charges as per the maximum load recorded by the meter.

In order to avoid payment of penalty for exceeding the Contract Demand, the Ministry of Railways (MoR) directed (February 2000[183]) the General Managers of all Zonal Railways to monitor the maximum demand at each supply point on regular basis. It further advised to revise it to the desired level based upon the Agreements and Tariffs of Electric Supply Companies once in two years or earlier. MoR reiterated (January 2011) these instructions to all the Zonal Railways for compliance.

4.2.1 North Eastern Railway

Examination of records of Sr. Divisional Electrical Engineer/Traction Distribution, Lucknow and Varanasi Divisions of NER revealed that in case of four Traction Sub stations (TSS)[184] the actual consumption of electricity was much higher than the Contract Demand. As a result, penalty charges amounting to ₹ 16.87 crore during the period August 2016 to July 2018 were levied on NER. The details indicated in **Annexure 4.2.**

Audit further noted that there were delays at both stages viz., assessment and requesting for increase in the Contract Demand from 5,000 to 10,000 KVA for the four TSSs and follow up with Suppliers for effecting the increase in CD. The details indicated in **Table 4.1**.

Table 4.1

TSS	Date of request for increasing CD from 5000 to 10000 KVA	Remarks
Baruachak	July/August 2016	Increased in November 2017 after 12 months.
Gorakhpur	August 2016	Not increased till July 2018 i.e., until when the TSS became open access[185].
Govind Nagar	January 2017	Increased in September 2017 after 7 months.
Nunkhar	No request made.	Not increased till July 2018 i.e., until when the TSS became open access.

Audit also noted that the NER Administration in violation of the manual did not include the 'Notice period clause' in the agreements entered with the Electricity Suppliers. In the absence of this clause, NER Administration failed to enforce the timely altering of the CD within a period of 4 to 6 weeks as provided in the IR Traction Manual.

[183] MoR's letter No. 2000/Elect/150/1 dated 22 February 2000
[184] Baruachak, Gorakhpur, Govind Nagar and Nunkhar.
[185] Under open access system there was no need for maximum demand for an individual TSS.

Thus, had NER Administration taken effective steps to review the CD of all these four TSS, the penalty of ₹ 16.87 crore paid to the Suppliers could have been avoided.

4.2.2 Northern Railway

Review of electric energy bills of the seven TSSs for the period May 2013 to June 2018 revealed that in all the TSSs[186], the Maximum Demand exceeded the Contract Demand. Increase in Maximum Demand over Contract Demand ranged between 2,100 kVA (70 *per cent* of Contract Demand)[187] to 5,056 kVA (101 *per cent* of Contract Demand)[188]. Even after revision of the Contract Demand, the Maximum Demand exceeded the revised Contract Demand. Increase in Maximum Demand over the revised Contract Demand ranged between 954 kVA (19 *per cent of* revised Contract Demand)[189] to 2,722 kVA (45 *per cent* of revised Contract Demand)[190]. Thus, assessment of Contract Demand and its revision was not made correctly.

There were delay at stages viz., assessment and requesting for increase in the Contract Demand in five TSSs and also follow up with Electric Supply Companies for enhancing the Contract Demand. Details indicated in **Table 4.2.**

Table 4.2

TSS	Date of request for revising/increasing Contract Demand sent to Electricity Supply Companies	Remarks
SYC	06 March 2016 (3000 kVA to 6000 kVA)	Contract Demand revised (increased) in February 2017 (11 months)
GRMR	05 April 2016 (3000 kVA to 5000 kVA)	Contract Demand increased in March 2017 (11 months)
SYW	18 November 2013 (5000 kVA to 8000 kVA)	Contract Demand increased in June 2015 (19 months)
	12 December 2015 (8000 kVA to 10000 kVA)	Contract Demand increased in March 2017 (15 months)
SLN	18 November 2013 (5000 kVA to 8000 kVA)	Contract Demand increased in June 2015 (19 months)
SVZ	19 November 2013 (5000 kVA to 8000 kVA)	Contract Demand increased in June 2015 (19 months)
BOY	Contract Demand not revised, Processed for Open Access	
AMS	Contract Demand revised lastly in April 2007	

186 TSS/Amausi (AMS), TSS/Sultanpur (SLN), TSS/Sindurwa (SYW), TSS/Sarai Chandi (SYC), TSS/Garhi Manikpur (GRMR), TSS/Bhadohi (BOY) and TSS/Sarai Harkhu (SVZ)
187 TSS at GRMR
188 TSS at SYW
189 TSS at GRMR
190 TSS at SYC

Actual consumption of electricity was much higher than the Contract Demand. As a result, penalty charges amounting to ₹ 15.16 crore were levied during the period May 2013 to June 2018[191]. Details indicated in **Annexure 4.2.**

Northern Railway Administration stated (December 2020) that trend of Maximum Demand was analyzed and if Maximum Demand bursting was observed regularly then application for enhancement of Maximum Demand was initiated. It further stated that a standard procedure was required to be followed at Divisional and Headquarter level including vetting of case from Accounts and obtaining approval of competent authority. This normally takes time since examination of the case was involved at all stages. Also, during single line electrification, it was difficult to exactly assess the initial demand of any TSS as the load was shared by various TSSs.

Reply of Northern Railway Administration was not acceptable. Railway Authorities had not correctly assessed the initial Contract Demand and while requesting for enhancement of Contract Demand. Maximum Demand exceeded the Contract Demand in all the TSSs checked in audit.

These matters were referred to MoR in August/ September 2021. In case of NER, Ministry stated (November 2021) that Railway Administration not only took all necessary steps on time regarding increasing the CD of all four TSS but also saved ₹ 18.42 crore in respect of Gorakhpur and Baruachak TSS by not accepting the revised estimate of the electricity suppliers for upgrading the CD.

The reply of MoR was not acceptable as NER Administration took more than one year time to get the CD increased from 5000 to 10,000 KVA for Baruachak and Govind Nagar TSSs and continued to pay the penalty charges. With regard to Gorakhpur and Baruachak TSSs, the saving amount claimed by MoR also included refundable security deposit charges. Further, the reply of MoR is silent on non-inclusion of Notice Period clause in the agreements entered into with the electricity suppliers. No reply was received (November 2021) in respect of Northern Railway.

[191] From July 2018, traction power was procured through Open Access and all TSSs connections taken from UPPCL have been disconnected.

4.3 Procurement of Pantographs for Passenger Electric Locomotives at higher rate: Chittranjan Locomotive Works

CLW procured 400 Direct Air Raised Pantographs for high speed Passenger Locomotives at exorbitantly higher rates than the rates of regularly procured AM 92 type Pantographs which resulted into a loss of ₹ 7.65 crore.

A Pantograph is a movable apparatus mounted on the roof of electric train to collect power through contact with an overhead tension wire. Chittranjan Locomotive Works (CLW) procured Pantographs from approved vendors[192]for manufacture of passenger and freight electric locomotives.

As per Railway Board's instructions regarding stocking of new items (October 2015), it was recommended to purchase new items in part quantity of the requirement rather than initial purchase based on annual contract basis. Further, forecasting techniques should be utilised to avoid unnecessary inventory built up.

For the production period 2015-19, CLW placed orders for 1005 AM-92 type Pantographs[193] from the two sources viz. M/s Contransys Private Limited, Kolkata (905 nos.) and M/s Stone India Ltd, Kolkata (100 nos.). During the four years the Total Unit Rate (TUR) for AM-92 type pantographs ranged between ₹ 93,975 to ₹ 1, 28,419**.**

Audit noted that for the production year 2018-19, CLW decided (October 2017) to float tender for procuring 400 Direct Air Raised type Pantographs as a new item. Subsequently, based on the recommendation of the Tender Committee CLW placed (April 2018) a bulk purchase order of 400 new type of pantographs from M/s Schunk Metal & Carbon Private Limited (single approved vendor for this new item) at a TUR of ₹ 3,19,683. This price per pantograph was higher by ₹ 1,91,264 i.e., more than double the rate of the last purchase held in November 2017.

The Tender Committee justified the procurement of the Direct Air Pantographs at higher rates on the grounds that availability of AM-92 Pantograph was poor as one of the suppliers had internal problems and other had limited capacity constraint. TC also stated that the new item had advantages over conventional type of pantograph as it not only gave aerodynamic stable behavior in operation but also improved the current

[192]Three firms as in October 2017 viz., M/s Stone India Limited; M/s Contrasys Pvt. Limited; M/s Schunk Metal &Carbon (I) Pvt Limited for procurement of passenger locomotives.
[193] As per specification of CLW- CLW/ES/P-5/F

collection. TC also recorded that the use of conventional type Pantograph was henceforth discontinued in the world.

Audit noted that the justification of the Tender Committee for purchase of bulk quantity of 400 Nos at a much higher rate was not proper. The fact that total annual quantity procured each year during past three years[194] had not exceeded 230 units and there was no significant increase in the production plan indicated that the bulk purchase decision of a costlier pantograph lacked prudence. This was also in violation of the instructions of Railway Board of October 2015.

The production target for manufacture of Passenger Locomotives during the years 2017-18 and 2018-19 was only 115 and 100, respectively. Thus, the annual requirement was not more than 230 (Two per engine) for 2017-18. As of July 2021, an inventory of 84 Nos of Direct Air Pantographs (21 *per cent*) was still lying in the stock unused.

Audit also noted that in February 2019, CLW reverted to the purchase of AM 92 pantographs. CLW placed purchase orders for procurement of 461 AM 92 Pantographs on M/s Contrasys Pvt. Limited at a unit rate of ₹ 1, 57,605 (only 51 *per cent* of the rate of Direct Air Pantograph).

The advantages of procuring Direct Air Pantographs were not established as CLW, subsequently, discontinued procuring direct air pantographs and 21 *per cent* inventory of direct air pantographs was still lying unutilized.

Thus, the decision of CLW to procure huge quantity (400 Nos) of Direct Air Pantographs from a vendor, as new item, resulted in procurement of the item at higher cost by ₹ 7.65 crore (400 sets x ₹ 1, 91,264).

The issue was raised with Ministry in September 2021. Ministry of Railways in its reply stated (November 2021) that availability of Passenger Pantographs became very critical due to closure of M/s Stone India Limited. For ensuring availability of material, it was necessary to place order on additional source at that time. It was not prudent to depend on single source after closure of M/s Stone India Limited. Further, as the two types of pantographs were of different design, it would not be proper to compare the cost of spring operated pantograph with direct air raised pantograph. Ministry of Railways further stated that the decision was taken as one time measure.

The reply of the MoR that availability of Passenger Pantographs had become very critical was contrary to the fact that it had placed orders for procurements in bulk rather than to procure quantity for maintaining buffer stock to avoid

[194] 2015-16, 2016-17 and 2017-18.

inventory reaching critical levels. A scrutiny of bin card revealed that stock of AM 92 pantographs in hand as of November 2017 was 36 which was equal to at least three months of the production of passenger locomotives.

Moreover, TC neither deliberated about the decision as one time measure nor conducted any cost benefit analysis of the Direct Air Pantographs. As of July 2021, out of 400 Direct Air Pantographs procured by CLW for Locomotives production, 84 were lying unused in stock and 144 were issued to other Zonal Railways without any specific demand of Direct Air Pantograph from Zonal Railways. CLW had also subsequently ordered bulk quantity of 461 regular pantographs (AM 92) instead of direct air pantographs.

4.4 Short deduction of Income tax at source from contractor and discrepancies in payment to contractor: East Central Railway

Payment of ₹ 18.66 crore was made to a contractor on PAN number of another firm which had not entered into any agreement with the Railway Administration. As a result, there was short deduction of Income tax of ₹ 3.24 crore.

As per the Income Tax Act,[195] in cases, where the Permanent Account Number (PAN) provided to the tax deductor is invalid or does not belong to the tax deductee, it shall be deemed that the deductee has not furnished his PAN. In such cases tax at source shall be deducted at the rate of 20 *per cent*.

The IT Act also stipulated that the tax deductee shall furnish his PAN to the tax deductor and both shall indicate the same in all the correspondence, bills, vouchers and other documents that were sent to each other.

East Central Railway (ECR) Administration entered into an agreement with M/s. Young Bengal Co-operative Labour Contract Society Limited, Kolkata (Contractor). This agreement was for six works related to mechanized cleaning of coaches, watering of coaches, cleaning of station and circulating area, housekeeping of entire Railway station *etc*. at different locations of Pt. Deen Dayal Upadhayaya Division from 2014-15 to 2018-19.

Audit noticed that for all the six works awarded to Contractor, the payment was made through PAN 'X'. Audit, however, noted that the PAN used for payments was issued by Income Tax Department in the name of another firm M/s Young Bengali Co-operative Labour Contract Society Limited, Chandauli. A total amount of ₹ 18.66 crore was paid to the contractor during November

[195] Section 206AA(1)

2014 to April 2019 using the invalid PAN 'X' which was registered in the name of another firm.

Thus, PAN used by the tax deductor (Railway Administration) to deduct the Income Tax from the tax deductee (contractor) did not belong to the tax deductee. Railway Administration had deducted only 2 *per cent* Income tax at source from the payment made to the deductee, whereas, in terms of Income tax Act provision, in such cases, TDS should have been deducted at the rate 20 *per cent*. As a result, there was a short deduction of income tax of ₹ 3.24 crore from the contractor bills.

Audit also noted that as per data generated through IPAS (Railway IT Application), the payments were made to M/s Young Bengal Co-operative Labour Contract Society Limited, Kolkata with PAN 'X' (PAN of another firm *i.e.* M/s Young Bengali Co-operative Labour Contract Society Limited, Chandauli). Whereas Form 16A was issued by the Railway Administration to M/s Young Bengali Co-operative Labour Contract Society Limited, Chandauli which had not entered into any agreement with the Railway Administration.

The issue was raised with Ministry in September 2021. Ministry of Railways in it's reply stated (November 2021) that, ECR Administration has decided (November 2021) to hand over the matter to Vigilance for detailed enquiry and subsequent action.

Thus, in view of payment of ₹ 18.66 crore made through PAN of another firm and on the basis of provision of Rule (I) of 206AA, Railway Administration had made short deduction of income tax at source of ₹ 3.24 crore from the contractor bills.

4.5 Purchase of Dress materials even after issuance of instructions by Ministry of Railways for payment of Dress Allowance: West Central Railway and South Central Railway

On the recommendations of 7th Central Pay Commission, Ministry of Railways issued instructions in October 2017 for payment of Dress Allowance to the employees in lieu of Dress materials. However, the Zonal Railway Administrations did not cancel/short close the existing Purchase Orders of ₹ 2.16 crore for Dress Materials despite MoR's instructions of October 2017. They issued fresh Purchase Orders for Dress materials of ₹ 1.15 crore to the firms after October 2017. Procurement of Dress materials of ₹ 3.31 crore after issue of MoR's instructions was irregular. In some cases, dual benefits (i.e. Dress materials as well as Dress Allowance) were extended to the employees.

Prior to October 2017, the railway employees were issued Uniform and related allowances such as Kit Maintenance Allowance, Shoe Allowance, Uniform Allowance, Washing Allowance *etc.* as per extant instructions issued by the Ministry of Railways (MoR). Consequent to the implementation of the 7th Central Pay Commission recommendations, the uniform-related allowances subsumed in a single Dress Allowance. Accordingly, in October 2017, MoR issued instructions[196] for grant of Dress Allowance[197] to different category of employees in July each year with effect from 1st July 2017.

Dress Allowance of ₹ 5,000 per annum was fixed for the category of staff, who were required to wear regular uniform like Trackmen, Running Staff, Staff Car Drivers, MTS, Canteen Staff *etc*. are to be credited to the salary in the month of July every year.

Audit reviewed the records[198] of Store Depots of Kota, Bhopal (BPL) and Jabalpur (JBP) Divisions of West Central Railway and observed the following:

After issue of MoR's instructions, four Purchase Orders of ₹ 0.34 crore for procurement of Dress materials were placed in February 2018, March 2018 and June 2018. Placement of Purchase Order by Zonal Railway Hqrs/Jabalpur for purchase of Dress Materials and the extension of delivery period was not in order. Audit observed that Dress/Dress materials valuing ₹ 1.41 crore[199] (including ₹ 0.34 crore against fresh orders) were received up to August 2018 from the suppliers even after issue of MoR's instructions.

[196] Vide Circular No. RBE 141/2017 dated 3 October 2017
[197] covering all the type of dress both summer and winter and related allowances
[198] Tally Book/ledger books maintained in the Store Depots
[199] Kota Division - ₹ 0.39 crore, BPL Division - ₹ 0.54 crore, JBP Division - ₹ 0.48 crore

The Senior Divisional Material Manager/Kota had requested (November 2017 to September 2018) the Zonal Railway Hqrs/WCR for cancellation of existing Purchase Orders and for issue of guidelines for disposal of received uniform material. However, no action was taken by the Zonal Railway Headquarters.

Audit reviewed the records for the period from October 2017 to June 2018 in respect of 924 employees in Bhopal Division and 610 employees in Jabalpur Division. Audit observed that in all 924 cases[200] (100 *per cent)* in Bhopal Division and in 292 cases (47 *per cent*) in Jabalpur Division, both the Dress Allowances and Dress materials were released to the employees. Thus, in Jabalpur and Bhopal Division, dual benefits i.e. Dress materials and Dress Allowances of ₹ 0.61 crore[201] were extended to the employees. In Kota Division, only Dress Allowances were paid to the employees and Dress materials valuing ₹ 0.39 crore is lying in stock.

FA&CAO (F&B)/WCR had issued (December 2017) instructions to the Divisional Accounts Offices that as the procurement of Dress materials for 20l7-18 and 2018-19 (Summer) have been issued; therefore Dress Allowance for 2017-18 and 2018-19 (Summer) is not to be made. Divisional Authority/Bhopal stated (November 2020) that no recovery has finally been effected in view of the representations from the employees association/labour unions.

Matter was referred to West Central Railway Administration in November 2020. In reply, they stated (June 2021) that Railway Administration had decided to procure and distribute the uniforms of winter 2017 and summer 2018 and to implement the payment of Dress Allowance w.e.f. July 2018. Payment has been made by the Divisions/field units in line with MoR's instructions after matter was raised by labour unions in different PNMs[202]. Further, MoR has stated (February 2018[203]) that 7th CPC recommendations on Dress Allowance did not comment on liquidation of uniform stock procured/under procurement prior to payment of Dress Allowance.

The reply was not acceptable. Para 4 of MoR's instructions clearly stipulates that 'With the payment of Dress Allowance, categories of staff that were earlier being provided uniforms will henceforth not be provided with uniforms.' Hence, only Dress Allowance was to be paid to the employee wef 1st July

[200] 223 Employees received Dress materials along with Dress Allowance for 2017-18, 701 Employees received Dress materials along with Dress Allowance for 2018-19

[201] 1,216 Employees (924 Employees in BPL+292 Employees in JBP)* ₹ 5,000 = ₹ 60.80 lakh (say ₹ 0.61 crore)

[202] Permanent Negotiating Machinery

[203] MoR's letter No. PCVII/2018/I/7/5/1 dated 15 February 2018

2017. MoR, while issuing the instructions, failed to issue instructions to Zonal Railways for disposing of the Dress materials already procured/lying in stock in Stores Depots and the Purchase Orders already placed on the firms for supply of Dress materials.

Audit examined the implementation of MoR's instructions in South Central Railway. Three Purchase Orders for Dress materials of ₹ 0.81 crore were placed in November 2017. Audit observed that dress materials valuing ₹ 1.90 crore (including ₹0.81 crore against fresh orders) were received after October 2017.

Thus, procurement of Dress materials of ₹ 1.15 crore through fresh purchase orders after issue of instructions of MoR for payment of Dress Allowance to the employees was irregular.

The matter was referred to the MoR in September 2021; the reply was not received (November 2021).

DChakrabarty

New Delhi **(DOLLY CHAKRABARTY)**
Dated: 21 December 2021 **Deputy Comptroller and Auditor General**

Countersigned

New Delhi **(GIRISH CHANDRA MURMU)**
Dated: 27 January 2022 **Comptroller and Auditor General of India**