

INFRACTUOUS EXPENDITURE ON CREATION OF MID LIFE REHABILITATION FACILITIES AT PAREL WORKSHOP: CENTRAL RAILWAYS

[Action Taken by the Government on the Observations and Recommendations of the Committee contained in their 134th Report (17th Lok Sabha)]

MINISTRY OF RAILWAYS

**COMMITTEE ON PUBLIC ACCOUNTS
(2024-25)**

SEVENTEENTH REPORT

EIGHTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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COMMITTEE ON PUBLIC ACCOUNTS
(2024-25)

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MINISTRY OF RAILWAYS



²¹
Presented to Lok Sabha on: 20-03-2025

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LOK SABHA SECRETARIAT
NEW DELHI

March 2025/ Phalguna 1946 (Saka)

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COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS **(2024-25)**

Shri K. C. Venugopal - **Chairperson**

MEMBERS

LOK SABHA

2. Shri T. R. Baalu
3. Dr. Nishikant Dubey
4. Shri Jagdambika Pal
5. Shri Jai Parkash
6. Shri Ravi Shankar Prasad
7. Shri C. M. Ramesh
8. Shri Magunta Sreenivasulu Reddy
9. Prof. Sougata Ray
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12. Shri Tejasvi Surya
13. Shri Anurag Singh Thakur
14. Shri Balashowry Vallabhaneni
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RAJYA SABHA

16. Shri Ashokrao Shankarrao Chavan
17. Shri Shaktisinh Gohil
18. Dr. K. Laxman
19. Shri Praful Patel
20. Shri Sukhendu Sekhar Ray
21. Shri Tiruchi Siva
22. Shri Sudhanshu Trivedi

Secretariat

1. Dr. Sanjeev Sharma - Joint Secretary
2. Shri Muraleedharan. P - Director
3. Shri Atul Bhawe - Deputy Secretary

INTRODUCTION

I, the Chairperson, Committee on Public Accounts (2024-25) having been authorized by the Committee, do present this Seventeenth Report (18th Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their One Hundred and Thirty fourth Report (17th Lok Sabha) on “Infructuous Expenditure on Creation of Mid Life Rehabilitation Facilities at Parel Workshop: Central Railways” relating to the Ministry of Railways (Railway Board).

2. The One Hundred and Thirty fourth Report was presented to Hon'ble Speaker, Lok Sabha on 23rd February, 2024 and presented to Lok Sabha/laid on the Table of Rajya Sabha on 24th July, 2024. The Committee considered the draft Action Taken Report on the subject and adopted the same at their sitting held on 12th February, 2025. Minutes of the Sitting of the Committee form appendix to the Report.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in **bold** in the body of the Report.

4. The Committee 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.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the 134th Report (17th Lok Sabha) is given at Appendix-II

NEW DELHI:
12 February, 2025
23 Magha, 1946 (*Saka*)

K. C. VENUGOPAL
Chairperson,
Public Accounts Committee

CHAPTER I

REPORT

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundredth Thirty Fourth Report (Seventeenth Lok Sabha) on “Infructuous Expenditure on Creation of Mid Life Rehabilitation Facilities at Parel Workshop: Central Railways”.

2. The One Hundredth Thirty Fourth, Report which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 24 July, 2024, contained 04 Observations/Recommendations. The Action Taken Notes on all the Observations /Recommendations have been received from the Ministry of Railways and are categorized as under:

- (i) Observations/Recommendations which have been accepted by the Government:
Para Nos. 1, 3 & 4

Total:03

Chapter: II

- (ii) Observations /Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:
Para No.: NIL

Total: Nil

Chapter: III

- (iii) Observations /Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
Para No.: 2

Total: 01

Chapter: IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies /no replies:
Para No.: NIL

Total: nil

Chapter: V

3. The Committee had learnt that Ministry of Railways (MoR) issued instructions (August 1980 and February 1985) to all the Zonal Railways that before calling tenders, it may be ensured that the Railway is in a position to handover the site of work and supply plan etc. to the contractor. Mid-Life Rehabilitation (MLR) is an essential mainstream activity required for improvement of quality and reliability of the residual service life including rejuvenation of interiors of the coaches. The work for setting up MLR facilities of 25 Broad Gauge coaches per month at Parel Workshop/Central Railway was sanctioned in 2007-08 at an anticipated cost of ₹ 30.24 crore. Detailed Estimate of the Project was sanctioned at a cost of Rs 27.37 crore in July 2009. Contract for civil work of the MLR Project was awarded to M/s Unity Construction/Mumbai in February 2010 at a cost of Rs 6.89 crore with completion period of 18 months. The work could not be completed due to reasons attributable to the Railways such as non-availability of funds, non-providing of site, change in the location of steel yard shed etc. The contract was foreclosed in March 2014 after incurring an expenditure of Rs. 4.58 crore. For the leftover civil work, another contract was awarded (January 2015) to M/s Pruthivi Construction/Mumbai for Rs. 5.94 crore with completion period of 12 months. However, the contractor could not complete the work due to non-availability of clear site for truck unloading and Grit blasting shed and site change, non-shifting of electrical office, non-handing over of site etc. The Central Railway Administration granted extension on Railway's accounts to the contractor for completion of the work till March 2018.

The Committee also observed that the detailed Project Report (DPR) for the Passenger Terminal facility at Parel Workshop, sent to MoR on 24 February 2020, was pending for approval. Audit noted that the contracts awarded (February 2010 and January 2015) could not be completed on the target dates and later foreclosed after incurring an expenditure of Rs. 8.32 crore.

Further, MLR activities were being carried out at Parel Workshop since 2010-11 with the existing Periodical Overhauling (POH) facility available in the Workshop. During 2017-18 and 2018-19, 156 and 150 coaches respectively (13 Coaches per month as against the target of 25 Coaches) were turned out. Thus, non-adherence to the Ministry of Railways' instructions for providing clear site of work before calling for tenders, rendered the expenditure of Rs. 22.07 crore incurred on the creation of MLR, as infructuous. Besides, the proposal of GM/ Central Railway for creation of passenger terminal by closing Parel Workshop

despite incurring expenditure of ₹ 22.07 crore on MLR indicated poor planning and imprudence.

The Committee have found that MoR's reply untenable. The civil works which were to be completed in 18 months, were not completed even after eight years of commencement due to non-fulfillment of pre-requisites, viz, non-availability of funds, non-providing of site, changes in the location of steel yard shed etc., prior to awarding of contracts. Further, the MLR activities were already being carried out at Parel Workshop since 2010-11 with the earlier existing POH facility available there and were continuously turning out the coaches with MLR till 2018-19. Also, the Parel Workshop was already providing outturn of coaches per month that includes IOH and POH etc. of coaches. The creation of additional facilities has not served any purpose as the MLR project was abandoned midway and targeted outturn of MLR of 25 BG coaches per month was never achieved.

4. The Committee have accordingly given their observations / Recommendations in the 134th Report (17th Lok Sabha). The gist of important Observations /Recommendations, as contained in the Report, is under:-

- The Committee recommended that the Ministry should invariably undertake due diligence to strengthen their compliance mechanism to prevent such lapses in future.
- The Committee felt that besides assessment mechanism of fund requirements, efforts should also be made to review the fund utilisation mechanism, as without exercising financial prudence, funds were released and the issue of fund requirement was not brought to the notice of the Ministry in time, leading to foreclosure of the contract.
- The Committee felt that concerted initiatives will be taken in future to duly address the flaws noticed in the planning and implementation process.

5. The Action Taken Replies furnished by the Ministry of Railways in respect of all the Observations /Recommendations of the Committee as contained in their One Hundredth Thirty-fourth Report (17th Lok Sabha) have been reproduced in the relevant chapters of this Report. The Committee will now deal with the action taken by the Government on some of their Observations /Recommendations made in their One Hundredth Thirty-fourth Report (17th Lok Sabha), which need reiteration or merit comments.

6. The Committee desire that the Ministry of Railways may furnish Action Taken Notes in respect of Observations / Recommendations contained in Chapter-I of this Report within 3 months of its presentation to the House.

Recommendation (Para no.1)

7. The Committee in their 134th Report (17th Lok Sabha) had recommended as follows:-

“The Ministry did not adhere to its own instructions issued in August 1980 and February 1985, which required ensuring the availability of the site before calling tenders and awarded the contracts (February 2010 and January 2015) for setting up MLR facilities of 25 Broad Gauge coaches per month at Parel Workshop/Central Railway by sanctioning at an anticipated cost of ₹ 30.24 crore in 2007-08 which could not be completed on the target dates due to reasons viz, non-availability of clear site for truck unloading and Grit blasting shed and site change, non-shifting of electrical office, non-handing over of site etc. The project was later foreclosed after incurring an expenditure of ₹22.07 crore. In this regard, the Ministry contended that the project being a Brownfield project, the maintenance could never be completely stopped and hence occasionally the sites could not be made available to the contractor for carrying out the work. However, even then the subject work was not completely affected and some alternate sites were made available to continue the work. Some modifications in the site layout were inevitable and actually required for the successful outcome of the subject project. The Committee further note that MLR activities were being carried out at Parel Workshop since 2010-11 with the existing Periodical Overhauling (POH) facility available in the Workshop.

During 2017-18 and 2018-19, 156 and 150 coaches respectively (13 Coaches per month as against the target of 25 Coaches) were turned out.

In this regard, the Ministry stated that all major requisites before starting the work were considered. As already highlighted, the subject work was a Brownfield project and all the issues that arose due to the execution of such projects were tackled at the appropriate level. In the opinion of the Committee, as the work of MLR project was not completed and later dropped, target of MLR of 25 Coaches per month

could not be achieved. The Committee are not convinced with the reply of the Ministry that all the issues that arose due to the execution of such projects were tackled at the appropriate level as the Ministry did not ensure the availability of the site before calling tenders.

The Committee are of the considered view that had the Ministry ensured strict compliance of their own instruction issued in August 1980 and February 1985, which required ensuring the availability of the site before calling tenders, target of MLR of 25 Coaches per month could have been achieved as per schedule of the contract without incurring foreclosure penalty of the contracts awarded for completion of the work of MLR project. The Committee, therefore, recommend that the Ministry should invariably undertake due diligence to strengthen their compliance mechanism to prevent such lapses in the future.”

8. The Ministry of Railways in their Action Taken Reply have stated as under:-

“It is a fact that the Mid-Life Rehabilitation (MLR) project at Parel Workshop / Central Railway being a Brownfield project, the ongoing maintenance could never have been completely stopped and hence occasionally the sites could not be made available to the contractor for carrying out the work. However, even then the subject work was not completely affected and some alternate sites were made available to continue the work to the extent possible.

As recommended by the Committee, due diligence will be taken to ensure that the sites are available for carrying out the work before calling tender in future.”

9. The Audit had no further comments to add in the matter.

10. The Committee observed that had the Ministry adhered to its own instructions issued in August 1980 and February 1985, which required availability of the site before calling tenders’, the situation could have been averted without foreclosure of the contract awarded for completion of the work of MLR project. The Committee while noting further that the Ministry was already aware of the fact that being a Brownfield project the ongoing maintenance could never have been completely stopped and as such, occasionally the sites could not possibly be made available to the contractor for carrying out the work, desire that the Ministry ought to have taken cognizance of the

ground reality so as to obviate premature foreclosure of the project. The Committee, would reiterate their earlier recommendation that Ministry should invariably undertake due diligence to strengthen their compliance mechanism to rule out such lapses in the future.

Recommendation (Para no.2)

11. *The Committee in their 134th Report (17th Lok Sabha) had recommended as follows:-*

“As regards reasons for the delay in completing the MLR project, leading to contract foreclosures and an expenditure of 28.32 crore, the Ministry stated that 1st Civil contract [M/s Unity Construction] was awarded in Feb-2010 for Rs. 6.89 Crore, 60% work was completed and it was foreclosed in Mar-2014 due to constraints of funds in the succeeding year. For balance work, 2nd Civil contract [M/s. Pruthivi Construction] was awarded in Jan-2015 for Rs.5.94 crore on arrival of budget grant. The Ministry added that before calling of tenders, funds requirements will be assessed in advance and made available during the execution of work to avoid delay in projects. Having taken note of the fact that while in the first contract, 40% of the work remained to be completed, constraints of funds in the succeeding year were encountered, the Committee feel that besides assessment mechanism of fund requirements, efforts should also be made to review the fund utilisation mechanism as without exercising financial prudence, funds were released and the issue of fund requirements not brought to the notice of the Ministry in time leading to foreclosure of the contract.

The Committee failed to fathom as to why the contract for the remaining civil work of the MLR Project was reassigned to a new contractor (M/s Pruthivi Construction) in January 2015, considering there was no fault on the part of the initial contractor (M/s Unity/ Construction), leading to additional expenditure in the process. In view of the above, the Committee while emphasizing upon initiatives to be taken to tone up their fund requirement assessment and utilisation mechanism with a view to manage contracts more effectively and to avoid incurring unnecessary costs in future, would also like to be apprised of the rationale of awarding of the remaining civil work of the MLR Project to a new contractor (M/s Pruthivi Construction) in January 2015 leading to additional expenditure in the process.”

12. The Ministry of Railways in their Action Taken Reply have stated as under:-

“1st Civil contract [M/s Unity Constructions] was awarded in Feb-2010 for 6.89 crore with Completion period of 18 month, 60% work was completed and it was foreclosed in Mar – 2014 due to constraints of funds in the succeeding years. To complete the balance work, new tender was floated and M/s Pruthvi Construction being the lowest and eligible bidder was awarded the 2nd Civil contract in Jan-2015 for Rs. 5.94 crores on arrival of budget grant. The remaining civil work of MLR was awarded at that time as the same was required for MLR activity. The work was not subsequently completed fully as a need was felt for a Passenger Terminal facility by the Railways who acted promptly upon this requirement. Railway has acted judiciously by not pursuing the work further. Fund utilization and requirement will be reviewed regularly in future to prevent undue extension of contracts.”

13. The Audit had no further comments to add in the matter.

14. While opining that it was essential to have a robust review of the fund utilisation mechanism, the Committee felt that the Ministry ought to tone up their fund requirement assessment and utilization mechanism so as to judiciously manage contracts without incurring undesirable costs. The Committee are perturbed to note that the Action Taken Note submitted by the Ministry failed to explain the rationale of awarding of the remaining civil work of the MLR Project to a new contractor (M/s Pruthivi Construction) in January 2015 when the original contract awarded in February, 2010 with a target period of 18 months was already running on extended period. The original work was awarded for Rs.6.89 crore and 60% of which was completed by the contractor. The Committee are failed to convince the reason behind foreclosing the already extended contract and awarding 40% of the remaining work to a new contractor for Rs.5.94 crore, which constitute 86.21% of the original contract value. The reason cited by the Ministry regarding non-availability of fund for foreclosure of first contract is untenable in view of the fact that second contract was awarded in the next financial year itself, for which fund was available. The Committee may also be apprised of the terms and conditions of the first contract and also compensation, if any, was paid by the Ministry to the first contractor [M/s Unity Constructions] since the foreclosure was done at the behest of the Ministry.

Therefore, the Committee reiterate their earlier recommendation and desire the Ministry to explain the reasons for recommitting the remaining civil work of the MLR Project to a new contractor (M/s Pruthivi Construction), leading to avoidable additional expenditure.

Recommendation (Para No. 3)

15. *The Committee in their 134th Report (17th Lok Sabha) had recommended as follows:-*

“As regards the measures being taken to improve planning and prudence in the Ministry's project decisions to avoid situations where substantial funds are expended with no tangible results and Ministry's strategy for aligning future projects with its available resources and long-term goals, the Ministry stated that projects are being planned with a view to enhance capacity to cater to traffic requirements and customer needs. Due diligence and prudence is exercised at the various stages from the very inception of the project to its implementation.

Moreover, regular reviews of the projects are undertaken at various levels to ensure proper planning and execution. The Committee hope that concerted initiatives will be taken in future to duly address the flaws noticed in the planning and implementation process. In addition, the issue of indecision as learnt by the Ministry from the instant case of MRL project should appropriately be addressed to avoid such lapses.”

16. The Ministry of Railways in their Action Taken Reply have stated as under:

“Due diligence and prudence will be exercised at the initial /various stages of the project before implementation. Regular reviews of the projects will be ensured to duly address the various aspects arising in the project during any stage.”

17. The Audit had no further comments to add in the matter.

18. The Committee are dismayed to note that the Action Taken Note furnished by the Ministry fails to mention the regular / periodicity of holding of review meetings to monitor the projects. The Committee therefore, reiterate that the stakeholders should meet regularly every three months to minimize the flaws and ensure that remedial/corrective action is taken to achieve the physical progress

and milestones as stipulated in contract within the timelines so as to obviate financial loss.

Recommendation (Para No. 4)

19. *The Committee in their 134th Report (17th Lok Sabha) had recommended as follows:-*

“The Committee note from the submission of the Ministry that Central Railway (CR) had planned to set up its own MLR facilities for Coaches at Parel Workshop with the targeted outturn of 25 MLR coaches per month to save time and transportation costs enabling safe running of trains along with better passenger amenities as initially, CR were transporting Coaches to CRWS Bhopal, WCR, which involved high transit time and less availability of Coaches for traffic. The Committee further note that the Ministry had accordingly awarded the contracts for creating the facilities.

However, the contracts were subsequently foreclosed as MoR decided in October 2017 to develop Passenger Terminal Facility (PTF) by closing the Parel Workshop. The Committee further note that the Detailed Project Report (DPR) for the Passenger Terminal facility at Parel Workshop is under consideration at Railway Board for sanction of Phase-I. According to the Ministry, once DPR is sanctioned by the Railway Board, further planning and execution of the work in a phased manner will be planned with least disturbance to the existing activities of the Parel workshop. As regards expenditure becoming infructuous due to project abandonment or changes in direction, the Ministry stated that the total amount of Rs. 22.07 crores incurred for the entire project of turning out of MLR of 25 coaches per month wasn't infructuous and the assets created were essential for undertaking maintenance of different types of rolling stocks and the same is being fully utilized.

The Committee are not convinced with the reply of the Ministry that expenditure of Rs. 22.07 crores incurred for the MLR project at Parel Workshop was not infructuous mainly on account of the fact DPR for PTF is still at the consideration stage in the Railway Board even after expiry of more than six years since MoR's decision in October 2017 for developing Passenger Terminal Facility by closing the Parel Workshop and the facility created is being utilised for undertaking maintenance of different types of rolling stocks. The Committee,

therefore, while emphasizing upon expeditious finalization of the DPR for developing Passenger Terminal Facility at Parel Workshop would also desire that they be apprised of the reasons for inordinate delay in the matter. The Committee would like to be intimated of the concrete action being taken in this regard for taking the issue to a logical conclusion.”

20. The Ministry of Railways in their Action Taken Reply have stated as under:

“Parel workshop was initially a locomotive POH workshop. For undertaking maintenance of LHB coaches, POH/conversion of ICF coaches to NMG coach etc., input of various facilities was essentially required. The facilities created under MLR Project at Parel Workshop are being gainfully utilized at present.

The assets created under the subject work are being utilized for carrying out SS2/SS3 (Overhaul Schedules) of LHB Coaches and for POH/conversion of ICF Coaches to Automobile Carriers (NMG) without incurring any additional expenditure inspite of introducing new activities. Till 2023-24, Parel Workshop has already completed 183 nos. NMG conversion and 889 LHB Coach POH. The created facilities did not require abandoning /replacement consequent to discontinuation of MLR.

Regarding finalizing of the DPR for developing Passenger Terminal Facility (PTF), it is submitted that Phase-I work of Parel Terminus is under planning stage. DPR of work of “Development of Coaching Complex at Parel” is under preparation by Central Railway. Further decision will be taken once DPR is examined and results thereon are firmed up. The development of PTF will be decided in due course considering all aspects of handling trains required for PTF.”

21. The Audit had no further comments to add in the matter.

22. The Committee are disappointed to note that despite the fact that the Central Railway being fully aware that input of various facilities would be required for the Parel Workshop to be fully functional, did not make efforts to finalise / shape-up the Detailed Project Report for the Passenger Terminal Facility (PTF) and it took them six years even though the Ministry had taken a decision in the matter in October, 2017. The Committee would like to be apprised as to whether all aspects of handling trains required for the Passenger

Terminal Facility have been worked out by the Ministry, so that the development of PTF can be aligned with it accordingly. The Committee would also like to be apprised of the status of the Planning of the Phase-I work of Parel Terminus. The Committee would like to be apprised of the reasons for inordinate delay in the DPR approval process and the efforts made by Railways for drawing up a time-table for DPR clearance at various levels.

CHAPTER - II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation / Recommendation

The Committee note from Audit observation that the Ministry did not adhere to its own instructions issued in August 1980 and February 1985, which required ensuring the availability of the site before calling tenders and awarded the contracts (February 2010 and January 2015) for setting up MLR facilities of 25 Broad Gauge coaches per month at Parel Workshop/Central Railway by sanctioning at an anticipated cost of ₹ 30.24 crore in 2007-08 which could not be completed on the target dates due to reasons viz, non-availability of clear site for truck unloading and Grit blasting shed and site change, non-shifting of electrical office, non-handing over of site etc. The project was later foreclosed after incurring an expenditure of ₹22.07 crore. In this regard, the Ministry contended that the project being a Brownfield project, the maintenance could never be completely stopped and hence occasionally the sites could not be made available to the contractor for carrying out the work. However, even then the subject work was not completely affected and some alternate sites were made available to continue the work. Some modifications in the site layout were inevitable and actually required for the successful outcome of the subject project. The Committee further note that MLR activities were being carried out at Parel Workshop since 2010-11 with the existing Periodical Overhauling (POH) facility available in the Workshop. During 2017-18 and 2018-19, 156 and 150 coaches respectively (13 Coaches per month as against the target of 25 Coaches) were turned out. In this regard, the Ministry stated that all major requisites before starting the work were considered. As already highlighted, the subject work was a Brownfield project and all the issues that arose due to the execution of such projects were tackled at the appropriate level. In the opinion of the Committee, as the work of MLR project was not completed and later dropped, target of MLR of 25 Coaches per month could not be achieved. The Committee are not convinced with the reply of the Ministry that all the issues that arose due to the execution of such projects were tackled at the appropriate level as the Ministry did not ensure the availability of the site before calling tenders. The Committee are of the considered view that had the Ministry ensured strict compliance of their own instruction issued in August 1980 and February 1985, which required ensuring the availability of the site before calling tenders, target of MLR of 25 Coaches per month could have been achieved as per schedule of the contract without incurring foreclosure penalty of the contracts awarded for completion of the work of MLR project.

The Committee, therefore, recommend that the Ministry should invariably undertake due diligence to strengthen their compliance mechanism to prevent such lapses in the future.

[Recommendation/Observation No. 1 of 134th Report of
Public Accounts Committee
(17th Lok Sabha)]

Action Taken

It is a fact that this Mid-Life Rehabilitation (MLR) project at Parel Workshop/Central Railway being a Brownfield project, the ongoing maintenance could never have been completely stopped and hence occasionally the sites could not be made available to the contractor for carrying out the work. However, even then the subject work was not completely affected and some alternate sites were made available to continue the work to the extent possible. As recommended by the committee, due diligence will be taken to ensure that the sites are available for carrying out the work before calling tender in future.

Audit Vetting Comments

No further Audit comments.

[Please see Para no. 9 of Chapter-I for comments of the Committee]

Observation / Recommendation

As regards the measures being taken to improve planning and prudence in the Ministry's project decisions to avoid situations where substantial funds are expended with no tangible results and Ministry's strategy for aligning future projects with its available resources and long term goals, the Ministry stated that projects are being planned with a view to enhance capacity to cater to traffic requirements and customer needs. Due diligence and prudence is exercised at the various stages from the very inception of the project to its implementation. Moreover, regular reviews of the projects are undertaken at various levels to ensure proper planning and execution. The Committee hope that concerted initiatives will be taken in future to duly address the flaws noticed in the planning and implementation process. In addition, the issue of indecision as learnt by the Ministry from the instant case of MRL project should appropriately be addressed to avoid such lapses.

Action Taken

Due diligence and prudence will be exercised at the initial/various stages of the project before implementation. Regular reviews of the projects will be ensured to duly address the various aspects arising in the project during any stage.

Audit Comments

No further Audit comments.

[Please see Para no.17 of Chapter-I for comments of the Committee]

Observation / Recommendation

The Committee also note from the submission of the Ministry that Central Railway (CR) had planned to set up its own MLR facilities for Coaches at Parel Workshop with the targeted outturn of 25 MLR coaches per month to save time and transportation costs enabling safe running of trains along with better passenger amenities as initially, CR were transporting Coaches to CRWS Bhopal, WCR, which involved high transit time and less availability of Coaches for traffic. The Committee further note that the Ministry had accordingly awarded the contracts for creating the facilities. However, the contracts were subsequently foreclosed as MoR decided in October 2017 to develop Passenger Terminal Facility (PTF) by closing the Parel Workshop. The Committee further note that the Detailed Project Report (DPR) for the Passenger Terminal facility at Parel Workshop is under consideration at Railway Board for sanction of Phase-I. According to the Ministry, once DPR is sanctioned by the Railway Board, further planning and execution of the work in a phased manner will be planned with least disturbance to the existing activities of the Parel workshop. As regards expenditure becoming infructuous due to project abandonment or changes in direction, the Ministry stated that the total amount of Rs. 22.07 crores incurred for the entire project of turning out of MLR of 25 coaches per month wasn't infructuous and the assets created were essential for undertaking maintenance of different types of rolling stocks and the same is being fully utilized. The Committee are not convinced with the reply of the Ministry that expenditure of Rs. 22.07 crores incurred for the MLR project at Parel Workshop was not infructuous mainly on account of the fact DPR for

PTF is still at the consideration stage in the Railway Board even after expiry of more than six years since MoR's decision in October 2017 for developing Passenger Terminal Facility by closing the Parel Workshop and the facility created is being utilised for undertaking maintenance of different types of rolling stocks. The Committee, therefore, while emphasising upon expeditious finalisation of the DPR for developing Passenger Terminal Facility at Parel Workshop would also desire that they be apprised of the reasons for inordinate delay in the matter. The Committee would like to be intimated of the concrete action being taken in this regard for taking the issue to a logical conclusion.

[Recommendation/Observation No. 4 of 134th Report of Public Accounts Committee (17th Lok Sabha)]

Action Taken

Parel workshop was initially a locomotive POH workshop. For undertaking maintenance of LHB coaches, POH/conversion of ICF Coaches to NMG coach etc., input of various facilities was essentially required. The facilities created under MLR Project at Parel Workshop are being gainfully utilized at present. The assets created under the subject work are being utilized for carrying out SS2/SS3 (Overhaul Schedules) of LHB Coaches and for POH/conversion of ICF Coaches to Automobile Carriers (NMG) without incurring any additional expenditure inspite of introducing new activities. Till 2023-24, Parel Workshop has already completed 183 nos. NMG conversion and 889 LHB Coach POH. The created facilities did not require abandoning/replacement consequent to discontinuation of MLR. Regarding finalization of the DPR for developing Passenger Terminal Facility (PTF), it is submitted that Phase-I work of Parel Terminus is under planning stage. DPR of work of "Development of Coaching Complex at Parel" is under preparation by Central Railway. Further decision will be taken once DPR is examined and results thereon are firmed up. The development of PTF will be decided in due course considering all aspects of handling trains required for PTF.

Audit Comments

No further Audit comments.

[Please see Para no.21 of Chapter-I for comments of the Committee]

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE GOVERNMENT

-NIL-

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Observation / Recommendation

As regards reasons for the delay in completing the MLR project, leading to contract foreclosures and an expenditure of 28.32 crore, the Ministry stated that 1st Civil contract [M/s Unity Construction] was awarded in Feb-2010 for Rs. 6.89 Crore, 60% work was completed and it was foreclosed in Mar-2014 due to constraints of funds in the succeeding year. For balance work, 2nd Civil contract [M/s. Pruthivi Construction] was awarded in Jan-2015 for Rs.5.94 cr on arrival of budget grant. The Ministry added that before calling of tenders, funds requirements will be assessed in advance and made available during the execution of work to avoid delay in projects. Having taken note of the fact that while in the first contract, 40% of the work remained to be completed, constraints of funds in the succeeding year were encountered, the Committee feel that besides assessment mechanism of fund requirements, efforts should also be made to review the fund utilisation mechanism as without exercising financial prudence, funds were released and the issue of fund requirements not brought to the notice of the Ministry in time leading to foreclosure of the contract. The Committee fail to fathom as to why the contract for the remaining civil work of the MLR Project was reassigned to a new contractor (M/s Pruthivi Construction) in January 2015, considering there was no fault on the part of the initial contractor (M/s Unity/ Construction), leading to additional expenditure in the process. In view of the above, the Committee while emphasising upon initiatives to be taken to tone up their fund requirement assessment and utilisation mechanism with a view to manage contracts more effectively and to avoid incurring unnecessary costs in future, would also like to be apprised of the rationale of awarding of the remaining civil work of the MLR Project to a new contractor (M/s Pruthivi Construction) in January 2015 leading to additional expenditure in the process.

[Recommendation/Observation No. 2 of 134th Report of Public Accounts
Committee (17th Lok Sabha)]

Action Taken

1st Civil contract [M/s Unity Construction] was awarded in Feb-2010 for 6.89 Crore with Completion period of 18 months, 60% work was completed and it was foreclosed in Mar-2014 due to constraints of funds in the succeeding years. To complete the balance work, new tender was floated and M/s. Pruthivi Construction being the lowest and eligible bidder was awarded the 2nd civil contract in Jan- 2015 for Rs.5.94 Crs. on arrival of budget grant. The remaining civil work of MLR was awarded at that time as the same was required for MLR activity. The work was not subsequently completed fully as a need was felt for a Passenger Terminal facility by the Railways who acted promptly upon this requirement. Railway has acted judiciously by not pursuing the work further. Fund utilization and requirement will be reviewed regularly in future to prevent undue extension of contracts

Audit Vetting Comments

No further Audit comments.

[Please see Para no.13 of Chapter-I for comments of the Committee]

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES/NO REPLIES

-NIL-

NEW DELHI:
12 February, 2025
23 Magha, 1946 (*Saka*)

K. C. VENUGOPAL
Chairperson,
Public Accounts Committee

MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE ON PUBLIC ACCOUNTS (2024-25) HELD ON 12 FEBRUARY, 2025

The Committee on Public Accounts sat on Wednesday, the 12 February, 2025 from 1500 hrs to 1715 hrs in Committee Room D, Parliament House Annexe, New Delhi.

PRESENT

Shri K.C. Venugopal - Chairperson

Members

LOK SABHA

2. Dr. Nishikant Dubey
3. Smt. Aparajita Sarangi
4. Dr. Amar Singh
5. Shri Tejasvi Surya
6. Shri Anurag Singh Thakur
7. Shri Dharmendra Yadav
8. Shri T. R. Baalu
9. Prof. Sougata Ray

RAJYA SABHA

10. Dr. K. Laxman
11. Shri Tiruchi Siva

LOK SABHA SECRETARIAT

- | | | | |
|----|-------------------------|---|------------------|
| 1. | Dr. Sanjeev Sharma | - | Joint Secretary |
| 2. | Shri Muraleedharan. P | - | Director |
| 3. | Shri Alok Mani Tripathi | - | Deputy Secretary |
| 4. | Shri Pankaj Sharma | - | Deputy Secretary |
| 5. | Shri Atul Bhawe | - | Deputy Secretary |
| 6. | Smt. Malvika Mehta | - | Deputy Secretary |

**REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

1. Sh. Rebecca Mathai - Dy. CAG
2. Ms. Atreyee Das - Dy. CAG
3. Ms. Smita S. Chaudhari - Dy. CAG
4. Sh. Samar Kant Thakur - Director General

REPRESENTATIVES OF THE MINISTRY OF XXXXXX

1. XXXXXXXXXXXX
2. XXXXXXXXXXXX
3. XXXXXXXXXXXX
4. XXXXXXXXXXXX
5. XXXXXXXXXXXX
6. XXXXXXXXXXXX
7. XXXXXXXXXXXX
8. XXXXXXXXXXXX
9. XXXXXXXXXXXX

PART A

XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX

PART B

Thereafter, Hon'ble Chairperson stated that the following nine draft reports may be taken up for consideration and adoption :-

- a. XXXXXXXXXXXX
- b. XXXXXXXXXXXX
- c. XXXXXXXXXXXX
- d. XXXXXXXXXXXX
- e. XXXXXXXXXXXX
- f. XXXXXXXXXXXX
- g. XXXXXXXXXXXX
- h. Action Taken by the Government on the
Observations/Recommendations of the Committee contained in their
134th Report (17th LS) on 'Infructuous Expenditure on Creation of Mid-
Life Rehabilitation Facilities at Parel Workshop: Central Railways'
- i. XXXXXXXXXXXX

After some deliberations, the Committee adopted the aforesaid Draft Reports without any modifications and authorised the Chairperson to finalise the Reports in the light of factual verification done by the Audit.

The Committee then adjourned.

A copy of the proceedings of the Sitting has been kept on record.

APPENDIX-II
(Vide Paragraph 5 of Introduction)

**ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE
OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS
COMMITTEE CONTAINED IN THEIR ONE HUNDREDTH AND THIRTY
FOURTH REPORT (SEVENTEENTH LOK SABHA)**

- | | | |
|-------|--|--------------------------------------|
| (i) | Total number of Observations/Recommendations | of 04 |
| (ii) | Observations/Recommendations of the Committee which have been accepted by the Government:
Para Nos. 1, 3 and 4 | Total: 03
Percentage: 75% |
| (iii) | Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:
Para No. – NIL | Total: 0
Percentage: 0 |
| (iv) | Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
Para No. – 02 | Total: 01
Percentage: 25% |
| (v) | Observations/Recommendations in respect of which the Government have furnished interim replies:
Para No. – NIL | Total: 0
Percentage: 0 |

