

Gist of important Audit Paragraphs from the Report of the Comptroller and Auditor General of India – Union Government (Railways) for the year ended 31st March 2015 and Status Report on pending Action Taken Notes (ATNs).

1. Railway Audit Report No.24 of 2015- Volume I (Compliance Audit)

Para 2.1: Review on ‘Management of Private Sidings in Indian Railways’

Sidings are constructed to eliminate handling of goods at the stations as well as local haulage between the place of production/ consumption and Railway station. A detailed study of the 293 private sidings out of 835 in the Indian Railways has been conducted in audit. Important findings highlighted in the Report are mentioned below:

- Railway dues amounting to ₹241.58 crores remained outstanding for recovery from the siding owners on account of Siding charges, land license fee, maintenance charges, shunting charges, damage & deficiency charges etc.
- Demurrage charges amounting to ₹2,004.35 crore accrued during the period April 2009 to March 2014 on account of detention of rakes in the siding as a result of lack of facilities in the sidings for handling the rakes for loading/unloading. Out of this, ₹1,338.40 crore were realized and ₹603.38 crore (30 per cent) were waived off leaving ₹62.57 crore remaining to be recovered from siding owners as on 31 March 2014.
- Out of 49 sidings notified for closure during 2009-14, the closure notifications were issued after more than 10 years of stopping of operations in 19 private sidings. An amount of ₹59.70 crore was outstanding since March 2012 on account of land license fee, dismantling charges in respect of eight closed sidings in two Zonal Railways.
- As many as 76 private sidings were not in operation for a period of more than 10 years, no action has been taken by the Railway Administration for closure of these sidings. An amount of ₹45.47 crore was outstanding on account of all recoverable dues from the siding owners against 19 such sidings.
- 76 private sidings are yet to have a weighbridge in their premises despite Railway Board’s instructions to this effect in 2004. In respect of 44 sidings, there was weighbridge neither at the siding premises nor at any en route station. In respect of 32 sidings en route weighing facilities was provided at distance ranging between 3 to 390 kilometers from the siding premises enhancing the risk of overloading and damage to track.

Para 2.2: Liberalized Active Retirement Scheme for Guaranteed Employment for Safety Staff (LARSGESS)

The ‘Liberalized Active Retirement Scheme for Guaranteed Employment for Safety Staff (LARSGESS)’ was notified by Ministry of Railways (Railway Board) on 2 January 2004. The scheme provided for employment of a ward of an employee belonging to a specified category, subject to conditions laid down, in lieu of the employee seeking voluntary retirement. Important audit findings related to this scheme are highlighted as under:

- Recruitments under LARSGESS were made in violation of the conditions viz., (a) eligibility condition is to be the same as prescribed for direct recruitment, and (b) suitability of wards was to be assessed in the same manner as was being done in the case of direct recruitment, prescribed by Indian Railways itself. In the 10,086 test checked appointments out of total appointments of 24,848 during January 2011 to March 2014, 7,860 (80 per cent) appointments were made by diluting one of more of these conditions.
- LARSGESS was implemented without consultation with Department of Personnel and Training (DoPT) and also without approval of Cabinet of the Union of India.

Para 2.3: Fake Indian Currency Notes received through station earnings on Indian Railways

In Indian Railways, there are 8,666 booking locations, where cash transactions take place through ticket bookings/ refunds, parcel booking etc. Audit reviewed the issues relating to receipt of Fake Indian Currency Notes (FICNs) through these locations and procedure adopted by Railway authorities for dealing with the FICNs.

Audit noticed that total debits of ₹92.33 lakh were raised as on July 2014 by banks/ cash offices on these selected stations for remitting Fake Indian Currency Notes (FICNs). Though major portion (78.60 per cent) of the debits was made good by the concerned booking staff, the procedure adopted by the railway authorities for dealing with the FICNs was not as per the procedure laid down in Cash and Pay Manuals of the Railways. This also led to possibility of recirculation of FICNs in open market. In case of three Railways (CR, ER, WR), concerned station authorities intimated to Audit that the FICNs were destroyed by the station staff, whereas these should be handed over to the Chief Commercial Superintendent of the Division for impounding.

Para 2.4: Loss of revenue due to faulty agreement between Western Railway and Project Railway

Agreement for revenue sharing between the Western Railway and Kutch Railway Company Limited (KRCL) on the Gandhidham-Samkhiyali-Palanpur stretch was disproportionately framed in favour of KRCL, depriving the Western Railway of revenue to the extent of ₹300.21 crore in the period July 2006 to March 2014. Other port lines like Pipava Railway Corporation Limited and Bharuch Dahaj Railway Company Limited provide for equitable sharing on 50:50 basis. Railway Board also did not respond to the anomaly pointed by Western Railway in this regard in July 2012.

Para 2.5: Rationalization order issued by Railway Board containing contradictory provisions led to loss of revenue amounting to ₹98.68 crore

Audit noticed that traffic booked from cement sidings on Jabalpur Division of WCR were being charged freight via shortest route. While issuing the rationalization order (August 2012), Railway Board failed to exercise due diligence by not rationalizing the actual carried route. Due to contradictory conditions in the rationalization order regarding utilization of a particular route for movement of goods trains, freight was being charged via shortest route instead of actual carried longer route. The rationalization order has been amended (February 2014) only after being pointed out by Audit in August 2013. Failure of rationalization of actual longer route resulted in loss of revenue of ₹88.22 crore for the period from 20 August 2012 to 12 February 2014 besides loss of ₹10.46 crore due to less loading of wagons on the rationalized route as proposed by WCR.

Para 4.1: Functioning of Research Designs and Standards Organization (RDSO) Lucknow

RDSO is responsible for development of new technology and up gradation of existing technology for Indian Railways. It is also involved in development of new vendors for procurement of safety and safety related items including up gradation and down gradation of the existing vendors. In IR, Zonal Railways/ Production Units used to procure safety and safety related items through these approved vendors.

Audit reviewed the functioning of RDSO and concluded that it has been focusing less on its primary function of Research and Development (R&D) activities and more on subsidiary functions like Vendor Development & Inspection and Design activities despite repeated recommendations/ instructions of the Railway Board. Detailed scrutiny of records of 15 selected R&D projects, undertaken at RDSO, revealed that 11 projects were completed with the delay ranging from 10 to 82 months whereas two projects could not be completed till March 2014 even after expiry of six years of date of completion. Audit also noticed that RDSO did not have required in-house expertise to undertake R&D projects and had to remain dependent on outside experts to carry out its primary functions of R&D activities.

Para 4.2: Functioning of 'Rail Coach Factory (RCF)' Kapurthala

Rail Coach Factory Kapurthala, a coach production unit of Indian Railways was set up in 1986. Initially the production capacity was 1,000 Coaches per annum which was increased to 1,500 coaches per annum in 2010.

- Provisions for new coaching stock in the annual Rolling Stock Programme (RSP) which were to be made at least two years in advance were finalized by Railway Board with delays. Further, Railway Board made frequent changes in respect of the Production programme approved by it as seen in the years 2012-13 and 2013-14 which resulted in the stores/materials worth ₹31.93 crore remaining unutilized.
- Store components valuing ₹21.53 crore were lying unutilized without issue for more than 36 months.
- Delay in dispatching as many as 286 finished coaches resulted in the investment of ₹414.40 crore remaining unfruitful besides an avoidable loss of earning capacity of ₹46.14 crore.

2. Railway Audit Report No.24 of 2015, Volume II (Compliance Audit)

Chapter 1: Review on 'Maintenance of Bridges in Indian Railways'

Across Indian Railway, the existence of a large number of very old bridges identified as due for rehabilitation/ reconstruction is a concern for safe train operations. Audit reviewed the procedure adopted in Indian Railways for rehabilitation/ reconstruction of bridges and important findings were mentioned as under:

- Test check revealed that in 31 bridgeworks, Railway Board took on an average 43 months to sanction the bridgeworks after its identification for rehabilitation. After sanctioning, bridgeworks were completed with an average delay of 41 months. Delay in sanctioning and completion of bridgeworks identified for rehabilitation is a threat to human lives and railway assets during operation of train services on these bridges. Delays in completion of bridgeworks also caused continuation of train operation with speed restriction that led to extra operational cost.

- Budget Grant provided to Zonal Railways was less (average shortfall ₹213.69 crore per year) than that of Budget demanded by Zonal Railways. Average underutilization of ₹60.95 crore per year was also noticed.
- The objective of conducting bridge inspection is to assess the condition of bridges and take corrective remedial measures such as maintenance, rehabilitation, rebuilding etc. Review revealed shortfall in adherence to scheduled inspection of bridges by various levels of inspection authority to the extent of 32.19 per cent. This shortfall may result in a serious bridge condition going unnoticed.

Chapter II: Review on ‘Procurement and Utilization of Track Machines in Indian Railways’

Track machines of various types are being used for performing activities such as tamping of track (packing of ballast below sleepers) and cleaning of ballast, stabilizing of track, laying and handling of rails/sleepers/points and crossings etc. Maintenance of track was being carried out by 743 track machines available with the IR as of March 2014. The projection of requirement of track machines in the Master Plan 2010-20 did not take into account the trend of actual growth of track and adoption of tamping cycle as provided in the manual of IR or based on Track Geometry Index (TGI) criteria. This led to excess procurement of 43 tamping machines and 27 Dynamic Track Stabilizing machines and short procurement of 91 machines (39 Ballast Cleaning Machines, 8 Shoulder Ballast Cleaning Machines and 34 T-28 machines). Targets were fixed either in excess of or less than the requirement. Railway Board failed to frame a comprehensive action plan for indigenous development of track machines as envisaged in vision 2010-20 document.

Chapter III: Review on ‘Provision and utilization of Direction and General Charges provided in Works estimates of Construction Organization in Indian Railways’

Each estimate of major work/projects carried out in IR has provision of Direction and General (D&G) charges to cover the cost of staff engaged and office expenses for execution of work/project. The Railway Board has fixed yardsticks for (a) provision of D&G charges in various works estimates as a percentage of estimated cost of work and (b) creation of Gazetted posts indicating the works to be handled by each post holder in monetary terms. The overall expenditure on work charged establishment should be within the prescribed establishment component of D&G charges. Audit observed that Railway Board has prescribed a flexible system linking the creation of posts to provision of funds under ongoing/sanctioned capital works. Disparity in estimation of cost of staff for creation of work charged posts in Zonal Railways resulted in understatement of capital expenditure to the tune of ₹1,327.59 crore, which impacts the availability of funds for execution of works and delay/reduction in scope of work. Audit noticed that expenditure beyond available provisions in the work estimates were booked to the extent of ₹2,206.43 crore and ₹304.84 crore under various heads of D&G charges leading to reduced fund availability for the work/excess over sanction to that extent.

Chapter IV: Review on ‘Management of vacant land in Indian Railways’

IR owned 4.59 lakh hectares of land (March 2014). Out of this, 47,340 hectare of land had not been put to any use (vacant land- 46,409 hectare and encroached land-931 hectare). IR requires an efficient management to watch safe custody of land available with them and also the land encroached by ensuring clear title, prevention of encroachments and early removal of encroachment of vacant land. This requires maintenance of accurate Land Records. A review of the records of Indian Railways for 2011-14 revealed that out of 16 Zonal Railways, separate Land Management Cells (LMCs) to keep and maintain land records had not been set up in headquarters office of three Zonal Railways and in 37 Divisions of 13 Zonal Railways. Four per cent of total land plans were missing and out of

available land plans (16 per cent) had not been authenticated by State Authorities and 20 per cent land plans had not been digitised. The records connected with land mutation were available only in eight Zonal Railways and there too, only 48 per cent land plans were mutated. Audit observed that Land Record Register were not being maintained in 37 Divisions. The maintenance of Land Boundary Verification Register (LBVR) and Encroachment Inspection Register was also not proper over the IR. The monitoring by IR and joint inspections by IR and State Authorities for managing encroachment was not found to be adequate.

Para 5.5: Deficient planning of South Eastern Railway (SER) Administration for procurement of water led to unfruitful expenditure

Due to lack of foresight of the SE Railway Administration in planning the Water Supply Project for the Kharagpur railway settlement the project has been completed only in parts, even 15 years after it was conceptualized. Provision of both raw and filtered water to the users at Kharagpur railway settlement could not be ensured though an amount of ₹15.30 crore (₹11.38 crore incurred on Radial Collector Well, pipe line, pumps, etc and ₹3.92 crore on sinking and fitting Deep Tube Well at 28 locations) was spent on the project.

Para 5.6: Non-utilisation of Water recycling plants (WRPs) and consequent avoidable expenditure on water charges

In order to reduce the dependence on Chennai Metro Water Supply and Sewerage Board (CMWSSB) and to minimize the cost of water charges, it was decided (November 2007) to install WRP at Coach Depots at Basin Bridge and Gopalsamy Nagar of Chennai Division of SR. Audit revealed failure of SR Administration to comply with rules in connection with verification of credentials and financial ability of the contractor leading to subsequent termination of contracts of civil works and delay in completion of project of commissioning of WRPs. As a result, proposed savings in water charges of ₹10.69 crore could not be achieved and investment of ₹2.83 crore for installation of WRPs at the two depots of SR remained unfruitful.

3. Railway Audit Report No. 29 of 2015 – ‘Fire Accidents in Passenger Coaches in Indian Railways’ and ‘Distribution and Utilisation of Safety Items in Indian Railways’

Chapter 1: Fire Accidents in Passenger Coaches in Indian Railways

The Corporate Safety Plan (CSP) for the period 2003 to 2013 aimed at reduction in fire accidents and consequent fatalities by 80 per cent. During the period 2011-12 to 2013-14, there were 20 fire accidents in passenger coaches and in five accidents alone there were 76 casualties. Major Audit Findings are as follows:

- The number of accidents increased by 160 per cent during 2012-13 and 2013-14 as compared to the number of fire accidents during 2001-02.
- The RDSO, the agency responsible for prescribing specifications for fire retardant materials did not have their own laboratory facilities and the proposal (2006) to create state of the art laboratory is still in nascent stage.
- Factors contributing to the fire accidents were not adequately controlled. Joint Inspection with Railway Officials revealed that exhaust fans were not in working condition in non-AC pantry cars and cooking with open flame in the pantry cars, etc. Automatic smoke/fire detection device in the running trains were not successfully implemented despite need for the same stressed in the 12th Five Year Plan.

- An updated list of emergency contact numbers of nearest fire station, hospital, police station, ambulance service was not available at nine stations. Firefighting units/fire stations maintained by respective State Governments were not available in the neighborhood of 16 stations.

Chapter 2: Distribution and Utilization of Safety Items in Indian Railways

Timely availability and zero failure of safety items has significant impact on safe running of trains and safety of passengers. The review done with focus on the efficiency in distribution and timely availability of safety stores and the effectiveness of monitoring mechanism to ensure their proper utilization. The important findings are:

- The categorization of safety items was not uniform across Zonal Railways and also was not conforming to the heads prescribed by Railway Board.
- Assignment of unique Price List Number was not completed by the Zonal Railways and the stock position of various safety items was not effectively monitored both at the Zonal level and Railway Board level resulting in either shortage of some safety items or procurement of some other items in excess of requirement.
- Delay in submission of estimates upto 32 months and in issue of purchase orders against these estimates ranged between 1 and 37 months. This led to shortage of safety items which not only caused idling of rolling stock but also resulted in extra expenditure due to emergency purchase to recoup the shortfall.
- Instances of failure of safety items were noticed even after inspection by the nominated inspecting agencies, RDSO and RITES. In 16 Zonal Railways and 4 Production Unit, 319 rejection cases worth ₹8.55 crore were noticed. Further, use of inferior quality of safety items caused en-route detachments of coaches/ wagons and detention of rolling stock.

4. Railway Audit Report No. 48 of 2015–Status of Ongoing Projects in Indian Railways

The report includes the results of audit conducted during 2014-15 in respect of examination of records pertaining to the period 2011-14 on different issues relating to (i) Status of Ongoing Projects- New Lines, Doublings and Gauge Conversions (ii) Management of Works Contracts in Indian Railways (iii) Dedicated Freight Corridor Projects and (iv) Modernisation of Signalling and Telecommunication System by Indian Railway Project Management Unit.

Chapter 1: Status of Ongoing Projects-New Lines, Doublings and Gauge Conversions

There were 442 ongoing projects till March 2014. Ministry of Railways, however, considered 362 projects as 'Ongoing' till March 2014 which required ₹10,832 crore for completion of their balance works (throw-forward). Major highlights are as follows:-

- Lack of consistency in prioritization of projects and adhocism in according high priority was seen in the subsequent years. Progress of 23 out of 38 cost sharing projects was less than 50 per cent. Due to delay in completion of projects, the original projected cost of ₹20,597 crore had increased to ₹40,674 crore resulting in increase in financial burden of Railways from ₹10,659 crore to ₹19,936 crore. Further, as many as 75 projects were ongoing for more than 15 years and of them, three projects were 30 years old.
- Despite limited resources, 236 projects were taken up with rate of return less than 14 per cent (prescribed benchmark) and even 126 projects were taken up with rate of return below zero per cent

- The entire expenditure of ₹32.13 crore towards construction of spurs in the construction of Bogibeel Bridge over the river Brahmaputra became wasteful due to deficient planning and design of the spurs. This had also resulted in increase in the length of bridge by 625 meter involving additional expenditure of ₹195.70 crore
- The project of Lumding- Silchar Gauge Conversion sanctioned at an estimated cost of ₹677.75 crore (between 2000 and 2002) witnessed a number revisions due to change in the scope of works, extra expenditure due to deficient planning, escalation and inclusion of five branch lines as Material Modification. These resulted in increase in the estimated cost to ₹5,185.44 crore (March 2014).
- Physical progress on seven out of 11 National Projects in North-East Region ranged between 0 and 34 per cent. The initial cost of these seven national projects increased substantially from ₹7,651.23 crore to ₹20,313.75 crore (265 per cent).

Chapter 2: Management of Works Contract in Indian Railways

Audit reviewed the tenders/contracts covering the period 2011-12 to 2013-14 across all the Zonal Railways mainly to assess the efficiency in management of contracts and execution of works. Major findings are -

- Despite Railway Board's instructions of 2003, e-tendering process was not followed in all cases. Participation of tenderers was inadequate in more than 50 per cent tenders. The average delay of 359 days was noticed in finalization of tenders in respect of 46 per cent tenders.
- Out of 1,215 tenders test checked, 477 tenders were called before completion of preliminary formalities. As a result, there were delays ranging from 5 to 1,405 days in execution of 313 contracts awarded out of these 477 tenders. Extensions granted in a routine manner led to delay in execution of 85 per cent of the contracts in progress/completed.
- Premature termination of contracts due to improper contract management led to blockade of funds and additional payments towards price variation. In 73 per cent arbitration cases, verdicts were against Railways strengthening the perception of improper contract management.

Chapter 3: Dedicated Freight Corridor Project

In April 2005, Hon'ble Minister for Railways announced construction of high capacity, high speed Dedicated Freight Corridors along the golden quadrilateral, separating freight traffic from passenger traffic on trunk routes. MoR approached the Cabinet for approval of the Project Cost at ₹43,293 Crore (with loan from Japan International Cooperation Agency). However, as the financing plan for funding the Eastern Corridor was not submitted, the Cabinet approved (February 2008) to undertake the project at an original estimated total cost of ₹28,181 crore. In December 2013, on the directives of MoR (January 2012), Dedicated Freight Corridors Corporation of India Limited (DFCCIL) authority submitted a revised estimate of ₹81,459 crore. Major audit findings are -

- Review of planning for execution of the project revealed that approaching the Cabinet for 'In Principle Approval' was premature without credible estimates, concrete financing plan and sources of finance.
- MoR took eight years in drawing up and approval of Concession Agreement and six years to finalize detailed project cost in spite of availability of basic data. The Share of MoR had gone up to ₹27,153 crore from initial estimate of ₹9,393 crore.
- An SPV with 100 per cent equity was formed by MoR primarily to avoid any time or cost overrun and to get the project positioned by 2010-11. The Project, which was approved in February 2006 and planned for completion within five years by March 2011, remained incomplete with insignificant physical progress and the purpose of formation of SPV with 100 per cent equity was defeated.

Chapter 4: Modernization of Signaling and Telecommunication System by Indian Railway Project Management Unit

Consequent to a major train accident (20-08-1995) that occurred at Firozabad of Ghaziabad (GZB) – Kanpur (CNB) rail route on account of wrong manual operation of S&T system, Railway Board decided (1995) to modernize S&T system on this route to achieve efficiency and safety in train operations through centralized traffic control. In view of limited General Budgetary Support (GBS) with Ministry of Railway (MoR), a ‘Loan Agreement’ was entered into (August 1997) with a German Government owned Development Bank (KfW) for DM 185,000,000. An SPV called ‘Indian Railway Project Management Unit (IRPMU)’ was set up in May 2003. Study in audit revealed that:-

- The scheduled date of completion of major contract for execution of project was fixed as July 2009. However, the progress of the project was 35 per cent only till July 2009. Changes in the scope of work, post agreement technical issues related to designs, specifications and technologies contributed to slow progress of works. Despite several extensions, the current progress of projects was 69 per cent (December 2014).
- Due to slow progress of works, MoR had paid commitment charges to the extent of ₹28.63 crore to the German Bank (KfW) during 2003-14 due to non-disbursement of loan. In February 2015, the KfW terminated the ‘Loan Agreement’ with the MoR. MoR, decided to complete the balance work utilizing GBS. MoR had assessed (March 2015) the latest anticipated cost of the project at ₹736.81 crore as against the original cost of ₹445.57 crore (increased by 65.36 per cent).

5. Railway Audit Report No. 47 of 2015 - Information Technology Audit of Crew Management System (CMS) in Indian Railways

CMS is an IT application of Indian Railways to manage crew assignment to various trains and to improve efficiency in crew operations, their monitoring and compliance with safety requirements and to improve financial management. CMS project was sanctioned during 2005-06 with the target date of completion by 2010. Audit revealed the following:-

- Lack of validation control led to inaccurate inventory of crew to prevent booking of superannuated crew which has resulted in making superannuated crew available for booking, allowing signing on/off using Identification (ID) number of superannuated crew as well as charging mileage allowance. 2,339 crew of 16 Zonal Railways (ZR) were shown as inactive due to superannuation even though they were not due for superannuation.
- Non-updation/improper feeding of master data of loco holding detail was observed. As per the RB targets for maintaining loco holding for each ZR for the month of November/December 2014, holding of Diesel and Electric locos was 4,259 and 4,600 whereas CMS database had 5,182 and 4,407 Diesel and Electric locos respectively.
- Instances of incorrect/incomplete data of stations and routes were noticed where zone and division codes were not available for stations, stations were not available, stations had invalid codes, routes were not available, routes had incorrect distances etc which led to manual correction of mileage allowance, besides generation of incorrect Management Information System (MIS).
- Inconsistencies were noticed in data pertaining to assignment and scheduling of crew. Abnormal delay was noticed in approving crew sign on/off activities. Data analysis of 25,99,975 transactions of 16 ZRs revealed that in 1,73,158 transactions, calls were found to be made after train scheduling/ordering time. Further, running staff (Driver/Guard etc.) are required to ‘sign on’ within 10 to 45 minutes of the scheduled/expected departure time of the train. Analysis of data of 27,71,169 transactions, however, revealed that in 26 per cent cases, crews had signed on or after train ordering time.

- The most crucial security measures/devices such as Biometric and Integrated Breath Analyser (BA) to validate crew authenticity and competency were not implemented in all ZRs. Biometric system was introduced over six ZR. BA system was integrated with CMS over four ZRs only.
- Weak application controls deprived the Railway Administration of effective deployment of crew as CMS allowed incorrect capturing of train details in the Traffic Advices (TA). A review of the TAs created by different lobbies over different zones revealed that multiple TAs were created where route number, train ordering date and time, station from and to, service type and train number were same. The reports generated by the system pertaining to periodical rest, training, breach of rest, lobby utilization contained inconsistent and wrong details. In case of 'Crew Training History' & 'Crew Training Particular', both the reports generated at the same time indicated different due dates of training for same crew. Similarly, both the 'Breach of Rest Details' report and 'Crew Mileage Summary Report', depicted different period of breach of rest
- Physical security measures were not adequate. Passwords in use did not prevent unauthorized access to the system. Test check revealed that the system had neither ensured a password consisting of lower/upper case characters, digits and special character nor ensured minimum 10 characters password for System Administrator/Database user. At application level, CMS allowed single character user ID as well as password to enable crew to login/access the system, without forcing change of password at first login and periodical change of password. In respect of user type such as Loco Inspector/Senior Loco Inspector/Chief Loco Inspector, between 74.01 per cent (SECR) and 98.53 per cent (ER) users of all ZRs were using same password.
- Integration of CMS with other applications of Indian Railways such as Payroll (PRIME), Freight Operations Information System, Integrated Coaching Management System, Control office Application was either not achieved or it was not effective enough to serve the needs of the users.

6. Railway Audit Report No. 53 of 2015 - Railways Finances

Indian Railways (IR) is a departmental commercial undertaking of the Government of India. It consists of 66,030 route kms on which 22,300 trains ply, carrying about 23 million passengers and hauling nearly 3.02 million tonne of freight every day. Policy formulation and overall control of the Railways are vested in Railway Board (RB) comprising of the Chairman, Financial Commissioner and other functional Members. The IR system is managed through 17 zones having 68 operating divisions. Apart from the zonal railways representing the operational part of the system, there are seven production units engaged in manufacturing of rolling stock and other related items.

From 1 April 1950, a separate Railway Budget is being presented to the Parliament prior to presentation of the General Budget every year. Though the Railway Budget is presented to the Parliament separately, the figures relating to the receipts and expenditure of IR are also shown in the General Budget, as Railway Budget forms part of the total budget of the Government of India.

Highlights

- During 2014-15, total revenue receipts increased by 12.43 *per cent* which was below CAGR of 13.99 *per cent* during the period 2010-14. The growth of freight earnings was 12.66 *per cent* in 2014-15 which was below the CAGR of 14.32 *per cent* registered during 2010-14. The growth of passenger earnings was 15.49 *per cent* in 2014-15 which was above the CAGR of 12.30 *per cent* registered during 2010-14.

(Para 1.4)

- The Operating Ratio improved to 91.25 per cent in 2014-15 from 93.60 per cent in 2013-14. Net surplus after meeting dividend liability stood at ₹7,664.94 crore in 2014-15 as against ₹3740.40 crore in 2013-14.

(Para 1.9.1 and 2.8)

- Railway funds closed at ₹6,872.73 crore at the end of 2014-15 against the fund balance of ₹342.51 crore in 2010-11. The improvement in fund balances was mainly due to not making payment of capital component of lease charges to Indian Railway Finance Corporation (IRFC) amounting to ₹12,629.49 crore during the period 2011-12 to 2013-14 from Capital Fund. However, IR started payment of capital component of lease charges to IRFC from Capital Fund from 2014-15 and made a payment of ₹5,449.24 crore. Capital Fund closed at ₹1,388.90 crore at the end of 2014-15. Depreciation Reserve Fund (DRF) and Pension Fund closed with balances of ₹1,777.12 crore and ₹1,360.36 crore respectively in 2014-15. Further, the contribution to the DRF was not made as per requirement despite there being a huge backlog of over aged assets amounting to ₹47,678.65 crore in the railway system required to be replaced for safe running of trains.

(Para 1.11)

- IR was unable to meet its operational cost of passenger and other coaching services. During 2013-14, there was a loss of ₹31,727.44 crore on passenger and other coaching services. The freight services earned a profit of ₹32,641.69 crore which indicated that 97.20 per cent of the profit from freight traffic was utilized to compensate the loss on operation of passenger and other coaching services. The above issues have regularly been highlighted in the preceding Reports of Comptroller and Auditor General of India-Union Government (Railways)-Railways Finances.

(Para 1.6.1)

- IR incurred ₹490.37 crore more than the authorization given by the Parliament in two revenue grants, one segment of capital grant and three revenue appropriations despite obtaining supplementary provisions in all except one revenue grant. In nine revenue grants and two segments of capital grant, there were savings of more than ₹100 crore.

(Para 2.1)

- Railways introduced new works on 'out of turn' basis during a financial year on safety and operational efficiency considerations through Supplementary Demands for Grants outside the regular budget cycle. The follow up audit was conducted on Chapter II of the Railway Audit Report No.5 of 2006-Union Government (Railways) with a view to obtain reasonable assurance about the commitments made by Ministry of Railways to follow the recommendations in the Audit Para contained therein.

(Para 3.1)

- Audit observed that IR failed to take advantage of the time gained by introducing these works on out of turn basis before the regular budget cycle. As many as 254 new works taken up through Supplementary Demands for Grants (out of 443 reviewed in Audit) could not be completed even after one to five years of their approval by the Parliament. No improvement was seen in compliance of recommendations given by Audit in Railway Audit Report No.5 of 2006-Union Government (Railways) and accepted by the Ministry of Railways. Further, the urgency stated at the time of seeking sanction to the works on out of turn basis in the Supplementary Demands for Grants was not sustained in the subsequent years after sanction.

(Para 3.6)

7. Railway Audit Report No. 13 of 2016

The report includes the results of audit on various issues relating to expenditure, receipts, assets and liabilities of the audited entities to assess whether the provisions of the Constitution of India, the applicable laws, the subordinate legislations and other rules and regulations are being duly complied with by the audited entities. Some of the major audit findings on different issues are mentioned below:-

Para 2.1: Up-gradation of passenger amenities at stations including modernization of stations in IR

There has been a growth of 56 per cent in number of passengers since 2004-05. Accordingly, existing level of passenger amenities at stations/ terminals require continuous up-gradation and augmentation to handle growing demand and rising expectations. Audit review revealed that-

- Budget allotted to ZRs could not be fully utilised. On the other hand, passenger amenity works were delayed or could not be completed due to funds constraint. Even minimum essential amenities (MEA), that are to be provided at all stations, such as drinking water taps, foot over bridges, platforms at appropriate levels, platform shelters, waiting hall, urinals, lighting arrangements etc., could not be fully provided.
- Ministry of Railway's (MoR's) initiative for modernization of stations through Public Private Partnership (PPP) was at an initial stage even after four years of the formation (April 2012) of a specific entity Indian Railway Station Development Corporation (IRSDC), for development/ up-gradation of stations as IRSDC could not complete feasibility study at selected six stations as of January 2016.
- Review of 136 passenger amenity works estimated over ₹2.50 crore each revealed cost overrun to the extent of ₹79.05 crore in 53 contracts and time overrun up to 192 months in 132 contracts.

Para 2.2: Idling of productive assets (Coaches) worth ₹736.60 crore and consequent loss of earning capacity of ₹80.61 crore

Section 27 of the Railways Act, 1989, stipulates that for introduction of a new rolling stock on any section of the Railway, prior sanction of the Commissioner of Railway Safety (CRS) is required. Audit noticed that 150 coaches were not inducted in service mainly for want of clearance from CRS and remained idle. Further, 168 coaches were inducted into service belatedly and 35 inducted without obtaining clearance from CRS. Only 20 coaches were inducted within 30 days of receipt. Non-utilization/delayed utilization of the coaches had resulted in blocking up of funds of ₹736.60 crore invested on these productive assets and also loss of earning capacity of ₹80.61 crore.

Para 3.1: Working of Signal Production Units in IR

IR has six Signal Production Units (SPUs) established over fifty years ago. RB planned (July 2010) the modernization of SPUs as along with the up-gradation in technology, there was a growing demand for modern electronic signalling equipment. Audit noticed that-

- Significant modernization is yet to take place in any of the SPUs and SPUs proposals for modernization were lying un-disposed with RB.
- Manufacture of conventional signalling devices such as Relays, Point Machines and Location boxes remains the mainstay of the SPUs. Rates of signaling devices at the SPUs were higher than the market rate.
- SPUs were still using very old machines that had outlived their useful life.

- Annual Production of SPUs fell far below the annual projected production schedules. IR largely depends upon the open market for procuring the latest signal items.

Para 4.1: Manpower Management in mechanical workshops in IR

In IR, nearly 1.55 lakh employees are engaged in 42 mechanical workshops to maintain the large fleet of rolling stock comprising 2,54,006 wagons, 68,558 coaches and 10,730 locomotives (as on March 2015). Audit noticed that:-

- There was no uniform or scientific method in place in the mechanical workshops to assess the requirement of manpower either by relating it to the installed capacity of the workshops or the time required for outturn as per installed capacity. The available capacity was not fully utilized. In 28 out of 42 workshops, out of a total 1,202.29 lakh man-hours available during the year 2014-15, only 76 per cent of manpower (910.42 lakh man hours) was used for its main/core activity.
- Irregular and improper maintenance of records were noticed as majority of workshops did not book idle time.

Para 5.1: Elimination of unmanned level crossings in IR

As many as 625 casualties took place in UMLCs during the period from 2012-13 to 2014-15. As per the Vision 2020 Statement of Railways (December 2009) hundred per cent UMLCs were to be eliminated progressively through manning or through any of the approved methods or protected in five years' time (2010-15).

Audit analysis revealed that:-

- Out of 16,125 UMLCs, 11,630 that existed in 2010 were planned for elimination by 1st April 2015. Only 5,737 UMLCs were eliminated during the Five Year Master Plan period and 10,388 UMLCs remained to be eliminated as on 1 April 2015.
- The slow progress in construction of subways indicated that it would take several years for IR to complete all sanctioned works. Out of limited funds granted, there was surrender of underutilised funds, which established the fact that other reasons like resistance of general public also hindered the progress in elimination of UMLCs.

Para 5.2: Procurement and utilization of stone ballast in IR

Ballast forms a major component of track sub-structure and plays a dominant role in the track performance and its maintenance. Audit noticed that –

- Assessment of ballast for open line maintenance was not need based and there was no uniformity in assessing the requirements for procurement process. Assessment of ballast for projects was more/less as compared to the norms prescribed in Indian Railway Permanent Way Manual.
- There was lack of planning and co-ordination in execution of contracts and unrealistic fixation of completion dates in contracts. This resulted in grant of liberal extensions in 532 contracts out of the reviewed 574 completed contracts involving additional expenditure of ₹88.82 crore by way of payment under price variation clause.
- Monitoring mechanism and control in procurement and utilization of ballast was not effective due to several reasons viz., provision of ballast in excess of actual requirements, existence of deficiency after completion of project and non-recovery of freight charges from the contractors for under loaded quantity as per additional special conditions of contract etc.

Para 5.3: Injudicious decision in construction of Diesel Multiple Unit (DMU) Factory at Haldia

An amount of ₹116.52 crore has been spent by SER Administration up to July 2015 on setting up of DMU factory at Haldia. However, production could not be started due to local disturbances at DMU factory despite the fact that the construction of the factory was completed in June 2013.

Chapter 6: Disaster Management in Indian Railways

Adequacy and implementation of the Disaster Management Plan of Indian Railways in addition to the compliance of the assurance of Ministry of Railways in their Action Taken Note and implementation of Public Accounts Committee recommendations on disaster management in Indian Railways was reviewed. Audit noticed that -

- Disaster Management Plans, though broadly framed in Zonal Railways and in Divisions, were not comprehensive, lacked uniformity and also did not adhere to the provisions of the Disaster Management Act 2005.
- Safety inspections were not conducted on regular basis. There were no definite schedules of inspection with all divisions not being equally covered.
- Deficiencies were observed in all the Zonal Railways in provision of Self Propelled Accident Relief Trains (SPARTs)/Accident Relief Trains (ARTs)/Accident Relief Medical Vans (ARMVs) and equipment provided therein. The ART/ ARMVs were located in the yard which was not easily accessible.
- The Integrated Security System was not fully implemented over 202 vulnerable stations identified by the Railway even after lapse of more than 4 years. Surveillance mechanism was also inadequate at vulnerable and crowded stations.
- Provision for recovery and relief during golden hour was not adequate as Accident Relief Trains never reached the accident site within golden hour.
- Most of the Central and Divisional Hospitals in Railways did not prepare their Disaster Management Plans to address a situation like fire, explosion, flood and earthquake.
- Research, Designs & Standards Organisation (RDSO) did not identify vulnerable buildings, locations, rail infrastructure including bridges, sensitive locations etc. required under Indian Railway Disaster Management Plan 2009.

8. Railway Audit Report No. 14 of 2016 – Suburban Train Services in Indian Railways

The report focuses on the performance of Indian Railways on operational efficiency in providing adequate suburban train services including the efficiency in ensuring optimum utilisation of rolling stock and provision of requisite infrastructure; the adequacy of security and amenities provided to passengers availing of suburban train services and the efficiency in improvement of overall financial performance of the suburban train services. Audit findings are mentioned below:

- In respect of traffic target vis-a-vis achievement ER, SER, SR and Metro Rail, Kolkata registered negative growth. Further, overall growth in number of passengers in suburban section of the IR during 2014-15 was also negative as compared to the previous year 2013-14.
- During the period January 2010 to December 2014, out of 33,445 deaths in suburban sections, 19,868 deaths (59 per cent) occurred due to line crossing/trespassing. Further, 17,638 (52.74 per cent) death cases occurred in Mumbai suburban section alone. A total of 4,885 deaths cases (15 per

cent) occurred due to falling from running trains, of which 4,002 deaths (82 per cent) occurred in Mumbai suburban section alone.

- A variety of reasons i.e. weak condition of track, points and crossings, encroachment along the Railway tracks, weak bridges and others (Signalling, level crossing etc.) resulted in imposition of speed restrictions and their persistence for years indicated that the IRs did not initiate effective remedial measures to withdraw speed restrictions.
- There were 743 works in progress as on March, 2015 on five Zonal Railways (CR, ER, SR, WR and Metro Railway, Kolkata). Audit scrutiny of 204 selected works undertaken during 2010-15 revealed time overrun ranging between one month and 69 months in respect of 106 works and cost overrun of ₹56.21 crore in respect of 51 works such as Traffic facility works, Road safety works-level crossings etc
- Indian Railways could not achieve the target of elimination of level crossings as envisaged in the Vision 2020 documents. Besides, tardy progress of bridge works for elimination of level crossings indicated lack of concern of Indian Railways in minimising accidents at level crossings.
- There was shortfall in provision of booking counters as per norms under Minimum Essential Amenities at 51 stations inspected on six Zonal Railways (ER, SCR, SER, SR, WR and Metro Rail, Kolkata). Out of 153 selected stations, gents toilets had not been provided at five stations in two Zonal Railways (CR-1 and SR-4) while ladies toilets had not been provided at all on 32 stations of three Zonal Railways (CR-1, ER-5 and SR-26). Foot Over Bridge (FOB) of six meter width was required to be provided at all suburban stations. FOBs of the prescribed size of six meter width had not been provided at all at five stations (ER-4 and SR-1).



An ariel view of Chennai Beach- Velacherry (MRTS) suburban train, Southern Railway