

Report of the
Comptroller and Auditor General
of India

for the year ended March 2014

Laid in Lok Sabha/Rajya Sabha on _____

Union Government (Railways)
Railways Finances
Report No.15 of 2015

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PREFACE

This Report has been prepared for submission to the President of India under Article 151 of Constitution of India.

Chapters 1 and 2 of the Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of Indian Railways for the year ended 31 March 2014.

Chapter 3 covers aspects relating to effectiveness of system of accounting of receipts and expenditure under suspense accounts and internal control mechanism for clearance of suspense balances.

EXECUTIVE SUMMARY

Background

Indian Railways (IR) is a departmental commercial undertaking of the Government of India. It consists of 65,808 route kms* on which 21,598 trains ply, carrying about 23 million passengers and hauling nearly 2.90 million tonne of freight everyday. Policy formulation and overall control of the Railways is vested in Railway Board comprising of the Chairman, Financial Commissioner and other functional Members. The IR system is managed through 17 zones having 68 operating divisions. Apart from the zonal railways representing the operational part of the system, there are seven production units engaged in manufacturing of rolling stock and other related items.

From 1 April 1950, a separate Railway Budget is being presented to the Parliament prior to presentation of the General Budget every year. Though the Railway Budget is presented to Parliament separately, the figures relating to the receipts and expenditure of IR are also shown in the General Budget, as Railway Budget forms part of the total budget of the Government of India.

Summary of Conclusions

Report of the Comptroller and Auditor General of India-Union Government (Railways) for the year ended 31 March 2013 (Report No.19 of 2014) highlighted that during 2012-13, total revenue receipts, increased by 18.76 *per cent* which was above the Compound Annual Growth Rate (CAGR) of 9.17 *per cent* during the period 2008-12. The growth of freight earnings and passenger earnings were 22.60 *per cent* and 10.89 *per cent* respectively, which were above the CAGR achieved during 2008-12. Net surplus after meeting dividend liability was ₹ 8,266.25 crore in 2012-13. The Operating Ratio improved as compared to the previous year.

During 2013-14, total revenue receipts increased by 13.50 *per cent* which was above CAGR of 12.24 *per cent* during the period 2009-13. Though the growth rate of freight earnings and passenger earnings was 10.14 *per cent* and 16.63 *per cent* respectively over the previous year, the growth in the freight earnings was below the CAGR, whereas in case of passenger earnings it was above the CAGR achieved during 2009-13.

* *Route-kilometre-The distance between two points on the railway irrespective of the number of lines connecting them viz., single line, double line, etc.*

The Operating Ratio deteriorated to 93.60 in 2013-14 from 90.19 in 2012-13. Net surplus after meeting dividend liability stood at ₹ 3,740.40 crore in 2013-14, which is less than the budget estimates by 71.55 per cent.

Depreciation Reserve Fund and Pension Fund closed with negligible balances of ₹ 1,021.38 crore and ₹ 419.04 crore respectively in 2013-14. Development Fund closed at ₹ 3,053.02 crore and Capital Fund closed with a negligible balance of ₹ 557.32 crore in 2013-14.

A positive balance in Capital Fund was achieved by diverting payment of lease charges to Indian Railway Finance Corporation (IRFC) from Capital Fund to Capital received as General Budgetary Support from Government of India. This had resulted in depriving the Railways of the additional investments that could have been made on other capital works. It also made the borrowing from IRFC more expensive as dividend of ₹ 248.54 crore is required to be paid to Government of India on any expenditure incurred from Capital. Further, the contribution to the Depreciation Reserve Fund was not made as per requirement despite there being a huge backlog of renewal and replacement of over aged assets in the railway system which is required to be replaced for safe running of trains.

IR was unable to meet its operational cost of passenger and other coaching services. During 2012-13, there was a loss on passenger and other coaching services of ₹ 26,025.46 crore. The freight services earned a profit of ₹ 33,221.24 crore which indicated that 78.34 per cent profit for freight traffic during 2012-13 was utilized to compensate the loss on passenger and other coaching services. The above issues have been regularly highlighted in the preceding Reports of Comptroller and Auditor General of India-Union Government (Railways)-Railways Finances.

IR incurred ₹ 2,719.75 crore more than the authorization given by Parliament in six revenue grants, one segment of capital grant, 10 revenue appropriations and two segments of capital appropriation despite obtaining supplementary provisions in all except five appropriations. In one appropriation, expenditure was incurred without obtaining original and supplementary provisions. In six revenue grants, one appropriation and one segment of capital grant, there were savings of more than ₹ 100 crore, which the Public Accounts Committee commenting very strongly against such ultra constitutional methods.

The Suspense Heads are intermediary/adjusting heads of accounts operated to record transactions of receipts and payments which cannot be immediately booked to Final Head of Accounts. Audit observed increasing trend in the balances under different suspense heads. Lack of continued and effective review resulted in accumulation of balances. Some balances under Miscellaneous Advance-Revenue, Workshop Manufacture Suspense and

Purchase Suspense date back to 1950-51, 1967-68 and 1986-87 respectively. Commercial and Accounts Departments failed in adhering to the extant provisions in proving the balances under Traffic suspense. Failure of Zonal Railways in reflecting Bills Receivable on accrual basis in the final accounts of Railways resulted in erroneous depiction of outstanding in the final accounts. Non-adjustment of items in the final heads resulted in understatement/overstatement of revenue expenditure and thus affected the operating ratio of the Railways. The accuracy of balances under suspense accounts was affected as there were variations between the figures of suspense balance maintained at Zonal Railways and those appeared in the Balance Sheet and Debt Head Report of IR which needs reconciliation.

Major Recommendations

Some of the major recommendations which are required to be implemented by IR through Financial Adviser & Chief Accounts Officer (FA&CAO) at Zonal Railways and Financial Commissioner (Railways) in Railway Board are summarized below:

- Non-availability of sufficient funds in Depreciation Reserve Fund to replace the over-aged assets and, in Capital Fund to meet its liability of payment towards principal component of lease charges to Indian Railway Finance Corporation is indicative of poor financial health of IR. IR should explore ways and means to improve their fund balances.
- Indian Railways should strengthen its budgetary mechanism and system of expenditure monitoring at various levels (spending units, zonal and Railway Board levels) so that the instances of savings, excesses beyond authorization are minimized. Cases of defects in budgeting need to be analyzed and measures taken to avoid recurrence in future.
- Indian Railways should assess the Supplementary Demand for Grants realistically so that sums obtained through Supplementary Demands for Grants do not remain unutilised or become short of the requirement.
- Indian Railways should make its internal controls effective to reduce the instances of misclassification of expenditure. Deterrent sanctions should be put in place to foster greater responsibilities and accountability at the level of key controlling officers.
- Monitoring mechanism for clearance of old outstanding suspense balances needs to be strengthened at Zonal Railway level. Corrective steps need to be taken for clearance of excessive old items.
- Correct posting with sufficient details should be made in the Suspense Registers. Items should be placed under “Suspense” or written off with the sanction of competent authority.

Chapter-1 State of Finances

This chapter provides a broad perspective of the finances of the Indian Railways (IR) during 2013-14 and analyses critical changes in the major financial indicators with reference to the previous year as well as the overall trend analysis. The base data for this analysis is the Finance Accounts of the IR, which is a document that is compiled annually for incorporation in the Union Government Finance Accounts. In addition, data from authentic government reports¹ have also been used to compare actual performance of IR during 2013-14 vis-à-vis targets set by it.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of IR's fiscal transactions during 2013-14 vis-à-vis the previous year and budget estimates for 2013-14. It broadly provides perspective of the finances of the IR during the year 2013-14, along with its comparison with actual of the previous year including deviations of actual receipts and expenditure of this year from the budget estimates.

Table 1.1 Summary of Receipts and Expenditure of IR
(₹ in crore)

| Sl. No. | Details | Actual 2012-13 | Budget Estimates 2013-14 | Revised Estimates 2013-14 | Actual 2013-14 |
|---------|---|-----------------------|--------------------------|---------------------------|-----------------------|
| 1 | Passenger Earnings | 31,322.61 (10.89) | 42,210.00 | 37,500.00 | 36,532.00 (16.63) |
| 2 | Freight Earnings | 85,262.58 (22.60) | 93,554.00 | 94,000.00 | 93,905.63 (10.14) |
| 3 | Other Coaching Earnings ² | 3,054.46 (12.43) | 3,422.00 | 3,665.00 | 3,678.78 (20.44) |
| 4 | Sundry Earnings ³ | 4,261.36 (16.97) | 4,506.00 | 5,284.82 | 5,721.29 (34.26) |
| 5 | Suspense | -168.42 (289.95) | 50.00 | 50.00 | -279.52 (65.97) |
| 6 | Gross Traffic Receipts ⁴ (Item No.1 to 5) | 123,732.59 (18.85) | 143,742.00 | 140,499.82 | 139,558.18 (12.79) |
| 7 | Ordinary Working Expenditure ⁵ | 84,012.04 (12.71) | 96,500.00 | 97,060.00 | 97,570.75 (16.14) |
| 8 | Appropriation to | | | | |
| | Depreciation Reserve Fund | 6,850.00 (5.06) | 7,500.00 | 6,500.00 | 7,900.00 (15.33) |
| | Pension Fund | 20,710.00 (17.60) | 22,000.00 | 23,700.00 | 24,850.00 (19.99) |
| 9 | Total Working Expenditure (Item No.7 and Item No. 8) | 111,572.04 (13.08) | 126,000.00 | 127,260.00 | 130,320.75 (16.80) |
| 10 | Net Traffic Receipts (Item No.6 – Item No. 9) | 12,160.55 (123.42) | 17,742.00 | 13,239.82 | 9,237.43 (-24.04) |

¹ Budget documents, Annual Statistical Statements of Indian Railways.

² Other coaching earnings from transportation of parcels, luggage and post office mail etc.

³ Sundry Earnings from renting, leasing of building, catering services, advertisements, maintenance of sidings and level crossing, re-imburement of loss on strategic lines etc.

⁴ Gross Traffic Receipts-Operational receipts from freight, passenger, other coaching traffic and sundry earnings of IR.

⁵ Operating Expenses of IR.

| | | | | | |
|----|--|-----------------------|-----------|-----------|-----------------------|
| 11 | Miscellaneous Receipts ⁶ | 2,447.84 (14.66) | 2,884.00 | 3,668.00 | 3,655.69 (49.34) |
| 12 | Miscellaneous Expenditure ⁷ | 993.20 (24.73) | 1,230.00 | 1,125.00 | 1,144.05 (15.19) |
| 13 | Net Miscellaneous Receipt (Item No. 11 – Item No. 12) | 1,454.64 (8.66) | 1,654.00 | 2,543.00 | 2,511.64 (72.66) |
| 14 | Net Revenue (Item No.10 and Item No.13) | 13,615.19 (100.77) | 19,396.00 | 15,782.82 | 11,749.07 (-13.71) |
| 15 | Dividend Payable to General Revenues-Current year | 5,348.94 (-5.43) | 6,249.20 | 7,839.87 | 8,008.67 (49.72) |
| | Deferred Dividend of previous year | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total Dividend Payable in Current year | 5,348.94 (-5.43) | 6,249.20 | 7,839.87 | 8,008.67 (49.72) |
| 16 | Net Surplus (Item No. 14 – Item No.15) | 8,266.25 (634.41) | 13,146.80 | 7,942.95 | 3,740.40 (-54.75) |
| 17 | Surplus available for appropriation | | | | |
| | Development Fund | 7,815.00 (1181.15) | 3,550.00 | 2,675.00 | 3,075.00 (-60.65) |
| | Capital Fund | 451.25 (-12.48) | 5,433.80 | 0.00 | 500.00 (10.80) |
| | Debt Service Fund | Nil* | 4,163.00 | 5,267.95 | 165.40 |

Source: Explanatory Memorandum on Railway Budgets and Accounts for 2013-14 and 2014-15.

Note: Figures in brackets represent the increase/decrease in percentage over previous year.

*Being a newly created fund in 2013-14, the balance for 2012-13 is 'Nil'.

1.2 Reliability of Budget Estimates

Accurate forecast of budget is critical to an organization's financial and operational performance. Assessment of how well the financial targets are met depends on how realistic the financial estimates were from the outset. During the current fiscal year IR could not achieve the projected performance in passenger earnings. Anticipated Gross Traffic Receipts (GTR) of 2013-14 was not achieved and overall decline of 2.91 per cent (₹ 4,183.82 crore) was recorded as compared to the Budget Estimates of current fiscal year. Ordinary Working Expenditure (OWE) and Total Working Expenditure (TWE) were marginally higher by 1.11 per cent (₹ 1,070.75 crore) and 3.43 per cent (₹ 4,320.75 crore) respectively as compared to the Budget Estimates. There was an increase in appropriation to Depreciation Reserve Fund (DRF) and Pension Fund by around 5.33 per cent and 12.95 per cent respectively when compared to Budget Estimates. The resultant net revenue was below the budget projections by 39.43 per cent, mainly due to shortfall in passenger earning by 13.45 per cent and excess appropriation to Depreciation Reserve Fund (5.33 per cent) and pension fund (12.95 per cent) than as envisaged in the budget 2013-14.

⁶Miscellaneous Receipts comprise of subsidy from Government of India (GoI) towards dividend relief and other concession, receipts by Railway Recruitment Board etc.

⁷Miscellaneous Expenditure comprised of expenditure on Railway Board, Surveys, Research, Designs and Standards Organization, Other Miscellaneous Establishments of IR, Statutory Audit, Expenditure on Open Line Works (Revenue) etc.

1.3 Fiscal Transactions in 2013-14-An overview

1.3.1 Gross Traffic Receipts (GTR)

GTR increased by 12.79 *per cent* during the current fiscal year (2013-14), this was less than the 18.85 *per cent* growth achieved during 2012-13, which was mainly due to decrease in growth rate of freight earnings during the current year as compared to the previous year. The growth rate for other sources of earnings (passenger earnings, other coaching earnings and sundry earnings) was higher as compared to previous year.

1.3.2 Ordinary Working Expenditure (OWE)

OWE increased by 16.14 *per cent* in current fiscal year (2013-14) over the previous year which was much higher than the growth rate of 12.71 *per cent* achieved during 2012-13 as compared to 2011-12.

1.3.3 Miscellaneous Receipts and Expenditure

In the current fiscal year (2013-14), Miscellaneous Receipts as well as Miscellaneous Expenditure increased by 49.34 *per cent* and 15.19 *per cent* respectively over the previous year. Net Miscellaneous Receipts increased by 72.66 *per cent* over previous year. Net Miscellaneous Receipts were higher than the budget projection by 51.85 *per cent*.

1.3.4 Net Revenue

Net revenue in the current fiscal year decreased by 13.71 *per cent*, which was significantly lower than the 100.77 *per cent* growth achieved during previous year. This was mainly due to decrease in growth rate of Gross Traffic Receipts (12.79 *per cent*) during the current year as compared to the 18.85 *per cent* growth rate for the previous year. The increase in Total Working Expenditure (TWE) was 16.80 *per cent* during the current year as compared to 13.08 *per cent* for the previous year.

1.3.5 Dividend Payment

Dividend payable to the Government of India (GoI) is based on the Capital-at-charge advanced through general budgetary support. The rate of dividend for 2013-14 was fixed at five *per cent* by the Railway Convention Committee (RCC). Payment of dividend to general revenues in the current fiscal year increased by 49.72 *per cent* over the previous year 2012-13. IR paid dividend of ₹ 8,008.67 crore in 2013-14. This was higher than the budget projection by 28.16 *per cent*.

1.3.6 Net Surplus available for Appropriation

Generation of Net surplus after meeting all revenue liabilities including payment of dividend decreased by 54.75 *per cent* in current fiscal year. Net Surplus decreased to ₹ 3,740.40 crore as compared to ₹ 8,266.25 crore in 2012-13.

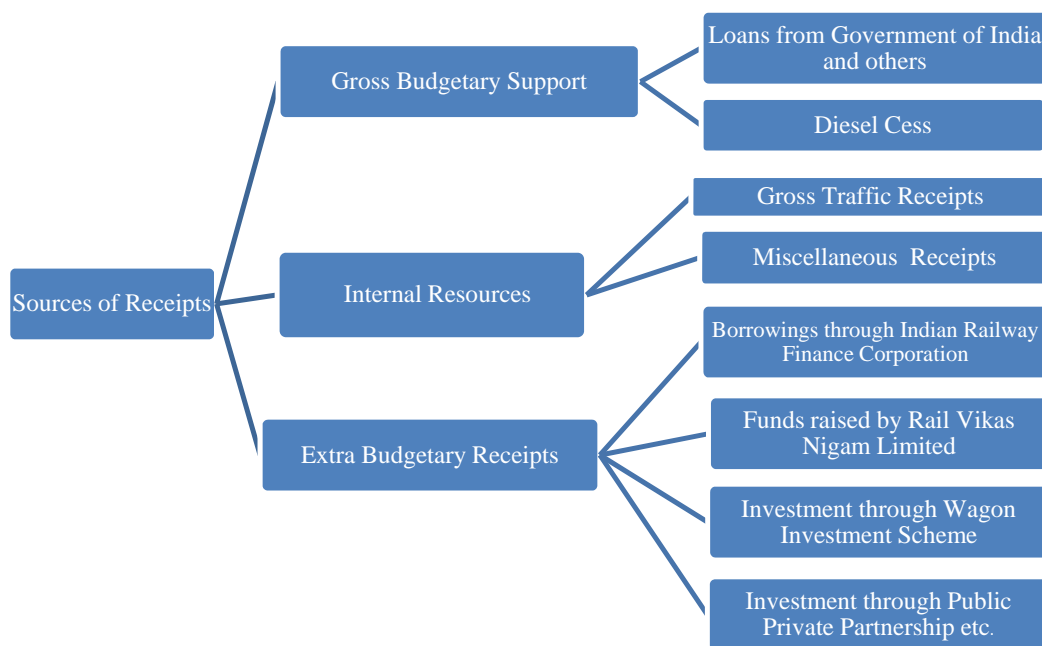
Net Surplus was below the budget estimates by 71.55 per cent. The shortfall in the Budgeted Net Surplus was due to decrease in Net Traffic Receipt (excess of Gross Traffic Receipts over Total Working Expenditure) by 47.93 per cent and excess payment of dividend by 28.16 per cent over the budget estimates. The increase in dividend payment was on account of payment of dividend at five per cent against four per cent as envisaged in the Budget.

The Net Surplus to the tune of ₹ 3,075.00 crore, ₹ 500.00 crore and ₹ 165.40 crore was appropriated to Development Fund, Capital Fund and Debt Service Fund respectively.

1.4 Resources of IR

The main sources of IR receipts were as follows:

Figure 1.1: Sources of Receipts



The revenue receipt from internal resources increased by 13.50 per cent during 2013-14 against the Compound Annual Growth Rate (CAGR)⁸ of 12.24 per cent during 2009-13. The General Budgetary Support increased by 12.19 per cent during 2013-14 against CAGR of 12.58 per cent during 2009-13, while extra budgetary receipts (market borrowings) increased by 0.55 per cent during 2013-14 against CAGR of 15.77 per cent during 2009-13. Thus, General Budgetary Support (GBS)⁹ and internal resources of IR increased at a higher rate, than the extra budgetary receipts (market borrowings). However, it could be seen that there

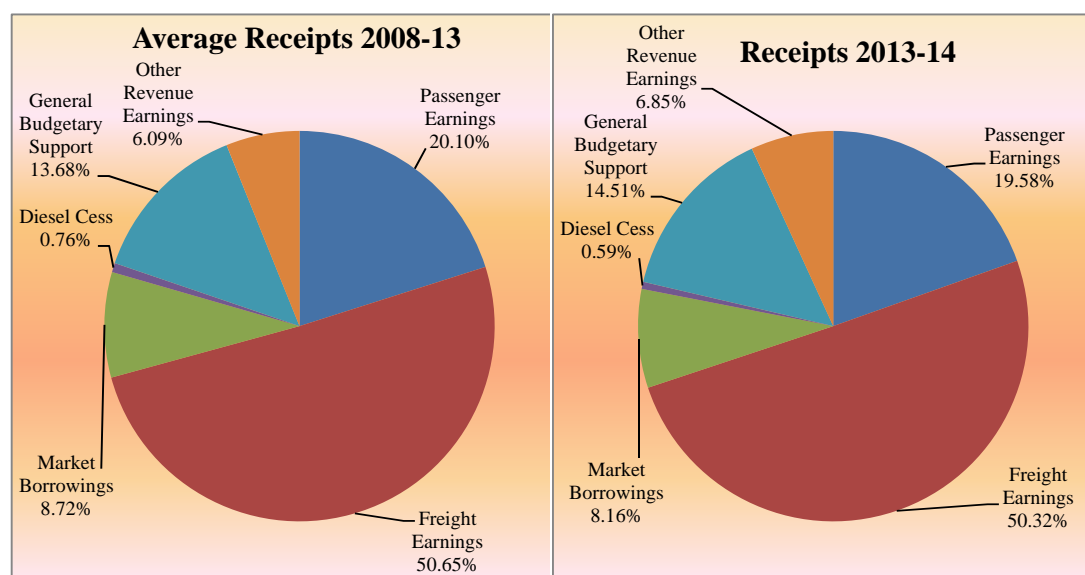
⁸ Rate of growth over a period of years taking into account the effect of annual compounding.

⁹ General Budgetary Support represents amount advanced by the Government of India to Ministry of Railways to finance capital expenditure.

has been negligible growth in the extra budgetary receipts indicating that IR is not exploring any means to raise the market funds through Rail Vikas Nigam Limited (RVNL) despite being recommended in the para 7.2.7 of chapter 7 of the Report of the Comptroller and Auditor General of India (No.34 of 2010-11) -Union Government (Railways).

The internal resources of IR comprises of receipts from passenger earnings, freight earnings and other revenue earnings. Share of each of these sources of funds during the current year 2013-14 as well as over the average of past five years ended 31 March 2013 are given in pie diagram in Figure 1.2:

Figure 1.2: Relative Share of various Resources of IR



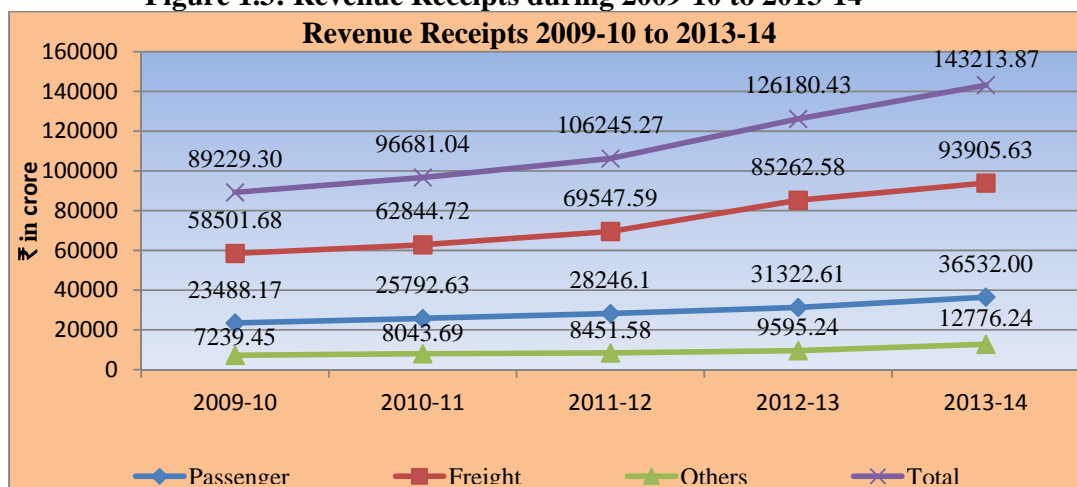
Note: Other Revenue Earnings include Other Coaching Earnings, Sundry Other Earnings and Miscellaneous Receipts

Diagram at 1.2 shows that the largest resource earnings of IR was from freight sector, followed by passenger earnings. These two factors continued to be the largest sources of IR receipts for the current year also. The share of passenger earnings, freight earnings, market borrowings and diesel cess decreased slightly whereas share of General Budgetary Support and other revenue earnings increased slightly in the current year as compared to average figures of receipts during 2008-13.

1.4.1 Revenue Receipts

The trend of total revenue receipts for the last five years are given in the Figure 1.3.

Figure 1.3: Revenue Receipts during 2009-10 to 2013-14



Note: Others include Other Coaching, Sundry Others, Suspense and Miscellaneous Receipts
 Figures of Others and Total Receipts for 2012-13 are revised figures.

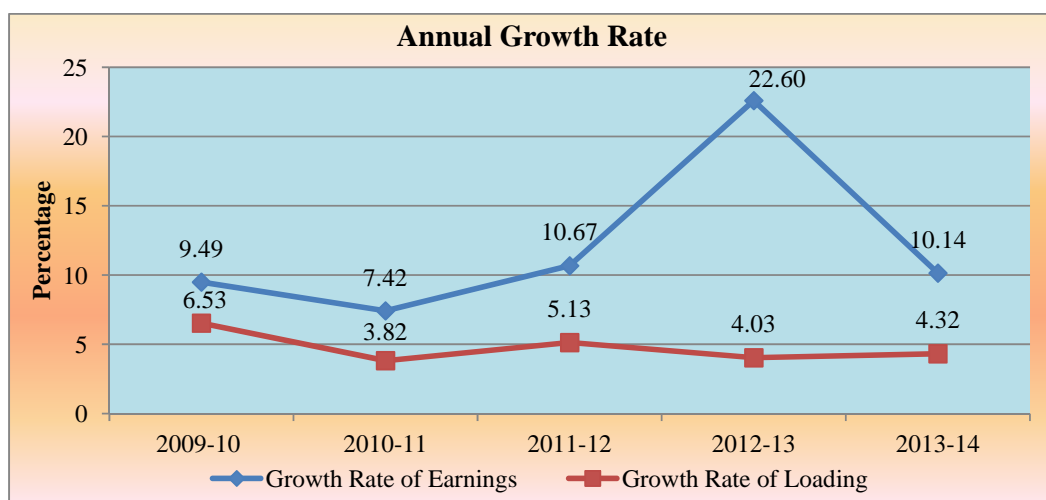
Total Revenue Receipts increased at a CAGR of 12.24 per cent during 2009-13, however, the increase in the Total Revenue Receipts during year 2013-14 was 13.50 per cent. The annual inflation of all commodities on an average during 2013-14 was around 6 per cent¹⁰, which implies that the real increase in revenue receipts was 7.50 per cent (after discounting for inflation).

The trend of growth rates of different segments of revenue receipts are discussed in the succeeding paragraphs.

1.4.1.1 Freight Earnings

Trend of freight loading and freight earnings of IR for the last five years ended 31 March 2014 are shown in the graph below:

Figure 1.4: Annual Rate of Growth of Freight Earnings and Freight Loading



¹⁰ (Source –Economic Survey, Ministry of Commerce and Industry)

Figure 1.4 indicates an increase in the annual growth of freight loading in the current fiscal year. The annual incremental increase in loading (in absolute terms) ranged between 54.40 Million Tonne (2009-10) and 43.55 Million Tonne (2013-14) during the last five years. Increase in freight loading by 4.32 *per cent* during 2013-14 was slightly less than the CAGR of 4.33 *per cent* achieved during 2009-13. The growth in freight earnings has sharply declined to 10.14 *per cent* as compared to previous years' growth of 22.60 *per cent*. This is due to decrease in growth rate of NTKM by 3.74 *per cent*. (Refer Table No.1.2 in the succeeding paragraph)

In 2013-14, freight earnings increased by 10.14 *per cent* over the previous year against the CAGR of 13.38 *per cent* achieved during 2009-13. The status of freight services statistics are given in the Table No. 1.2:

Table 1.2 Freight Services Statistics

| <i>Year</i> | <i>Loading (Million Tonne)</i> | <i>NTKM¹¹ (in million) (Revenue Freight Traffic only)</i> | <i>Earning (₹ in crore)</i> | <i>Average lead (in kilometre)</i> | <i>Rate per tonne per km (in paise)</i> |
|-------------|--|--|---------------------------------|--|---|
| 2009-10 | 887.79 | 600548 (8.90) | 58,501.68 (9.49) | 676 | 97.41 |
| 2010-11 | 921.73 | 625723 (4.19) | 62,844.72 (7.42) | 679 | 100.44 |
| 2011-12 | 969.05 | 667607 (6.69) | 69,547.59 (10.67) | 689 | 104.17 |
| 2012-13 | 1008.09 | 691658 (3.60) | 85,262.58 (22.60) | 686 | 123.27 |
| 2013-14 | 1051.64 | 665810 (-3.74) | 93,905.63 (10.14) | 633 | 141.04 |

Source-Indian Railways Annual Statistical Statements (Statement No.13-Goods Revenue Statistics)

Note: Figures in bracket represent percentage increase over previous year.

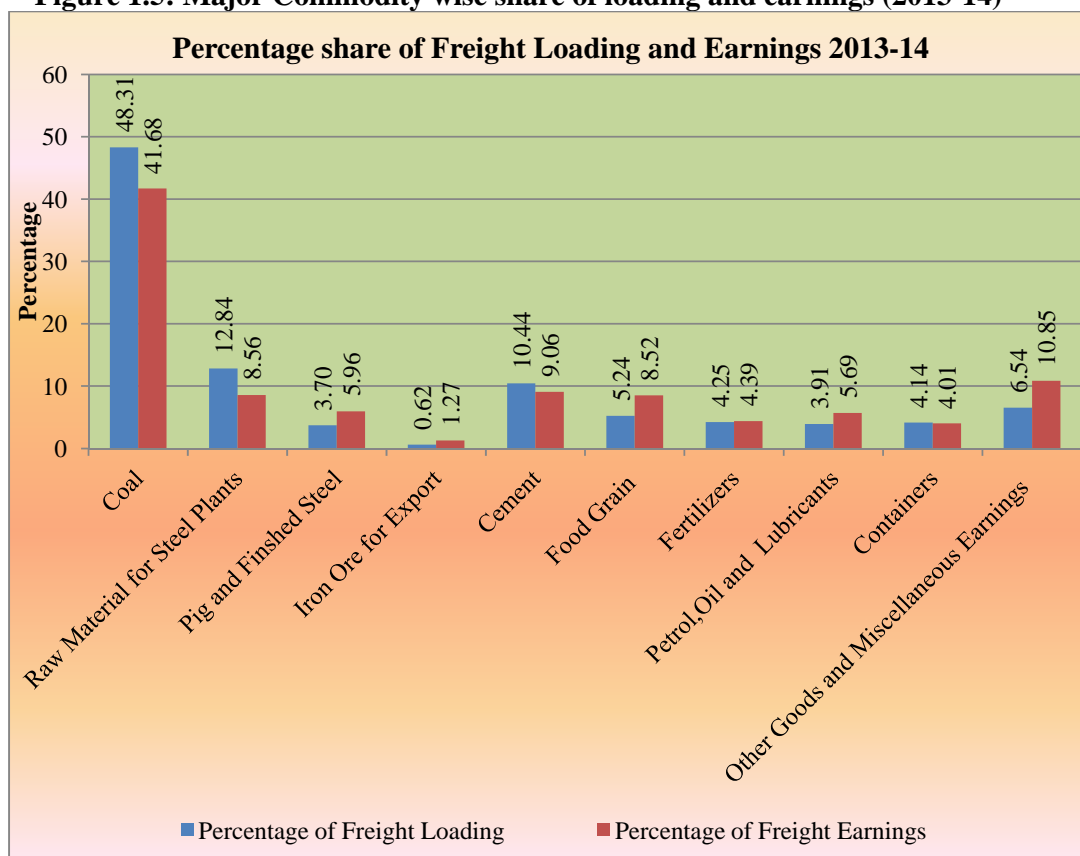
The figures of Rate per tonne per km for 2009-10 and 2010-11 are revised figures.

During 2013-14, it was seen that the annual growth rate of freight loading was 4.32 *per cent*), while the Net Tonne Kilometre (NTKM) decreased at the rate of 3.74 *per cent*. The growth rate of Rate per tonne per kilometer and Freight earning over the previous year was 14.41 *per cent* and 10.14 *per cent* respectively; even though the average lead (average haul of a tonne of freight) declined from 686 km in 2012-13 to 633 km in 2013-14.

Share of major commodities in loading and earnings are given in the bar chart (Figure 1.5).

¹¹ NTKM-Net Tonne Kilometre-Unit of measure of freight traffic which represent the transport of one tonne goods (including the weight of any packing but excluding the weight of the vehicle used for transport) over a distance of one kilometer.

Figure 1.5: Major Commodity wise share of loading and earnings (2013-14)



Coal, being a captive commodity, was the major component both in loading and earnings for IR. The above major commodities (excluding 'Other Goods' and Miscellaneous earnings) contributed 89.15 per cent of the total freight earnings of IR. Iron ore for export constituted 0.62 per cent of the total loading and earned 1.27 per cent of the total freight earnings.

1.4.1.2 Passenger Earnings

Key performance indicators of passenger services are tabulated below:

Table 1.3 Passenger Services Statistics

| Year | No. of Passenger (in millions) | Passenger Kilometre (in million) | Earnings (₹ in crore) | Average lead (in kilometre) | Average earnings per passenger per kilometre (in paise) |
|---------|--------------------------------|----------------------------------|-----------------------|-----------------------------|---|
| 2009-10 | 7245.80 | 903465 (7.81) | 23,488.17 (7.10) | 124.69 | 26.00 (-0.66) |
| 2010-11 | 7651.09 | 978508 (8.31) | 25,792.63 (9.81) | 127.89 | 26.36 (1.39) |
| 2011-12 | 8224.38 | 1046522 (6.95) | 28,246.10 (9.51) | 127.25 | 26.99 (2.40) |
| 2012-13 | 8420.71 | 1098103 (4.93) | 31,322.68 (10.89) | 130.41 | 28.52 (5.68) |
| 2013-14 | 8397.06 | 1158742 (5.52) | 36,532.00 (16.63) | 137.99 | 31.53 (10.53) |

Note: Figures in bracket represent percentage increase over previous year.

Figures for the years 2009-10 and 2010-11 in the above Table are revised figures based on Indian Railway Annual Statistical Statement (No. 12-Passenger Revenue Statistics).

Despite decrease in number of originating passengers, it was seen that average earnings per passenger per kilometer increased from 28.52 paise in 2012-13 to 31.53 paise in 2013-14, which was mainly due to increase in passenger tariff and increase in passenger kilometer. IR had been incurring a loss¹² every year on passenger and other coaching services.

The growth in earnings from Passenger traffic and in Passengers Originating during the last five years (2009-14) is shown in Figure 1.6.

Figure 1.6: Growth Rate of Passenger Originating and Passenger Earnings



Note-The growth rate of passenger originating in the years 2009-10 to 2011-12 are revised figures based on Statement No. 12-Passenger Revenue Statistics

The percentage increase in earnings from passenger traffic in 2013-14 over the previous year was 16.63 per cent which was above the CAGR of 10.07 per cent for the period 2009-13. The growth in passengers originating in 2013-14 over the previous year was negative (-0.28 per cent) which was below the CAGR of 5.14 per cent during 2009-13.

Audit observed that passenger earnings fell short of budget estimates in all zonal railways except Metro Railway/Kolkata during 2013-14. The shortfall in passenger earnings targets was up to 20.62 per cent in East Central Railway and 16.58 per cent in Central Railway.

1.4.1.3 Sundry Earnings and Other Coaching Earnings

Sundries and other coaching earnings constituted around seven per cent of the Gross Traffic Receipts in the current fiscal year (2013-14). It grew at around 28.49 per cent in 2013-14 as against 15.03 per cent in the year 2012-13. Analysis in audit revealed that earnings from rent, license fee, interest and maintenance charges and advertisements increased in the current year as compared to the previous year. Though there was considerable scope for increasing revenue

¹² As per Summary of End Results Coaching Services Profitability/Unit Costs prepared by Ministry of Railways

generation from the components of sundry earnings provided bills for realization of rent of buildings, license fee (wherever due) were raised and realized in a time bound manner.

1.5 Unrealized Earnings¹³

Against the target for recovery of ₹ 50 crore during 2013-14 under unrealized earnings, IR accumulated ₹ 279.52 crore as unrealized earnings. The unrealized earnings rose from ₹ 1,569.45 crore in 2012-13 to ₹ 1,848.98 crore in 2013-14. At the end of the financial year unrealized earnings were ₹ 1,848.98 crore, of which ₹ 1,592.37 crore was under Traffic Suspense and ₹ 256.61 crore under Demand Recoverable. During the current fiscal year Central Railway was the major contributor to the accumulation of unrealized earnings with ₹ 91.70 crore. This was followed by East Central Railway with ₹ 62.48 crore. The major portion of outstandings under Traffic Suspense was on account of un-recovered freight and other charges from Power Houses and State Electricity Boards amounting to ₹ 847.67 crore which constituted 52.23 per cent of the total Traffic Suspense, yet to be recovered. Major defaulters are shown in the Table below:

Table 1.4-Outstanding dues against State Electricity Board

(₹ in crore)

| Sl. No. | State Electricity Board/Power House | Outstanding dues as of 31 March 2013 | Outstanding dues as of 31 March 2014 | Increase/decrease (-) during the year |
|---------|--|--------------------------------------|--------------------------------------|---------------------------------------|
| 1. | Punjab State Electricity Board (PSEB) | 448.39 | 448.58 | 0.19 |
| 2. | Delhi Vidyut Board (DVB) | 175.88 | 114.28 | (-) 61.60 |
| 3. | Rajasthan State Electricity Board (RSEB) | 36.93 | 38.06 | 1.13 |
| 4. | Maharashtra State Electricity Board (MSEB) | 0.48 | 143.17 | 142.69 |
| 5. | National Thermal Power Corporation (NTPC) | 7.35 | 64.42 | 57.07 |

Source-Statement of dues recoverable from State Electricity Board/Power Houses

The Ministry of Railways needs to speed up the efforts to realize the old outstanding dues from SEB's.

1.6 Cross-Subsidization

1.6.1 Subsidy towards Passenger and other Coaching Services

IR was unable to meet its operational cost of passenger services and other coaching services. Revenue from passenger services increased by 46.12 per cent¹⁴ during the last five years as of 31 March 2013, however, the expenditure under this head increased by 55.31 per cent during the same period.

¹³Unrealized earnings on account of movement of traffic was classified as 'Traffic Suspense' whereas on account of rent/lease of building/land and maintenance charges of sidings etc as 'Demand Recoverable'.

¹⁴Excluding Narrow Gauge (2011-12)

The Summary of End Results-Freight Services Unit Costs and Coaching Services Profitability/Unit Costs for the year 2012-13 published by the IR indicates that there was cross subsidization from freight earnings to passenger and other coaching earnings. Loss incurred by passenger and other coaching services increased from ₹ 15,268.41 crore in 2008-09 to ₹ 26,025.46 crore in 2012-13¹⁵. The gap in percentage of expenditure on passengers and other coaching services left unrecovered during the period of five years as of 31 March 2013 are shown in Figure 1.7.

Figure 1.7: Percentage of expenditure on Passenger and Other Coaching Services left uncovered

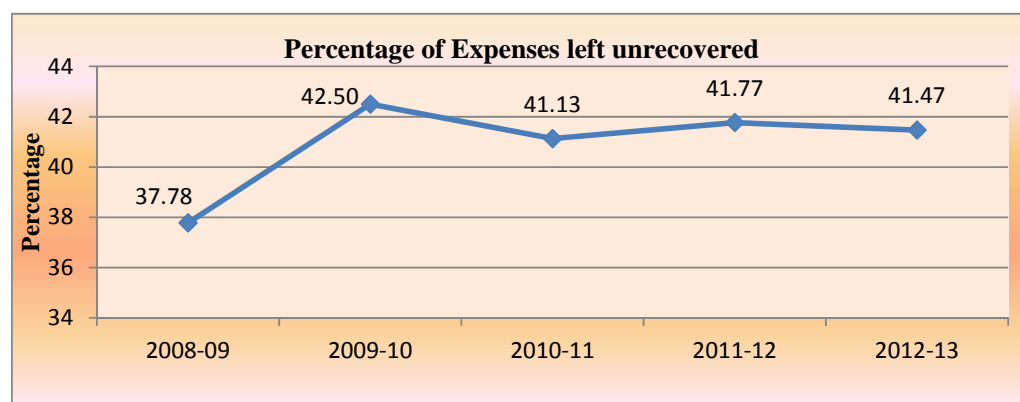
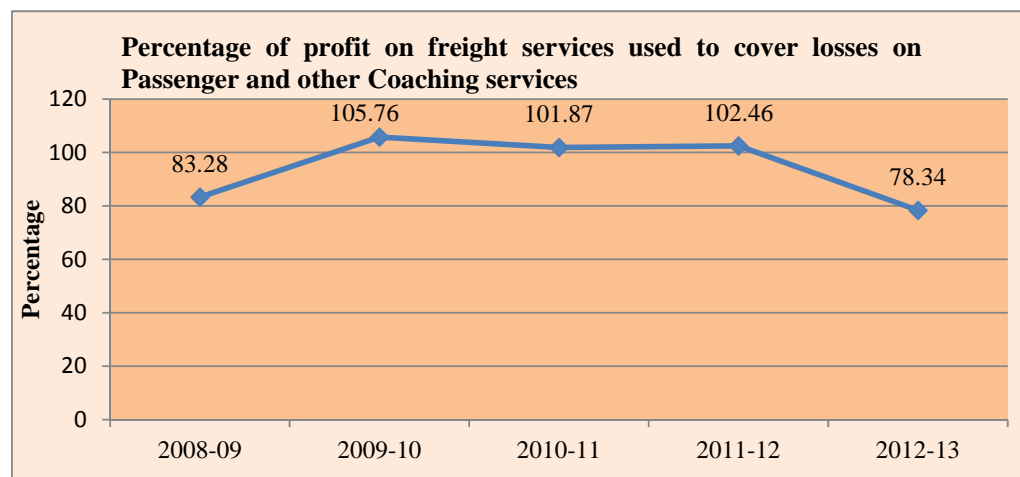


Figure 1.8 shows the percentage of profit on freight services, utilized to make up the loss on passenger and other coaching services:

Figure 1.8: Percentage of profit on freight earnings used to subsidize the passenger and other coaching services



It would be seen that the 78.34 per cent profit from freight traffic during 2012-13 (profit from freight traffic in 2012-13 ₹ 33,221.24 crore) was utilized to compensate the loss of ₹ 26,025.46 crore on operation of passenger and other

¹⁵ Summary of End Results-Coaching Services-Profitability/Unit Costs for 2013-14 not compiled (February 2015).

coaching services of IR. Thus despite increase in the loss on passenger services from ₹ 23,643.68 crore in 2011-12 to ₹ 26,025.46 crore in 2012-13, the cross subsidy from freight earnings towards passenger and other coaching services has decreased in 2012-13 as compared to previous year. IR has been able to retain 21.66 per cent of the profit on freight earning after subsidizing the loss on passenger services in 2012-13 as compared to (-) 2.46 per cent in the previous year showing an improvement in the operational profit.

1.6.2 Operational losses of various Classes of Passenger Services

Table 1.5 gives the operational losses of various classes of passenger services during 2008-09 to 2012-13:

Table 1.5 Operational losses of various Classes of Passenger Services
(₹ in crore)

| Class of Passenger services | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|-----------------------------|-----------|-----------|-----------|----------|----------|
| AC-Ist class | -59.37 | -53.14 | -46.61 | -38.78 | -40.86 |
| Ist class | -69.67 | -32.67 | 16.47 | -39.13 | -61.36 |
| AC 2 Tier | -176.91 | -372.32 | -407.93 | -438.83 | -348.09 |
| AC 3 Tier | 540.57 | 212.14 | 266.31 | 499.33 | 494.99 |
| AC Chair car | 5.45 | -2.11 | 33.62 | -13.29 | -38.12 |
| Sleeper Class | -3,175.24 | -5,333.90 | -6,070.58 | -6531.75 | -6852.72 |
| Second class | -2,933.09 | -3,401.25 | -3,998.08 | -4237.60 | -5167.53 |
| Ordinary (All Class) | -6,381.77 | -7,763.36 | -7,437.00 | -8893.12 | -9783.80 |
| EMU suburban services | -1,651.19 | -2,214.06 | -2,320.23 | -2813.95 | -3365.47 |

Source-Summary of the End Results Coaching Services Profitability/Unit Costs

It is clear in the above table that, except AC-3-Tier, all classes of train services have incurred losses during the year ended March 31, 2013 which means that AC-3-Tier only has covered its operational cost in 2012-13.

The subsidy provided to both ordinary class and suburban services increased almost continuously in the last five years with subsidy on Ordinary Class being the maximum. The percentage of loss¹⁶ to the earning of the various classes of passenger services ranged from 4.16 per cent (AC Chair) to 210.37 per cent (Ordinary class) with 161.11 per cent on EMU Suburban train services.

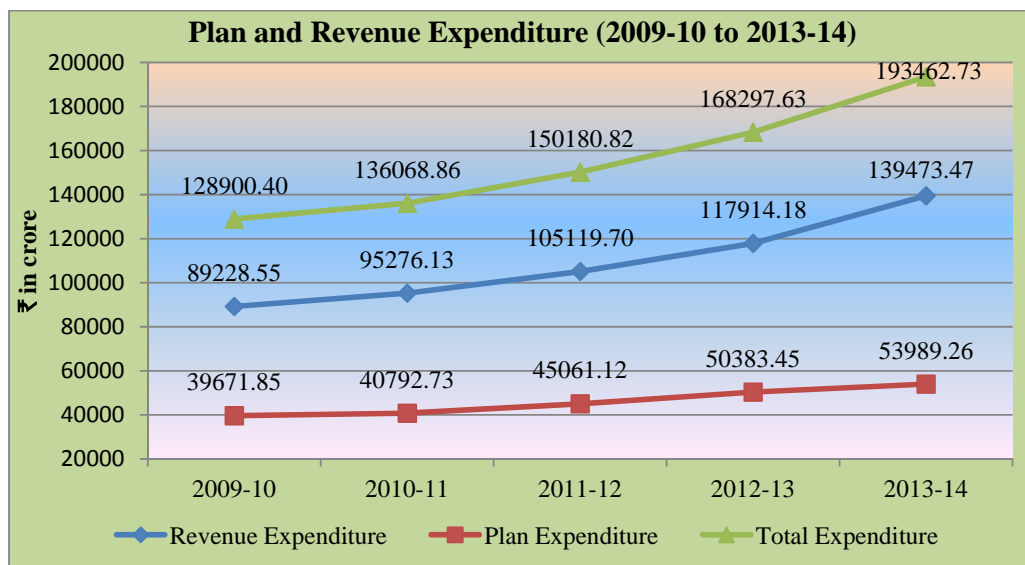
1.7 Application of Resources

The two main components of expenditure in IR are 'Revenue Expenditure' and 'Plan Expenditure'. Revenue expenditure includes ordinary working expenditure,

¹⁶ Loss worked out on the basis of figures of Expenses and Earnings given in Summary of the End Results-Coaching Services Profitability/Unit Costs (2012-13).

miscellaneous expenditure and dividend payout. The total expenditure of IR and its composition under revenue and plan for the last five years are given in Figure 1.9.

Figure 1.9: Plan and Revenue Expenditure in the last five years



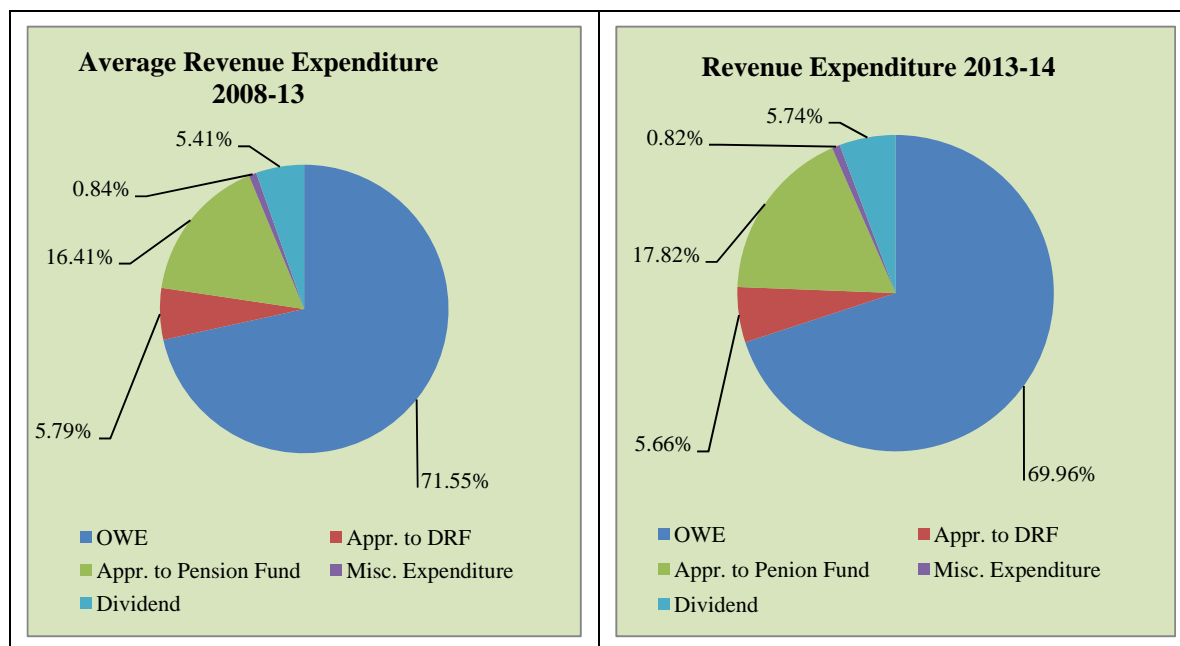
Note-Figures of Plan Expenditure and Total Expenditure for 2009-10 are revised figures.

During last five years, the share of revenue expenditure and plan expenditure to total expenditure remained almost static within the range of 69 per cent to 72 per cent and 31 per cent to 28 per cent respectively. A detailed analysis of plan expenditure is discussed in paragraph 1.10.

1.7.1 Revenue Expenditure

Composition of revenue expenditure during the current year and an average of past five years ended on 31 March 2013 are given in Figure 1.10:

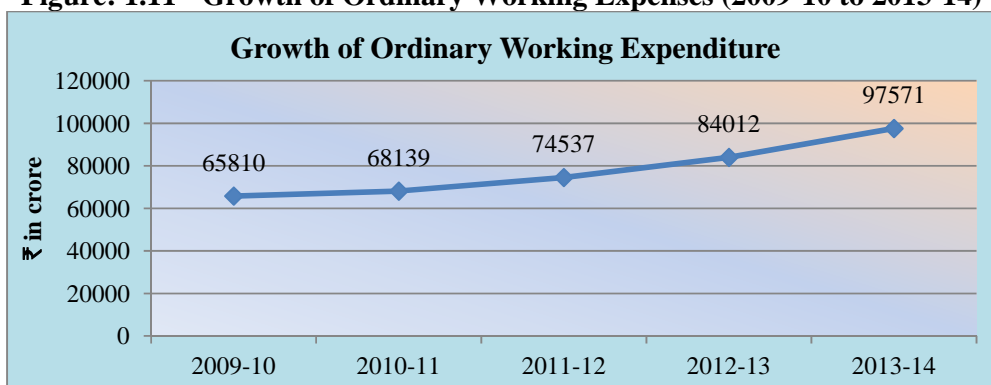
Figure 1.10: Revenue Expenditure in last five years



OWE- Ordinary Working Expenditure,
DRF- Depreciation Reserve Fund

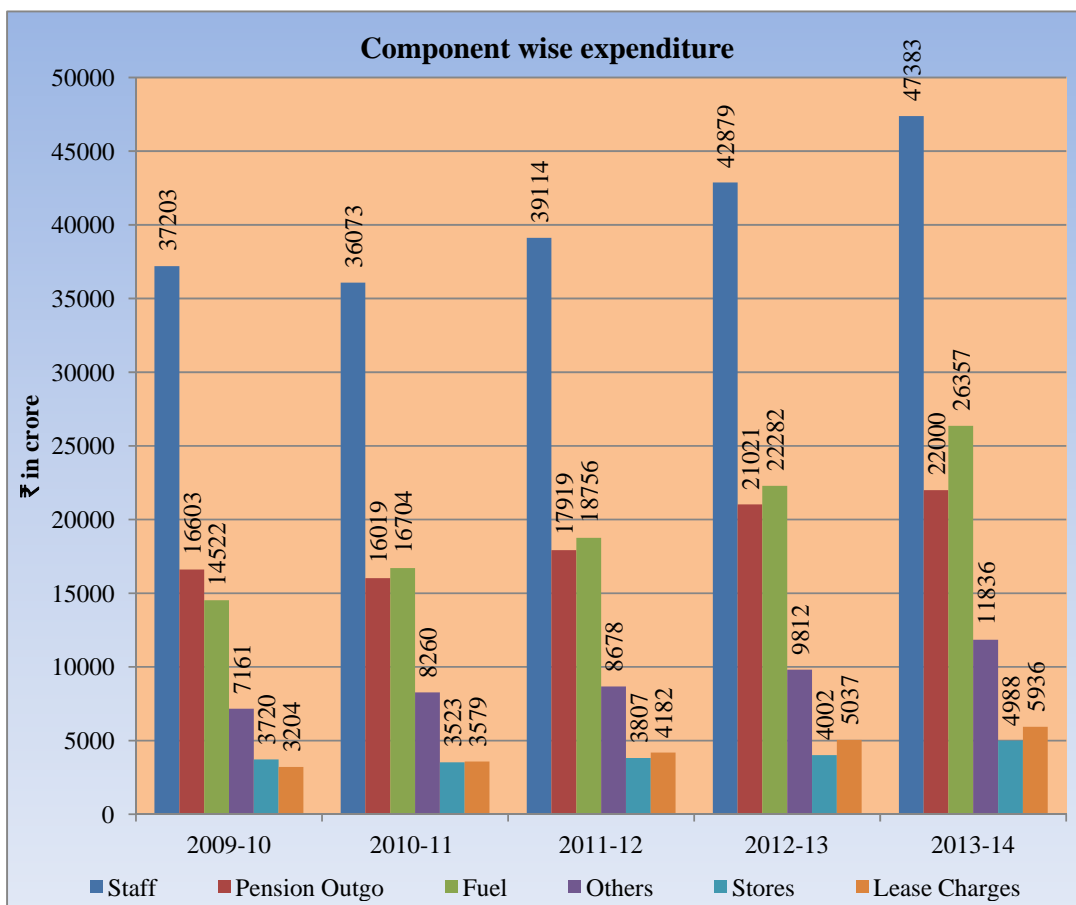
The main components of expenditure was Ordinary Working Expenditure (OWE) which constituted 71.55 per cent of the total revenue expenditure on an average during 2008-13 and 69.96 per cent during 2013-14. Appropriation to Depreciation Reserve Fund (DRF) was reduced to 5.66 per cent in 2013-14 as compared to 5.79 per cent on an average during 2008-13. Appropriation to Pension Fund increased to 17.82 per cent in 2013-14 as compared to 16.41 per cent on an average during 2008-13 to meet the increased pension liabilities.

OWE comprises expenditure on day-to-day maintenance and operation of the IR i.e. expenditure on office administration, repairs and maintenance of track and bridges, locomotives, carriage and wagons, plant and equipment, operating expenses on crew, fuel, miscellaneous expenditure, pension liabilities etc. The trend in OWE over the last five years is shown in Figure 1.11:

Figure: 1.11 - Growth of Ordinary Working Expenses (2009-10 to 2013-14)

OWE increased at a rate of 16.14 per cent during 2013-14 over the previous year as compared to growth rate of 12.71 per cent in the previous year. The increase in OWE was due to increase in operating expenses on fuel by 30.94 per cent, repairs and maintenance of carriage and wagons by 12.11 per cent and operating expenses on traffic by 10.97 per cent.

The break-up of working expenditure on IR under staff, fuel, lease charges, stores, other and pension outgo for the last five years is shown in the Figure 1.12.

Figure: 1.12 -Component wise expenditure

Note-Figures for 2013-14 as per budget estimate.

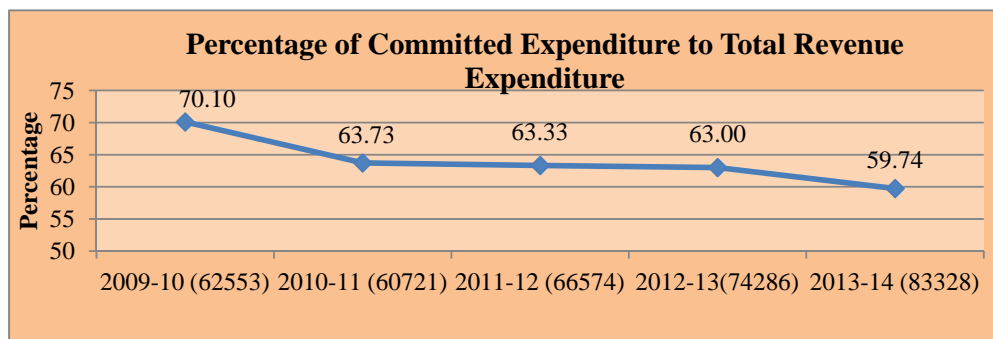
Figure of expenditure on Staff for 2012-13 is revised figure.

Staff cost (including pension outgo) constituted around 59 per cent of the working expenses of the IR during the current year.

1.7.2 Committed Expenditure

The committed expenditure of the IR consisted of dividend payment to general revenues, staff cost, pension payments and lease hire charges on rolling stock. Figure 1.13 shows the percentage of committed expenditure to the total revenue expenditure of IR during the last five years 2009-14:

Figure 1.13: Committed Expenditure as a percentage of Total Revenue Expenditure



Note-Figures shown in bracket indicate total committed expenditure in crore of rupees.

Figures for 2013-14 are as per budget estimate.

The percentage of Committed Expenditure to Total Revenue Expenditure for 2012-13 is revised figure.

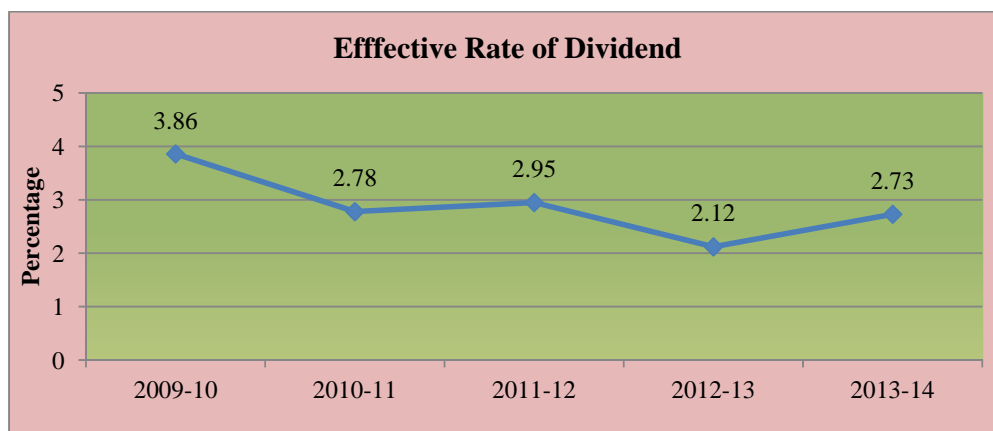
Percentage of committed expenditure to total revenue expenditure was 59.74 per cent in 2013-14. IR was left with 40.26 per cent of the total revenue expenditure to run their operations.

1.7.3 Dividend and Subsidy

Under the 'Separation Convention' the IR is required to pay dividend to the general revenues on the capital advanced by the Government of India at a rate determined periodically by Railway Convention Committee (RCC). The rate of dividend for 2013-14 was fixed at five per cent by the RCC. Further, in terms of the recommendations of the RCC, IR is given concessions towards payment of dividend in respect of capital invested in the larger national interest¹⁷. Dividend paid on such capital is received back as subsidy to IR. The subsidy increased from ₹ 2,286.14 crore in 2012-13 to ₹ 3,370.56 crore in 2013-14. The net effective rate of dividend after adjusting the subsidy received, increased from 2.12 per cent in the 2012-13 to 2.73 per cent in 2013-14.

¹⁷Strategic Lines, 28 New Lines taken up on other than financial consideration, non-strategic capital of Northeast Frontier Railway, Un-remunerative branch lines, Ore lines, 50 per cent of work-in-progress

Figure: 1.14 Effective Rate of Dividend



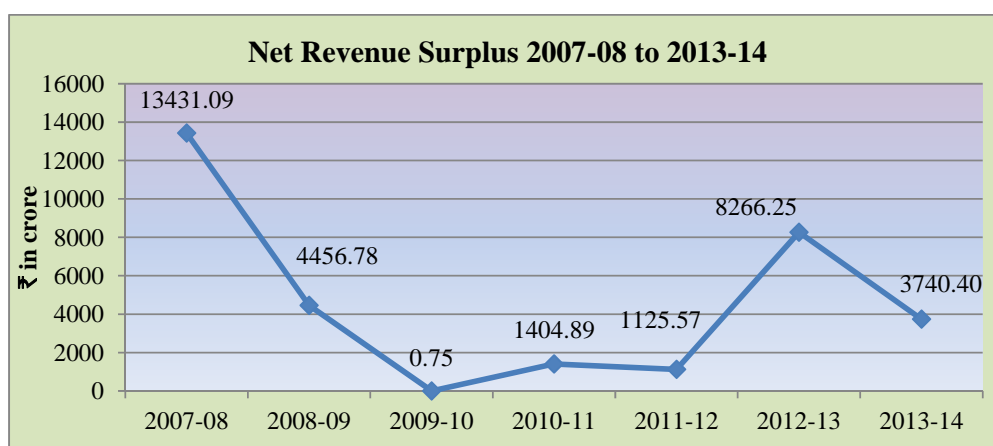
1.7.4 Un-discharged Liability

The RCC allowed a moratorium on payment of dividend on investments in New Lines during the period of construction and the first five years after opening of the line for traffic. Cumulative dividend was payable when the line showed surplus after discharging current liability. The account of dividend liability is closed after 20 years, extinguishing all such un-liquidated liability. The liability on this account which was ₹ 10,119.91 crore at the close of 2012-13 increased to ₹ 11,231.45 crore as of March 2014.

1.8 Revenue Surplus

Trend of net revenue surplus after meeting all revenue expenditure including payment of dividend, during the years 2007-08 to 2013-14 are shown in the Figure 1.15.

Figure: 1.15 Revenue Surplus



The net surplus which increased to ₹ 8,266.25 crore in 2012-13 declined to ₹ 3,740.40 crore during 2013-14. The decline in net surplus was due to growth rate of freight earning (10.14 per cent) being less than that of 2012-13 (22.60 per cent) and growth rate of total working expenditure (16.80 per cent) being more

than that of 2012-13 (13.08 per cent). The payment of dividend was also at five per cent as against four per cent during 2012-13.

During 2013-14, there was a shortfall of ₹ 9,406.40 crore in the net surplus as against the budget estimate of ₹13,146.80 crore. The shortfall in revenue surplus was due to decrease in total revenue earnings by ₹ 3,412.12 crore and increase in total expenditure and dividend expenditure by ₹ 4,234.80 crore and ₹ 1,759.47 crore respectively.

1.9 Efficiency Indices

The financial performance and efficiency in operations of an enterprise can best be measured from its financial and performance ratios. The relevant ratios in this regard for IR were 'Operating Ratio', 'Capital-Output Ratio' and 'Staff Productivity', which are discussed below:

1.9.1 Operating Ratio

Operating ratio represents the percentage of working expenses to traffic earnings. The operating ratio which was 90.19 per cent in 2012-13, deteriorated to 93.60 per cent in 2013-14 for IR. This was primarily due to the reason that working expenditure grew at higher rate (17.13 per cent) as compared to previous year (13.11 per cent), while the total earnings grew at rate (12.86 per cent) less than the previous year (18.96 per cent). Operating ratio of zonal railways during the last five years ended on 31 March 2014 is shown in the Table 1.6.

Table 1.6 Operating Ratio of Zonal Railways

| S. No. | Zonal Railway | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|------------|-----------------------|---------|---------|---------|---------|---------|
| 1 | Central | 106.47 | 107.31 | 105.68 | 97.82 | 100.23 |
| 2 | Eastern | 186.25 | 178.52 | 182.10 | 178.86 | 176.76 |
| 3 | East Central | 107.94 | 109.06 | 103.58 | 92.19 | 99.58 |
| 4 | East Coast | 48.25 | 42.82 | 44.68 | 44.50 | 48.34 |
| 5 | Northern | 112.74 | 112.20 | 121.00 | 113.15 | 110.12 |
| 6 | North Central | 61.55 | 63.12 | 61.80 | 59.68 | 64.04 |
| 7 | North Eastern | 216.19 | 201.78 | 202.06 | 200.01 | 207.49 |
| 8 | Northeast Frontier | 161.28 | 167.25 | 166.40 | 178.39 | 193.08 |
| 9 | North Western | 110.29 | 106.41 | 99.99 | 88.97 | 98.58 |
| 10 | Southern | 137.47 | 135.55 | 122.58 | 130.59 | 132.18 |
| 11 | South Central | 80.66 | 85.76 | 85.90 | 79.63 | 84.13 |
| 12 | South Eastern | 69.18 | 66.98 | 72.74 | 70.50 | 72.54 |
| 13 | South East Central | 60.43 | 58.01 | 55.24 | 49.14 | 52.53 |
| 14 | South Western | 88.43 | 98.69 | 109.01 | 104.85 | 115.41 |
| 15 | Western | 97.88 | 97.96 | 94.61 | 89.84 | 91.74 |
| 16 | West Central | 74.07 | 74.93 | 70.13 | 68.18 | 71.06 |
| 17 | Metro Railway/Kolkata | 248.00 | 226.35 | 310.89 | 328.26 | 302.63 |
| Overall IR | | 95.28 | 94.59 | 94.85 | 90.19 | 93.60 |

Source-Indian Railways Appropriation Accounts –Part-I Review

There were improvement in the Operating Ratio of Eastern, Northern Railways and Metro Railway/Kolkata whereas the same deteriorated in other zonal railways during the current year as compared to the previous year. Operating Ratio of Central, Eastern, Northern, North Eastern, Northeast Frontier, Southern, South Western Railways and Metro Railway/Kolkata was more than 100 *per cent* during 2013-14 implying that their working expenditure was more than their traffic earnings. Operating ratio of the railways namely Eastern, Northern, North Eastern, Northeast Frontier, Southern Railways and Metro Railway/Kolkata was more than 100 *per cent* in the last five years.

1.9.2 Capital-Output Ratio

Capital Output Ratio indicates the amount of capital employed to produce one unit of output. Total Traffic in terms of Net Tonne Kilometres (NTKMs) and Passenger Kilometres (PKMs) is considered as the output in the case of IR. The Table 1.7 shows the Capital-output ratio for total traffic (in NTKMs), carried by the IR during the last five years ended on 31 March 2014:

Table 1.7 Capital Output Ratio of IR

| As on | Total Capital including investment from Capital Fund (₹ in Million) | Goods Traffic (NTKM) (in Million) (Revenue Freight Traffic only) | Passenger Traffic | | Total Traffic (in Million NTKMs) | Capital at charge (in Paise) per NTKM |
|-----------|---|--|------------------------------------|---------------|----------------------------------|---------------------------------------|
| | | | Passenger Kilometres (in Millions) | Million NTKMs | | |
| 31-Mar-10 | 1,230,007 | 600,548 | 903,465 | 64,146 | 664,694 | 185 |
| 31-Mar-11 | 1,432,205 | 625,723 | 978,508 | 69,474 | 695,197 | 206 |
| 31-Mar-12 | 1,614,480 | 667,607 | 1,046,522 | 74,303 | 741,910 | 218 |
| 31-Mar-13 | 1,834,880 | 691,658 | 1,098,103 | 77,965 | 769,623 | 238 |
| 31-Mar-14 | 2,088,443 | 665,810 | 1,158,742 | 82,271 | 748,081 | 279 |

Source-Indian Railways Annual Statistical Statements

Note-Figures of NTKMs as on 31 March 2010 and 31 March 2011 are revised figures based on Statement No. 13-Goods Revenue Statistics

Capital Output ratio had increased from 185 paise (2009-10) to 279 paise (2013-14) indicating decrease in physical performance of the IR as compared to capital employed. Higher cost overruns due to non-completion of projects in time coupled with investment in financially unviable projects contributed to higher Capital Output ratio.

1.9.3 Staff Productivity

Staff productivity¹⁸ in case of IR is measured in terms of volume of traffic handled (in terms of NTKM in Million) per thousand employees. It increased by 21 *per cent* during the period 2009-10 (525) to 2013-14 (636) of Open Line staff of all zonal railways (excluding Metro Railway/Kolkata).

¹⁸ Annual Statistical Statements of Indian Railways

The improvement in staff productivity over the last five years was a result of two distinct factors:

- Increase in freight carried in terms of tonnage and passenger originating in relation to total distances carried/travelled.
- Decline in workforce of Open Line staff from 12.72 lakh (2009-10) to 11.38 lakh (2013-14).

Zone wise analysis of staff productivity revealed that during 2013-14, highest Staff Productivity of 1,711.15 Million NTKM per thousand employees was achieved by North Central Railway whereas Staff Productivity of 208.02 Million NTKM per thousand employees of Eastern Railway was the lowest during the same period.

1.10 Plan Expenditure

IR plays a crucial role in augmenting infrastructure for sustainable economic growth. To keep pace with the transport sector in general and to respond to the pressures of a buoyant economy, it is essential that its plan resources are used effectively. Creation of new assets, timely replacement and renewal of depleted assets which had outlived its usage, augmentation of network capacity were the activities carried out by the IR through their plan expenditure. IR's plan expenditure was financed from the general budgetary support, internal resources¹⁹ and extra budgetary support i.e. market borrowing through Indian Railway Finance Corporation Limited (IRFC) for rolling stock and new network links by Rail Vikas Nigam Limited (RVNL).

The Table 1.8 gives the sources of funds for the plan expenditure during 11th Five Year Plan period (2007-08 to 2011-12) and 1st and 2nd year of the 12th Five year Plan period (2012-13 to 2016-17):

Table 1.8 Sources of Plan Expenditure

(₹ in crore)

| Source of Plan Expenditure | 11 th Five Year Plan | 12 th Five Year Plan | | |
|---|---------------------------------|---------------------------------|-------------------|----------------------|
| | (2007-08 to 2011-12) | 2012-13 | 2013-14 | |
| | Actual | Actual | Budget Estimates | Actual |
| General Budgetary Support ²⁰ | 77,316.28 (40.46) | 25,710.21 (51.03) | 28,000 (44.19) | 29,055.38 (53.82) |
| Internal Resources | 66,546.08 (34.82) | 9,531.31 (18.92) | 14,260 (22.51) | 9,709.00 (17.98) |
| Extra Budgetary Resources | 47,238.94 (24.72) | 15,141.93 (30.05) | 21,103 (33.30) | 15,224.88 (28.20) |
| Total | 1,91,101.30 | 50,383.45 | 63,363 | 53,989.26 |

Note: Figures in brackets represent percentage to the total plan expenditure
Source-Explanatory Memorandum on Railway Budgets and Appropriation Accounts

¹⁹ Reserve Funds such as Depreciation Reserve Fund, Capital Fund, Development Fund

²⁰ Includes expenditure from RSF

Due to non-availability of sufficient internal resources, the dependency of Plan Expenditure on General Budgetary Support increased substantially in 2013-14. The share of General Budgetary Support to the total plan expenditure increased from 51.03 per cent in 2012-13 to 53.82 per cent in 2013-14. The share of internal resources was 17.98 per cent against 22.51 per cent envisaged in the Budget Estimate (2013-14) and was indicative of shortfall in generation of internal resources of IR to meet the plan expenditure. Share of Extra Budgetary Resources (market borrowings) reduced from 30.05 per cent in 2012-13 to 28.20 per cent in current year. During 2013-14, Ministry of Railways obtained extra budgetary support of ₹ 15,224.88 crore from IRFC for rolling stock and doubling projects being executed by RVNL.

Plan expenditure is broadly categorized under various Plan Heads. Table 1.9 gives the share of expenditure grouped under various categories of Plan Heads during the 11th Five Year Plan period and first two years of 12th Five Year Plan period:

Table 1.9 Category-wise Plan Expenditure
(₹ in crore)

| Plan Heads | 11 th Five Year Plan | 12 th Five Year Plan | |
|---|---------------------------------|---------------------------------|----------------------|
| | (2007-08 to 2011-12) | 2012-13 | 2013-14 |
| New Lines, Gauge Conversion, Yard Remodelling, Doubling, Traffic Facilities, Track Renewal, Bridge Work, Signalling and Telecommunication | 73,276.21 (38.34) | 16,721.19 (33.19) | 18,532.34 (34.33) |
| Rolling Stock and Payment of Capital Component of Lease charges | 76,686.36 (40.13) | 22,403.29 (44.47) | 22,267.49 (41.24) |
| Workshop and Production Units and Plant & Machinery | 6,762.29 (3.54) | 1,917.00 (3.80) | 2,264.42 (4.19) |
| Investments in Government Undertaking | 10,108.19 (5.29) | 3,372.74 (6.69) | 4,289.58 (7.95) |
| Others | 24,268.25 (12.70) | 5,969.23 (11.85) | 6,635.43 (12.29) |
| Total | 1,91,101.30 | 50,383.45 | 53,989.26 |

Source-Indian Railways Appropriation Accounts-Grant No.16 and Statement No.10-Statement of Expenditure on Capital Account.

Note: 1 Figures in brackets represent percentage to the total plan expenditure.
Note: 2 Others include Road Safety Works, Electrification Projects, Computerization, other Electric Works, Railway Research, Other Specified Works, Stores Suspense, Manufacturing Suspense and Miscellaneous Advance, Staff Quarters, Passenger Amenities, Metropolitan Projects.

The Table 1.9 shows that the share of Plan Expenditure on track related works (Construction of New Lines, Doubling, Gauge Conversion, Yard Remodelling and Traffic Facilities, Bridge Works and Signal and Telecommunication Works)

slightly increased from 33.19 per cent in 2012-13 to 34.33 per cent in 2013-14. The share of Plan Expenditure on 'Rolling Stock and Payment of Capital Component of Lease charges' decreased from 44.47 per cent in 2012-13 to 41.24 per cent in 2013-14.

1.11 Railway Funds

Table 1.10 Status of Railway Funds

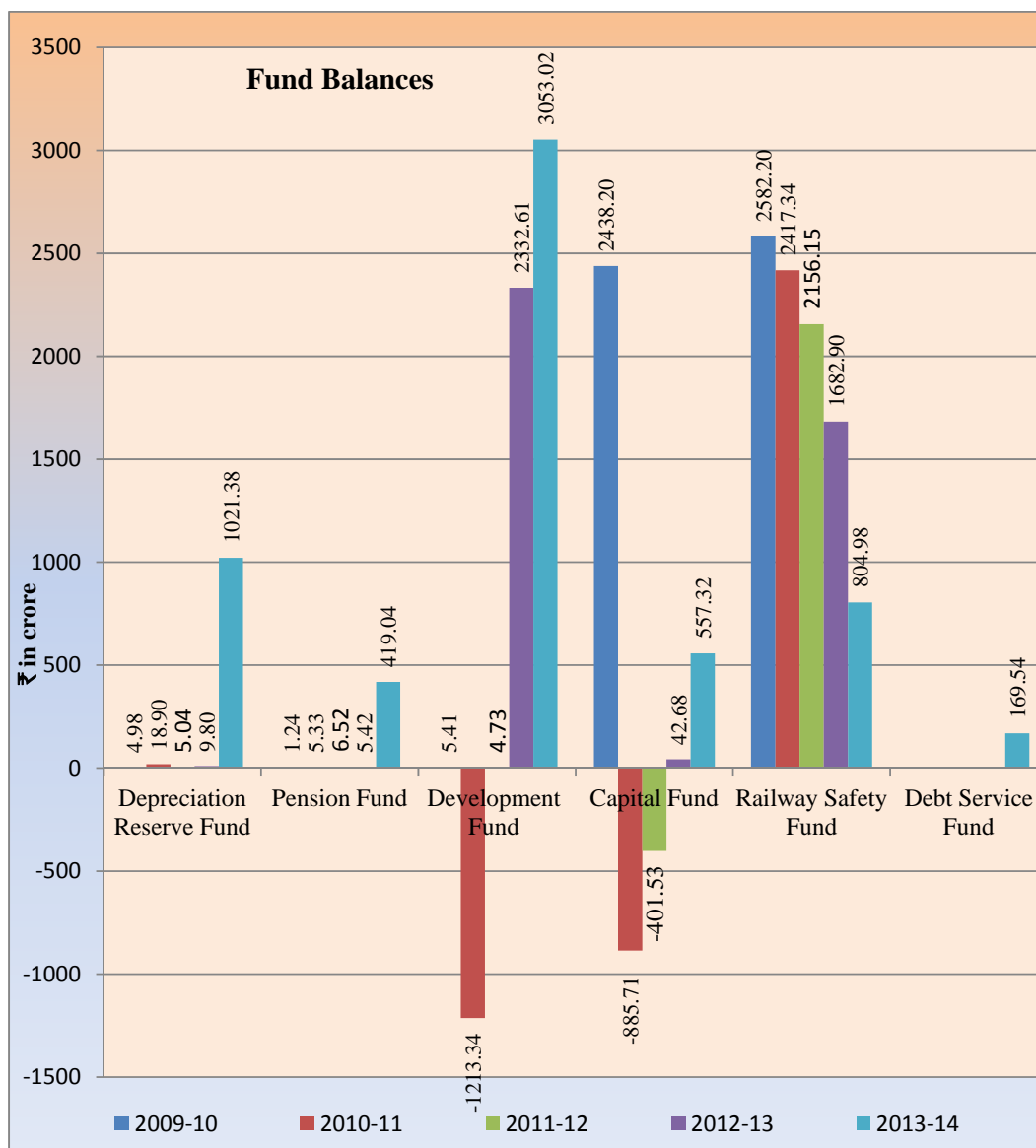
| <i>Fund</i> | <i>Description</i> |
|----------------------------------|--|
| <i>Depreciation Reserve Fund</i> | <i>The opening balance in this fund account as on 1 April 2013 was ₹9.80 crore. Appropriation to this fund is met out of the revenues earned by IR. This fund receives interest at the rate of dividend payable to general revenues. This fund is meant for replacement and renewal of over-aged assets. An amount of ₹ 8,100 crore²¹ was appropriated to this fund. The fund closed at ₹ 1,021.38 crore at the end of 2013-14 by expending an amount of ₹7,119.91 crore on replacement and renewal of assets. The Appropriation to DRF was made more than Budgeted provision by 5.19 per cent.</i> |
| <i>Pension Fund</i> | <i>The opening balance in this fund account as on 1 April 2013 was ₹5.42 crore. Appropriation to this fund is also met out of the revenues earned by IR. The fund receives interest at the rate of dividend payable to general revenues. Appropriation to the fund during 2013-14 was slightly more than the withdrawals. The available balance under the fund at the close of the year was ₹419.04 crore as on 31 March 2014.</i> |
| <i>Development Fund</i> | <i>The fund account as on April 1, 2013 stood at ₹2,332.61 crore. Appropriation to this fund is met as a first charge on revenue surplus available with IR after meeting out the total working expenditure and dividend. In 2013-14, the revenue surplus to the tune of ₹ 3,075 crore was appropriated to it. The capital expenditure amounting to ₹ 2,561.43 crore was incurred out of this fund during 2013-14. The fund closed at ₹3,053.02 crore at the end of 2013-14.</i> |
| <i>Capital Fund</i> | <i>The opening balance in this fund account as on April 1, 2013 was ₹ 42.68 crore. This fund receives interest at the rate of dividend payable to general revenues. Against the budget estimate of ₹ 5,433.80 crore, only ₹500 crore was appropriated to this fund in 2013-14. No expenditure was incurred from this fund during the year. The fund closed at ₹557.32 crore as on 31 March 2014.</i> |
| <i>Railway Safety Fund</i> | <i>The opening balance in this fund account as on April 1, 2013 was ₹1,682.90 crore. An amount of ₹ 1,982.98 crore was utilized in 2013-14 as against an amount of ₹1,105.06 crore credited to it. The fund account closed at ₹ 804.98 crore at the end of 2013-14.</i> |
| <i>Debt Service Fund</i> | <i>The fund was opened in year 2013-14 for making repayment of loans and debt servicing i.e. loans taken by the Ministry of Railways from World Bank and other multilateral agencies, supplement payment of pay and allowances and pension due to implementation of recommendations of Pay Commission. Against the budget estimate of ₹ 4,163 crore, only ₹ 165.40 crore was appropriated to this fund in 2013-14. No expenditure was incurred from this fund during the year. The fund closed at ₹169.54 crore as on 31 March 2014.</i> |

Source – Indian Railways Appropriation Accounts-Part-II-Detailed Appropriation Accounts

²¹ Appropriation to DRF includes ₹ 200 crore appropriated for production units during 2013-14.

The funds shown in Table No. 1.10 were either financed through revenues or surplus except Railway Safety Fund, which received a share of the Diesel Cess. The Development Fund, Capital Fund and Debt Service Fund were closed with balances of ₹ 3,053.02 crore, ₹ 557.32 crore and ₹ 169.54 crore respectively.

Figure 1.16-Fund Balances at the close of the years (2009-10 to 2013-14)



Source-Indian Railways Appropriation Accounts Part-II-Detailed Appropriation Accounts

The balance available in the railway funds increased from ₹ 4,073.41 crore in 2012-13 to ₹ 6,025.28 crore at the end of the year 2013-14. However, it was seen that the fund balances had declined from ₹ 15,654.68 crore in 2008-09 to ₹ 6,025.28 crore in 2013-14. Depreciation Reserve Fund and Capital Fund closed with balance of ₹ 1,021.38 crore and ₹ 557.32 crore respectively. Even the fund balance of ₹ 6,025.28 crore at the end of the year 2013-14 has been achieved by

not making payment of capital component of lease charges to IRFC²² amounting to ₹ 12,629.49 crore during the period 2011-14, from Capital Fund. Further, contribution to Depreciation Reserve Fund was not made as per requirement.

Analysis by Audit of the fund balances available in Capital Fund and Depreciation Reserve Fund revealed the following:

1. Indian Railways borrows money through the Indian Railway Finance Corporation (IRFC) for acquiring rolling stock by the financial lease route. These lease payment have two components, viz principal components and interest. Prior to 2005-06, these payments were fully met through the Ordinary Working Expenses (Revenue Grant No.9-Operating Expenses-Traffic). However, from the year 2005-06 the Accounting policy in respect of account of lease charges payable to IRFC was modified. As per new accounting system, Capital component was to be charged to Capital Fund (Grant No. 16) and interest component was to be charged to Revenue Grant No. 9. Audit observed that Ministry of Railways made payment of principal component of lease charges to IRFC from 2005-06 to 2010-11 from Capital Fund. However, thereafter due to negative balance/insufficient balance under the Capital Fund, this payment was made from 'Capital'²³ by the Ministry of Railways. This was in violation of their accounting policy. Ministry of Railways made payment of ₹ 12,629.49 crore to IRFC from Capital instead of Capital Fund during 2011-12 to 2013-14. This arrangement of repayment to IRFC from the Capital has resulted in depriving the Railways of the additional investments that could have been made on other capital works. It also made the borrowing from IRFC more expensive as dividend is required to be paid to Government of India on any expenditure incurred from Capital. Due to payment of principal component of lease charges to IRFC (₹ 4,970.87 crore) during 2013-14 from Capital, IR paid ₹ 248.54 crore as dividend.
2. It is seen that the contribution to Depreciation Reserve Fund (DRF) was not made on the basis of historical cost, expected useful life and expected residual life of the asset but was dependent on the amount which the working expenses could bear. During 2013-14, an amount of ₹ 8,100 crore was appropriated to DRF against the Budget Estimate of ₹ 7,700 crore. Audit observed that against throw forward value of ₹ 47,310.94 crore, the Ministry of Railways had spent ₹ 7,119.91 crore (15.05 per cent of the throw forward value) on replacement of the assets, from DRF during 2013-14. Thus, there is huge backlog of renewal and replacement of overaged assets in railway system which needs to be replaced timely for safe running of trains.

The annual contribution to DRF is distributed zone-wise in proportion to the Block Account (value of assets held) of each zonal railway. This apportionment is charged to the working expenses of the zone. It was seen

²² *Payment of Principal component of lease charges to IRFC is being paid from Capital Fund from 2005-06 onwards.*

²³ *Capital represents the amount advanced by the Government of India to Ministry of Railways as General Budgetary Support to finance Capital Expenditure and Ministry of Railways pays dividend thereon at the rate fixed by the Railway Convention Committee.*

that at the zonal level there was no relation between the amount appropriated to DRF and amount expended on replacement and renewal of the assets. There was negative balance at the end of 2013-14 in respect of Central, Eastern, North Central, North Eastern, North Western, South Central, South Eastern, South East Central, South Western, Western, West Central Railways, Integral Coach Factory (ICF), Central Organization for Railway Electrification (CORE) and MTP/Chennai.

1.12 *Comments on Accounts*

Persistent deficiencies

- **Re-imbusement of operating losses to Railways on Strategic Lines-**
The losses on operation of Strategic lines by the Railways is reimbursed by the Ministry of Finance. Audit observed that though five sections of Northeast Frontier Railway viz-Rangapara-Tezpur, Balipara-Bhalukpong, Samuktala-New Bongaigaon (Double line), New Jalpaiguri-Ambari Falakata (Double line) and Siliguri Jn-New Jalpaiguri had not been notified as Strategic Lines, the Ministry of Railways is getting reimbursement of losses on these sections.

In this connection, a reference is invited to audit observations No. 3.6.2 (a) and 3.5.5 of Report No. 33 of 2010-11 and Report No. 3 of 2012-13 on Railways Finances respectively wherein it was stated that IR has been claiming subsidy on five sections of Northeast Frontier Railway considering those as 'Strategic Lines' without any notification. IR in response to audit observations had stated that necessary action was being taken to get the specific notifications issued for these sections as strategic lines.

However, during audit of accounts of IR for the year 2013-14, it was again observed that the notifications of these lines as strategic lines is still pending despite being pointed out by Audit continuously. Further, the IR was still claiming reimbursement of losses on strategic lines from Ministry of Finance considering these lines as strategic lines. IR in response to audit observations stated (January 2015) that the matter has been taken up with the Ministry of Defence for its notification.

- **Mismatch in balances under different heads shown in the Debt Head Report (Review of Balances) and Balance Sheet**

A report on the balances under the 'Debt Heads' forms part of the Finance Accounts. This report depicts the year end balances under 'Small Savings, Provident Fund', 'Deposits and Advances', 'Loans and Advances' and Remittances Inter-Government Adjustment accounts'. These heads are also depicted in the Balance Sheet of IR which forms part of the Appropriation Accounts.

In this connection, a reference is invited to audit observations No.3.5.4 of Chapter 3 of the Report No.3 of 2012-13-Railways Finances wherein the matter of reconciliation of these heads of account was raised. Ministry of Railway in its ATN stated that the efforts are being made to reconcile the figures.

However during the audit of accounts of IR for the year 2013-14 it was again observed that the balances for the year ended 31 March 2014 shown in the two accounts under the Heads viz Loans and Advances, General Provident Fund, Depreciation Reserve Fund, Railway Development Fund, Railway Pension Fund and Staff Benefit Fund do not tally and therefore need reconciliation. A disclosure to this effect is also required to be made in the accounts of IR.

Other deficiencies

➤ **Unauthorized opening of sub-heads and detailed heads of Accounts**

As per the provisions of Rule 6 of Government Accounting Rules, 1990, w.e.f 1982-83, the Ministry of Railways have been delegated functions of the Central Government under Article 150 of the Constitution in so far as such functions relate to the opening of sub-heads and detailed heads of Accounts under various Major and Minor heads of Accounts pertaining to their department subject to the conditions that powers shall be exercised in consultation with the accredited Audit Officer namely ADAI (Railways) and orders so issued should be consistent with the instructions as envisaged in Rule 5. Audit observed that the Ministry of Railways had opened sub-heads and detailed heads²⁴ of Accounts without consultation of audit. As the power for opening these heads *suo motto* has not been delegated to Ministry of Railways, this action is highly irregular.

➤ **Appropriation of funds under Depreciation Reserve Fund (DRF)**

Railway maintains DRF for replacement and renewal of assets. This fund is financed by transfers from revenues charged to the working expenses of the Railways. In addition, a contribution to this fund is made by a per contra charge to the cost of the production in respect of the depreciation of assets of production units. The annual contribution to the DRF from revenues is an important item of expenditure affecting safety of the running of the trains by replacing the overaged assets timely as discussed in sub para (2) of the preceding paragraph 1.11.

➤ **Appropriation of funds under Pension Fund**

Para 339 of Finance Code-Volume-I, interalia provides that estimate amount of Appropriation to the Pension Fund is based on actuarial calculations to provide for liability arising from pensionable service rendered by railway employees for varying periods. Where such actuarial calculations are not complied, the appropriation is made on an adhoc basis to be suitably reassessed in due course.

However, after 1974, there was no actuarial calculation and contribution to the fund continued to be with reference to the trend of actual withdrawals. Actuarial assessment done in year 2005 placed the accrued liability of pension of ₹ 5,41,947 crore. An audit comment in this regard was made in the Para No.1.8.6 of Report No. CA 19 of 2008-09 (Railways). Ministry in its ATN stated that appropriation to this fund is basically being made on need-cum-availability basis. During 2013-14 also, an amount of ₹ 25,165

²⁴ *Sub head 590 and detailed heads 591 and 592 in Grant No.8 opened in November 2010 for Linen Management, detailed head Z-657 opened in April 2011 for Deposit Residual/Depreciated value of Laptop/Notebook.*

crore was appropriated to Pension Fund against the Budget Estimate of ₹ 22,315 crore. The withdrawals from this fund during 2013-14 was to the tune of ₹ 24,761.34 crore and the fund closed at ₹ 419.04 crore at the end of 2013-14. Audit observed that Ministry of Railways has continued with the system of appropriation to fund on need-cum-availability basis in violation of their own codal provisions.

Thus, IR is neither complying with its own codal provision nor disclosing this fact in its Accounts.

➤ **Anomaly in printed figures and audited figures of Zonal Railways included in the printed books of accounts**

Provisions of Rule 18 of Government Accounting Rule 1990 stipulate that the financial results of government undertaking should be expressed in normal commercial form so that the cost of the service or undertaking may be accurately known. Rule 36 provide that department or departmental undertaking of government functioning on commercial lines should observe the essential formalities of commercial accounts to the extent prescribed by the government. In such cases separate commercial account of the department or undertaking should be kept outside the regular government accounts. IR being a departmental commercial undertaking of the Government of India prepares capital and revenue accounts at zonal railways level to facilitate a review of the finances of the railways as a commercial undertaking.

The Balance Sheet, Profit and Loss Accounts and Block Accounts etc. are prepared by the Zonal Railways and Production Units and the same are audited/certified by the respective Principal Directors of Audit. However, audit observed that there are differences in amounts certified by zonal audit offices under various heads of Balance Sheet, Block Account and Profit and Loss Account of zonal railways and the amounts appearing in printed books of Appropriation Accounts of Zonal Railways and production units by the Ministry of Railways. These anomalies in figures have regularly been pointed out by Audit. However, the differences are neither reconciled nor disclosed in the books of accounts of IR.

➤ **Payment of dividend to General Revenues**

Railway Convention Committee allows a moratorium on payment of dividend on investment in New Lines during the period of construction and for the first five year after opening of line for traffic. Cumulative dividend is payable when the line shows surplus after meeting current liability. The account of such deferred dividend liability on New Lines is to be closed after a period of 20 years from their opening, extinguishing any liability not liquidated within that period. The exemption of payment of dividend (deferred dividend) is recorded as 'Subsidy received from General Revenues' under 'Miscellaneous Receipts' in the accounts of Indian Railways.

Audit observed that the zonal railway administrations have not followed the above recommendations in the following cases:

In Eastern Railway, the Lakshmikantapur-Namkhana New Line was completed and opened to traffic in December 2005. However, the dividend

payment on this New Line is still being deferred by the Eastern Railway administration. ER administration in its reply stated that the drawl of Completion Report of the New Line Lakshmikantapur-Namkhana is not feasible as the material modification of Namkhana-Chandranagar New line is in progress. The reply of ER administration is not tenable as the New Line Namkhana-Chandranagar is a separate new section and the New Line Lakshmikantapur-Namkhana has already been opened to traffic and thus the deferred dividend liability on this New line is to required to be paid after payment of current dividend.

- In North Central Railway, two New lines namely Guna-Etawah and Mathura-Alwar were opened to traffic on 31-12-1993 and 2-10-1994 respectively but the dividend was deferred even after five years of opening to traffic.
- In North Western Railway, Kolayat-Phalodi New Line was opened to traffic on 5-7-2007. Payment of dividend become due after five years of opening to traffic but no calculation has been made by the railway administration.

1.13 Conclusions

During 2013-14, Total Working Expenditure increased by 16.80 *per cent* (₹ 18,748.71 crore) as compared to 13.08 *per cent* growth rate of previous year. Gross Traffic Receipt increased by 12.79 *per cent* as compared to 18.85 *per cent rate* of previous year. The Net Surplus decreased by 54.75 *per cent* over the previous year. The Gross Traffic Receipt and Net Surplus were also below the budget projections by 2.91 *per cent* and 71.55 *per cent* respectively.

IR has not been able to meet their operational cost of passenger and other coaching services. There was cross-subsidization from freight services to passenger services. IR earned profit of ₹ 33,221.24 crore from freight traffic on one hand and incurred loss of ₹ 26,025.46 crore on operation of passenger and other coaching services on the other hand during 2012-13. There is an improvement in recovering the cost of passenger services. The percentage of cross subsidization from freight earnings to passenger and coaching services has also decreased in 2012-13, thereby showing an improvement in operational profit.

At the end of the year 2013-14, railway funds closed with balance of ₹ 6,025.28 crore. The fund balances improved by ₹ 1,951.87 crore over the previous year balance of ₹ 4,073.41 crore. Development Fund closed at ₹ 3,053.02 crore and the Capital Fund at a meager balance of ₹ 557.32 crore. A positive balance in the 'Railway Funds' was due to not making the payment of ₹ 12,629.49 crore to IRFC (towards principal component of lease charges) during the period from 2011-2014 from Capital Fund. The payment to IRFC was made from the Capital advanced by the Government of India as General Budgetary support on which five *per cent* dividend is payable to GoI. This arrangement made borrowings from IRFC more expensive.

Ministry of Railways had spent ₹ 7,119.91 crore on replacement of the assets against throw forward value of ₹ 47,310.94 crore from DRF during 2013-14.

Thus, there is huge backlog of renewal and replacement of overaged assets in railway system which needs to be replaced timely for safe running of trains.

The appropriation to pension fund is also not done on the basis of actuarial valuation. This was in violation of their own codal provision of Para 339 of Finance Code-Volume-I.

The operating ratio deteriorated from 90.19 *per cent* in 2012-13 to 93.60 *per cent* in 2013-14. The Capital Output Ratio (amount of Capital employed to produce one unit of output i.e. Capital-at-charge per Net Tonne Kilometre) also increased from 238 paise in 2012-13 to 279 paise in 2013-14 indicating decrease in the physical performance of the IR.

1.14 Recommendations

- Non-availability of sufficient funds in Depreciation Reserve Fund to replace the overaged assets and, in Capital Fund to meet its liability of payment towards principal component of lease charges to Indian Railway Finance Corporation is indicative of poor financial health of IR. Financial Adviser & Chief Accounts Officer (FA&CAO) at Zonal Railways and Financial Commissioner (Railways) in Railway Board should explore ways and means to improve their fund balances.

Chapter 2 Appropriation Accounts

This Chapter outlines Indian Railways (IR) financial accountability and budgetary practices through audit of Appropriation Accounts.

Railway Budget is an instrument of Parliamentary Financial Control and at the same time, an important management tool for Ministry of Railways, Government of India. Parliamentary Financial Control is secured not only by the fact that all 'voted' expenditure receives Parliament's prior approval, but also by the system of reporting back to it, the actual expenditure incurred against the Grants/Appropriations voted/approved by Parliament. The statements, which are prepared for presentation to Parliament, comparing the amount of actual expenditure with the amount of Grants voted by Parliament and, Appropriations sanctioned by the President, are called the “**Appropriation Accounts**”.

Appropriation Accounts detail the accounts related to expenditure of IR for a particular year as compared to the appropriations for different purposes as specified in the schedules appended to the Appropriation Act passed by Parliament. These Accounts list the original budget allocation, supplementary grants, surrenders and re-appropriations distinctly and indicate the 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.

The Appropriation Accounts are signed both by the Chairman, Railway Board and by the Financial Commissioner, Railways and transmitted to the Comptroller and Auditor General of India for audit. Audit 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 also whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.1 Summary of Appropriation Accounts

IR is authorized for expenditure through operation of 16 Grants comprising of 15 Revenue Grants²⁵ (Grants number 1 to 15) and one Capital Grant²⁶ (Grant No. 16). Revenue grants were financed through the internal resources generated by IR through its earnings during the year. The Capital grant was

²⁵ Grants detailing working expenses and other revenue expenditure as voted by Parliament.

²⁶ Grant detailing expenditure on Assets Acquisition, Construction and Replacement voted by Parliament.

funded mainly through the General budget, internal resources and share of diesel cess from Central Road Fund²⁷.

Appropriation Accounts (Railways) for the sums expended during the year ended 31 March 2014, compared with the sums authorized in the Original and Supplementary Demands for Grants for expenditure and passed under Article 114 and 115 of the Constitution of India are summarized in Table 2.1.

Table 2.1- Summary of Appropriation Accounts 2013-14

(₹ in crore)

| | Original Grant/ Appropriation | Supplementary Grant | Total Sanctioned Grant | Actual Expenditure | Saving (-) / Excess (+) |
|----------------------|----------------------------------|------------------------|------------------------------|-----------------------|----------------------------|
| Voted | | | | | |
| Revenue | 1,70,010.70 | 6,022.27 | 1,76,032.97 | 1,69,656.49 | (-) 6,376.48 |
| Capital | 86,928.30* | 1,000.00 | 87,928.30 | 83,923.45@ | (-) 4,004.85 |
| Total Voted | 2,56,939.00 | 7,022.27 | 2,63,961.27 | 2,53,579.94 | (-) 10381.33 |
| Charged | | | | | |
| Revenue | 215.11 | 64.69 | 279.80 | 192.15 | (-) 87.65 |
| Capital | 91.11 | 62.70 | 153.81 | 166.66 | 12.85 |
| Total Charged | 306.22 | 127.39 | 433.61 | 358.81 | (-) 74.80 |
| Grand Total | 2,57,245.22 | 7,149.66 | 2,64,394.88 | 2,53,938.75 | (-) 10,456.13 |

*This includes an amount of ₹ 26,000 crore given by the Ministry of Finance out of National Investment Fund (NIF) as part of General Budgetary Support,

@ This includes an amount of ₹ 17,634.382 crore shown as expenditure met out of NIF.

The above Table lists out the total expenditure of IR as ₹ 2,53,938.75 crore during the financial year 2013-14, of which nearly 66.89 per cent was spent on revenue grants which include working expenses on administrative, operational and maintenance activities while 33.11 per cent was spent on capital grant dealing with creation and augmentation of infrastructure facilities through Assets Acquisition, Construction and their Replacement/Renewal. The above Table also indicates savings of 3.67 per cent (₹ 6,464.13 crore) under revenue grants and 4.53 per cent (₹ 3,992.00 crore) under capital grant against the sanctioned provisions available in 2013-14.

An analysis of grant-wise expenditure revealed that the net saving of ₹ 10,456.13 crore was a result of savings of ₹ 13,175.88 crore under nine revenue grants, three segments of capital grant, one revenue appropriation²⁸ and one segment of capital appropriation, adjusted by an excess of ₹ 2,719.75 crore in six revenue grants, ten revenue appropriations, one segment of capital grant and two segments of capital appropriation as are shown in *Appendix-2.1*.

²⁷ A dedicated Central Road Fund was created by the Central Government from collection of cess from petrol and diesel. A share of collection is provided to Railways for construction of road over/under bridges and safety works at unmanned railway crossings.

²⁸ Appropriation refers to expenditure charged on Consolidated Fund of India.

2.1.1 Revenue Grants

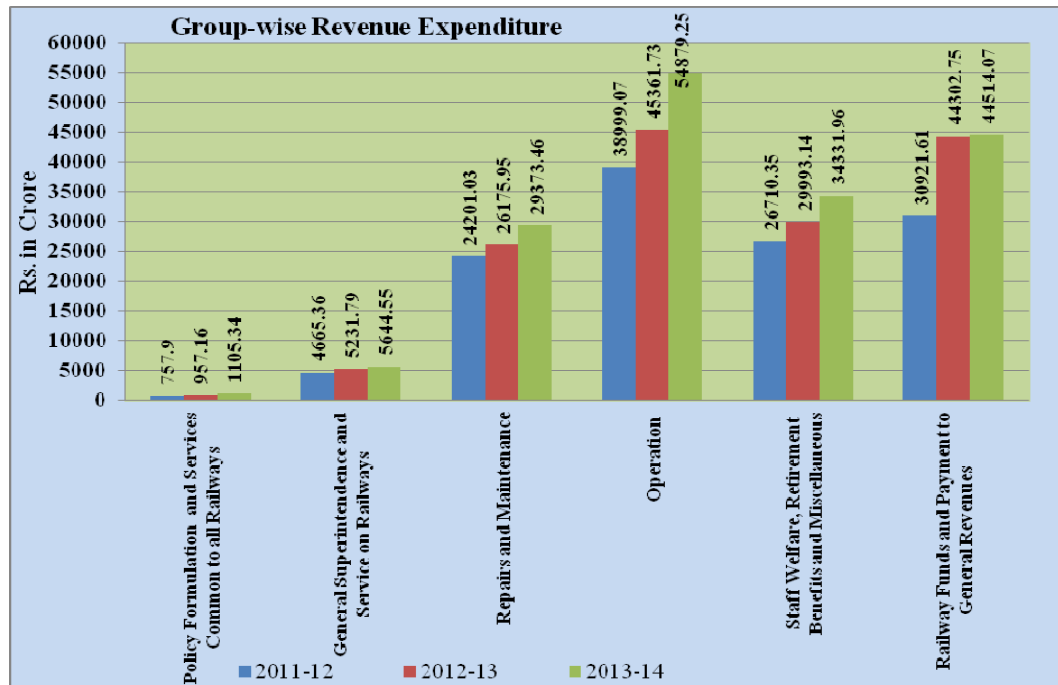
IR operates 15 Revenue Grants. These are functionally clubbed under six distinct groups as listed in Table 2.2:-

Table 2.2- Grants operated by Railways

| No. | Particulars | Six Distinct Group |
|-----|--|--|
| 1 | Railway Board | Policy Formulation and Services Common to all Railways |
| 2 | Miscellaneous Expenditure (General) | |
| 3 | General Superintendence and Service on Railways | General Superintendence and Service on Railways |
| 4 | Repairs and Maintenance of Permanent Way and Works | Repairs and Maintenance |
| 5 | Repairs and Maintenance of Motive Power | |
| 6 | Repairs and Maintenance of Carriages and Wagons | |
| 7 | Repairs and Maintenance of Plant and Equipment | |
| 8 | Operating Expenses-Rolling Stock and Equipment | Operation |
| 9 | Operating Expenses-Traffic | |
| 10 | Operating Expenses-Fuel | |
| 11 | Staff Welfare and Amenities | Staff Welfare, Retirement Benefits and Miscellaneous |
| 12 | Miscellaneous Working Expenses | |
| 13 | Provident Fund, Pension and Other Retirement Benefits | |
| 14 | Appropriation to Funds | Railway Funds and Payment to General Revenues |
| 15 | Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortization of over Capitalization | |

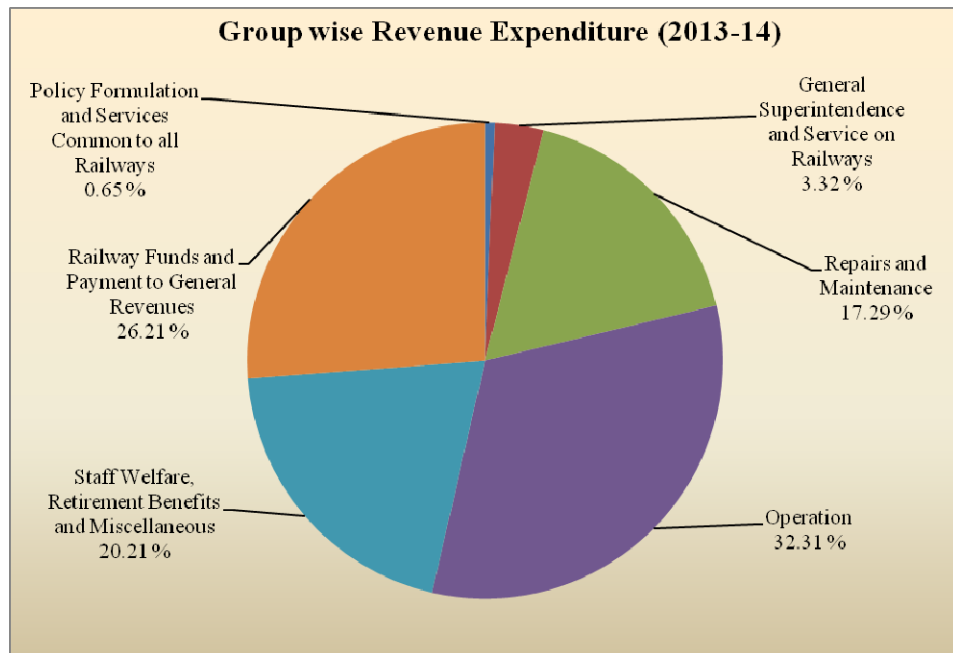
The following diagram depicts group-wise expenditure for last three years which shows an increasing trend in expenditure of Indian Railways:

Diagram 2.1 Trend of Revenue Expenditure-Group-wise during 2011-12 to 2013-14



The following Pie diagram depicts the group-wise expenditure in 2013-14:

Diagram-2.2 Group wise Revenue Expenditure (2013-14)



Group-wise estimates, expenditure and variation under the revenue grants are detailed in Table 2.3.

Table- 2.3 Group wise Estimates, Expenditure and Variation (2013-14)

(₹ in crore)

| Particulars | Original Grant/ Appropriation | Supplementary Provision | Total Sanctioned Grant | Actual Expenditure | Variation w.r.t. Sanctioned Grant (-) Saving/ (+) Excess | Percentage variation |
|--|----------------------------------|-------------------------|------------------------|--------------------|--|----------------------|
| Policy Formulation and Services Common to all Railways | 1,155.01 | 1.40 | 1,156.41 | 1,105.34 | -51.07 | -4.42 |
| General Superintendence and Service on Railways | 5,920.43 | 0.50 | 5,920.93 | 5,644.55 | -276.38 | -4.67 |
| Repairs and Maintenance | 29,558.52 | 1.28 | 29,559.80 | 29,373.46 | -186.34 | -0.63 |
| Operation | 52,136.17 | 2,322.34 | 54,458.51 | 54,879.25 | 420.74 | 0.77 |
| Staff Welfare, Retirement Benefits and Miscellaneous | 32,544.68 | 2,170.77 | 34,715.45 | 34,331.96 | -383.49 | -1.10 |
| Railway Funds and Payment to General Revenues | 48,911.00 | 1,590.67 | 50,501.67 | 44,514.07 | -5,987.60 | -11.86 |

The main reasons for variations with reference to sanctioned provisions are as under:

- **Indian Railways Policy Formulation**

Decrease in expenditure towards other charges such as foreign travel expenses and Rent, Rates and Taxes etc., non-execution/slow progress of certain survey works, non-finalisation of tender of some works, materialisation of less contractual payment, less expenditure towards training cost and conducting less number of examinations by various Railway Recruitment Boards during the year.

- **General Superintendence and Service on Railways**

Reduction in expenditure towards staff cost, contingencies, leave encashment, computer stationary etc., less payment of honorarium.

- **Repairs and Maintenance**

Reduction in expenditure towards salary and wages, staff cost, dearness allowances, materialization of less contractual payments, less expenditure on procurement of non-stock items, less drawl of stores from stock, more realization of credits, less direct purchases during the year, than anticipated.

- **Operation**

Increase in expenditure towards staff cost, more direct purchases, materialization of more contractual obligations, increase in prime cost of High Speed Diesel (HSD) Oil, more consumption of HSD Oil for more activity of diesel locos and more expenditure towards sales tax/excise duty, other taxes and levies during the year, than anticipated.

- **Staff Welfare, Retirement Benefits and Miscellaneous**

Reduction in expenditure due to less receipt of claims for reimbursement of tuition fees, less receipt of bills for medicines, less direct purchases, less expenditure towards staff cost, less drawal of stores from stock, less materialisation of contractual obligations, less adjustment relating to Railway Protection Force, Railway Protection Special Force, Government Railway Police and, less payments made to Indian Railway Catering and Tourism Corporation and private caterers during the year, than anticipated.

- **Railway Funds and Payment to General Revenues**

Reduction in expenditure due to less appropriation to Capital Fund, Railway Development Fund and Debt Service Fund²⁹ owing to lesser generation of internal resources during the year than anticipated

Grant wise authorisation and expenditure under the revenue and capital grants and appropriations are detailed in *Appendix-2.1*.

Analysis of capital grant is discussed in paragraph 2.2.4 and 2.6.

2.2 Financial Accountability and Budget Management

2.2.1 Excess over Budget Provision

Table 2.4 gives the grants and appropriations wherein expenditure was incurred in excess of authorized expenditure during 2013-14.

Table 2.4 Excess Expenditure (2013-14)

(₹ in crore)

| S. No. | Particulars | Original Provision | Supplementary provision | Actual Expenditure | Excess |
|----------------------|--|--------------------|-------------------------|--------------------|--------|
| Revenue-Voted | | | | | |
| 1 | Grant No. 5 - Working Expenses – Repairs and Maintenance of Motive Power | 4,397.05 | 0.00 | 4,464.47 | 67.42 |
| 2 | Grant No. 6 – Working Expenses | 10,233.24 | 0.00 | 10,330.64 | 97.40 |

²⁹ An interest bearing reserve fund namely 'Railway Debt Service Fund' has been opened in year 2013-14 under Public Account as per the recommendation of the Railway Convention Committee (2009)-Sixth Report.

| S. No. | Particulars | Original Provision | Supplementary provision | Actual Expenditure | Excess |
|------------------------|--|--------------------|-------------------------|--------------------|-----------------|
| | – Repairs and Maintenance of Carriage and Wagons | | | | |
| 3 | Grant No. 8- Working Expenses – Operating Expenses – Rolling Stock and Equipment | 8,487.98 | 204.37 | 8,797.45 | 105.10 |
| 4 | Grant No. 10 - Working Expenses – Operating Expenses - Fuel | 26,474.10 | 2,056.57 | 29,214.22 | 683.55 |
| 5 | Grant No. 13 - Working Expenses – Provident Fund, Pension and Other Retirement Benefits | 22,626.47 | 2,170.66 | 25,529.57 | 732.44 |
| 6 | Grant No. 15 – Dividend to General Revenues – Repayment of Loans taken from General Revenues and Amortisation of Over Capitalisation | 6,249.20 | 1,590.67 | 8,008.67 | 168.80 |
| | Total | 78,468.04 | 6,022.27 | 86,345.02 | 1,854.71 |
| Capital-Voted | | | | | |
| 7 | Grant No. 16 – Capital | 68,618.76 | 1,000.00 | 70,448.44 | 829.68 |
| | Total-Voted-Revenue and Capital | 147,086.80 | 7,022.27 | 156,793.46 | 2,684.39 |
| Revenue-Charged | | | | | |
| 1 | Appropriation No.3 – Working Expenses – General Superintendence and Services | 0.00 | 0.50 | 0.88 | 0.38 |
| 2 | Appropriation No.4 – Working Expenses – Repairs and Maintenance of Permanent Way and Works | 0.33 | 1.28 | 2.34 | 0.73 |
| 3 | Appropriation No.5 – Working Expenses – Repairs and Maintenance of Motive Power | 0.00 | 0.00 | 0.04 | 0.04 |
| 4 | Appropriation No. 6 – Working Expenses – Repairs and Maintenance of Carriage and Wagons | 0.02 | 0.00 | 0.09 | 0.07 |
| 5 | Appropriation No.7 - Working Expenses –Repairs and Maintenance of Plant and Equipment | 0.00 | 0.0061000 | 0.0061385 | 0.0000385 |
| 6 | Appropriation No.8 - Working Expenses – Operating Expenses – Rolling Stock and Equipment | 0.00 | 0.11 | 0.51 | 0.40 |
| 7 | Appropriation No 9 - Working Expenses – Operating Expenses – Traffic | 0.00 | 0.04 | 3.08 | 3.04 |
| 8 | Appropriation No 10 - Working Expenses – Operating Expenses - Fuel | 0.14 | 61.24 | 78.92 | 17.54 |
| 9 | Appropriation No.11- Working Expenses – Staff Welfare and Amenities | 0.00 | 0.02 | 0.04 | 0.02 |
| 10 | Appropriation No.13- Working | 0.49 | 0.09 | 0.74 | 0.16 |

| S. No. | Particulars | Original Provision | Supplementary provision | Actual Expenditure | Excess |
|------------------------|---|--------------------|-------------------------|--------------------|-------------------|
| | Expenses – Provident Fund, Pension and Other Retirement Benefits | | | | |
| | Total- Revenue- Charged | 0.98 | 63.2861 | 86.6461385 | 22.3800385 |
| Capital-Charged | | | | | |
| 11 | Appropriation No. 16 - Capital | 87.30 | 62.70 | 162.16 | 12.16 |
| 12 | Appropriation No. 16 – Railway Funds | 3.50 | 0.00 | 4.32 | 0.82 |
| | Total- Capital - Charged | 90.8 | 62.70 | 166.48 | 12.98 |
| | Grand Total | 1,47,178.58 | 7,148.26 | 1,57,046.59 | 2,719.75 |

For the above mentioned grants and appropriations where excess expenditure occurred, supplementary provisions were obtained in all except in two grants (Grant No. 5-Working Expenses-Repairs and Maintenance of Motive Power and Grant No. 6- Working Expenses-Repairs and Maintenance of Carriage and Wagons) and in three appropriations (Appropriation No.5-Working Expenses-Repairs and Maintenance of Motive Power, Appropriation No. 6-Working Expenses-Repairs and Maintenance of Carriage and Wagons and Appropriation No. 16-Railway Funds). In Appropriation No.5-Working Expenses- Repairs and Maintenance of Motive Power, expenditure was incurred without obtaining original provision and supplementary provision which indicated poor budgetary forecasting.

- ***Excess in Revenue Grants and Appropriations***

The reason for excess expenditure during 2013-14 were attributed to more drawl of stores from stock, more expenditure towards wages and materials, staff cost, more direct purchases, adjustment of more workshop debits due to more Periodical Overhaul activities and materialization of more contractual payments, increase in prime cost of High Speed Diesel (HSD) Oil, more consumption of HSD Oil for more activity of diesel locos, more expenditure towards sales tax/excise duty and other taxes and levies, receipt of more debits from pension disbursing authorities on account of increase in Dearness Allowance, finalization of more number of death cum retirement gratuity cases, more expenditure towards leave encashment for pension optees, more government contribution for newly defined contribution pension scheme during the year, than anticipated and higher payment of dividend to General Revenues due to increase in the rate of dividend from 4 per cent to 5 per cent as recommended by the Railway Convention Committee (2009) for the year 2013-14 and materialization of more decretal payments, than anticipated.

- ***Excess in Grant No.16-Capital***

The main reason of excess in Capital expenditure was due to payment of entire amount of Principal Component of Leased assets to Indian Railway Finance Corporation (IRFC) from source of fund 'Capital'. The other reason for excess expenditure were attributed to materialization of more contractual payment and Stores bills, residual works, more contractual payment for supply of

Permanent Way material and other misc. expenses to commensurate the progress of work, more booking of expenditure on new rails and Pre Stressed Concrete Sleepers, adjustment of more debits, more procurement of Machinery and Plants items, variation in prices of raw materials, increase in consumption of fuel and more expenditure towards HSD oil, more procurement/receipt of stores for general purposes, and adjustment of more debits for stores over various zonal railways during the year than anticipated

Public Accounts Committee (PAC) in its Sixty Fourth Report (15th Lok Sabha) on 'Excess over Voted Grants and Charged Appropriations (2010-11) had expressed their strong displeasure over incurring uncontrolled, consistent and unauthorised excess expenditure by the defaulting Ministries/Departments and directed the nodal Ministry i.e. Ministry of Finance to bring it to the notice of the appointing authorities of the respective Chief Accounting Authority as well as Financial Advisers of the Ministries/Departments concerned with a view to facilitating remedial measures which inter-alia should included fixation of responsibility so as to avoid excess expenditure in future.

Public Accounts Committee (PAC) again in its Ninety-second Report (15th Lok Sabha) on 'Excess over Voted Grants and Charged Appropriations (2011-12) cautioned the Ministry of Railways against incurring excess expenditure despite obtaining Supplementary Grants. As the trend of incurring excess expenditure despite obtaining Supplementary Grants still persists, the Committee concluded that the Budget Provisions are not made with requisite precision and the requirement projected at the Supplementary Grant stage are also unrealistic, indicating the deeply pervading malaise in the extent Budgetary mechanism. The Committee, therefore, desired the Ministry of Railways to impress upon their budget controlling authorities to thoroughly examine the proposal for additional funds with due farsightedness and ensure proper review and scrutiny of the proposals for Supplementary demands before presenting the same to the Parliament so that additional provisions are commensurable with the actual requirement of funds. In its reply Ministry of Railways stated that the concern of the Committee is noted and reference has been sent to the Zonal Railways conveying the concern expressed by the Committee on the need for thoroughly examining the proposals and ensuring correct estimation of funds required for supplementary demands.

The PAC also expressed their concern on persistent trend of excesses over Voted Grants and Charged Appropriations and made observations that adequate and serious attention is not being paid by the Ministry of Railways to implement an effective mechanism to curb the phenomenon. The Committee recommended that the Government should earnestly undertake case studies of the instances where expenditure had persistently exceeded the budgetary allocations during the last five years and streamline and strengthen the extant mechanism so as to tighten the financial and budgetary control to effectively check the unabated trend of excess expenditure. In its reply Ministry of Railways stated that instances of excess expenditure on Railways both in terms of number of instances and total amount involved have registered

noticeable decline in 2011-12 and the concern of the Committee is noted nonetheless.

Whereas PAC's concern over excess expenditure, Ministry of Railways incurred excess expenditure of ₹ 2,719.75 crore in the year 2013-14. It is evident from Table 2.5, there has an increasing trend after 2011-12, which is indicative of failure of Ministry of Railways and Budgetary control mechanism to arrest the practise of booking of expenditure beyond authorisation given by the Parliament. Table 2.5 shows the number of instances and amount involved in excess expenditure for the last three years:

Table 2.5 Excess Expenditure during the last three years

(₹ in crore)

| Year | No of Voted Grant | No. of Charged Appropriation | Original Provision | Supplementary Provision | Actual Expenditure | Excess | Growth rate in percent |
|---------|-------------------|------------------------------|--------------------|-------------------------|--------------------|----------|------------------------|
| 2011-12 | 2 | 2 | 20,164.98 | 1,502.86 | 22,715.98 | 1,048.14 | -65.67 |
| 2012-13 | 3 | 7 | 47,829.04 | 2,338.95 | 51,838.23 | 1,670.24 | 59.35 |
| 2013-14 | 7 | 12 | 1,47,178.58 | 7,148.26 | 1,57,046.59 | 2,719.75 | 62.84 |

The excesses over the budgetary sanctions require regularization by Parliament under Article 115(1) (b) of the Constitution of India.

2.2.2 Persistent Excess Expenditure

There were persistent excess during 2009-10 2010-11, 2011-12, 2012-13 and 2013-14 in the Grant No. 13- Provident Fund, Pension and Other Retirement Benefits dealing with Staff Welfare, Retirement Benefits etc and Appropriation No. 3 (Charged) - Working Expenses-General Superintendence and Services as in the Table 2.6.

Table 2.6 Persistent Excess Expenditure

(₹ in crore)

| S. No. | Name and Grant No. | Financial Year | Original Provision | Supplementary provision | Actual Expenditure | Excess |
|--------|--|----------------|--------------------|-------------------------|--------------------|----------|
| 1 | Grant No. 13 (Voted) – Provident Fund, Pension and Other Retirement Benefits | 2009-10 | 14,265.29 | 1,133.52 | 16,911.20 | 1,512.39 |
| | | 2010-11 | 14,417.50 | 531.24 | 16,352.71 | 1,403.97 |
| | | 2011-12 | 16,479.74 | 1,077.61 | 18,326.97 | 769.62 |
| | | 2012-13 | 19,120.66 | 1,456.06 | 21,558.67 | 981.95 |
| | | 2013-14 | 22,626.47 | 2,170.66 | 25,529.57 | 732.44 |
| 2 | Appropriation No. 3 (Charged) – Working Expenses- General Superintendence and Services | 2009-10 | 0.01 | 0.09 | 0.35 | 0.24 |
| | | 2010-11 | 0.05 | 0.10 | 0.36 | 0.21 |
| | | 2011-12 | 0.00 | 0.03 | 0.30 | 0.27 |
| | | 2012-13 | 0.00 | 0.01 | 0.43 | 0.42 |
| | | 2013-14 | 0.00 | 0.50 | 0.88 | 0.38 |

Reasons for excess were mainly attributed to receipt of more debits from pension disbursing authorities on account of increase in Dearness Allowance, finalization of more number of death-cum-retirement-gratuity cases, more

expenditure towards leave encashment for pension optees, more government contribution for newly defined contribution pension scheme and materialization of more decretal payments, than anticipated.

The persistent excess during last five years indicates the failure of IR to accurately estimate budgetary requirements in order to enforce fiscal discipline.

2.2.3 Savings

There were aggregate savings (revenue and capital grants) of ₹ 13,175.88 crore during the year 2013-14. In 8 cases, as detailed in Table 2.7, the savings exceeded ₹ 100 crore.

Table 2.7: Savings over ₹100 crore

(₹ in crore)

| S. No. | Particulars | Original Provision | Supplementary provision | Actual Expenditure | Saving |
|--------|--|--------------------|-------------------------|--------------------|--------------|
| 1 | Grant No. 3 – Working Expenses – General Superintendence and Services | 5920.43 | 0.00 | 5643.66 | (-) 276.77 |
| 2 | Grant No. 4– Working Expenses – Repairs and Maintenance of Permanent Way and Works | 9477.84 | 0.00 | 9169.62 | (-) 308.22 |
| 3 | Grant No. 9 - Working Expenses – Operating Expenses – Traffic | 17173.95 | 0.00 | 16785.07 | (-) 388.88 |
| 4 | Grant No. 11 – Working Expenses – Staff Welfare and Amenities | 4816.69 | 0.00 | 4505.29 | (-) 311.40 |
| 5 | Grant No. 12 - Working Expenses – Miscellaneous Working Expenses | 4889.01 | 0.00 | 4194.36 | (-) 694.65 |
| 6 | Appropriation No. 12 - Working Expenses – Miscellaneous Working Expenses | 212.01 | 0.00 | 101.96 | (-) 110.05 |
| 7 | Grant No. 14 Appropriation to Funds - Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund, Debt Service Fund | 42,661.80 | 0.00 | 36,505.40 | (-) 6,156.40 |
| 8 | Grant No. 16-Railway Funds | 16,249.85 | 0.00 | 11,461.21 | (-) 4788.64 |

Reasons for savings (except Grant No.14-Appropriation to Funds) were attributed to less expenditure towards staff cost, salary and wages, contingencies, leave encashment, computer stationary, less payment of honorarium, materialization of less contractual payments, less expenditure on procurement of non-stock items, non-filling up of vacancies, less payment of

leasing charges to Indian Railway Finance Corporation (IRFC) and less payment of leasing charges other than IRFC, less receipt of claims for reimbursement of tuition fees, less receipt of bills for medicines, less direct purchases, less adjustment relating to Railway Protection Force, Railway Protection Special Force, Government Railway Police, less payments made to Indian Railway Catering and Tourism Corporation and private caterers, during the year than anticipated.

Reasons for savings in 'Grant No. 14-Appropriation to Funds' were attributed to less appropriation to Capital Fund, Railway Development Fund and Debt Service Fund due to lesser generation of internal resources during the year than anticipated.

Grant No. 16 - Railway Funds – Reasons for savings under this fund are given in succeeding para.

2.2.4 Persistent Savings

There were persistent savings of over ₹ 100 crore* in following grants for the last seven years ended 2013-14 as shown in the Table 2.8.

Table 2.8 Persistent Savings

(₹ in crore)

| S. No. | Particulars | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--------|---|----------|----------|----------|----------|----------|----------|----------|
| 1 | Grant No. 14 – Appropriation to Funds | 373.99 | 6,429.96 | 4,301.51 | 2,533.20 | 2,802.84 | 7,730.75 | 6,156.40 |
| 2 | Grant No. 16 – Railway Funds | 1,634.35 | 1,723.38 | 2,815.59 | 861.94 | 3,565.24 | 8,217.50 | 4,788.64 |
| 3 | Grant No. 16 – Railway Safety Fund | 517.44 | 734.56 | 649.98 | 596.96 | 669.87 | 414.33 | 13.56* |

* except in one case

Reasons for savings in the Grant No. 14-Appropriation to Funds and two segments of Capital Grant No.16 are as under:

- **Grant No. 14-Appropriation to Funds**

In 2013-14, an amount of ₹ 3,075 crore, ₹ 500 crore and ₹ 165.40 crore was appropriated to Development Fund (DF), Capital Fund (CF) and Debt Service Fund (DSF) respectively. The amount appropriated under DSF and CF was only 3.97 per cent and 9.20 per cent of the budget estimate. The reason for savings in Grant No.14 was due to lesser generation of net surplus available for appropriation (₹ 3,740.40 crore) against ₹ 13,146.80 crore projected in budget estimate.

- **Savings in Grant No.16-Railway Funds**

Savings occurred in Railway Funds were due to less expenditure incurred on account of renewal and replacement of assets, non-materialisation of contractual obligations, less stores debits, non/late finalization of some estimates/tenders of Passenger Reservation System works as well as adjustment of less debits for various computerization works over various Zonal Railways, no activities towards payment of Capital Component of leased assets, less booking of expenditure against non stock item of stores during the year.

- **Savings in Grant No.16- Railway Safety Fund**

Reasons for saving under Railway Safety Fund attributed to materialization of less contractual payments, adjustment of fewer stores debits and non/less finalization of tenders/proposals of conversion of unmanned level crossings into manned level crossings during the year, than anticipated.

From the above, it may be seen that there has been continuous savings in Grant No.16- Railway Funds from the years 2007-08 to 2013-14 and Grant No. 16- Capital from the years 2007-08 to 2012-13³⁰ despite huge backlog of ongoing projects. IR has 359 projects³¹ remained to be completed as of July 2014.

Ministry of Railways needs to assess the funds requirements accurately and monitor the progress of the works closely so that the allotted funds could be utilised properly and the projects completed within the target timeframe.

2.3 Supplementary Provisions

2.3.1 Revenue Grants and Appropriations

Supplementary provisions amounting to ₹ 6,022.27 crore were taken during 2013-14 in four revenue voted grants (Grant nos. 8, 10, 13 and 15). These were obtained on account of higher payment of Dearness Allowance, Kilometerage Allowance, Transport Allowance, Fuel other than Traction etc., more expenditure on fuel due to increase in traffic/prices of fuel under Diesel Traction and Electric Traction, for meeting the increased pensionary charges and increase in the rate of dividend from 4 *per cent* to 5 *per cent* etc as recommended by the Railway Convention Committee (2009). However, the supplementary provisions under charged appropriation were inadequate as there were excess expenditure of ₹ 1,689.87 crore despite obtaining supplementary provisions in all above appropriations. The reasons of excess

³⁰ Para 2.2.4 of Report No. 19 of 2014-Union Government (Railways) -Railways Finances.

³¹ Railway Minister's Budget Speech (2014-15) - July 2014.

expenditure were attributed to incurrence of more expenditure toward staff cost, materialisation of more contractual payments than anticipated, increase in prime cost of high speed diesel oil, receipt of more debits from pension disbursing authorities on account of increase in dearness allowances, higher payment of dividend to general revenues due to increase in rate of dividend for 2013-14.

Supplementary provisions of ₹ 64.69 crore were obtained under charged appropriations (Appropriation nos. 2, 3, 4, 7, 8, 9, 10, 11 and 13) on account of more payments in satisfaction of court decrees and additional requirement on account of revision of the establishment charges of audit. However, the supplementary provisions under charged appropriation were inadequate as there were excess expenditure of ₹ 22.28 crore despite obtaining supplementary provisions in all above appropriations (except Appropriation no. 2). The reasons of excess expenditure were attributed to materialization of more decretal payment than anticipated.

2.3.2 Capital Grant and Appropriation

The Supplementary provision of ₹ 1,000 crore was taken during 2013-14 in Grant No. 16 (Capital) under 'Voted' for taking up certain 'Out of Turn' works and to meet additional requirement for various important four national projects³² of North Eastern Region and for two important projects³³ on Indian Railways.

The Supplementary provisions of ₹ 62.70 crore was obtained under charged appropriations (Grant No.16-Capital) during 2013-14 for payment in satisfaction of court decrees and arbitration awards, were made into rule of the court, not anticipated earlier. However, the assessment of supplementary provisions under voted and charged appropriations were not realistic as there was excess expenditure of ₹ 829.68 crore and ₹ 12.16 crore respectively.

2.4 Surrenders

Savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting for the end of financial year. There were a number of cases of surrender as shown in the Table 2.9:-

³² 1. Jiribam-Imphal (New Line Project), 2. Bogibeel Bridge with linking lines between Dibrugarh and North Bank line (New Line Project), 3. Lumding – Silchar including Migrendisa-Dittockchera extension from Badarpur – Bairagram and new material modification for Gauge Conversion of Bairagram Dulabchera with bypass at Karimganj and Karimganj – Maishashan (Gauge Conversion Project) 4. Rangiya – Murkongselek along with linked fingers (Gauge Conversion Project).

³³ 1. Dudhnoi – Mendhipathar (New Line Project) 2. Harmuti- Naharlagun (New Line Project).

Table 2.9 : Surrenders under various Grants

(₹ in crore)

| Grant No. | Voted/ Charged (V/C) | Original | Supplementary | Actual expenditure | Net variation (Savings) ³⁴ | Surrender ³⁵ |
|-----------------------|----------------------------|-----------|---------------|-----------------------|---|-------------------------|
| 1 | V | 254.01 | 0 | 248.85 | (-) 5.16 | -4.00 |
| 2 | V | 898.89 | 0 | 852.98 | (-) 45.91 | -171.27 |
| 3 | V | 5,920.43 | 0 | 5,643.66 | (-) 276.77 | -158.17 |
| 4 | V | 9,477.84 | 0 | 9,169.62 | (-) 308.22 | -364.28 |
| 5 | V | 4,397.05 | 0 | 4,464.47 | 67.42 | -6.55 |
| 6 | V | 10,223.24 | 0 | 10,330.64 | 97.40 | -151.56 |
| 7 | V | 5,450.04 | 0 | 5,406.25 | (-) 43.79 | -40.87 |
| 9 | V | 17,173.95 | 0 | 16,785.07 | (-) 388.88 | -347.91 |
| 11 | V | 4,816.69 | 0 | 4,505.29 | (-) 311.40 | -287.49 |
| 12 | V | 4,889.00 | 0 | 4,194.36 | (-) 694.64 | -253.27 |
| 14 | V | 42,661.80 | 0 | 36,505.40 | (-) 6,156.40 | -4,503.85 |
| 16 (Capital) | V | 68,618.76 | 1,000.00 | 70,448.44 | 829.68 | -0.0007 |
| 16 (Railway Funds) | V | 16249.85 | 0.0003 | 11461.21 | (-) 4,788.64 | -5,142.00 |
| 16 (Railway Funds) | C | 3.51 | 0 | 4.33 | (-) 0.82 | -0.0894 |
| 16(RSF) | V | 1999.70 | 0.0020 | 1986.14 | (-) 13.56 | -0.0020 |
| 16 (OLWR) | V | 60.00 | 0 | 27.67 | (-) 32.33 | -15.30 |

It is evident from the above table; in three grants (Grant No. 2, 4 and 16-Railway Funds-Voted) the amount surrendered exceeded the savings. In another three grants (Grant Nos. 5, 6 and 16-Capital) the amount was surrendered despite the excess expenditure under these grants.

2.5 Budgetary Control by Spending Units

Budget Estimates are usually calculated by IR after taking into account zonal railways requirements which are analyzed and moderated Re-appropriation of funds is done through Final Modification Statement³⁶ (FMS). Rule 519 of Finance Code, Volume-I provides that control of expenditure should be done through preparation in advance of estimates of the expenditure to be incurred, the allotment of fund through budget grants for the year on the basis of these estimates and continuous and concurrent review of the expenditure as incurred against the details of the estimates and against the sanctioned grants, so that revisions of estimates or re-appropriations of funds are arranged for at the earliest possible point of time.

³⁴ 'Savings' represent the difference between the sanctioned grant and actual expenditure.

³⁵ 'Surrender' represents the difference between 'Sanctioned Grant' and 'Final Grant'.

³⁶ Final Modification Statement referred to final re-appropriation of fund from one unit to other or from one work to other within the frame work of rules. It is usually done at the fag end of the year.

Rules³⁷ provide that Zonal Railways should furnish the statements showing the additional allotments required (both voted and charged) or surrenders to be made, during the current financial year under each head of appropriation, as prescribed in the budget orders, and requiring the sanction of the President. Based on the statements received from the zonal railways, Railway Board prepares a Final Modification Statement.

Audit reviewed the all the 200 cases of re-appropriations relating to Grant Accounts Nos. 3 to 13 of zonal railways. Summary of railway-wise grant accounts is given in **Appendix-2.2**.

The following analysis revealed that the estimation of the final grants as a result of FMS was defective:

- It was seen that in 98 cases, the actual expenditure exceeded the final grant.
- In 20 cases, the actual expenditure even exceeded the sanctioned grants implying that surrender was not required in those cases.
- In 7 cases, zonal railways received additional funds through re-appropriation at the fag end of the year though the actual expenditure was less than the sanctioned grant.

Such instances indicate poor budgetary control and resulted in consequent issue of injudicious re-appropriation orders.

2.6 In-depth Study of Grant No. 16-Assets, Acquisition, Construction and Replacement

IR operates one Grant for capital expenditure. Grant No. 16 i.e. Works Grant is the largest grant in terms of allocation and area of activities in the field. It deals with expenditure on construction, acquisition and replacement of assets of IR. This grant has four segments and draws its funding from four distinct sources:

- **Capital**-budgetary support advanced by general budget of Government of India,
- **Railway Funds**-internal resources kept under three different reserves³⁸,
- **Railway Safety Fund**-financed by Railways' share of diesel cess from Central Road Fund and
- **Open Line Works (Revenue)**-new or additional improvement/replacement works costing less than ₹ 1 lakh financed from revenue.

³⁷ *Paras 385 and 386 of Finance Code-Volume-I*

³⁸ *Reserve Funds were Depreciation Reserve Fund (DRF), Development Fund (DF) and Capital Fund (CF).*

Re-appropriation of funds from one segment to another is not permissible. Segment wise allocation and expenditure is given below:

Table 2.10 Segment wise Expenditure under Grant No. 16

(₹ in crore)

| Particulars | Original Provision | Supplementary provision | Total sanctioned provisions | Actual Expenditure | Saving (-)/ Excess (+) |
|---------------------------|--------------------|-------------------------|-----------------------------|--------------------|------------------------|
| Voted Portion | | | | | |
| Capital | 68,618.76 | 1,000.00 | 69,618.76 | 70,448.44 | 829.68 |
| Railway Funds | 16,249.85 | 0.00 | 16,249.85 | 11,461.21 | (-) 4,788.64 |
| Railway Safety Fund | 1,999.70 | 0.00 | 1,999.70 | 1,986.14 | (-) 13.56 |
| Open Line Works – Revenue | 60.00 | 0.00 | 60.00 | 27.67 | (-) 32.33 |
| Total Voted | 86,928.30 | 1,000.00 | 87,928.31 | 83,923.46 | (-) 4,004.85 |
| Charged Portion | | | | | |
| Capital | 87.30 | 62.70 | 150.00 | 162.16 | 12.16 |
| Railway Funds | 3.51 | 0.00 | 3.51 | 4.33 | 0.82 |
| Railway Safety Fund | 0.30 | 0.00 | 0.30 | 0.17 | (-) 0.13 |
| Open Line Works – Revenue | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Charged | 91.11 | 62.70 | 153.81 | 166.66 | 12.85 |

➤ Capital

In 2013-14, provision of ₹ 68,618.76 crore was made for acquisition and construction of assets/rolling stocks etc. Additional budgetary support of ₹ 1,000 crore was received through supplementary grant under Capital (Voted).

There was a net excess of ₹ 829.68 crore, against the sanctioned provision, in this segment of the grant. Reasons for excess are discussed in Para 2.2.1- Excess over budget provision.

➤ Railway Funds

Appropriation Accounts for 'Railway Funds' under Grant No. 16 is financed through three sources of funds viz Depreciation Reserve Fund (DRF), Development Fund (DF) and Capital Fund (CF).

- DRF-for replacement/renewal of existing assets (fund financed from internal resources by charging to working expenses).
- DF-for all passenger and other users, works including addition and replacement, labour welfare works not exceeding ₹ 1 lakh each and Safety Works (fund financed from net revenue surplus).
- CF-for meeting requirement of capital expenditure on construction and acquisition of new assets (fund financed from net revenue surplus).

All these funds are financed from the internal resources of IR either by charging to 'Working Expenses' (DRF) or from 'Net Revenue Surplus' (DF and CF). Thus, performance of IR and availability of balances in the fund accounts impacts planning of expenditure under this segment of the grant.

Source-wise break-up of sanctioned allocation and expenditure under Railway Funds is tabulated in Table 2.11.

Table-2.11-Component of Railway Funds

(*₹ in crore*)

| Particulars | Original Provision | Supplementary provision | Total sanctioned provisions | Actual Expenditure | Saving (-)/ Excess (+) |
|---------------------------------------|--------------------|-------------------------|-----------------------------|--------------------|------------------------|
| Voted Portion | | | | | |
| Depreciation Reserve Fund | 9,716.90 | 0.00 | 9,716.90 | 8,898.44 | (-) 818.46 |
| Development Fund | 3,538.95 | 0.00 | 3,538.95 | 2,562.77 | (-) 976.18 |
| Capital Fund | 2,994.00 | 0.00 | 2,994.00 | 0.00 | (-) 2,994.00 |
| Total Voted | 16,249.85 | 0.00 | 16,249.85 | 11,461.21 | (-) 4,788.64 |
| Charged Portion | | | | | |
| Depreciation Reserve Fund | 3.10 | 0.00 | 3.10 | 2.81 | (-) 0.29 |
| Development Fund | 0.41 | 0.00 | 0.41 | 1.51 | 1.10 |
| Capital Fund | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Charged | 3.51 | 0.00 | 3.51 | 4.32 | 0.81 |
| Grand Total -Voted and Charged | 16,253.36 | 0.00 | 16,253.36 | 11,465.53 | (-) 4,787.83 |

Analysis of this segment of grant revealed that there were net savings (under voted) of ₹ 4,788.64 crore (29.47 per cent of the sanctioned grant).

Further examination of source wise allocation and expenditure under voted portion of funds revealed the following:

- **DRF**-There were savings of ₹ 818.46 crore constituting 8.42 per cent of the sanctioned provisions.
- **DF**- There were savings of ₹ 976.18 crore constituting 27.58 per cent of the sanctioned provisions.
- **CF**-There were savings of ₹ 2,994.00 crore (100 per cent) of the sanctioned grant of ₹ 2,994.00 crore as no expenditure was met from this fund. The expenditure towards payment of capital component of lease charges to IRFC to be met from this fund was met from source of fund 'Capital'.

- **Railway Safety Fund**

This source of capital expenditure is funded by IR's share of diesel cess in Central Road Fund. Available fund is utilized for road safety works like manning of un-manned railway crossing and construction of road over/under bridges. It was seen that proposed allocations had never been fully utilized in the last seven years as there were continuous savings in this segment of the grant as discussed in Paragraph 2.2.4 above. The savings in the fund ranged between ₹ 13.56 crore (year 2013-14) and ₹ 669.87 crore (year 2011-12). Thus, despite availability of funds there were delays in execution of road safety works. Indian Railways³⁹ have 30,348 level crossings, out of which

³⁹ *Railway Minister Budget Speech (2014-15-July 2014)*

11,563 are unmanned. IR needs to eliminate unmanned level crossings within a target time frame by utilizing the funds allotted for such road safety works.

- **Open Line Works (Revenue)**

This segment of the grant was financed from the revenue of IR. Cost of all works (other than passenger amenities works) whether new or additional improvement/replacement, where cost is less than ₹ 1 lakh, is chargeable to this segment of grant. Under this segment 53.88 per cent (₹ 32.33 crore) of the originally allocated funds of ₹ 60.00 crore was not utilized. The savings were attributed to delay in finalization of tenders of some works and materialization of less contractual obligations, less contractual payment related to computerization, delays in executions of works, less procurement of some Machinery and Plant items, less receipts of debits than anticipated.

2.6.1 Withdrawal/Utilization of Funds

The Table below depicts the status of Budget Estimate and Actual with regard to 'Appropriation to funds' and 'Amount utilized' from the funds during the last three years:

Table 2.12-Appropriation to Railway Funds and withdrawal there from during the last three years ended 31 March 2014

(₹ in crore)

| Fund | Particulars | 2011-12 | 2012-13 | 2013-14 |
|-----------------------|------------------------------------|--------------|--------------|--------------|
| DRF | Appropriation to Fund(BE) | 7,100.00 | 9,700.00 | 7,700.00 |
| | Appropriation to Fund(Actual) | 6,720.00 | 7,050.00 | 8,100.00 |
| | Excess (+)/Short (-) appropriation | (-)380.00 | (-)2,650.00 | 400.00 |
| | Expenditure/withdrawal from fund | 6,680.72 | 7,045.47 | 7,119.91 |
| DF | Appropriation to Fund(BE) | 2,400.00 | 10,557.00 | 3,550.00 |
| | Appropriation to Fund(Actual) | 610.00 | 7,815.00 | 3,075.00 |
| | Excess (+)/Short (-) appropriation | (-)1,790.00 | (-)2,742.00 | (-) 475.00 |
| | Expenditure/withdrawal from fund | 2,222.56 | 2,457.82 | 2,561.43 |
| CF | Appropriation to Fund (BE) | 2858.41 | 5,000.00 | 5,433.80 |
| | Appropriation to Fund (Actual) | 515.57 | 451.25 | 500.00 |
| | Excess (+)/Short (-) appropriation | (-)2,342.84 | (-)4,548.75 | (-) 4,933.80 |
| | Expenditure/withdrawal from fund | 0 | 0 | 0 |
| Total (Railway Funds) | Appropriation to Fund (BE) | 12,358.41 | 25,257.00 | 16,683.80 |
| | Appropriation to Fund (Actual) | 7,845.57 | 15,316.25 | 11,675.00 |
| | Excess (+)/Short (-) appropriation | (-) 4,513.04 | (-) 9,940.75 | (-) 5,008.80 |
| | Expenditure/withdrawal from fund | 8,903.28 | 9,503.29 | 9,681.34 |

From the above, it is seen that the appropriation to the funds was not made under DF and CF as per budget projections due to lower availability of funds during current year. Analysis of appropriation under DF and CF during the last three years revealed that the deviation in appropriation to DF and CF, as compared to budget projections ranged between 13.38 per cent to 74.58 per cent and 81.96 per cent to 90.98 per cent respectively.

DRF, which is created to meet the requirement of funds needed for renewal/replacement of existing over aged assets, is not being appropriated as per the life of the assets but the appropriation in the fund was made to extent the working expenses could bear. During 2013-14, the appropriation of fund under DRF was, however, exceeded by 5.19 *per cent* of Budget provision.

Through forward value of assets under DRF was estimated to ₹ 47,310.94 crore from DRF during 2013-14. However, appropriation to DRF was not sufficient to clear the backlog of renewal/replacement of overaged assets.

2.6.2 Re-appropriation within Grant No. 16

Works/activities under each segment of the grant were grouped under 33 Plan Heads (Minor Heads of Account) like Construction of New Lines, Doubling, Gauge Conversion, Rolling Stock etc. Investment decisions which form the budget estimates for construction, acquisition and replacement of assets (Works Budget) were processed through the annual "Work, Machinery and Rolling Stock Programme" prepared on the basis of advance and continuous planning process.

Despite detailed exercise in formulation of Works Budget of Capital Grant, non-utilization of sanctioned grant (as tabulated in Table No.2.10) besides large scale re-appropriation of original allocated funds had been noticed.

Some of the cases of re-appropriation of funds are given in the Table 2.13.

Table 2.13-Re-appropriation of funds in Grant No. 16

| Source of Fund | Plan Head No. and Name | (+) Re-appropriation through additional fund/ (-) Re-appropriation through non-utilization/surrender of fund |
|----------------|--|---|
| Capital | 1100 (Voted) – New Line Construction | ₹ 663.62 crore (12.25 <i>per cent</i>) |
| Capital | 1100 (Charged) - New Line Construction | ₹ 15.34 crore (19.39 <i>per cent</i>) |
| Capital | 1400 (Voted) – Gauge Conversion | ₹ 411.09 crore (15.64 <i>per cent</i>) |
| Capital | 1500 (Charged) – Doubling | (-) ₹ 26.74 crore (60.40 <i>per cent</i>) |
| Capital | 1700 (Voted) – Computerization | (-) ₹ 75.45 crore (50.30 <i>per cent</i>) |
| Capital | 2200 (Voted) – Capital Component | ₹ 2864.00 crore (135.99 <i>per cent</i>) |
| Railway Funds | 1500 (Voted) – Doubling | (-) ₹ 17.55 crore (70.19 <i>per cent</i>) |
| Railway Funds | 1600 (Voted) – Traffic Facilities – yard remodeling and others | (-) ₹ 163.28 crore (26.18 <i>per cent</i>) |
| Railway Funds | 1700 (Voted) – Computerization | (-) ₹ 74.18 crore (36.19 <i>per cent</i>) |

| | | |
|-------------------------|---|------------------------------------|
| Railway Funds | 1900 (Voted) – Railway Research | (-) ₹ 26.28 crore (52.57 per cent) |
| Railway Funds | 2200 (Voted) – Capital Component | (-) ₹ 2994.00 crore (100 per cent) |
| Open Line Works Revenue | 1600 (Voted) – Traffic Facilities – Yard remodeling and others | (-) ₹ 10.02 crore (66.80 per cent) |
| Open Line Works Revenue | 5300 (Voted) – Passenger Amenities and Other Railway user's Amenities | (-) ₹ 1.65 crore (82.60 per cent) |
| Railway Safety Fund | 2900 (Voted) – Road Safety Work – Level Crossings | (-) ₹ 89.98 crore (15 per cent) |

Note-Figures in bracket represent percentage to the sanctioned grant

Large scale changes in priorities and re-appropriation of originally allocated resources from one plan head to another were indicative of the lack of reliability in preparation of budgetary estimates for assets acquisition, construction and replacement/renewal. This affected the long term advance planning of construction and acquisition of assets and also schedules of completion of works/projects.

To sum up analysis of the Capital Grant (No. 16) revealed the following:

- **Inadequate planning**
- **Weak links between policy making, planning and budgeting**
- **Inadequate relationship between budget as formulated and budget as executed**

2.7 Defects in Budgeting

A large number of instances of defective budgeting (439 cases) resulting in excess/savings beyond the prescribed limits⁴⁰ were noticed. Northern (67 cases), East Central (55 cases), North Central (50 cases), North Western (36 cases), Southern (29 cases) and South Central (29 cases) were the railways with most number of cases on defective budgeting. A few instances of defects in budgeting are given in the table below:

Table 2.14-Cases of Defects in Budgeting

| Zonal Railway | Grant No./Name (Voted/Charged) | Minor Head/Plan Head | Excess/Short Provision | Rs. in crore | Percentage w.r.t Final Grant |
|---------------|---|---------------------------|------------------------|--------------|------------------------------|
| CR | 9 - Revenue - Working Expenses – Operating Expenses – Traffic | 600 – Safety | Excess | 0.04 | 94.67 |
| CR | 12 - Revenue - Working Expenses – Miscellaneous Working Expenses | 200 – Compensation Claims | Short | 5.74 | 65.59 |
| NCR | 6 - Revenue - Working Expenses – Repairs and Maintenance of Carriages | 300 – Wagons | Short | 45.21 | 75.35 |

⁴⁰Paragraph 409 and 410 of Indian Railways Finance Code prescribed limit for permissible variations which is 5 per cent or ₹ 50 lakh whichever is less and for grant no.16- it is 10 per cent or ₹ 100 lakh whichever is less.

| | | | | | |
|------|---|--|--------|-------|--------|
| | and Wagons | | | | |
| NER | 4 - Revenue - Working Expenses - Repairs and Maintenance of Permanent Way and Works | 500 - Water supply, Sanitation and Roads (other than colonies, staff quarters and welfare buildings) | Excess | 6.56 | 29.83 |
| NWR | 16 - DRF | 2100 - Rolling Stock | Short | 51.46 | 107.00 |
| NWR | 16 - Capital | 2100 - Rolling Stock | Short | 28.06 | 90.85 |
| NWR | 16 - DF | 6400 - Other Specified Works | Excess | 3.59 | 47.52 |
| NWR | 16 - DF | 3600 - Other Electrical Works | Short | 0.26 | 131.30 |
| NWR | 16 - Capital | 3300 - Signaling and Telecommunication Work | Short | 0.34 | 133.07 |
| WR | 16 - DRF | 2100 - Rolling Stock | Short | 78.37 | 45.72 |
| WR | 16 - DRF | 5300 - Passenger Amenities | Excess | 2.79 | 35.07 |
| WCR | 16 - Railway Funds | 4100 - Machinery and Plant | Excess | 6.22 | 88.86 |
| WCR | 16 - DRF | 5300 - Passenger Amenities | Excess | 4.29 | 79.15 |
| CLW | 16 - DRF | 5200 - Amenities for Staff | Short | 0.92 | 96.58 |
| CORE | 16 - Capital (Charged) | 3500 - Electrification Projects | Short | 5.07 | 68.51 |

IR need to take a comprehensive relook at its budgeting process and make the projections more realistic, so as to ensure that funds are fully utilised for the purposes sanctioned by the Parliament.

2.8 Misclassification of Expenditure

Instances of misclassification of expenditure and other accounting mistakes had been noticed while verifying the Accounts of the zonal railways. Cases of misclassification of expenditure and important accounting mistakes have been listed in the “Appropriation Accounts of IR 2013-14-Detailed Accounts-Part II. These cases included misclassification of expenditure from one revenue grant to another and also from revenue to capital grant and vice-versa. Cases on misclassification of expenditure from capital to deposit heads of accounts were also identified in audit. Misclassification of expenditure from revenue to capital head of accounts or capital to deposit heads understated the revenue and capital expenditure in the accounts. The revised Annexure-J containing cases of such misclassifications was not furnished by the Ministry of Railways.

Some instances of mis-classification of expenditure and receipts by the zonal railways during 2013-14 are mentioned below:

- **Mis-classification between Revenue expenditure and Capital expenditure**

- (i) In NR, freight charged on stone ballast and cost of Pre Stressed Concrete sleepers amounting to ₹ 2.37 crore was debited to Revenue Grant No.4-Repairs and Maintenance of Permanent Way and Works instead of Capital Grant No. 16 (DRF).
- (ii) In SR, cost of ballast for gauge conversion works amounting to ₹ 1.17 crore was debited to Revenue Grant No.4-Repairs and Maintenance of Permanent Way and Works instead of Capital Grant No. 16 (DRF).
- (iii) In NWR, cost of Permanent Way staff engaged in gauge conversion work amounting to ₹ 0.79 crore was debited to Revenue Grant No.4-Repair and Maintenance of Permanent Way and Works instead of gauge conversion work under Capital Grant No. 16 (Capital).
- (iv) In SER, maintenance charges of line already opened to traffic amounting to ₹ 0.47 crore was debited to Capital Grant No.16 (Capital) instead of Revenue Grant No.4-Repairs and Maintenance of Permanent Way and Works.
- (v) In SCR, cost of maintenance of track after opening the line to traffic amounting to ₹ 0.40 crore was debited to Capital Grant No. 16 (Capital) instead of Revenue Grant No.4-Repairs and Maintenance of Permanent Way and Works.
- (vi) In SR, pay and allowances of trainees during induction training amounting to ₹ 0.20 crore was debited to Capital Grant No.16 (Capital) instead of Revenue Grant No.12-Miscellaneous Working Expenses.

- **Mis-classification of expenditure under Revenue Grants**

- (i) In SWR, expenditure on bed roll contracts amounting to ₹ 6.79 crore was debited to Revenue Grant No. 9-Operating Expenses-Traffic instead of Revenue Grant No.8-Operating Expenses-Rolling Stock and Equipment.
- (ii) In SWR, track machine usage charges amounting to ₹ 1.77 crore was debited to Revenue Grant No.7-Repairs and Maintenance of Plant and Equipment instead of Revenue Grant No.4-Repairs and Maintenance of Permanent Way and Works.

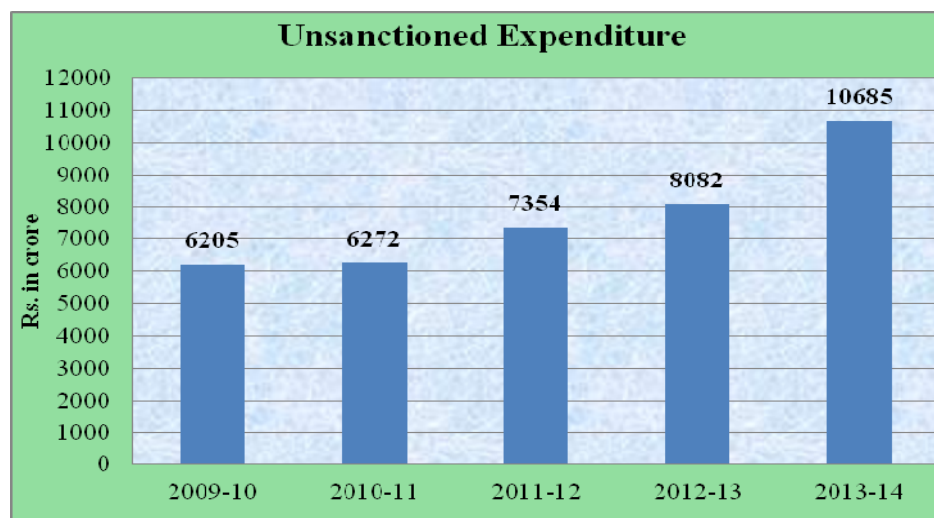
- (iii) In SER, pay and allowances of Gate keepers amounting to ₹ 0.99 crore was debited to Revenue Grant No.4-Repairs and Maintenance of Permanent Way and Works instead of Revenue Grant No.9-Operating Expenses-Traffic.
 - (iv) In NR, cost of repair and maintenance of carriages and wagons amounting to ₹ 0.34 crore was debited to Revenue Grant No.8-Operating Expenses-Rolling Stock and Equipment instead of Revenue Grant No.6-Repairs and Maintenance of Carriages and Wagons.
 - (v) In NR, pay and allowances to staff during training/refresher course amounting to ₹ 0.08 crore was debited to Revenue Grant Nos.4-Repairs and Maintenance of Permanent Way and Works, 6-Repairs and Maintenance of Carriages and Wagons, and 8-Operating Expenses-Rolling Stock and Equipment instead of Revenue Grant No.12-Miscellaneous Working Expenses.
- **Mis-classification of expenditure under Capital Grant**
 - (i) In NR, cost of level crossings works amounting to ₹ 0.12 crore was debited to Capital Grant No.16 (Development Fund)-Passenger Amenities instead of Capital Grant No. 16 (DRF)-Road Safety Works-Level crossings.
 - (ii) In ECoR, cost of 25 nos. Touch Screen provided at stations of Vishakhapatnam Division amounting to ₹ 0.07 crore was debited to Capital Grant No.16 (DRF) instead of Capital Grant No.16 (DF).
 - **Mis-classification of receipts**
 - (i) In ECoR, an amount of ₹ 2.45 crore relating to sale proceeds of scrap was credited to Revenue Grant No.5- Repair and Maintenance of Motive Power instead of Depreciation Reserve Fund under Capital Grant No.16 (2013-14).
 - (ii) In SCR, an amount of ₹ 1.92 crore relating to electrical energy charges recovered from other government departments and outsiders was credited to Revenue Grant No.8-Operating Expenses-Rolling Stock and Equipment instead of crediting it under Sundry Earnings.
 - (iii) In SCR, an amount of ₹ 0.02 crore relating to interest earned on deposit with SEB was treated as reduction in expenditure under Grant No. 8-Operating Expenses-Rolling Stock and Equipment instead of crediting it under Sundry Earnings.

The Public Accounts Committee (PAC) in its Ninety Second Report (15th Lok Sabha) observed that a large number of cases of misclassification of expenditure under various Grants/Appropriations operated by Ministry of Railways have turned out to be a recurring phenomenon. The Committee recommended that the existing budgetary mechanism in Railways needs to be revamped to overcome systemic lacunae/loopholes and progressive elimination of misclassification syndrome and responsibility fixed on the persons responsible for the apparent lapses. The Committee also recommended that Ministry of Railways should ensure proper upkeep and maintenance of books of accounts so that the propensity for misclassification/wrong booking of expenditure are detected in time and rectified accordingly. Ministry of Railways in its reply stated that the PAC's recommendations are noted for strict compliance. Apart from fixing responsibility on the defaulting staff for lapses, workshops have been organised and instructions issued for guidance to staff so that instances are avoided in future. It shall always remain in the endeavour of Ministry of Railways to avoid misclassification/mistakes altogether. Despite PAC's remarks on misclassification, the instances of Misclassification were noticed during 2013-14 also.

2.9 Unsanctioned Expenditure

All items of irregular expenditure incurred by IR, such as expenditure incurred in excess of sanctioned estimates, expenditure incurred without detailed estimates and miscellaneous overpayments etc. are noted in objection books by the zonal railways administration and treated as unsanctioned expenditure.

Diagram-2.3 Unsanctioned Expenditure



A review of such expenditure held under objection disclosed an increasing trend ₹ 6,205 crore (March 2010), ₹ 6,272 crore (March 2011), ₹ 7,354 crore (March 2012), ₹ 8,082 crore (March 2013) and ₹ 10,685 crore (March 2014). Unsanctioned expenditure as of 31 March 2014, included ₹ 7,651 crore

(71.60 per cent of total unsanctioned expenditure) related to items which were more than two years old.

It was further noticed that out of unsanctioned expenditure of ₹ 7,354 crore as on 31 March 2012, 1381 cases involving an amount of ₹ 1,765 crore were more than ten years old.

2.10 Conclusions

The Appropriation Accounts reflects the comparison of the actual expenditure with the amount of grants voted by the Parliament and appropriations sanctioned by the President. Article 114 (3) of the Constitution provides that no money be withdrawn from the Consolidated Fund of India except under appropriations made by law passed in accordance with the provisions of the Article. Further, General Financial Rules 52 (3) stipulates that no disbursements be made which might have the effect of exceeding the total grant or appropriations authorised by the Parliament for a financial year except after obtaining a supplementary grant or an advance from the Contingency Fund.

During 2013-14, Ministry of Railways against the sanctioned grant⁴¹ of ₹ 2,64,394.88 crore in respect of 15 Revenue Grants and one Capital Grant, incurred an expenditure of ₹ 2,53,938.75 crore thereby registering a net savings of ₹ 10,456.13 crore. An analysis of grant-wise expenditure revealed that the net saving of ₹ 10,456.13 crore was a result of savings of ₹ 13,175.88 crore under nine revenue grants, three segments of capital grant, one revenue appropriation and one segment of capital appropriation, adjusted by an excess of ₹ 2,719.75 crore in six revenue grants, ten revenue appropriations, one segment of capital grant and two segments of capital appropriation.

The savings in the Revenue Grants and Capital Grant indicate that the core activities, creations of assets, value addition for which the funds were demanded through Demands for Grants were not done and the desired benefits could not be achieved by the Railways. At the same time, incurring of excess expenditure over the sanctioned grants indicates that the unauthorised expenditure incurred without the same voted by the Parliament/President's sanction.

Instances of persistent excess expenditure, persistent savings, re-appropriations of funds, surrender of funds, incorrect assessment of demands for supplementary grants, misclassification of expenditure from Revenue Grant to Capital Grant and vice versa, charged expenditure to voted expenditure, one revenue grant to another, unsanctioned expenditure remained un-regularised by the competent authority etc have regularly been pointed out by Audit.

The Public Accounts Committee (PAC) time and again expressed their strong displeasure over incurring uncontrolled, consistent and unauthorised excess

⁴¹ Sum of Original and Supplementary Grants

expenditure by the Ministry of Railways. PAC also recommended the Ministry of Railways to review and overhaul their existing mechanism for estimation of budgetary requirements which has proved to be a failure year after year. However, despite repeated recommendations of the PAC, the excess expenditure has regularly been incurred by the Ministry of Railways.

As trend of incurring excess expenditure despite obtaining Supplementary Grants is increasing, Ministry of Railways should impress upon their budget controlling authorities to thoroughly examine the proposal for additional funds with due farsightedness and ensure proper review and scrutiny of the proposals for Supplementary demands before presenting the same to the Parliament so that additional provisions are commensurable with the actual requirement of funds.

The cases of misclassification of expenditure have been a regular feature in the accounts of IR. The PAC observed that a large number of cases of misclassification of expenditure under various Grants/Appropriations operated by Ministry of Railways have turned out to be a recurring phenomenon. The Committee recommended that the existing budgetary mechanism in Railways needs to be revamped to overcome systemic lacunae/loopholes and progressive elimination of misclassification syndrome and responsibility fixed on the persons responsible for the apparent lapses.

However, no concerted efforts have been taken by the Ministry of Railways to curb/eliminate the instances of misclassification of expenditure by the spending units.

2.11 Recommendations

- *Financial Adviser & Chief Accounts Officer (FA&CAO) at Zonal Railways and Financial Commissioner (Railways) in Railway Board should strengthen the budgetary mechanism and system of expenditure monitoring at various levels (spending units, zonal and Railway Board levels) so that the instances of savings, excesses beyond authorisation are minimised. Cases of defects in budgeting need to be analysed and measures taken to avoid recurrence in future.*
- *FA&CAO at Zonal Railways and Financial Commissioner (Railways) in Railway Board should assess the Supplementary Demand of Grants realistically so that sums obtained through Supplementary Demands for Grants do not remain unutilised or become short of the requirement.*

- *FA&CAO at Zonal Railways and Financial Commissioner (Railways) in Railway Board should make its internal controls effective to reduce the instances of misclassification of expenditure. Deterrent sanctions should be put in place to foster greater responsibilities and accountability at the level of key controlling officers.*
- *Increasing trend of unsanctioned expenditure should be controlled; administration should ensure all unsanctioned expenditure is regularised on priority.*

Chapter 3 Review of Suspense Balances in Indian Railways

3.1 Introduction

The Suspense Heads are certain intermediary/adjusting heads of accounts operated in Government Accounts to reflect transactions of receipts and payments which cannot be booked to Final Head of accounts due to lack of information as to their nature or for other reasons. These heads of accounts are finally cleared, when the amount under them is booked to their respective final heads of accounts, by 'Minus Debit' or 'Minus Credit' suspense heads. If these amounts remain un-cleared, the balance under the 'Suspense Heads' would go on accumulating and would not reflect Receipts and Expenditure of Indian Railways (IR) accurately. Large outstanding amounts under different 'Suspense Heads' reflect that the accounting authorities are not taking necessary action as required to be taken under the rules. Indian Railways Code for Accounts Department stipulates⁴² that the balances under each of the Suspense Head should be proved and reconciliation at the end of the financial year should be complete in all respects.

3.2 Suspense Accounts Operated by Railways

Indian Railways Code for Accounts Department⁴³ Volume I envisages that Suspense Heads are operated to facilitate proper accounting of the various types of transactions which cannot be booked immediately under the final heads for want of detailed particulars or allocations. IR operates the following main Suspense Heads:

| | |
|---|---|
| Under Revenue Receipts: | i. Traffic Account, and ii. Demands Recoverable. |
| Under Revenue Expenditure: | i. Demands Payable, and ii. Miscellaneous Advance- Revenue |
| Under Capital Expenditure: | |
| | i. Purchase Suspense ii. Stores Suspense iii. Workshops Manufacture Suspense iv. Miscellaneous Advances- Capital |
| For Adjustment of Remittance Transactions: | |
| | i. Reserve Bank Suspense, ii. Remittances into Bank |

⁴² Para 602 of Indian Railways Code for Accounts Department Volume I

⁴³ Para 601 to 620 of Indian Railways Code for Accounts Department Volume I

| | |
|---|----------------------------|
| | iii. Cheques and Bills etc |
| For settlement of inter governmental transactions: | |
| | i. PAO Suspense |

The Major and Minor Heads appearing in the accounts of Railways are shown in *Appendix 3.1*.

3.3 Audit Findings

3.3.1 Revenue Receipts

For recording the revenue receipts, two suspense heads namely Traffic Account and Demands Recoverable are operated.

3.3.1.1 Traffic Account

Traffic Account⁴⁴ is a Suspense account operated for the purpose of recording the revenue earnings on accrual basis in a month's account to which they pertain and also for watching the progress of their realization. The outstanding balance represents unrealized earnings and is exhibited on the Asset Side in the Balance Sheet of IR. The origin of transactions, main components of Traffic Account is depicted in the flow chart in *Appendix 3.2*.

Review of Traffic Account broadly revealed the following:

- i. The balance in the Traffic Account at the end of March 2014 based on the data maintained in the Zonal Railways, exhibited an amount of ₹ 1,779.62 crore. However, the same appeared in the accounts of IR as ₹ 1,590.33 crore⁴⁵ at the end of March, 2014. Thus there was a difference of ₹ 189.29 crore which needs reconciliation.
- ii. However, as per IR's figure, the balance under Traffic Account in accounts of IR increased from ₹ 1,149.06 crore as of March 2010 to ₹ 1,590.33 crore as of March 2014. The balance under Traffic Account showed an increasing trend over this period. During 2013-14, the balances increased by 17.78 per cent over the previous year. The age wise break up of this amount was not maintained by the Zonal Railways.
- iii. In six Zonal Railways, the balances under Traffic Account drastically increased from March 2010 to March 2014 as indicated in the table below:

| Sl. No. | Name of the Zonal Railways | Balance as on 31 st March 2010 (₹ in crore) | Balance as on 31 st March 2014 (₹ in crore) |
|---------|----------------------------|--|--|
| 1. | CR | 17.47 | 122.48 |
| 2. | ECR | - 8.44 | 78.28 |

⁴⁴ Para 222 of Indian Railways Code for Accounts Department Volume I

⁴⁵ In respect of Commercial Lines only.

| | | | |
|----|------|-------|-------|
| 3. | ECoR | 17.31 | 96.11 |
| 4. | NFR | 3.45 | 52.13 |
| 5. | SR | 32.60 | 65.13 |
| 6. | SECR | 14.39 | 64.55 |

The overall increase/decrease across Zonal Railways is shown in **Appendix 3.3 and 3.4**.

Traffic Account consists of Station Outstanding and Traffic Account Office (TAO) Outstanding. Since Station Outstanding contributes the major share of Traffic Accounts, Audit reviewed the balances under Station Outstanding. The origin of transactions and main components of Station Outstanding is depicted in a Flow Chart in **Appendix 3.2 (a)**. It increased from ₹ 1,143.06 crore to ₹ 1,554.82 crore over a period of five years. It was drastically increased in CR (869 per cent), ECR (457 per cent), ECoR (364 per cent), NFR (1362 per cent), SR (110 per cent) and SECR (287 per cent) **Appendix 3.5**. The main components of Station Outstanding are (i) Freight Outstanding, (ii) Admitted Debits, (iii) Objected Debits and (iv) Wharfage and Demurrage.

3.3.1.2 Freight Outstanding

Indian Railway Commercial Manual Volume I defines⁴⁶ “Freight” as the charge levied for the carriage of goods including transshipment charges. Freight Outstanding will arise when the way-bills / invoices have been accounted for in the books of Railways (Station Balance Sheet), but freight charges have not been realized.

- i. Nearly 47.73 per cent of unrealized earnings (Traffic Account (₹ 1,590.33 crore) were on account of outstanding freight (₹ 759.10 crore). NR topped the list with maximum outstanding amount of unrecovered freight of ₹ 573.86 crore, followed by CR (₹ 43.55 crore), ECoR (₹ 61.24 crore), NWR (₹37.51crore) and SER (₹ 7.79 crore). (**Appendix 3.6**)
- ii. Freight outstanding⁴⁷ was mainly attributable to increase in outstanding freight dues from State Electricity Boards (SEBs) and Power Houses (PHs). The major freight dues of ₹ 10.00 crore and above as on 31.03.2014 were ₹ 676.76 crore⁴⁸. The reasons attributed for freight outstanding were on account of diversion of coal wagons to stations other than those originally mentioned in invoices (ECoR), Court Cases related to 2002-03 (NR), Non-payment of freight by parties due to disputes (15 per cent rebate on coal wagons disallowed) (NWR).

⁴⁶ Para-103(22) of Indian Railways Commercial Manual Volume I

⁴⁷ Para 2736 to 2738 of Indian Railways Commercial Manual Volume II

⁴⁸ NR-NDLS (DESU)- ₹ 114.28 crore, RTTP/RPAR- ₹ 294.32 crore, GNDTPP/BTI- ₹ 34.28 crore, GHTL/LHM - ₹ 117.46 crore, CR- Paras- ₹ 21.39 crore, ECoR- NTPC/Simhadri- ₹ 58.15 crore, NWR- STPB/BDWL- ₹ 36.88 crore.

The Railway Administration's inaction to follow the extant procedures⁴⁹ resulted in ineffective management of freight collection from PHs/SEBs. Further, Railways had not been adjusting the dues outstanding against these PHs to the extent possible from the Traction Power purchased from them.

3.3.1.3 Admitted Debts

Every debit raised by the Traffic Accounts office on the station on account of error in charging fare or freight, short remittance of cash etc. accepted by the station is known as Admitted Debts⁵⁰. They should be cleared immediately by effecting recoveries or writing off the outstanding amount if irrecoverable. Review of the balances under Admitted Debts revealed that the outstanding on account of Admitted Debts of Indian Railways showed a downward trend from ₹103.94 crore to ₹ 57.56 crore. However, it was observed that in eight Zonal Railways the outstanding admitted debts to end of 2013-14 as compared to 2009-10 have shown increasing trend as shown in the table below:

| Sl. No. | Name of the Zonal Railways | Balance as on 31 st March 2010 (₹ in crore) | Balance as on 31 st March 2014 (₹ in crore) |
|---------|----------------------------|--|--|
| 1. | CR | 1.26 ⁵¹ | 2.05 |
| 2. | ER | 0.83 | 1.75 |
| 3. | ECR | 3.31 | 6.07 |
| 4. | ECoR | 0.61 | 4.91 |
| 5. | NFR | 0.29 | 1.83 |
| 6. | SR | 1.29 | 2.09 |
| 7. | SER | 21.75 | 27.50 |
| 8. | WCR | 2.35 | 3.15 |

The overall increase or decrease across Zonal Railways is shown in **Appendix 3.6**.

Thus, in contrary to the extant rules, the outstanding balances under Admitted debts were allowed to accumulate. Necessary steps were not taken by the Zonal Railways to clear the outstanding balances even though half yearly reviews were conducted and results reported to Railway Board.

3.3.1.4 Objected Debts

Every debit raised by the Traffic Accounts office on the station on account of error in charging fare or freight, short remittance of cash etc. but not accepted by the station and kept pending for want of clearance through withdrawal is known as

⁴⁹ Para 2752 of Indian Railways Code for Accounts Department Volume II and Para 612 of Indian Railways Code for Accounts Department Volume I

⁵⁰ Para 2719 to 2723 and 2732, 2734 and 2752 of Indian Railways Code for Accounts Department Volume I

⁵¹ As on 31st March 2011

'Objected Debit'. Commercial Manual of Indian Railways⁵² stipulates that in case of disputed debits matter should be pursued with the Traffic Accounts Branch. Objected debits subsequently found to be correct to be transferred to Admitted debits. The Commercial Department pursues the matter with Traffic Accounts office in clearing the Objected Debts either by withdrawal or transferring to Admitted Debts.

Review of balances under objected debits revealed the following:

- i. Objected Debts due to errors in weight, rate, distance etc, non-receipt of vouchers and shortage of cash against the station staff was ₹ 164.66 crore at the end of March 2014. The outstanding balance increased by 206 per cent over a period of five years. It increased from ₹ 53.84 crore in 2009-10 to ₹ 164.66 crore in 2013-14.
- ii. In eight Zonal Railways the outstanding objected debits during 2009-14 had shown increasing trend as shown in the table below:

| Sl.No. | Name of the Zonal Railways | Balance as on 31 st March 2010 (₹ in crore) | Balance as on 31 st March 2014 (₹ in crore) |
|--------|----------------------------|---|---|
| 1. | NR | 12.78 | 96.02 |
| 2. | ECR | 2.38 | 10.58 |
| 3. | SER | 3.69 | 8.16 |
| 4. | NFR | 1.32 | 7.99 |
| 5. | CR | 2.72 | 6.89 |
| 6. | ER | 1.56 | 3.26 |
| 7. | NWR | 0.46 | 2.32 |
| 8. | SCR | 0.50 | 1.66 |

The overall increase or decrease across Zonal Railways is shown in *Appendix 3.6*.

Thus, no concerted efforts were made by the Commercial department or the Traffic Accounts department of the railways to initiate necessary action as per codal provisions⁵³ to realize the old outstanding amounts.

3.3.1.5 Wharfage and Demurrage

Indian Railways Commercial Manual⁵⁴ defines "Wharfage" as the charge levied on goods for not removing them from the railway after the expiry of the free time for such removal. "Demurrage" means the charge levied for the detention of any rolling stock after the expiry of free time, if any, allowed for such detention.

⁵² Para 2745 of Indian Railways Commercial Manual Volume II

⁵³ 2745 of Indian Railways Commercial Manual Volume II

⁵⁴ Para 103 of Indian Railways Commercial Manual Volume I

Scrutiny of records revealed that the outstanding balance under Wharfage and Demurrage was ₹ 169.07 crore and ₹ 316.37 crore respectively as on March 2014. Out of total outstanding under Wharfage (₹ 169.07 crore) at the end of 2013-14, ₹ 159.52 crore pertained to SER, whereas out of total outstanding under Demurrage (₹ 316.37 crore) at the end of 2013-14, ₹ 73.56 crore, ₹ 62.98 crore and ₹ 36.08 crore pertained to ECR, CR and SR respectively. (*Appendix 3.7*)

Thus, Commercial and Accounts Departments failed in adhering to the extant provisions⁵⁵ in proving the balances under Traffic suspense. Half yearly reviews was not adequately effective in realization of unrecovered freight charges, admitted debits and objected debits resulting in accumulation of huge outstanding under Traffic Account.

3.3.1.6 Demands Recoverable

Demands Recoverable⁵⁶ is a suspense head operated to bring into the books of Accounts on accrual basis all the dues to the Railways within the same financial year which were not realized during the year. The closing balance under this head represent unrealized amount in the form of outstanding Demands Recoverable which will be exhibited on Assets side of the Balance Sheet of Indian Railways.

A review of the balances under this suspense head revealed the following:

- i. The balance in the Demand Recoverable as per the data maintained in the Zonal Railways was ₹ 244.25 crore at the end of March 2014 whereas it was ₹ 256.61 crore at the end of March 2014 in the accounts of IR. Thus there is a difference of ₹ 12.36 crore which needs reconciliation.
- ii. Though reviews were conducted half yearly by the Zonal Railways and report submitted to Railway Board there had been increase of outstanding under Demands Recoverable from ₹ 216.89 crore (2009-10) to ₹ 256.61 crore (2013-14). The accumulation of balances was mainly on account of less payment and non-payment due to disputes and litigations.
- iii. While in 12 Zonal Railways, increase in balances ranged between 2.38 per cent and 594 per cent, decrease in balances ranged between 7.69 per cent and 500 per cent in four Zonal Railways. The increase or decrease in balances across Zonal Railways during 2010-14 as compared to the balances over the previous year is shown in *Appendix 3.8 (a) and 3.8 (b)*.
- iv. Railway Board had issued instructions to all Zonal Railways in November 2006⁵⁷ that the bills receivable amounts⁵⁸ may also be reflected in the final

⁵⁵ Para 2751-2752 of Indian Railways Code for Accounts Department Volume II and Para 2743-2747 of Indian Railways Commercial Manual Volume II

⁵⁶ Para 1139 Indian Railways Code for Accounts Department Volume I

⁵⁷ Letter No.2006/B-200 dated 07.11.2006

accounts of the Railways on accrual basis in accordance with normal principles of Commercial accounting by operating Major Head 8660-Suspense Accounts (Railways) or Government Adjustment Account. The Balance outstanding represents the unrealized / unadjusted amounts. It was, however, observed that bills receivable amounts are still being accounted for and brought into account on actual realization and as a result, true picture of these outstanding are not reflected in the Final Accounts.

During the year 2013-14, out of ₹ 1,201.62 crore bills receivable claimed, ₹ 1,027.01 crore (85 per cent) was realized. The bills pertaining to old period raised during 2013-14 worked out to ₹ 156.79 crore and old bills realized during 2013-14 works out to ₹ 82.90 crore (51 per cent).

Audit observed that the bills receivable balance of ₹ 287.85 crore, was not reflected in the Books of the Railways as Demands Recoverable on the Asset side of the Balance Sheet as on 31st March 2014. 65 per cent (₹ 188.26 crore) of the balances were pertained to old periods. Three Zonal Railways (ECR, NWR and SECR) contributed significantly⁵⁹ to these balances.

(Appendix 3.9)

- v. A test check in SCR revealed that bills receivable which should have been taken as reduction in expenditure amounting to ₹ 2.82 crore relating to Cost of staff (₹ 2.61 crore) and water charges (₹ 0.21 crore) were not claimed at all. Bills worth ₹ 3.07 crore relating to the year 2013-14 were raised only in 2014-15. Belated raising of bills caused accumulation of debits and resulted in overstatement of revenue working expenditure. There is no mechanism to watch whether bills receivable, which will be taken as reduction in expenditure, are properly raised and realized during the year of incurrence of expenditure.
- vi. In SCR, bills towards reimbursement of expenditure on Railway Protection Force/Railway Protection Special Force deputed on election duties amounting to ₹ 8.55 crore and ₹ 0.63 crore relating to ECoR remained unrealized from the Ministry of Home Affairs. In addition, License Fee amounting to ₹ 4.57 crore due from Postal Department for the period 2002-2014 had not been brought into the books of Accounts due to non-raising of bills.
- vii. As per provisions contained in Para 1140 and 1141 of Indian Railways Code for the Accounts Department Volume I, the review of Demands/Bills Recoverable register is to be conducted monthly and submit the summary of

⁵⁸ Such as Cost of Staff due from Sidings/Level Crossing gates, Electricity and Water charges due from outsiders and vendors, Rent/License Fee for plots/Cycle stands/commercial publicity within railway premises etc.,

⁵⁹ ECR (₹ 67.78 crore), NWR (₹ 38.00 crore) and SECR (₹ 21.08 crore).

outstanding bills to Accounts Officer to ensure that all the bills are raised in time and realization is pursued vigorously. Delayed cases should be brought to the notice of the Executive Officer for expeditious recovery of outstanding dues or to discontinue the services rendered as may be deemed necessary. Non-adherence to the codal provisions by Railway Administration had resulted in increase of outstandings under Demands Recoverable from ₹ 216.89 crore (2009-10) to ₹ 256.61 crore (2013-14).

Thus, failure of Zonal Railways in implementation of Railway Board's instructions (November 2006) to follow accrual basis had resulted in lack of transparency in the books of accounts of the Railways and increase in outstanding dues from outsiders. The items adjustable to final heads remained unadjusted resulting in overstatement of Revenue Expenditure in the year of incurrence and understatement of Revenue Expenditure in the year of realization thus affecting the Operating Ratio of the Railways. Timely raising and pursuance of bills could have avoided the disputes and litigations. The Final Accounts of IR thus failed in depicting a true and fair picture as the bills for services rendered or material supplied relating to the year were not brought to accounts.

3.3.2 Revenue Expenditure

In respect of Revenue Expenditure, two suspense heads are operated (i) Demands Payable and (ii) Miscellaneous Advances Revenue (MAR).

3.3.2.1 Demands Payable

'Demands Payable'⁶⁰ is operated to bring to account all revenue liabilities of the Railway for a month which are not payable within the same month as working expenses for the month by taking credit to this Suspense Head. For this purpose necessary estimates of the probable charges for bills payable such as Electricity, Water, Telephone, Overtime bills of staff etc are prepared and accounted for in the Books of Railways by debit to the final head and credit to 'Demands Payable'. The total amount of Demands Payable of IR exhibited in the Balance Sheet as on 31 March 2014 was ₹ 3,224.17 crore. A review of the balances under this suspense head revealed the following:

- i. Demands Payable was being operated on yearly basis to bring to account the Pay and allowances of March, which are disbursed in the April month every year.
- ii. Liability Register was not being maintained on five Zonal Railways⁶¹.

⁶⁰ Para 220 of Indian Railways Code for Accounts Department Volume I. Demand Payable is operated under the Major Head 3002/3003.

⁶¹ NR, NER, SR, SCR and SWR

- iii. A test check of records revealed that bills payable by Railways which were not accounted for as Demands Payable worked out to ₹ 277.70 crore⁶².

(Appendix 3.10)

- iv. Claims of ₹ 21.98 crore raised but not paid by SCR and SECR in respect of cost of Government Railway Police deployed were not brought into books of accounts by operating Bills Payable Head. Similarly claims payable to the tune of ₹32.68 crore (SCR) relating to the years 2012-13 and 2013-14 were not received from Andhra Pradesh State Government and the same were not shown in the Balance Sheet as Outstanding Liabilities under Demands Payable.

Thus, the extant provisions were not followed in all the Zonal Railways and the objective of introducing the Suspense Head to fulfill the requirement of Commercial Accounting Principles was defeated. The expenditure adjustable to final heads in the particular year remained unadjusted resulting in understatement of Revenue Expenditure and depiction of incorrect picture of liabilities of Indian Railways.

3.3.2.2 Miscellaneous Advances - Revenue

Miscellaneous Advances-Revenue⁶³ (MAR) is operated to bring to account class of transactions pending adjustment to final head of account such as charges the allocation of which is not known, interdepartmental transactions awaiting acceptance, expenditure incurred in anticipation of receipt of deposits or pending realization of the amount expended, payments in advance for stores, payments made in advance to Railway Officials for Local Purchase of materials etc. Para 320 read with Para 602 and 603 of Indian Railways Accounts Code Volume I envisages that all entries in the registers should be posted in sufficient detail from the original document to ensure that no items should at any time become inefficient merely due to non availability of detailed particulars. No item should remain unadjusted longer than is absolutely necessary. Monthly reconciliation of debits /credits and balances of these accounts with General Books of the Railway should be regularly made. Registers should be reviewed frequently by an Accounts Officer and the early clearance of all items is insisted upon by shifting transactions into their appropriate accounts. Credit/Minus Debits clearly denotes that credits were posted without linking the corresponding debit particulars.

⁶² Contractor bills (₹ 81.53 crore), Stores Bills (₹ 148.59 crore), other bills like Water, Electricity, Travelling Allowance, Over Time, Misc. bills etc (₹47.58 crore)

⁶³ Para 223 of Indian Railways Code for Accounts Department (Volume I). MAR is operated under the Major Head 3002/5002.

A review of the balances under MAR revealed the following:

- i. In 10 out of 17 Zonal Railways, the outstanding balance at the end of year 2014 increased as compared to previous year 2013 and the same ranged between 0.14 per cent (WR) to 45.27 per cent (NER);
- ii. Five Zonal Railways accounted for 62.76 per cent (₹954.36 crore)⁶⁴ of the total outstanding balance of ₹1,520.54 crore to end of the year 2013-14, of which net balance of ₹ 710.18 crore (47 per cent) relates to the period prior to 2012-13⁶⁵. *(Appendix 3.11 and 3.12)*
- iii. The main contributory factors for outstanding were advances to staff, public and private parties (₹ 155.70 crore), Deposit with State Electricity Boards (₹ 224.71 crore) and Miscellaneous Items (₹ 487.09 crore), off-set by Minus balances against the reason 'for want of acceptance of parties, adequate particulars and correct allocation of vouchers and want of relevant vouchers (₹ 157.32 crore). *(Appendix 3.12)*
- iv. The balances under MAR relating to period prior to previous year (over two years old) shown in the Appropriation Accounts increased in 11 Zonal Railways⁶⁶ during 2009-10 to 2013-14. The main factors that contributed to the increase were:
 - a) Want of acceptance, adequate allocation and relevant Vouchers (ER-₹ 14.53 crore, ECR-₹ 27.90 crore);
 - b) Advances to Staff, Private Parties (NWR -₹ 12.68 crore, SR - ₹ 5.64 crore, WR - ₹ 31.87 crore);
 - c) Deposit with State Electricity Boards (SR - ₹ 28.37 crore, WCR - ₹ 63.81 crore); and
 - d) Miscellaneous items (CR - ₹ 52.09 crore, NCR -₹ 123.31 crore, NER - ₹ 8.34 crore, NFR - ₹ 26.23 crore, SR - ₹ 5.86 crore, SCR -₹ 17.61 crore, WR-₹ 41.58 crore). *(Appendix 3.13)*
 - e) Balances relating to the years upto 2000 remained static in six Zonal Railways⁶⁷. Out of total outstanding of ₹1,283.97 crore of all Railways (except NCR and SECR) shown as outstanding in the Half yearly Report on review of suspense balances sent to Railway Board, ₹ 740.75 crore (57 per cent) related to periods more than one year which

⁶⁴ WR (₹106.32 crore-7 per cent), ECoR (₹100.97 crore-7 per cent), NR (₹295.27 crore-19 per cent), SR (₹186.97 crore-12 per cent), SCR (₹264.83 crore-17 per cent)

⁶⁵ The outstanding dates back to the year 1950-51 (NER), 1957-58 (ER, NR), 1981-82 (ECR, WCR), 1985-86 (WR), 1988-89 (ECoR), 1989-90 (CR) and 1990-91 (SCR)

⁶⁶ CR, ER, ECR, NCR, NER, NFR, NWR, SR, SCR, WR and WCR

⁶⁷ CR, NER, SCR, SWR, WR and WCR

indicated that adequate action was not taken to clear the old outstanding debits.

- f) The subsidiary registers were not reconciled with the General Books in five Zonal Railways⁶⁸. The Summary of balances was not supported by documentary evidence.
- g) As per extant provision⁶⁹, recovery of mobilization advance should be completed when the value of the work reaches 85 per cent of the original value of contract. In two Zonal Railways (CR and SCR), the mobilization advance amounting to ₹ 0.44 crore and ₹ 1.10 crore respectively remained unrecovered for the last five years.
- h) In SER, an amount of ₹7.32 crore relating to Cost of staff from siding was erroneously booked to MAR without operation of Bills Receivable Account resulting in overstatement of MAR balances in Balance Sheet. The balance outstanding included excess deposit to the Insurance Company to the extent of ₹ 4.89 crore.
- i) In three Zonal Railways, expenditure to the tune of ₹ 71.44 crore⁷⁰ which could have been directly debited to final head or adjusted through transfers was booked to MAR.
- j) Rule 610 of Indian Railways Code for Accounts Department, Volume-I provides that there should not be any credit items in MAR. It was, however, observed that there were credit items of ₹ 135.08 crore outstanding in MAR in respect of three Zonal Railways⁷¹; and
- k) The year wise breakup of the outstanding balances was not furnished by the seven Zonal Railways⁷² to Audit.

Thus, the existing mechanism for review of balances under this Suspense Account was not adequately effective resulting in huge accumulations under MAR. This indicated that the half yearly review was conducted in a routine manner and amounts were allowed to remain in MAR for longer periods without being shifted to the appropriate final heads. Items adjustable to final heads remained unadjusted resulting in overstatement of expenditure under MAR/MAC and understatement of expenditure in the final heads. Old items had become inefficient as sufficient details of the original debits were not available in the Subsidiary registers. There were credit items outstanding as adverse balances resulting in understatement of expenditure under MAR.

⁶⁸ NR, NFR, SCR, SWR and WCR

⁶⁹ Para 1264 of Indian Railways Code for Engineering Department

⁷⁰ ER- ₹62.86 crore, ECoR- ₹ 6.18 crore and SCR- ₹2.40 crore

⁷¹ SR (₹ 49.91 crore), SER (₹84.00 crore) and SCR (₹1.17 crore)

⁷² NCR, SR, SWR, NWR, SER, NFR and SECR

3.3.3 Capital Expenditure

In respect of Capital Expenditure, four suspense heads are operated (i) Miscellaneous Advances Capital (MAC) (ii) Purchase Suspense, (iii) Stores Suspense and (iv) Workshop Manufacture Suspense.

3.3.3.1 Miscellaneous Advances -Capital

- i. Out of total outstanding balance of ₹ 3,881.03 crore to end of the year 2013-14 under MAC, net balance of ₹ 3,184.63 crore (82 per cent) related to the period prior to previous year 2012-13, and
- ii. Under MAC, the major item shown as outstanding for prior to previous year period pertained to 'Other Miscellaneous Items' which worked out to ₹ 3,140.48 crore. NR stated that ₹ 3,029.00 crore kept under MAC related to Loan disbursed to M/s Konkan Railway Corporation Ltd., which accounted for 96 per cent of the outstanding balance.

3.3.3.2 Purchase Suspense

Purchase Suspense Head⁷³ is operated under Capital to record transactions pertaining to purchases made by the Railways temporarily till they are taken to stock. Debit side of the Purchase Account will record expenditure on purchases both direct and through other agencies. Credit side of the Purchase Account is posted on receipt of Accounts copy of Receipt Note, indicating the quantity and other details. In principle 'Purchases' are made first and the 'Payments' follows, but occasionally the bills for Stores supplied are received supported by Railway Receipt in advance, as proof of dispatch, and advance payments to the extent of 90/95/98/100 per cent of the value of stores are to be made. In such cases, the value of stores is debited to 'Purchase Account' even though there is no credit is received. The entries should be posted in sufficient details indicating various elements of debit so that it may not become difficult to trace the details or transaction at later date. Normally in purchase account no debit balance except for advance payment made should continue. A review of the balances under this Suspense Head revealed the following:

A. Debit Balances

- i. The outstanding Debit balance to end of March 2014 was ₹ 13,092.95 crore. Of them, ₹ 6,309.73 crore related to the year 2013-14, ₹ 1,707.20 crore related to 2012-13 and ₹ 5,076.02 crore related to prior to 2012-13.

⁷³ Para-607 of Indian Railways Code for Accounts Department Volume I and Paras 2809, 2815 and 2816 of Indian Railways Code for Stores Department.

- ii. The Debit balances of more than two years old increased from ₹ 2,586.62 crore (2009-10) to ₹ 5,076.02 crore (2013-14). Three Zonal Railways⁷⁴ accounted for 97 per cent (₹ 4,925.99 crore) of the outstanding balances.
- iii. Major factors contributing to old outstanding Debit balance were:
- a) **Failure to link debits received (₹ 56.43 crore to end of March 2014):** One per cent of the old outstanding debit items (i.e. ₹ 56.43 crore out of ₹ 5,076.02 crore) were due to lack of proper linking of debits received. The main Railways contributing to the outstanding balance were SCR and RWF. This was due to want of dispatch particulars in Sale Issue Notes. This clearly indicated that debits were not posted in sufficient detail initially making the entries difficult to trace at this later date.
- b) **Non receipt of credit for material received (₹ 2,061.92 crore):** During the year 2013-14 the old outstanding debit (i.e. over two years old) under this head increased from ₹ 865.28 crore to ₹ 2,061.92 crore which worked out to 40 per cent of the total outstanding amount of over two years old i.e. ₹ 5,076.02 crore. ER accounted for ₹ 2,026.76 crore (98.29 per cent). The huge amount of debit appeared under Stores was stated to be on account of acceptance of debit from CAO/S/ECR excluding freight charges. SER, CLW, DMW and DLW were also having balances under this head. This indicated either non receipt of Accounts Copy of Receipt Notes from depot or non-linking of the entries in the Purchase Register with bill received from suppliers along with the pink copy of the Receipt Note.
- c) **Advance payments made to Suppliers and Contractors (₹ 6.61 crore):** The major outstanding balance were shown by ECR (₹ 3.03 crore- 46 per cent) followed by ICF and DMW.
- d) **Rejected Materials (₹ 1.82 crore):** RCF alone contributed for ₹ 0.87 crore followed by DMW for ₹ 0.58 crore.
- e) **Other Miscellaneous Items (₹ 2,949.24 crore):** The old outstanding balance increased from ₹ 1,113.95 crore (2009-10) to ₹ 2,949.24 crore (2013-14) i.e., 164 per cent under this head which was to the tune of 58 per cent of the total outstanding balance for over two years old (₹ 5,076.02 crore). The major share was NCR (₹ 2,790.40 crore – 95 per cent) and NWR (₹ 107.48 crore – 4 per cent).
- f) **Material issued on loan to Other Railways (₹ 8.08 crore):** WR (₹4.30 crore) and NER (₹ 3.78 crore) contributed for the outstanding balance during the year 2013-14. (Appendix 3.14)

⁷⁴ ER (₹2,028.11 crore), NCR (₹2,790.40 crore) and NWR (₹107.48 crore).

- g) The defaulter showing their outstanding as prevalent since 1986 to 2006 were DMW (1986), ICF (1990), SR (1991), NER and ER (2000), RWF (2003), ECR (2004) and WCR (2006).

B. Credit Balances

- i. The outstanding Credit balance of IR shown to end of March 2014 was ₹ 14,212.63 crore.
- ii. Out of the total Credit outstanding, ₹ 7,563.37 crore related to the year 2013-14, ₹ 1,622.57 crore related to 2012-13 and ₹ 5,026.69 crore related to prior to 2012-13.
- iii. The major portion of the Credit balances of ₹ 5,026.69 crore⁷⁵ pertained to the period prior to 2012-13.

(Appendix 3.15)

- iv. The Credit balances of prior to previous year period (i.e. over two year old) increased from ₹ 2,483.03 crore during 2009-10 to ₹ 5,026.69 crore during 2013-14.

Major factors contributing to old outstanding Credit balance were:

- a) **Failure to link corresponding debits for want of relevant vouchers, complete particulars and acceptances:** The outstanding balance on this account was ₹ 113.54 crore (2 per cent). The Zonal Railways which contributed for the outstanding balance were WCR-₹ 44.11 crore, DLW - ₹ 23.95 crore and SCR - ₹ 23.70 crore.
- b) **Non receipt of debits:** The outstanding balance was ₹ 98.42 crore (2 per cent) of which RWF accounted for ₹ 47.22 crore and WR for ₹ 33.63 crore.
- c) **Stores received but payments not made:** 40 per cent of the total outstanding balance of ₹ 5,026.69 crore was on this account (₹ 2,039.23 crore). ER accounted for ₹ 2,026.90 crore (99 per cent).
- d) **Other Miscellaneous Items:** The balance of ₹ 2,779.29 crore represented 55 per cent of total old outstanding balance of ₹ 5,026.69 crore. NCR accounted for nearly 97 per cent (i.e. ₹ 2,706.84 crore).

The debit balance and Credit balances of previous years (over two years old) had shown a drastic increase under Purchase Suspense. It was observed that about 58 per cent of Debits and 55 per cent of Credits related to old period were under 'Other Miscellaneous Items'. Zonal Railways contributing for Debit Balance items under 'Other Miscellaneous Items' were NCR (₹ 2,790.40 crore), NFR

⁷⁵ Over two years old items related to ER - ₹ 2,029.56 crore (40 per cent) and NCR - ₹ 2,706.84 crore (54 per cent).

(₹35.60 crore) and NWR (₹ 107.48 crore). The main Railways contributing for Credit Balance items under 'Other Miscellaneous Items' was NCR (₹ 2,706.84 crore - 97 per cent) of the total balance under this head. This indicated that Debit / Credit details were recorded insufficiently making it difficult to trace the original transaction at a distant date and no proper mechanism was in place to link Debits / Credits.

3.3.3.3 Other Issues

- i. In SWR, the reconciliation of Purchase Suspense was in arrears since its formation. In WCR, the figures were not tallying with the Zonal Ledger and the anomaly existed for several years. In SCR, it was noticed that there were some minus entries in the Debit side of the Purchase Suspense which tantamount to inefficient balances. In NFR the balance pertaining to the period prior to 2012-13 as per Appropriation Accounts was ₹ 35.60 crore, which was wrongly shown under 'Other Miscellaneous Items' whereas as per the Books (Review Report) the debits were due to failure to link debits received (₹ 35.60 crore) and non receipt of credits for material received (₹ 3.71 crore). Items on Debit side were outstanding due to failure of matching in the system due to minor mismatch of data (SECR), non-availability of dispatch details in Sale Issue Note (RWF), material rejected and the firms were closed (DMW) and advance payments made but material rejected (RCF/Kapurthala).
- ii. Stores Code stipulates that the register should be inspected monthly by Stores Accounts Officer⁷⁶. In addition, as per Accounts Code, the Suspense Registers should be reconciled with General Books monthly. Contrary to these provisions, the certificate of reconciliation with General Books over the signature of Gazetted Officer was not available in the Subsidiary Register in four Zonal Railways (NER, NFR, SCR and SWR).

3.3.3.4 Stores Suspense

The transactions affecting this Suspense Head operated under Capital are in respect of value of stores received or issued from a Stores Depot. All Purchases made are debited to this head by credit to 'Purchases' or 'Cash' as the case may be. In principle the Computerized Stores Ledger or the Transaction Statement should tally with the amount at debit of Stores in the General Books of Accounts. Para 2543 read with Para 2561 of Indian Railways Code for the Stores Department, Volume II specify that Computer section should print a statement giving particulars of variation in Book rate by 10 per cent or more, Credit Balance either in quantity or value, Quantity without value or values without quantities. The ledger should be reviewed once in every six months to remove irregular

⁷⁶ Para 2816 of Stores Code, Volume II

balances. The computer center should also ensure that suitable machinery has been provided for in the system to arrest the irregularities. Scrutiny revealed the following:

- i. There was difference in figures of Computerized Stores Ledger and Stores in General Books in CR (₹ 0.89 crore), ECoR (₹ 11.20 crore), NR (₹ 25.00 crore), SER (₹ 17.56 crore) and WCR (₹ 21.80 crore).
- ii. The maintenance of Priced Ledger was not efficient as there exists irregular items i.e. quantities without values (SR and ICF).
- iii. The rates as priced on computer were not in accordance with Para 210 Store Code (NER).
- iv. The existing mechanism to record the results of review of various 'Exception Reports' generated on the computer in respect of overstock and inactive items etc. was ineffective in the zonal railways resulting in accumulation of inactive/over stock.

A further review of the 'Stores Transaction' and 'Stock Adjustment Account' of the Indian Railways revealed the following:

- i. The deficiency due to revaluation of stores showed an increasing trend in NR - ₹ 4.53 crore (2009-10) to ₹ 14.11 crore (2013-14) and ICF - ₹ 0.01 crore (2009-10) to ₹ 2.34 crore (2013-14). In ICF the loss due to classification of new stores as second hand materials had increased from ₹ 0.17 crore (2009-10) to ₹ 0.92 crore (441 per cent) during 2013-14.
- ii. The deficiencies due to Stock Verification of the Indian Railways were to the tune of ₹ 12.08 crore. SCR had topped the list with ₹ 4.07 crore followed by NR with ₹ 2.49 crore, DLW with ₹ 1.63 crore and WR with ₹ 1.02 crore.
- iii. Indian Railways exhibited an amount of ₹ 528.19 crore as deficiencies due to miscellaneous reasons. A test check revealed that the deficiency showed an increasing trend as shown below:

| Sl. No. | Name of the Zonal Railways | Balance as on 31 st March 2010 (₹ in crore) | Balance as on 31 st March 2014 (₹ in crore) |
|---------|----------------------------|--|--|
| 1. | ER | 10.49 | 17.85 |
| 2. | NR | 58.83 | 102.00 |
| 3. | NWR | 2.00 | 14.04 |
| 4. | SR | 27.12 | 30.60 |
| 5. | SER | 10.10 | 30.70 |
| 6. | CLW | 5.97 | 208.84 |

- iv. A test check revealed that out of the total 'Dead Surplus Stock' of ₹ 23.67 crore (2013-14) WR alone had accounted for 87 per cent (₹ 20.66 crore) followed by WCR for 11 per cent (₹ 2.76 crore).

- v. Closing Stores Balance of ₹ 4,213.14 crore included Scrap Stores worth ₹ 198.21 crore (5 per cent) (2013-14).
- vi. The certificate of reconciliation with General Books over the signature of Gazetted Officer was not available in the Subsidiary Stores Ledger or the Transaction Statement (NFR and SWR).
- vii. It was observed that in the Zonal Railways, the mechanism existing to record the results of review of various 'Exception Reports' generated on the computer in respect of overstock and inactive items etc. was ineffective resulting in accumulation of inactive/over stock.

The debit balance and Credit balances of more than two years old had shown a drastic increase under Purchase suspense. Debit/Credit details are recorded insufficiently making it difficult to trace the original transaction at a later date and no proper mechanism exists to link Debits/Credits.

3.3.3.5 Workshop Manufacture Suspense

The 'Workshop Manufacture Suspense Account'⁷⁷ is operated to book expenses on labour, material and over head charges for a job work undertaken in Railway Workshops for other Departments and Railways. The Debit side of this account shows all expenses incurred on a job in Railway Workshops viz Labour, Stores, Freight charges, Proforma On Cost and Workshop Transfers. The Credit side shows the cost of job transferred to Final Heads of concerned Department for whom job was undertaken. The balance represents the outlay on Works in progress and Completed works which are awaiting acceptance of the parties ordered for manufacture. Review of the balances under this head revealed the following:

- i. In IR the net debit balance outstanding under WMS Account as on 31 March 2014 was ₹ 1,380.05 crore.
- ii. In Five Zonal Railways there are long pending items awaiting clearance. The outstanding dated back to 1967 (NR), 1995 (NER), 2005 (CLW), 2008 (NWR), 2009 (DLW) and 2011 (NFR and RCF).
- iii. The amount of outstanding dues for jobs undertaken in workshops for outsiders without sufficient deposits worked out to ₹ 24.35 crore (ER), ₹ 4.51 crore (NER), ₹ 4.44 crore (NWR) and ₹ 59.33 crore (ICF). In ICF, an amount of ₹ 57.91 crore out of ₹ 59.33 crore was shown as due from Mumbai Rail Vikas Corporation Limited for over two year.
- iv. In SCR, the net debit balance of ₹ 9.27 crore outstanding under WMS Account was (31.03.2014) stated to be relating to period less than one year

⁷⁷ Para 1217, 1221, 1223 and 1224 of Indian Railways Code for Mechanical Department

old, whereas a review of records of sub workshop revealed that pending items relating to 2012-13 were still awaiting clearance but not shown as outstanding in the WMS Account.

- v. The mechanism to watch that the outstanding balances within the prescribed limits fixed by Railway Board in ECR, SER, SWR, and SR (Engineering Workshop) was not adequately effective. In SCR no limits were fixed by the Railway Board.
- vi. There were delays in conducting the periodical review of on cost. Retrospective revision of prices for manufactures and repair work orders was not acceptable to the parties which resulted in either accumulation of outstanding recoverable balance or stock under the Suspense head. Balance outstanding on this account in three Zonal Railways was ₹ 17.27 crore⁷⁸.
- vii. Para 1224 of Indian Railways Code for Mechanical Department stipulates that details under WMS consist of nothing else except cost of labour, material and on cost charges expended on unfinished or completed jobs awaiting adjustments. ECR and NWR stated that no item-wise details were available for outstanding balances. SR stated that ferrous scrap was shown as outstanding. SWR admitted the absence of proper mechanism. The mechanism to ensure that only the cost of labour, material and on cost expended on unfinished jobs or completed jobs were shown as closing balance awaiting adjustment put in place by Zonal Railways was not efficient.

(Appendix 3.16)

3.3.4 Remittance Transactions

Transactions between the Ministry of Railways and Other Ministries or States for which the accounts are not maintained by themselves are 'Remittance Transactions'. Two suspense heads (i) Remittance into Bank and (ii) Cheques and Bills are maintained.

3.3.4.1 Remittances into Bank

This is a Suspense Head operated to record the remittance of earnings into the Banks. This Suspense head is debited with amount of all Remittance Notes by crediting the Appropriate Revenue Service head. Each Bank with which the railway has transactions sends daily statement showing the amounts deposited by the various departmental officers on behalf of Railways. The Credit Scrolls should be checked immediately on receipt of the counterfoils of cheques and Cash Remittance Notes. At the end of the month the total amount of the remittance acknowledged by the Bank will be debited to the Head 'Reserve Bank Deposits

⁷⁸ NWR- ₹5.73 crore, SECR - ₹4.79 crore and WR - ₹6.75 crore.

(Railways)' by contra credit to 'Remittance into Bank'. The balance under this suspense head, therefore, represents the amount deposited into bank but not acknowledged by them. The balance under this head i.e. Remittances into Bank should always be a Debit Balance. Para 444 of Indian Railways Code for Accounts Department Volume I envisages that reconciliation is to be done every month by FA&CAO. A review of the balances under this Suspense Head revealed that:

- i. Though the Balance under 'Remittances into Bank' is always a debit balance, as per the Indian Railway Balance Sheet, the balance shown was always a Credit Balance (i.e. remittances acknowledged by Reserve Bank in excess of Cash Remittance Notes actually accounted in the Books termed as 'adverse balance'). During 2009-14, balances shown on the Liabilities Side of the Balance Sheet were ₹ 972.18 crore (2009-10), ₹ 610.68 crore (2010-11), ₹ 546.13 crore (2011-12), ₹ 988.25 crore (2012-13) and ₹ 703.34 crore (2013-14).
- ii. The adverse balances under this head were mainly due to unidentified and unlinked credits (ER), non reconciliation of balances (SWR) and receipt of credit towards freight charges through e-payments before accrual of debit (SER and WCR). In SCR, in seven out of 10 accounting units, there were adverse balances as on 31.03.2014 due to non receipt of supporting vouchers.
- iii. There were delays in receipt of Memo of Clearance from the Bank in ECR, NR, NCR and SCR due to inaction of the Railways to correspond with Banks instantaneously.
- iv. No Prompt action was taken to dispose the discrepancies noticed during the reconciliation of credit scrolls with the counterfoils of Cheques and Cash Remittance Notes by corresponding with the banks which resulted in long outstanding balances under this Suspense Head as was observed in four Zonal Railways⁷⁹.
- v. The General Books are closed every month for compilation of Monthly Account Current. For this purpose various subsidiary registers are to be totalled up and reconciled with the General Books. Certificate of reconciliation is to be recorded in the subsidiary register under the signature of Accounts Officer⁸⁰. It was pointed out by NR, NFR, SCR and SWR that the certificate of reconciliation with General Books over the signature of Gazetted Officer was not available in the Subsidiary Registers.

(Appendix 3.17)

⁷⁹ ECR, SR, SCR and WR

⁸⁰ Para 322 of Indian Railways Code for Accounts Department Volume I

The outstanding balance under this Suspense Head indicated failure to reconcile the remittances with Banks, poor co-ordination between the Zonal Railways and the designated banks and inadequate monitoring of timely receipt of Bank Scrolls by them. The present internal control mechanism requires to be fortified to ensure that there are no negative balances as per Para 444 of Indian Railways Code for Accounts Department, Volume I.

3.3.4.2 Cheques and Bills

The system of Railway Accounts provides for operation of a Suspense Head 'Cheques and Bills' operated under Major Head 'L-Suspense and Miscellaneous Suspense Accounts'. When Cheques are issued the head 'Cheques and Bills' is credited with the amount of cheques issued and the appropriate Revenue Service head is debited. At the end of the month when the total amount of the Cheques paid (i.e. cashed at the Banks) are available from the Reserve Bank and reconciled the head 'Cheques and Bills' is debited and 'Reserve Bank Deposit (Railways)' is credited. The balance under this suspense head, therefore, represents mainly total value of uncashed cheques. The balances under this Suspense Head should always be a 'Credit Balance'. Para 437(b) of Indian Railways Code for Accounts Department, Volume I envisages the procedure to be followed in regard to review and reconciliation of 'Cheques and Bills' half-yearly. Para 444 of Indian Railways Accounts Code, Volume I states that the amounts relating to uncashed cheques remaining for more than six months after the date of issue should be cleared from this Suspense head treating them as 'Railway Earnings' and credited to Abstract-Z 'Sundry Earnings'.

A review of the balances under this Suspense Head revealed the following:

- i. The balance under 'Cheques and Bills' as shown in the Balance Sheet and the balances shown in the Debt Head Report⁸¹ should tally. It was, however, observed that the balance under 'Cheques and Bills' appearing in the Liability side of the Balance Sheet of IR as on 31 March 2014 was ₹ 2,882.98 crore, whereas the balance as per the Debt Head Report for 2013-14 was ₹ 3,044.14 crore.
- ii. The Balance under 'Cheques and Bills' (amount of cheques issued) should always be a Credit balance. However, in NWR (-) ₹ 92.43 crore and DLW (-) ₹ 12.31 crore under suspense head was maintained inefficiently resulting in adverse balance (i.e. Cheques encashed were more than cheques issued-Debit Balance) to end of March 2014.

⁸¹ *The Debt Head Report is a part of Union Government Finance Account. It includes balances in respect of (i) Small Savings and Provident Fund (ii) Reserve Fund (iii) Deposits and Advances (iv) Suspense Account (v) Loans and Advances (vi) Inter Government Adjustment Accounts (Para 748-752 of Indian Railways Code for Accounts Department Volume I).*

- iii. The outstanding at the end of March 2014-₹ 2,882.98 crore included substantial balance which pertained to earlier years 2004-05 (SCR and SWR), 2006-07 (SECR), 2008-09 (ECoR), 2010-11 (RCF).
- iv. Reconciliation procedures were not followed in NR and NCR and mechanism to ensure that there were no delays in receipt of Memo of Clearance from the Bank in NR, NCR, SWR and WCR proved to be inadequate.
- v. The Balance shown as outstanding under this Suspense Head related to periods more than six months which clearly indicated that discrepancies noticed during the reconciliation of credit scrolls with the date wise monthly summaries of bank were not intimated to Banks promptly under this Suspense Head. In contravention of extant provisions⁸², the balances were allowed to remain in this head instead of transferring to the Earnings to the tune of ₹ 63.30 crore. (Appendix 3.17)
- vi. Year-wise break up of outstanding balances were not furnished by ECR, SR, SWR and WCR.
- vii. The certificate of reconciliation with General Books over the signature of Gazetted Officer was not available in the Subsidiary Register.

Thus the extant provisions were not strictly followed and no concrete steps were taken to initiate action to get the approval of FA&CAO for transfer of the amount of cheques remaining un-cashed for more than six months after the date of issue to earning-Abstract Z-650-Other unclassified receipts or works concerned according to the transaction for which it related even though half yearly review of the balance under the head 'Cheques and Bills' was done and report sent to Railway Board routinely.

3.3.5 Inter - Governmental Transactions

For the settlement of inter departmental and inter governmental transactions arising in the books of Railway Accounts Offices, PAO suspense head⁸³ is operated. Outstanding Debit balance under this Suspense Head would mean that payments made on behalf of other Accounts Offices are yet to be recovered. Outstanding Credit balance under this Suspense Head would mean that payments have been received by the PAO on behalf of other PAOs which are yet to be paid. The balance under this head is exhibited on the Liabilities Side of the Balance Sheet of Indian Railways.

A review of the balances under this Suspense Head revealed the following:

- i. The outstanding debit balance under 'PAO Suspense' as compared to 2009-10 (₹ 210.49 crore) increased in 2013-14 (₹ 240.51 crore). The major Zonal

⁸² Para 444 of Indian Railways Code for the Accounts Department Volume I

⁸³ Para 457 to 467 of Indian Railways Code for Accounts Department Volume I

Railways which contributed for the increase in the balance were ER, NWR, SR, SCR, WR and WCR.

- ii. Credit Balance of ₹ 3.06 crore was shown by CR which implied that payments had been received on behalf of other PAO but were not paid.
- iii. The heavy and continuous growth in the 'PAO Suspense' indicated lack of proper interaction with different PAOs for clearing these balances.

(Appendix 3.18)

3.4 Conclusion

The growth of suspense balances was due to the following reasons:

- Importance of clearance of suspense balances was not fully realized by the Executive/Accounts Departments.
- Expenditure was allocated indiscriminately to suspense heads without making efforts to allocate the same to the final heads of account.
- The year wise break up of balances under various suspense heads were not maintained as envisaged in the Code⁸⁴.
- No proper action was taken to adjust them as early as possible either by debit to the relevant final head or by transfer to other accounting units to which they pertained.
- Incomplete or incorrect postings in the suspense register without sufficient particulars/details etc. resulted in difficulties in linking the items at the time of clearance.
- Continued and effective review was not done to clear the items resulting in items becoming old and difficult to clear.

3.5 Recommendations

The following measures are suggested to be implemented by IR through Financial Commissioner (Railways) and Financial Advisor and Chief Accounts Officer of Zonal Railways for clearance of the balances under Suspense Accounts:

- The suspense balances under 'Traffic Account' on account of freight outstanding, admitted debits, objected debits, wharfage/demurrage and demand recoverable need to be kept at minimal as it has an impact on earnings of the Railways.

⁸⁴ Para 620 of Indian Railways Code for Accounts Department Volume I

- Monitoring mechanism for clearance of old outstanding suspense balances needs to be strengthened at Zonal Railway level. Corrective steps need to be taken for clearance of excessive old items.
- Correct posting with sufficient details should be made in the Suspense Registers. Items should be placed under “Suspense” or written off with the sanction of the competent authority.



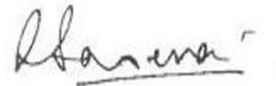
(SUMAN SAXENA)

Deputy Comptroller and Auditor General

New Delhi

Dated:

Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

New Delhi

Dated:

**Appendix 3.3 - Statement showing cumulative balance under Traffic Suspense Account for the period from 2009-10 to 2013-14
(Reference Para No. 3.3.1.1)**

(₹ in crore)

| Railway | Balance as on 31st March of the year | | | | | Percentage increase over previous year | | | |
|-----------------------------|--------------------------------------|----------------|----------------|----------------|----------------|--|-------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Central | 17.47 | 15.81 | 31.49 | 27.59 | 122.48 | -9.50 | 99.18 | -12.38 | 343.93 |
| Eastern | 35.43 | 36.44 | 34.93 | 36.73 | 38.93 | 2.85 | -4.14 | 5.15 | 5.99 |
| East Central | -8.44 | -10.53 | -9.83 | 13.22 | 78.28 | 24.76 | -6.65 | -234.49 | 492.13 |
| East Coast | 17.31 | 16.70 | 32.45 | 53.22 | 96.11 | -3.52 | 94.31 | 64.01 | 80.59 |
| Northern | 842.16 | 869.51 | 858.25 | 846.17 | 833.03 | 3.25 | -1.29 | -1.41 | -1.55 |
| North Central | -16.50 | -15.94 | -17.87 | -11.39 | -3.70 | -3.39 | 12.11 | -36.26 | -67.52 |
| North Eastern | 4.40 | 6.50 | 10.01 | 10.24 | 6.64 | 47.73 | 54.00 | 2.30 | -35.16 |
| Northeast Frontier | 3.45 | 7.92 | 24.24 | 100.72 | 52.13 | 129.57 | 206.06 | 315.51 | -48.24 |
| North Western | -74.63 | -73.04 | -75.38 | -74.80 | -55.25 | -2.13 | 3.20 | -0.77 | -26.14 |
| Southern | 32.60 | 30.84 | 41.17 | 49.16 | 65.13 | -5.40 | 33.50 | 19.41 | 32.49 |
| South Central | 6.37 | 6.13 | 8.77 | 8.24 | 7.23 | -3.77 | 43.07 | -6.04 | -12.26 |
| South Eastern | 254.08 | 240.64 | 239.26 | 261.86 | 261.49 | -5.29 | -0.57 | 9.45 | -0.14 |
| South East Central | 14.39 | 11.37 | 11.18 | 7.44 | 64.55 | -20.99 | -1.67 | -33.45 | 767.61 |
| South Western | 0.23 | -0.49 | -0.19 | 1.09 | 0.36 | -313.04 | -61.22 | -673.68 | -66.97 |
| Western | 18.49 | 22.73 | 20.66 | 17.59 | 20.47 | 22.93 | -9.11 | -14.86 | 16.37 |
| West Central | 2.25 | 3.78 | 4.10 | 3.18 | 2.45 | 68.00 | 8.47 | -22.44 | -22.96 |
| Total | 1149.06 | 1168.37 | 1213.24 | 1350.26 | 1590.33 | 1.68 | 3.84 | 11.29 | 17.78 |
| Total Indian Railway | 1149.06 | 1168.37 | 1213.24 | 1350.26 | 1590.33 | | | | |

Appendix 3.4 Statement showing cumulative balance under Traffic Suspense Account for 2013-14
(Reference Para No. 3.3.1.1)

(₹ in crore)

| Railway | Balance as on 31st March of the year | | | | Outstanding | | | |
|--------------------|--|--------------------------------|------------------|---------------|--------------------------|-----------------|-------------------------|----------------|
| | Balance as shown in Balance Sheet of 2012-13 | As per Account Current figures | | | Balance as on 31.03.2014 | As per Accounts | As reported by Railways | Difference |
| | | O/B | Debit | Credit | | | | |
| Central | 27.59 | 8998.62 | 8903.73 | 94.89 | 122.48 | 122.48 | 117.09 | 5.39 |
| Eastern | 36.73 | 6781.74 | 6779.54 | 2.20 | 38.93 | 38.93 | 14.76 | 24.17 |
| East Central | 13.22 | 12163.12 | 12098.06 | 65.06 | 78.28 | 78.28 | 78.28 | 0.00 |
| East Coast | 53.22 | 13502.64 | 13459.75 | 42.89 | 96.11 | 96.11 | 96.46 | -0.35 |
| Northern | 846.17 | 29432.92 | 29446.06 | -13.14 | 833.03 | 833.03 | 833.03 | 0.00 |
| North Central | -11.39 | 11557.52 | 11549.83 | 7.69 | -3.70 | -3.70 | -32.03 | 28.33 |
| North Eastern | 10.24 | 1836.43 | 1840.03 | -3.60 | 6.64 | 6.64 | 6.83 | -0.19 |
| Northeast Frontier | 100.72 | 2818.63 | 2867.22 | -48.59 | 52.13 | 52.13 | 291.94 | -239.81 |
| North Western | -74.80 | 8886.58 | 8867.03 | 19.55 | -55.25 | -55.25 | -55.25 | 0.00 |
| Southern | 49.16 | 7606.79 | 7590.82 | 15.97 | 65.13 | 65.13 | 62.17 | 2.96 |
| South Central | 8.24 | 11202.46 | 11203.47 | -1.01 | 7.23 | 7.23 | 4.02 | 3.21 |
| South Eastern | 261.86 | 12213.78 | 12214.15 | -0.37 | 261.49 | 261.49 | 253.16 | 8.33 |
| South East Central | 7.44 | 14843.50 | 14786.39 | 57.11 | 64.55 | 64.55 | 72.89 | -8.34 |
| South Western | 1.09 | 4226.01 | 4226.74 | -0.73 | 0.36 | 0.36 | 11.95 | -11.59 |
| Western | 17.59 | 16731.22 | 16728.34 | 2.88 | 20.47 | 20.47 | 17.47 | 3.00 |
| West Central | 3.18 | 5698.62 | 5699.35 | -0.73 | 2.45 | 2.45 | 6.85 | -4.40 |
| Total | | 168500.58 | 168260.51 | 240.07 | 1590.33 | 1590.33 | 1779.62 | -189.29 |

Appendix 3.5 Statement showing cumulative balance under Station Outstanding for the period from 2009-10 to 2013-14
(Reference Para No. 3.3.1.1)

| (₹ in crore) | | | | | | | | | |
|--------------------|--------------------------------------|----------------|----------------|----------------|----------------|--|-------------|--------------|--------------|
| Railway | Balance as on 31st March of the year | | | | | Percentage increase over previous year | | | |
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Central | 12.08 | 10.43 | 26.12 | 22.22 | 117.11 | -13.66 | 150.43 | -14.93 | 427.05 |
| Eastern | 8.20 | 9.21 | 7.70 | 9.50 | 11.69 | 12.32 | -16.40 | 23.38 | 23.05 |
| East Central | 18.88 | 17.41 | 18.28 | 41.32 | 105.22 | -7.79 | 5.00 | 126.04 | 154.65 |
| East Coast | 20.65 | 19.76 | 31.83 | 52.66 | 95.83 | -4.31 | 61.08 | 65.44 | 81.98 |
| Northern | 717.48 | 726.88 | 717.39 | 708.89 | 693.48 | 1.31 | -1.31 | -1.18 | -2.17 |
| North Central | 2.59 | 4.84 | 3.22 | 9.70 | 17.43 | 86.87 | -33.47 | 201.24 | 79.69 |
| North Eastern | 3.48 | 5.57 | 9.08 | 9.32 | 5.71 | 60.06 | 63.02 | 2.64 | -38.73 |
| Northeast Frontier | 3.64 | 8.73 | 23.98 | 101.82 | 53.25 | 139.84 | 174.68 | 324.60 | -47.70 |
| North Western | 39.22 | 40.80 | 38.73 | 39.01 | 44.41 | 4.03 | -5.09 | 0.74 | 13.84 |
| Southern | 29.49 | 27.79 | 38.13 | 46.13 | 61.99 | -5.76 | 37.21 | 20.98 | 34.38 |
| South Central | 2.72 | 2.85 | 3.79 | 3.78 | 3.89 | 4.78 | 32.98 | -0.26 | 2.91 |
| South Eastern | 239.16 | 225.63 | 228.67 | 250.07 | 247.87 | -5.66 | 1.35 | 9.36 | -0.88 |
| South East Central | 17.39 | 18.13 | 18.71 | 14.96 | 67.32 | 4.26 | 3.20 | -20.04 | 350.00 |
| South Western | 5.95 | 4.96 | 5.53 | 6.76 | 6.06 | -16.64 | 11.49 | 22.24 | -10.36 |
| Western | 15.49 | 18.08 | 17.06 | 13.75 | 16.71 | 16.72 | -5.64 | -19.40 | 21.53 |
| West Central | 6.64 | 8.16 | 8.49 | 7.57 | 6.85 | 22.89 | 4.04 | -10.84 | -9.51 |
| Total | 1143.06 | 1149.23 | 1196.71 | 1337.46 | 1554.82 | 0.54 | 4.13 | 11.76 | 16.25 |

Appendix 3.6 Statement showing Major components of unrealised earnings in Traffic Suspense Account for 5 years
(Reference Para No. 3.3.1.2, Para No. 3.3.1.3 and Para No. 3.3.1.4)

| (₹ in crore) | | | | | | | | | | | | | | | |
|--------------------|---------------------|---------------|---------------|---------------|---------------|-----------------|---------------|--------------|--------------|--------------|--------------------------|--------------|---------------|---------------|---------------|
| Railway | Freight Outstanding | | | | | Admitted Debits | | | | | Objected/Disputed Debits | | | | |
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2010 | 2011 | 2012 | 2013 | 2014 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Central | NA | 1.23 | 10.56 | 8.92 | 43.55 | NA | 1.26 | 1.56 | 2.85 | 2.05 | NA | 2.72 | 10.32 | 5.68 | 6.89 |
| Eastern | 2.44 | 1.12 | 0.78 | 0.56 | 0.19 | 0.83 | 0.84 | 0.67 | 0.89 | 1.75 | 1.56 | 2.89 | 2.75 | 2.76 | 3.26 |
| East Central | 1.92 | 2.28 | 1.66 | 3.08 | 2.81 | 3.31 | 3.30 | 2.30 | 3.30 | 6.07 | 2.38 | 4.16 | 3.78 | 5.53 | 10.58 |
| East Coast | 2.89 | 2.33 | 4.30 | 4.82 | 61.24 | 0.61 | 1.54 | 2.29 | 6.97 | 4.91 | 1.72 | 2.01 | 2.06 | 2.82 | 2.45 |
| Northern | 619.87 | 626.72 | 618.36 | 624.80 | 573.86 | 68.73 | 68.48 | 0.70 | 1.49 | 3.16 | 12.78 | 25.01 | 85.22 | 70.97 | 96.02 |
| North Central | 0.12 | 0.15 | 0.09 | 0.69 | 0.37 | 1.17 | 1.52 | 1.71 | 1.71 | 1.33 | 0.35 | 0.34 | 0.50 | 2.60 | 3.70 |
| North Eastern | 0.00 | 0.28 | 2.83 | 2.97 | 3.03 | 0.65 | 0.46 | 0.52 | 0.34 | 0.40 | 2.28 | 3.25 | 0.42 | 0.48 | 0.68 |
| Northeast Frontier | 0.54 | 0.81 | 0.98 | 1.04 | 0.86 | 0.29 | 0.99 | 0.92 | 1.69 | 1.83 | 1.32 | 1.27 | 1.73 | 3.41 | 7.99 |
| North Western | 37.59 | 37.52 | 37.54 | 37.53 | 37.51 | 0.25 | 0.20 | 0.35 | 0.12 | 0.26 | 0.46 | 1.05 | 0.36 | 0.83 | 2.32 |
| Southern | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.29 | 1.26 | 1.73 | 2.01 | 2.09 | 18.19 | 13.96 | 12.86 | 12.22 | 13.75 |
| South Central | 0.20 | 0.16 | 0.16 | 0.16 | 0.16 | 0.67 | 0.68 | 0.63 | 0.54 | 0.51 | 0.50 | 0.47 | 0.52 | 1.42 | 1.66 |
| South Eastern | 15.64 | 12.02 | 16.35 | 26.44 | 17.79 | 21.75 | 23.66 | 22.61 | 25.22 | 27.50 | 3.69 | 2.08 | 4.11 | 6.61 | 8.16 |
| South East Central | 8.52 | 9.86 | 9.19 | 8.17 | 8.59 | 1.19 | 2.66 | 1.83 | 1.24 | 1.64 | 0.21 | 0.31 | 0.49 | 0.47 | 0.31 |
| South Western | 0.15 | 0.12 | 0.33 | 0.00 | 0.01 | 0.62 | 0.60 | 1.54 | 0.67 | 0.77 | 0.70 | 1.32 | 0.94 | 1.44 | 0.94 |
| Western | 3.96 | 3.36 | 3.39 | 3.61 | 7.93 | 0.23 | 0.14 | 0.13 | 0.16 | 0.14 | 6.97 | 8.29 | 9.38 | 7.29 | 5.54 |
| West Central | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 2.35 | 3.80 | 3.56 | 3.45 | 3.15 | 0.73 | 1.00 | 0.66 | 0.21 | 0.41 |
| Total | 695.04 | 699.16 | 707.71 | 723.99 | 759.10 | 103.94 | 111.39 | 43.05 | 52.65 | 57.56 | 53.84 | 70.13 | 136.10 | 124.74 | 164.66 |

| Appendix 3.7 Statement showing unrealised Wharfage and Demurrage earnings in Traffic Suspense Account for the year 2013-14 (Reference Para No. 3.3.1.5) | | | | | | | | | | |
|--|--------------------|---------------|--------------|---------------|---------------|---------------------|----------------|---------------|----------------|---------------|
| (₹ in crore) | | | | | | | | | | |
| Railway | Wharfage (2013-14) | | | | | Demurrage (2013-14) | | | | |
| | OB | Accrued | Waived | Recovered | Outstanding | OB | Accrued | Waived | Recovered | Outstanding |
| Central | 0.18 | 45.35 | 3.85 | 40.76 | 0.92 | 3.73 | 168.70 | 19.93 | 89.52 | 62.98 |
| Eastern | 0.57 | 3.48 | 0.10 | 3.33 | 0.62 | 4.17 | 127.77 | 36.10 | 90.67 | 5.17 |
| East Central | 0.65 | 0.53 | 0.33 | 0.26 | 0.59 | 26.05 | 95.12 | 17.14 | 30.47 | 73.56 |
| East Coast | 0.03 | 5.83 | 0.00 | 5.83 | 0.03 | 20.25 | 67.39 | 32.68 | 48.75 | 6.21 |
| Northern | 0.49 | 38.75 | 4.05 | 34.52 | 0.67 | 0.33 | 102.18 | 31.13 | 67.39 | 3.99 |
| North Central | 0.02 | 10.03 | 0.60 | 9.44 | 0.01 | 3.24 | 60.06 | 12.55 | 40.89 | 9.86 |
| North Eastern | 3.20 | 16.73 | 1.09 | 18.36 | 0.48 | 1.47 | 3.60 | 0.00 | 4.69 | 0.38 |
| Northeast Frontier | 2.82 | 6.30 | 1.55 | 6.18 | 1.39 | 89.72 | 69.18 | 60.09 | 64.61 | 34.20 |
| North Western | 0.00 | 8.03 | 0.13 | 7.81 | 0.10 | 0.51 | 39.22 | 11.40 | 25.71 | 2.61 |
| Southern | 1.23 | 11.64 | 0.06 | 11.06 | 1.75 | 22.40 | 58.22 | 2.16 | 42.38 | 36.08 |
| South Central | 0.02 | 3.23 | 0.21 | 3.02 | 0.02 | 0.26 | 153.39 | 49.97 | 103.36 | 0.32 |
| South Eastern | 159.23 | 11.39 | 0.00 | 11.10 | 159.52 | 19.68 | 329.46 | 102.41 | 233.39 | 13.34 |
| South East Central | 1.50 | 3.77 | 0.02 | 3.94 | 1.31 | 2.43 | 258.55 | 61.10 | 145.45 | 54.43 |
| South Western | 0.13 | 5.14 | 0.00 | 5.01 | 0.26 | 2.54 | 79.07 | 0.93 | 69.39 | 11.29 |
| Western | 0.71 | 30.30 | 4.71 | 26.14 | 0.16 | 1.45 | 53.38 | 13.98 | 39.52 | 1.33 |
| West Central | 1.26 | 3.84 | 0 | 3.86 | 1.24 | 0.67 | 46.38 | 6.63 | 39.80 | 0.62 |
| Total | 172.04 | 204.34 | 16.70 | 190.62 | 169.07 | 198.90 | 1711.67 | 458.20 | 1135.99 | 316.37 |

| Appendix 3.8 (a) Statement showing cumulative balance under Demands Recoverable (Reference Para No. 3.3.1.6) | | | | | | | | | |
|---|--------------------------------------|---------------|---------------|---------------|---------------|--|--------------|--------------|--------------|
| (₹ in crore) | | | | | | | | | |
| Railway | Balance as on 31st March of the year | | | | | Percentage increase over previous year | | | |
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Central | 16.66 | 20.56 | 22.99 | 26.88 | 23.69 | 23.41 | 11.82 | 16.92 | -11.87 |
| Eastern | 1.92 | 1.48 | 1.96 | 2.15 | 2.69 | -22.92 | 32.43 | 9.69 | 25.12 |
| East Central | 4.93 | 5.91 | 4.18 | 7.31 | 4.73 | 19.88 | -29.27 | 74.88 | -35.29 |
| East Coast | 0.22 | 0.96 | 0.71 | 0.39 | 0.36 | 336.36 | -26.04 | -45.07 | -7.69 |
| Northern | 63.40 | 35.75 | 36.98 | 37.00 | 37.88 | -43.61 | 3.44 | 0.05 | 2.38 |
| North Central | 5.14 | 0.58 | -0.76 | -0.59 | 2.36 | -88.72 | -231.03 | -22.37 | -500.00 |
| North Eastern | 10.62 | 9.27 | 9.46 | 8.67 | 9.81 | -12.71 | 2.05 | -8.35 | 13.15 |
| Northeast Frontier | 4.25 | 6.04 | 6.20 | 5.50 | 9.22 | 42.12 | 2.65 | -20.86 | 67.63 |
| North Western | 2.36 | -0.88 | 0.41 | 1.00 | 6.94 | -137.29 | -146.59 | 143.90 | 594.00 |
| Southern | 3.17 | 0.10 | 1.97 | 3.47 | 7.30 | -96.85 | 1870.00 | 76.14 | 110.37 |
| South Central | 3.23 | 2.88 | 2.27 | 2.42 | 2.91 | -10.84 | -21.18 | 6.61 | 20.25 |
| South Eastern | 27.91 | 78.53 | 67.80 | 67.24 | 80.78 | 181.37 | -13.66 | -0.83 | 20.14 |
| South East Central | 7.39 | 6.02 | 4.24 | 7.97 | 8.26 | -18.54 | -29.57 | 87.97 | 3.64 |
| South Western | 3.30 | 4.98 | 4.16 | 1.30 | 5.28 | 50.91 | -16.47 | -68.75 | 306.15 |
| Western | 60.52 | 15.07 | 22.27 | 41.26 | 47.68 | -75.10 | 47.78 | 85.27 | 15.56 |
| West Central | 1.87 | 0.18 | 0.92 | 5.19 | 6.72 | -90.37 | 411.11 | 102.86 | 85.45 |
| Total | 216.89 | 187.43 | 185.76 | 217.16 | 256.61 | -13.58 | -0.89 | 16.90 | 18.17 |
| Indian Railway | 216.89 | 187.43 | 185.76 | 217.16 | 256.61 | | | | |

| Appendix 3.8 (b) Statement showing cumulative balance under Demands Recoverable for 2013-14 arrived from Opening Balances as per Printed Appropriation Accounts (Reference Para No. 3.3.1.6) | | | | | | | | |
|--|--|--------------------------------|---------------|--------------|--------------------------|----------------------|-------------------------|--------------|
| Railway | Balance as on 31st March of the year | | | | Outstanding | | | |
| | Balance as shown in Balance Sheet of 2012-2013 | As per Account Current figures | | | Balance as on 31.03.2014 | As per Balance Sheet | As reported by Railways | Difference |
| | | O/B | Dr | Cr | | | | |
| Central | 26.88 | 88.45 | 91.64 | -3.19 | 23.69 | 23.69 | 19.52 | 4.17 |
| Eastern | 2.15 | 9.09 | 8.55 | 0.54 | 2.69 | 2.69 | 3.07 | -0.38 |
| East Central | 7.31 | 4.99 | 7.56 | -2.58 | 4.73 | 4.73 | 4.74 | -0.01 |
| East Coast | 0.39 | 1.98 | 2.02 | -0.03 | 0.36 | 0.36 | 0.35 | 0.01 |
| Northern | 37.00 | 162.89 | 162.01 | 0.88 | 37.88 | 37.88 | 37.89 | -0.01 |
| North Central | -0.59 | 11.88 | 8.93 | 2.95 | 2.36 | 2.36 | -3.88 | 6.24 |
| North Eastern | 8.67 | 2.69 | 1.55 | 1.14 | 9.81 | 9.81 | 10.60 | -0.79 |
| Northeast Frontier | 5.50 | 0.00 | -3.72 | 3.72 | 9.22 | 9.22 | 9.22 | 0.00 |
| North Western | 1.00 | 16.36 | 10.41 | 5.94 | 6.94 | 6.94 | 6.95 | 0.00 |
| Southern | 3.47 | 17.22 | 13.40 | 3.83 | 7.30 | 7.30 | 7.28 | 0.02 |
| South Central | 2.42 | 13.35 | 12.85 | 0.49 | 2.91 | 2.91 | 2.13 | 0.78 |
| South Eastern | 67.24 | 44.30 | 30.77 | 13.54 | 80.78 | 80.78 | 81.31 | -0.53 |
| South E Central | 7.97 | 0.00 | -0.29 | 0.29 | 8.26 | 8.26 | 8.25 | 0.01 |
| South Western | 1.30 | 10.86 | 6.88 | 3.98 | 5.28 | 5.28 | 5.64 | -0.36 |
| Western | 41.26 | 46.67 | 40.25 | 6.42 | 47.68 | 47.68 | 43.28 | 4.40 |
| West Central | 5.19 | 21.16 | 19.63 | 1.53 | 6.72 | 6.72 | 7.90 | -1.18 |
| Total | 217.16 | 451.89 | 412.44 | 39.45 | 256.61 | 256.61 | 244.25 | 12.36 |

**Appendix 3.9 Statement showing Bills accrued, raised and recovered under Bills Receivable during 2013-14
(Reference Para No. 3.3.1.6 (iv))**

| (₹ in crore) | | | | | | | | | | | | |
|--------------------|---|---------|--|---------|--|---------|---|---------|---|---------|---|--|
| Railway | Amount of Bills Accrued for all items | | Amount of Bills for all items raised during the year 2013-14 | | Amount of Bills for all items realised during the year 2013-14 | | Amount of Bills for all the items written off during the year 2013-14 | | Amount of Bills outstanding for all items during the year 2013-14 | | Number of Cases under dispute/ Litigation | Reasons for dispute |
| | Old | Current | Old | Current | Old | Current | Old | Current | Old | Current | | |
| Central | 20.97 | 4.99 | 0.00 | 68.06 | 3.56 | 65.34 | 0.00 | 0.00 | 17.49 | 0.03 | 1 | Court case. (Selected Divisions Only) |
| Eastern | 0.20 | 81.26 | 0.20 | 81.26 | 0.46 | 55.48 | 0.00 | 0.00 | 0.20 | 25.32 | | (Total Zone) |
| East Central | 71.13 | 21.23 | 71.13 | 21.23 | 3.35 | 10.27 | 0.00 | 0.00 | 67.78 | 10.96 | | (Total Zone) |
| East Coast | 0.00 | 21.51 | 0.00 | 21.51 | 3.16 | 20.46 | 0.00 | 0.00 | 3.44 | 1.05 | | (Selected Divisions Only) |
| Northern | 0.98 | 8.42 | 0.98 | 8.42 | 0.54 | 6.88 | 0.00 | 0.00 | 0.44 | 1.54 | 3 | Non-availability of Funds. Selected Divisions only. |
| North Central | 5.75 | 34.31 | 1.83 | 34.31 | 1.39 | 31.00 | 0.00 | 0.00 | 4.36 | 3.31 | | |
| North Eastern | 11.38 | 12.86 | 11.38 | 12.86 | 3.14 | 3.02 | 0.00 | 0.00 | 8.24 | 9.84 | 37 | Rs.6.45 crore - Revision of rates with retrospective effect. (Total Zone) |
| Northeast Frontier | 2.26 | 3.60 | 2.26 | 3.60 | 1.21 | 2.67 | 0.00 | 0.00 | 1.07 | 2.22 | 4 | Non payment by parties and disputed cases. (Total Zone) |
| North Western | 72.70 | 401.52 | - | 401.52 | 34.00 | 394.94 | - | - | 38.00 | 7.27 | 8 | court case |
| Southern | 11.52 | 194.96 | 11.52 | 194.96 | 3.86 | 182.86 | 0.00 | 0.00 | 9.36 | 12.13 | 14 | Seven cases - LLF; 1 case-RAMCO cement Siding Disputing that the maintenance is done by the company; 6 cases - Court cases in parking contracts. (Selected Divisions Only) |
| South Central | Information in regard to S.C. Railway has not been included since separate comment has been framed bringing to light other deficiencies also. | | | | | | | | | | | |

Appendix 3.9 (Contd) Statement showing Bills accrued, raised and recovered under Bills Receivable during 2013-14

| | | | | | | | | | | | | (₹ in crore) |
|--------------------|-------|-------|-------|-------|-------|-------|------|------|-------|-------|----|--|
| South Eastern | 22.32 | 14.66 | 22.32 | 14.66 | 14.74 | 7.97 | 0.00 | 0.00 | 7.58 | 6.69 | 6 | Discontinuity of weighment rebate bill by Railway (2) Non-acceptance of joint find inspection report (3) Absence of proper agreement (4) Dispute on sale release order value (5) Taking the shelter of Solicitor General of India (6) Expenditure incurred for wharwall for use of Loco by BCCL which would be adjusted from Loco Hire Charges. (Total Zone) |
| South East Central | 25.42 | 24.06 | 25.42 | 24.06 | 4.33 | 13.22 | 0.00 | 0.00 | 21.08 | 10.84 | 10 | Due to stoppage of weighment rebate bills to coal companies by railways, M/s SECL & MCL have withheld the staff cost bills payment since March, 07, due to closure of sidings, disputed labour cost, Litigations etc. (Total Zone) |
| South Western | 9.75 | 0.00 | 9.75 | 50.19 | 6.55 | 44.50 | 0.00 | 0.00 | 3.50 | 5.69 | 7 | Difference in rates of rent from 6 % to 12 % from 1986 to 2013 for RMS BLDG referred to Rly Bd. As party is contesting bills. (Total Zone) |

Appendix 3.9 (Contd) Statement showing Bills accrued, raised and recovered under Bills Receivable during 2013-14

| (₹ in crore) | | | | | | | | | | | | |
|--------------|---------------|---------------|----------------|----------------|----------------|---------------|-------------|-------------|---------------|--------------|------------|---|
| Western | 7.26 | 100.65 | 0.00 | 100.65 | 2.45 | 98.35 | 0.00 | 0.00 | 4.81 | 2.30 | 10 | Party disputed land rates in 3 cases and in 1 case unable to pay due to funds shortage available. In SIX cases matter is subjudice. (Selected Divisions Only) |
| West Central | 1.07 | 7.54 | --- | 7.54 | 0.16 | 7.14 | NIL | NIL | 0.91 | 0.40 | 4 | (i) Siding closed in 1985. (ii) Matter with Ammunition depot/BTE. (Total Zone) |
| Total | 262.71 | 931.57 | 156.79 | 1044.83 | 82.90 | 944.11 | 0.00 | 0.00 | 188.26 | 99.59 | 104 | |
| | | | 1201.62 | | 1027.01 | | | | 287.85 | | | |

Appendix 3.10 Statement showing Bills Payable due during the financial year but not paid/accounted for in Final Books (2013-14)
{Reference Para No. 3.3.2.1 (iii)}

| (₹ in crore) | | | | | | | | | | | |
|--------------------|----------------|--------------------------|--------------|---------------|----------------|-------------|-----------------|----------------------------|-------------------|-------------------|--------------|
| Railway | Average Amount | Contractor Bills (Works) | | Stores Bills | Electric Bills | Water Bills | Telephone Bills | Outsourcing Contract Bills | OT Bills of Staff | TA Bills of Staff | Misc. |
| | | On Account | Final | | | | | | | | |
| Central | 0.00 | | | 0.60 | | 0.20 | 0.02 | | | | |
| Eastern | | | | | | | | | | 0.20 | |
| East Coast | 39.11 | 9.40 | | 19.00 | | | | 0.26 | 6.67 | 3.78 | |
| Northern | | 0.32 | 0.01 | | 0.02 | | | | | | 0.02 |
| North Central | | | | 0.05 | | | | | | | |
| North Eastern | 13.58 | 2.33 | 8.12 | 2.60 | | | | | | 0.53 | |
| Northeast Frontier | | 13.99 | 10.33 | 0.49 | 0.46 | | | | | 0.97 | |
| North Western | 0.06 | 2.86 | 0.45 | 16.44 | 0.07 | | | | | | 11.92 |
| Southern | | 0.94 | 1.04 | | | | | | | | |
| South Central | | | 20.85 | 5.29 | | | | | 0.52 | | 11.56 |
| South Eastern | | | | 0.24 | | | | | 0.82 | 1.39 | |
| South Western | | | | 12.89 | | | | | | | |
| Western | | 3.58 | 0.68 | 0.19 | | | | | | | |
| West Central | | 0.12 | 0.05 | 0.66 | | | | | | | |
| CLW | | | 0.16 | 55.39 | | | | | | | |
| RWF/Yelhanka | | 0.30 | | 1.28 | 7.38 | 0.27 | 0.02 | 0.51 | | | |
| DLW | | | 0.88 | 28.39 | | | | | | | |
| Metro/Kolkata | | 3.05 | 2.07 | 5.08 | | | | | | | |
| Total | 52.75 | 36.89 | 44.64 | 148.59 | 7.93 | 0.47 | 0.04 | 0.77 | 8.01 | 6.87 | 23.50 |
| Sub-Totals | | 81.53 | | 148.59 | 47.58 | | | | | | |
| Grand Total | 277.70 | | | | | | | | | | |

**Appendix 3.11 Statement showing cumulative balance under Miscellaneous Advances Revenue for 5 years
{Reference Para No. 3.3.2.2 (ii)}**

| (₹ in crore) | | | | | | | | | |
|---------------------------|--------------------------------------|----------------|----------------|----------------|----------------|--|--------------|-------------|--------------|
| Railway | Balance as on 31st March of the year | | | | | Percentage increase over previous year | | | |
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Central | 52.29 | 62.41 | 78.36 | 72.34 | 57.65 | 19.35 | 25.56 | -7.68 | -20.31 |
| Eastern | 32.57 | 41.75 | 51.67 | 60.59 | 73.57 | 28.19 | 23.76 | 17.26 | 21.42 |
| East Central | 58.90 | 59.25 | 46.21 | 55.68 | -21.17 | 0.59 | -22.01 | 20.49 | -138.02 |
| East Coast | 51.49 | 67.69 | 77.17 | 81.76 | 100.97 | 31.46 | 14.01 | 5.95 | 23.50 |
| Northern | 94.53 | 286.55 | 322.23 | 317.08 | 295.27 | 203.13 | 12.45 | -1.60 | -6.88 |
| North Central | 70.09 | 66.19 | 73.33 | 74.35 | 75.49 | -5.56 | 10.79 | 1.39 | 1.53 |
| North Eastern | 39.08 | 26.86 | 30.97 | 32.85 | 47.72 | -31.27 | 15.30 | 6.07 | 45.27 |
| Northeast Frontier | 6.55 | 10.79 | 29.78 | 31.82 | 14.65 | 64.73 | 176.00 | 106.85 | -53.96 |
| North Western | 17.84 | 20.40 | 27.98 | 37.64 | 35.21 | 14.35 | 37.16 | 34.52 | -6.46 |
| Southern | 187.35 | 200.49 | 256.99 | 236.57 | 186.97 | 7.01 | 28.18 | -7.95 | -20.97 |
| South Central | 143.47 | 180.31 | 177.68 | 228.06 | 264.83 | 25.68 | -1.46 | 28.35 | 16.12 |
| South Eastern | 64.76 | 80.24 | 58.67 | 73.61 | 78.18 | 23.90 | -26.88 | 25.46 | 6.21 |
| South East Central | 18.63 | 31.60 | 35.41 | 38.12 | 47.76 | 69.62 | 12.06 | 7.65 | 25.29 |
| South Western | 18.39 | 30.03 | 38.80 | 54.86 | 69.17 | 63.30 | 29.20 | 41.39 | 26.08 |
| Western | 45.87 | 63.56 | 92.49 | 106.17 | 106.32 | 38.57 | 45.52 | 14.79 | 0.14 |
| West Central | 27.99 | 52.37 | 64.34 | 79.19 | 90.40 | 87.10 | 22.86 | 22.83 | 13.14 |
| Total | 929.80 | 1280.49 | 1462.08 | 1580.69 | 1522.99 | 37.72 | 14.18 | 8.11 | -3.65 |
| All Indian Railway | 929.80 | 1280.49 | 1462.08 | 1580.72 | 1520.54 | | | | |

| Appendix 3.12 Statement showing components of net balance outstanding under MAR relating to period prior to previous year (2012-13) {Reference Para No. 3.3.2.2 (iii)} | | | | | | | | | | | |
|---|---------------------------|---------------------------------------|---------------------------------|--------------|------------------|---------------|----------------------------|---------------------------------------|---------------|----------------------------|-------------|
| (₹ in crore) | | | | | | | | | | | |
| Railway | Debit balance outstanding | Items awaiting adjustment for Want of | | | | Advances with | | Deposit with State Electricity Boards | Misc. Items | Credits | |
| | | Acceptance | Adequate particulars allocation | and | Relevant voucher | Staff | Private and Public Parties | | | Want of connected vouchers | Other Misc. |
| Central | 63.31 | 0.00 | 0.00 | 4.60 | 4.70 | 0.00 | 0.02 | 53.99 | 0.01 | 0.00 | |
| Eastern | 38.18 | 16.12 | | 5.46 | 0.00 | 0.00 | 0.00 | 16.60 | 0.89 | 4.68 | |
| East Central | 121.51 | | 118.99 | 0.97 | 0.00 | 0.00 | 0.00 | 1.55 | 75.30 | 0.00 | |
| East Coast | 51.63 | 11.97 | | 0.13 | 0.57 | 36.68 | 0.25 | 2.03 | 0.00 | 0.24 | |
| Northern | 7.55 | -39.27 | -175.38 | 2.64 | 5.55 | 0.00 | 0.00 | 214.01 | 0.00 | 0.00 | |
| North Central | 123.14 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 123.14 | 49.81 | 0.00 | |
| North Eastern | 14.54 | 0.00 | 0.00 | 0.15 | 0.00 | 0.00 | 0.00 | 14.39 | 0.00 | 3.23 | |
| Northeast Frontier | 29.81 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 29.81 | 0.00 | 0.00 | |
| North Western | 20.50 | 0.00 | 0.00 | 0.00 | 12.68 | 0.00 | 0.00 | 7.82 | 0.00 | 0.00 | |
| Southern | 174.82 | 10.85 | 3.30 | 0.00 | 3.87 | 6.20 | 102.94 | 47.66 | 0.96 | 45.00 | |
| South Central | 102.82 | 0.00 | 0.00 | 0.00 | 1.29 | 1.27 | 48.57 | 51.69 | 0.00 | 11.66 | |
| South Eastern | -30.24 | 0.00 | 0.00 | 0.00 | 8.17 | 30.74 | 1.17 | -70.32 | 0.00 | 0.27 | |
| South East Central | 19.88 | 0.00 | 9.12 | 0.00 | 3.18 | 0.02 | 6.70 | 0.86 | 0.00 | 0.00 | |
| South Western | 12.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.61 | 0.00 | 0.19 | |
| Western | 87.30 | 0.00 | 0.00 | 0.00 | 0.00 | 40.78 | 0.00 | 46.52 | 0.00 | 0.00 | |
| West Central | 65.06 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 65.06 | 0.00 | 0.00 | 0.00 | |
| Total | 902.42 | -0.33 | -43.97 | 13.95 | 40.01 | 115.69 | 224.71 | 552.36 | 126.97 | 65.27 | |
| Sub-Totals | | | -30.35 | | | 155.70 | 224.71 | 552.36 | | 192.24 | |
| All Indian Railway | | | | | 710.18 | | | | | | |

**Appendix 3.13 Statement showing increase in outstanding under MAR relating to period prior to previous year from 2009-10 to 2013-14
{Reference Para No. 3.3.2.2 (iv)}**

| Railway | Items awaiting adjustment for want of Acceptance, Adequate particulars and allocation and Relevant Vouchers | | | | | | Advances with Staff and Private Parties | | | Deposit with State Electricity Boards | | | Misc Items | | | | | | | |
|--------------------|---|--------------|---------------|---------------|---------------|----------------|---|--------------|---------------|---------------------------------------|---------------|---------------|--------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|
| | 2009-10 | | | 2013-14 | | | Difference | 2009-10 | 2013-14 | Difference | 2009-10 | 2013-14 | Difference | 2009-10 | | | 2013-14 | | | Difference |
| | Dr | Cr | NET | Dr | Cr | NET | | Dr | Dr | | Dr | Dr | | Dr | Cr | NET | Dr | Cr | NET | |
| | | | | | | | | | | | | | | | | | | | | |
| Central | 1.94 | | 1.94 | 4.60 | 0.01 | 4.59 | 2.65 | 2.80 | 4.70 | 1.90 | | 0.02 | 0.02 | 1.90 | | 1.90 | 53.99 | 0.00 | 53.99 | 52.09 |
| Eastern | 6.16 | | 6.16 | 21.58 | 0.89 | 20.69 | 14.53 | 0.01 | 0.00 | -0.01 | | 0.00 | 0.00 | 10.39 | 0.12 | 10.27 | 16.60 | 4.68 | 11.92 | 1.65 |
| East Central | 56.73 | 39.97 | 16.76 | 119.96 | 75.30 | 44.66 | 27.90 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.39 | | 0.39 | 1.55 | 0.00 | 1.55 | 1.16 |
| East Coast | 1.91 | 1.23 | 0.68 | 12.10 | 0.00 | 12.10 | 11.42 | 19.73 | 37.25 | 17.52 | 32.05 | 0.25 | -31.80 | 17.72 | 14.10 | 3.62 | 2.03 | 0.24 | 1.79 | -1.83 |
| Northern | 59.44 | | 59.44 | - | 0.00 | -212.01 | -271.45 | 0.00 | 5.55 | 5.55 | | 0.00 | 0.00 | 35.51 | | 35.51 | 214.01 | 0.00 | 214.01 | 178.50 |
| North Central | 0.00 | | 0.00 | 0.00 | 49.81 | -49.81 | -49.81 | 40.20 | 0.00 | -40.20 | | 0.00 | 0.00 | 25.59 | 25.58 | 0.01 | 123.14 | 0.00 | 123.14 | 123.13 |
| North Eastern | 2.89 | | 2.89 | 0.15 | 0.00 | 0.15 | -2.74 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 4.14 | 1.32 | 2.82 | 14.39 | 3.23 | 11.16 | 8.34 |
| Northeast Frontier | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 | 3.58 | | 3.58 | 29.81 | 0.00 | 29.81 | 26.23 |
| North Western | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12.68 | 12.68 | | 0.00 | 0.00 | 8.91 | | 8.91 | 7.82 | 0.00 | 7.82 | -1.09 |
| Southern | 8.57 | | 8.57 | 14.15 | 0.96 | 13.19 | 4.62 | 4.43 | 10.07 | 5.64 | 74.57 | 102.94 | 28.37 | 7.96 | 11.16 | -3.20 | 47.66 | 45.00 | 2.66 | 5.86 |
| South Central | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.53 | 2.56 | 1.03 | 68.41 | 48.57 | -19.84 | 24.51 | 2.09 | 22.42 | 51.69 | 11.66 | 40.03 | 17.61 |
| South Eastern | 22.72 | | 22.72 | 0.00 | 0.00 | 0.00 | -22.72 | 0.00 | 38.91 | 38.91 | 6.44 | 1.17 | -5.27 | 9.99 | 0.05 | 9.94 | -70.32 | 0.27 | -70.59 | -80.53 |
| South East Central | 0.72 | | 0.72 | 9.12 | 0.00 | 9.12 | 8.40 | 0.00 | 3.20 | 3.20 | | 6.70 | 6.70 | 20.75 | | 20.75 | 0.86 | 0.00 | 0.86 | -19.89 |
| South Western | 0.01 | | 0.01 | 0.00 | 0.00 | 0.00 | -0.01 | 0.19 | 0.00 | -0.19 | 3.32 | 0.00 | -3.32 | 7.29 | 1.13 | 6.16 | 12.61 | 0.19 | 12.42 | 6.26 |
| Western | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8.91 | 40.78 | 31.87 | | 0.00 | 0.00 | 4.94 | | 4.94 | 46.52 | 0.00 | 46.52 | 41.58 |
| West Central | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.25 | 65.06 | 63.81 | 2.17 | | 2.17 | 0.00 | 0.00 | 0.00 | -2.17 |
| Total | 161.09 | 41.20 | 119.89 | -30.35 | 126.97 | -157.32 | -277.21 | 77.80 | 155.70 | 77.90 | 186.04 | 224.71 | 38.67 | 185.74 | 55.55 | 130.19 | 552.36 | 65.27 | 487.09 | 356.90 |

| Appendix 3.14 Details of Debit balance outstanding under Purchase Suspense relating to period prior to previous year (2012-13) {Reference Para 3.3.3.2.A (iii)} | | | | | | | | | |
|--|---------------------------|---------------------------------|--|------------------------|-----------------------|-------------------|------------------|-------------------------|---|
| (₹ in crore) | | | | | | | | | |
| Railway | Debit Balance outstanding | Failure to link debits received | Non receipt of credits for material received | Cost of Missing Wagons | Advance Payments made | Rejected Material | Other Misc Items | Year of the oldest item | Reasons |
| Central | 0.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.25 | 0.00 | | |
| Eastern | 2028.11 | 0.25 | 2026.76 | 0.00 | 0.00 | 0.04 | 1.06 | 1999-2000 | |
| East Central | 3.03 | 0.00 | 0.00 | 0.00 | 3.03 | 0.00 | 0.00 | 2004 | Not Available |
| East Coast | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| Northern | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | N/A | |
| North Central | 2790.40 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2790.40 | | |
| North Eastern | 3.89 | 0.00 | 0.00 | 0.00 | 0.00 | 0.08 | 3.81 | 1999-00 | 3.78 crore loan to other rlys |
| Northeast Frontier | 35.60 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 35.60 | 2011-12 | Due to non-receipt of credits for material received & failure to link debits received |
| North Western | 107.48 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 107.48 | N/A | Not Available |
| Southern | 0.13 | 0.00 | 0.00 | 0.00 | 0.13 | 0.00 | 0.00 | 1990-91 | |
| South Central | 23.61 | 23.61 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| South Eastern | 6.96 | 0.00 | 4.53 | 0.00 | 0.00 | 0.00 | 2.43 | 2011-12 | NA |
| South East Central | 3.31 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.31 | 2009-10 | Due to failure of matching in the system due minor mismatch of data |
| South Western | 0.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.79 | N/A | |
| Western | 4.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4.30 | | 4.30 loan to other rlys |
| West Central | 7.92 | 7.92 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2005-06 | |
| CLW | 10.37 | 0.72 | 8.84 | 0.00 | 0.81 | 0.00 | 0.00 | | |

| Appendix 3.14 (contd) Details of Debit balance outstanding under Purchase Suspense relating to period prior to previous year (2012-13) | | | | | | | | | |
|---|----------------|--------------|----------------|----------|-------------|-------------|----------------|---------|--|
| (₹ in crore) | | | | | | | | | |
| RWF | 23.93 | 23.93 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2003 | Due to difficulty in linking debits and credits for want of despatch details which are not available in Sale Issue Notes |
| DMW | 3.92 | 0.00 | 2.10 | 0.00 | 1.24 | 0.58 | 0.00 | 1986 | Material rejected. Most of the firms closed. |
| DLW | 19.69 | 0.00 | 19.69 | 0.00 | 0.00 | 0.00 | 0.00 | | |
| ICF | 1.46 | 0.00 | 0.00 | 0.00 | 1.40 | 0.00 | 0.06 | 1989-90 | Items under review for which advance payments have been made and claims requested from Railway Board towards short landing of material |
| RCF/Kapurthala | 0.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.87 | 0.00 | 2010 | Advance Payment made but material rejected |
| Total | 5076.02 | 56.43 | 2061.92 | 0 | 6.61 | 1.82 | 2949.24 | | |

**Appendix 3.15 Details of Credit balance outstanding under Purchase Suspense relating to period prior to previous year (2012-13)
(Reference Para No. 3.3.3.2.B)**

| (₹ in crore) | | | | | | | | |
|--------------------|----------------------------|---|----------------------------------|-----------------------|---------------------------------------|------------------|-------------------------|---|
| Railway | Credit Balance outstanding | Failure to link corresponding debits for want of relevant vouchers etc. | Cost of Missing /diverted Wagons | Non receipt of debits | Stores received but payments not made | Other Misc Items | Year of the oldest item | Reasons |
| Central | 7.04 | 0 | 0 | 0.27 | 6.08 | 0.69 | | |
| Eastern | 2029.56 | 0.59 | 0 | 0 | 2026.90 | 2.07 | 2010-11 | Not tallying with total |
| East Central | 2.02 | 0 | 0 | 0 | 2.02 | 0 | | Not Available |
| East Coast | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Northern | -37.52 | 0 | 0 | 0 | 0 | -37.52 | Not Available | |
| North Central | 2706.84 | 0 | 0 | 0 | 0 | 2706.84 | | |
| North Eastern | 3.04 | 2.63 | 0 | 0 | 0 | 0.41 | 1999-00 | |
| Northeast Frontier | 30.09 | 0 | 0 | 0 | 0 | 30.09 | 2012-13 | Due to failure to link corresponding debits |
| North Western | 62.27 | 0 | 0 | 0 | 0 | 62.27 | Not Available | Not Available |
| Southern | -3.79 | 0 | -3.79 | 0 | 0 | 0 | 2008-09 | |
| South Central | 23.70 | 23.70 | 0 | 0 | 0 | 0 | 2003-04 | |
| South Eastern | 6.81 | 0 | 0 | 4.56 | 2.25 | 0 | 2011-12 | |
| South East Central | 5.27 | 0 | 0 | 0 | 0 | 5.27 | 2008-09 | Foreign railways debit are not received |
| South Western | 0.74 | 0 | 0 | 0 | 0 | 0.74 | Not Available | |
| Western | 33.63 | 0 | 0 | 33.63 | 0 | 0 | | |
| West Central | 44.11 | 44.11 | 0 | 0 | 0 | 0 | 2003-04 | |
| CLW | 10.12 | 9.36 | 0 | 0 | 0 | 0.76 | | |

Appendix 3.15 (contd.) Details of Credit balance outstanding under Purchase Suspense relating to period prior to previous year (2012-13)

| | | | | | | | | (₹ in crore) |
|----------------|----------------|---------------|--------------|--------------|----------------|----------------|---------|--|
| RWF | 47.22 | 0 | 0 | 47.22 | 0 | 0 | 2003 | Due to non-receipt of corresponding debits from other Railways |
| DMW | 9.64 | 0 | 0 | 0 | 1.98 | 7.66 | 2000-01 | Stores received but payments not made etc. |
| DLW | 23.95 | 23.95 | 0 | 0 | 0 | 0 | | |
| ICF | 12.75 | 0 | 0 | 12.74 | 0 | 0.01 | 2010-11 | TCs/Schedules/Bills not received and amount under review |
| RCF/Kapurthala | 9.20 | 9.20 | 0 | 0 | 0 | 0 | 2010 | Non-adjustment of recovered liquidated damages |
| Total | 5026.69 | 113.54 | -3.79 | 98.42 | 2039.23 | 2779.29 | | |

| Appendix 3.16 Details of Debit balance outstanding under Workshop Manufacture Suspense to end of 2013-14 {Reference Para No. 3.3.3.5 (vii)} | | | | | | | | | |
|--|-------------------|---------|---|---|---|--|----------------------|--|-------------------------|
| (₹ in crore) | | | | | | | | | |
| Railway | Debit outstanding | Balance | Balance relating to jobs undertaken for outsiders without Deposit or Less Deposit | Balance outstanding on account of improper Sanction | Balance outstanding on account of improper Work Order | Non acceptance of debits due to retrospective revision of Cost | Inefficient Balances | Old items awaiting acceptance | Year of the oldest item |
| Central | | 6.87 | | | | | | | 2013-14 |
| Eastern | | 34.28 | 24.35 | | | | | Cr.awaited from Stores Rs. 9.93 crore | |
| East Central | | 161.64 | | | | | | | |
| East Coast | | 0.81 | | | | | | | |
| Northern | | 94.23 | | | | 0.12 | | Rs. 1.14 crore 1967-93 and Rs.1.57 crore 2009-10 | |
| North Central | | 4.55 | | | | | | | 2013-14 |
| North Eastern | | 87.64 | 4.51 | 0.99 | | | | | 1995 |
| Northeast Frontier | | 38.35 | | | | | | 38.35 | 2010-11 |
| North Western | | 10.17 | 4.44 | | | 5.73 | | | November 2008 |
| Southern | | 52.81 | | | | | | | |
| South Central | | 9.27 | | | | | | | Current |
| South Eastern | | 94.78 | | | | | | | Not Available |
| South East Central | | 12.07 | | | | 4.79 | | 7.28 | 2013-14 |
| South Western | | 14.03 | | | | | | | |
| Western | | 16.98 | | | | 6.75 | | | 2013-14 |

| Appendix 3.16 (contd.) Details of Debit balance outstanding under Workshop Manufacture Suspense to end of 2013-14 {Reference Para No. 3.3.3.5 (vii)} | | | | | | | | |
|---|----------------|--------------|-------------|-------------|--------------|-------------|--------------|--------------|
| | | | | | | | | (₹ in crore) |
| West Central | 5.24 | | | | | | | Current |
| CLW | 1.85 | | | | | | 1.85 | 2004-05 |
| RWF | 174.26 | | | | | | | |
| DMW | 71.23 | | | | | | | |
| DLW | 251.85 | | | | | | 0.32 | 2009 |
| ICF | 156.78 | 59.33 | | | | | | |
| RCF/Kapurthala | 80.36 | | | | | | | 2011 |
| Total | 1380.05 | 92.63 | 0.99 | 0.00 | 17.39 | 0.00 | 47.80 | |

| Appendix 3.17 Details of Balances under Remittance into Bank and Cheques and Bills as on 31st March 2010 to 31st March 2014 (Reference Para No. 3.3.4.1 and Para No. 3.3.4.2) | | | | | | | | | | |
|--|----------------------|---------|---------|---------|---------|-------------------|---------|---------|---------|---------|
| (₹ in crore) | | | | | | | | | | |
| Railway | Remittance into Bank | | | | | Cheques and Bills | | | | |
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Central | -209.85 | 36.51 | 50.29 | 19.46 | 31.15 | 560.48 | 530.49 | 579.32 | 547.64 | 35.12 |
| Eastern | 76.63 | 59.91 | 138.32 | 244.46 | 208.40 | -5.19 | 98.80 | 33.61 | 110.98 | 136.12 |
| East Central | -33.54 | -107.60 | -93.33 | -28.53 | -32.00 | -231.91 | -317.91 | 287.35 | 447.20 | 605.09 |
| East Coast | -67.90 | -88.80 | -81.68 | -45.98 | -106.58 | 69.78 | 92.28 | 84.25 | 42.39 | 91.10 |
| Northern | 312.18 | -67.04 | 366.50 | 327.50 | 386.42 | 526.55 | 340.86 | 304.42 | 245.03 | 537.06 |
| North Central | -4.25 | -4.53 | -6.51 | -24.56 | -14.20 | 49.10 | 72.87 | 104.76 | 45.29 | 96.39 |
| North Eastern | 159.25 | 159.77 | 152.31 | 157.66 | 166.65 | 22.71 | 32.59 | 55.99 | 47.86 | 119.40 |
| Northeast Frontier | -645.04 | -570.17 | -86.45 | -52.97 | -111.48 | 751.57 | 904.13 | 227.49 | 223.57 | 218.21 |
| North Western | -39.53 | -21.35 | -20.24 | -19.94 | -18.20 | -115.15 | -110.72 | -110.37 | -115.34 | -92.43 |
| Southern | -114.13 | -51.94 | -26.76 | -8.28 | -111.17 | 143.14 | 216.32 | 133.28 | -8.13 | 124.71 |
| South Central | 57.48 | 55.10 | 83.96 | 114.82 | 122.46 | 189.85 | 288.15 | 202.63 | 307.01 | 340.51 |
| South Eastern | 49.47 | -3.88 | 18.95 | 300.96 | 258.43 | 100.65 | 60.35 | 60.41 | 97.70 | 114.13 |
| South East Central | -53.98 | 25.94 | -7.10 | -18.25 | -20.94 | 20.33 | 22.86 | -13.87 | -8.48 | 11.96 |
| South Western | -522.88 | -95.99 | -79.67 | -72.36 | -89.89 | 135.25 | 120.05 | 117.11 | 80.88 | 98.78 |
| Western | 43.95 | 55.47 | 114.56 | 58.17 | 41.66 | 291.97 | 254.88 | 231.13 | 225.13 | 254.63 |
| West Central | 23.29 | 41.33 | 26.51 | 26.85 | 42.01 | 64.84 | 78.79 | 63.81 | 30.27 | 101.76 |
| CLW | -0.65 | -0.43 | 0.09 | 0.69 | -0.26 | 6.52 | 0.88 | 2.16 | 9.28 | 4.72 |
| RWF | -0.01 | -0.05 | 0.12 | 0.01 | 0.00 | 4.67 | 18.00 | 4.60 | 4.50 | 5.59 |
| DLW | -0.52 | -11.69 | -0.29 | -0.20 | -0.30 | 1.55 | 1.59 | 45.46 | -11.31 | -12.31 |
| DMW | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.03 | 7.24 | 4.57 | 1.93 | 1.87 |

| | | | | | | | | | | |
|----------------|----------------|----------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| ICF | -1.11 | -18.41 | -5.45 | -0.52 | 0.87 | 49.48 | 10.73 | 5.55 | 10.11 | 4.90 |
| RCF/Kapurthala | -0.53 | -0.65 | -0.25 | -0.23 | -0.10 | 12.47 | 17.55 | 0.14 | 23.22 | 27.24 |
| RE | 0.78 | 0.77 | 6.50 | 10.78 | -14.36 | 2.18 | 0.50 | 2.42 | 10.90 | 41.96 |
| COFMOW | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16.45 | 3.20 | 12.66 | 2.67 | 1.68 |
| Metro Kolkata | -1.28 | -2.94 | -4.24 | -1.28 | 0.03 | 14.15 | 13.43 | 29.09 | 18.39 | 24.59 |
| MTP/NDLS | -0.01 | -0.01 | -0.01 | -0.01 | -0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| MTP/Chennai | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.98 | 2.42 | 1.23 | 31.37 | 1.80 |
| Total | -972.18 | -610.68 | 546.13 | 988.25 | 738.59 | 2690.45 | 2760.33 | 2469.20 | 2420.06 | 2894.58 |

| Appendix 3.18 Details of Balances under PAO Suspense as on 31st March 2010 to 31st March 2014 (Reference Para No. 3.3.5) | | | | | | | | | |
|---|--------------|---------|---------|---------|---------|--|---------|---------|---------|
| (₹ in crore) | | | | | | | | | |
| Railway | PAO Suspense | | | | | Percentage increase over previous year | | | |
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Central | -0.99 | -2.54 | -3.38 | -3.33 | -3.06 | 157 | 33 | -1 | -8 |
| Eastern | 4.80 | 7.34 | 7.38 | 7.37 | 41.39 | 53 | 1 | 0 | 462 |
| East Central | 8.59 | 12.42 | 8.24 | 9.71 | 10.79 | 45 | -34 | 18 | 11 |
| East Coast | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Northern | 62.31 | 59.05 | 64.47 | 75.35 | 47.36 | -5 | 9 | 17 | -37 |
| North Central | 6.14 | 4.72 | 4.72 | 7.80 | 8.72 | -23 | 0 | 65 | 12 |
| North Eastern | 3.55 | 2.64 | 2.36 | 2.06 | 4.08 | -26 | -11 | -13 | 98 |
| Northeast Frontier | 84.02 | 72.41 | 19.74 | 1.82 | 29.74 | 59 | 73 | -91 | 1534 |
| North Western | 14.09 | 7.07 | 16.97 | 18.79 | 29.43 | -50 | 140 | 11 | 57 |
| Southern | 10.44 | 17.27 | 18.59 | 51.54 | 41.56 | 65 | 8 | 177 | -19 |
| South Central | 0.94 | 1.63 | 3.03 | 8.40 | 8.86 | 73 | 86 | 177 | 5 |
| South Eastern | -2.06 | -1.21 | -102.68 | -103.84 | 0.00 | -41 | 8386 | 1 | -100 |
| South East Central | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| South Western | 3.88 | 50.05 | 5.55 | 5.58 | 4.59 | 0 | -89 | 1 | -18 |
| Western | 8.34 | 9.54 | 11.20 | 22.14 | 15.99 | 14 | 17 | 98 | -28 |
| West Central | 6.31 | 19.44 | 14.00 | 19.89 | 14.81 | 208 | -28 | 42 | -26 |
| CLW | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| RWF | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| DMW | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| DLW | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| ICF | 0.09 | 0.12 | 0.13 | 0.09 | 0.00 | 33 | 8 | -31 | -100 |
| RCF/Kapurthala | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |

**Appendix 3.18 Details of Balances under PAO Suspense as on 31st March 2010 to 31st March 2014
(Reference Para No. 3.3.5)**

| | | | | | | | | | (₹ in crore) |
|---------------|---------------|---------------|--------------|---------------|---------------|-----|----|----|--------------|
| RE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| COFMOW | 0.04 | 0.03 | 0.05 | 0.08 | 0.01 | -25 | 67 | 60 | -88 |
| Metro Kolkata | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| MTP/Chennai | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| MTP/Delhi | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Total | 210.49 | 259.98 | 70.37 | 123.45 | 254.27 | | | | |

Appendix-2.1- Appropriation Accounts 2013-14
(Reference Paragraph No.2.1)

(In units of ₹)

| Number and name of the Grant/ Appropriation | Original Grant/ Appropriation | Supplementary | Final Grant/ Appropriation | Actual Expenditure | Excess (+)/ Savings (-) |
|--|--|---------------|-------------------------------|--------------------|----------------------------|
| 1 | Revenue – Railway Board | | | | |
| Voted | 2540100000 | 0 | 2540100000 | 2488487669 | -51612331 |
| 2 | Revenue – Miscellaneous Expenditure (General) | | | | |
| Charged | 21100000 | 14000000 | 35100000 | 35100000 | 0 |
| Voted | 8988900000 | 0 | 8988900000 | 8529834993 | -459065007 |
| 3 | Revenue – Working Expenses – General Superintendence and Services | | | | |
| Charged | 0 | 5031000 | 5031000 | 8878888 | 3847888 |
| Voted | 59204311000 | 0 | 59204311000 | 56436640194 | -2767670806 |
| 4 | Revenue – Working Expenses – Repairs and Maintenance of Permanent Way and Works | | | | |
| Charged | 3331000 | 12764000 | 16095000 | 23441216 | 7346216 |
| Voted | 94778428000 | 0 | 94778428000 | 91696218690 | -3082209310 |
| 5 | Revenue – Working Expenses – Repairs and Maintenance of Motive Power | | | | |
| Charged | 0 | 0 | 0 | 476961 | 476961 |
| Voted | 43970493000 | 0 | 43970493000 | 44644666342 | 674173342 |
| 6 | Revenue - Working Expenses – Repairs and Maintenance of Carriages and Wagons | | | | |
| Charged | 200000 | 0 | 200000 | 871243 | 671243 |
| Voted | 102332360000 | 0 | 102332360000 | 103306411236 | 974051236 |
| 7 | Revenue - Working Expenses – Repairs and Maintenance of Plant and Equipment | | | | |
| Charged | 0 | 61000 | 61000 | 61385 | 385 |
| Voted | 54500421000 | 0 | 54500421000 | 54062462888 | -437958112 |
| 8 | Revenue - Working Expenses – Operating Expenses – Rolling Stock and Equipment | | | | |

| | | | | | | |
|-----------|--|--------------|-------------|--------------|--------------|--------------|
| | <i>Charged</i> | 0 | 1156000 | 1156000 | 5152570 | 3996570 |
| | <i>Voted</i> | 84879826000 | 2043691000 | 86923517000 | 87974455905 | 1050938905 |
| 9 | <i>Revenue - Working Expenses – Operating Expenses – Traffic</i> | | | | | |
| | <i>Charged</i> | | 375000 | 375000 | 30794596 | 30419596 |
| | <i>Voted</i> | 171739514000 | 0 | 171739514000 | 167850702699 | -3888811301 |
| 10 | <i>Revenue - Working Expenses – Operating Expenses - Fuel</i> | | | | | |
| | <i>Charged</i> | 1376000 | 612464000 | 613840000 | 789223182 | 175383182 |
| | <i>Voted</i> | 264740963000 | 20565678000 | 285306641000 | 292142150268 | 6835509268 |
| 11 | <i>Revenue – Working Expenses – Staff Welfare and Amenities</i> | | | | | |
| | <i>Charged</i> | 0 | 225000 | 225000 | 397553 | 172553 |
| | <i>Voted</i> | 48166870000 | | 48166870000 | 45052875993 | -3113994007 |
| 12 | <i>Revenue - Working Expenses – Miscellaneous Working Expenses</i> | | | | | |
| | <i>Charged</i> | 2120169000 | 0 | 2120169000 | 1019629536 | -1100539464 |
| | <i>Voted</i> | 48890076000 | 0 | 48890076000 | 41943608154 | -6946467846 |
| 13 | <i>Revenue - Working Expenses – Provident Fund, Pension and Other Retirement Benefits</i> | | | | | |
| | <i>Charged</i> | 4950000 | 857000 | 5807000 | 7445105 | 1638105 |
| | <i>Voted</i> | 226264726000 | 21706586000 | 247971312000 | 255295650190 | 7324338190 |
| 14 | <i>Revenue - Appropriation to Funds – Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund, Debt Service Fund</i> | | | | | |
| | <i>Voted</i> | 426618000000 | 0 | 426618000000 | 365054045902 | -61563954098 |
| 15 | <i>Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation</i> | | | | | |
| | <i>Voted</i> | 62492000000 | 15906700000 | 78398700000 | 80086661789 | 1687961789 |
| 16 | <i>Assets – Acquisition, Construction and Replacement - Open Line Works – Revenue</i> | | | | | |
| | <i>Charged</i> | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---|----------------|---------------|-------------|---------------|---------------|---------------|
| | <i>Voted</i> | 600000000 | | 600000000 | 276697866 | -323302134 |
| <i>Assets – Acquisition, Construction and Replacement - Other Expenditure – Capital</i> | | | | | | |
| | <i>Charged</i> | 873000000 | 627000000 | 1500000000 | 1621562239 | 121562239 |
| | <i>Voted</i> | 686187578000 | 10000007000 | 696187585000 | 704484400639 | 8296815639 |
| <i>Assets – Acquisition, Construction and Replacement – Other Expenditure – Railway Safety Fund</i> | | | | | | |
| | <i>Charged</i> | 3000000 | 0 | 3000000 | 1729949 | -1270051 |
| | <i>Voted</i> | 19997000000 | 20000 | 19997020000 | 19861389342 | -135630658 |
| <i>Assets – Acquisition, Construction and Replacement - Other Expenditure – Railway Funds</i> | | | | | | |
| | <i>Charged</i> | 35050000 | 0 | 35050000 | 43288422 | 8238422 |
| | <i>Voted</i> | 162498450000 | 3000 | 162498453000 | 114612057389 | -47886395611 |
| <i>Grand Total</i> | | | | | | |
| | <i>Charged</i> | 3062176000 | 1273933000 | 4336109000 | 3588052845 | -748056155 |
| | <i>Voted</i> | 2569390016000 | 70222685000 | 2639612701000 | 2535799418148 | -103813282852 |
| <i>Grand Total</i> | | 2572452192000 | 71496618000 | 2643948810000 | 2539387470993 | -104561339007 |

Appendix 2.2 - Grant Wise-Railway Wise summary of Grant Account (Grant No.3 to 13)
(Reference Para 2.5)

(₹ in thousands)

| Grant No. | Railway /Unit | Voted(V) /Charged (C) | Original (O) | Supplementary (S) | Residual | Final Grant (F) | Actual Expenditure (A) | Variation (A-F) | Net Variation (A-O-S) |
|-----------|---------------|-----------------------|--------------|-------------------|----------|-----------------|------------------------|-----------------|-----------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 3 | CR | V | 4626077 | 0 | -257421 | 4368656 | 4383170 | 14514 | -242907 |
| 3 | ER | V | 5815700 | 0 | 170800 | 5986500 | 5888309 | -98191 | 72609 |
| 3 | EC | V | 3128000 | 0 | 398000 | 3526000 | 3165798 | -360202 | 37798 |
| 3 | ECO | V | 1709300 | 0 | 38416 | 1747716 | 1732479 | -15237 | 23179 |
| 3 | NR | V | 6142400 | 0 | 124500 | 6266900 | 6175692 | -91208 | 33292 |
| 3 | NC | V | 2751480 | 0 | 15015 | 2766495 | 2618627 | -147868 | -132853 |
| 3 | N.E. | V | 3337200 | 0 | -184730 | 3152470 | 3034334 | -118136 | -302866 |
| 3 | N.F. | V | 3469300 | 0 | -198552 | 3270748 | 3273050 | 2302 | -196250 |
| 3 | NW | V | 2870000 | 0 | -238499 | 2631501 | 2656542 | 25041 | -213458 |
| 3 | SR | V | 4940200 | 0 | -130298 | 4809902 | 4767735 | -42167 | -172465 |
| 3 | S.C. | V | 4317940 | 0 | -234192 | 4083748 | 3879359 | -204389 | -438581 |
| 3 | S.E. | V | 4930900 | 0 | -223500 | 4707400 | 4618868 | -88532 | -312032 |
| 3 | SEC | V | 1808900 | 0 | -98733 | 1710167 | 1790753 | 80586 | -18147 |
| 3 | SW | V | 1753600 | 0 | -31988 | 1721612 | 1655570 | -66042 | -98030 |
| 3 | WR | V | 5065400 | 0 | -562100 | 4503300 | 4528969 | 25669 | -536431 |
| 3 | WC | V | 2361414 | 0 | -164095 | 2197319 | 2099098 | -98221 | -262316 |
| 3 | METRO | V | 176500 | 0 | -4303 | 172197 | 168287 | -3910 | -8213 |
| 4 | C.R | V | 7535505 | 0 | -195594 | 7339911 | 7594086 | 254175 | 58581 |
| 4 | E.R | V | 4905069 | 0 | -1169 | 4903900 | 4932943 | 29043 | 27874 |
| 4 | E.C. | V | 5173674 | 0 | 458126 | 5631800 | 5611011 | -20789 | 437337 |
| 4 | E.CO. | V | 4284550 | 0 | 238349 | 4522899 | 4688902 | 166003 | 404352 |
| 4 | N.R | V | 10926550 | 0 | -746230 | 10180320 | 10197243 | 16923 | -729307 |
| 4 | N.C. | V | 6362770 | 0 | -588931 | 5773839 | 5895652 | 121813 | -467118 |
| 4 | N.E | V | 4189977 | 0 | -449789 | 3740188 | 3627134 | -113054 | -562843 |
| 4 | N.F | V | 6834300 | 0 | -647319 | 6186981 | 6173797 | -13184 | -660503 |
| 4 | N.W. | V | 4359391 | 0 | -447704 | 3911687 | 3970568 | 58881 | -388823 |
| 4 | S.R | V | 5937600 | 0 | -2472 | 5935128 | 5925694 | -9434 | -11906 |
| 4 | S.C | V | 9345901 | 0 | -444779 | 8901122 | 8854056 | -47066 | -491845 |
| 4 | S.E | V | 5388319 | 0 | -183000 | 5205319 | 5198366 | -6953 | -189953 |
| 4 | S.E.C. | V | 2967100 | 0 | -11859 | 2955241 | 3125474 | 170233 | 158374 |
| 4 | S.W. | V | 3021480 | 0 | 34113 | 3055593 | 3046814 | -8779 | 25334 |
| 4 | W.R | V | 8117192 | 0 | -506531 | 7610661 | 7635801 | 25140 | -481391 |
| 4 | W.C. | V | 5145050 | 0 | -104750 | 5040300 | 4982408 | -57892 | -162642 |
| 4 | METRO | V | 284000 | 0 | -43286 | 240714 | 236270 | -4444 | -47730 |
| 5 | CR | V | 3849024 | 0 | -123800 | 3725224 | 4026369 | 301145 | 177345 |
| 5 | ER | V | 3618394 | 0 | -114670 | 3503724 | 3475428 | -28296 | -142966 |
| 5 | E.C. | V | 2309050 | 0 | 268005 | 2577055 | 2673710 | 96655 | 364660 |
| 5 | E.CO. | V | 1573905 | 0 | 52091 | 1625996 | 1794241 | 168245 | 220336 |
| 5 | NR | V | 5801188 | 0 | -154116 | 5647072 | 5471953 | -175119 | -329235 |
| 5 | N.C. | V | 2254034 | 0 | -23556 | 2230478 | 2079862 | -150616 | -174172 |
| 5 | N.E.RLY. | V | 1243700 | 0 | 29512 | 1273212 | 1286896 | 13684 | 43196 |
| 5 | N.F.RLY | V | 1600200 | 0 | 100813 | 1701013 | 1653564 | -47449 | 53364 |
| 5 | N.W. | V | 1113180 | 0 | -37880 | 1075300 | 1186581 | 111281 | 73401 |
| 5 | SR | V | 3222300 | 0 | 25000 | 3247300 | 3280998 | 33698 | 58698 |
| 5 | S.C.RLY | V | 4287802 | 0 | -120778 | 4167024 | 4219129 | 52105 | -68673 |
| 5 | S.E.RLY | V | 3101100 | 0 | 229300 | 3330400 | 3454818 | 124418 | 353718 |
| 5 | S.E.C. | V | 1372451 | 0 | -86566 | 1285885 | 1371220 | 85335 | -1231 |
| 5 | S.W. | V | 1740427 | 0 | -134544 | 1605883 | 1653418 | 47535 | -87009 |
| 5 | WR | V | 2887512 | 0 | 90488 | 2978000 | 3095756 | 117756 | 208244 |
| 5 | W.C. | V | 3996226 | 0 | -64800 | 3931426 | 3920723 | -10703 | -75503 |
| 6 | CR | V | 9900312 | 0 | -425394 | 9474918 | 9619791 | 144873 | -280521 |

| | | | | | | | | | |
|---|-------|---|----------|--------|----------|----------|----------|---------|----------|
| 6 | ER | V | 12213109 | 0 | 1029 | 12214138 | 12676265 | 462127 | 463156 |
| 6 | EC | V | 5820500 | 0 | 584300 | 6404800 | 6627201 | 222401 | 806701 |
| 6 | ECO | V | 3495153 | 0 | 61793 | 3556946 | 3944262 | 387316 | 449109 |
| 6 | NR | V | 13220718 | 0 | -738872 | 12481846 | 12912189 | 430343 | -308529 |
| 6 | NC | V | 2593964 | 0 | -54148 | 2539816 | 3140404 | 600588 | 546440 |
| 6 | N.E. | V | 3522044 | 0 | -34025 | 3488019 | 3550352 | 62333 | 28308 |
| 6 | N.F. | V | 5015300 | 0 | -192101 | 4823199 | 4814572 | -8627 | -200728 |
| 6 | NW | V | 3800858 | 0 | -388518 | 3412340 | 3383623 | -28717 | -417235 |
| 6 | SR | V | 8502100 | 0 | -52100 | 8450000 | 8287871 | -162129 | -214229 |
| 6 | S.C. | V | 7327601 | 0 | 53273 | 7380874 | 7397870 | 16996 | 70269 |
| 6 | S.E. | V | 8075800 | 0 | -270200 | 7805600 | 8141177 | 335577 | 65377 |
| 6 | SEC | V | 2895416 | 0 | -98716 | 2796700 | 2784949 | -11751 | -110467 |
| 6 | SW | V | 3727346 | 0 | 33449 | 3760795 | 3662653 | -98142 | -64693 |
| 6 | WR | V | 8827900 | 0 | 135400 | 8963300 | 8964932 | 1632 | 137032 |
| 6 | WC | V | 3006639 | 0 | -83603 | 2923036 | 3045771 | 122735 | 39132 |
| 6 | METRO | V | 387600 | 0 | -47180 | 340420 | 352528 | 12108 | -35072 |
| 7 | CR | V | 4722443 | 0 | -248591 | 4473852 | 4715037 | 241185 | -7406 |
| 7 | ER | V | 4789474 | 0 | -214857 | 4574617 | 4487893 | -86724 | -301581 |
| 7 | EC | V | 3797588 | 0 | 699512 | 4497100 | 4329217 | -167883 | 531629 |
| 7 | ECO | V | 2108097 | 0 | 101242 | 2209339 | 2183091 | -26248 | 74994 |
| 7 | NR | V | 5859172 | 0 | -97000 | 5762172 | 5788084 | 25912 | -71088 |
| 7 | NC | V | 3940762 | 0 | -162645 | 3778117 | 3975167 | 197050 | 34405 |
| 7 | N.E. | V | 2117475 | 0 | -214249 | 1903226 | 1878652 | -24574 | -238823 |
| 7 | N.F. | V | 2439600 | 0 | -76283 | 2363317 | 2248879 | -114438 | -190721 |
| 7 | NW | V | 1957367 | 0 | -199590 | 1757777 | 1842688 | 84911 | -114679 |
| 7 | SR | V | 3789400 | 0 | 48700 | 3838100 | 3777085 | -61015 | -12315 |
| 7 | S.C. | V | 4648875 | 0 | -226211 | 4422664 | 4409470 | -13194 | -239405 |
| 7 | S.E. | V | 3173200 | 0 | 32300 | 3205500 | 3305116 | 99616 | 131916 |
| 7 | SEC | V | 1713455 | 0 | -33655 | 1679800 | 1704125 | 24325 | -9330 |
| 7 | SW | V | 1293900 | 0 | -115627 | 1178273 | 1049829 | -128444 | -244071 |
| 7 | WR | V | 4699400 | 0 | 344539 | 5043939 | 4969598 | -74341 | 270198 |
| 7 | WC | V | 3025713 | 0 | -14586 | 3011127 | 3041653 | 30526 | 15940 |
| 7 | METRO | V | 424500 | 0 | -31681 | 392819 | 356878 | -35941 | -67622 |
| 8 | CR | V | 8490500 | 100655 | 0 | 8591155 | 8548743 | -42412 | -42412 |
| 8 | ER | V | 7308277 | 112618 | -10008 | 7410887 | 7400108 | -10779 | -20787 |
| 8 | EC | V | 5874721 | 655979 | 45400 | 6576100 | 6669845 | 93745 | 139145 |
| 8 | ECO | V | 3370505 | 139123 | 318612 | 3828240 | 4029382 | 201142 | 519754 |
| 8 | NR | V | 10741605 | 113900 | 440 | 10855945 | 11073554 | 217609 | 218049 |
| 8 | NC | V | 4745441 | 0 | -90315 | 4655126 | 4590809 | -64317 | -154632 |
| 8 | NE | V | 2742685 | 0 | -123575 | 2619110 | 2567479 | -51631 | -175206 |
| 8 | N.F. | V | 2942100 | 12900 | 20000 | 2975000 | 2932472 | -42528 | -22528 |
| 8 | NW | V | 3190134 | 100074 | 94698 | 3384906 | 3448132 | 63226 | 157924 |
| 8 | SR | V | 5477000 | 167374 | 20000 | 5664374 | 5658717 | -5657 | 14343 |
| 8 | SC | V | 6057269 | 239262 | 9475 | 6306006 | 6305043 | -963 | 8512 |
| 8 | SE | V | 5488100 | 278772 | 30000 | 5796872 | 6094962 | 298090 | 328090 |
| 8 | SEC | V | 3888902 | 0 | -18959 | 3869943 | 3995681 | 125738 | 106779 |
| 8 | SW | V | 2394100 | 93443 | 8813 | 2496356 | 2616719 | 120363 | 129176 |
| 8 | WR | V | 7550100 | 0 | -261200 | 7288900 | 7411404 | 122504 | -138696 |
| 8 | WC | V | 4055990 | 29591 | 1596 | 4087177 | 4104703 | 17526 | 19122 |
| 8 | METRO | V | 562397 | 0 | -44977 | 517420 | 526703 | 9283 | -35694 |
| 9 | C.R | V | 14342500 | 0 | -82700 | 14259800 | 13990470 | -269330 | -352030 |
| 9 | E.R | V | 10591800 | 0 | -1992200 | 8599600 | 8100238 | -499362 | -2491562 |
| 9 | E.C. | V | 16321200 | 0 | -1029096 | 15292104 | 15358441 | 66337 | -962759 |
| 9 | E.CO. | V | 8864875 | 0 | 1450219 | 10315094 | 10483827 | 168733 | 1618952 |
| 9 | N.R | V | 21617793 | 0 | 269900 | 21887693 | 22413192 | 525499 | 795399 |
| 9 | N.C. | V | 12197700 | 0 | 1967044 | 14164744 | 14452468 | 287724 | 2254768 |
| 9 | N.E | V | 5874700 | 0 | 30091 | 5904791 | 5832616 | -72175 | -42084 |
| 9 | N.F | V | 5355700 | 0 | -1144064 | 4211636 | 4135887 | -75749 | -1219813 |
| 9 | N.W. | V | 6327200 | 0 | -121405 | 6205795 | 6261786 | 55991 | -65414 |
| 9 | S.R | V | 10897300 | 0 | -609347 | 10287953 | 9958222 | -329731 | -939078 |

| | | | | | | | | | |
|----|--------|---|----------|---------|----------|----------|----------|----------|----------|
| 9 | S.C | V | 14338847 | 0 | -283380 | 14055467 | 14183736 | 128269 | -155111 |
| 9 | S.E | V | 6462900 | 0 | 439239 | 6902139 | 5992462 | -909677 | -470438 |
| 9 | S.E.C. | V | 10437550 | 0 | -6550 | 10431000 | 11435585 | 1004585 | 998035 |
| 9 | S.W. | V | 5731949 | 0 | 53860 | 5785809 | 5886999 | 101190 | 155050 |
| 9 | W.R | V | 14310200 | 0 | -2012131 | 12298069 | 12406673 | 108604 | -1903527 |
| 9 | W.C. | V | 7754000 | 0 | -399427 | 7354573 | 6662305 | -692268 | -1091695 |
| 9 | METRO | V | 313300 | 0 | -9142 | 304158 | 295796 | -8362 | -17504 |
| 10 | C.R | V | 26802800 | 495100 | 0 | 27297900 | 26971751 | -326149 | -326149 |
| 10 | E.R | V | 12883112 | 1164900 | 0 | 14048012 | 14010721 | -37291 | -37291 |
| 10 | E.C. | V | 16063400 | 715600 | 0 | 16779000 | 17034971 | 255971 | 255971 |
| 10 | E.CO. | V | 14046412 | 1109069 | 5855 | 15161336 | 15766861 | 605525 | 611380 |
| 10 | N.R | V | 27905600 | 3254900 | 0 | 31160500 | 31351687 | 191187 | 191187 |
| 10 | N.C. | V | 16653054 | 0 | -18767 | 16634287 | 16836622 | 202335 | 183568 |
| 10 | N.E | V | 9553680 | 1823458 | -206320 | 11170818 | 10464145 | -706673 | -912993 |
| 10 | N.F | V | 10855824 | 1402000 | 0 | 12257824 | 13450961 | 1193137 | 1193137 |
| 10 | N.W. | V | 11478700 | 3004500 | 50000 | 14533200 | 17264529 | 2731329 | 2781329 |
| 10 | S.R | V | 15545600 | 1503200 | 0 | 17048800 | 17785186 | 736386 | 736386 |
| 10 | S.C | V | 28551150 | 1969280 | 1778035 | 32298465 | 32388262 | 89797 | 1867832 |
| 10 | S.E | V | 12077500 | 821200 | 0 | 12898700 | 12945834 | 47134 | 47134 |
| 10 | S.E.C. | V | 8176050 | 216400 | 456 | 8392906 | 9697857 | 1304951 | 1305407 |
| 10 | S.W. | V | 11587660 | 1601571 | 0 | 13189231 | 13771174 | 581943 | 581943 |
| 10 | W.R | V | 27099721 | 0 | -1591359 | 25508362 | 25371135 | -137227 | -1728586 |
| 10 | W.C. | V | 14983600 | 1484500 | 69200 | 16537300 | 16649262 | 111962 | 181162 |
| 10 | METRO | V | 477100 | 0 | -87100 | 390000 | 381192 | -8808 | -95908 |
| 11 | C.R | V | 3980900 | 0 | -266000 | 3714900 | 3866404 | 151504 | -114496 |
| 11 | E.R | V | 3795290 | 0 | -319190 | 3476100 | 3398164 | -77936 | -397126 |
| 11 | E.C. | V | 1850300 | 0 | 200400 | 2050700 | 1995581 | -55119 | 145281 |
| 11 | E.CO. | V | 1701518 | 0 | -28296 | 1673222 | 1748410 | 75188 | 46892 |
| 11 | N.R | V | 6261200 | 0 | -532400 | 5728800 | 5514734 | -214066 | -746466 |
| 11 | N.C. | V | 1944100 | 0 | -84104 | 1859996 | 1814490 | -45506 | -129610 |
| 11 | N.E | V | 2243003 | 0 | -252284 | 1990719 | 1970359 | -20360 | -272644 |
| 11 | N.F | V | 3408100 | 0 | -136814 | 3271286 | 3268659 | -2627 | -139441 |
| 11 | N.W. | V | 1760000 | 0 | -125319 | 1634681 | 1701121 | 66440 | -58879 |
| 11 | S.R | V | 3939800 | 0 | -151600 | 3788200 | 3686936 | -101264 | -252864 |
| 11 | S.C | V | 4666750 | 0 | -439402 | 4227348 | 4223419 | -3929 | -443331 |
| 11 | S.E | V | 3314000 | 0 | -111800 | 3202200 | 3131850 | -70350 | -182150 |
| 11 | S.E.C. | V | 1622300 | 0 | -62500 | 1559800 | 1592885 | 33085 | -29415 |
| 11 | S.W. | V | 1550100 | 0 | -143046 | 1407054 | 1363899 | -43155 | -186201 |
| 11 | W.R | V | 4087800 | 0 | -235525 | 3852275 | 3931083 | 78808 | -156717 |
| 11 | W.C. | V | 1939509 | 0 | -156700 | 1782809 | 1773632 | -9177 | -165877 |
| 11 | METRO | V | 102200 | 0 | -30362 | 71838 | 71250 | -588 | -30950 |
| 12 | C.R. | V | 4158048 | 0 | -129992 | 4028056 | 3907655 | -120401 | -250393 |
| 12 | E.R. | V | 4913762 | 0 | 207562 | 5121324 | 5059836 | -61488 | 146074 |
| 12 | E.C. | V | 3105450 | 0 | -302300 | 2803150 | 1131591 | -1671559 | -1973859 |
| 12 | E.CO. | V | 1772346 | 0 | -281210 | 1491136 | 1431907 | -59229 | -340439 |
| 12 | N.R. | V | 9627988 | 0 | -648205 | 8979783 | 7490544 | -1489239 | -2137444 |
| 12 | N.C. | V | 2768491 | 0 | -151594 | 2616897 | 2636955 | 20058 | -131536 |
| 12 | N.E. | V | 2162540 | 0 | -118345 | 2044195 | 1892598 | -151597 | -269942 |
| 12 | N.F. | V | 2329000 | 0 | 219562 | 2548562 | 2371039 | -177523 | 42039 |
| 12 | N.W. | V | 1373416 | 0 | -134744 | 1238672 | 1393168 | 154496 | 19752 |
| 12 | S.R. | V | 2871200 | 0 | -453231 | 2417969 | 2400062 | -17907 | -471138 |
| 12 | S.C. | V | 3628195 | 0 | -46610 | 3581585 | 3501647 | -79938 | -126548 |
| 12 | S.E. | V | 3004247 | 0 | -274744 | 2729503 | 2500047 | -229456 | -504200 |
| 12 | S.E.C. | V | 718900 | 0 | -118900 | 600000 | 879860 | 279860 | 160960 |
| 12 | S.W. | V | 1535650 | 0 | -146213 | 1389437 | 1425523 | 36086 | -110127 |
| 12 | W.R. | V | 3585950 | 0 | 40213 | 3626163 | 2840584 | -785579 | -745366 |
| 12 | W.C. | V | 1188293 | 0 | -201143 | 987150 | 898904 | -88246 | -289389 |
| 12 | METRO | V | 146600 | 0 | 7137 | 153737 | 181688 | 27951 | 35088 |
| 13 | E.R | V | 29435200 | 1004500 | 0 | 30439700 | 30259102 | -180598 | -180598 |
| 13 | E.C. | V | 11295000 | 6046130 | 715670 | 18056800 | 18005689 | -51111 | 664559 |

| | | | | | | | | | |
|----|---------|---|----------|---------|---------|----------|----------|---------|---------|
| 13 | E.Co. | V | 4768486 | 367195 | -2000 | 5133681 | 5617545 | 483672 | 481672 |
| 13 | N.R | V | 18765650 | 2358794 | -284767 | 20839677 | 22891224 | 2051547 | 1766780 |
| 13 | N.C. | V | 29117370 | 802530 | 15797 | 29935697 | 30835559 | 899862 | 915659 |
| 13 | N.E | V | 3725170 | 448000 | -171665 | 4001505 | 4630501 | 628996 | 457331 |
| 13 | N.F | V | 7550000 | 883400 | 0 | 8433400 | 8942221 | 508821 | 508821 |
| 13 | N.W. | V | 11668900 | 631100 | 0 | 12300000 | 13256383 | 956383 | 956383 |
| 13 | S.R | V | 22429400 | 1648100 | 43235 | 24120735 | 25108145 | 987410 | 1030645 |
| 13 | S.C | V | 18176600 | 3043269 | 0 | 21219869 | 21202836 | -17032 | -17032 |
| 13 | S.E | V | 9443250 | 549882 | 1700 | 9994832 | 10201788 | 206956 | 208656 |
| 13 | S.E.C. | V | 4948200 | 224800 | 0 | 5173000 | 4972921 | -200078 | -200078 |
| 13 | S.W. | V | 6979000 | 165735 | 1617 | 7146352 | 6997481 | -148869 | -147252 |
| 13 | W.R | V | 13785100 | 277251 | -527630 | 13534721 | 13856016 | 314788 | -212842 |
| 13 | W.C. | V | 9348400 | 912200 | 0 | 10260600 | 10688653 | 428053 | 428053 |
| 13 | METRO | V | 168600 | 0 | 2769 | 171369 | 185024 | 13645 | 16414 |
| 13 | CLW | V | 514100 | 0 | 120600 | 634700 | 594092 | -40608 | 79992 |
| 13 | DLW | V | 329200 | 0 | 0 | 329200 | 314757 | -14443 | -14443 |
| 13 | ICF | V | 505300 | 0 | -53300 | 452000 | 460115 | 8115 | -45185 |
| 13 | RWF | V | 72800 | 0 | 580 | 73380 | 72844 | -536 | 44 |
| 13 | DMW | V | 58000 | 0 | 2642 | 60642 | 59511 | -1131 | 1511 |
| 13 | RCF | V | 118000 | 0 | 35460 | 153460 | 155513 | 2053 | 37513 |
| 13 | IRISET | V | 49200 | 0 | 2570 | 51770 | 51770 | 0 | 2570 |
| 13 | RSC/BRC | V | 6100 | 0 | 3900 | 10000 | 10194 | 194 | 4094 |
| 13 | AUDIT | V | 249300 | 0 | 90320 | 339620 | 274327 | -71326 | 18994 |

Note: - Negative sign denotes surrender (Col. No. 5) or saving (Col. No. 8 and 9)

| Appendix 3.1 List of Major and Minor Heads appearing in Accounts of Indian Railways (Reference Para No. 3.2) | | | | |
|---|--|---|--|--|
| Major Head | Details | Minor Heads | Exhibited in Balance Sheet of Indian Railways on | |
| | | | Liabilities | Assets |
| 1002 | Indian Railway- Commercial Lines Revenue Receipts | 04. Suspense 101. Traffic Account | | 3 (b) (i) |
| | | Demands Recoverable | | 3 (b) (ii) |
| 3002 | Indian Railway-.Rly Commercial Lines- Working expenses | 13. Suspense 101. Demands Payable 700.Misc.Advances (MAR) | 2 (c) | 3-(c) |
| 5002 | Capital Outlay on Indian Railways | 15. Inventories 101.Manufacturing Suspense (WMS) 700. Misc. Advances (MAC) 799. Stores Suspense | 1-Block Account Part I Capital Statement | 1-Block Account Part I Capital Statement |
| 8658/ 8660 | Suspense Accounts | 101. PAO Suspense 117. Transactions with Reserve Bank | 2 (b)-(xvi) 2-(b)-(xii) | |
| 8670 | Cheques & Bills | 108. Railway Cheques | 2 (b)-(xiv) | |
| 8677 | Remittances into Bank | 103. Railways | 2-(b)-(xiii) | |

Appendix 3.2 (Reference Para 3.3.1.1)

TRAFFIC ACCOUNT (SUSPENSE)

A suspense account called 'Traffic Account' maintained as link account between Commercial Accounts and Government Account for the purpose of recording traffic earnings in the month's account to which they pertain and watching the progress of realization. The account is debited for all earnings and is credited for all recoveries of such earnings. The balance represents unrealized earnings and is exhibited on the Asset side of the Balance Sheet.

Railway Earnings on sale of Tickets, Carriage of Goods etc. originated at stations

Station master is responsible for collection and accountal of receipt of earnings at Station and deposit of these earnings in Railways' Account in the Bank.

At the end of a month Station Master Prepares a Personal Account of all receipts and payments called Station Balance Sheet separately for Coaching Traffic and Goods

On debit side all items of earnings for which station master is responsible are shown. On credit side entire amount remitted by station into Bank / cash office are shown. The difference between amount collected and remitted is shown as closing balance and known as station outstanding which form part of Traffic Account (Suspense).

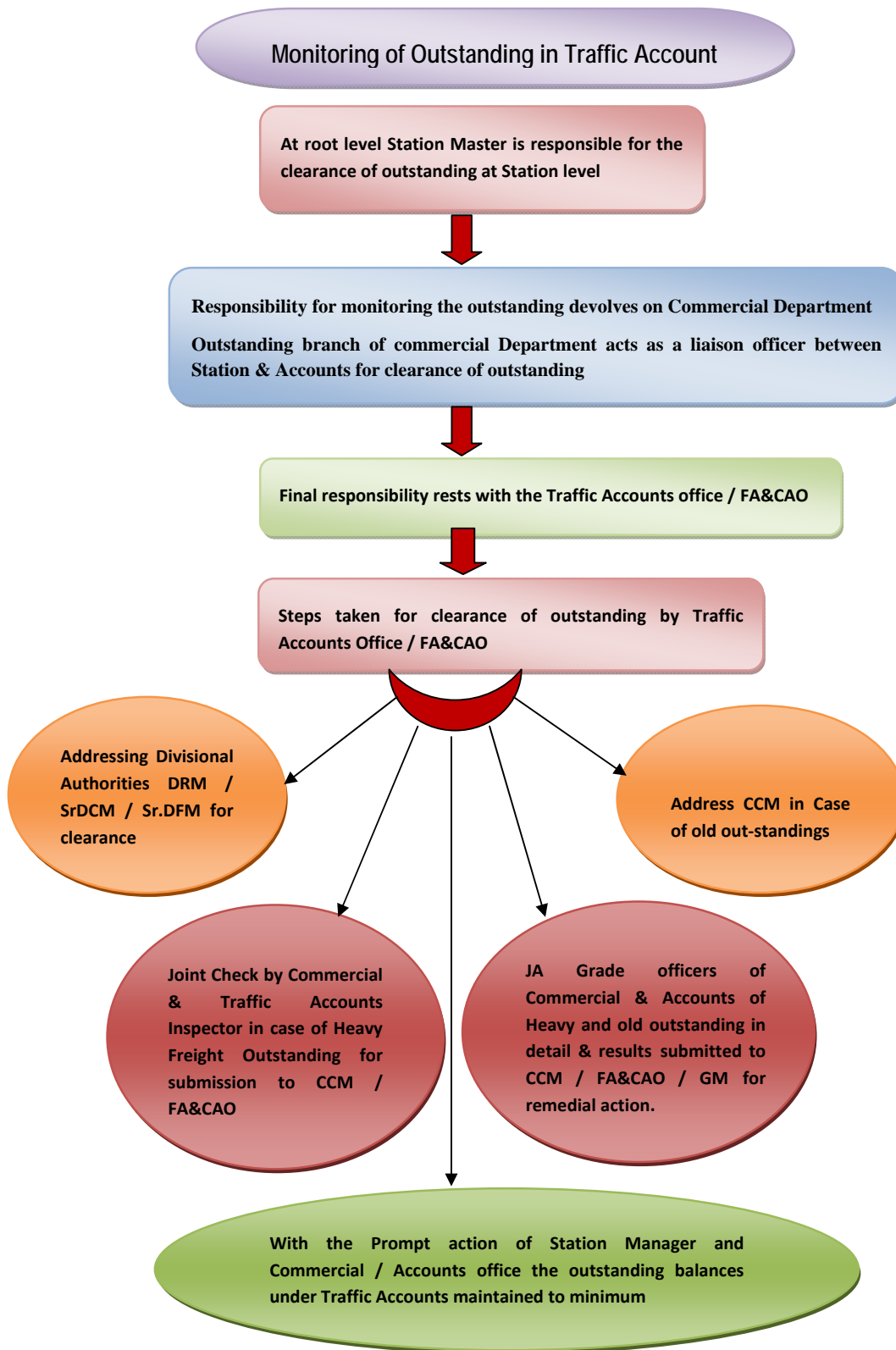
Station Manager send the Balance Sheet along with Bank Challans, Vouchers in lieu of cash & list of outstanding dues to Traffic Accounts Office every month.

Traffic Accounts office also prepares a Balance Sheet for the purpose of watching realization of vouchers sent in lieu of cash by the stations.

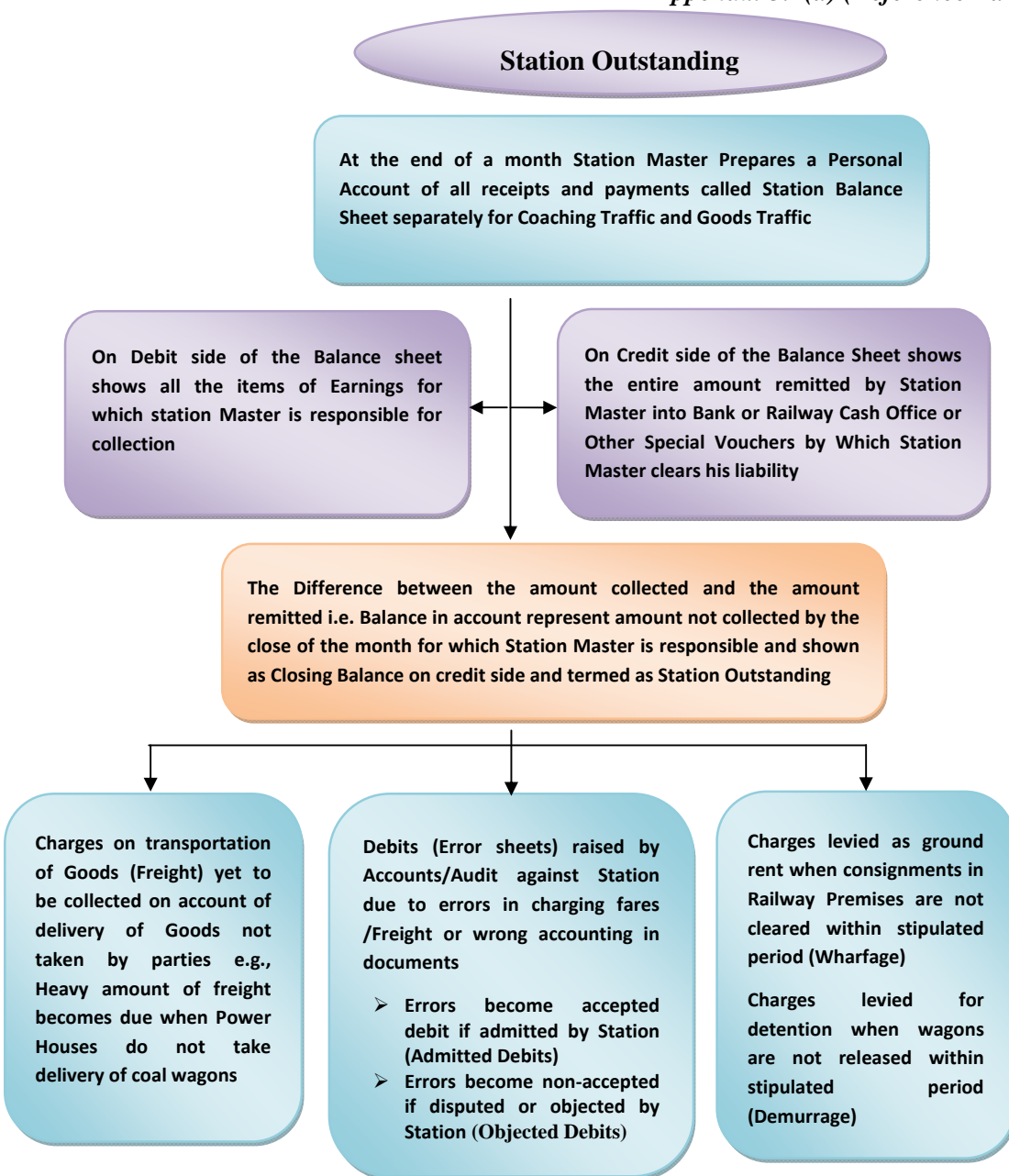
Traffic Accounts office raises bills against the concerned Departments i.e., Defense, Postal etc.. Difference between Bills Raised & Bills realized forms part of Outstanding. This also forms part of Traffic Account (Suspense).

On receipt of balance sheets of all the station, and Accounts Office Balance sheet, the Traffic Accounts Office prepares a consolidated list of Outstanding of all the stations at the end of the month for the Zone as whole termed as 'Traffic Account' and FA&CAO (T) sends this to Executive Director (Finance) in Railway Board.

Appendix 3.2 (Contd)



Appendix 3.2(a) (Reference Para 3.3.1.1)



Glossary of Terms

| <i>Terms</i> | <i>Description</i> |
|------------------------------------|---|
| <i>17-Zones of Indian Railways</i> | <i>Central Railway (CR), Eastern Railway (ER), East Central Railway (ECR), East Coast Railway (ECoR), Northern Railway (NR), North Central Railway (NCR), North Eastern Railway (NER), Northeast Frontier Railway (NFR/NEFR), North Western Railway (NWR), Southern Railway (SR), South Central Railway (SCR), South Eastern Railway (SER), Southeast Central Railway (SECR), South Western Railway (SWR), Western Railway (WR), West Central Railway (WCR) & Metro Railway, Kolkata (MR)</i> |
| <i>7-Railway Production Units</i> | <i>Chittaranjan Locomotive Works (CLW), Chittaranjan; Diesel Locomotive Works (DLW), Varanasi; Integral Coach Factory (ICF), Chennai; Rail Coach Factory (RCF), Kapurthala; Rail Wheel Factory (RWF), Yelahanka; Diesel Loco Modernisation Works (DMW), Patiala, Rail Coach Factory (RCF), Raebareilly;</i> |
| <i>Average lead</i> | <i>Average haul of a passenger or a tonne of freight</i> |
| <i>Branch lines</i> | <i>Broad Gauge and Metre Gauge lines joined to the main lines at one end only and all metre gauge lines</i> |
| <i>Broad Gauge</i> | <i>It is a rail gauge (1,676 mm) commonly used in India of movement of rail traffic</i> |
| <i>Capital-at-charge</i> | <i>Book value of the capital assets of Railways</i> |
| <i>Compound Annual Growth Rate</i> | <i>Rate of growth over a period of years, taking into account the effect of annual compounding.</i> |
| <i>Demand Recoverable</i> | <i>Unrealized earnings recoverable on account of rent/lease of land and buildings, interest and maintenance charges of sidings etc.</i> |
| <i>Dividend</i> | <i>Under the 'Separation Convention' Indian Railways (IR) is required to pay dividend to the general revenues on the capital advanced by the Government of India (GoI) at a rate determined periodically by Railway Convention Committee (RCC).</i> |
| <i>Extra Budgetary Resources</i> | <i>Resources of IR other than general budget support and internally generated resources</i> |
| <i>Gross Domestic Product</i> | <i>The total market value of all final goods and services produced in a country in a given year,</i> |
| <i>Gross Traffic Receipts</i> | <i>Receipts of railways through its operations</i> |

| Terms | Description |
|-----------------------------------|---|
| Meter Gauge | <i>It is a rail gauge (1,000 mm) still used in some parts of India of movement of rail traffic</i> |
| Minor Heads | <i>Classification structure to record receipts and expenditure of the government</i> |
| Narrow Gauge | <i>It is a rail gauge (762 or 610 mm) still used in some parts of India of movement of rail traffic</i> |
| National Projects | <i>Projects of national importance being executed through additional budgetary support from GoI.</i> |
| Net Tonne Kilometre (NTKM) | <i>Unit of measure of freight traffic which represent the transport of one tonne goods (including the weight of any packing, but excluding the weight of the vehicle used for transport) over a distance of one kilometre</i> |
| New lines | <i>Construction/laying of new railway links/lines not existed earlier</i> |
| Operating Ratio | <i>The ratio of working expenses (excluding suspense but including appropriation to Depreciation Reserve Fund and Pension Fund) to gross earnings.</i> |
| Ordinary Working Expenses | <i>Expenditure on administration, operation, maintenance and repairs, contribution to Depreciation Reserve Fund and Pension Fund</i> |
| Plan Expenditure | <i>Expenditure incurred for creation, acquisition, construction and replacement of assets</i> |
| Revenue Expenditure | <i>Expenditure incurred for day to day operations, maintenance of railways including dividend payment</i> |
| Strategic lines | <i>Railway lines of strategic importance constructed at the request of Defence</i> |
| Traffic Suspense | <i>Unrealised operational earnings of the railways</i> |
| Un-economic Branch Lines | <i>Branch lines where revenue generated is less than the operational cost</i> |
| Works Budget | <i>Estimates prepared for construction, acquisition and replacement of assets</i> |
| Route Kilometre | <i>The distance between two points on the railways irrespective of the number of lines connecting them, viz single line, double line etc.</i> |
| Total Working Expenditure | <i>Ordinary working expenditure and appropriation to Depreciation Reserve Fund and Pension Fund</i> |
| Staff Productivity | <i>It is measured in terms of volume of traffic handled (in terms of NTKM) per thousand employees.</i> |

| <i>Terms</i> | <i>Description</i> |
|--------------------------------|---|
| <i>Capital Output Ratio</i> | <i>The amount of capital employed to produce one unit of output (Total Traffic in NTKMs)</i> |
| <i>Net Surplus</i> | <i>Difference between the gross earnings and the working expenses after the payment of dividend to general revenues</i> |
| <i>Other Coaching Earnings</i> | <i>Earnings from transportation of parcels, luggage and post office mail and catering etc.,</i> |
| <i>Passenger Earnings</i> | <i>Earnings from carrying passengers on rail</i> |
| <i>Freight Earnings</i> | <i>Earnings from carrying goods on rail</i> |