

**SHORT CLOSURE OF ELECTRIFICATION
WORKS DUE TO INCOMPLETE PRE-
REQUISITE WORKS: SOUTH EAST
CENTRAL RAILWAY**

MINISTRY OF RAILWAYS (RAILWAY BOARD)

**PUBLIC ACCOUNTS COMMITTEE
(2023-24)**

ONE HUNDRED AND THIRTY-THIRD REPORT

SEVENTEENTH LOK SABHA



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

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MINISTRY OF RAILWAYS (RAILWAY BOARD)



Presented to Hon'ble Speaker, Lok Sabha on 23.02.2024

Presented to Lok Sabha on:

Laid in Rajya Sabha on:

**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2024 /Magha, 1945 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2023-24)

Shri Adhir Ranjan Chowdhury - Chairperson

MEMBERS

LOK SABHA

2. Shri Thalikkottai Rajuthevar Baalu
3. Shri Subhash Chandra Baheria
4. Shri Bhartruhari Mahtab
5. Shri Jagdambika Pal
6. Shri Vishnu Dayal Ram
7. Shri Pratap Chandra Sarangi
8. Shri Rahul Ramesh Shewale
9. Shri Gowdar Mallikarjunappa Siddeshwara
10. Shri Brijendra Singh
11. Shri Rajiv Ranjan Singh *alias* Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabbhaneni
15. Shri Ram Kripal Yadav

RAJYA SABHA

16. Shri Shaktisinh Gohil
17. Dr. K. Laxman
18. Shri Derek O' Brien*
19. Shri Tiruchi Siva
20. Dr. M. Thambidurai
21. Shri Ghanshyam Tiwari
22. Dr. Sudhanshu Trivedi

SECRETARIAT

1. Dr. Sanjeev Sharma - Joint Secretary
2. Shri. Partha Goswami - Director
3. Dr. Faiz Ahmad - Under Secretary
3. Shri Prakhar Prakash Anand - Assistant Committee Officer

* Elected w.e.f. 19.08.2023 consequent upon retirement of Shri Sukhendu Sekhar Ray, MP on 18.08.2023.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2023-24) having been authorised by the Committee, do present this One Hundred and Thirty-Third Report (Seventeenth Lok Sabha) on “Short closure of electrification works due to incomplete pre-requisite works: South East Central Railway” based on Para 4.4 of C&AG Report No. 25 of 2022, relating to the Ministry of Railways (Railway Board)

2. The C&AG Report No. 25 of 2022 was laid on the Table of the House on 21.12.2022

3. The Public Accounts Committee (2023-2024), selected the aforesaid subject for detailed examination and took oral evidence of the representatives of the Ministry of Railways (Railway Board) on the subject matter on 21 November, 2023. Based on the oral evidence and written replies, the Committee examined the subject in detail.

4. Public Accounts Committee (2023-2024) considered and adopted the Draft Report on the aforementioned subject at their Sitting held on 19.02.2024. The Minutes of the Sittings are appended to the Report.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type and form Part- II of the Report.

7. The Committee would like to express their thanks to the representatives of the Ministry of Railways (Railway Board) for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

8. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the Committee Secretariat and the Office of the Comptroller and Auditor General of India.

NEW DELHI:
February, 2024
Magha, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee

PART-I

INTRODUCTORY

1. This Report of the Committee is based on Para 4.4 of C&AG Report No. 25 of 2022 on the subject, "Short closure of electrification works due to incomplete pre-requisite works: South East Central Railway". Public Accounts Committee (2023-24) selected the aforesaid C&AG Para for examination and report. The PAC (2023-24) considered the subject for detailed examination and took oral evidence of the representatives of the Ministry of Railways on 21.11.2023.

SHORT CLOSURE OF ELECTRIFICATION WORKS DUE TO INCOMPLETE PRE-REQUISITE WORKS: SOUTH EAST CENTRAL RAILWAY

2. The Committee have learnt that the Ministry of Railways (Railway Board) instructed in October 2006 that the contracts should not be awarded without completion of the pre-requisites such as clearance of site, preparation of plans and drawings, etc.

AUDIT FINDINGS

3. Audit findings in Para No. 4.4 of C&AG Report No. 25 of 2022 noted that in case, such an action is warranted for expeditious completion of the work, the pre-requisite may be completed in time to hand over the same to contractor immediately so that the progress of work is not hampered. Failure to do so would result in fixing responsibility for any extra expenditure incurred. Earthwork and finalization of Engineering Scale Plan (ESP)/Signal Interlocking Plan (SIP) etc. are pre-requisites for undertaking electrification works. Audit further revealed that the Chief Administrative Officer (Construction), South East Central Railway (SECR) instructed in May 2018 that as and when formation is ready in stretches of minimum 500 meters, Deputy Chief Engineers would advise Deputy Chief Electrical Engineers to execute Overhead Equipment (OHE) without any delay. Audit thus noted that two similar works having contract value of ₹ 35.36 crore were awarded without ensuring the completion of pre-requisite works. The contractors supplied materials worth ₹ 9.0 crore during the currency of the contract (2017-18) but could not execute works due to non-availability of clear work site. SECR Administration could not provide various approved drawings like ESP, SIP to the contractor during the currency period of the contracts (i.e. 24 months from the date of issue of LOA) for the execution of the project. The site was not ready to execute the OHE work. This led to short closure of contracts without any progress of execution portion. Supplied materials worth ₹ 9.0 crore could not be fully utilised for the intended purpose. Out of ₹ 9.0 crore, materials worth ₹ 2.49 crore were consumed for other electrification works and the remaining materials worth ₹ 6.51 crore are still lying idle at Store. Audit also noted that the guarantee certificate¹²¹ against the supplied material had also expired. A Special Letter was issued to the SECR Administration in February 2021 on the subject. In reply (June 2021), Railway Administration stated that after award of tender, materials were supplied as per condition of contract. Supplied materials against these tenders were consumed for other electrification works. Supplied materials are mainly made of iron and steel having very long deterioration period and has been stored in safe and secure position. The above reply of Railway Administration

was not acceptable as procured material worth ₹ 6.51 crore was still lying idle at Store. Railway Administration could not ensure availability of clear site to the contractors even after lapse of target date of completion (24 months from the date of issue of LOA). Thus, award of Railway electrification works without ensuring sufficient progress of civil works resulted in short closure of electrification works after incurring an expenditure of ₹ 9.0 crore.

3. The Committee also learnt following issues from the Ministry through their background:

- The Engineering tender for the Anuppur to Singhpur section was initially invited in March 2016 but was discharged and re-invited, later awarded in April 2018, after a gap of about 24 months.
- Tender for OHE work for the same section was awarded in February 2017, after 11 months of inviting the Civil Tender. However, due to the civil contractor's inability to complete the site for execution of OHE works, the OHE contract was short-closed in November 2019.
- Similar delays and issues were observed in the Singhpur to Badhwabara and Mudaria to Karkeli sections, where Engineering contracts were awarded in December 2016 but discharged and re-invited and awarded again in September 2020.
- OHE contracts for these sections were awarded in July 2017, but due to the civil contractor's delays, they were short-closed in November 2020.
- The decisions for short closure were made due to non-availability of clear sites, including reasons like non-completion of bridge work and forest clearance.
- Long lead materials, such as OHE structures and insulators, were supplied by the contractors before the short closure of the contracts. These materials were accepted without PVC and issued to the new agencies for the same sections.
- As per material utilization tabulation prepared by SSE/OHE/C/Store/BSP, the present status of material supplied is given below:-
 - The cost of materials supplied by the Firms (M/s-Angelique, M/s-Enterprises & M/s- New Bitco) for APR-KTE 3rd line work is Rs. 10,92,37,581/-.
 - The cost of supplied materials issued to firms (M/s- BCPL Railway Infra. Ltd, Kolkata, M/s- Jayant InfraProjects Bilaspur& M/s- Tricolor) for APR-KTE 3rd line work is Rs.5,08,80,023/- (50.83%).
 - The cost of balance materials, available in Railway Store is Rs.5,83,57,558/- (49.17%)
- The present status of the supplied materials indicates that more than 50% of the OHE materials have already been utilized during the commissioning of the sections, and the remaining balance will be utilized completely during the commissioning of the remaining sections. The Ministry have finally submitted that despite delays and issues with site readiness, efforts have been made to utilize the supplied materials

efficiently, and steps have been taken to ensure the completion of the electrification works in the respective sections.

4. When the Committee asked the Ministry about the reasons for awarding contract for electrification works without ensuring the progress of pre-requisite civil works as instructed by the Ministry, the Ministry replied as under:

“The contract for OHE work pertaining to Singhpur- Badhwabara and Mudaria section was awarded on 12.07.2017 i.e. after 07 months of inviting the Civil Tender, with a good intension for completing the OHE work of Anuppur-Katni 3rd line within targeted time.”

5. Upon enquiring whether the Ministry and South East Central Railway have fixed responsibility for non-compliance to the instructions of the Ministry and what action has been taken by them against the officials for deviating from the stipulated instructions, the Ministry stated as under:

“Disciplinary action has been taken against three officials.”

6. On being asked as to what steps have been taken by the Ministry and the zonal railway to ensure that pre-requisites like clearance of site, preparation of plans and drawings, etc. are complied with before awarding of contracts, the Ministry furnished as below:

“A checklist has been prepared in this regard. Compliance of this checklist to ensure completion of pre-requisite work like clearance of site, preparation of plans and drawings, etc. shall be ensured before floating of the tenders to avoid such instances.”

7. Given the fact that the validity of the original contract for OHE work expired on 11.07.2019 and fresh tender was invited and contract was awarded only on 17.06.2020, the Committee noticed the delay and asked the reasons for the same. The Ministry reasoned as under:

“Civil contract of this section was discharged on 28.11.2019 and re-awarded on 23.09.2020 after a gap of 10 months. As the civil contractor could not complete the site of any section for execution of OHE work, hence, the award of fresh OHE tender was delayed and later awarded on 17.06.2022.

(The date of award of contract is 17.06.2022 & not in 17.06.2020, accordingly reply has been prepared).”

8. Considering the fact that fresh tender was invited and a contract was awarded only on 17.06.2020, when the Committee asked the Ministry whether all pre-requisites for undertaking electrification work was met before the contract was awarded in 2020, they replied as below:

“All Pre-requisite works were undertaken before electrification work was awarded in 2022.

(The contract was awarded in 2022 & not in 2020, accordingly reply has been prepared).”

9. Considering that more than 50% of OHE materials have already been utilized and balance materials would be utilized during the commissioning of the remaining sections, as reflected in the background note, when the

Committee desired to know about the current status of utilization of the OHE materials, the Ministry furnished the information as below:

“77% OHE materials have already been utilized. Balance materials shall be utilized completely during commissioning of the remaining sections.”

10. Considering that the guarantee certificate against supplied materials has expired, when the Committee enquired whether there has been any instance where the supplied materials had to be disposed off/scrapped due to wear and tear, the Ministry stated as below:

“No please, none of the supplied materials had to be disposed off/scrapped due to wear and tear.

100% of the supplied materials is being utilized in the section.”

11. When the Committee desired to know about the status of the work of electrification, the Ministry furnished as under:

“The Entire section of Anuppur-Katni 3rd line including Civil & Electrical works is planned for commissioning in 3rd quarter of 2024-25.”

PART-II

OBSERVATIONS AND RECOMMENDATIONS

INTRODUCTORY

1. Consequent to the sifting of all the material and information, mainly from the written information and depositions made by the Ministry, Committee have made certain observations and recommendations which are contained in the succeeding paragraphs of this part of the Report.

2. The Committee have reviewed the audit findings concerning railway electrification works, particularly focusing on the oversight and management of contracts awarded by the Ministry of Railways (Railway Board). The Committee note lacunae in coordination between the Civil and Electrical departments within the South East Central Railway (SECR), leading to inefficiencies and financial losses. The failure to ensure completion of prerequisite civil works before awarding electrification contracts showcases a lack of effective oversight and coordination among departments. The Committee also note that despite clear instructions from the Railway Board to complete pre-requisite tasks such as site clearance and preparation of plans before awarding contracts, several contracts, totaling a value of ₹35.36 crore, were awarded without ensuring these essential prerequisites. Consequently, contractors faced challenges in executing the works due to non-availability of clear work sites and failure to provide approved drawings essential for project execution. Furthermore, materials worth ₹9.0 crore, supplied by the contractors during the currency of the contracts, could not be fully utilized due to the inability to execute the works. The Ministry, in their background note, have reflected on the outlining delays encountered in various sections, attributing them to site readiness issues, delayed completion of civil works, and subsequent short closures of contracts. In the light of these observations, the Committee recommend that the Ministry need to ensure strict adherence to comprehensive compliance checklists for tendering processes which should include verification steps to confirm the completion

of pre-requisite civil works before awarding contracts for electrification projects which will prevent instances of short closures and wastage of public funds due to incomplete site readiness. The Committee also recommend improved coordination between civil and electrical departments within the railway administration to avoid delays and discrepancies in project execution. The Committee are also of the view that mechanisms for regular communication and collaboration should be established by the Ministry between civil and electrical departments to ensure timely completion of pre-requisite works and seamless handover between different phases of the project which can be facilitated through regular progress meetings and the implementation of a comprehensive project management system.

3. The Committee note from audit observation that materials valued at ₹6.51 crores were lying idle due to delays and mismanagement, leading to additional financial losses and the inability to utilize supplied materials efficiently not only led to financial losses but also reflected poorly on resource management practices within the ministry. Despite concerns raised by audit, the Railway Administration's response was inadequate, emphasizing the procurement of materials as per contract conditions and storage in secure facilities, which does not address the inefficiency in resource utilization. The Committee also note that despite efforts to utilize supplied materials efficiently, substantial portions remain unused, further highlighting the mismanagement of resources. The expiry of guarantee certificates against supplied materials, as highlighted in the audit, indicates a lapse in material management. Therefore, the Committee recommend that the Ministry need to strengthen its monitoring mechanisms to track the utilization of supplied materials accurately by implementing robust inventory tracking systems and conducting periodic audits which will prevent instances of material wastage and ensure optimal utilization of resources. The Committee further recommend that the Ministry need to conduct a thorough review of its material management policies and practices which includes implementing stringent inventory management procedures, timely disposal of expired materials, and ensuring effective utilization of resources across all projects.

4. The Committee note that delays in awarding contracts indicate systemic inefficiencies within the procurement process. These delays not only impede project timelines but also contribute to cost escalations and undermine the overall efficiency of project delivery. From the Ministry's response, the Committee take note of efforts to address shortcomings and ensure project completion. The Committee, however, feel that there is a need for enhanced monitoring and reporting mechanisms to track progress effectively and mitigate risks associated with project delays and cost overruns. Therefore the Committee desire the Ministry to streamline their procurement processes to expedite contract awards which may involve conducting timely assessments of project requirements, ensuring adequate staffing and resources for procurement activities, and implementing measures to address bottlenecks in the tendering process. The Committee are also of the view that the Ministry should implement robust project monitoring and reporting systems to track progress, identify bottlenecks, and proactively address issues impacting project delivery.

NEW DELHI:
February, 2024
Magha, 1945 (Saka)

ADHIR RANJAN CHOWDHURY
Chairperson,
Public Accounts Committee