Office of the Sr.Divisional Finance Manager
DRM Building/ER/Sealdah
Kaizer street sealdah/KOL – 14
Rly. Phone no.. 32020.
Fax No. 033-23504914

No. DAS/EXP/POLICY/2024-25 Dated: 03.12.2024

All Branch Officer's
Eastern Railway/Sealdah

SUB: Non-Levy of conservancy Cess from the contractor working in Railway premises.

Ref: 1. RB's L/No. F(X)/I/95/1/1 dated 06/03/2023, 01/10/1999& 07/09/2021
2. Sr. Audit Officer/Co-ordination ER/ Kolkata L/No. COR/2-6/Accounts/Sr. DFM/SDAH/2024-25/60 dt. 28/10/2024

References above, this is to inform that Sr. Audit Officer/Co-ordination ER/ Kolkata has highlighted the matter for non –levying of Conservancy charges ibid, as per provision of Railway Board's guidelines. The subject matter has also been discussed in GCC-2022, PART-II. General obligations under SL.No.6. Though all the Tenders are floated and run on the strength of GCC-2022, but no provision of levying of Conservancy Charges has been considered while processing the bills .

As the matter is related with loss of Railway revenue, it is urgently required to adopt the following measure for enacting the provision of Levying of Conservancy Charges from all the contract where the provision exists according to the Railway Boards letter referred above.

1. Deduction of Conservancy Cess from the bill of all the eligible contractors.
2. Allocation for Deduction of Conservancy Cess is 00844574.
3. Conservancy Cess is to be deducted for all existing contracts, in case Conservancy Cess not deducted at all, the arrear should be calculated and to be deducted from the bill in hand.
4. Due care should be taken while processing of any tender cases and at the time of preparing of agreements.
5. Ensure the recovery of ₹85,659.00 (as detailed below) from contractors' pending bills:
   i. Sr.DEE/G: ₹33,072.00
   ii. Sr. DEE/TRD: ₹23,850.00
   iii. Sr.DEN/C: ₹20,511.00
   iv. Sr. DSTE: ₹8,226.00
   v. EnHM/SDAH: NIL

It is requested to go through relevant circulars referred above for clarifications if any.

This is to be treated as MOST IMPORTANT

03/12/24

Sr. Divisional Finance Manager
Eastern Railway/Sealdah

Copy to DRM/SDAH, ADRM/I/SDAH, ADRM/O/SDAH, CPM/GSU for kind information please.

Sr. Divisional Finance Manager
Eastern Railway/Sealdah

Signature Not Verified
Digitally signed by SACHIN SUMAN
Date: 2025.09.12 18:30:13 IST
Reason: IREPS-CRIS
Location: New Delhi

प्रधान निदेशक लेखापरीक्षा का कार्यालय
पूर्व रेलवे, कोलकाता
14, स्ट्रैंड रोड, नई कोयलाघाट भवन (6वां तल)
कोलकाता-700001

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

OFFICE OF THE PRINCIPAL DIRECTOR OF A
EASTERN RAILWAY, KOLKATA
14th, STRAND ROAD, NEW KOILAGHAT BUIL
(5TH FLOOR), KOLKATA-700001

No. *COR/2-6/Accounts/Sr. DFM/SDAH/2024-25* / 60
Dated 28th October *2024*

वरिष्ठ मंडल वित्त प्रबंधक
पूर्व रेलवे
सियालदह

विषय:-निरीक्षण रिपोर्ट

Subject: inspection Report

महोदय/महोदया

I am directed to enclose the results of audit containing **15 Paras** through Inspection Report on the check of accounts and records of your office which was taken up by this office during the period from 29.07.2024 to 09.08.2024 for your perusal please. You are requested to offer your remarks on the issues within the stipulated period of **four weeks** for settlement of the issues raised in the Inspection Report at the earliest.

संलग्न: As above (16 Pages)

भवदीय

संजय मौलिक

वरिष्ठ लेखापरीक्षा अधिकारी/समन्वय
पूर्वी रेलवे, कोलकाता.
Sr. Audit Officer/Co-ordination
Eastern Railway, Kolkata.

Lvso CA/EHY
Pl. discuss
06/11/24

Phone: 91-33-22481815 Fax: 91-33-22486667

The issue was taken up throught a preliminary audit observation (**Reference Number: OBS-1468922**). In reply it was stated that number of actions including meetings involving the concerned Railway Departments as well as Defence Department were taken and the issue was under active resolution. However, the fact remained that there was non-realization of a huge outstanding dues and the issue involving pre-independence period could not be resolved as yet.

Remarks on above is requested.

3. Non-levy of Conservancy Cess Charges ₹85659.00 from the Contractors working in Railway premises – Exp

Railway Board's letter no. F(X)I/95/1/1 dated 01.10.1999 and 07.09.2021 stipulated levy of Conservancy Charges on non-Railway Bodies/Persons utilizing Railway premises, *viz.*, all vending and catering stalls, Engineering works contractors, agencies storing materials, Railway Institute and Clubs *etc*. The Board, in 05.12.2016, had revised the Conservancy Cess Charges which remained in force till 30.06.2021. The last review of rates for Conservancy Charges was done in 2021 and the revised rates were conveyed top Zonal Railways *vide* Board's letter no. F(X)I/95/1/1 dated 07.09.2021. The revised conservancy cess charges were to be recovered w.e.f 01.07.2021 till 30.06.2026.

Scrutiny of records revealed that there were a number workmen/labourers employed by the contractors in various Departments of SDAH Division, *e.g.*, Construction, Electrical, S&T, TRD, ENVH *etc*., for different categories of work and concerned bills were passed by the office of the Sr. DFM/E.Rly., Sealdah. But it was observed that Conservancy Cess charges were not being recovered from Contractors' bills. The issue was raised by Audit through a preliminary query and the Department accepted and in its reply stated that the conservancy charges were not being recovered from the Contractors working in the Railway premises.

Following are the data of recoverable amount that was furnished by the Auditee organization since the date of revised rates of Cess charges, *i.e*, from 01.07.2021 to 31.03.2024:

Sl No.	Department	Period	Recoverable Amount (₹)
1.	Sr.DEE/Electrical	July 2021-March 2024	33072.00
2.	Electrical/TRD	July 2021 – March 2024	23850.00
3.	Sr.DEN/C	April 2022- March 2023	20511.00
4.	S&T/IRSKP	July 2021-March 2024	8226.00
5.	ENVH	Not furnished no. of labourers engaged	NA
		Total	85659.00

In view of above it is stated that the above-mentioned amount of ₹85659.00 due for recovery from the contractors may be recovered at the earliest under intimation to Audit.

4. Observation: Lack of Control Over Expenditure of Works - Exp

Review of IRPSM under DRM/SDAH during Audit revealed that two projects under Demand No.16: Assets-Acquisition, Construction and Replacement, with the total project value of ₹6 crore, under SDAH Division were exhibited as Frozen. But expenditure were being incurred from time to time from both the Projects.

Scrutiny of records revealed that one of the above two Projects, *viz.*, Replacement of badly damaged /badly leaned, failure prone OHE masts over Sealdah Division (Phase-II) is under Plan Head 36- Other Electrical Works, including TRD having Project ID No. 02.04.36.19.1.53.002 was sanctioned by the Railway Board in 2019-20. Original cost of the project was ₹2.72 crore against which an expenditure to the tune of ₹ 1.22 crore had been incurred without any physical progress of the work as of March 2024. Status of the work in IRPSM revealed that 45% of financial progress was made without any physical progress. Further scrutiny revealed that some of the expenditure was made on Contractual Payment, GST and SGST *vide* details given below.

Sl. No.	Month of expenditure	Source of Fund	Voucher No.	Allocation No.	Amount in ₹
1	January 2024	RRSK	02030123703725	29367164	5,17,318
2	January 2024	RRSK	02030123703725	29367103	57,47,979
3	January 2024	RRSK	02030123703725	29367163	5,17,318

From the above, it transpired that there was lack of necessary Control over expenditure of the works.

5. Lack of budgetary control in utilization of EBR (Special) fund.

Ministry of Railways introduced a new source of Fund EBR (Special) *vide* RBA 02/2021 dated 05.01.2021 to finance the Capital Expenditure of the Railways as a onetime measure specific to the year 2020-21 in view of adverse resource position due to COVID-19 pandemic.

Test check of the records of the Divisional Accounts Department of Sealdah as well as scrutiny of records in IRPSM revealed that in eight number of works no physical progress could be achieved (**Annexure 1**) even after incurring expenditure of more than 50 *per cent* of the sanctioned cost from EBR (Special) fund amounting to ₹ 37564900**0**.

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. F(X)I/95/1/1

New Delhi, dated 07.09.2021

The General Managers,
All Indian Railways/ Production Units.

Sub.: Revision of conservancy Cess Charges – reg.

Ref.: Board's letter on even No. Dated 05.12.2016.

The rates of conservancy cess charges based on model rates of Western Railway were last notified *vide* Board's letter of even number dated 05.12.2016 referred above and were valid upto 30.06.2021.

2. It has now been decided that the conservancy cess charges may be recovered **w.e.f. 01.07.2021** at the rates as shown in the **Annexure** to this letter till 30.06.2026 viz. for five years and thereafter it will be taken up for review.

3. This has the approval of the competent authority. The implementation of these instructions may please be communicated to this office at the earliest.

4. Receipt of this letter may please be acknowledged.

(Nirmala Usha Tirkey)
Joint Director, Finance (Exp.)-I
Railway Board
Tele No. 11-23304321

No. F(X)I/95/1/1

New Delhi, dated 07.09.2021

Copy to PFA/ All Indian Railways/Production Units etc. for information and necessary action.

(Nirmala Usha Tirkey)
Joint Director, Finance (Exp.)-I
Railway Board

No. F(X)I/95/1/1

New Delhi, dated 07.09.2021

Copy (along with 80 spare) to the Deputy Comptroller and Auditor General of India (Railways), 224, Rail Bhawan, New Delhi.

Da: As Above.

(Nirmala Usha Tirkey)
Joint Director, Finance (Exp.)-I
Railway Board

Copy to PSOs/ Sr. PPSs/PPSs/PSs to All Board Members, Additional Members, Executive Directors and all Branches in Board's Office.

(Annexure to Board's letter No. F(X)I-95/1/1 dated 07.09.2021)

RATE OF RECOVERY OF CONSERVANCY CESS CHARGES WITH EFFECT FROM 01.07.2021

Description of Category		Average no. of Labourers or workman employed PER DAY	Conservancy cess charges to be recovered PER MONTH
I	**Railway Contractors:**		
	a. Engg. Works Contractors (Engg. Elect. Mech., Signal etc.)	1 to 5	Rs. 159/-
		6 to 10	Rs. 312/-
		11 to 25	Rs. 785/-
	b. Genl. Goods handling Contractors including Contracts awarded by Stores deptt.	26 to 50	Rs. 1143/-
		51 to 100	Rs. 1534/-
		101 to 200	Rs. 1926/-
	c. Coal handling ash pit cleaning contractors	201 to 300	Rs. 2318/-
	d. Railway siding use by the contractors	301 to 750	Rs. 2676/-
		751 to 1500	Rs. 5382/-
	e. Contractors supplying water to engines.	1501 to 3000	Rs. 10768//-
		3000 & over	Rs. 21508/-
II	**Catering Contractors:**		
	a. Refreshment Rooms		Rs. 465/-
	b. Restaurants		Rs, 465/-
	c. Platform Refreshment Stall (i) Major Station (ii) Minor Station		Rs. 465/-
	d. Stall including Tea Stall, Juice Stall		Rs. 312/-
	e. Tea/Coffee Vending Machine		Rs. 159/-
	f. Vendors with Trays on heads		Rs. 159/-
	g. Vendors with Trolleys on wheels./Battery Operated Carts.		Rs. 159/-
III	Shopkeepers, Tailors, Butchers, and Dhobis etc. in Colonies Serviced by Sanitary councils irrespective whether the shop is built wholly or partly by the Rly or on their own.		Rs. 785/-
IV	**Leases or Licenses of Railway Land for Stocking / Storing etc.**		
	a. Licensees who merely rent the land for storing materials but do not make their representatives or employees stay on licensed plot of all sizes		Rs. 465/-
	b. Licensees in addition to storing materials on plots of land have temporary residential structures to be used by the representatives or employees as residential accommodation on licensed plots of all sizes.		Rs. 1534/-

V	Railways Book Stall keepers/automatic Teller Machine.		Rs. 159/-
VI	a. Railway Institute		Rs. 104/-
	b. Railway Consumers Co. Op Society		Rs. 104/-
VII	a. Railway Officer's Club b. Welfare organization(Balmandir, Bharat Scouts etc.) c. Mosques, Gurudwaras, Temples, Dharmashalas, Churches and other religious edifices. d. Social Welfare Centre e. Vocational Training Centre f. Homeopathic dispensaries.		Rs. 104/-
VIII	**Railway Quarters given to Outsiders:** a. Vendors, Municipalities, State Govt., Private Parties for residential purpose b. Railway Building given State Govt./ Municipality for running school etc. c. Railway building given to private parties for running school etc.	Double the charges fixed for recovery from Rly. Employees. To be decided by DRM in consultation with Sr,DFM/DFM	
IX	Land licenced to Municipalities for Octroi Posts: (Land plot of all Sizes)		Rs. 1534/-
X	Land Licenced to State Road transport Corp. For parking Buses and booking offices (Land plot of all sizes)		Rs. 1534/-
XI	Land licenced to Sugar factories for installation of Weigh Bridges (Land plot of all sizes)		Rs.1534/-
XII	Land Licensed to Oil Co. for petrol Deptt. Installation fest bulk Storage approach road etc. Where structures are erected or not. (Land plot of all sizes)		Rs. 1534/-
XIII	Private Siding	To be recovered on the basis item IV (a &b)	
XIV	Assited siding		
XV	Telephone Booths.		Rs. 104/-
XVI	a. Land in the station yard under the grow more food scheme (Stn. Yard to be defined as land lying on either side of the track upto outermost facing points). b. Land outsides stn yard.	No cess Charges	Rs. 159/-
XVII	Shoe shine Boys		Rs. 27/-
XVIII	Hair Cutting Saloon		Rs. 465/-

XIX	Parking sites (ie cycle, scooter, car, motor vehicles)	To be recovered on the basis of item IV (a&b)	
XX	a. Rly Qtrs occupied rent free by the Police deptt. Or officers & Lock up, Malkhanas, out posts, godown etc. This applies also to service bldg. Given to Police Dept. Rent free. b. Govt. Deptt. Such as posts and Telegraphs etc. excluding Govt. Rly. Police (Order & Crime) to whom Rly. Accommodation for Residential purpose on rent is given. C. Govt. Deptt. Such as Govt. Rly. Police and posts and Telegraph Office etc. to whom Rly. Accommodation for office purpose on rent is given. d. Railway Quarters given to Govt. Rly Police (order & Crime) for resident purposes.	To be recovered on the basis of item no. VIII (a). -DO- Double the Charges fixed the charges fixed for recovery form Rly. Employees.	
XXI	Weighing machine installed at Rly. Stn.		Rs. 159/-
XXII	Any premises or Bldg/ Quarter given to recognize Trade Union	No cess charges.	
XXIII	Railway Land given to Central Govt. Dept.	To be recovered as per type of service item no. IV (a&b)	

2. Sr. DEN/DENs should ensure that necessary sanitary facilities are provided by the Contractor for their labour in terms of clause 59(4) of the general conditions of contract, and where they fail to do so notice should be given to the Contractor that the wage will be provided by the Railway at their cost & recovery should be made from their bills in the following manner.

a. If the Contractors labour are employed at stations and colonies where Railway sanitary facilities do exist recoveries should be made at the rates stipulated in this circular.

b. In respect of contractors labour working between stations is at isolated places where Railway sanitary facilities do not exist, recovery should not be made at the fixed rates stipulated in this circular but the Rly may provide these facilities at the cost of the contractor, after giving him due notice as stated above.

c. CMS / MSs DMOs should inspect such sanitary arrangement of contractors, independently and if not satisfactory, report officially in writing to the DEN and DRM concerned.

d. Supply contractors may be exempted from the purview of recovery of cess charges, since their labours enter in the Railway premises only to load or unload the materials.

e. No cess charges are recoverable from contractors engaged in construction work on new lines, away from open line. This will apply only until the line is opened for traffic partially or wholly. However, if Safaiwalas are engaged by Railways on construction work on new lines; necessary recoveries will have to be made from contractors.

Dep. SI Sunder

2. Where only indirect sanitary services are rendered, the conservancy cess charges should only be 20% of the above charges. The principle of recovery of cess charges on the basis of Direct / Indirect services will be applicable to categories Nos. III, IV, VII, IX, to XVI, XVIII and XIX and in all other categories i.e. I, II, V & VII the cess charges will be recoverable at the rate of direct Services only.

3. The definition of direct and indirect sanitary services is given below:-

Direct Services: are those where the conservancy staff undertakers to clean regularly the inside of the premises rented/ licensed to the above mentioned parties.

Indirect Services: are those where no such direct services are provided. Levy service charges are only when services direct or indirect.

4. No charges are recoverable wherever no services are provided. However, facts of such services rendered should be certified by the Chief Medical Supdt., Medical Supdt./ Divisional Medical Officers concerned.

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