

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
RAJYA SABHA
UNSTARRED QUESTION NO. 913
ANSWERED ON 06.02.2026

LOSS INCURRED BY RAILWAYS

913 SHRI SAKET GOKHALE:

Will the Minister of RAILWAYS be pleased to state:

- (a) whether it is a fact that Indian Railways has incurred a loss of ₹835 crore on interest paid on a ₹3,200 crore loan taken by its PSU, IRCON International Ltd. , for development of a land parcel at Bandra East, Mumbai, if so, the details thereof;
- (b) whether it is a fact that the CAG flagged a loss to Indian Railways due to IRCON awarding a ₹1,110.80 crore contract to an ineligible bidder while ignoring essential qualifying criteria, if so, provide contract details, bidder details and reasons for award; and
- (c) the action taken in the above cases?

ANSWER

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

(SHRI ASHWINI VAISHNAW)

(a): A land parcel at Bandra (East), Mumbai was entrusted to Rail Land Development Authority (RLDA) for asset monetisation with the objective of increasing non-fare revenue of Indian Railways. However, despite repeated bidding attempts, developer could not be finalised due to inadequate market response.

Accordingly, it was decided to explore an alternative financial model involving Railway Public Sector Undertakings (PSUs). RLDA entered into agreements with IRCON and Indian Railway Finance Corporation (IRFC) for raising funds.

Due to Covid-19 related disruptions and site-specific issues, monetisation of the land parcel could not be achieved within the envisaged timeframe. During this period, interest amounting to ₹835 crore was paid by RLDA to IRFC as per the agreements.

(b) & (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 Rs. 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 Rs. 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 at Rs. 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.
