

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS

RAJYA SABHA
UNSTARRED QUESTION NO. 2352
ANSWERED ON 08.08.2025

CAG REPORT REGARDING RAILWAY PSU

2352. SHRI SAKET GOKHALE:

Will the Minister of RAILWAYS be pleased to state:

- (a) whether it is true that the Comptroller and Auditor General of India (CAG) has flagged a case of loss caused to Indian Railways due to the PSU, IRCON International Ltd awarding a contract at ₹ 1110.80 crores to an ineligible bidder while ignoring the essential qualifying criteria for the evaluation of tenders;
- (b) if so, the details of the said contract awarded, alongwith the details of the ineligible bidder, and the reasons as to why the said contract was awarded; and
- (c) whether any action has been taken as on date in this particular case flagged by the CAG?

ANSWER

MINISTER OF RAILWAYS, INFORMATION & BROADCASTING AND
ELECTRONICS & INFORMATION TECHNOLOGY

(SHRI ASHWINI VAISHNAW)

(a) to (c): IRCON International Limited (IRCON) was entrusted with the execution of part of Udhampur Srinagar-Baramulla-Rail Line (USBRL) Project (189 Kms out of 272 Kms), which is one of the biggest and toughest infrastructure projects ever undertaken in the history of Indian Railways. This project provides an all weather connectivity between Jammu and Srinagar area. The alignment passes through difficult terrain and major part of it passes through tunnels, bridges & viaducts, before entering the Kashmir Valley.

For construction of Tunnel (T-48) between Sangaldan and Sumber stations, IRCON awarded a contract to an eligible firm at cost of ₹ 883.90 crore in September 2012. The said contract was terminated in April 2017 due to slow progress of the work at risk and cost of the firm. The value of yet to be executed work from the terminated contract was ₹ 676.83 crore based on rates of September 2012.

To complete the balance work, fresh open tender was floated in June 2017. After detailed examination, the work was awarded to a firm (M/s. Gammon Engineers and Contractors Private Ltd.) at ₹ 1,110.80 crore in August 2017. The awarded value of balance work was based on accepted rates of a similar tunnel work for the project which was awarded by IRCON in the year 2016. The contract was awarded as per terms and conditions of the tender only.

This matter was examined by the Central Vigilance Commission (CVC) also after a complaint was received in the matter. CVC advised closure of the complaint after examination. An opinion was also taken by IRCON from Additional Solicitor General, Government of India on this matter. ASG had also opined that IRCON was correct and lawful in its approach while evaluating the bidders as per the laid down tender conditions. The observation of C&AG in this matter has also been replied suitably.

The entire Project has been completed and commissioned recently.
