

## Chapter 1: Finances of the Railways

### 1.1 Introduction

The Indian Railways is a departmental commercial undertaking of the Government of India. It consists of 64,015 route km of track on which more than 18,518 number of trains ply, carrying more than 18.9 million passengers and hauling about 2.3 million tonnes of freight everyday. The formation of policy and overall control of the railways is vested in Railway Board comprising the Chairman, Financial Commissioner and other functional Members.

The Indian Railway system is managed through 16 zones and 68 operating divisions. Apart from the zonal railways representing the operational part of the system, there are six production units engaged in manufacturing of rolling stock and other related items.

Research, Designs and Standards Organization (RDSO) is the sole research and development wing of Indian Railways, functioning as the technical adviser and consultant to the Ministry, Zonal Railways and Production Units. Besides this, Indian Railways has 16 Public Sector Undertakings (PSUs)/affiliated organizations/autonomous bodies, working under the control of the Ministry of Railways. These PSUs and affiliated organizations are working as extended arms of the Railways to create and maintain railway assets and amalgamate with the railways in its operations.

Railway finances were separated from the General Finances through a Separation Convention in 1924. In 1949, the Separation Convention was reviewed and another convention resolution was adopted with effect from 1 April 1950, which recommended presentation of a separate railway budget prior to presentation of the general budget every year. As contemplated in the convention of 1949, a Railway Convention Committee (RCC) was constituted in 1954 to review the rate of dividend<sup>1</sup> payable by the Indian Railways to the general revenues and other ancillary matters. Though the Railway Budget is separately presented to the Parliament, the figures relating to the receipt and expenditure of the Railways are also shown in the General Budget, as the receipt and expenditure of the Railways are part of the total receipts and expenditure of the Government of India.

Ensuing paragraphs provide a broad perspective of the finances of the Railways during the year 2008-09, its comparison with actual of the previous year and deviation of actual receipts and expenditure of this year from the budget estimates.

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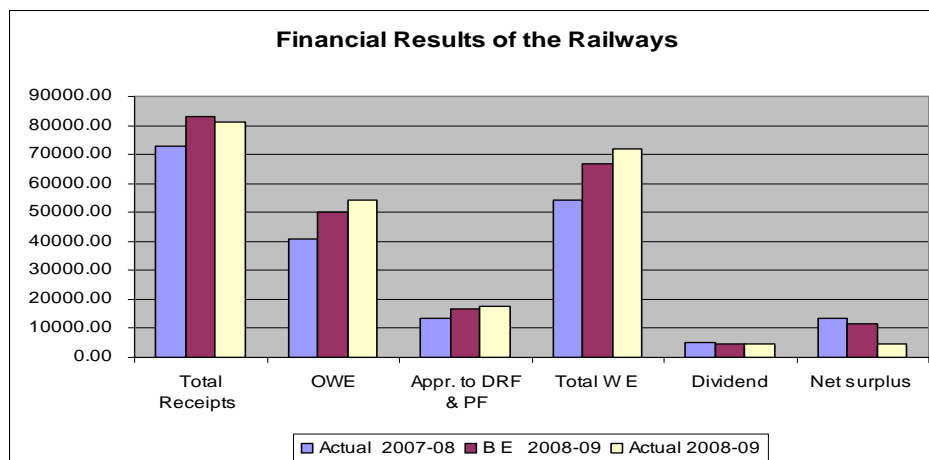
<sup>1</sup> Under the "Separation Convention" the Railways are required to pay dividend at a fixed rate on the Capital advanced by the Government of India.

## 1.2 Financial Results

Financial results of the Indian Railways for the year 2008-09, compared with the Budget Estimates (BE) and Revised Estimates (RE) 2008-09 and actual of the previous year (2007-08), are tabulated below:

(Rs. in crore)

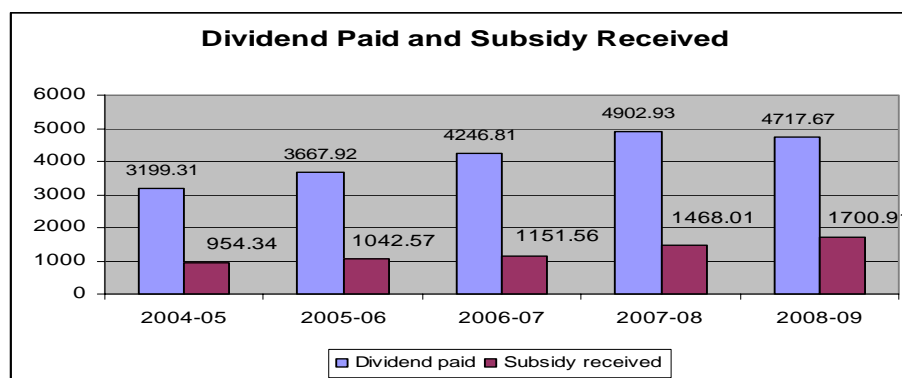
S.No.	Particulars	Actual 2007-08	Budget Estimate 2008-09	Revised Estimate 2008-09	Actual 2008-09
1.	<b>Gross Traffic Receipts</b>	71,720.06	81,901.00	82,393.00	79,861.85
2.	(a) Miscellaneous Receipts	1,556.51	1,795.89	1,840.18	1,797.13
	(b) Miscellaneous Expenditure	480.38	684.27	676.66	645.23
	Net Miscellaneous Receipts (a)-(b)	1,076.13	1,111.62	1,163.52	1,151.90
3.	<b>Total Receipts (1 + 2)</b>	72,796.19	83,012.62	83,556.52	81,013.75
4.	Ordinary Working Expenses (OWE)	41,033.17	50,000.00	55,000.00	54,349.30
5.	Appropriation to				
	(a) Depreciation Reserve Fund (DRF)	5,450.00	7,000.00	7,000.00	7,000.00
	(b) Pension Fund (PF)	7,979.00	9,590.00	10,490.00	10,490.00
6.	<b>Total Working Expenses (WE) (4 + 5)</b>	54,462.17	66,590.00	72,490.00	71,839.30
7.	<b>Net Revenue (3 – 6)</b>	18,334.02	16,422.62	11,066.52	9,174.45
8.	Dividend Payable to General Revenues				
	(a) Current year	4,238.93	4,635.88	4,710.96	4,717.67
	(b) Deferred Dividend of previous years	664.00	0.00	0.00	0.00
	<b>Net Dividend payment (a)+(b)</b>	4,902.93	4,635.88	4,710.96	4,717.67
9.	<b>Net surplus available for appropriation (7 – 8)</b>	13,431.09	11,786.74	6,355.56	4,456.78
10.	<b>Surplus appropriated to</b>				
	(a) Development Fund	2,359.00	947.00	1,391.00	1,391.00
	(b) Railway Safety Fund	---	---	---	---
	(c) Railway Capital Fund	11,072.09	10,839.74	4,964.56	3,065.78
11.	<b>Plan Expenditure</b>				
	(a) Gross Budgetary Support	8,667.90	8,400.00	10,626.00	10,110.43
	(b) Internal Resources	14,948.00	20,600.00	18,957.00	18,941.23
	(c) Extra Budgetary Resources	5,364.43	8,500.00	7,190.00	7,283.84



It is seen from above that total receipts of the Indian Railways during 2008-09 rose by more than 11 per cent as compared to the previous year but fell short of the budgeted provisions by more than 2 per cent (Rs.1,998.87 crore). Total Working Expenses during the year increased by 31.91 per cent as compared to the previous year. This was 7.88 per cent more than the budget estimates for the year.

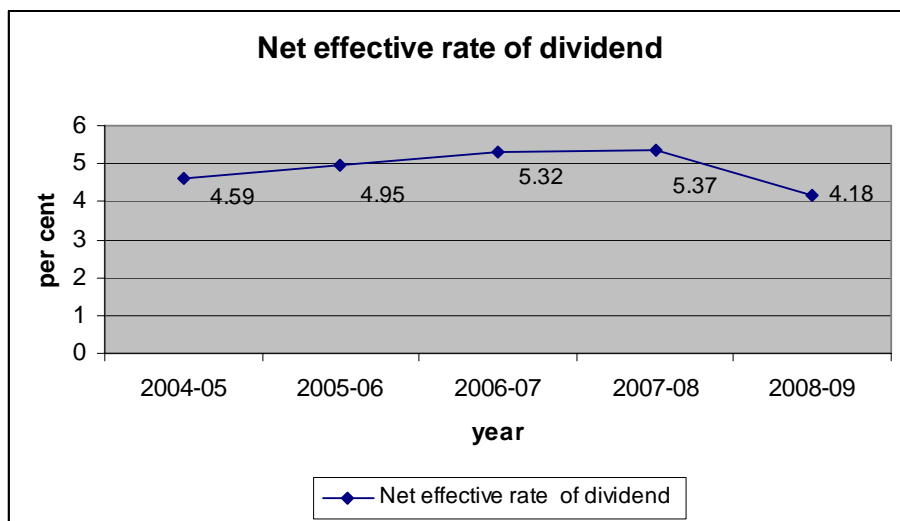
Net Revenue surplus after payment of dividend to General Revenues declined by 66.82 per cent in comparison to the previous year. In Revenue surplus, there was a short fall of Rs.7,329.96 crore (62.19 per cent) when compared to the budget estimates.

**1.2.1** Under the ‘Separation Convention’ the Railways are required to pay dividend at a fixed rate on the Capital advanced by the Government of India. The ‘Rate of Dividend’ payable by the Railways is determined periodically by the Railway Convention Committee of Parliament. The present rate of dividend for 2008-09 is seven per cent. Railways receives subsidy equivalent to the amount of dividend paid on investments in strategic lines, non-strategic portion of Northeast Frontier Railway, un-remunerative branch lines etc. Dividend paid and subsidy received during 2004-05 to 2008-09 is shown below:



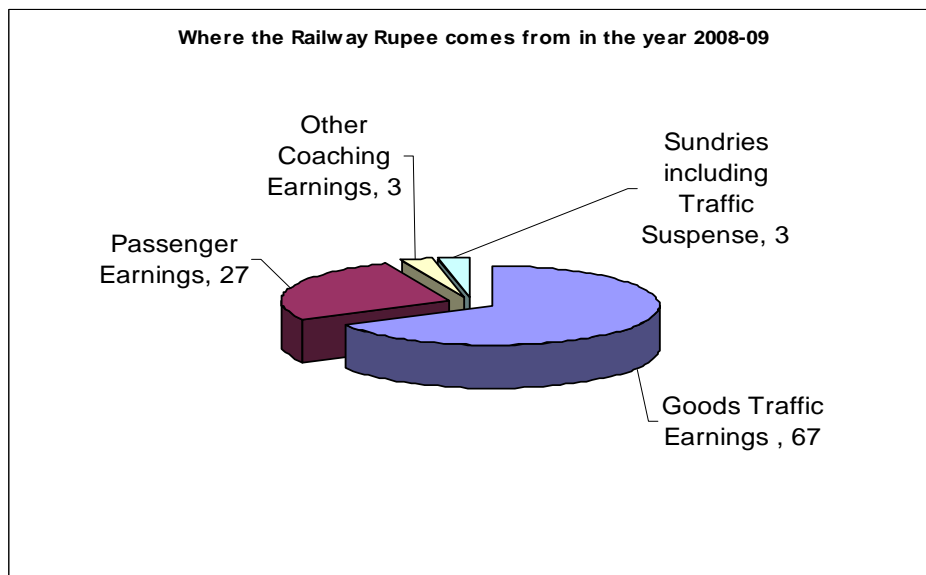
*Note:- Dividend paid in 2008-09 was less than 2007-08 as deferred dividend of Rs.664 crore was paid in 2007-08.*

The net effective rate of dividend after setting off the subsidy from the dividend paid during the period ranged between 4.18 per cent (2008-09) and 5.37 per cent (2007-08).



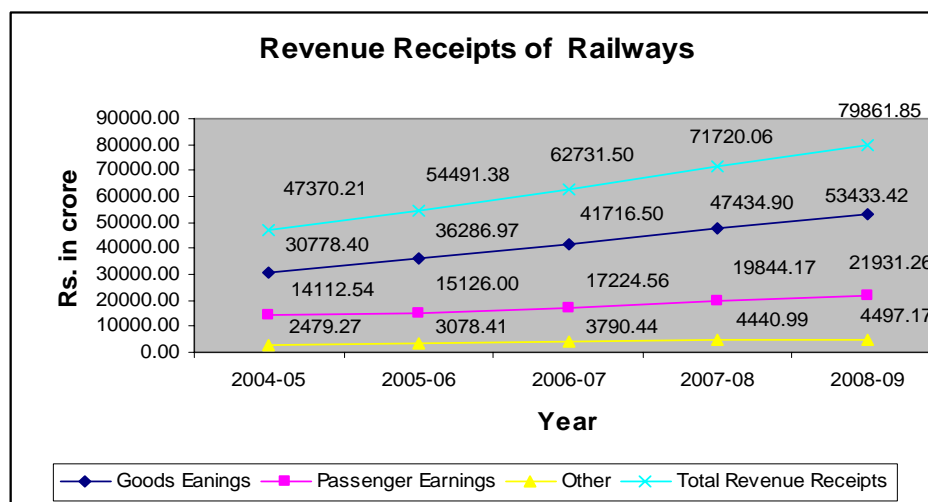
### 1.3 Gross Traffic Receipts

The major sources of Indian Railways traffic receipts are Goods Services, Passenger Services and Other Coaching Earnings<sup>2</sup>. 67 per cent of the earnings comes from Goods Services and 27 per cent from Passenger Services. Balance six per cent of earnings comes from Sundries and Other Coaching Earnings.



<sup>2</sup> Earnings viz. special trains and reserved carriages, luggage, parcels, other coaching traffic, transport of post office mails and other miscellaneous coaching receipts and Sundry Earnings which include earnings from catering, land lease, advertisements etc.

The annual rate of growth of traffic receipts increased from 10.41 per cent (2004-05) to a peak of 15.12 per cent (2006-07). Thereafter, it declined to 11.35 per cent in 2008-09.



There was an overall increase in traffic earnings by Rs.8,141.79 crore (11.35 per cent) during 2008-09 as compared to the previous year, but the earnings fell short by Rs.2,039.15 crore of the budgeted targets.

Break-up of earnings of Indian Railways during last five years is tabulated below:

(Rs. in crore)

Year/Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
<b>Gross Traffic Receipts</b> (% Annual Rate of Growth)	<b>47,370.21</b> (10.41)	<b>54,491.38</b> (15.03)	<b>62,731.50</b> (15.12)	<b>71,720.06</b> (14.33)	<b>79,861.85</b> (11.35)
<b>Goods Earnings</b> (% Annual Rate of Growth)	<b>30,778.4</b> (11.44)	<b>36,286.97</b> (17.90)	<b>41,716.50</b> (14.96)	<b>47,434.90</b> (13.71)	<b>53,433.42</b> (12.65)
<b>Passenger Earnings</b> (% Annual Rate of Growth)	<b>14,112.54</b> (6.12)	<b>15,126.00</b> (7.18)	<b>17,224.56</b> (13.87)	<b>19,844.17</b> (15.21)	<b>21931.26</b> (10.52)
<b>Others<sup>3</sup></b> (% Annual Rate of Growth)	<b>2,479.27</b> (24.67)	<b>3,078.41</b> (24.17)	<b>3,790.44</b> (23.13)	<b>4,440.99</b> (17.16)	<b>4497.17</b> (1.27)

### 1.3.1 Passenger Earnings

The trends in passenger earnings vis-à-vis the average lead<sup>4</sup> and the average rate per passenger kilometres over the past five years are as follows:

<sup>3</sup> Others includes earnings from 'Other Coaching Traffic, 'Sundry other Earnings' and 'Suspense'

<sup>4</sup> Average haul of a passenger (or a tonne of freight)

*Report No. 11 of 2009-10 (Railways)*

<i>Year</i>	<i>Passenger earnings (Rs. in crore)</i>	<i>No. of passengers (in millions)</i>	<i>Passenger kilometres (in millions)</i>	<i>Average lead per passenger (in kilometres) Col. (4) / (3)</i>	<i>Average earnings per passenger kilometres (in Paise) Col. (2) / (4) x1000</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>	<i>(6)</i>
2004-05	14,112.54	5,475.50	5,76,609	105.31	24.48
2005-06	15,126.00	5,832.39	6,16,612	105.72	24.53
2006-07	17,224.56	6,333.73	6,95,821	109.86	24.75
2007-08	19,844.17	6,644.99	7,71,069	116.04	25.74
2008-09	21,931.26	6,920.37*	8,38,032	121.10	26.17

*Note: Figures of number of passengers and passenger kilometers for 2008-09 are provisional.*

\* *Excluding Metro Railway.*

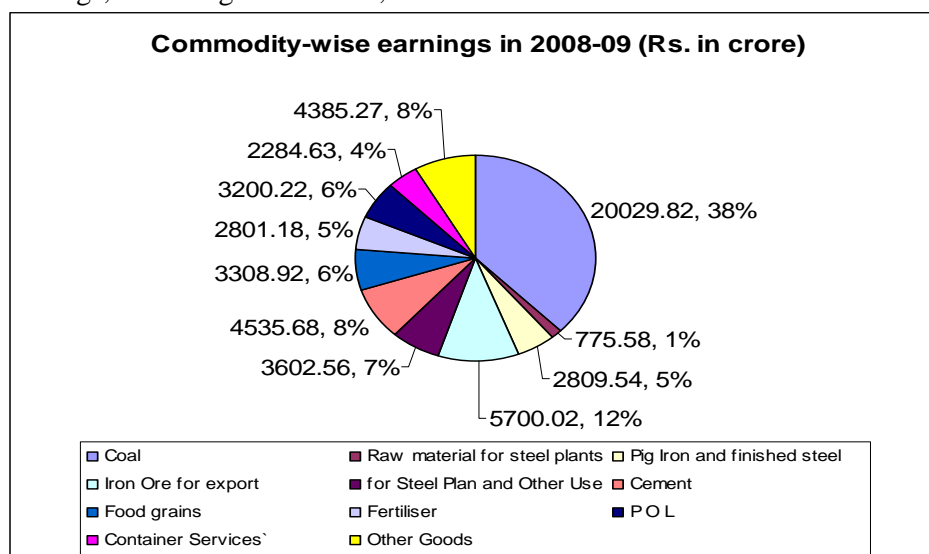
The earnings from passenger services increased over the previous year in all the zonal railways. However, Zonal Railways wise analysis of passenger earnings revealed that it fell short of budgeted targets in Eastern, East Central, North Central, North Eastern, North Western and South Eastern Railways. Despite reduction in targets at Revised Estimates stage, Eastern and East Central Railways failed to achieve the same.

Increases in number of passenger originating and average lead per passenger are the major factors accounting for the increase in revenue from passenger services. During 2008-09, Indian Railways carried 275.38 million (4.14 per cent) more passengers as compared to previous year and earned 26.17 paise for carrying a passenger over one kilometre in 2008-09 as against 25.74 paise in 2007-08.

### **1.3.2 Goods Earnings**

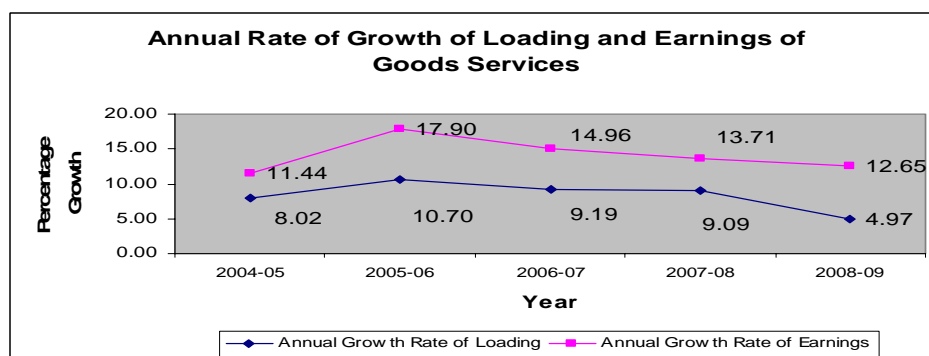
Goods earnings increased by 12.65 per cent from Rs. 47,434.90 crore in 2007-08 to Rs. 53,433.42 crore in 2008-09. All the Zonal Railways recorded an increase in goods earnings over the previous year except Central, North Eastern and Northeast Frontier Railways. Achievement in budgeted target for the year 2008-09 fell short in Central, Northern, North Eastern, Northeast Frontier, North Western, Southeast Central and West Central Railways. In respect of Central, North Eastern and North Western Railways even the reduced targets of revised estimates were not achieved. Commodity-wise

earnings, during 2008-09, is shown in the chart below:



Analysis of major commodity-wise originating traffic for the year 2008-09, revealed that Indian Railways lifted 39.42 Million Tonne (MT) more traffic as compared to previous year. However, the performance fell short of the budgeted targets. The average growth rate of Goods traffic in terms of monetary value during last five years was 14.13 per cent whereas growth in loading was lower at 8.39 per cent.

Annual rate of growth of loading and earnings of Goods traffic is shown below:



During last five years annual growth rate in terms of monetary value achieved a peak of 17.90 per cent in 2005-06 which declined to a low of 12.65 per cent in 2008-09. Annual growth rate of goods loading also achieved a peak of 10.70 per cent in 2005-06 and declined to a low of 4.97 per cent in 2008-09.

In absolute monetary terms, Goods earnings increased from Rs.30,778.40 crore in 2004-05 to Rs.53,433.42 crore in 2008-09. The major factors that contributed to increase in earnings, apart from increase in loading, were upward revision of classification of certain commodities and levy of supplementary charges such as Terminal Surcharge, Busy Season Surcharge, Congestion Charge, Development Surcharge etc during this period.

## 1.4 Cross- Subsidies

Summary of End Results- Freight Services Unit Costs and Coaching Services Profitability/Unit Costs published by Ministry of Railways for the year 2007-08 reflected the following picture in respect of coaching and freight services:

(Rs. in crore)

Services	Receipts	Expenses	Gain (+) or Loss (-)
Coaching	22,937.42 <sup>®</sup>	30,430.93	(-) 7,493.51
Freight	47,434.90	27,153.23	(+) 2,0281.67

Note: <sup>®</sup> Variation from Finance Account due to addition of net sundry other earnings from catering services

In terms of percentage, 24.62 per cent of the expenses on coaching services (during 2007-08) were left uncovered by annual receipts from coaching services. 15.79 per cent of receipts from freight services during 2007-08 went to make up the loss in the operation of coaching services.

There is cross-subsidization among various classes of passenger services provided by railways. Only AC Sleeper, AC-3 Tier and Chair Car are running in profit as tabulated below:

(Rs. in crore)

Class of Service	Earnings	Expenses	Loss (-)/Gain
<b>Mail/Express Trains</b>			
AC Ist Class and Ist Class	334.25	355.32	(-) 21.07
AC Sleeper, AC 3 Tier and AC Chair Car	4,001.22	3,215.85	785.37
Sleeper Class and Second Class	10,596.38	13,973.68	(-) 3,377.30
<b>Ordinary Trains</b>			
All Classes	3,793.71	7,335.00	(-) 3,541.29
EMU Suburban Services	1,631.29	2,553.68	(-) 922.38

Besides, Indian Railways suffered losses on operation of parcel, luggage and postal services (Rs.1,074.50 crore) and Catering Services (Rs.582.07 crore).

## 1.5 Unrealised Earnings

The Budget Estimate 2008-09 projected receipt of Rs.100 crore from unrealised earnings<sup>5</sup>. Against this projection, the actual receipt (exclusive of Demands Recoverable) was Rs.8.08 crore, reducing the balance of unrealised earnings from Rs.1,041.05 crore at the end of 2007-08 to Rs.1,032.97 crore at the end of 2008-09.

68.51 per cent (Rs.707.71 crore) of the total unrealised earnings (Rs.1,032.97 crore) was on account of outstanding dues recoverable from the State Electricity Boards (SEBs)/ Power Houses, of this 95.40 per cent was on account of freight (Rs.675.13 crore).

<sup>5</sup> Unrealised earnings constitute outstanding on account of traffic revenue



The SEBs against which the outstanding dues were in excess of Rs.25 crore as on 31 March 2009, are as follows:

*(Rs. in crore)*

<i>Sl. No.</i>	<i>Name of State Electricity Board/ Power House</i>	<i>Outstanding dues as on 31 March 2008</i>	<i>Outstanding dues as on 31 March 2009</i>	<i>Increase (+)/ decrease (-) during the year</i>
1.	Punjab State Electricity Board (PSEB)	443.97	456.11	(+)12.14
2.	Delhi Vidyut Board (DVB) @	182.18	177.20	(-) 4.98
3.	Rajasthan State Electricity Board (RSEB) @	47.08	38.14	(-) 8.94

@ Now unbundled into Companies as a result of Power Sector Reforms

In view of the substantial outstanding amount of un-realized earnings, Ministry of Railways needs to take more stringent steps to realize their dues and also to ensure that there are no further accruals.

### **1.5.1 Demands Recoverable**

The Demands Recoverable, represent outstanding in respect of (i) rent/lease charges for letting out Railway land and buildings and (ii) interest and maintenance charges from siding owners. An amount of Rs.16.70 crore was recovered during the year leaving a un-recovered balance of Rs.194.35 crore as on 31 March 2009. Of the 16 zonal railways, the outstanding balance at the end of the year as compared to previous year increased in eight zonal railways viz: Central (Rs.3.02 crore), Eastern (Rs.3.54 crore), North Central (Rs.1.29 crore), North Eastern (Rs.1.26 crore), Northeast Frontier (Rs.0.70 crore), North Western (Rs.1.12 crore), South Eastern (Rs.2.86 crore), Southeast Central (Rs.0.38 crore) and South Western Railway (Rs.2.71 crore).

### **1.6 Un-discharged liabilities**

The Railways are required to pay dividend at a fixed rate on the Capital borrowed from the Central Government. The Railway Convention Committee allows a moratorium on payment of dividend (interest) on investment in New Lines during the period of construction and for the first five years after its opening to traffic. Cumulative dividend is payable when the lines show surplus after meeting current liability. The account of accumulative dividend liability is closed after 20 years from the date of their opening, extinguishing such un-liquidated liability within the period.

The Railway Convention Committee of Parliament determines the rate of dividend payable by the Railways to the General Revenues every year. For the year 2008-09, the rate of dividend payable was fixed at seven per cent on the entire capital invested on the Railways from the General Revenues irrespective of the year of investment. The un-discharged liabilities on account of payment of dividend on investments made on New Lines which was Rs. 5,974.58 crore

as on 31 March 2008 increased to Rs.6,667.70 crore as on 31 March 2009. Out of the current year's accrual of Rs.693.12 crore, no payment was made.

### 1.7 Committed Expenditure

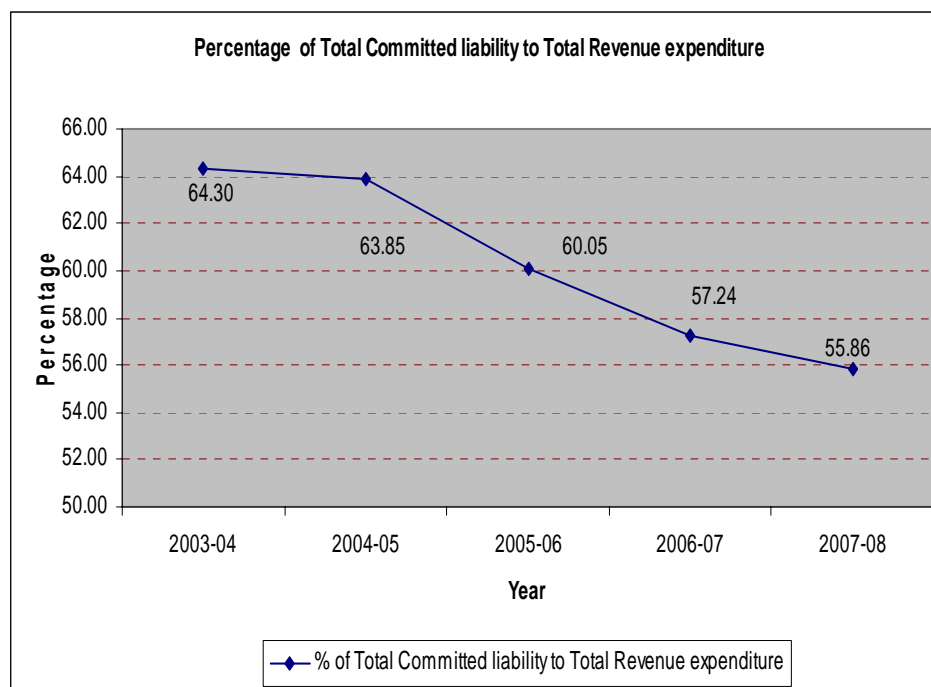
The committed expenditure of the railways on revenue account mainly consists of dividend payment to General Revenues, expenditure on salaries, wages, pension and lease hire charges paid to IRFC and other private parties<sup>6</sup>. Table below represents the trend in the expenditure on these components during 2003-04 to 2007-08. Figures of expenditure on salary for the year 2008-09 are not available. Thus, impact of Sixth Pay Commission on the committed expenditure of Indian Railways was not able to be worked out.

(Rs. in crore)

Year	Total Revenue expenditure including dividend	Committed Expenditure					
		Salary and wages including pension and gratuity	Dividend	Lease hire charges (Revenue) to IRFC	Payment of leasing Charges Other than IRFC	Total	Per-centage
2003-04	42,869.29	20,928.40	3,387.08	3,020.00	228.65	27,564.13	64.30
2004-05	45,958.19	22,552.70	3,199.31	3,340.00	252.18	29,344.19	63.85
2005-06	49,241.45	23,920.00	3,667.92	1,699.41	279.87	29,567.20	60.05
2006-07	53,293.34	24,159.10	4,246.81	1,874.88	224.31	30,505.10	57.24
2007-08	59,365.10	25,892.30	4,902.93	2,153.00	213.38	33,161.61	55.86

The percentage of committed expenditure to the total revenue expenditure ranged between 64.30 per cent and 55.86 per cent during this period. Till 2005-06, entire lease charges paid to IRFC were booked to Revenue. Thereafter, capital portion of lease charges is being booked to Capital Fund.

<sup>6</sup> Railways pay lease and hire charges to IRFC and private parties for utilization of rolling stock financed/owned by them.



## 1.8 Efficiency Indices

The financial efficiency and performance of operating an enterprise can be best measured from its financial ratios and performance ratio. 'Operating Ratio', 'Capital-Output Ratio' and 'Staff Productivity' to indicate the financial efficiency and performance of Indian Railways are discussed below:

### 1.8.1 Operating Ratio

The Operating Ratio represents the percentage of working expenses to traffic earnings. The operating ratio, which was 75.94 per cent in 2007-08, deteriorated to 90.46 per cent in 2008-09 for the Indian Railways as a whole.

The operating ratio of zonal railways and Metro Railway, Kolkata during the last three years is shown in the following table:

S. no.	Zonal Railway	Operating Ratio			Deterioration in 2008-09 over 2007-08
		2006-07	2007-08	2008-09	
1.	Central	79.34	75.92	97.64	21.72
2.	Eastern	150.53	143.61	173.45	29.84
3.	East Central	85.23	87.46	99.48	12.02
4.	East Coast	53.03	48.22	49.30	1.08
5.	Northern	88.28	92.53	115.26	22.73
6.	North Central	58.22	53.44	60.59	7.15
7.	North Eastern	132.64	131.74	197.32	65.58
8.	Northeast Frontier	117.61	108.35	148.69	40.34
9.	North Western	87.07	88.91	120.23	31.32
10.	Southern	105.85	105.07	126.06	20.99

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S. no.	Zonal Railway	Operating Ratio			Deterioration in 2008-09 over 2007-08
		2006-07	2007-08	2008-09	
11.	South Central	71.83	66.99	77.23	10.24
12.	South Eastern	58.39	53.84	62.24	8.4
13.	South East Central	47.20	45.74	53.23	7.49
14.	South Western	74.00	69.24	77.11	7.87
15.	Western	79.23	76.92	93.25	16.33
16.	West Central	67.80	66.33	73.95	7.62
17.	Metro Railway Kolkata	221.28	196.33	252.96	56.63
	<b>Overall Indian Government Railways</b>	<b>78.68</b>	<b>75.94</b>	<b>90.46</b>	<b>14.52</b>

From the above it can be seen that Operating Ratios of all the zonal railways has deteriorated as compared to the previous year.

The Operating Ratio of Eastern, Northern, North Eastern, Northeast Frontier, North Western, Southern Railway and Metro Railway, Kolkata was more than 100 per cent which implies that their working expenditure were more than their traffic receipts.

### **1.8.2 Capital-Output Ratio**

Capital-Output Ratio i.e. Capital employed for NTKM indicates the extent to which the operating measures and technological advancements have helped in reducing the Capital-output ratio. The Capital-output ratio for the total traffic (in terms of NTKM) carried by the Indian Railways during the last five years (2004-05 to 2008-09) is shown below:

As on	Total Capital including investment from Capital Fund (Rs. in Million)	Goods Traffic (NTKMS)	Passenger Traffic		Total Traffic (in Million NTKMs)	Capital at charge (in Paise) per NTKM
			Passenger Kilometres (in millions)	Million NTKMs		
31-Mar-05	5,93,469	4,07,398	5,76,609	40,939	4,48,337	132
31-Mar-06	6,58,783	4,39,596	6,16,612	43,779	4,83,375	136
31-Mar-07	7,60,307	4,80,993	6,95,821	49,403	5,30,396	143
31-Mar-08	8,85,211	5,21,371	7,71,069	54,746	5,76,117	154
31-Mar-09	10,43,012	5,51,362*	8,38,032 #	59,500	6,10,862	171

The table indicates a steadily rising trend in the Capital –Output Ratio.

\* Provisional. # Excluding Metro Railway.

### 1.8.3 Staff Productivity

Staff productivity on the Railways is measured in terms of volume of traffic handled per employee. The strength of employees and the details of the goods and passenger traffic in NTKMs during 2004-05 to 2007-08 are given below..

As on	No. of Staff (in thousand)	Total traffic in MT	Traffic (per thousand employee) in NTKMs
31-Mar-05	1,424.4	4,48,337	314.75
31-Mar-06	1,412.4	4,83,375	342.24
31-Mar-07	1,397.6	5,30,396	379.50
31-Mar-08	1,394.5	5,76,118	413.14

Figures in respect of number of staff as on 31 March 2009 is not available.

### 1.9 Plan Expenditure

**1.9.1** The Indian Railways finance their expenditure on acquisition, construction, replacement and renewal of assets from budgetary support, internal resources and market borrowings. The following table shows the break-up of various sources of finance vis-à-vis expenditure incurred during the year 2008-09.

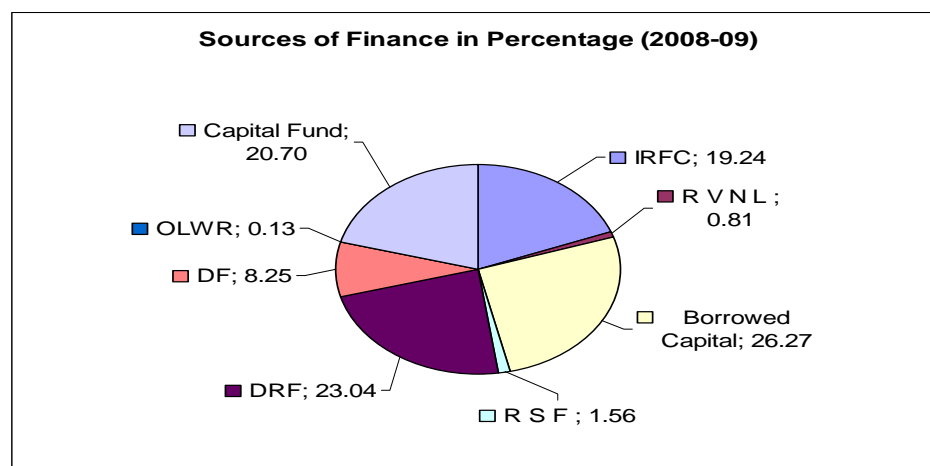
#### Sources of finance for Plan Expenditure

<i>(Rs. in crore)</i>					
S. no.	Sources of Finance	Actual Expenditure 2007-08	Budget Estimate 2008-09	Revised Estimate 2008-09	Actual Expenditure 2008-09
<b>1</b>	<b><u>Central Government Support</u></b>				
	<b><u>Budgetary Support</u></b>				
	(i) Borrowed Capital from General Revenues	6,969.55	7100.00	9,327.00	9,545.35
	(ii) Transfer to Special Railway Safety Fund (SRSF) <sup>7</sup>	1,165.00	0.00	0.00	0.00
	(ii) Railway Safety Fund (RSF) (financed by Contribution from Central Road Fund)	533.35	1300.00	1,299.00	565.08
	<b>Total Central Government Support</b>	<b>8,667.90</b>	<b>8,400.00</b>	<b>10,626.00</b>	<b>10,110.43</b>
<b>2</b>	<b><u>Internal Resources</u></b>				
	(i) Depreciation Reserve Fund (DRF)	5,774.93	8,500.00	8,033.00	8,371.56
	(ii) Development Fund (DF)	2,075.17	2,840.00	2,910.00	2,998.24

<sup>7</sup>SRSF has been closed from 1 April 2008.

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S. no.	Sources of Finance	Actual Expenditure 2007-08	Budget Estimate 2008-09	Revised Estimate 2008-09	Actual Expenditure 2008-09
	(iii) Capital Fund (CF)	6,819.35	9,200.00	7,956.00	7,522.97
	(iv) Special Railway Safety Fund (SRSF)	231.76	0.00	0.00	0.00
	(v) Open Line Works – Revenue (OLW-R)	46.79	60.00	58.00	48.46
	<b>Total Internal Resources</b>	<b>14,948.00</b>	<b>20,600.00</b>	<b>18,957.00</b>	<b>18,941.23</b>
	<b>Total of Plan Funds (1+2)</b>	<b>23,615.90</b>	<b>29,000.00</b>	<b>29,583.00</b>	<b>29,051.66</b>
<b>3</b>	<b><u>Extra Budgetary Support</u></b>				
	(i) Indian Railway Finance Corporation (IRFC)	4,604.43	6,907.00	6,907.00	6,990.84
	(ii) Rail Vikas Nigam Limited (RVNL)	240.00	293.00	283.00	293.00
	(iii) Wagon Investment Scheme <sup>8</sup>	520.00	500.00	0.00	0.00
	(iv) Public Private Partnership (PPP) Projects	--	800.00	0.00	0.00
	<b>Total External Resources</b>	<b>5,364.43</b>	<b>8,500.00</b>	<b>7,190.00</b>	<b>7,283.84</b>
	<b>GRAND TOTAL</b>	<b>28,980.33</b>	<b>37,500.00</b>	<b>36,773.00</b>	<b>36,335.50</b>



An analysis of the expenditure for the year 2008-09 revealed that expenditure against Capital financed from the General Budget of Government of India has increased by 36.95 per cent as compared to the previous year and by 34.44 per cent when compared with the Budget Estimates.

Plan expenditure financed through internally generated sources increased by 26.71 per cent over the actual of the previous year. It, however, fell short of budgeted estimates by 8.05 per cent.

<sup>8</sup> Wagon Investment Scheme has since been closed from April 2008.

Capital borrowed from IRFC increased by Rs.2,386.41 crore from Rs. 4,604.43 crore in 2007-08 to Rs.6,990.84 crore in 2008-09. No funds could be mobilized through PPP projects scheme where a budgetary projection of Rs.800 crore was estimated.

**1.9.2** The XI Five Year Plan (FYP) size (2007-12) of Rs. 2,33,289 crore envisages financing of Rs.63,635 crore through General Budgetary Support, Rs.90,000 crore through internal resources and Rs.79,654 crore through extra budgetary resources. Extra budgetary resources are to be funded through a mix of market borrowings through IRFC, debt/equity financing raised through RVNL/other Special Purpose Vehicles (SPVs) and Public Private Partnership (PPP) initiatives. The performance of the Railways in the first two years of the plan period is as below:

(Rs. in crore)					
<i>Year</i>	<i>Gross Budgetary Support</i>	<i>Internal Resources</i>	<i>Extra Budgetary Resources</i>	<i>Total</i>	<i>Percentage to the total Plan Size</i>
Target for Plan Period (2007-12)	63,635.00	90,000.00	79,654.00	2,33,289.00	
Actual for 2007-08	8,667.90	14,948.00	5,364.43	28,980.33	12.42
Actual for 2008-09	10,110.43	18,941.23	7,283.84	36,335.50	15.58
Total for first two years (2007-09)	18,778.33	33,889.23	12,648.27	65,315.83	28.00
% age of the total targets for plan period	29.51	37.65	15.88	28.00	

Performance of the Indian Railways, in the first two years of the plan period was much below the proportionate targets as it could achieve only 28 per cent of the total plan size. Support from the General Budget was only 29.51 per cent of the total General Budget support targeted for the plan period. Further, during this period, railways could mobilize only 15.88 per cent of the targeted extra budgetary resources for the entire plan period. Thus, overall planned expenditure of 28 per cent during the first two years of the plan period was more dependent upon internally generated resources which are now under pressure due to high working expenses and staff cost. Thus, the railways dependence on General Budget is likely to increase for achievement of its plan targets.

**1.9.3** It was planned to add 2,000 kms of New Lines, convert 10,000 kms of meter/narrow gauge into Broad Gauge, double the 6,000 kms of single track and electrify 3,500 kms of routes during XI-FYP<sup>9</sup>. Against this, in the first two year of the plan period, 513 kms (25.65 per cent) of New Lines, 2,612 kms (26.12 per cent) of Gauge Conversion, 789 kms (13.15 per cent) of Doubling and 1,299 kms (37.11 per cent) of Electrification was completed. The achievement in the first two years was below the proportionate targets for the XI-FYP.

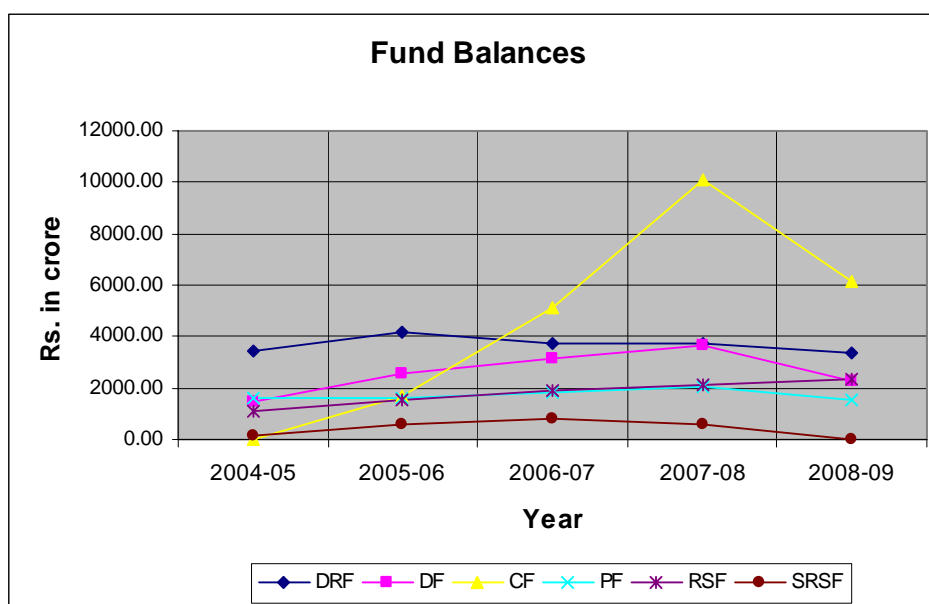
<sup>9</sup> Source- Mid Term Appraisal of XI Five Year Plan of Ministry of Railways

**1.9.4** Monthly Flash Report on Central Sector Projects costing Rs.100 crore and above for the month of June 2009 circulated by the Ministry of Statistics and Programme Implementation revealed that out of 144 on-going Railway projects, six projects have been delayed by over 10 years. The anticipated cost of completion of these projects has been revised to Rs. 13,055.47 crore from original cost of Rs. 3,463.60 crore (**Appendix-I**).

In six projects which were taken up more than 10 years ago with original cost of Rs.817.07 crore, the cumulative expenditure in four projects was below one per cent. In another two projects it ranged between three per cent and six per cent. The anticipated cost of completion of these projects has been revised to Rs.2,372.90 crore (**Appendix-II**).

### 1.10 Railway Funds

Railways operate various funds to meet the requirement of asset acquisition, construction, replacement and renewal as well as pension payments to the railway employees. These funds are either fully or partially financed by railway revenues/surplus, budgetary support from the Central Government and market borrowings, if needed. The balances under the reserve funds with the railways declined from Rs.22,279 crore (2007-08) to Rs.15,655 crore in 2008-09. The Special Railway Safety Fund (SRSF) was closed on 1 April 2008 and the balance of Rs.597.73 crore transferred to the Depreciation Reserve Fund (DRF).



The status of various funds at the end of the year 2008-09 is discussed below:

**1.10.1 Depreciation Reserve Fund:** Railways maintains the DRF for replacement and renewal of over-aged assets. Appropriation to this fund is met from revenues by charging it to the working expenses of the Railways. In addition, a contribution is also made by production units in respect of



depreciation of their assets. The fund receives interest at the rate at which dividend is payable to general revenues. During 2008-09, the rate of interest was seven per cent per annum. The balances in the DRF for the last five years are shown in the following table:

(Rs. in crore)

<i>Year</i>	<i>Opening Balance</i>	<i>Accretion including interest during the year</i>	<i>Withdrawals during the year</i>	<i>Closing Balance</i>
2004-05	2,690.93	2,993.29	2,234.58	3,449.64
2005-06	3,453.64*	3,943.06	3,255.59	4,141.11
2006-07	4,141.11	4,545.73	4,957.78	3,729.06
2007-08	3,729.11*	5,803.17	5,774.93	3,757.35
2008-09	4,347.71*	7,359.83	8,371.56	3,335.98

*Note: \* Differences between closing and opening balances are due to transfer without financial adjustment between DRF, SRSF and Capital. Balance of Rs.597.73 crore under SRSF after its closure was transferred to this fund on 1 April 2008.*

Railways appropriate to this fund on a need-cum-availability basis instead of in a scientific manner taking into account the historical cost, expected useful life and expected residual value of the asset. It is seen that assets due for renewal/replacement are not planned as and when due. During the XI-FYP<sup>10</sup>, as against the total of 22,700 kms track (including 6,200 kms due at the beginning of the plan period) which become due for renewal, railways has planned to renew only 16,500 kms, leaving an arrear of 6,200 kms at the end of the XI-FYP. Similarly in the case of renewal of track fittings, against 29,000 kms including arrears of 9,000 kms due at the beginning of the XI-FYP and ballast requirement of 575 lakh cubic metre, including arrears of 105 lakh cubic metre, Railways planned to renew 14,000 kms of track fittings and procure 500 lakh cubic metre ballast leaving an arrear of 15,000 kms in track fittings and 75 lakh cubic metre in ballast recoupment at the end of XI-FYP.

The fund balance of Rs.3,335.98 crore at the end of the year 2008-09, represented only 1.82 per cent of the total value of Block Assets of Rs.1,82,533.35 crore of Indian Railways. This includes one time transfer of Rs.597.73 crore from SRSF on its closure. Thus, the net balance, excluding the amount transferred from SRSF, worked out to Rs.2,738.25 crore which is 1.50 per cent of the Block Assets.

Railways need to maintain a reserve with a minimum amount under DRF accumulation to facilitate the timely execution of renewals with a view to maintain the assets at the highest standard of efficiency. Accumulation of arrears in renewal/replacement may at later stage create a need to set up another fund (as done in the year 2001 when Special Railway Safety Fund was created) to wipe out the arrears of renewal/replacement.

**1.10.2 Development Fund:** The Development Fund (DF) is financed by appropriation from surplus and/or loans from General Revenues to meet

<sup>10</sup> Report of the Working Group on Railway Programme for the Eleventh Five Year Plan (2007-2012).

expenditure on works relating to amenities for users of Railway transport, labour welfare, safety and un-remunerative operating improvement. The fund receives interest at the average rate of interest on Capital Outlay in Government Commercial Departments/Undertakings.

Appropriation to fund from surplus during the year 2008-09 was Rs.1,391.00 crore as per revised estimates. Against this the actual withdrawal from the fund was Rs.2,998.24 crore which resulted in depletion in the fund balance at the end of the year.

(Rs. in crore)

Year	Opening Balance	Accretion during the year	Withdrawals during the year	Closing Balance
2004-05	265.30	1,943.96	736.88	1,472.38
2005-06	1,532.76	2,039.46	1,024.96	2,547.26
2006-07	2,546.57	2,128.53	1,563.94	3,111.16
2007-08	3,111.16	2,629.64	2,075.17	3,665.63
2008-09	3,665.63	1,631.39	2,998.24	2,298.78

Note: Difference between closing balance of 2004-05 and opening balance of 2005-06 is due to transfer of Rs.60.38 crore from RSF. Difference between closing balance of 2005-06 and opening balance of 2006-07 is due to transfer of (-) Rs.0.69 crore from Capital. Accretion includes interest on the balance in the fund.

**1.10.3 Capital Fund:** The Capital Fund (CF) was created with effect from 1 April 1993 to finance the capital works of the Railways. The surplus left after appropriation to Development Fund is credited to this fund. The fund received seven per cent interest i.e. at the same rate at which dividend is payable to general revenues.

Actual appropriation of Rs.3,065.78 crore to the fund fell short by Rs.7,773.96 crore of budgeted projections as railways could not generate the budgeted surplus during the year. The withdrawal of Rs.7,522.97 crore from the fund (net expenditure) was also less than the budgeted level of Rs.9,200 crore. The balances in Capital Fund for the last five years are shown in the following table.

(Rs. in crore)

Year	Opening Balance	Accretion during the year	Withdrawals during the year	Closing Balance
2004-05	15.42	1.00*	0	16.42
2005-06	16.42	4,086.32	2,426.11	1,676.63
2006-07	1,676.63	8,541.15	5,069.61	5,148.17
2007-08	5,312.74**	11,592.83	6,819.35	10,086.22
2008-09	10,086.22	3,615.81	7,522.97	6,179.06

Note: \* Accretions during 2004-05 is on account of interest on the balance in the fund.

\*\* Difference in Opening balance was due to transfer of Rs.164.57 crore without financial adjustment from capital

**1.10.4 Railway Safety Fund:** The Railway Safety Fund (RSF) was created with effect from 1 April 2001 to finance works relating to Road Safety works viz. (i) manning of un-manned level crossings and (ii) conversion of level crossings into road over/ under bridges. The fund is fed from three sources viz. (i) contribution from Central Road Fund, (ii) Railway surplus left after payment of dividend and (iii) contribution made by the Ministry of Railways to the Railway Safety Works Fund (maintained by the Ministry of Finance) out of the Dividend payable to General Revenues. The balance in the fund does not earn interest.

The balances in Railway Safety Fund for the last five years are shown in the following table:

(Rs. in crore)

Year	Opening Balance	Accretion during the year	Withdrawals during the year	Closing Balance
2004-05	764.31	536.02	201.37	1,098.96
2005-06	1,038.58	780.92	262.24	1,557.26
2006-07	1,557.26	713.43	359.94	1,910.75
2007-08	1,910.75	727.26	533.35	2,104.66
2008-09	2,104.66	776.51	565.08	2,316.09

Note: Difference between closing balance of 2004-05 and opening balance of 2005-06 is due to transfer of Rs.60.38 crore to DF.

In 2008-09, the Railways spent only Rs.565.08 crore (43.47 per cent) against the budget estimates of Rs.1,300.00 crore. The shortfall in expenditure was due to slow progress of works in respect of conversion of unmanned level crossings into manned level crossings and conversion of level crossings into road over bridges/road under bridges.

**1.10.5 Pension Fund:** The Fund, constituted in 1964, for meeting expenditure on pensionary benefits to retiring railways employees. Railways contribute to this fund with reference to the trend of estimated expenditure. The fund receives interest at the rate at which dividend is payable to general revenue. The balances in the PF for the last five years are shown in the following table:

(Rs. in crore)

Year	Opening Balance	Accretion during the year (including interest)	Withdrawals during the year	Closing Balance
2004-05	1,430.62	6,875.71	6,696.89	1,609.44
2005-06	1,609.44	7,151.55	7,145.32	1,615.67
2006-07	1,615.67	7,633.57	7,448.15	1,801.09
2007-08	1,801.09	8,219.86	7,953.20	2,067.75
2008-09	2,067.75	10,721.56	11,264.52	1,524.79

There was net depletion of Rs. 542.96 crore in the fund balance during 2008-09 due to implementation of Sixth Central Pay Commission recommendations. The balance in this fund as on 31 March 2009 was Rs.1,524.79 crore, equivalent to 13.54 per cent of the expenditure of Rs.11,264.52 crore on this account during 2008-09.

### 1.11 Investments and Returns

The Ministry of Railways has made investments in Public Sector Undertakings, Special Purpose Vehicles, Autonomous Bodies, Joint Venture Companies. These organizations have been set up by the Ministry of Railways for various purposes, including laying of new lines, booking and carrying the freight business, railway catering, telecommunication besides mobilization of resources from market to meet development needs of railways.

As of 31 March 2009, railways has invested Rs.6,366.32 crore in these organizations from Capital i.e. Capital loaned from General Budgetary Support and their Capital Fund. During 2008-09, railways received Rs.268.46 crore as return on these investments as 'dividend' which is only 4.22 per cent of the total investments (**Appendix-III**). In seven organizations where railways had invested Rs.958.75 crore, no return has been received during 2008-09 (**Appendix-III**).

## 1.12 Comments on Appropriation Accounts

**1.12.1** Appropriation Accounts are accounts of the expenditure, voted and charged, of the Indian Railways for each financial year compared with the amounts of the voted grants and charged appropriations for different purposes as specified in the schedules appended to the Appropriation Act. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

**1.12.2** Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various grants is within the authorization given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution if so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

### 1.12.3 Summary of Appropriation Accounts:

Indian Railways operate 16 Grants which comprises of 15 Revenue Grants (Grant no.1 to Grant no.15) and one Capital Grant (Grant No. 16). The Capital Grant No. 16 has four segments viz- Capital (i.e. financed from Loan Capital i.e. General Budgetary Support), Railway Funds (financed from internally generated resources viz- Capital Fund, Depreciation Reserve Fund, Development Fund), Railway Safety Fund (financed from Central Road Fund from Diesel Cess) and Open Line Works-Revenue. The Summary of Appropriation Accounts (Railways) for the sums expended during the year ended 31 March 2009, compared with the sums authorized in the Demands for Grants and Supplementary Demands for Grants for expenditure on Central Government Railways and passed under the Article 114 and 115 of the Constitution of India is given in **Appendix- IV**. The position is briefly summed up as below:

<i>(Rs. in crore)</i>					
	<i>Original Grant/ Appropriation</i>	<i>Supplementary</i>	<i>Total Sanctioned Grant</i>	<i>Actual Expenditure</i>	<i>Saving (-) / Excess (+)</i>
<b>Voted</b>					
Revenue	93,851.38	8,437.51	1,02,288.89	94,008.78	(-) 8,280.11
Capital	<b>53,718.25</b>	<b>4,507.01</b>	<b>58,225.26</b>	<b>55,218.58</b>	<b>(-)3,006.68</b>
<b>Total Voted</b>	<b>1,47,569.63</b>	<b>12,944.52</b>	<b>1,60,514.15</b>	<b>1,49,227.36</b>	<b>(-) 11,286.79</b>
<b>Charged</b>					
Revenue	70.22	73.89	144.11	95.74	(-) 48.37
Capital	<b>28.00</b>	<b>15.28</b>	<b>43.28</b>	<b>59.98</b>	<b>16.70</b>
<b>Total Charged</b>	<b>98.22</b>	<b>89.17</b>	<b>187.39</b>	<b>155.72</b>	<b>(-) 31.67</b>
<b>Grand Total</b>	<b>1,47,667.85</b>	<b>13,033.69</b>	<b>1,60,701.54</b>	<b>1,49,383.08</b>	<b>(-) 11,318.46</b>

The net overall saving of Rs.11,318.46 crore was the net result of savings of Rs.11,838.27 crore in nine revenue grants and four components of capital

grant and nine revenue charged appropriations and two components of capital charged appropriation. This is offset by excess of Rs. 519.81 crore in six revenue grants and two revenue charged appropriations and one capital charged appropriation.

### 1.12.4 Financial Accountability and Budget Management

#### 1.12.4.1 Appropriation vis-à-vis Allocative Priorities

Unspent provision in a grant or appropriation indicates either poor budgeting or shortfall in performance or both. During 2008-09, is major portion of the aggregate savings of Rs.11,838.27 crore occurred in grants dealing with Operating Expenses, Pension and Other Retirement Benefits and Appropriation to Funds under Revenue grants and planned expenditure from Capital Grant. In eight cases savings were more than Rs.100 crore in each case as tabulated below. These cases constituted about 99 per cent of the aggregate savings. Reasons for savings under these grants are given in **Appendix-V**.

(Rs. in crore)

S.No..	Particulars	Original Provisions	Supplementary provision	Actual Expenditure	savings (-)
<b>Revenue- Voted</b>					
1	Grant No. 9- Operating Expenses - Traffic	8,526.81	1,205.18	9,582.57	(-) 149.42
2	Grant No. 10- Operating Expenses - Fuel	13,669.89	567.37	13,935.96	(-)301.30
3	Grant No. 12—Miscellaneous Working Expenses	2,413.82	353.57	2,266.06	(-) 501.33
4	Grant No. 13- Provident Fund, Pension and Other Retirement Benefits	9,705.75	3,065.36	11,450.64	(-)1,320.47
5	Grant No. 14—Appropriation to Funds	28,386.74	0.00	21,956.78	(-) 6,429.96
<b>Capital- Voted</b>					
6	Grant No. 16 – Assets-Acquisition, Construction and Replacement – Capital	29,938.85	4,507.00	33,908.65	-537.20
7	Grant No. 16 – Assets-Acquisition, Construction and Replacement – Railway Funds	22,419.50	0.01	20,696.13	-1,723.38
8	Grant No. 16 – Assets-Acquisition, Construction and Replacement – Railway Safety Fund	1,299.90	0.01	565.35	-734.56

In the 10 cases tabulated below, savings of more than Rs.100 crore each occurred under Plan Heads in Capital Grant No. 16. This also included two cases where savings were more than Rs.1,000 crore.

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(Rs. in crore)

S.No.	Plan Head	Original Provisions	Supplementary provision	Actual Expenditure	savings (-)
<b>Grant No. 16 – Assets- Acquisition, Construction and Replacement – Capital</b>					
1	Rolling Stock	470.00	1,811.64	919.02	(-) 1,362.62
2	Other Specified Works	100.00	2.00	(-) 1.30	(-) 103.30
<b>Grant No. 16 – Assets- Acquisition, Construction and Replacement – Railway Fund</b>					
3	Doubling	25,32.70	0	1,848.43	(-) 684.27
4	Computerization	255.00	0	154.38	(-) 100.62
5	Rolling Stock	3,668.00	0	3,166.72	(-) 501.28
6	Bridge Works	603.70	0	415.94	(-) 187.76
7	Workshops including Production Units	829.95	0	462.55	(-) 367.40
8	Investment in Government Undertaking	2,100.00	0	900.00	(-) 1,200.00
<b>Grant No. 16 – Assets- Acquisition, Construction and Replacement – Railway Safety Fund</b>					
9	Road Safety Works- Conversion of Unmanned Level Crossing into Manned Level Crossing	599.99	0	249.68	(-) 350.31
10	Road Safety Works- Conversion of Level Crossing into Road over/under Bridges	699.91	0.01	315.67	(-) 384.25

**1.12.4.2 Persistent Savings**

In five cases during the last three years there were persistent savings of more than Rs.100 crore in each case as tabulated below:

(Rs. in crore)

S.No.	No. & name of the Grant	2006-07	2007-08	2008-09
<b>Revenue – Voted</b>				
1	Grant No. 9- Operating Expenses - Traffic	(-) 164.05	(-) 265.89	(-) 149.42
2	Grant No. 13- Provident Fund, Pension and Other Retirement Benefits	(-) 442.49	(-) 161.57	(-) 1320.47
3	Grant No. 14—Appropriation to Funds	(-) 556.54	(-) 373.99	(-) 6429.96
<b>Capital - Voted</b>				
4	Grant No. 16 – Assets- Acquisition, Construction and Replacement – Capital	(-) 998.00	(-) 789.46	(-) 537.20
5	Grant No. 16 – Assets- Acquisition, Construction and Replacement – Railway Safety Fund	(-) 350.66	(-) 517.44	(-) 734.56

**1.12.5 Excess Expenditure:**

The expenditure in six voted grants and three charged appropriations exceeded the approved provisions by Rs.519.81 crore as detailed in table below. Expenditure of Rs. 28,073.67 crore exceeded the approved provisions by Rs.502.70 crore in six revenue voted grants.

In addition, in three charged appropriations (two in Revenue and one in Capital), expenditure of Rs.39.74 crore was in excess of the sanctioned

provisions by Rs.17.11 crore. These excesses require regularization by Parliament under Article 115(1) (b) of the Constitution of India.

(Rs. in crore)

S.No.	Particulars	Original Provisions	Supplementary provision	Actual Expenditure	Excess (+)
<b>Revenue- Voted</b>					
1	Grant No.4- Repairs and Maintenance of Permanent Way and Works	5,407.70	432.51	5,944.26	104.05
2	Grant No. 5- Repairs and Maintenance of Motive Power	2,570.49	258.62	2,924.36	95.25
3	Grant No.6 - Repairs and Maintenance of Carriage and Wagons	5,435.36	845.19	6,430.24	149.69
4	Grant No. 7- Repairs and Maintenance of Plant and Equipment	2,958.52	371.08	3,345.54	15.94
5	Grant No. 8- Operating Expenses Rolling Stock and Equipment	4,040.26	540.28	4,711.60	131.06
6	Grant No. 15 – Dividend to General Revenues	4,635.88	75.08	4,717.67	6.71
	<b>Total Voted</b>	<b>25,048.21</b>	<b>2,522.76</b>	<b>28,073.67</b>	<b>502.70</b>
<b>Revenue- Charged</b>					
7	Appropriation No. 3–General Superintendence and Services	0.09	0.00	0.10	0.01
8	Appropriation No .5- Repairs and Maintenance of Motive Power	0.23	0.11	0.35	0.01
<b>Capital- Charged</b>					
9	Appropriation No. 16 – Assets- Acquisition, Construction and Replacement – Capital	17.20	5.00	39.29	17.09
	<b>Total Charged</b>	<b>17.52</b>	<b>5.11</b>	<b>39.74</b>	<b>17.11</b>
	<b>Total</b>	<b>25,065.73</b>	<b>2,527.87</b>	<b>28,113.41</b>	<b>519.81</b>

In all above cases (except one) excess expenditure occurred despite obtaining supplementary provisions during the year. Reasons for excess expenditure are given in **Appendix-VI**.

In nine cases as tabulated below, excess of more than Rs.100 crore each occurred in Plan Heads of Grant No. 16- Assets, Acquisition, Construction and Replacement.

(Rs. in crore)

S.No.	Plan Head	Original Provisions	Supplementary provision	Actual Expenditure	Excess (+)
<b>Grant No. 16 – Assets- Acquisition, Construction and Replacement – Capital</b>					
1	New Lines Construction	1,590.99	325.31	2,519.19	602.89
2	Dividend Free Projects	0	316.00	611.37	295.37
3	Gauge Conversion	1,136.15	175.08	1,494.52	183.29
<b>Grant No. 16 – Assets- Acquisition, Construction and Replacement – Railway Funds</b>					
4	Gauge Conversion	1,603.70	0	1,831.44	227.74

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S.No.	Plan Head	Original Provisions	Supplementary provision	Actual Expenditure	Excess (+)
5	Traffic Facilities-Yard Remodeling and Others	767.98	0	947.50	179.52
6	Track Renewal	4,697.90	0	5,248.80	550.90
7	Electrification Projects	327.00	0	465.92	138.92
8	Other Electrical Works	210.50	0	352.75	142.25
9	Passenger Amenities	700.10	0	826.50	126.40

**1.12.6 Unnecessary/Excessive/Inadequate Supplementary Provisions:**

Ministry of Railways had obtained three supplementary provisions for Rs.13,033.70 crore (consisting of Rs.12,944.53 crore under voted grants and Rs.89.17 crore as charged appropriations during 2008-09).

Instances of unnecessary/excessive/inadequate supplementary provisions are tabulated below.

Under the Revenue sector more than 40 per cent of the supplementary provisions were not utilized in three cases of revenue voted grants and five cases of charged appropriations. This includes supplementary Grant of Rs.353.57 crore, obtained in Grant No. 12- Miscellaneous Working Expenses which proved unnecessary as the actual expenditure was less than the original sanctioned provision.

Further, in three cases supplementary provisions of Rs.1,817.98 crore proved insufficient by more than Rs.100 crore each leaving an uncovered expenditure of Rs.384.80 crore.

Under capital grant, in two plan heads, supplementary provision was insufficient as the excess expenditure was more than 100 per cent of the same. In another plan head supplementary provision remained unutilized to the extent of 75 per cent.

(Rs. in crore)

S.No	Grant/ Appropriation No.	Original Provision	Supplementary Provision	Actual Expenditure	Excess (+)/ Savings (-)	Percentage Excess (+)/ Savings (-) to Supplementary provision
<b>Supplementary Provisions remained unutilized</b>						
1	Grant No. 10 – Operating Expenses – Fuel	13,669.89	567.37	13,935.96	(-) 301.30	(-) 53.10
2	Grant No. 12 – Miscellaneous Working Expenses	2,413.82	353.57	2,266.06	(-) 501.33	(-) 141.79
3	Grant No. 13 – Provident Fund, Pension and other Retirement Benefit	9,705.75	3,065.36	11,450.64	(-) 1,320.47	(-) 43.08
4	Appropriation No. 7- Repairs and Maintenance of Plan and Equipment	0.05	0.02	0.01	(-) 0.06	(-) 300.00
5	Appropriation No. 10 – Operating Expenses – Fuel	3.01	39.23	12.19	(-) 30.05	(-) 76.60
6	Appropriation No. 11 – Staff Welfare and Amenities	0.32	0.16	0.03	(-) 0.45	(-) 281.25



S.No	Grant/ Appropriation No.	Original Provision	Supplementary Provision	Actual Expenditure	Excess (+) / Savings (-)	Percentage Excess (+) / Savings (-) to Supplementary provision
7	Appropriation No. 12 – Miscellaneous Working Expenses	60.71	34.32	79.45	(-) 15.58	(-) 45.40
8	Appropriation No. 13 – Provident Fund, Pension and other Retirement Benefit	0.66	0.05	0.58	(-) 0.13	(-) 260.00
<b>Supplementary Provisions proved insufficient</b>						
1	Grant No.4- Repairs and Maintenance of Permanent Way and Works	5,407.70	432.51	5,944.26	104.05	24.06
2	Grant No.6 - Repairs and Maintenance of Carriage and Wagons	5,435.36	845.19	6,430.24	149.69	17.71
3	Grant No.8- Working Expenses Rolling Stock and Equipment	4,040.26	540.28	4,711.60	131.06	24.26
		14,883.32	1817.98	17,086.10	384.80	
Grant No. 16- Assets- Acquisition, Construction and Replacement –Capital						
1	Plan Head-New Lines Constructions	1,590.99	325.31	2519.19	602.89	185.44
2	Plan Head- Gauge Conversion	1,136.15	175.08	1,494.52	183.29	104.69
3	Plan Head-Rolling Stock	470.00	1,811.64	919.01	(-) 1,362.63	(-) 75.22

### 1.12.7 Surrender of unspent provisions

The savings in a Grant and Appropriation are required to be surrendered as soon as these are foreseen without waiting for the last day of the year. Further, these savings, as Financial Regulations require, should not be held in reserve for possible future excess. It was, however, noticed that out of unspent provision of Rs.11,838.27 crore (Rs.11,789.49 crore under Voted and Rs.48.78 crore under Charged) during the year, Rs.7,525.03 crore (Rs.7,521.09 crore under Voted and Rs.3.94 crore under Charged) were surrendered on last day of the financial year. This includes surrender of Rs.403.50 crore out of unspent amount of Rs.537.20 crore under Capital Grant No. 16 which was financed from the General Exchequer.

In two cases as tabulated below, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control.

**Report No. 11 of 2009-10 (Railways)**

(Rs. in crore)

S.No	Grant/Appropriation No.	Sanctioned provisions	Actual Expenditure	Savings(-)/ Excess (+)	Amount Surrendered
1	Grant No. 16- Assets-Acquisition, Construction and Replacement –Railway Fund	22,419.51	20,696.13	(-) 1,723.38	1,992.85
2	Appropriation No. 16- Assets-Acquisition, Construction and Replacement –Railway Fund	20.70	20.47	(-) 0.23	1.96

Further, at the end of 2008-09, there were, 04 Grants in which savings occurred but no part of which was surrendered. The amount involved in each case was more than Rs.100 crore as tabulated below:

(Rs. in crore)

S.No	Grant No.	Sanctioned provisions	Actual Expenditure	Savings
1	Grant No. 9- Operating Expenses - Traffic	9,731.99	9,582.56	(-) 149.43
2	Grant No. 10 – Operating Expenses – Fuel	14,237.26	13,935.96	(-) 301.30
3	Grant No. 12 – Miscellaneous Working Expenses	2,767.39	2,266.06	(-) 501.33
4	Grant No. 13 – Provident Fund, Pension and other Retirement Benefit	12,771.11	11,450.64	(-) 1,320.47

**1.12.8 Re-appropriations:** Re-appropriation of funds should be made only when it is known or anticipated that the appropriation from which funds are to be transferred will not be utilized in full. However, several instances of injudicious re-appropriation of funds during 2008-09 were noticed as discussed below:

Under capital grant, in four cases re-appropriation of funds from the plan heads was more than the anticipated savings

(Rs. in crore)

S.No.	Grant	Total Sanctioned Grant	Re-appropriation	Final Grant	Actual expenditure	Savings (-) (w.r.t. Sanctioned Grant)	Excess (w.r.t. to Final Grant)
<b>Grant No. 16- Assets- Acquisition, Construction and Replacement –Capital</b>							
1	Rolling Stock	2,281.64	(-)1,387.75	893.89	919.02	(-)1,362.62	25.13
<b>Grant No. 16- Assets- Acquisition, Construction and Replacement –Railway Funds</b>							
2	Doubling	2,532.70	(-) 715.29	1,817.41	1,848.43	(-) 684.27	31.02
3	Signal and Telecommunication Works	1,325.40	(-) 67.33	1,258.07	1,277.94	(-)47.46	19.87
4	Machinery and Plant	340.00	(-) 100.74	239.26	251.35	(-) 88.65	12.09

Further, in another three cases, funds were injudiciously re-appropriated from the plan heads despite the fact that actual expenditure was more than the sanctioned provisions

(Rs. in crore)

S.No.	Grant	Total Sanctioned Grant	Re-appropriation	Final Grant	Actual expenditure	Excess (w.r.t. Sanctioned to Final Grant)	Excess (w.r.t. Final Grant)
<b>Grant No. 16- Assets- Acquisition, Construction and Replacement –Capital</b>							
1	Store Suspense	11,353.50	(-) 62.35	11,291.15	11,359.92	6.42	68.77
<b>Grant No. 16- Assets- Acquisition, Construction and Replacement –Railway Funds</b>							
2	Staff Quarters	150.45	(-) 3.15	147.30	153.37	2.92	6.07
3	Leased Assets – Payment of Capital Component	1,810.00	(-) 45.20	1,764.80	1,813.91	3.91	49.11

**1.12.9 Expenditure without Provision:** No expenditure should be incurred on schemes/services without provision of funds. Under the following three revenue charged appropriations, Zonal Railways had incurred expenditure of Rs.31.09 lakh without any provision in the original estimates/supplementary demands and without any re-appropriations to this effect.

(Rs. in lakh)

S.No.	Appropriation/Railway	Expenditure incurred
	Appropriation No.4- Repairs and Maintenance of Permanent Way and Works	
1.	South Western Railway	11.31
	Appropriation No.5- Repairs and Maintenance of Motive Power	
2.	Southern Railway	1.20
	Appropriation No. 12 – Miscellaneous Working Expenses	
3.	South Western Railway	18.58

In addition to this, in seven cases under capital grant, Zonal Railways had incurred expenditure amounting to Rs.115.10 lakh without any provision for the same.

(Rs. in lakh)

S.No.	Plan Head/Zonal Railway	Expenditure incurred
	Grant No. 16- Assets- Acquisition, Construction and Replacement –Capital	
	Doubling	
1	East Central Railway	97.94
	Bridge Work	
2	South Western Railway	1.80
	Miscellaneous Advance – Capital	
3	Central Organization for Railway Electrification	1.87
	<b>Open Line Works- Revenue</b>	
	Track Renewal	
4	Western Railway	2.47
	Bridge Work	
5	Western Railway	3.85
	Staff Quarters	
6	South Western Railway	4.11
	Amenities for Staff	
7	North Central Railway	2.74

### 1.13 Comments on Accounts

**1.13.1 Grant No. 16- Assets - Acquisition, Construction & Replacement:** Rules on classification of expenditure stipulate that all expenditure pertaining

to National Projects on New Lines are to be exhibited under Plan Head-8300-Dividend Free Projects. Besides Udhampur-Srinagar-Baramulla New Line Project in Northern Railway, two New Lines Projects (viz- Kumarghat-Agartala and Jiribam-Tupui) and one Gauge Conversion Project (Lumding-Silchar including alignment between Migrendisa-Dittockchera (198 kms) and extension from Badarpur to Bairagram (44 kms) in Northeast Frontier Railway are also being executed as National Projects for which contribution is being made by Central Government as dividend free budgetary support. However, expenditure on projects under execution in Northeast Frontier Railway is not being classified separately as 'Dividend Free Projects' with the result that Northeast Frontier Railway Administration pays dividend on the Capital invested on these projects and receives subsidy of an equivalent amount. Matter was taken up with Ministry of Railways who replied that separate plan heads are to be opened for recording transactions on National Projects under execution in Northeastern region.

**1.13.2 Irregular Reduction in Gross Expenditure:** Rules provide that the Capital head should be credited with the sale proceeds of any land acquired at the cost of Capital when it is sold or surrendered. It is, however, noticed that Rs.45 crore received from Greater Hyderabad Municipal Corporation in October 2008 was wrongly minus debited to capital (Plan Head "Other Specified Works") instead of crediting to the same. This resulted in understatement of 'Gross Expenditure' in the Capital to that extent.

**1.13.3 Defined Contributory Pension Scheme (DCPS):** In September 2008, Controller General of Accounts (CGA) issued instructions for streamlining the procedure for remittance of contribution to Trustee Bank. These instructions inter-alia provide that the contribution should not be parked under the Major Head – 8342-other Deposits-117-"Defined Contribution Pension Scheme" even as a temporary measure for making payment to Trustee Bank. It was, however, noticed that Ministry of Railways has operated this Major Head for transactions of DCPS. As of 31 March 2009, Rs.239.37 crore pertaining to DCPS was still kept under this Major Head in contravention to the above instructions.

Further, DCPS is based on equal defined contributions from the employee and the Government. However, there was a mismatch in these two contributions during 2008-09. As against the employee contribution of Rs.171.88 crore credited to Major Head 8342 during the year, the Government contribution was Rs.168.24 crore. This mismatch, as explained by the Ministry of Railways, was on account of effecting the two contributions separately at different point of time.

Instructions, issued by Ministry of Finance in March 2008, on transferring the accumulated amount of DCPS to Trustee Bank, inter-alia provide that no interest will be given by the Government on the accumulations under DCPS after March 2008. It was, however, noticed that Ministry of Railways booked Rs.1.83 crore as interest on DCPS under Major Head-2049. In response to audit observations, Ministry of Railways stated that interest amount pertained to those employees whose money could not be transferred during the year

2007-08. Thus, delay in transfer of amount to the Trustee Bank resulted in avoidable expenditure on interest.

**APPENDIX - I**

**(Reference Paragraph No. 1.9.4)**

**List of on-going projects costing Rs.100 crore and above – Delayed over 10 years**

(Rs. in crore)

S.No.	Name of the Project	Date of approval	Original Cost	Cumulative Expenditure	Anticipated Cost	Original date of commissioning	Anticipated date of commissioning	Time Over-run (in month)
1	Rajkot-Veraval Somnath Section Material to Wansjaliya	4/1992	112.53	435.17	464.50	3/1996	8/2009	161
2	Freight Operation Information System	3/1984	520.00	429.53	634.13	3/1995	3/2010	180
3	Ambala-Moradabad	3/1993	152.21	262.85	265.00	3/1998	3/2010	144
4	Amravati-Narkher New Line Project	6/1994	120.90	214.93	284.27	6/1999	3/2011	141
5	Udhampur-Srinagar-Baramulla	3/1995	2500.00	5628.36	11,270.00	3/2001	12/2012	141
6	Rupsa-Bangriposi	2/1996	57.96	NA	137.57	3/1998	3/2010	144
			3463.60		13055.47			

**APPENDIX - II**

**(Reference Paragraph No. 1.9.4)**

**List of on-going projects costing Rs.100 crore and above – slow progress**

(Rs. in crore)

S.No.	Name of the Project	Date of approval	Original Cost	Cumulative Expenditure	Anticipated Cost	Original date of commissioning	Revised date of commissioning	%age of cumulative expenditure to Anticipated cost
1	Sriganganagar-Sarupsar	4/1997	143.92	4.77	168.80	NA	3/2010	2.83
2	Sukinda Road-Angul (RVNL)	4/1998	183.23	0.81	638.50	2/2015	11/2010	0.13
3	Gaelkera-Manoharpur	3/1998	186.92	0.02	283.10	2/2006	NA	0.01
4	Tanur (Kuttipuram)Guru vayur	4/1995	40.00	8.69	137.71	NA	NA	6.31
5	Banglore-Satyamangalam	2/1999	138.00	0.28	901.62	NA	NA	0.03
6	Macherla-Nalgonda	7/1998	125.00	0.27	243.17	7/2008	NA	0.11
			817.07		2372.90			

**APPENDIX - III**  
(Reference Paragraph No.1.11 )  
**Investments and Returns**

S.No.	Name of PSU	Investment (Rs. in crore)	Investment (%)	Dividend Received in 2008-09 (Rs. in crore)
<b>Public Sector Undertakings/ Special Purpose Vehicles/ Joint Ventures which had paid dividend to Indian Railways</b>				
1.	Rail India Technical & Economic Services Limited (RITES)	4.00	100 %	9.00
2.	IRCON International Limited	4.94	99.73 %	29.61
3	Indian Railway Finance Corporation Limited (IRFC)	800.00	100 %	100.00
4.	Container Corporation of India Limited	41.01	63.05 %	110.70
5.	Railtel Corporation of India Limited (RCIL)	15.00	100 %	10.00
6.	Indian Railway Catering and Tourism Corporation Limited (IRCTC)	20.00	100 %	4.15
7.	Rail Vikas Nigam Limited (RVNL)	4,522.62	100 %	5.00
	<b>Total</b>	<b>5,407.57</b>		<b>268.46</b>
<b>Public Sector Undertakings/ Special Purpose Vehicles/ Joint Ventures which had not paid dividend to Indian Railways</b>				
1	Konkan Railway Corporation Limited	411.29	52 %	Nil
2	Mumbai Rail Vikas Corporation Limited	12.75	51 %	Nil
3	Dedicated Freight Corridor Corporation of India Limited,	326.77	100 %	Nil
4	Bharat Rail Bijli Company Limited,	108.97	100 %	Nil
5	Hassan-Mangalore Rail Development Company Limited,	45.00	NA	Nil
6	Karnataka Rail Infrastructure Development Company Limited	1.30	NA	Nil
7	Pipavav Railway Corporation Limited	52.67	NA	Nil
	<b>Total</b>	<b>958.75</b>		

NA- Not available

## APPENDIX – IV

(Reference Paragraph No. 1.12.3)  
Grand Summary of Appropriation Accounts 2008-09

(In units of Rupees)

<i>Number and name of the Grant/ Appropriation</i>	<i>Original Grant/ Appropriation</i>	<i>Supplementary</i>	<i>Sanctioned Grant/ Appropriation</i>	<i>Actual Expenditure</i>	<i>Excess (+)/ Savings (-)</i>	
<b>1</b>	<b>Revenue – Railway Board</b>					
	Voted	132,61,00,000	15,00,00,000	147,61,00,000	147,59,60,795	(-)1,39,205
<b>2</b>	<b>Revenue – Miscellaneous Expenditure (General)</b>					
	Voted	483,17,00,000	--	483,17,00,000	440,79,04,231	(-) 42,37,95,769
<b>3</b>	<b>Revenue – Working Expenses – General Superintendence and Services</b>					
	Charged	8,48,000	--	8,48,000	9,52,322	(+)1,04,322
	Voted	3166,06,71,000	427,25,77,000	3593,32,48,000	3571,75,84,787	(-) 21,56,63,213
<b>4</b>	<b>Revenue – Working Expenses – Repairs and Maintenance of Permanent Way and Works</b>					
	Charged	4,27,46,000	--	427,46,000	297,34,328	(-)130,11,672
	Voted	5407,69,94,000	432,51,11,000	5840,21,05,000	5944,26,92,825	(+) 104,05,87,825
<b>5</b>	<b>Revenue – Working Expenses – Repairs and Maintenance of Motive Power</b>					
	Charged	23,00,000	10,89,000	33,89,000	35,08,659	(+)1,19,659
	Voted	2570,49,58,000	258,62,14,000	2829,11,72,000	2924,36,28,565	(+) 95,24,56,565
<b>6</b>	<b>Revenue - Working Expenses – Repairs and Maintenance of Carriages and Wagons</b>					
	Charged	7,00,000	--	7,00,000	2,93,168	(-)4,06,832
	Voted	5435,35,64,000	845,19,03,000	6280,54,67,000	6430,23,89,039	(+)149,69,22,039
<b>7</b>	<b>Revenue - Working Expenses – Repairs and Maintenance of Plant and Equipment</b>					
	Charged	5,15,000	1,41,000	6,56,000	54,595	(-)6,01,405
	Voted	2958,51,44,000	371,08,19,000	3329,59,63,000	3345,53,46,651	(+) 15,93,83,651
<b>8</b>	<b>Revenue - Working Expenses – Operating Expenses – Rolling Stock and Equipment</b>					
	Charged	14,10,000	--	14,10,000	38,338	(-)13,71,662
	Voted	4040,26,20,000	540,27,88,000	4580,54,08,000	4711,59,77,735	(+)131,05,69,735
<b>9</b>	<b>Revenue - Working Expenses – Operating Expenses – Traffic</b>					
	Charged	67,10,000	--	67,10,000	1,84,822	(-)65,25,178
	Voted	8526,80,73,000	1205,17,90,000	9731,98,63,000	9582,56,36,711	(-) 149,42,26,289
<b>10</b>	<b>Revenue - Working Expenses – Operating Expenses - Fuel</b>					
	Charged	3,01,00,000	39,23,79,000	42,24,79,000	12,19,44,167	(-)30,05,34,833
	Voted	13669,89,21,000	567,36,50,000	14237,25,71,000	13935,95,69,415	(-) 301,30,01,585
<b>11</b>	<b>Revenue – Working Expenses – Staff Welfare and Amenities</b>					
	Charged	31,51,000	16,00,000	47,51,000	3,33,815	(-)44,17,185
	Voted	2318,31,89,000	281,01,04,000	2599,32,93,000	2582,95,77,725	(-)16,37,15,275

Report No. 11 of 2009-10 (Railways)

(In units of Rupees)

Number and name of the Grant/ Appropriation	Original Grant/ Appropriation	Supplementary	Sanctioned Grant/ Appropriation	Actual Expenditure	Excess (+)/ Savings (-)
<b>12</b>	<b>Revenue - Working Expenses – Miscellaneous Working Expenses</b>				
Charged	60,70,79,000	34,32,16,000	95,02,95,000	79,45,14,401	(-)15,57,80,599
Voted	2413,81,47,000	353,57,32,000	2767,38,79,000	2266,05,97,486	(-) 501,32,81,514
<b>13</b>	<b>Revenue - Working Expenses – Provident Fund, Pension and Other Retirement Benefits</b>				
Charged	66,36,000	4,93,000	71,29,000	58,18,384	(-)13,10,616
Voted	9705,74,85,000	3065,35,87,000	12771,10,72,000	11450,63,54,498	(-) 1320,47,17,502
<b>14</b>	<b>Revenue - Appropriation to Funds – Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund</b>				
Voted	28386,74,00,000	--	28386,74,00,000	21956,77,77,008	(-) 6429,96,22,992
<b>15</b>	<b>Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortization of Over-Capitalization</b>				
Voted	4635,88,00,000	75,08,00,000	4710,96,00,000	4717,67,23,341	(+) 6,71,23,341
<b>16</b>	<b>Assets – Acquisition, Construction and Replacement - Open Line Works – Revenue</b>				
Charged	--	--	--	--	--
Voted	60,00,00,000	--	60,00,00,000	48,45,86,834	(-)11,54,13,166
	<b>Assets – Acquisition, Construction and Replacement - Other Expenditure – Capital</b>				
Charged	17,20,00,000	500,00,000	22,20,00,000	39,28,59,223	(+) 17,08,59,223
Voted	299,38,84,92,000	4507,00,30,000	34445,85,22,000	33908,65,03,272	(-) 537,20,18,728
	<b>Assets – Acquisition, Construction and Replacement – Other Expenditure – Railway Safety Fund</b>				
Charged	10,00,000	28,00,000	38,00,000	22,22,005	(-) 15,77,995
Voted	1299,90,00,000	55,000	1299,90,55,000	565,34,95,859	(-) 734,55,59,141
	<b>Assets – Acquisition, Construction and Replacement - Other Expenditure – Railway Funds</b>				
Charged	10,70,00,000	10,00,00,000	20,70,00,000	20,46,97,985	(-) 23,02,015
Voted	22419,50,00,000	95,000	22419,50,95,000	20696,13,42,791	(-)1723,37,52,209
	<b>Grand Total</b>				
Charged	98,21,95,000	89,17,18,000	187,39,13,000	155,71,56,212	(-) 31,67,56,788
Voted	147569, 62,58,000	12944,52,55,000	160514,15,13,000	149227,36,49,568	(-) 11286,78,63,432
<b>Grand Total</b>	<b>147667,84,53,000</b>	<b>13033,69,73,000</b>	<b>160701,54,26,000</b>	<b>149383,08,05,780</b>	<b>(-) 11318,46,20,220</b>



<b>APPENDIX - V</b>
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**(Reference Paragraph No. 1.12.4.1 )  
Grant wise Reasons for Savings over Rs.100 crore**

S.No.	Grant	Net Savings (Rs in Crore)	Reasons
1	Grant No.9- Operating Expenses - Traffic	149.42	Due to less activities under Minor Heads- Establishment in Offices, Yard Operations, Transshipment and Repacking Operations, Safety and Other Miscellaneous Expenses
2	Grant No.10- Operating Expenses- Fuel	301.30	Due to less activities under Minor Heads- Diesel Traction and Electric Traction
3	Grant No. 12- Miscellaneous Working Expenses	501.33	Due to less activities under Minor Heads- Security, Compensation Claims, Cost of Training to Staff, Other Expenses and Suspense
4	Grant No. 13- Provident Fund, Pension and Other Retirement Benefits	1,320.47	Due to less activities under Minor Heads- Superannuation and Retiring Pension, Commuted Pension, Ex-gratia Pension, Death-cum-Retirement Gratuity and Leave Encashment Benefits
5	Grant No. 14- Appropriation to Funds	6,429.96	Less appropriation to Capital Fund due to lower resultant internal resources
6	Grant No. 16 – Assets, Acquisition, Construction & Replacement- Capital	537.20	Due to less activities under Restoration of dismantled lines, Computerization, Rolling Stock, Signal and Telecommunication Works, Other Electric Works, Machinery and Plant, Staff Quarters, Other Specified Works and Metropolitan Transport Project
7	Grant No. 16 – Assets, Acquisition, Construction & Replacement- Railway Funds	1,723.38	Due to less activities under Plan Heads- Doubling, Computerization, Railway Research, Rolling Stock, Bridge Works, Signal and Telecommunication Works, Machinery and Plant, Workshop including Production Units and Investment in Government Undertakings
8	Grant No. 16 – Assets, Acquisition, Construction & Replacement- Railway Safety Fund	734.56	Due to less activities under Plan Heads- Road Safety Works- Conversion of unmanned Level Crossing into Manned level crossing and Road Safety Works- Conversion of Level crossing into Road over/under Bridges.

**APPENDIX - VI**

(Reference Paragraph No.1.12.5)

**Grant wise Reasons for Excess Expenditure**

<i>S.No.</i>	<i>Grant</i>	<i>Net Excess (Rs in Crore)</i>	<i>Reasons</i>
1	Grant No. 4- Repairs and Maintenance of Permanent Way and Works	104.05	Due to more activities under Minor Heads- Establishment in Offices, Maintenance of Permanent Way and Service Buildings
2	Grant No. 5- Repairs and Maintenance of Motive Power	95.25	Due to more activities under Minor Heads- Establishment in Offices, Diesel Locomotives and Electric Locomotives
3	Grant No. 6- Repairs and Maintenance of Carriages and Wagons	149.69	Due to more activities under Minor Heads- Establishment in Offices, Carriages, Wagons, Electric Multiple Unit Coaches, Electric General Services Train Lighting.
4	Grant No. 7- Repairs and Maintenance of Plant and Equipment	15.94	Due to more activities under Minor Heads- Establishment in Offices, Plant and Equipment- Electrical, Signalling and Telecommunication.
5	Grant No. 8 –Operating Expenses-Rolling Stock and Equipment	131.06	Due to more activities under Minor Heads-Steam Locomotives, Diesel Locomotives, Electric Locomotives, Carriages and Wagons.
6	Grant No. 15 – Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortization of Over-Capitalization	6.71	Due to higher payment of dividend to General Revenues on account of higher booking in Capital as compared to Budget Estimates
7	Appropriation No. 3- - General Superintendence and Services	0.01	Due to more payments of court decrees than anticipated.
8	Appropriation No. 5- Repairs and Maintenance of Motive Power	0.01	Due to more payments of court decrees than anticipated.
9	Appropriation No. 16 – Assets, Acquisition, Construction & Replacement- Capital	17.09	Due to more payments of court decrees than anticipated.