

## Overview

The Audit Report consists of audit findings relating to compliance issues in respect of the Ministry of Railways and its various field units. The Audit Report includes two pan India paragraphs and 31 individual paragraphs. A brief overview of the important audit findings and conclusions is given below:

### **Para 2.1 Punctuality and travel time in train operations in Indian Railways**

The salient findings emerging from the review were as follows:

- (i) Audit found no perceptible improvement in mobility outcome indicators despite significant investments of ₹ 2.5 lakh crore for infrastructure during the last decade (2008-19). Audit found 0.18 *per cent* improvement in punctuality performance of Express trains, 0.61 per cent improvement in the average speed of Express trains and decrease of 9.72 per cent in the average speed of Goods trains. Further, as against the contribution of 51 per cent of five critical factors (Path, Traffic, Engineering, Block and S&T), only 19.81 per cent of expenditure was made against these factors.
- (ii) The target dates for achieving the speed of 160 kmph kept getting revised from 1960 onwards.
- (iii) As a rule, to ensure safety, only one train should run in a block section at a time. However, to accommodate higher number of trains in the time table, more than one train are scheduled in a block section. This is referred to as Conflict. A conflict results in providing precedence to one train over other and requirement of additional allowances. The current Working Time Table for the New Delhi- Howrah route has around 12,500 conflicts. It is possible to achieve 100 *per cent* punctuality in the revised timetable.
- (iv) As per this time table, an average saving of ~2.5 hours (ranging between 64 to 386 minutes) is possible within existing resources for trains cleared for 130 kmph running between NDLS – HWH stations. Similarly, an average saving of ~5.5 hours (23 per cent) is possible for 110 kmph trains. By grouping trains with similar speeds and conducting maintenance activities during off-peak hour/night time, wherever feasible, Indian Railways can further improve these savings.
- (v) An average saving of 22-25 minutes is determined for every 100 Km run of a train cleared for 110 kmph on the most congested route. For trains cleared for 130 kmph, the possible average savings per 100 Km is 10-12 minutes.
- (vi) Availability of sufficient capacity on the route can run all passenger carrying trains punctually and also can handle additional freight traffic. Audit found

significant differences between figures claimed and simulated, indicating over pitching of line capacity utilization.

## Recommendations

### *Ministry of Railways may consider;*

- *to fix a target date by which IR will achieve the desired increase in the average and maximum speed of Passenger and Freight trains in their network and strive to achieve it.*
- *to prioritise the usage of integrated corridor blocks so that effective maintenance of assets of all the departments are carried out with minimal disruption to operations.*
- *to address critical factors of detention with commensurate expenditure on track alignment, track renewal, signaling, doubling work etc.*
- *to prescribe the norms for traffic recovery time for reducing the higher allocation of traffic allowance and sub-optimal utilization of infrastructure and resources.*
- *to work out an implementation strategy for a freight service time-table to ensure guaranteed delivery time of consignments to customers.*
- *to prepare the Time Table on scientific basis which would lead to generation of additional paths for passenger/freight trains. This would also lead to correct assessment of line capacity utilization.*

### **Para 2.2 Loss on account of non-realization of Service Tax from licensees: West Central Railway and Southern Railway**

Ministry of Railways issued detailed instructions (September/October 2012) regarding levy of Service Tax from the licensees on Goods, Passenger, Parcel and other Auxiliary Services. West Central Railway Administration, however, failed to levy Service Tax from the licensees during the period April 2011 to June 2017. As a result, Indian Railways suffered a loss of ₹5.41 crore as Railway Administration made payment of Service Tax demand from its own earnings. Similarly, Southern Railway Administration made service tax payment of ₹ 22.02 crore from its own earnings.

### **Para 2.4 Non-levy/ non-collection of shunting charges from the siding owner: East Central Railway**

ECR did not follow Railway Board's instructions regarding levy of shunting charges. Consequently, Railway suffered a loss of ₹ 18.37 crore.

### **Para 2.6 Loss due to allowing excess free time for loading operations in open wagon rakes in a fertilizer siding: West Central Railway**

West Central Railway Administration did not implement the instructions of Ministry of Railways (MoR) for allowing restrictive free time in case of combination of manual and mechanized loading. Against allowable five hours free time for loading, free time of nine hours were allowed in a fertilizer siding. Allowing excess free time for loading operations resulted into short realization of demurrage charges of ₹ 2.32 crore during September 2013 to February 2020.

### **Para 3.1 Implementation of Dedicated Freight Corridor Project in Indian Railways**

Audit test checked issues related to execution of four stretches (1486 Km).

Major audit findings were as follows:

- (i) Dedicated Freight Corridor Corporation of India Limited (DFCCIL) could not fully utilize the World Bank fund resulting in payment of avoidable commitment charges to the tune of ₹16 crore.
- (ii) The only source of revenue for the DFCCIL is the user charge or 'Track Access Charge' (TAC). As per TAC approved by MoR in December 2018, "Return on Equity" would not be payable by MoR to DFCCIL as long as the Indian Railways is the sole user. DFCCIL had to repay the debt of ₹ 589.85 crore till March 2021 out of the equity funded by MoR, as no TAC was accrued to DFCCIL.
- (iii) Deficiencies in planning for maintenance of rolling stock for DFC, delay in up-gradation of feeder routes and adoption of different moving dimensions in Eastern and Western DFCs.
  - Despite expressed constraints for maintenance with the existing infrastructure of Indian Railways, no maintenance facility was created by the DFCCIL.
  - Out of total 4844 Route Km, 2346 Route Km (48 *per cent*) of feeder routes were upgraded till November 2020.
  - Adoption of different moving dimensions (double stack container movement in WDFC and single stack in EDFC) restricted the inter-portability of traffic between EDFC and WDFC, due to difference in height of overhead traction equipment and loading standard.
- (iv) DFCCIL incurred avoidable expenditure to the tune of ₹ 285.21 crore due to incorrect assessment of land and delay in payment of compensation/award to project affected persons.

- (v) The progress of the project got adversely affected due to delay in awarding of contracts and delay in appointment of consultants.
- In WDFC, there was delay of more than 21 months in awarding of contract. The delays in EDFC ranged between 13 and 25 months.
  - Abnormal delay upto 32 months was noticed in appointment of consultants for processing and finalization of tender and supporting DFCCIL in overseeing execution of the project.
  - DFCCIL incurred extra expenditure of ₹98.27 crore due to extension of currency of consultancy contracts as a result of delay in awarding of contracts and slow progress of works.
- (vi) Several extensions of currency of contract were granted due to delay in handing over of land to the contractors, finalization of design and shifting of utilities. DFCCIL incurred avoidable extra expenditure of ₹ 2233.81 crore till March 2021 towards price escalation due to delay in completion of project.
- (vii) There was a delay in recovery of mobilisation advance from the contractors concerned due to slow progress of works, resulting in avoidable loss of interest to the tune of ₹ 82.17 crore.

### **Recommendations**

#### **Ministry of Railways may consider -**

- **Fixation of track access charges with provisions for return on equity in accordance with the terms and conditions of Concession Agreement with DFCCIL.**
- **Expeditious upgradation of feeder routes and finalize strategy for maintenance of rolling stock of DFC.**
- **Necessary action plan to ensure adherence to the target for progress of works and optimal utilization of borrowed fund to avoid payment of commitment charges.**
- **Initiating necessary action to monitor actively the progress of DFC works to avoid further slippage of targets and cost.**

#### **Para 3.3 Unfruitful expenditure in construction of Grade Separator due to non-compliance of Railway Board's directives: Northern Railway**

Ministry of Railways had issued instructions for ensuring clear sites of work before awarding the contracts. Northern Railway Construction Organization awarded the contracts for work of construction of Grade Separator without ensuring clear sites of work. There were encroachments in both the entry sides. Due to encroachments, the work could not be completed even after 10 years

from its sanctioning. Capital expenditure of ₹ 71.50 crore incurred on the work till 31 March 2021 remained unfruitful.

**Para 3.5 Non-recovery of cost of Commercial staff posted in the siding: Central Railway**

Central Railway Administration, due to weak internal control, failed to recover the cost of commercial railway staff posted in private sidings from 35 siding owners (including 13 private parties). The outstanding recovery of ₹ 23.92 crore pertained to intermittent periods during August 2008 to March 2020.

**Para 3.8 Non-recovery of Repair and Maintenance Charges from Private Sidings: South Western Railway**

South Western Railway Administration failed to comply with the codal provisions and specific clauses of Private Siding Agreement issued by Ministry of Railways in July 2005. This resulted in non-recovery of ₹ 8.84 crore towards Repair and Maintenance charges from 11 Private Sidings of Bangalore Division.

**Para 3.9 Improper planning for setting up of Mid-Life Rehabilitation Workshop of coaches at Anara led to unproductive expenditure: South Eastern Railway**

Ministry of Railways approved (February 2010) setting up a Mid-Life Rehabilitation workshop at Anara in South Eastern Railway. The project was however dropped (September 2017) by MoR due to absence of committed funds. As a result, preliminary expenditure of ₹ 8.42 crore incurred on the project was rendered unproductive.

**Para 3.11 Failure to implement Ministry of Railway's orders resulted in damage to railway cables: South Eastern Railway and West Central Railway**

South Eastern Railway and West Central Railway Administrations failed to ensure the conditions stipulated in Joint Procedure Order related to digging work in vicinity of Signalling Electrical & Telecommunication Cable. As a result, the Zonal Administrations could not impose penalty amounting to ₹7.11 crore on contractors in 537 cases of cable cut.

**Para 3.13 Infertuous expenditure on capital infrastructure: South Western Railway**

South Western Railway Administration without ensuring availability of land for the approach roads from the State Government entered into a contractual obligation for construction of a four lane Road Over Bridge (ROB). This

resulted in infructuous expenditure amounting to ₹ 16.84 crore (Railway share ₹ 7.06 crore) on creation of ROB without availability of land for approach roads.

**Para 3.18 Imprudent decision of opting for Freight Advance Scheme resulted into loss of interest: Container Corporation of India Limited (CONCOR)**

CONCOR India Limited opted for Freight Advance Scheme of MoR and paid an advance of ₹ 3,000 crore to the Railways without properly evaluating benefits accruing to the Company. For payment of the advance, the Company encashed Fixed Deposits of ₹ 2,300 crore and took a working capital loan of ₹ 700 crore at the interest rate of 8.45 *per cent* per annum. Subsequently, the Company opted out of the Scheme. This resulted in loss of interest amounting to ₹ 85.69 crore to the Company.

**Para 3.21 Infructuous payment of spectrum charges: RailTel**

RailTel made a payment of ₹ 13.82 crore to Ministry of Communications during the period October 2006 to September 2018 towards royalty charges for the spectrum allocated. However, RailTel did not utilise the Spectrum allotted as no rollout plan existed for the utilization of the spectrum. As the spectrum allocated had been surrendered without its utilisation, the amount of royalty paid amounting to ₹ 13.82 crore had become infructuous.

**Para 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 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.

**Para 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 in avoidable payment of penalty of ₹ 16.87 crore by North Eastern Railway and ₹ 15.16 crore by Northern Railway.

**Para 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 7<sup>th</sup> Central Pay Commission, MoR issued (October 2017) instructions 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 for Dress Materials, instead fresh Purchase Orders for Dress materials were issued. Procurement of Dress materials of ₹ 1.15 crore after issue of MoR's instructions was irregular. Dress materials procured were also lying in stock at Stores Depots.