

COMMERCIAL PUBLICITY IN INDIAN RAILWAYS

MINISTRY OF RAILWAYS (RAILWAY BOARD)

**PUBLIC ACCOUNTS COMMITTEE
(2016-17)**

SEVENTIETH REPORT

SIXTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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Laid in Rajya Sabha on:

11.4.2017

**LOK SABHA SECRETARIAT
NEW DELHI**

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(B) Not Appended.

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2016-17)**

Prof. K.V. Thomas - Chairperson

MEMBERS

LOK SABHA

2. Shri Sudip Bandyopadhyay
3. Shri Prem Singh Chandumajra
4. Shri Nishikant Dubey
5. Prof. Richard Hay
6. Shri Gajanan Chandrakant Kirtikar
7. Shri Bhartruhari Mahtab
8. Smt. Riti Pathak
9. Shri Neiphiti Rio
10. Shri Janardan Singh Sigriwal
11. Shri Abhishek Singh
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar C. Udasi
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Bhupender Yadav
19. Shri Bhubaneswar Kalita
20. Shri Shantaram Naik
21. Shri Sukhendu Sekhar Roy
22. Shri Ajay Sancheti

SECRETARIAT

1. Shri A.K. Singh - Additional Secretary
2. Shri S.C. Choudhary - Joint Secretary
3. Shri T. Jayakumar - Director
4. Shri A.K. Yadav - Deputy Secretary

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2015-16)

Prof. K.V. Thomas - Chairperson

MEMBERS

LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sudip Bandyopadhyay
4. Shri Ranjit Singh Brahmputra
5. Shri Nishikant Dubey
6. Shri Gajanan Kirtikar
7. Shri Bhartruhari Mahtab
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Neiphiu Rio
10. Shri Dushyant Singh
11. Shri Janardan Singh Sigriwal
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Udasi
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Anil Madhav Dave
19. Shri Vijay Goel
20. Shri Bhubaneswar Kalita
21. Shri Shantaram Naik
22. Shri Sukhendu Sekhar Roy

**COMPOSITION OF THE SUB-COMMITTEE – II (RAILWAYS) OF
THE PUBLIC ACCOUNTS COMMITTEE
(2016-17)**

Convenor	:	1.	Dr. Kirit Somaiya
Alternate Convenor	:	2.	Shri Naresh Agrawal
Members	:	3.	Shri Bhubaneswar Kalita
	:	4.	Shri Janardan Singh Sigrwal
	:	5.	Shri Anurag Singh Thakur
	:	6.	Shri Bhupender Yadav

¹ Appointed w.e.f. 08.07.2016 vice Shri Vijay Goel, MP appointed as Minister of State w.e.f. 05.07.2016.

COMPOSITION OF THE SUB-COMMITTEE – II (RAILWAYS) OF
THE PUBLIC ACCOUNTS COMMITTEE
(2015-16)

Convenor	:	1.	Shri Vijay Goel
Alternate Convenor	:	2.	Shri Sudip Bandopadhyay
Members	:	3.	Shri Satyavrat Chaturvedi
		4.	Shri Janardan Singh Sigrwal
		5.	Shri Naresh Agrawal

INTRODUCTION

I, the Chairperson, Public Accounts Committee, having been authorised by the Committee, do present this Seventieth Report (Sixteenth Lok Sabha) on "Commercial Publicity in Indian Railways" based on Chapter I of C&AG Report No. 11 of 2013 Union Government - Railways relating to the Ministry of Railways (Railway Board).

2. The Report of Comptroller and Auditor General of India for the year ended March 2013, was laid on the Table of the House on 13 August, 2013.

3. The Public Accounts Committee (2015-16) took up the subject for detailed examination and report. A Sub-Committee was constituted for the purpose. The Sub-Committee took evidence of the representatives of the Ministry of Railways (Railway Board) on the subject at their sitting held on 15th October, 2015. As the examination of the subject remained inconclusive, the subject was again selected by PAC (2016-17) which took further oral evidence of the representatives of the Ministry of Railways (Railway Board) on the subject at their sittings held on 03 August, 30 August, 26 October & 08 December, 2016. The Sub-Committee of PAC (2016-17) considered and adopted the Report at their sitting held on 29 March, 2017. The Report was considered by the Public Accounts Committee (2016-17) during their sitting held on 06 April, 2017. The Minutes of the Sittings form Appendices to the Report.

4. 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.

5. The Committee thank the Sub-Committees of Public Accounts Committee, (2015-16) & (2016-17) for taking oral evidence of the Ministry and obtaining information on the subject.

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

7. The Committee place on record their appreciation of the assistance rendered to them in the matter by the office of the Comptroller and Auditor General of India.

NEW DELHI;
06 April, 2017
16 Chaitra, 1939 (Saka)

PROF. K.V. THOMAS
Chairperson,
Public Accounts Committee.

REPORT

PART I

1. Introductory

Indian Railways with its vast tracts of land, abundant resources of buildings, stations, bridges, trains, platforms, railway crossings, entrance/exit gates throughout the country have tremendous scope and huge potential to generate revenue through commercial publicity/advertisements. Scientific planning and management, proper and effective utilization of its vast potential for commercial publicity can earn enough revenue without any expenditure by the Railways. There is no doubt that the revenue generated through commercial publicity would be of great help to the cash-strapped Indian Railways. However, it is found that the Ministry of Railways failed miserably to have a scientific planning and prudent management of its huge potential of resources for its effective utilization in commercial publicity to generate rich source of revenue. The Ministry of Railways set up a Task Force (1999) to submit recommendations on generation of resources from non-traditional sources which *inter alia*, included earnings from commercial publicity. On the basis of recommendations of the Task Force (April 2000), the Railway Board identified various media/ assets like stations, trains, level crossing gates etc. for Commercial Publicity and issued broad guidelines to Zonal Railways for framing action plan. Subsequently, Railway Board issued a series of detailed instructions from May 2006 to January 2012 for exploitation of identified railway assets/ media for commercial publicity/ advertising identifying various media vehicles which included guidelines for selection of advertising sites. During 2007-08 to 2011-12, the revenue mobilization through commercial publicity had crossed Rs.100 crore but failed to sustain a clear momentum and hovered within the overall range of Rs. 150 crore to Rs. 200 crore. Revenue earnings remained substantially below the targets set. The PAC selected this subject for detailed examination. The Chairperson, PAC appointed a Sub-Committee under the convenorship of Shri Vijay Goel, MP (2014-15) and (2015-16) and Dr. Kirit Somaiya, MP (2016-17) to examine the issue and submit report to the Main Committee.

2. This report is based on Chapter 1 of C&AG's report No. 11 of 2013 for the year ended March 2012. The Audit review covers issues related to commercial publicity in Indian Railways. Based on audit findings on 'Commercial Publicity in Indian Railways', across Zonal Railways, the report focuses on performance of the Zonal Railways in exploiting the

potential of advertising media on stations, trains and level crossings to enhance its revenue earnings.

3. The audit scrutiny revealed that the Ministry failed to ensure a proper assessment of the demand potential. The targets framed were driven by the Ministry. The lack of knowledge of market potential resulted in low response to advertising tenders floated by the Zonal Railways. Uneven earnings across various asset classes were also observed. Stations/ trains were more actively used for commercial publicity in comparison to assets like Railway tickets, reservation forms/charts etc. Weak contract management led to unauthorized displays beyond expiry of the contract period with high risk of recoverability of outstanding license fee.

4. In the process of examination of the subject, the Sub - Committee obtained background note and detailed written replies from the Ministry of Railways (Railway Board). They also took oral evidence of the representatives of the Ministry and obtained post-evidence replies. The PAC also discussed the subject during its on-the-spot study visit to Mumbai with Central and Western Railways. Based on written and oral depositions by the Ministry, the Committee examined the subject in detail and reached certain conclusions as enumerated in the succeeding paragraphs.

II. Assessment of revenue potential and budgetary estimate

5. Audit scrutiny revealed that the revenue projections set by the Railway Board on account of commercial publicity were not backed by assessment of market potential and earnings targets were set without associating the Zonal Railways. Despite a decision in General Managers' Conference in December 2007 that deliberated the recommendations of the Task Force (2000), no external agency/ consultants were hired to assess the revenue potential through advertising/publicity media. The tenders floated by Zonal Railways for advertising rights for divisions/stations/ trains etc. witnessed limited response.

6. The Committee desired to know as to why the revenue projections and the targets set for Zonal Railways were not based on any assessment/studies of the market potential. The Ministry in their reply stated as under:

"Indian Railways have not been using any outside agency for assessment of market potential and targets are set based on the optimistic assumptions and the prevailing regulatory mechanism imposed by the State Governments and quantum of

expenditure made by various companies on advertisement which are not under the control of Railways.

The contracts for selling/leasing out media spaces of commercial publicity on Indian Railways are given through tender basis at assessed rate of license fee decided on the basis of the market conditions.

In order to enhance the actual performance and to avoid lack of commitment and under performance on the part of the Zonal Railways, stiff targets were being set for the Zonal Railways to stretch their efforts in maximizing revenues."

7. The Committee further enquired from the Railways about the reasons for non-appointment of an external agency/ consultant for conducting assessment of the market potential of commercial publicity through railway assets. The Ministry in their written submissions stated as under:

"The Railway has been utilizing the knowledge and expertise developed over the years by the staff and officers of the commercial department to assess the potential revenue that could be generated through commercial publicity.

A task force has been constituted by the Ministry for assessing the revenue potential from commercial publicity based on the report of RITES to suggest measures for realizing the potential. The committee would be submitting its report by end of April 2015."

8. Audit pointed out that lack of specific budgetary head for commercial publicity earnings resulted in diluted accountability. Earnings from commercial publicity were found to be clubbed under 'Sundry earnings' which subsume various receipts from miscellaneous sources. The Zonal Railways, thus, did not provide for expected earnings in the budget estimates submitted to the Railway Board for the review period.

9. The Committee then enquired the reasons for absence of a specific budgetary head for the earnings under commercial publicity. The Ministry in their reply stated as under:

"A separate budgetary head at "Detailed Head" level in the classification of Accounts already exist for accounting/booking revenues received from Commercial Publicity, namely, Z-610-Advertisement Fees."

III. Underachievement of targets

10. Audit observed that the Zone-wise targets of earnings fixed by the Railway Board vis-à-vis actual earnings for the period 2009-10 to 2011-12 reflected sharp under achievement by a wide margin. Overall shortfall against targets for Indian Railways during 2009-10 to 2011-12 remained more than 51 per cent. Further the targets showed a huge

year on year variation and reflected an ad-hoc approach. Audit also pointed out that targets were set by the Railway Board without Zonal involvement, leading to weak monitoring and ineffective compliance on the part of Zonal Railways.

11. The Committee desired to know the reasons behind shortfall against targets during 2009-10 to 2011-12, to which the Ministry submitted as under :—

"Earnings from Commercial Publicity depends on various factors like expenditure by various companies (producers) on advertisements, growth in the economy in general, growth in other sectors of advertising viz TV, print, outdoor hoardings, web media etc. In order to enhance the revenue from non-conventional sources, an increased target of Rs.1000 crores was announced in the Budget of 2010-11 by the then Hon'ble Minister of Railways. However, owing to the slump in the market, this target could not be realized."

12. Asked to state the details of the mechanism of periodic review and the remedial measures undertaken to overcome the revenue shortfall, the Ministry submitted the following reply :—

"Railway Board conducts review of the performance of Commercial Department with Chief Commercial Managers/ Senior Divisional Commercial Managers about various subjects including performance of Railways pertaining to Commercial Publicity. Based on the feedback received from Zonal Railways, the following policy measures have been introduced:-

- i. Divisions are empowered to approve contracts on 'first come first served' basis on 'new and innovative idea' at stations, on trains and in railway premises for value up to rupees one crore per item for a period of one year.
- ii. In order to facilitate participation of Government Departments/ Public Sector Undertakings (PSUs) separate guidelines have been issued offering media spaces for advertisement to Ministries/Departments, PSUs of Central/State Government offered media space on a special footing without participating in the tender process.
- iii. To address the issue of market unpredictability and consequent loss of opportunity due to failure of tenders the concept of 'estimated value' of contract has been introduced which allows the tender committee to assess the reasonability of rates in a rational manner.
- iv. The uniform escalation of license fee @ 10% which was contributing to failure of tenders has been withdrawn for the contracts with a period upto 3 years.
- v. To attract advertisers for development of newer sites involving considerable capital investment like video wall, electronic bill boards, sculptures etc., Zonal Railways have been authorized to stipulate the period of such contracts upto 10 years with escalation of 10% from 4th year onwards."

13. With regard to the audit observations that targets were not fixed in consultation with Zones, the Ministry in their reply submitted as under:

"While Zonal Railways are consulted during fixation of targets for earnings from different sectors of Indian Railways like freight earnings, passenger earnings, sundry earnings etc, the Ministry of Railways finally fixes the targets as per the overall economic scenario. The inputs received from Railways are taken into account for the final targets, which are fixed in an aspirational manner in order to motivate the Zonal Railways to exceed their past performance."

14. When the Committee asked the details about the First-Come-First Serve (FCFS) basis for the allotment of contracts, the Ministry furnished the following reply:

"Under the FCFS policy, proposals are received on an open entry basis for commercial publicity at schedule/tariff rates already vetted by Finance. Relevant extracts of Board's Policy circulars in this regard are:

Commercial Circular No.24 of 2000, clause 5.10 states, "In order to develop this area, it is necessary to encourage new ideas for commercial publicity. The new idea/concepts proposed by prospective advertisers/parties should be examined and if found feasible technically and aesthetically they may be offered to the concerned party for a period of one year for an amount which is not lower than the scheduled rate."

Commercial Circular No.34 of 2004, amended clause 5.10 states, "In order to develop this area, it is necessary to encourage new ideas for Commercial Publicity. The new ideas/concepts proposed by prospective advertisers/parties should be examined and if found feasible technically and aesthetically they may be offered to the concerned party for a period of one year or for a reasonable period keeping in view the financial implications of the implementations of the new idea and the investment put in by the party for an amount which is not lower than the scheduled rate. Concurrence of FA&CAO and approval of GM may be taken for such publicity work to be awarded on first-come-first-serve basis, without an open tender."

Commercial Circular No.46 of 2013 "The allotment of contract on First-Come-First-Serve basis on new and innovative ideas of commercial publicity at stations, on trains and in railway premises upto rupees one crore per site and the period of contract shall not exceed one year and the powers to be delegated to Divisional Railway Manager (power to be exercised by him personally and not to be delegated further) with the concurrence of Associate Finance for accepting the allotment of contract."

Central Railway - No station on Central Railway has been given on FCFS basis. Out of total 831 identified locations of hoardings at various stations and other locations, 619 hoardings have been allotted by open tenders, 52 identified locations are vacant and 160 hoardings were previously allotted on scheduled tariff rates with escalation clauses (FCFS). However, notices for termination have been issued to make sites available to NFR directorate so as to create attractive package size for tender by them shortly.

Western Railway - 118 sites were allotted on Western Railway, Mumbai Division on the basis of FCFS.

Certain locations were granted FCFS rights which extended beyond the period of one year. However, it is not possible to estimate the revenue losses, as these locations were granted at rates vetted by Finance which were based on prevalent market conditions. The contracts on FCFS were awarded with the objective of minimizing losses of Indian Railways by avoiding any vacant spaces which were not considered very lucrative by the market."

15. The representative of the Ministry of the Railways during evidence informed that FCFS practice was prevalent in the Mumbai Division for the last 25 - 30 years in case of contract for advertisement at ROBs, in order to develop new areas of advertising and increase the revenue of the Railways. further informed that after the formation of the directorate it has been clarified to all the Zones that FCFS policy will not be continued. Both CR & WR have stopped this policy now. Everything will be done by transparent auction through online method.

16. In view of discretionary nature of policy of First-Come-First Serve (FCFS), the Committee enquired from the Railways whether vigilance has examined the policy of FCFS based on new and innovative ideas from the point of view of scope for exploitation of vulnerability of policy to discretionary interpretation of officials. The Ministry in their reply stated as under:

"Framing of policy is done by the concerned executive department. However, if any complaint is received regarding non following of the executive instructions, the same is duly investigated by Vigilance and appropriate action is recommended against the officials found responsible. Vigilance has also recommended a system improvement to the concerned executive Directorate on 19.12.16. If in the course of investigation, it is found that there is some deficiency/lacuna which can lead to misuse, system improvement is also recommended to the executive department. Vigilance department of Central Railway has also forwarded a system improvement recommendation to Commercial Deptt/Central Railway on 30.6.15 proposing that allotment of Commercial publicity sites be done through open tenders in more transparent manner. Railway Board Vigilance has also recommended a system improvement to the concerned executive Directorate on 19.12.2016."

17. As for the targets for the year 2016-17, during the meeting of the Committee on 30.08.2016, Member (Traffic) submitted that Railways have set a target revenue of Rs.1700 crores from Commercial Publicity during the year 2016-17. When Committee enquired about the rationale behind the said target revenue fixed by the Railways, the Ministry in their reply submitted as under:

"Minister of Railways in the Rail Budget Speech 2016-17 mentioned that:

"Although we enjoy the highest captive in a railway system internationally, we earn less than 5% of our revenues through non-tariff sources. Many of the world railway systems generate 10% to 20% of their revenues from non-tariff sources. Over a period of the next five years, we will strive to reach this world average by monetizing assets and undertaking other revenue yielding activities. We have already begun this exercise with fervor."

Accordingly, a separate multi-disciplinary directorate- the Non Fare Revenue Directorate- has been created in the Ministry of Railways, to coordinate the exercise of raising non-fare revenue.

In view of the current trend and earnings from Fare box-freight and fare, it is imperative that Indian Railways focus on raising the non fare revenue. A growth of 65% has been targeted in respect of sundry earnings this financial year. An ambitious target of Rs. 1700 crore from advertising revenues has been set. In order to realise the full potential of advertising revenues, a new approach is under consideration. The creation of an attractive package size for tenders, cutting across Zonal Railways and proper marketing at the appropriate forums are considered as important to raise the advertising revenue. An effective strategy for optimal utilization of commercial publicity potential is under preparation with the assistance of RITES and Ernst & Young as Professional Market Media Evaluation Agency. It is expected that the new strategy will create a framework to help to achieve the potential revenue.

A new non fare revenue policy is presently being framed and will be issued shortly for improving non fare revenue. It is expected that the new policy will enable the zonal railways to have adequate flexibility in encouraging innovative and unsolicited ideas, while maintaining transparency."

IV. Exploitation of various media for Commercial Publicity

18. Audit scrutiny revealed uneven earnings across various asset classes. Assets like stations/ trains were more used in comparison to Railway tickets, reservation forms/ charts etc. It was observed that much potential remains unexploited in terms of a more even distribution of earnings share. The audit study brought to light the lapses in utilizing the various media available for commercial publicity. The Railway Board had issued guidelines in 2000 to prepare Master Plans for stations to depict potential sites available for commercial publicity. Hoardings, Plasma TV/LCD, CCTV, Fare repeaters, Public address systems were identified for publicity at stations.

(i) Master Plans

19. Railway Board directed the Zonal Railways (May 2000) to develop a Master Plan for all stations to facilitate award of bulk contracts/ sole advertisement rights at agreed locations. This master plan would depict the potential sites for exploitation of various assets

for commercial publicity. Subsequently, Railway Board had advised (May 2006) Zonal Railways to give bulk advertisement rights on pilot basis to one division of each Railway and appraise the results for extending the same to other divisions. These directions, *inter alia*, provided broad guidance on award of bulk publicity contracts pertaining to the entire division. Audit scrutiny revealed that in seven Railways, the master plan was available in 833 stations whereas in ten Railways including Metro Railway Kolkata no master plans were developed for stations in any of the selected divisions including the pilot divisions. Further scrutiny revealed that none of these plans were complete as per directives of the Board as these plans failed to depict in full sites available for Hoarding, Video Walls, Electronic Displays, Fare Repeaters, Plasma TV's, PA Systems, Wall Paintings, Track Divider etc.

20. The Committee desired to know that in the absence of Master Plans of the stations, as to how the Railways assess the total area available for publicity while floating tenders for bulk publicity rights of the whole Division. The Ministry in their reply stated as under:

"Policy provides for developing master plan for stations offered under 'Bulk Right' contracts either as whole station or cluster of stations or the entire Division. In contracts other than bulk rights, the Senior Divisional Commercial Manager and Senior Divisional Engineer of the Division are required to identify the location, existing as well as new, for floating tenders."

21. On being asked to explain as to why such crucial job has been assigned to the in house staff rather than engaging domain experts to maximize the possibility of revenue generation, the Railways in their reply dated 20.01.2016 stated as under:

"Indian Railways have not been using any outside agency for assessment of market potential. However, in view of the recommendations made by the Task Force constituted for this purpose, RITES has already been directed to facilitate the selection of a Professional Media Market Evaluation Agency (PMMEA) which would assess the earning potential/value of select media assets of Indian Railways.

The Professional Media Market Evaluation Agency (PMMEA), Ernst & Young, is in the last stage of submitting its assessment of commercial publicity revenue potential of Indian Railways and suggesting methods in which this potential can be realised".

(ii) Publicity at Stations

22. The broad guidelines issued by Railway Board (May 2000) identified specific areas for undertaking commercial publicity, namely, advertisements at stations, trains, level crossings, freight wagons, etc. and laid down instructions for framing of proposals for

display of advertisements/ signages etc. Audit review revealed that sources viz., hoarding, Plasma TV/LCD/CCTV, Public-Address system were not properly utilized for commercial advertisement.

23. The Committee enquired from the Railways whether they have assessed the reasons for the inadequate response to offers for letting out sites for commercial publicity and sought measures which were undertaken to maximize revenue through media sources.

The Ministry in their reply stated as under:

"Zonal Railways were not able to finalize a large number of tenders on account of no response, poor response, low rates quoted as against the reserve price, restrictions imposed by local authorities etc. Several policy measures have been taken by the Railway Board as well as Zonal Railways viz:

- Modifications in the policies to provide greater flexibility to Zonal Railways in fixing the reserve price, relaxing the annual escalation clause for license fee, permitting longer period of contract for capital intensive media assets, delegation of financial powers, delegation of powers to the Divisions and Zonal Railways to revise the reserved price after the failure of tenders.
- Zonal Railways/Divisions have been authorized to regroup stations into smaller clusters or divide the Stations into several Zones for the purpose of bulk right contract.
- Replaced the concept of reserve price by concept of estimated value/assessed earning potential of the locations."

24. The Railways further submitted in their written replies that the prospect of enhancing Commercial Publicity Earnings has to be seen from the potential advertiser's point of view and the market available to us. It is common knowledge that outdoor advertisement has lost its sheen as compared with other forms of media like electronic media which are taking centre stage. Preference of clients for electronic media especially Televisions and online platforms have contributed to decline in demand for conventional hoardings, the mainstay of advertising business over the years. In some cases, directions of various Courts have also led to non-utilization of vital sites thereby losing the revenue.

25. The Committee enquired from the Ministry, if the preference of clients is more for electronic media for advertising then given the reasons for non-utilization of advertising through CCTVs/LCDTVs/Plasma TVs at stations. The Ministry in their reply stated as under:

"Policy provides for installation of LCDs, Electronic Bill boards, Digital Video Walls etc by the Agencies at identified sites in the Railway premise. To promote installation of such capital intensive media assets by agencies policy also provides for longer period of contract. However, as far as advertisement through electronic media like Television (news channel/entertainment channels) is concerned, Indian Railways do not own any Television Channel at present."

26. The Committee were further informed that work is underway on the installation of a high-tech centralized network of 200,000 screens across 2000 stations as Railway Display Network during the 10 years period after approval of RDN policy in March 2017.

27. The Committee further enquired from the Railways whether they conducted surprise checks at Railway Stations to identify the unauthorized hoarding displayed at Railway Properties/land. The Ministry in their reply stated as under:

"Surprise inspections are conducted by Officers and Inspectors of various departments of Railways in addition to the periodic and scheduled inspections at the stations to ensure identification of any unauthorized hoardings displayed at railway properties/land and take necessary action whenever such hoardings are found. Station Masters maintain registers indicating the number, location and date of commencement and expiry of all contracted sites at the station."

(iii) Publicity through trains

28. Railway Board *vide* its guidelines (May 2006 and March 2007) advised Zonal Railways to use the technique of wrapping the entire coach using vinyl stickers *vis-à-vis* display of advertisement boards inside the coaches on a pilot basis on selected trains like Rajdhani, Shatabdi & Suburban Trains and some passenger trains. However, Audit scrutiny revealed that the compliance of above directives for implementation of this pilot project was not satisfactory over Zonal Railways.

29. The Committee desired to know about the efforts being made by the Railways to maximize utilization of the exterior of trains for vinyl wrapping/stickers to enhance revenue. The reply stated by the Ministry is as under:

"Large numbers of trains over the Zonal Railways were identified and open tenders called to sell spaces on exterior of passenger trains for the purpose of displaying advertisement through vinyl wrapping.

Modifications were made to the policy based on feedback received from the Zonal Railways including delegation of powers to DRMs for fixing of reserve price."

30. Being further probed on whether the vinyl wrapping had proved to be a costly proposition, the Ministry replied as under:—

“Problems cited by Zonal Railways and the advertising agencies regarding the vinyl wrapping include change in the composition of the rakes because of operational reasons leading to discontinuity and loss of visibility of the displayed advertisement, considerable time taken for pasting and removal of vinyl wrappings on the trains, high cost of material and the process of pasting and removal of vinyl wrappings.

It has not been a costly proposition for the IR as the cost of material and the cost of pasting /removal is borne by the agency. However, the contract agencies have cited high cost of material, process involved in vinyl wrapping, lack of option to use alternative material as some of the reasons for poor response to tenders for wrapping on the exterior of the trains.”

31. The Committee were informed that the Minister of Railways had released the new Train Branding Policy on 10.01.2017 and Railways expect to earn Rs. 1500 crores during the 10 years period of implementation of this policy. Bid process managers of RITES have sent the Tender Documents and estimated earnings to Zonal Railways in January 2017. Tenders are likely to be finalized by 30.04.2017.

(iv) Publicity through stationery items

32. For exploitation of PRS/UTS tickets, reservations charts/ forms for commercial publicity, Railway Board issued a series of guidelines from November 2006 to November 2007. Check of records revealed that about 85 per cent of total revenues earned from advertising through stationery items (Rs.12.11 crore) during the three year period was accounted for by PRS tickets only. The Committee enquired about the reasons for poor exploitation of UTS tickets/ reservation charts for generating revenue through advertisements despite huge potential as seen in case of PRS tickets. The Ministry in their reply stated as under:

“Railway Board’s policy Circular No.22 of 2009 permits advertisement on PRS/UTS tickets, Reservation Charts and Reservation Forms through a composite tender of procurement of blank stationery and advertisement on the stationery so procured for tickets or charts etc. While there has been a good response from the advertisers for buying the space on PRS ticket the response has been poor for advertisement on charts and UTS tickets. As learnt from Zonal Railways, the reason for poor response to the tender is that the advertisers do not find advertisement on tickets and reservation charts as commercially viable option on account of poor returns on investment.”

33. The Railway Ministry also proposed to increase the size of tickets so that more space is available for advertisements and submitted to the Committee as under:

"Railway Board has decided to increase the size of the UTS tickets on a pilot basis to facilitate thermal printing of tickets. However, the increased size would offer additional space on tickets for display of railway information for passengers and advertisement."

34. The Committee were informed that Minister of Railways had released the new 'Out of Home Advertisement Policy' on 10.01.2017 with objective to allow monetization of Railway assets by means of advertising and expect to earn Rs. 6000 crores in ten years tenure.

35. The Committee were informed that the Minister of Railways have also released on 10.01.2017 the new (i) 'Content on Demand and Rail Radio Policy' allowing monetization of entertainment based services on trains and stations and expected to earn Rs. 6000 crores in ten years; (ii) ATM policy with a view to earn Rs. 2500 crores in ten years; (iii) Integrated Mobile Application is also likely to be launched in July 2017; and (iv) Policy for App based Cab Services which also has a very good earning potential.

V. Deficiencies in contract management

36. Audit scrutiny revealed that in 13 Divisions of nine Railways, not a single cluster of stations/ station was identified for the advertisement rights. In Mumbai Central and Ahmadabad Division of Western Railways out of 44 number of cluster of stations/ stations identified only at 15 number of cluster of stations/ stations tenders were finalized. Tenders were invited in June 2007 only for suburban Section (Churchgate to Dahanu Road) instead of entire BCT Division. The single offer received for Rs. 55.54 crore could not materialize due to dispute on making available vacant sites to the advertiser. Moreover, despite the approval of floating of tenders for cluster of stations of BCT Division, delay in approval of cluster of stations (26 months) and subsequent delay in awarding the contract (24 months) led to loss of revenue.

37. The Committee enquired from the Railways the reasons for regular non-identification of stations/cluster of stations for advertising rights. The Ministry in their reply stated as under:

"Identification of stations/cluster of stations for advertising rights is one of the multiple strategies adopted by Ministry of Railways to maximize the earnings from commercial publicity. However, it is a time consuming process and adequate precautions have to be taken for proper assessment of the potential of each asset, stations and cluster of stations. Even after identification of cluster of stations, the market forces undergo major variations due to economic conditions and thus selling of larger cluster despite major efforts spent in identifying the assets, does not lead to desirable results. Indian Railways have been constantly monitoring their strategies to increase the earnings from commercial publicity as it is a dynamic market where Indian Railways compete against equally lucrative opportunities offered from non railway sites like metro rail, airports, municipal corporations etc., also offer good opportunities to advertising agencies."

38. The Committee further desired to know the measures taken to ensure speedier finalization of contracts and elimination of procedural delays. The Ministry in their reply stated as under:

"Indian Railways have a well established mechanism for the completion of tender process and unless there are special reasons, tenders are usually finalized within the given time frame, especially those which are revenue generating. Time taken to finalize tender is monitored at various administrative levels at Divisions and Zonal Railways."

39. While the Zonal Railways were advised (May 2006) to call open tenders for awarding bulk rights of publicity for an entire Division, the audit study revealed that in 15 Divisions of 12 Railways, no efforts were made to call tender and in other 16 Divisions of 12 Railways, contracts were not finalized due to no/poor response, high reserve price, non-fulfillment of eligibility criteria etc. Further orders (October 2006 and June 2007) clarified that in case of no response to sole advertisement rights for the entire Division, a cluster of stations may be selected for award of sole advertisement rights or station as a whole may be given for sole advertisement rights. With a sample of 32 Divisions, the audit noticed that in 13 Divisions of nine Railways, not a single cluster of stations/station was identified for the advertisement rights.

40. The Committee when enquired about the existence of a system in place at Railway Board to monitor implementation of the guidelines issued in respect of execution of contracts, the Ministry replied that the Railway Board has a system of Tele-conference for conducting review of the performance of Commercial Department with Chief Commercial Managers/Senior Division Commercial Managers about various subjects including performance of Railways pertaining to Commercial Publicity.

41. The Committee specifically sought to know the basis for setting the Reserve price for tenders for Bulk Rights of commercial publicity on entire division/cluster of stations and whether market inputs were assessed or considered while fixing the reserve price. The Ministry deposed as under:—

"The reserve price for tenders for bulk rights was determined on the basis of consolidated earnings of all the stations included in a bulk rights contract during the previous years. Initially, for the first year of the contract, the reserve price was stipulated as three times of actual publicity earning of the Division or the cluster of stations during the previous year with an escalation at a rate of 10%, 15%, 20% and 25% respectively for the second, third, fourth and fifth years. This was revised through subsequent policy circular in June 2013 and the criteria for reserve price for the first year was stipulated as 1.5 times of the highest annual earnings of entire Division/cluster of stations/station/Zones of a Station during any of the three preceding financial years. The escalation in the license fee for second, third, fourth and fifth year was kept at uniform rate of 10% over the first year. Presently the concept of reserve price has been replaced by the concept of estimated value/assessed earning potential of the locations."

42. On being asked about the reasons for non-recovery/ short recovery of license fee/ penalty on delayed payment on various advertisement contracts and the measures undertaken to ensure timely recovery, the Ministry informed that that Zonal Railways have not reported any laxity in ensuring timely execution of agreements and non-recovery of license fee. The Ministry had also instructed the Zonal Railways to take necessary action in this regard.

43. The Committee, when enquired whether new rules are being framed for the exploitation of Railway assets to generate additional revenue through Commercial Publicity, the Ministry replied that a separate multi-disciplinary directorate - the Non Fare Directorate - has been created in the Ministry to coordinate the exercise of raising non-fare revenue. A new non fare revenue policy is also being framed which is expected to enable the Zonal Railways to have adequate flexibility in encouraging innovative ideas while maintaining transparency.

VI. Internal Control Mechanism

44. Internal controls help to ensure compliance of operations with applicable procedures, norms and regulations for economical, efficient and effective realization of common goals and objectives. As per Operating Manual, the Station Master is required to maintain a register showing full particulars of each advertisement exhibited at the station in

the prescribed form incorporating details of payments, date of expiry/removal and checked regularly at station level.

45. Audit scrutiny revealed that advertisement registers had not been maintained/updated by selected stations, hoardings/boards were displayed even after the expiry of the currency of contract, excess display of advertisement material, illegal/unauthorized advertisements displayed at some stations. The deficiency in record management and lack of vigilance creates a risk of possible collusion between Railway authorities and the illegal users/ trespassers resulting in unauthorized display of advertisements and leakage of revenue.

46. When enquired about the lapses in record management and action taken in this regard, the Ministry stated as under:

"Regular and surprise checks are being conducted to prevent unauthorized and illegal display of advertisement at stations and in trains. Responsibilities are fixed and action initiated in cases for non compliance of the guidelines/instructions. For instance during the year 2014-15, cases were registered and action initiated against defaulting officers and staff (including in one case handing over of the case to CBI): 2 cases in Southern Railway, 8 cases in Central Railway and 3 cases in Northern Railway. Recently, RPF has identified two cases in Mumbai and an amount of Rs.1,61,500 has been recovered towards penalty/fine as per the direction of Hon'ble court in order to curtail incidences of advertisements continuing to get displayed beyond their contractual validity at stations/trains, endorsement of the authority letter number and the contract period on the advertisement is being insisted upon.

Zonal Railways have formed core teams, inclusive of RPF personnel, and special drives are being conducted against unauthorized advertisements."

47. The Committee were informed that while that there is an established system of record management which has worked well concerned employees were suitably taken up where the record keeping was not up to date. The Ministry also stated that it will formulate policies in line with the recommendations of the report prepared by PMMEA, Ernst & Young.

48. The Committee desired to be apprised of the entity responsible for clearing the trains and stations of unauthorized and illegal display of advertisements and also the frequency of such illegal display clearing drives. It was further enquired whether the records for such drives/checks are maintained by the authorities and sought details of the specific instructions in this regard. To this, the Ministry in their submission stated:—

"The Station Manager of the concerned station is the nodal authority to remove all unauthorized and illegal advertising which are not as per approved plan along with the concerned Commercial staff. In a large number of cases, action has been taken by the Station Manager to ensure compliance to advertising plans so that advertisements are displayed on the stations as per the sanctioned plan. However, as Station Manager is in-charge of the entire train operations and commercial activities, the display of advertisements does not get a high priority. However, Zonal Railways have been advised to ensure that no advertisement is displayed beyond the sanctioned plan."

49. The Committee were informed about the irregularities in allotment of advertising sites and involvement of railway officials in the alleged irregularities. When Committee enquired from the Railways about the status of investigation and whether any disciplinary action has been initiated against the erring officers, the Ministry in their reply stated as under:

"A complaint from Dr. Kirit Somaiya, Hon'ble MP, was received from CVC vide their letter No. 141/RLY/009/255362 dated 31.07.14. The same was investigated by Central Railway Vigilance. The matter was consulted with CVC which advised major penalty action against 7 officials, cut-in-pension against 2 officials and administrative action against one official. As regards the proposed disciplinary action, cut-in-pension proceedings upon two charged officials (now retired) have commenced. Major penalty proceedings have been initiated upon another three charged officials and administrative action against one is under process in Central Railway (i.e., action has already been initiated on 6 out of 10 charged officials). Cases of 4 officers are under consideration of the disciplinary authority.

As regards the role of other officials, a report has been received from Central Railway and the same is under consideration of the competent authority. The matter will be consulted with the CVC and action will be initiated on their advice."

VII. Non- inclusion of clause of Service Tax

50. In SWR, Railway Administration failed to incorporate a suitable clause regarding the payment of applicable service tax in the advertisement contracts in terms of Finance Act 1994. As a result, Railway Administration had been served with a demand notice for Rs.1.76 crore towards service tax and penalty of equal amount not recovered from the contractor for the period from May 2006 to June 2009. The demand notice was yet to be settled with the Central Excise Authorities.

51. The Committee enquired about the status of recovery of demand notice of service tax amounting to Rs. 1.76 crores served on Railways for failure to incorporate a suitable clause regarding the payment of applicable service tax in the advertisement contracts. The Ministry in their reply stated as under:

"The payment of Rs. 1.76 crores to Central Excise, Customs & Service Tax authorities is exempted by Customs, Excise & Service Tax Appellate Tribunal South Zonal Bench, Bangalore. However, with reference to MISC ORDER passed by CESTAT Appellate Tribunal, South Zonal Bench, Bangalore, panelled Tax Consultant Shri Tulajappa Kalburgi, Hubli was requested vide letter no. C.249/CP/PC/Vol.IV/09/Part -1, dt.16.12.2014 (copy enclosed) to pursue the case till the case is finalized."

52. On being asked about the number of contracts suffering from deficiency of service tax clause and whether the Railways have issued any instructions/guidelines in this regard, the Ministry in their reply stated as under:

"No contracts suffer from deficiency of service tax clause. Railway Board, has advised to ensure the levy of service tax on the basis of the notifications/ instructions issued by Ministry of Finance in consultation with their associate finance and local service tax authorities."

53. As regard the clarification, whether contracts have been suitably amended to incorporate the clause of service tax, the Ministry in their reply stated as under:

"The Concerned department, along with finance and legal wings is responsible for formulation and execution of contracts in Railways. Domain experts are used from time to time to ensure compatibility with existing rules and regulations. Instructions/clarifications were issued to Zonal Railways in consultation with Accounts and Finance Directorate of Railway Board for levy, collection and remittance of service tax on commercial publicity and other auxiliary services rendered by Indian Railways which are not included in the negative list and mega exemption list. Zonal Railways have largely ensured compliance and no major deviations have been reported."

PART-II

OBSERVATIONS/RECOMMENDATIONS

The Committee observes that with a view to supplement the financial constraints faced by the Indian Railways Hon'ble Minister of Railways had set up a Task Force in 2000 which, *inter alia*, considered, various resources under 'Commercial Publicity' and identified freight wagons, Railway Stations, passenger trains, railway crossings, sites along railway track etc as potential targets. Realising the static growth of revenues under Commercial Publicity, way back in May 2005, the Standing Committee on Railways in its 10th Report, presented to 14th Lok Sabha, had urged the Railway Board to frame a comprehensive policy on marketing strategies for exploiting commercial potential by affording incentives to prospective advertisers. While identifying various media vehicles a series of guidelines for selection of advertising sites were issued by the Railway Board. The revenue mobilization through Commercial Publicity during 2007-08 to 2011-12 remained between Rs. 150 crores to Rs. 200 crores. Commercial Directorate of Railway Board is responsible for policy directions related to Commercial Publicity. Para 6.4.1 of C&AG Report No. CA 19 of 2008-09 had highlighted deficient implementation of Railway Board's guidelines on Commercial Publicity. In their Action Taken Note, the Ministry had admitted to failure of certain initiatives owing to poor market response with reference to level crossing gates, freight wagons etc. In December, 2009 the then Minister of Railways tabled in Parliament a 'White Paper' on Indian Railways where concern was expressed on the slow growth in earnings from commercial publicity due to poor success of new initiatives, namely, bulk right contract etc. It is really shocking to note that in spite of the 10th Report of Standing Committee on Railways (May, 2005) during 14th Lok Sabha, C&AG's Report No. CA 19 of 2008-09 and white paper on Indian Railways tabled in Parliament in December, 2009 by the then Railway Minister and the C&AG Report No. 11 of 2013 highlighting the slow growth in earnings from Commercial Publicity, the Ministry of Railways could not learn any lesson to improve its working. The Ministry of Railways failed to ensure that a proper assessment of the demand potential was conducted by the Zonal Railways involving external agencies and market experts. Moreover,

exceedingly high targets were fixed by the Ministry of Railways without consulting the Zonal Railways with the objective to put pressure on them in making more efforts to improve their performances rather than focusing on realistic and achievable targets. As a result there was no incentive or compulsion on Zonal Railways to formulate an action plan to achieve the prescribed targets for exploitation of identified assets/media for commercial publicity. Due to lack of focus of Zonal Railways, the tenders floated for advertising contracts did not elicit adequate response from the targeted parties. The presence of unauthorized advertisements/hoardings in and around Railway platforms which points towards connivance of the officials of Railways with advertisers also shows lack of adequate monitoring and vigilance by the Railway authorities. Moreover, contract management by the Railways suffered from various deficiencies such as poor record management leading to missing of escalation clauses from contracts of 32 divisions of 16 Zonal Railways, and in respect of 47 contract cases involving seven Zonal Railways. The license fee/penalty on delayed payment to the tune of Rs. 7.75 crore were either not recovered or short recovered. The deficiencies in contracts were also highlighted by the fact that due to non inclusion of service tax clause, Railway Administration was served with a demand notice for Rs. 1.76 crore for non recovery of service tax from contractors for the period from May 2006 to June 2009. The Ministry of Railways have failed miserably to exploit the potential of Commercial Publicity in Indian Railways despite wide reach of network of the Railways across length and breadth of the country. The Committee examined various aspects of the issue and their findings are given in succeeding paragraphs.

Targets Based On Assessment Of Revenue Potential

2. The targets for Commercial Publicity have so far not been based on assessment of revenue potential which has resulted in setting of exaggerated targets which were not given due importance by the Zonal Railways as the Railways themselves have admitted that targets were set in an aspirational manner to motivate the Zonal Railways to achieve higher commercial publicity earnings than the previous years. This also shows that neither the Railways nor the concerned Zones were accorded importance for the exploitation of Commercial Publicity aspect of the Railways. This shows that the Ministry failed to ensure that a proper assessment of

the demand potential was conducted by the Zonal Railway involving external agencies. CR and WR under Mumbai Region were earning almost 40% of the total revenue through Commercial Publicity out of the total earning of the Railways under this head. Mumbai region also noticed shortfall in revenue during the period under assessment. However, the Railways have submitted that in response to the recommendation made by the Task Force, RITES has been directed to facilitate the selection of a Professional Media Market Evaluation Agency (PMMEA) and they have selected M/s Ernst & Young. M/s Ernst & Young is in the last stage of submitting its assessment of commercial publicity revenue potential of Indian Railways and suggesting methods in which this potential can be realized. The Committee also note that in January, 2017, the Railway Ministry has announced new policy for monetization of Railway assets. The Committee, however, desire that the Railways formulate the target for next year based on the study conducted by M/s Ernst & Young and submit the details of their recommendations and action taken thereon by the Railways and latest status thereof to the Committee within a period of six months.

3. The Committee understood that one site in Mumbai has earnings of Rs. 17 crores through contract for the Railways on account of advertisement through hoardings. The Committee are perturbed to note that the Railway official were unable to correctly assess the capacity of Railway in earning through auction of advertisement sites in the past as it can now be easily assessed that if one site can give Rs.17 crores then on all Indian basis how much revenue the Railways has to forego in the absence of a professional approach by Railways officials. The Committee, however, are happy that now Railway has hired a professional agency (E&Y) which has suggested/advised Railways in the direction of various measures to increase the non-tariff revenue of the Railways from present 3% to 5% of total revenue in the next five years. The Committee desire to be informed of latest status of the various measures taken by the Indian Railways in this regard.

Hoardings/Plasma TV/LCD, CCTV

4. Audit observed that the total revenue collection (Rs. 25.62 crore) from hoardings during 2009-10 to 2011-12 were contributed by nine Zonal Railways (ECoR, NR, NCR, NER, SR, SER, SWR, SECR and Metro) from main display in and

around Goods sheds/parcel offices, circulating areas of stations, railway tracks etc. They have pointed out that each of these Zones had awarded contracts in respect of only one of the above identified sites, while Metro Railway, Kolkata exploited 23 station premises and utilized 36,805 sq. ft. out of total identified area of 96,912 sq. ft. Similarly, out of 2500 reservation/booking offices on 24 selected Divisions, plasma TV had been provided only in 19 booking offices of five Zonal Railways (CR, NR, NWR, SR and WR) which earned Rs. 4.57 crore through advertisements. Modes like CCTV earned revenue of Rs. 9.06 crore through advertisements on 11 Zonal Railways while these remained unutilized in six Zonal Railways (NCR, NR, NWR, NFR, WR and WCR). Similarly, Fare Repeaters remained unutilized on 12 Zonal Railways. However, four Zonal Railways (SR, SER, SCR and SWR) were able to generate revenue of Rs. 0.33 crore by utilizing this media.

The above cases highlight the lackadaisical attitude of the Railways in utilizing its vast resources for generating the much needed revenue. There seems to be lack of coordination in motivating the Zonal Railways to follow the best examples set by other zones. The Committee also note that the Minister of Railway has announced some policy measures taken to professionally handle the issue to increase the non - tariff earnings of the Railways through Rail Display Network which is likely to be taken up in March 2017. The Committee, therefore, exhort that the Ministry of Railways also encourage the Zones which earn maximum revenue through commercial publicity by giving them incentives/awards of excellence in the field which will in turn motivate the other Zones to generate more revenue through commercial publicity.

Improvement in Contract Management

5. The process of tender finalization for advertisements at cluster of stations by the Railways took a longer time than the stipulated period of 45 to 90 days with delays running up to 24 months at BCT Division which led to loss of revenue due to delays in awarding of the contracts. Moreover, there have been instances of non execution of agreement in 44 contract cases on three Zonal Railways which made the recovery of license fee very difficult in absence of agreement backing the same. The Railways have cited that the process of tender finalization is a time consuming process and adequate precautions are taken for proper assessment of potential of

each asset, stations and cluster of stations. However, the Committee feel that the stipulated time period for finalization of contracts must have encapsulated the adequate time period required for assessment and finalization of contracts and delays beyond stipulated period cannot be justified on the plea of taking a precautionary approach which is actually resulting in losses to the Railways. The Committee, therefore, recommend that the Railways should review its process of contract formulation and execution and shed the non-chalant approach of condoning delays in finalization of contracts owing to precautionary approach.

6. The Committee were also informed about the cases of contracts in South Western Railways (SWR) suffering from non-inclusion of clause of Service Tax which led to demand notice of Rs. 1.76 crores being served to the Railways. Although the Tribunal has exempted the Railways from the payment, the Committee feel that non-inclusion of service tax clause in agreements is a serious lapse which should have been avoided by the Railways. The Committee desire to be apprised of the final status of the cases within six months.

Unauthorized displays

7. The menace of unauthorized displays at the stations has been a constant source of leakage of revenues of the Railways and it has been found that the problem is particularly severe in case of EMUs/ passenger trains where contracts had to be foreclosed due to lack of space on account of unauthorized and illegal display of advertisements on the trains. The main reason which has been found during the examination by the Committee is poor record management regarding the details of advertisements displayed at the EMUs/trains/stations. The Committee were informed that Station Master maintains registers regarding the number, location and date of commencement and expiry of all contracted sites of a commercial publicity/advertisements at the EMUs/trains/stations and is responsible for removal of unauthorized advertisements. However, the practice of non-maintaining of registers at the stations has been found rampant at many stations of seven Zonal Railways (CR, ER, NFR, SCR, SWR, WCR and WR) and some Station Managers were not even aware of requirement of maintaining such registers. Thus, the possibility of collusion between Railway authorities and illegal advertisers cannot be ruled out. The Committee feels that the Railways have been lax in carrying out adequate timely

inspections of stations and trains for checking and removing unauthorized advertisements as the Committee were informed that there are no prescribed schedule or guidelines for inspections to be carried out at the stations and trains by officers of Railway Board. Although it has been informed that Zonal railways have formed core teams, inclusive of RPI personnel and special drives are being conducted but the Committee feel that in absence of any ready mechanism for identifying unauthorized displays such drives may not yield desired results. The Committee, therefore, recommend that the Railways should explore the feasibility of hallmarking or branding with authorized symbols on all the contracted advertisements as one of the conditions for their display at the stations with provision of security deposit being maintained with the Railways by the advertisers for recovering of the loss of revenue in case of advertisement being displayed beyond expiry date.

8. The Committee further recommend that the Railways prescribe a full fledged schedule of regular inspection of trains and stations by the officers of the Railway Board with the time interval between such inspections determining the duration for which security deposits have to be secured from the advertisers. The Committee may be apprised of the assessment made and action taken in this regard within a period of six months of presentation of this report.

9. The Committee note that there were irregularities in award of contract of advertisements on First cum First Serve basis which was prevailing in the Mumbai divisions of CR and WR for the last 25 - 30 years. There was no clarity on identification of contracted site, about innovative ideas for selection of new sites and displays of advertisement. The Committee note that there was no transparency in award of contracts in CR & WR. The Committee note that cases of irregularities in allotment of advertisements sites and involvement of Railway officials were enquired by the Central Railway vigilance. After the matter was consulted by CVC action against 06 officials were initiated and cases of 04 officers were under consideration of disciplinary authority. Further, in case of role of other officials, a report has been received by the Railway Board and is under their consideration. In view of the CVC enquiry it is established that the fraud in award of contract in advertisements has

been detected by the CVC and action against the officials of the Railway are being taken. The Committee, therefore, desire that:

(i) All contract which were allotted on the basis of FCFS should be terminated with immediate effect.

(ii) CBI-enquiry should be ordered to conduct inquiry in the whole gamut of FCFS policy, in Mumbai Division of Central Railway and Western Railway.

10. The Committee also desire that strict action be taken against the erring contractors and officials and informed of the action taken to complete the disciplinary proceedings. The Committee may also be apprised of the latest status of all the cases within three months from the date of presentation of this report to the Parliament. The Committee are of the view that unless and until exemplary punishments are awarded to the corrupt officials from top to bottom, irregularities in commercial publicity in Indian Railways cannot be rooted out. The Committee exhort the Indian Railways to introduce awards of excellence to the best performing Zones so as to encourage them and set example for the non-performing Zones to follow suit.

NEW DELHI;
06 April, 2017
16 Chaitra, 1939 (Saka)

PROF. K.V. THOMAS
Chairperson,
Public Accounts Committee.