

Report of the
Comptroller and Auditor General
of India

for the year ended March 2015

Laid in Lok Sabha/Rajya Sabha on _____

Union Government (Railways)
Railways Finances
Report No.53 of 2015

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 2015.

Chapter 3 covers the aspects relating to the effectiveness of the system of introduction of new works on out of turn basis through Supplementary Demands for Grants.

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List of Abbreviations used in the Report

Unit	Expansion of the abbreviation
CR	Central Railway
ER	Eastern Railway
ECR	East Central Railway
ECoR	East Coast Railway
NR	Northern Railway
NCR	North Central Railway
NER	North Eastern Railway
NEFR	North East Frontier Railway
NWR	North Western Railway
SECR	South East Central Railway
SCR	South Central Railway
SER	South Eastern Railway
SR	Southern Railway
SWR	South Western Railway
WR	Western Railway
WCR	West Central Railway

EXECUTIVE SUMMARY

Background

Indian Railways (IR) is a departmental commercial undertaking of the Government of India. It consists of 66,030 route kms* on which 22,300 trains ply, carrying about 23 million passengers and hauling nearly 3.02 million tonne of freight everyday. Policy formulation and overall control of the Railways are vested in Railway Board (RB) 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 the 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 2014 (Report No.15 of 2015) highlighted that during 2013-14, total revenue receipts, increased by 13.50 *per cent* which was above the Compound Annual Growth Rate (CAGR) of 12.24 *per cent* during the period 2009-13. The growth of freight earnings and passenger earnings were 10.14 *per cent* and 16.63 *per cent* respectively against the CAGR of 13.38 *per cent* and 10.07 *per cent* achieved during 2009-13. Net surplus after meeting dividend liability was ₹ 3,740.40 crore in 2013-14. The Operating Ratio deteriorated to 93.60 *per cent* in 2013-14 from 90.19 *per cent* in 2012-13.

During 2014-15, total revenue receipts increased by 12.43 *per cent* which was below CAGR of 13.99 *per cent* during the period 2010-14. The growth of freight earnings was 12.66 *per cent* in 2014-15 which was below the CAGR of 14.32 *per cent* registered during 2010-14. The growth of passenger earnings

* *Route-kilometre-The distance between two points on the railway irrespective of the number of lines connecting them viz., single line, double line, etc. Statistical data of route kms., no. of trains, no. of passengers and freight loading are provisional.*

was 15.49 *per cent* in 2014-15 which was above the CAGR of 12.30 *per cent* registered during 2010-14.

The Operating Ratio improved to 91.25 *per cent* in 2014-15 from 93.60 *per cent* in 2013-14. Net surplus after meeting dividend liability stood at ₹ 7,664.94 crore in 2014-15 as against ₹ 3740.40 crore in 2013-14.

Railway funds closed at ₹ 6,872.73 crore at the end of 2014-15 against the fund balance of ₹ 342.51 crore in 2010-11. The improvement in fund balances was mainly due to not making payment of capital component of lease charges to Indian Railway Finance Corporation (IRFC) amounting to ₹ 12,629.49 crore during the period 2011-12 to 2013-14 from Capital Fund. However, IR started payment of capital component of lease charges to IRFC from Capital Fund from 2014-15 and made a payment of ₹ 5,449.24 crore. Capital Fund closed at ₹ 1,388.90 crore at the end of 2014-15. Depreciation Reserve Fund (DRF) and Pension Fund closed with balances of ₹ 1,777.12 crore and ₹ 1,360.36 crore respectively in 2014-15. Further, the contribution to the DRF was not made as per requirement despite there being a huge backlog of over aged assets amounting to ₹ 47,678.65 crore in the railway system required to be replaced for safe running of trains.

IR was unable to meet its operational cost of passenger and other coaching services. During 2013-14, there was a loss of ₹ 31,727.44 crore on passenger and other coaching services. The freight services earned a profit of ₹ 32,641.69 crore which indicated that 97.20 *per cent* of the profit from freight traffic was utilized to compensate the loss on operation of passenger and other coaching services. The above issues have regularly been highlighted in the preceding Reports of Comptroller and Auditor General of India-Union Government (Railways)-Railways Finances.

IR incurred ₹ 490.37 crore more than the authorization given by the Parliament in two revenue grants, one segment of capital grant and three revenue appropriations despite obtaining supplementary provisions in all except one revenue grant. In nine revenue grants and two segments of capital grant, there were savings of more than ₹ 100 crore.

Railways introduced new works on 'out of turn' basis during a financial year on safety and operational efficiency considerations through Supplementary Demands for Grants outside the regular budget cycle. The follow up audit was conducted on Chapter II of the Railway Audit Report No.5 of 2006-Union Government (Railways) with a view to obtain reasonable assurance about the commitments made by Ministry of Railways to follow the recommendations in the Audit Para contained therein.

Audit observed that IR failed to take advantage of the time gained by introducing these works on out of turn basis before the regular budget cycle. As many as 254 new works taken up through Supplementary Demands for Grants (out of 443 reviewed in Audit) could not be completed even after one to five years of their approval by the Parliament. No improvement was seen in compliance of recommendations given by Audit in Railway Audit Report No.5 of 2006-Union Government (Railways) and accepted by the Ministry of Railways. Further, the urgency stated at the time of seeking sanction to the works on out of turn basis in the Supplementary Demands for Grants was not sustained in the subsequent years after sanction.

Major Recommendations

Recommendations on various aspects of Railways Finances are given in the relevant chapters of this Report; some of the major recommendations are summarized below:

- ***Ministry of Railways needs to revisit the passenger and other coaching tariffs so as to recover the cost of operations in a phased manner and reduce its losses in its core activities.***
- ***Non-availability of sufficient funds in Depreciation Reserve Fund to replace the overaged assets is indicative of poor financial health of Indian Railways. Ministry of Railways should explore suitable means to improve their fund balances.***
- ***Ministry of Railways needs to strengthen the process of budgetary estimation so that the supplementary demands for grants do not remain unutilised or become short of the requirement. Cases of defects in budgeting need to be analysed and measures taken to avoid recurrence in future.***
- ***Internal control mechanism should be strengthened to reduce the instances of misclassification of expenditure. Deterrent sanctions should be put in place to foster greater responsibility and accountability at the level of key controlling officers.***
- ***Ministry of Railways needs to strengthen its mechanism for selection, periodical monitoring of works at every stage of execution like preparation of detailed estimate, tendering process, provision of fund etc., so that the significance of including works in Supplementary Demands for Grants is not lost.***

Chapter 1 State of Finances

This chapter provides a broad perspective of the finances of the Indian Railways (IR) during 2014-15 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 2014-15 vis-à-vis targets set by it.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 below presents the summary of IR's fiscal transactions during 2013-14 to 2014-15.

Table 1.1 Summary of Receipts and Expenditure of IR

(₹ in crore)

Sl. No.	Details	Actual 2013-14	Budget Estimates 2014-15	Revised Estimates 2014-15	Actual 2014-15
1	Passenger Earnings	36,532.00 (16.63)	44,645.00	43,002.00	42,189.61 (15.49)
2	Freight Earnings	93,905.63 (10.14)	1,05,770.00	1,06,927.00	1,05,791.34 (12.66)
3	Other Coaching Earnings ²	3,678.78 (20.44)	4,200.00	4,028.00	3,997.89 (8.67)
4	Sundry Earnings ³	5,721.29 (34.26)	5,500.00	5,241.00	5,092.74 (-10.99)
5	Suspense	-279.52 (65.97)	50.00	50.00	-361.04 (29.16)
6	Gross Traffic Receipts ⁴ (Item No.1 to 5)	1,39,558.18 (12.79)	1,60,165.00	1,59,248.00	1,56,710.54 (12.29)
7	Ordinary Working Expenditure ⁵	97,570.75 (16.14)	1,12,649.00	1,08,970.00	1,05,995.88 (8.63)
8	Appropriation to				
	Depreciation Reserve Fund	7,900.00 (15.33)	6,850.00	7,775.00	7,775.00 (-1.58)
	Pension Fund	24,850.00 (19.99)	28,550.00	29,225.00	29,225.00 (17.61)
9	Total Working Expenditure (Item No.7 and Item No. 8)	1,30,320.75 (16.80)	1,48,049.00	1,45,970.00	1,42,995.88 (9.73)
10	Net Traffic Receipts (Item No.6 – Item No. 9)	9,237.43 (-24.04)	12,116.00	13,278.00	13,714.66 (48.47)
11	Miscellaneous Receipts ⁶	3,655.69 (49.34)	4,209.30	4,202.13	4,306.71 (17.81)

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.

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

12	Miscellaneous Expenditure ⁷	1,144.05 (15.19)	1,126.56	1,027.54	1,182.89 (3.39)
13	Net Miscellaneous Receipt (Item No. 11 – Item No. 12)	2,511.64 (72.66)	3,082.74	3,174.59	3,123.83 (24.37)
14	Net Revenue (Item No.10 and Item No.13)	11,749.07 (-13.71)	15,198.74	16,452.59	16,838.49 (43.32)
15	Dividend Payable to General Revenues-Current year	8,008.67 (49.72)	9,135.00	9,174.13	9,173.55 (14.55)
	Deferred Dividend of previous year	0.00	0.00	0.00	0.00
	Total Dividend Payable in Current year	8,008.67 (49.72)	9,135.00	9,174.13	9,173.55 (14.55)
16	Net Surplus (Item No. 14 – Item No.15)	3,740.40 (-54.75)	6,063.74	7,278.46	7,664.94 (104.92)
17	Surplus available for appropriation				
	Development Fund	3,075.00 (-60.65)	300.00	1,305.62	1,374.94 (-55.29)
	Capital Fund	500.00 (10.80)	5,662.74	5,919.03	6,233.36 (1,146.67)
	Debt Service Fund	165.40	101.00	53.81	56.64 (-65.75)

Source: Explanatory Memorandum on Railway Budgets for 2014-15 and 2015-16 and Accounts for 2014-15.

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

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, other coaching earnings and sundry earnings. However, the performance in freight earnings marginally exceeded by 0.02 per cent (₹ 21.34 crore) the Budget Estimates. Anticipated Gross Traffic Receipts (GTR) of 2014-15 was not achieved and overall decline of 2.16 per cent (₹ 3,454.46 crore) was recorded as compared to the Budget Estimates. Ordinary Working Expenditure (OWE) and Total Working Expenditure (TWE) were marginally lower by 5.91 per cent (₹ 6,653.12 crore) and 3.41 per cent (₹ 5,053.12 crore) respectively as compared to the Budget Estimates. There was an increase in appropriation to Depreciation Reserve Fund (DRF) and Pension Fund by around 13.50 per cent (₹ 925 crore) and 2.36 per cent (₹ 675 crore) respectively when compared to Budget Estimates. The resultant net revenue was above the budget projections by 10.79 per cent (₹ 1,639.75 crore) due to increase in Net Traffic Receipts by 13.19 per cent (₹ 1,598.66 crore) and Net Miscellaneous Receipts by 1.33 per cent (₹ 41.09 crore) respectively.

⁷ Miscellaneous 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 2014-15-An overview

1.3.1 Gross Traffic Receipts (GTR)

GTR increased by 12.29 *per cent* during the current fiscal year (2014-15), this was less than the 12.79 *per cent* growth achieved during 2013-14, which was mainly due to decrease in growth rate of passenger earnings, other coaching earnings and sundry earnings. The growth rate of freight earnings (12.66 *per cent*) was higher as compared to previous year (10.14 *per cent*).

1.3.2 Ordinary Working Expenditure (OWE)

OWE increased by 8.63 *per cent* in current fiscal year over the previous year which was much lower than the growth rate of 16.14 *per cent* achieved during 2013-14.

1.3.3 Miscellaneous Receipts and Expenditure

In the current fiscal year, Miscellaneous Receipts as well as Miscellaneous Expenditure increased by 17.81 *per cent* and 3.39 *per cent* respectively over the previous year. Net Miscellaneous Receipts increased by 24.37 *per cent* over previous year.

1.3.4 Net Revenue

Net revenue in the current fiscal year increased by 43.32 *per cent*, which was significantly higher than the (-) 13.71 *per cent* growth achieved during previous year. This was mainly due to increase in growth rate of freight earnings (12.66 *per cent*) and decrease in growth rate of TWE (9.73 *per cent*).

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 2014-15 was taken at five *per cent* which was applicable for 2013-14 as the Railway Convention Committee (RCC) had not fixed the rate of dividend for 2014-15. Payment of dividend to general revenues in the current fiscal year increased by 14.55 *per cent* over the previous year. IR paid dividend of ₹ 9,173.55 crore in 2014-15.

1.3.6 Net Surplus available for Appropriation

Generation of Net surplus after meeting all revenue liabilities including payment of dividend increased by 104.92 *per cent* in current fiscal year. Net Surplus increased to ₹ 7,664.94 crore in 2014-15 as compared to ₹ 3,740.40 crore in 2013-14.

Net Surplus was more than the Budget Estimates by 26.41 *per cent* (₹ 1,601.20 crore). The increase in the Net Surplus as envisaged in the Budget Estimate was due to increase in Net Traffic Receipt (excess of GTR over TWE) by 13.19 *per cent* (₹ 1,598.66 crore), increase in Net Miscellaneous Receipts (excess of Miscellaneous Receipts over Miscellaneous Expenditure) by 1.33 *per cent* (₹ 41.09 crore) offset by

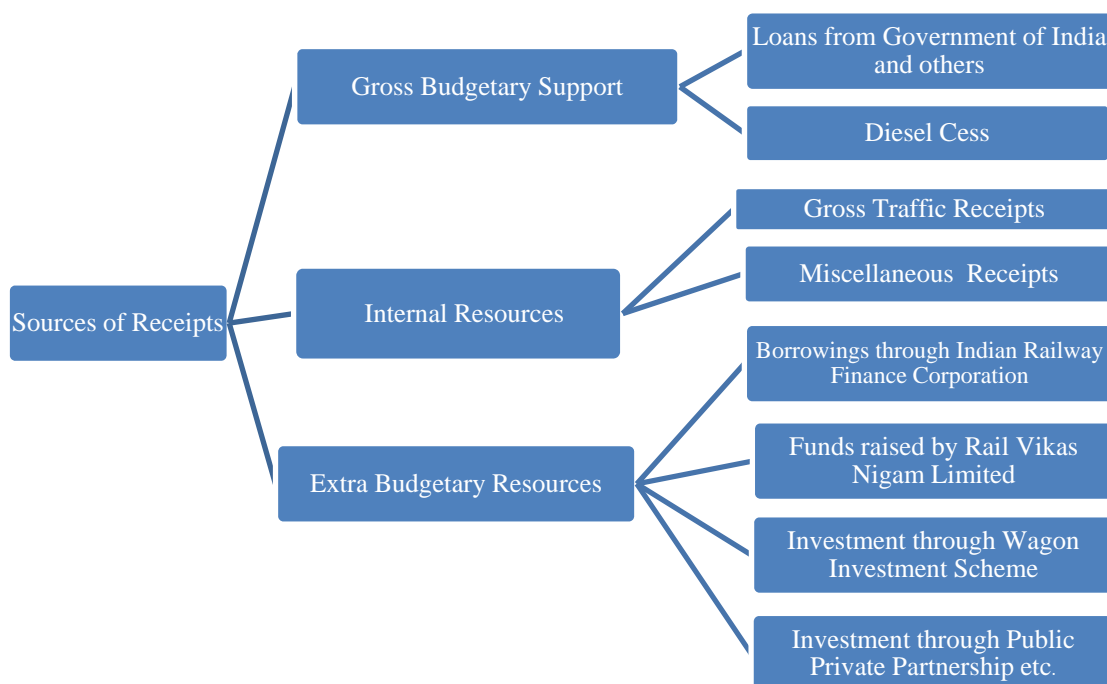
higher payment of Dividend to General Revenues by 0.42 *per cent* (₹ 38.55 crore) against the Budget Estimates.

The Net Surplus to the tune of ₹ 1,374.94 crore, ₹ 6,233.36 crore and ₹ 56.64 crore was appropriated to Development Fund, Capital Fund and Debt Service Fund respectively in the current fiscal year.

1.4 Resources of IR

The main sources of IR receipts were as follows:

Figure 1.1: Sources of Receipts

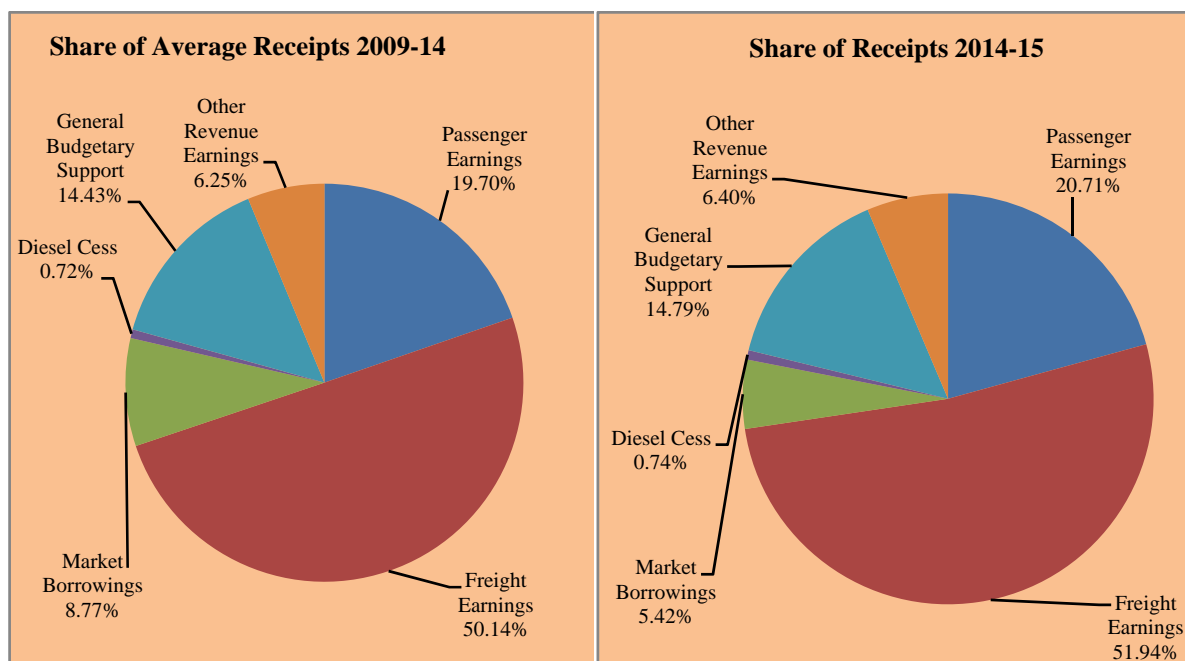


The Total Revenue Receipts (GTR and Miscellaneous Receipts) from internal resources increased by 12.43 *per cent* during 2014-15 (Refer Figure 1.3) against the Compound Annual Growth Rate (CAGR)⁸ of 13.99 *per cent* during 2010-14. The General Budgetary Support (GBS) increased by 11.26 *per cent* during 2014-15 against CAGR of 13.77 *per cent* during 2010-14, while extra budgetary resources (market borrowings) decreased by 27.46 *per cent* during 2014-15 against CAGR of 15.90 *per cent* during 2010-14. Thus, GBS⁹ and internal resources of IR increased at a higher rate, than the extra budgetary resources (market borrowings) which significantly decreased in 2014-15. The negative growth rate in the extra budgetary resources (market borrowings) is indicative of IR's failure in raising the funds.

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.

Figure 1.2: Relative Share of various Resources of IR



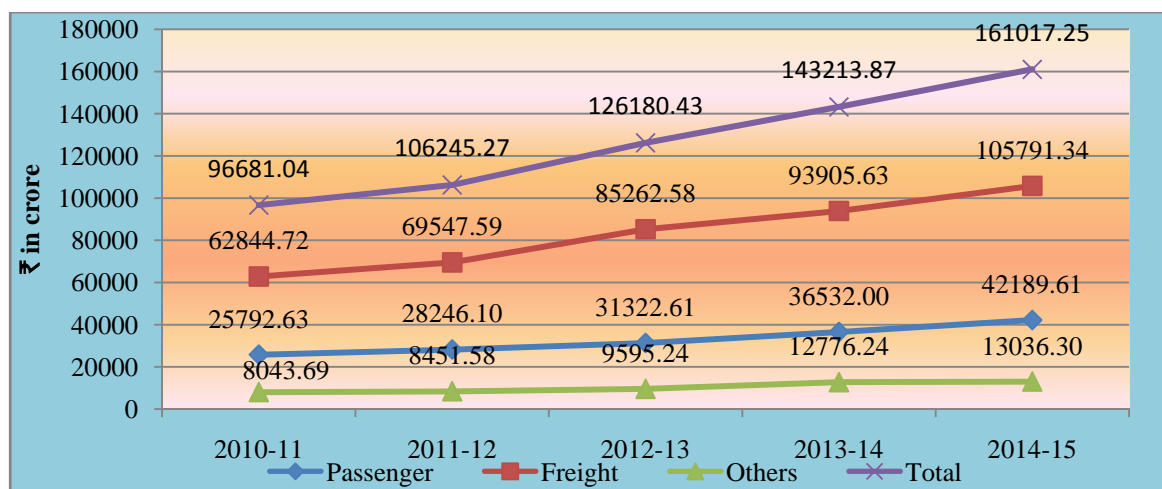
Note: Other Revenue Earnings include Other Coaching Earnings, Sundry Other Earnings, Suspense and Miscellaneous Receipts

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, GBS, other revenue earnings, and diesel cess increased slightly whereas share of market borrowings decreased in the current year as compared to average figures of receipts during 2009-14.

1.4.1 Revenue Receipts

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

Figure 1.3: Revenue Receipts during 2010-11 to 2014-15



Note: Others include Other Coaching, Sundry Others, Suspense and Miscellaneous Receipts

Total Revenue Receipts increased at a CAGR of 13.99 per cent during 2010-14, however, the increase in the Total Revenue Receipts during year 2014-15 was 12.43 per cent. The annual inflation of all commodities on an average during 2014-15 was two per cent¹⁰, which implies that the real increase in revenue receipts was 10.43 (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 2015 are shown in the Figure 1.4.

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

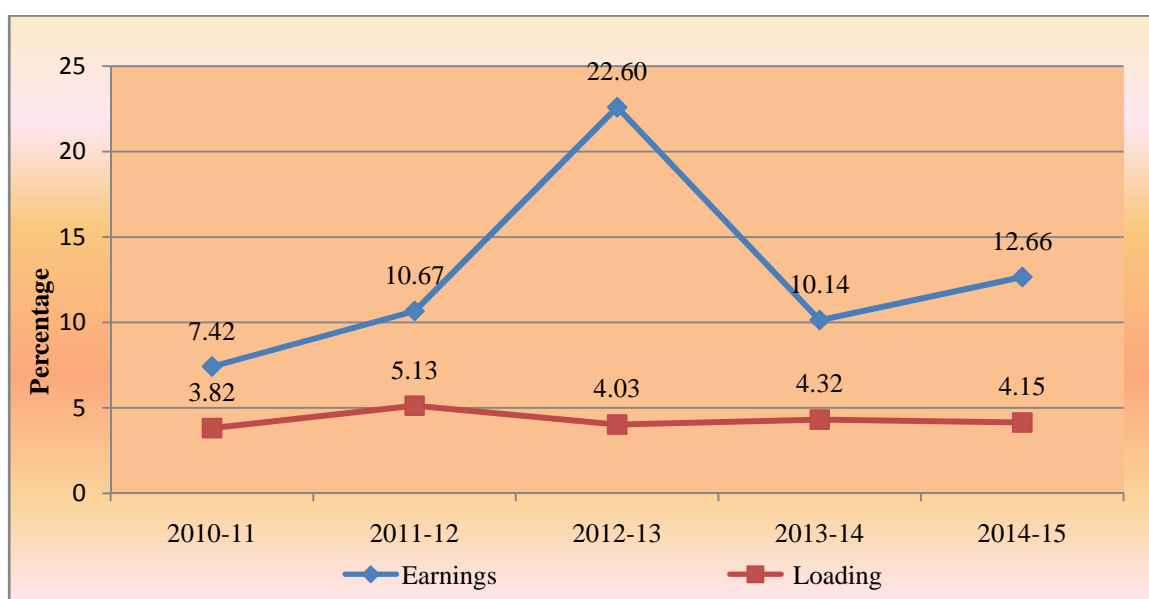


Figure 1.4 indicates a marginal decrease in the annual growth of freight loading in the current fiscal year. The annual incremental increase in loading (in absolute terms) ranged between 33.94 Million Tonne (2010-11) and 43.62 Million Tonne (2014-15) during the last five years. Increase in freight loading by 4.15 per cent during 2014-15 was less than the CAGR of 4.49 per cent achieved during 2010-14. The growth in freight earnings has increased to 12.66 per cent as compared to previous years' growth of 10.14 per cent. The growth rate of Net Tonne Kilometre (NTKM) increased by 2.42 per cent in current year (Table No.1.2).

In 2014-15, freight earnings increased by 12.66 per cent over the previous year against the CAGR of 14.32 per cent achieved during 2010-14. The status of freight services statistics are given in the Table No. 1.2:

¹⁰ Source-Economic Survey, Ministry of Commerce and Industry

Table 1.2 Freight Services Statistics

Year	Loading (Million Tonne)	NTKM ¹¹ (in million) (Revenue Freight Traffic only)	Earning (₹ in crore)	Average lead (in kilometre)	Rate per tonne per km (in paise)
2010-11	921.73 (3.82)	625723 (4.19)	62,844.72 (7.42)	679	100.44 (3.10)
2011-12	969.05 (5.13)	667607 (6.69)	69,547.59 (10.67)	689	104.17 (3.72)
2012-13	1008.09 (4.03)	649645 (-2.69)	85,262.58 (22.60)	644	131.24 (25.99)
2013-14	1051.64 (4.32)	665810 (2.49)	93,905.63 (10.14)	633	141.04 (17.46)
2014-15	1095.26 (4.15)	681951 (2.42)	1,05,791.34 (12.66)	623	155.13 (9.99)

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

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

(ii) Figures of NTKM, Average Lead and Rate per tonne per km for 2012-13 are revised figures.

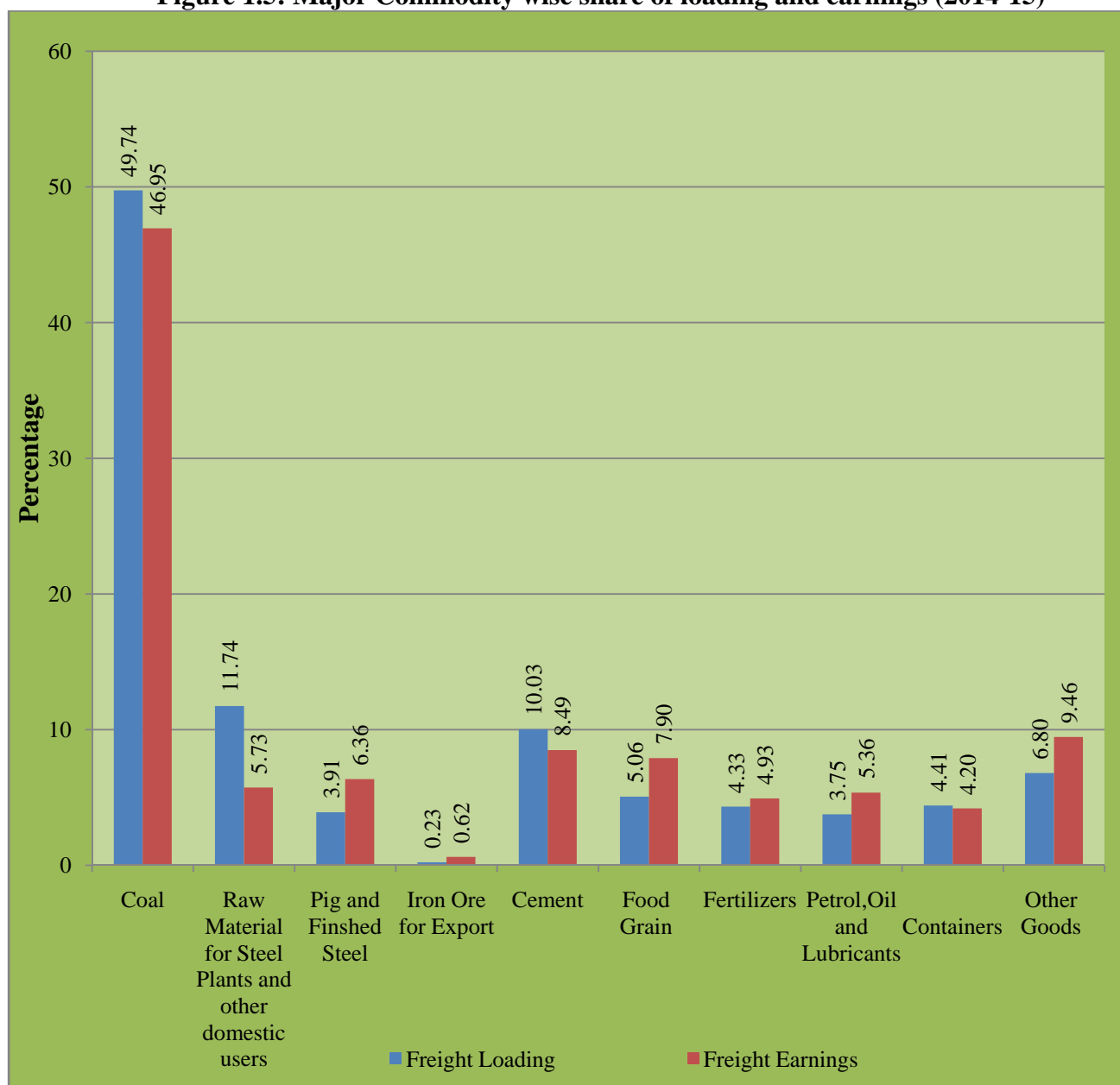
(iii) Figures of 2014-15 (except Earnings) are provisional.

During 2014-15, it was seen that the annual growth rate of freight loading and NTKM increased at the rate of 4.15 per cent and 2.42 per cent respectively. The growth rate of Rate per tonne per kilometer over the previous year was 9.99 per cent against the growth rate of 17.46 per cent achieved in 2013-14. The growth rate of freight earning during the current year was 12.66 per cent which was higher than the growth rate of 10.14 per cent recorded in 2013-14. Due to lower growth rate of loading and NTKM, the average lead (average haul of a tonne of freight) declined from 633 km in 2013-14 to 623 km in 2014-15.

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 (2014-15)



Note-Figures of Loading and Earnings for 2014-15 are provisional.

Coal, being a captive commodity, was the major component both in loading and earnings for IR. The above major commodities (excluding Other Goods) contributed 90.54 per cent of the total freight earnings of IR. Iron ore for export constituted 0.23 per cent of the total loading and earned 0.62 per cent of the total freight earnings.

1.4.1.2 Passenger Earnings

Key performance indicators of passenger services are tabulated in Table 1.3.

Table 1.3 Passenger Services Statistics

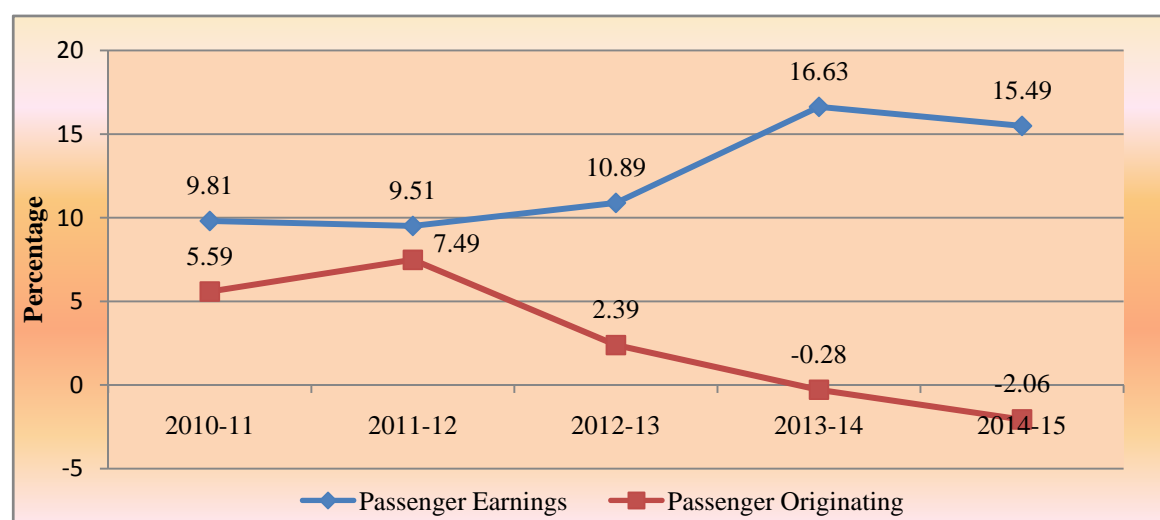
Year	No. of Passenger (in millions)	Passenger Kilometre (in million)	Earnings (₹ in crore)	Average lead (in kilometre)	Average earnings per passenger per kilometre (in paise)
2010-11	7651.09 (5.59)	978508 (8.31)	25,792.63 (9.81)	127.89	26.36 (1.39)
2011-12	8224.38 (7.49)	1046522 (6.95)	28,246.10 (9.51)	127.25	26.99 (2.40)
2012-13	8420.71 (2.39)	1098103 (4.93)	31,322.68 (10.89)	130.41	28.52 (5.68)
2013-14	8397.06 (-0.28)	1158742 (5.52)	36,532.00 (16.63)	137.99	31.53 (10.53)
2014-15	8224.12 (-2.06)	1147190 (-1.00)	42,189.61 (15.49)	139.49	36.78 (16.65)

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

(ii) Figures for 2014-15 (except Earnings) are provisional.

Despite decrease in number of originating passengers, it was seen that average earnings per passenger per kilometer increased from 31.53 paise in 2013-14 to 36.78 paise in 2014-15, which was mainly due to increase in passenger tariffs. Further, from the Table above, it can be seen that the average earnings per passenger per kilometre is on an increasing trend and this was achieved due to increase in passenger fares. Though, the passenger tariffs have been revised upwardly in the recent past, still IR is incurring losses¹² every year on passenger and other coaching services which needs to be looked into.

The growth in earnings from Passenger traffic and in Passengers Originating during the last five years (2010-11 to 2014-15) is shown in Figure 1.6.

Figure 1.6: Growth Rate of Passenger Originating and Passenger Earnings

The percentage increase in earnings from passenger traffic in 2014-15 over the previous year was 15.49 per cent which was above the CAGR of 12.30 per cent for the period 2010-14. The growth in passengers originating in 2014-15 over the previous year was negative (-2.06 per cent) and was below the CAGR of 3.15 per cent during 2010-14.

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

Audit observed that passenger earnings fell short of Budget Estimates in all zonal railways except Western Railway during 2014-15. The shortfall in passenger earnings targets was up to 9.75 per cent in East Central Railway and 0.22 per cent in Metro Railway/Kolkata.

1.4.1.3 Sundry Earnings and Other Coaching Earnings

Sundries and other coaching earnings constituted around six per cent of the GTR in the current fiscal year. It decreased by 3.29 per cent in 2014-15 against the growth rate of 28.49 per cent recorded in 2013-14. Analysis in audit revealed that earnings from lease rent decreased whereas earnings from interest and maintenance charges and advertisements increased in the current year as compared to the previous year. There was considerable scope for increasing revenue generation from advertisements and commercial utilization of railway land.

1.5 Unrealized Earnings¹³

Against the target for recovery of ₹ 50 crore during 2014-15 under unrealized earnings, IR accumulated ₹ 361.04 crore as unrealized earnings. The unrealized earnings rose from ₹ 1,848.98 crore in 2013-14 to ₹ 2,210.02 crore in 2014-15. At the end of the financial year unrealized earnings were ₹ 2,210.02 crore, of which ₹ 1,929.47 crore was under Traffic Suspense and ₹ 280.55 crore under Demand Recoverable. During the current fiscal year, Central Railway was the major contributor to the accumulation of unrealized earnings with ₹ 34.64 crore. This was followed by East Coast Railway with ₹ 27.46 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 ₹ 754.79 crore which constituted 39.12 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 2014	Outstanding dues as of 31 March 2015	Increase (+)/decrease (-) during the year
1.	Punjab State Electricity Board (PSEB)	448.58	447.08	(-)1.50
2.	Delhi Vidyut Board (DVB)	114.28	114.28	-
3.	Rajasthan State Electricity Board (RSEB)	38.06	39.44	(+)1.38
4.	Maharashtra State Electricity Board (MSEB)	143.17	90.14	(-)53.03
5.	National Thermal Power Corporation (NTPC)	64.42	2.00	(-) 62.42

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

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

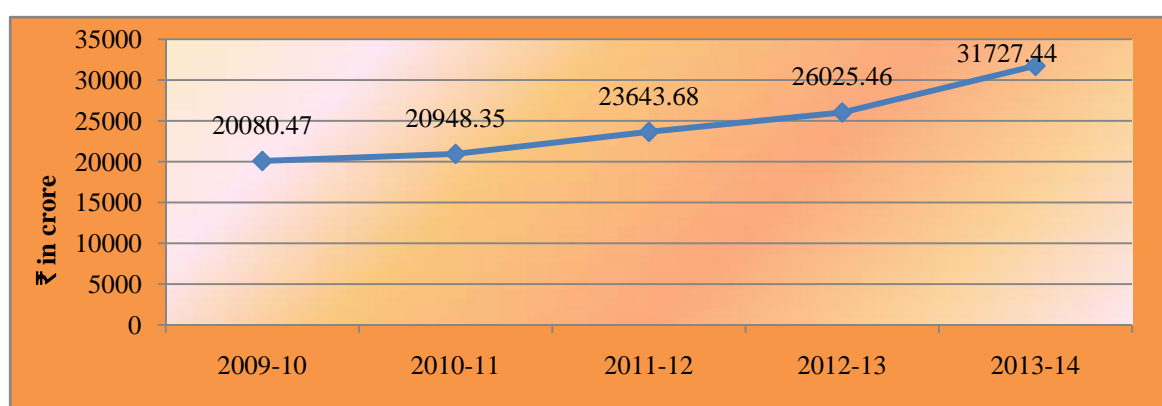
¹³Unrealized earnings on account of movement of traffic was classified as 'Traffic Suspense' whereas on account of rent/lease of building/land and maintenance charges of sidings etc as 'Demand Recoverable'.

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. The Summary of End Results-Freight Services Unit Costs and Coaching Services Profitability/Unit Costs for the year 2013-14 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 ₹ 20,080.47 crore in 2009-10 to ₹ 31,727.44 crore in 2013-14¹⁴. The losses on passenger and other coaching services during the 2009-10 to 2013-14 are shown in the Figure 1.7(a).

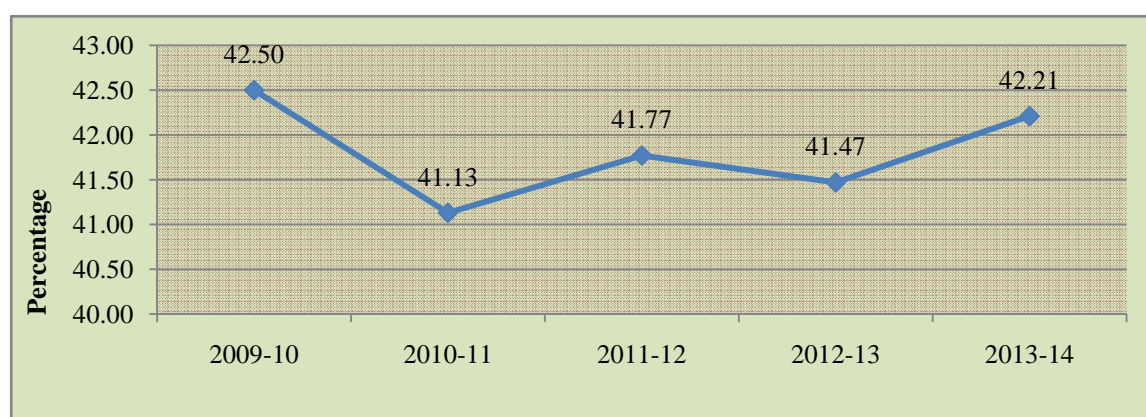
Figure 1.7 (a): Losses on Passenger and other Coaching Services (2009-10 to 2013-14)



Thus, due to increase in the loss on passenger and other coaching services from ₹ 26,025.46 crore in 2012-13 to ₹ 31,727.44 crore in 2013-14, the cross subsidy from freight earnings towards passenger and other coaching services has increased in 2013-14 as compared to previous year.

The gap in percentage of expenditure on passengers and other coaching services left unrecovered during the period of five years as of 31 March 2014 are shown in Figure 1.7(b).

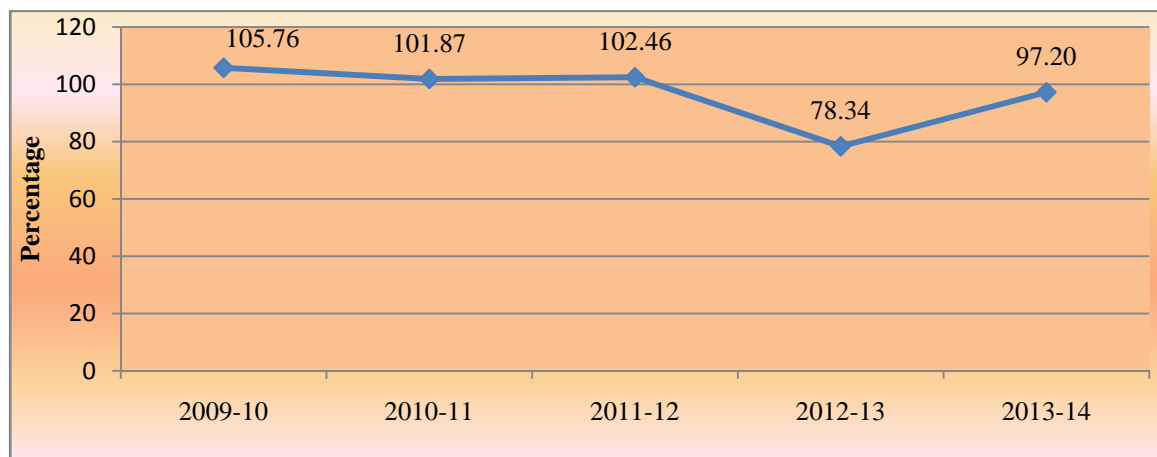
Figure 1.7(b): Percentage of expenditure on Passenger and Other Coaching Services left uncovered



¹⁴ Summary of End Results-Coaching Services-Profitability/Unit Costs for 2014-15 not compiled (October 2015).

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 97.20 per cent profit from freight traffic during 2013-14 (profit from freight traffic in 2013-14 ₹ 32,641.69 crore) was utilized to compensate the loss of ₹ 31,727.44 crore on operation of passenger and other coaching services of IR. IR has been able to retain only 2.80 per cent of the profit on freight earning after subsidizing the loss on passenger services in 2013-14 as compared to 21.66 per cent in the previous year showing a shortfall 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 2009-10 to 2013-14:

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

Class of Passenger services	2009-10	2010-11	2011-12	2012-13	2013-14
AC-Ist class	-53.14	-46.61	-38.78	-40.86	-47.39
Ist class	-32.67	16.47	-39.13	-61.36	-92.06
AC 2 Tier	-372.32	-407.93	-438.83	-348.09	-497.28
AC 3 Tier	212.14	266.31	499.33	494.99	410.67
AC Chair car	-2.11	33.62	-13.29	-38.12	-148.47
Sleeper Class	-5,333.90	-6,070.58	-6531.75	-6852.72	-8407.85
Second class	-3,401.25	-3,998.08	-4237.60	-5167.53	-7134.42
Ordinary (All Class)	-7,763.36	-7,437.00	-8893.12	-9783.80	-11105.24
EMU suburban services	-2,214.06	-2,320.23	-2813.95	-3365.47	-4027.14

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

Note- Negative figures denote losses and positive figures denote profits on passenger services

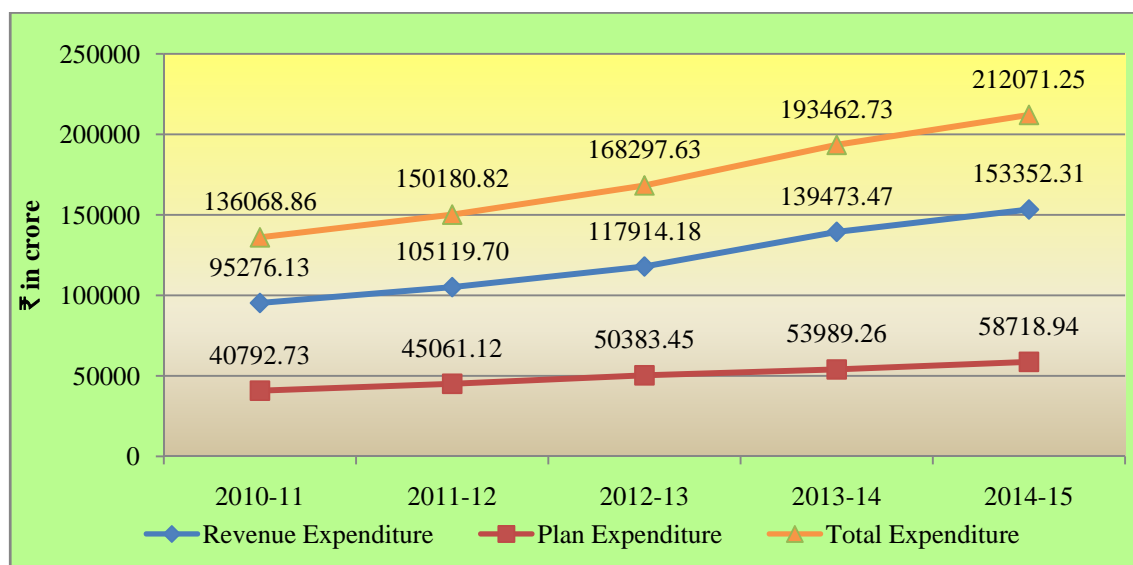
It is clear from the Table 1.5 that, except AC-3-Tier, all classes of train services have incurred losses during 2013-14 which means that AC-3-Tier segment only has recovered its operational cost.

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 loss¹⁵ to the earning of the various classes of passenger services ranged from 8.16 per cent (AC 1st Class) to 313.56 per cent (1st Class) with 170.14 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, miscellaneous expenditure and dividend payout. The Total Expenditure grew from ₹ 193462.73 crore in 2013-14 to ₹ 212071.25 crore in 2014-15, registering an increase of 9.62 per cent. The Revenue Expenditure has increased by 9.95 per cent from ₹ 139473.47 crore to ₹ 153352.31 crore during the same period.

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

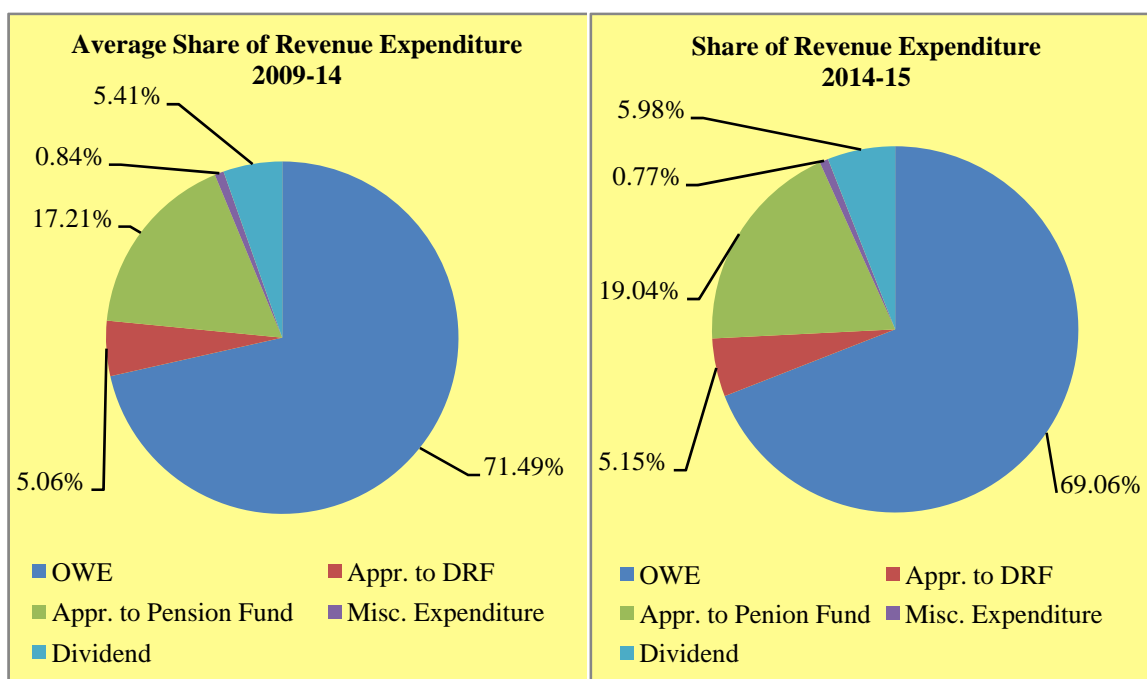


During last five years, the share of revenue expenditure and plan expenditure to total expenditure remained almost static within the range of 70 per cent to 72 per cent and 30 per cent to 28 per cent respectively. A detailed analysis of plan expenditure is discussed in paragraph 1.10.

¹⁵ Loss worked out on the basis of figures of Expenses and Earnings given in Summary of the End Results-Coaching Services Profitability/Unit Costs (2013-14).

1.7.1 Revenue Expenditure

Figure 1.10: Share of Revenue Expenditure in last five years



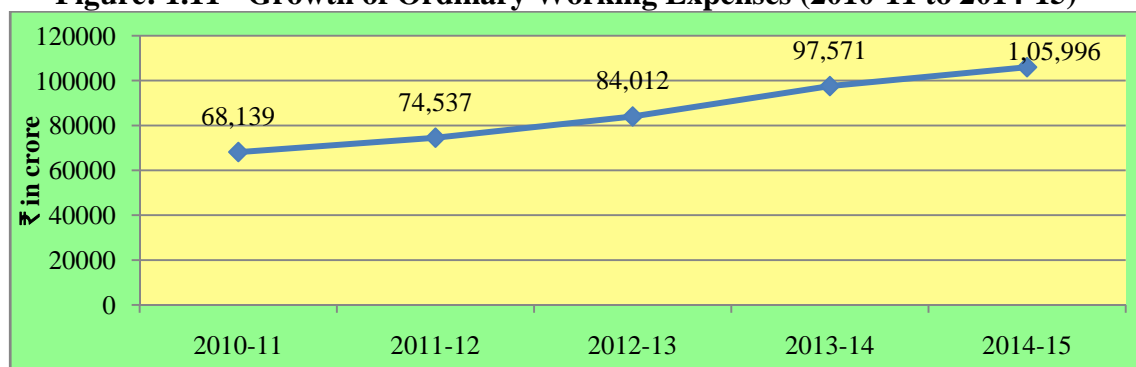
OWE-Ordinary Working Expenditure, DRF-Depreciation Reserve Fund

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 main component of total revenue expenditure was Ordinary Working Expenditure (OWE) which constituted 71.49 *per cent* of the total revenue expenditure on an average during 2009-14 and 69.06 *per cent* during 2014-15. Appropriation to Depreciation Reserve Fund (DRF) was 5.15 *per cent* in 2014-15 as compared to 5.06 *per cent* on an average during 2009-14. Appropriation to Pension Fund increased to 19.04 *per cent* in 2014-15 as compared to 17.21 *per cent* on an average during 2009-14 to meet the increased pension liabilities.

The trend in OWE over the last five years is shown in Figure 1.11:

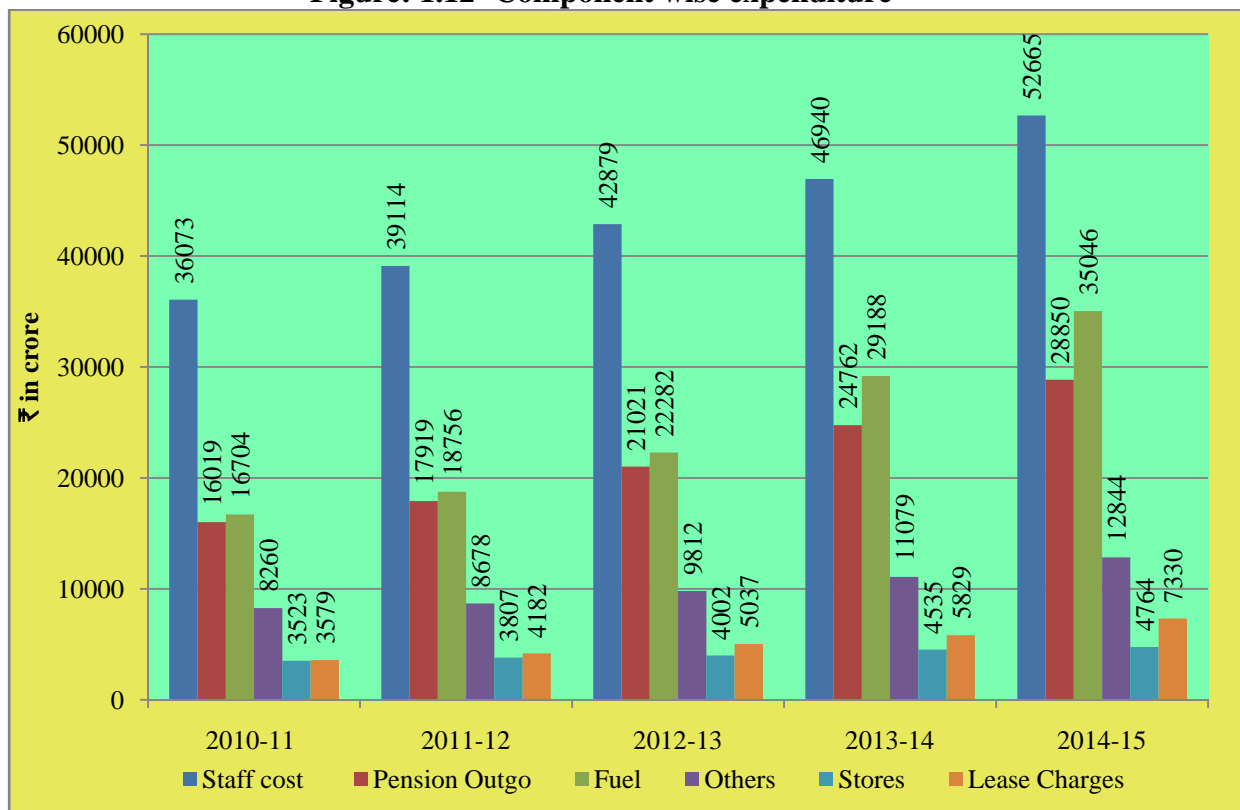
Figure: 1.11 - Growth of Ordinary Working Expenses (2010-11 to 2014-15)



OWE increased at a rate of 8.63 per cent during 2014-15 over the previous year as compared to growth rate of 16.14 per cent in the previous year.

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

Figure: 1.12 -Component wise expenditure



Note-(i) Figures for 2014-15 are as per budget estimate.

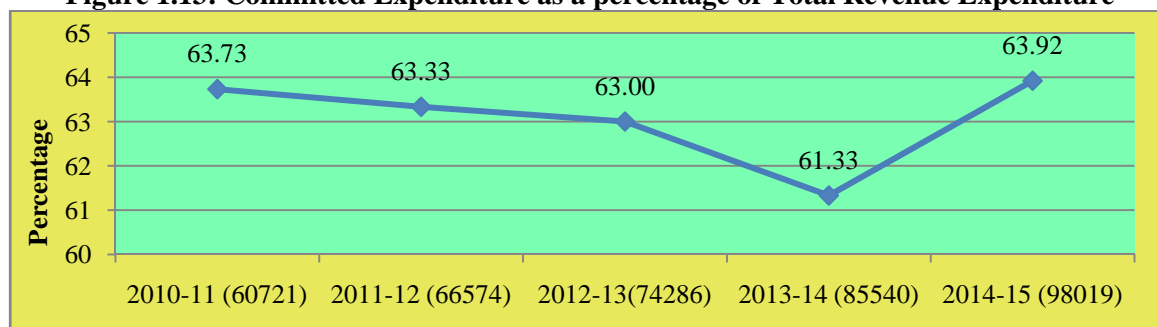
(ii) Figures for 2013-14 are revised figures (based on actuals).

Staff cost (including pension outgo) constituted around 58 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: Committed Expenditure as a percentage of Total Revenue Expenditure



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

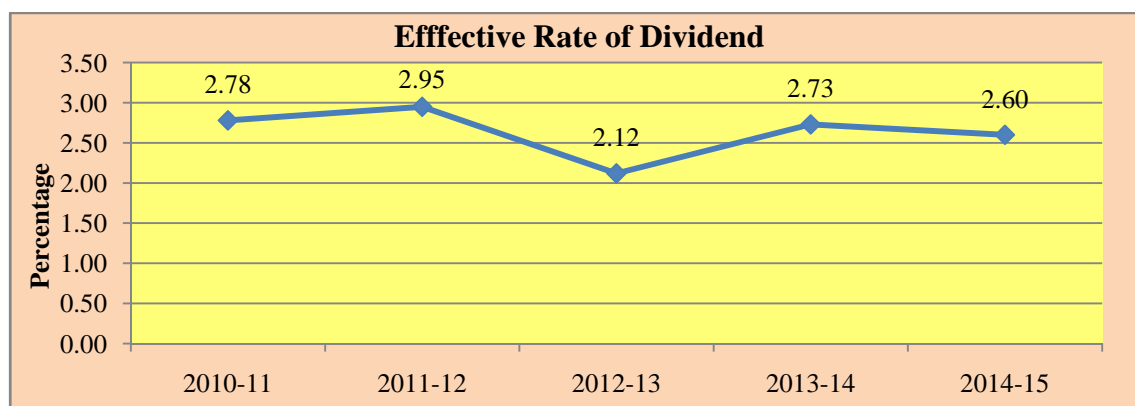
(ii) Figures for 2014-15 are as per budget estimate. (iii) Figures of 2013-14 are revised figures (based on actuals).

Percentage of committed expenditure to total revenue expenditure was 63.92 per cent in 2014-15. IR was left with 36.08 per cent of the total revenue expenditure to run their operations (Figure 1.13).

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 GoI at a rate determined periodically by RCC. The rate of dividend fixed by the RCC for 2013-14 was also applied for 2014-15 as RCC had not fixed the rate of dividend for 2014-15. 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 interest¹⁶. Dividend paid on such capital is received back as subsidy by IR. The subsidy increased from ₹ 3,370.56 crore in 2013-14 to ₹ 4,024.46 crore in 2014-15. The net effective rate of dividend after adjusting the subsidy received, decreased from 2.73 per cent in the 2013-14 to 2.60 per cent in 2014-15.

Figure: 1.14 Effective Rate of Dividend



1.7.4 Un-discharged Liability

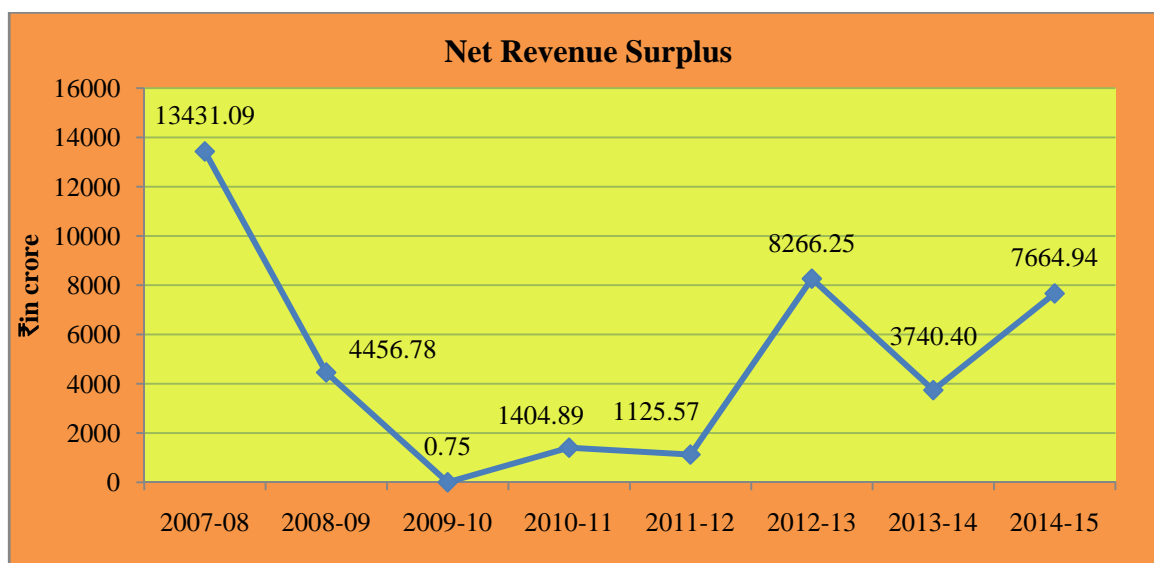
The RCC allowed a moratorium on payment of dividend on investments in New Lines during the period of construction and the first five years after opening of the line for traffic. Cumulative dividend was payable when the line showed surplus after discharging current liability. The account of dividend liability is closed after 20 years, extinguishing all such un-liquidated liability. The liability on this account which was ₹ 11,231.45 crore at the close of 2013-14 increased to ₹ 12,254.90 crore as of March 2015.

1.8 Revenue Surplus

Trend of net revenue surplus after meeting all revenue expenditure including payment of dividend, during the years 2007-08 to 2014-15 are shown in the Figure 1.15.

¹⁶Strategic 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: 1.15 Revenue Surplus



The net surplus increased from ₹ 3,740.40 crore in 2013-14 to ₹ 7,664.94 crore in 2014-15. The increase in net surplus was mainly due to higher growth rate of freight earning (12.66 per cent) in 2014-15 than the growth rate of 2013-14 (10.14 per cent) and lower growth rate of total working expenditure (9.73 per cent) in 2014-15 than the growth rate of 2012-13 (16.80 per cent).

During 2014-15, there was an increase of ₹ 1,601.20 crore in the net surplus as against the budget estimate of ₹ 6,063.74 crore. The increase in net surplus was mainly due to increase in net revenue by ₹ 1,639.75 crore offset by more dividend expenditure by ₹ 38.55 crore against the budget estimate.

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 (OR) represents the percentage of working expenses to traffic earnings. The OR which was 93.60 per cent in 2013-14, slightly improved to 91.25 per cent in 2014-15 for IR. This was primarily due to the reason that working expenditure grew at lower rate (9.51 per cent) as compared to previous year (17.13 per cent), while the total earnings grew at rate (12.32 per cent) marginally less than the previous year rate (12.86 per cent).

OR of zonal railways during the last five years ended on 31 March 2015 is shown in the Table 1.6.

Table 1.6 Operating Ratio of Zonal Railways

S. No.	Zonal Railway	2010-11	2011-12	2012-13	2013-14	2014-15
1	Central	107.31	105.68	97.82	100.23	101.85
2	Eastern	178.52	182.10	178.86	176.76	177.27
3	East Central	109.06	103.58	92.19	99.58	95.24
4	East Coast	42.82	44.68	44.50	48.34	51.25
5	Northern	112.20	121.00	113.15	110.12	117.65
6	North Central	63.12	61.80	59.68	64.04	64.13
7	North Eastern	201.78	202.06	200.01	207.49	193.47
8	Northeast Frontier	167.25	166.40	178.39	193.08	187.08
9	North Western	106.41	99.99	88.97	98.58	90.18
10	Southern	135.55	122.58	130.59	132.18	128.98
11	South Central	85.76	85.90	79.63	84.13	76.03
12	South Eastern	66.98	72.74	70.50	72.54	73.62
13	South East Central	58.01	55.24	49.14	52.53	50.83
14	South Western	98.69	109.01	104.85	115.41	98.72
15	Western	97.96	94.61	89.84	91.74	86.51
16	West Central	74.93	70.13	68.18	71.06	63.56
17	Metro Railway/Kolkata	226.35	310.89	328.26	302.63	253.69
Overall IR		94.59	94.85	90.19	93.60	91.25

Source-Indian Railways Appropriation Accounts-Part-I Review

There was improvement in the OR of East Central, North Eastern, Northeast Frontier, North Western, Southern, South Central, South East Central, South Western, Western, West Central and Metro Railway/Kolkata whereas the same deteriorated in Central, Eastern, East Coast, Northern, North Central and South Eastern Railways during the current year as compared to the previous year. OR of Central, Eastern, Northern, North Eastern, Northeast Frontier, Southern Railways and Metro Railway/Kolkata was more than 100 per cent during 2014-15 implying that their working expenditure was more than their traffic earnings. OR of the zonal 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 (COR)

Capital Output Ratio (COR) indicates the amount of capital employed to produce one unit of output. Total Traffic in terms of NTKMs and Passenger Kilometres (PKMs) is considered as the output in the case of IR.

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-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	649,645	1,098,103	77,965	727,610	252
31-Mar-14	2,088,443	665,810	1,158,742	82,271	748,081	279
31-Mar-15	2,421,170	681,951	1,147,190	81,450	763,401	317

Source-Indian Railways Annual Statistical Statements

Note: Figures for 2014-15 except capital including Investments from Capital Fund are provisional.

Figures of NTKM for 2012-13 are revised figures.

COR had increased from 206 paise (2010-11) to 317 paise (2014-15) indicating decrease in physical performance of the IR as compared to capital employed (Table 1.7). Higher cost overruns due to non-completion of projects in time coupled with investment in financially unviable projects contributed to higher COR.

1.9.3 Staff Productivity

Staff productivity¹⁷ 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 9.98 per cent during the period 2010-11 (561) to 2014-15 (617) of Open Line staff of all zonal railways (excluding Metro Railway/Kolkata). The improvement in staff productivity over the last five years was due to increase in freight carried in terms of tonnage and passenger originating in relation to total distances carried/travelled.

Zone wise analysis of staff productivity revealed that during 2014-15, highest Staff Productivity of 1,360.04 Million NTKM was achieved by East Coast Railway whereas Staff Productivity of 206.28 Million NTKM 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 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 GBS, internal resources¹⁸ 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).

¹⁷ Annual Statistical Statements of Indian Railways

¹⁸ Reserve Funds such as Depreciation Reserve Fund, Capital Fund, Development Fund

The Table 1.8 gives the sources of funds for the plan expenditure during first three years of the 12th Five year Plan (2012-13 to 2016-17):

Table 1.8 Sources of Plan Expenditure

(₹ in crore)

Source of Plan Expenditure	12 th Five Year Plan			
	2012-13	2013-14	2014-15	
	Actual	Actual	Budget Estimates	Actual
General Budgetary Support ¹⁹	25,710.21 (51.03)	29,055.38 (53.82)	31,596 (48.28)	32,327.60 (55.05)
Internal Resources	9,531.31 (18.92)	9,709.00 (17.98)	16,054 (24.53)	15,347.24 (26.14)
Extra Budgetary Resources	15,141.93 (30.05)	15,224.88 (28.20)	17,795 (27.19)	11,044.10 (18.81)
Total	50,383.45	53,989.26	65,445	58,718.94

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

Due to non-availability of sufficient internal resources, the dependency of Plan Expenditure on GBS increased substantially in 2014-15. The share of GBS to the total plan expenditure increased from 53.82 per cent in 2013-14 to 55.05 per cent in 2014-15. The share of internal resources to total plan expenditure increased from 17.98 per cent in 2013-14 to 26.14 per cent in 2014-15 owing to making payment of principal component of lease charges to IRFC from Capital Fund. Share of Extra Budgetary Resources (market borrowings) reduced from 28.20 per cent in 2013-14 to 18.81 per cent in current year and was short by around 38 per cent of the Budget Estimate. During 2014-15, Ministry of Railways obtained extra budgetary support of ₹ 11,044.10 crore from IRFC for rolling stock and doubling projects being executed by RVNL.

Plan expenditure is broadly categorized under various Plan Heads as shown in the Table 1.9.

¹⁹Includes expenditure from Railway Safety Fund

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

Plan Heads	12 th Five Year Plan		
	2012-13	2013-14	2014-15
New Lines, Gauge Conversion, Doubling, Yard Remodelling, Traffic Facilities, Track Renewal, Bridge Work, Signalling and Telecommunication	16,721.19 (33.19)	18,532.34 (34.33)	21,984.62 (37.44)
Rolling Stock and Payment of Capital Component of Lease charges	22,403.29 (44.47)	22,267.49 (41.24)	21,723.98 (37.00)
Workshop and Production Units and Plant & Machinery	1,917.00 (3.80)	2,264.42 (4.19)	2,129.02 (3.63)
Investments in Government Undertaking	3,372.74 (6.69)	4,289.58 (7.95)	4,865.31 (8.29)
Others	5,969.23 (11.85)	6,635.43 (12.29)	8,016.01 (13.65)
Total	50,383.45	53,989.26	58,718.94

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, 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, Gauge Conversion, Doubling, Yard Remodelling and Traffic Facilities, Bridge Works and Signal and Telecommunication Works) slightly increased from 34.33 per cent in 2013-14 to 37.44 per cent in 2014-15. The share of Plan Expenditure on 'Rolling Stock and Payment of Capital Component of Lease charges' decreased from 41.24 per cent in 2013-14 to 37 per cent in 2014-15.

1.11 Railway Funds

The status of various Funds during 2014-15 is shown in the Table 1.10 below:

Table 1.10 Fund Balances**(₹ in crore)**

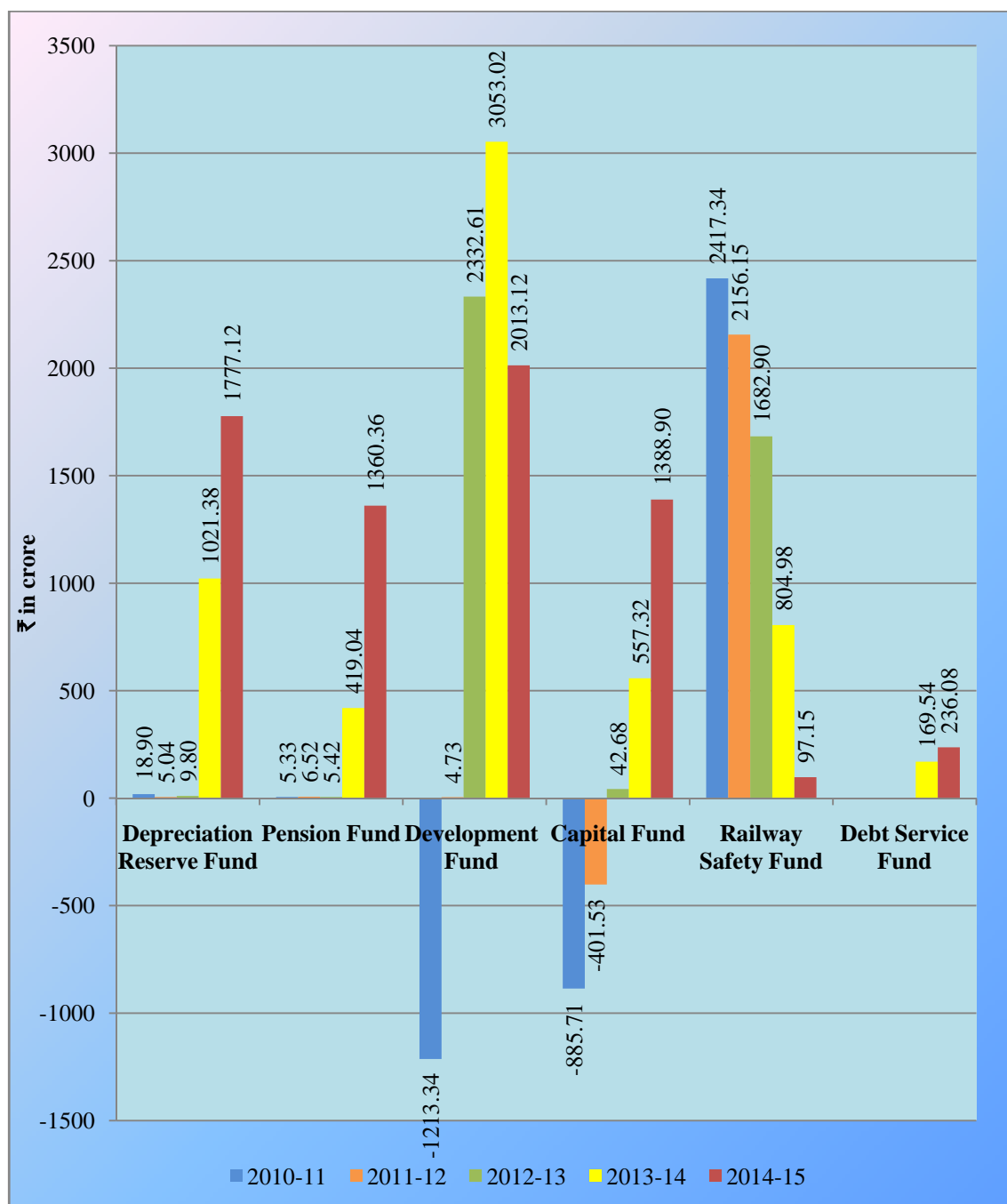
Name of Fund	Opening Balance	Accretion during the year	Withdrawal during the year	Closing Balance
DRF	1020.81	8043.24	7286.93	1777.12
Pension Fund	419.04	29583.40	28642.08	1360.36
Development Fund	3053.02	1571.18	2611.08	2013.12
Capital Fund	557.32	6280.82	5449.24	1388.90
Railway Safety Fund	804.98	1498.61	2206.44	97.15
Debt Service Fund	169.54	66.54	-	236.08

Note- 1. Accretion includes Appropriation to fund and interest received on fund balances. Railway Safety Fund is an interest free fund.

2. Opening Balance of DRF includes financial adjustments of ₹(-) 0.57 crore.

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 ₹ 2,013.12 crore, ₹ 1,388.90 crore and ₹ 236.08 crore respectively. (Appendix-1)

Figure 1.16-Fund Balances at the close of the years (2010-11 to 2014-15)

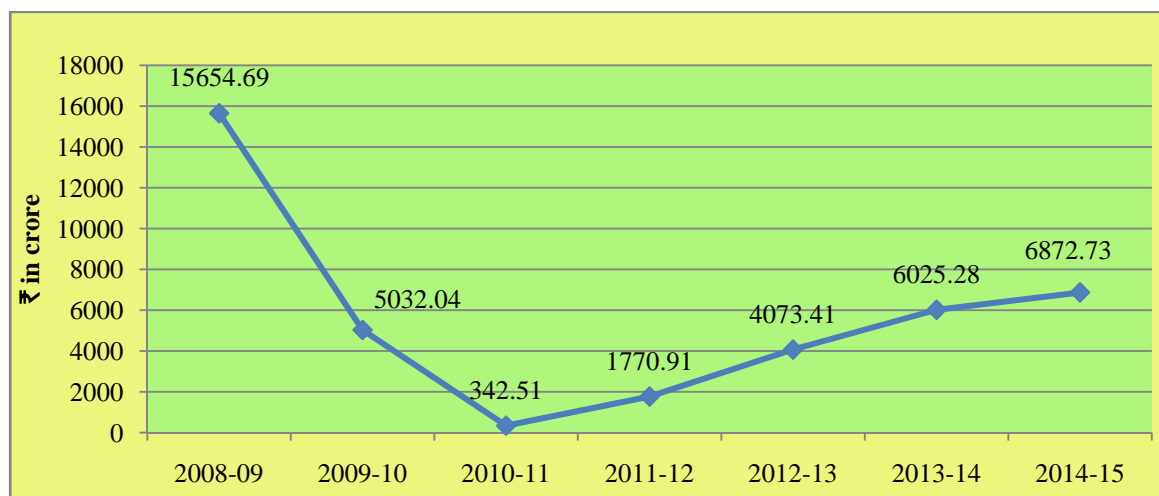


Source-Indian Railways Appropriation Accounts Part-II-Detailed Appropriation Accounts

The balance available in the railway funds increased from ₹ 6,025.28 crore in 2013-14 to ₹ 6,872.73 crore at the end of the year 2014-15. However, it was seen (Figure 1.17) that the fund balances had sharply declined from ₹ 15,654.68 crore in 2008-09 to

₹ 342.51 crore in 2010-11. Thereafter, from 2011-12, the fund balances improved each year.

Figure 1.17- Trend of Fund Balances (2008-09 to 2014-15)



The improvement in fund balances was mainly due to not making payment of capital component of lease charges to IRFC²⁰ amounting to ₹ 12,629.49 crore during the period 2011-14, from Capital Fund. IR started payment of capital component of lease charges to IRFC from Capital Fund from 2014-15 and made payment of ₹ 5,449.24 crore during 2014-15.

DRF and Capital Fund closed with balance of ₹ 1,777.12 crore and ₹ 1,388.90 crore respectively. However, contribution to DRF was not made as per requirement.

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

1. Indian Railways borrows money through the 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 OWE (Revenue Grant No.9-Operating Expenses-Traffic). However, from the year 2005-06 the Accounting policy in respect of accountal of lease charges payable to IRFC was modified. As per new accounting system, principal (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'²¹ 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. Audit comments on violation of accounting policy by the Ministry

²⁰ Payment of Principal component of lease charges to IRFC is being paid from Capital Fund from 2005-06 onwards.

²¹ 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.

of Railways towards payment of capital component of lease charges was made in the Audit Reports on Railways Finances for the year ended March 2012 to March 2014.

Ministry of Railways in its Action Taken Note on Para 1.11 of the Audit Report on Railways Finances (No.19 of 2014) stated (14-5-2015) that from 2014-15, the payment of capital component of lease charges to IRFC will be made from Capital Fund. During 2014-15, an amount of ₹ 5,449.24 crore was paid from Capital Fund towards payment of capital component of lease charges to IRFC.

2. It is seen that the contribution to 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. This issue was repeatedly highlighted in the previous Audit Reports on Railways Finances.

Ministry of Railways in its Action Taken Note on Para 1.11 of the Audit Report of Railways Finances (No. 19 of 2014) stated (14-5-2015) that it agrees that that appropriation to DRF should be made in a well founded manner. Railway have a very large asset base, whereas the financial position of the Railways has not remained stable most of the time as so as to permit appropriation to this fund as per a set formula. However, all along, endeavour has been to ensure maximum appropriation to DRF permissible by Railways' financial position in a year.

During 2014-15, an amount of ₹ 7,975 crore was appropriated to DRF against the Budget Estimate of ₹ 7,050 crore. Ministry of Railways had spent ₹ 7,286.93 crore on renewal and replacement of the assets from DRF during 2014-15 whereas the throw forward value of assets to be replaced from DRF (up to 2014-15) was ₹ 47,678.65 crore. 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.

1.12 Comments on Accounts

➤ **Re-imburement 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 Para Nos. 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 (November 2012) that necessary action was being taken to get the specific notifications issued for these sections as Strategic lines. This issue was again mentioned in the Para No. 1.12 of the Report No. 15 of 2015. In January 2015 IR had stated that the matter has been taken up with the Ministry of Defence for its notification. However, the required notification has not been issued till the end of 2014-15.

During audit of accounts of IR for the year 2014-15, it was observed that the notifications of these lines as Strategic Lines is still pending and reimbursement of losses on these strategic lines is still being claimed from Ministry of Finance considering these lines as Strategic lines.

➤ **Mismatch in fund balances shown in the Railways' Debt Head Report (Review of Balances)/Detailed Appropriation Accounts (Part-II) for 2013-14 and Railways' fund balances appearing in Statement No. 13 of Union Government Finance Accounts (2013-14)**

Fund Balances of the Railways are depicted in the Railway's Debt Head Report (Review of Balances) and Part-II-Detailed Appropriation Accounts. The Debt Head Report for the year is sent to the Controller General of Accounts (CGA) for inclusion in the Statement No.13 of Union Government Finance Accounts. It was observed that the fund balances appearing in the Statement No.13 of Union Government Finance Accounts (2013-14) were not matching with the fund balances shown in the Debt Head Report (2013-14). Status of the fund balances appearing in the two Statements are tabulated below:

(₹ in thousands)

Head	Name of Fund	Balance as per Debt Head Report (2013-14)	Balance as per Statement No. 13 of Union Government Finance Accounts (2013-14)
8115-101	DRF (Commercial Lines)	(-)1303,88,67 (Cr)	1851,82,33 (Dr)
8115-102	DRF (Strategic Lines)	2325,26,30 (Cr)	2325,26,28 (Cr)
8117-101	Development Fund (Commercial Lines)	3053,00,68 (Cr)	2268,42,17 (Cr)
8117-102	Development Fund (Strategic Lines)	1,21 (Cr)	1,15 (Cr)
8118-106	Capital Fund	557,16,18 (Cr)	189,39,92 (Cr)
8121-103	Pension Fund (Commercial Lines)	(-)1789,85,81 (Cr)	1790,90,01 (Dr)
8115-102	Pension Fund (Strategic Lines)	2209,04,87 (Cr)	1895,39,82 (Cr)
8231-101	Railway Safety Fund (Commercial Lines)	804,97,79 (Cr)	865,35,43 (Cr)
8231-102	Railway Safety Fund (Strategic Lines)	0	01 (Dr)

It was also observed that Special Railway Safety Fund (SRSF) ceased to exist w.e.f. 01-04-2008 and the balance lying in this fund was transferred to DRF by the Railways. However, the balance under this fund was not transferred to DRF by the CGA and the fund (SRSF) is still appearing in the Statement No. 13 of Union Government Finance Accounts.

The issue of mismatch in the figures of Railways' fund balances appearing in the Statement No.13 of Union Government Finance Accounts was taken up with the Ministry of Railways for pursuing the same with the CGA in August 2015. However, no reply was received from the Ministry of Railways in this regard (as of October 2015).

➤ **Apportionment of expenditure in Commercial and Strategic Lines**

Para 212 of the Indian Railways Code for Accounts Department (Part-I) provides that the actual working expenses should be charged to the Commercial and Strategic sections where these can be ascertained. The remaining expenses are to be apportioned between them on the following basis:

- a) Engineering expenses in proportion to track kilometrage
- b) Locomotive expenses in proportion to engine kilometrage
- c) Carriage and wagon expenses in proportion to vehicle kilometrage
- d) Traffic expenses in proportion to train kilometrage

Electrical, Signal and Telecommunication expenses on the basis prescribed for the department to which the service is rendered vide clauses (a) to (d) above. For electric and signal workshop, half of the expenditure is to be apportioned on the basis of engine kilometres and the half in proportion to wagon/vehicle kilometres. Expenses of other department are to be distributed in proportion to gross tonne kilometre.

It was observed that in Northeast Frontier and North Western Railways, the apportionment of expenditure between Commercial Lines and Strategic Lines was not being done as per codal provision. Since the losses on Strategic Lines are reimbursed by the Ministry of Finance, it is imperative that the figures of expenditure on Commercial Lines and Strategic Lines may be apportioned correctly as per the codal provisions and actual losses on operation of Strategic Lines be reimbursed by Ministry of Finance.

➤ **Non-transfer of amount of New Pension Scheme (NPS) to Trustee Bank**

Railway Board vide its instructions (No. 54/2009 dated 23-12-2009) had directed all the Zonal Railways that there should be no balance under the Head “0071-Contribution and Recoveries towards Pension and other retirement benefits-500-Receipts awaiting transfer to other minor heads”. The NPS contribution will not be accounted for under the head of account “8342-Other Deposits-117-Defined Contributory Pension Scheme (DCPS)” even as a temporary measure for making payment to the Trustee Bank.

During check of Account Current for the month of March 2015 of South Western Railway (SWR), it was observed that a sum of ₹ 50.73 crore (₹ 7.79 crore of 2014-15 and ₹ 42.94 crore for the period up to 2013-14), which was lying under head 8342-Other Deposits-117-DCPS, was transferred under head 8445-101-Indian Railways Deposits. The SWR Administration stated that this was due to amount recovered under wrong PRAN number, excess recovery of NPS amount, non-availability of PRAN particulars etc. without which NSDL would not accept the amount and the concerted efforts were being made to obtain the relevant particulars and transfer of recovered amount to NSDL. As the Head 8342 even as a temporary measure for making payment to Trustee Bank was not allowed to be operated by the Zonal Railways, parking of the amount of NPS under this head and subsequently transferring it into Head 8445 was irregular. Early action need to be taken by SWR administration to transfer the NPS amount to Trustee Bank each and every month.

In North Western and North Central Railways, amount of NPS of ₹ 0.05 crore and ₹ 2.20 crore respectively was kept under Head 8445-Other Deposits NPS at the end of 2014-15 and was not transferred to Trustee Bank.

Ministry of Railways needs to streamline the system of transferring of NPS amount to Trustee Bank by the Zonal Railways without parking it under the other heads of Accounts.

➤ **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 North Central Railway (NCR), 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. This issue was mentioned in Para 1.12 of the Audit Report No. 15 of 2015 (Railways Finances). The irregularity still persists.
Further, in NCR, in respect of two other New Lines namely Guna-Etawah-Shivpuri (opened before 2003-04) and Mahoba-Khajuraho (opened in December 2008), the dividend is being deferred even after five years of opening to traffic.
- In East Coast Railway, deferred dividend amounting to ₹ 257 crore in respect of Daitari-Banaspani New Line which was due for payment in 2014-15 was not paid and the same postponed for payment in 2015-16.

➤ **Accounting Reforms in IR**

IR had taken up a project (in February 2006) on Accounting Reforms for implementation of practises which are in line with commercial accounting and reporting. This project (with estimated cost of ₹ 18.31 crore) was funded by the Asian Development Bank for completing in thirty months. An audit comment on delay in submission of the Report by the Consultant and its acceptance by the IR was mentioned in the Para 3.5 of the Audit Report No. 33 of 2010-11 (Railways Finances).

Ministry of Railways in its Action Taken Note had stated (April 2012) that the report is under consideration and decision will be taken keeping consistency with the recommendations of the Government Accounting Standards Advisory Board (GASAB). IR had further stated (May 2015) that the road map of implementing the Accounting Reforms project, pan-India, is being chalked out for its implementation in the next two-three years in conjunction with the approved recommendations of GASAB for introduction of accrual accounting in Government departments (as and when notified by the Ministry of Finance for implementation).

A reference was made to the Ministry of Railways to furnish the present status of the Accounting Reforms project (September 2015); no reply was furnished to audit (October 2015). It was, however, observed that the Accounting Reforms project taken up in February 2006 for implementation of practices in line with the commercial accounting and reporting has not yet been completed. Accounting Research Foundation of the Institute of Chartered Accountants of India had

also been engaged by the MoR (December 2014) to validate the Accounting Reforms Report of the consultant and conducting pilot study and compile a detailed accrual accounting manual for the purpose of implementation of accrual based commercial accounting.

IR needs to prepare its accounts so as to reflect all the financial transactions in a transparent way and disclosing all the assets and liabilities etc. to give a better view of the affairs of the IR.

1.13 Conclusions

During 2014-15, TWE increased by 9.73 per cent (₹ 12,675.12 crore) as compared to 16.80 per cent growth rate of previous year. GTR increased by 12.29 per cent as compared to 12.79 per cent rate of previous year and also it was below the budget projections by 2.16 per cent. The Net Surplus increased by 104.92 per cent over the previous year.

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 ₹ 32,641.69 crore from freight traffic on one hand and incurred loss of ₹ 31,727.44 crore on operation of passenger and other coaching services on the other hand during 2013-14. The percentage of cross subsidization from freight earnings to passenger and coaching services has increased in 2013-14, thereby showing a shortfall in operational profit. Though there is an improvement in recovering the cost of passenger services in 2014-15, Ministry of Railways needs to revisit its methodology of fixing the passenger and other coaching tariffs so as to recover the cost of operations in a phased manner and reduce its losses in these core activities.

At the end of the year 2014-15, railway funds closed with balance of ₹ 6,872.73 crore. The fund balances improved by ₹ 847.45 crore over the previous year balance of ₹ 6,025.28 crore. Development Fund closed at ₹ 2,013.12 crore and the Capital Fund at ₹ 1,388.90 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 of principal component of lease charges to IRFC during 2011-14 was made from the Capital advanced by the GoI as GBS which attracts payment of dividend to GoI. However, IR again started payment of capital component of lease charges to IRFC from Capital Fund from 2014-15 and made payment of ₹ 5,449.24 crore during 2014-15.

Ministry of Railways had spent ₹ 7,286.93 crore on renewal and replacement of the assets from DRF during 2014-15 whereas the throw forward value of assets to be replaced from DRF (up to 2014-15) was ₹ 47,678.65 crore. 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 OR improved from 93.60 per cent in 2013-14 to 91.25 per cent in 2014-15. The COR also increased from 279 paise in 2013-14 to 317 paise in 2014-15 indicating decrease in the physical performance of the IR.

The Accounting Reforms project taken up in February 2006 for implementation of practices in line with the commercial accounting and reporting has not yet been completed despite a lapse of about nine years.

1.14 Recommendations

- *Ministry of Railways needs to revisit the passenger and other coaching tariffs so as to recover the cost of operations in a phased manner and reduce its losses in its core activities.*
- *Non-availability of sufficient funds in Depreciation Reserve Fund to replace the overaged assets is indicative of poor financial health of Indian Railways. Ministry of Railways should explore suitable means to improve their fund balances.*
- *IR needs to speed up Accounting Reforms to reflect true and fair financial transactions by disclosing all assets and liabilities etc. in accordance with laid down standards and best practices.*

Chapter 2 Appropriation Accounts

This Chapter outlines 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 (MoR). 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 (C&AG) of India for audit. Audit by the C&AG 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 Grants²² (Grants number 1 to 15) and one Capital Grant²³ (Grant No.16). Revenue grants were financed through the internal resources generated by IR through its earnings during the year. The Capital grant was funded mainly through the General budget, internal resources and share of diesel cess from Central Road Fund²⁴.

²² Grants detailing working expenses and other revenue expenditure as voted by Parliament.

²³ Grant detailing expenditure on Assets Acquisition, Construction and Replacement voted by Parliament.

²⁴ 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.

2.1- Summary of Appropriation Accounts 2014-15

(*₹ in crore*)

	Original Grant/ Appropriation	Supplementary Grant	Total Sanctioned Grant	Actual Expenditure	Saving (-) / Excess (+)
Voted					
Revenue	194901.56	5342.27	200243.83	191555.67	(-) 8688.16
Capital	98565.36#	467.55	99032.91	93308.62	(-)5724.29
Total Voted	293466.92	5809.82	299276.74	284864.29	(-) 14412.45
Charged					
Revenue	142.27	4.43	146.70	121.16	(-) 25.54
Capital	119.35	57.23	176.58	147.76	(-) 28.82
Total Charged	261.62	61.66	323.28	268.92	(-) 54.36
Grand Total	293728.54	5871.48	299600.02	285133.21	(-) 14466.81

#This excludes an amount of ₹30,100 crore given by the Ministry of Finance out of National Investment Fund (NIF) as part of General Budgetary Support at Budget Estimate stage and ₹28,185.12 crore at Final Modification stage.

The Table 2.1 lists out the total expenditure of IR as ₹ 2, 85,133.21 crore during 2014-15, of which nearly 67.22 per cent was spent on revenue grants which include working expenses on administrative, operational and maintenance activities while 32.78 per cent was spent on capital grant dealing with creation and augmentation of infrastructure facilities through Assets Acquisition, Construction and their Replacement/Renewal. This Table also indicates savings of 4.35 per cent (₹ 8,713.70 crore) under revenue grants and savings of 5.80 per cent (₹ 5,753.11 crore) under capital grant against the sanctioned provisions available in 2014-15.

An analysis of grant-wise expenditure revealed that the net saving of ₹ 14,466.81 crore was a result of savings of ₹ 14,957.18 crore under 13 revenue grants, two segments of capital grant, eight revenue appropriation²⁵ and three segments of capital appropriation, adjusted by an excess of ₹ 490.37 crore in two revenue grants, three revenue appropriations, one segment of capital grant as are shown in *Appendix-2.1*.

2.1.1 Revenue Grants

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

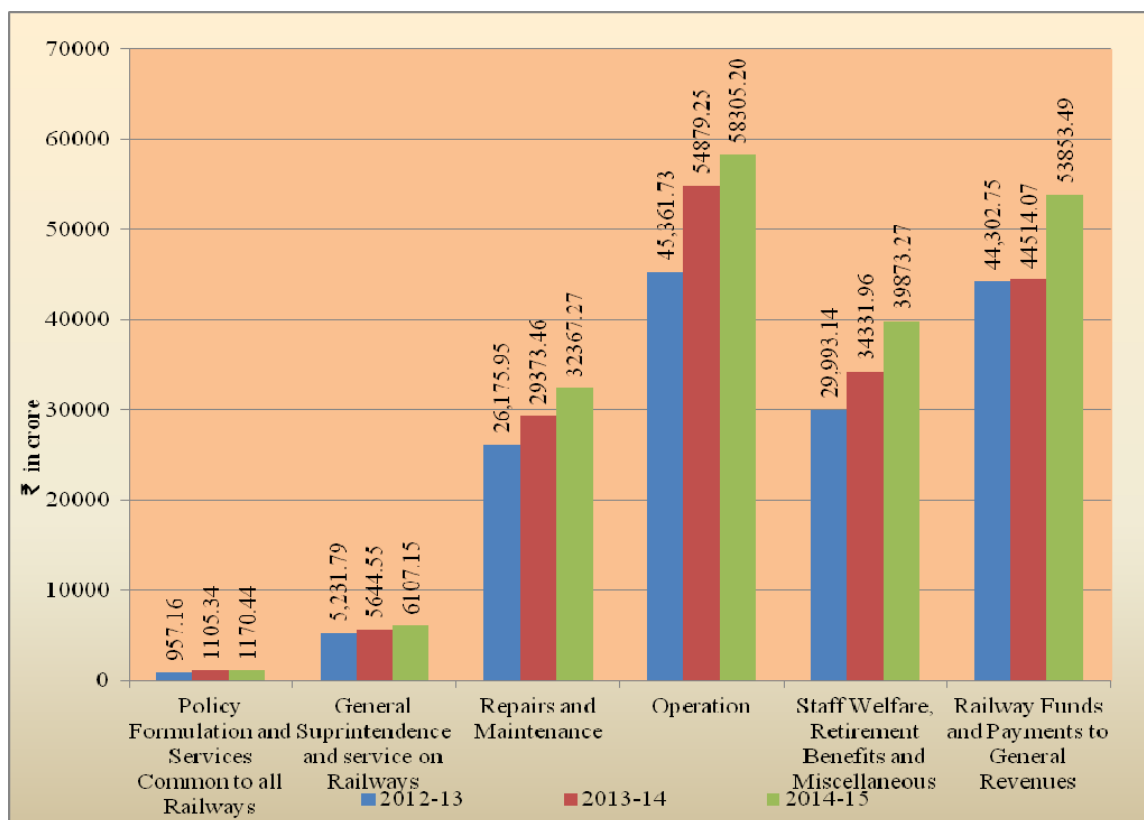
²⁵ Appropriation refers to expenditure charged on Consolidated Fund of India.

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	

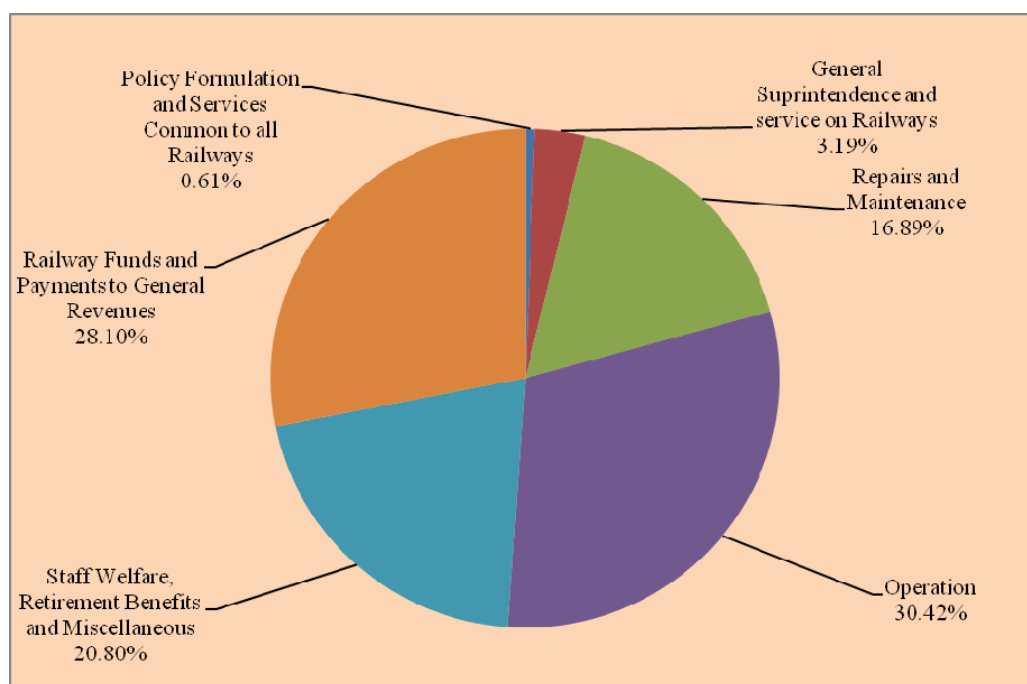
The following diagram depicts group-wise expenditure for last three years which shows an increasing trend in expenditure of Indian Railways:

Diagram 2.1 Trend of Revenue Expenditure-Group-wise during 2012-13 to 2014-15



The following Pie diagram depicts the group-wise expenditure in 2014-15:

Diagram-2.2 Group wise Revenue Expenditure (2014-15)



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 (2014-15)

(₹ 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	1111.57	00.00	1,111.57	1,170.44	(+) 58.87	(+) 5.30
General Superintendence and Service on Railways	6472.70	1.37	6474.07	6107.15	(-) 366.92	(-) 5.67
Repairs and Maintenance	32105.96	918.80	33024.76	32367.27	(-) 657.49	(-) 1.99
Operation	64357.73	840.85	65198.58	58305.20	(-) 6893.38	(-) 10.57
Staff Welfare, Retirement Benefits and Miscellaneous	40382.13	731.83	41113.96	39873.27	(-) 1240.69	(-) 3.02
Railway Funds and Payment to General Revenues	50613.74	2853.85	53467.59	53853.49	(+) 385.90	(+) 0.72

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

- **Indian Railways Policy Formulation**

Increase in expenditure towards staff cost and retirement benefits, more expenditure under Mumbai Urban Transport Project (MUTP) surcharge during the year.

- **General Superintendence and Service on Railways**

Reduction in expenditure towards staff cost, contingencies, leave encashment, computer stationary, advertisement and publicity and other expenses, less legal expenses, less drawl of stock from store and low consumption of electricity during the year.

- **Repairs and Maintenance**

Reduction in expenditure towards salary and wages, staff cost, materialization of less contractual payments, less expenditure on procurement of non-stock items, less drawl of stores from stock, less expenses on repair/contingent expenses/conservancy work, decrease in Periodical Overhaul (POH), less adjustment of workshop debits, less Passenger Reservation System (PRS) channels bills and miscellaneous expenses than anticipated.

- **Operation**

Reduction in expenditure towards staff cost, less materialization of contractual obligations, less drawl of lubricants and consumable stores from stock, less expenses on Annual Maintenance Contract (AMC) pertaining to Freight Operating Information System (FOIS) and Parcel Management System, less expenses towards freight and handling charges, sales tax/excise duty and value added tax (VAT) and decrease in average rate of oil purchased 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 drawl of stores from stock, less materialisation of contractual obligations, less purchase of medicines, less adjustment relating to Railway Protection Force, Railway Protection Special Force, Government Railway Police less adjustment of debits pertaining to territorial army, less receipt of debits from pension disbursing authorities, less expenses towards commutation of pension and ex-gratia pension, finalisation of less number of death cum retirement gratuity cases and less expenses towards deposit linked insurance scheme during the year, than anticipated.

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

Excess in expenditure under appropriation of funds due to availability of higher surplus by end of 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 2014-15.

Table 2.4 Excess Expenditure (2014-15)

(₹ in crore)

Grant No.	Particulars	Original Provision	Supplementary provision	Actual Expenditure	Excess
Revenue-Voted					
2	Miscellaneous Expenditure (General)	831.45	0.00	901.52	70.07
14	Appropriation to Funds- Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund, Debt Service Fund	41478.74	2814.72	44679.94	386.48
Capital-Voted					
16	Railway Safety Fund	2198.00	1.90	2233.03	33.13
	Total-Voted-Revenue and Capital	44508.19	2816.62	47814.49	489.68
Revenue-Charged					
3	Working Expenses – General Superintendence and Services	0.00	1.3733	1.3757	0.0024
7	Working Expenses – Repairs and Maintenance of Plant and Equipment	0.00	0.0315	0.4962	0.4647
13	Working Expenses – Provident Fund, Pension and Other Retirement Benefits	0.555	0.1013	0.8665	0.2102
	Total- Revenue-Charged	0.555	1.5061	2.7384	0.6773
	Grand Total	44508.7450	2818.1261	47817.2284	490.3573

For the above mentioned grants and appropriations where excess expenditure occurred, supplementary provisions were obtained in all except in one grant and Grant No. 2- Miscellaneous expenditure -General. In Appropriation No.3- Working Expenses- General Superintendence and Services and Appropriation

No.7-Working Expenses-Repair and Maintenance of Plant and Equipment, expenditure was incurred without obtaining original provision which indicated poor budgetary forecasting.

- **Excess in Revenue Grants and Appropriations**

The reason for excess expenditure during 2014-15 were attributed to more expenditure towards staff cost and retirement benefits, more expenditure under MUTP surcharge, more expenditure in appropriations of funds due to availability of higher surplus and materialization of more decretal payments, than anticipated.

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

The main reason of excess expenditure in Railway Safety Fund (RSF) expenditure was due to more progress of work, materialisation of more contractual payments and adjustment of more store bills etc.

Public Accounts Committee (PAC) in its Nineteenth Report (16th Lok Sabha) on 'Excess over Voted Grants and Charged Appropriations (2012-13) had expressed their concern that excess expenditure has become a recurring phenomena and recommended that the MoR should evolve a mechanism to assess and project realistic requirement of funds both at Budgetary and Supplementary stages so that timely action is taken to ensure that the excess expenditure could be avoided as far as possible. In reply to the PAC's recommendation, MoR stated, in 2014-15 a Virtual Private Network (VPN) enabled Rail Budget System connecting all Zonal Railways and Production Units across IR would be implemented. This connectivity has reduced the excess expenditure in 2014-15. The observation of the Committee is noted for being more careful in future.

In spite of the above assurance given by the MoR to the PAC on their concern over excess expenditure, MoR incurred excess expenditure of ₹ 490.37 crore in the year 2014-15. It can be seen in Table 2.5, the expenditure has been decreased in comparison to the excess expenditure incurred during the year 2012-13 and 2013-14. MoR has applied the mechanism of budgetary control during 2014-15 and succeeded to some extent. However, MoR may adopt more effective 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

Year	No. of Voted Grant	No. of Charged Appropriation	Original Provision	Supplementary Provision	Actual Expenditure	(₹ in crore)	
						Excess	Growth rate in percent
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
2014-15	3	3	44,508.75	2,818.12	47,817.24	490.37	(-)81.97

MoR in their Action Taken Note (ATN) on Chapter 2 of the Audit Report No. 19 of 2014 mentioned that all the Zonal Railways have been cautioned to

assess their requirement scrupulously on a realistic basis at all budgetary stages so as to control the expenditure within the sanctioned grants. MoR needs to ensure implementation of its instructions by all the Zonal Railways.

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

2.2.2 Persistent Excess Expenditure

There were persistent excess during 2010-11 to 2014-15 in the Appropriation No. 3 (Charged) - Working Expenses-General Superintendence and Services as shown in the Table 2.6.

Table 2.6 Persistent Excess Expenditure

(₹ in crore)

Name and Grant No.	Financial Year	Original Provision	Supplementary provision	Actual Expenditure	Excess
Appropriation No. 3 (Charged) - Working Expenses-General Superintendence and Services	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
	2014-15	0.00	1.373	1.376	0.003

Reasons for excess were mainly attributed to 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 financial discipline.

2.2.3 Savings

There were aggregate savings (revenue and capital grants) of ₹ 14,412.45 crore during the year 2014-15. In 11 cases, as detailed in Table 2.7, the savings exceeded ₹ 100 crore.

Table 2.7: Savings over ₹100 crore

(₹ in crore)

Grant No.	Particulars	Original Provision	Supplementary provision	Actual Expenditure	Saving
3	Working Expenses - General Superintendence and Services	6472.70	0.00	6105.78	(-) 366.92
4	Working Expenses - Repairs and Maintenance of Permanent Way and Works	10267.93	136.06	10280.52	(-)123.47
5	Working Expenses - Repairs and Maintenance of Motive Power	4665.64	255.07	4782.70	(-) 138.01
7	Working Expenses -	6228.19	112.77	6026.01	(-) 314.95

	Repairs and Maintenance of Plant and Equipment				
9	Operating Expenses-Traffic	19713.11	0.00	19074.47	(-) 638.64
10	Operating Expenses-Fuel	35181.17	0.00	29025.32	(-) 6155.85
11	Staff Welfare and Amenities	5111.38	65.83	5016.46	(-) 160.75
12	Miscellaneous Working Expenses	5338.77	315.82	5106.28	(-) 548.31
13	Provident Fund, Pension and Other Retirement Benefits	29792.70	350.00	29635.76	(-)506.94
16	Capital	79272.06	0.00	73684.47	(-) 5587.59
16	Railway Funds	17095.30	465.65	17391.12	(-)169.83

Reasons for savings were attributed to less expenditure towards staff cost, salary and wages, contingencies, leave encashment, computer stationary, advertisement and publicity, less legal expenses, less debits from pension disbursing authorities, less expenditure towards commutation of pension, ex-gratia pension, finalization of less number of death cum retirement gratuity cases, less expenditure towards Deposit Linked Insurance Scheme, materialization of less contractual payments, less expenditure on procurement of non-stock items, less drawl of stock from store, decrease in Periodical Overhaul (POH) activity, less adjustments of workshop debits, less Passenger Reservation System (PRS) channels bills, less expenditure on Annual Maintenance Contract (AMC) pertaining to Freight Operating Information System (FOIS) and Parcel Management System (PMS), less consumption of High Speed Diesel (HSD) OIL, decrease in average rate of oil purchased, less requirement of fund under diesel traction, decrease in rate of energy purchased from outside source, less expenditure on repair of medical equipments, non-filling up of vacancies, 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 adjustment of debits pertaining to territorial army and less miscellaneous expenses during the year than anticipated.

Grant No. 16 – Capital and Railway Funds – Reasons for savings under this grant are given in succeeding para.

2.2.4 Persistent Savings

There were persistent savings of over ₹ 100 crore in following grant for the last seven years ending 2014-15 as shown in the Table 2.8.

Table 2.8 Persistent Savings

Particulars/Year	(₹ in crore)						
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Grant No. 16-Railway Funds	1,723.38	2,815.59	861.94	3,565.24	8,217.50	4,788.64	169.83

Reasons for savings in Capital Grant No.16-Railway Funds are as under:

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

Savings due to slow progress of works and less debits of stores, less contractual payments, decrease in activities under construction/acquisition of Rolling Stock and due to less materialisation of decretal payments than anticipated.

- **Savings in Grant No. 16 – Capital**

Savings due to delay in land acquisition, delay in execution of work, slow progress/nil progress of work and receipt of less debit, less/non finalisation of tenders, less payments towards contractual liability, less booking of expenditure and pending approval of work after sanction at RB's level and due to less materialisation of decretal payments than anticipated.

From the above, it may be seen that there has been continuous savings in Grant No.16-Railway Funds from the years 2008-09 to 2014-15 and Grant No. 16 – Capital from 2007-08 to 2012-13²⁶ and in 2014-15.

MoR needs to assess the funds requirements accurately and monitor the progress of the works closely so that the allotted funds could be utilised properly.

2.3 Supplementary Provisions

2.3.1 Revenue Grants and Appropriations

Supplementary provisions amounting to ₹ 5342.28 crore were taken during 2014-15 in ten revenue voted grants (Grant nos. 4,5,6,7,8,11,12,13,14 and 15). These were obtained on account of higher payment of Dearness Allowance, Kilometerage Allowance, Transport Allowance, Electric Traction, for meeting the increased pensionery charges. Similarly, the supplementary provisions under charged appropriation amounting to ₹ 4.43 crore were obtained during 2014-15 in eight appropriations (Appropriation number 3,4,5,7,8,9,11 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.

2.3.2 Capital Grant and Appropriation

The Supplementary provision of ₹ 467.55 crore was taken during 2014-15 in Grant No. 16 (Railway Safety Fund and Railway Funds) under 'Voted' to meet additional requirements for the works.

²⁶ Para 2.2.4 of Report No. 19 of 2014- Union Government (Railways) – Railways Finances.

The Supplementary provisions of ₹ 57.23 crore was obtained under charged appropriations (Grant No.16-Capital) during 2014-15 for payment in satisfaction of court decrees and arbitration awards not anticipated earlier. However, the assessment of supplementary provisions under voted and charged appropriations were not realistic as there were savings of ₹ 5,724.29 crore and ₹ 28.82 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 surrenders in a number of cases as shown in the Table 2.9:

Table 2.9 : Surrenders under various Grants

(₹ in crore)

Grant No.	Voted/ Charged (V/C)	Original	Supplementary	Actual expenditure	Net variation (Savings) ²⁷	Surrender ²⁸
1	V	278.01	0	266.81	(-)11.20	4.08
2	V	831.45	0	901.53	(+) 70.08	717.64
3	V	6472.70	0	6105.78	(-) 366.92	253.38
9	V	19713.11	0	19074.47	(-) 638.64	405.47
10	V	35181.17	0	29025.32	(-) 6155.85	5491.06
10	C	0.14	0	0	(-) 0.14	0.14
12	C	138.72	0	113.87	(-) 24.85	720.00
16 (Capital)	C	111.95	57.23	143.91	(-) 25.27	1.14
16 (Railway Funds)	V	17095.30	465.65	17391.12	(-) 169.83	145.04
16 (Railway Funds)	C	5.40	0	3.23	(-) 2.17	1.26
16(RSF)	C	2.00	0	0.63	(-) 1.37	1.78

It is evident from the above table; in one grant (Grant No. 12), the amount surrendered exceeded the savings. In another one grant (Grant No. 2), the amount was surrendered despite the excess expenditure under this grant.

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 Statement²⁹ (FMS). Rule 519 of Indian Railway Financial 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

²⁷ 'Savings' represent the difference between the sanctioned grant and actual expenditure.

²⁸ 'Surrender' represents the difference between 'Sanctioned Grant' and 'Final Grant'.

²⁹ Final Modification Statement referred to final re-appropriation of fund from one unit to other or from one work to other within the framework of rules. It is usually done at the fag end of the year.

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.

Rules³⁰ 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, RB prepares a Final Modification Statement.

Audit reviewed all the 196 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 46 cases, the actual expenditure exceeded the final grant.
- In eight cases, the actual expenditure even exceeded the sanctioned grants implying that surrender was not required in those cases.
- In 24 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 (GoI),
- **Railway Funds**-internal resources kept under three different reserves³¹,
- **Railway Safety Fund**-financed by Railways' share of diesel cess from Central Road Fund, and

³⁰ Para 385 and Para 386 of Indian Railway Financial Code-Volume-I

³¹ Reserves-Depreciation Reserve Fund (DRF), Development Fund (DF) and Capital Fund (CF).

- **Open Line Works (Revenue)**-new or additional improvement/replacement works costing less than ₹ one lakh financed from revenue.

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	79,272.06	0.00	79,272.06	73,684.47	(-) 5,587.59
Railway Funds	17,095.30	465.65	17,560.95	17,391.12	(-) 169.83
Railway Safety Fund	2,198.00	1.90	2,199.90	2,233.03	(+) 33.13
Open Line Works – Revenue	0.00	0.00	0.00	0.00	0.00
Total Voted	98,565.36	467.55	99,032.91	93,308.62	(-) 5724.29
Charged Portion					
Capital	111.96	57.23	169.19	143.91	(-) 25.28
Railway Funds	5.40	0.00	5.40	3.23	(-) 2.17
Railway Safety Fund	2.00	0.00	2.00	0.63	(-) 1.37
Open Line Works – Revenue	0.00	0.00	0.00	0.00	0.00
Total Charged	119.36	57.23	176.59	147.77	(-) 28.82

➤ Capital

In 2014-15, provision of ₹ 79,272.06 crore was made for acquisition and construction of assets/rolling stocks etc. There was a net saving of ₹ 5,587.59 crore, against the sanctioned provision, in this segment of the grant. Reasons for savings are discussed in Para 2.2.4.

➤ Railway Funds

Appropriation Accounts for 'Railway Funds' under Grant No. 16 is financed through three sources of funds viz 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 ₹ one 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 (+)
A - Voted Portion					
DRF	8771.80	426.72	9,198.52	9,328.18	(+) 129.66
DF	2,861.50	38.93	2,900.43	2,613.70	(-) 286.73
CF	5,462.00	0.00	5,462.00	5,449.24	(-) 12.76
Total Voted	17,095.30	465.65	17,560.95	17,391.12	(-) 169.83
B - Charged Portion					
DRF	4.20	0.00	4.20	2.14	(-) 2.06
DF	1.20	0.00	1.20	1.08	(-) 0.12
CF	0.00	0.00	0.00	0.00	0.00
Total Charged	5.40	0.00	5.40	3.22	(-) 2.18
Grand Total – (A+B)	17100.70	465.65	17566.35	17394.34	(-) 172.01

Analysis of this segment of grant revealed that there were net savings (under voted) of ₹ 169.83 crore (0.96 per cent of the sanctioned grant).

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

- There was an excess of ₹ 129.66 crore constituting 1.41 per cent of the sanctioned provisions under DRF.
- There were savings of ₹ 286.73 crore constituting 9.89 per cent of the sanctioned provisions under DF.
- There were savings of ₹ 12.76 crore constituting 0.23 per cent of the sanctioned provision under CF.

- **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. There was an excess expenditure of ₹ 33.13 crore against sanctioned grant of ₹ 2,199.90 crore constituting 1.51 per cent during 2014-15.

- **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 ₹ one lakh, is chargeable to this segment of grant. During 2014-15, no fund was allocated under this segment of the grant.

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 2015

(₹ in crore)

Fund	Particulars	2012-13	2013-14	2014-15
DRF	Appropriation to Fund (BE)	9,700.00	7,700.00	7,050.00
	Appropriation to Fund (Actual)	7,050.00	8,100.00	7,975.00
	Excess (+)/Short (-) Appropriation	(-)2,650.00	400.00	925.00
	Expenditure/withdrawal from fund	7,045.47	7,119.91	7,286.93
DF	Appropriation to Fund (BE)	10,557.00	3,550.00	300.00
	Appropriation to Fund (Actual)	7,815.00	3,075.00	1,374.93
	Excess (+)/Short (-) Appropriation	(-)2,742.00	(-) 475.00	1,074.93
	Expenditure/withdrawal from fund	2,457.82	2,561.43	2,644.07
CF	Appropriation to Fund (BE)	5,000.00	5,433.80	5,662.74
	Appropriation to Fund (Actual)	451.25	500.00	6,233.36
	Excess (+)/Short (-) Appropriation	(-)4,548.75	(-) 4,933.80	570.62
	Expenditure/withdrawal from fund	0	0	5,449.24
Total (Railway Funds)	Appropriation to Fund (BE)	25,257.00	16,683.80	13,012.74
	Appropriation to Fund (Actual)	15,316.25	11,675.00	15,583.29
	Excess (+)/Short (-) Appropriation	(-) 9,940.75	(-) 5,008.80	2,570.55
	Expenditure/withdrawal from fund	9,503.29	9,681.34	15,347.24

From the above, it is seen that the appropriations under DF and CF was made in excess of the budget estimate due to availability to net revenue surplus. Appropriation of fund under DRF exceeded by 13.12 per cent of the Budget estimate.

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 (₹ in crore)
Capital	1500 (Voted) – Doubling	(+) 670.82 (19.77)
Capital	1100 (Voted) - New Line Construction	(-)88.34 (1.24)
Capital	1400 (Voted) – Gauge Conversion	(+) 1,238.71 (51.46)
Capital	1400 (Charged) – Gauge Conversion	(-) 9.10 (59.51)
Capital	4200 (Voted) – Workshop including production unit	(-) 53.21 (3.93)
Capital	1700 (Voted) – Computerization	(-) 28.99 (19.20)
Capital	2100 (Voted) – Rolling Stock	(+) 2649.97 (147.88)
Capital	2100 (Charged)- Rolling Stock	(-)8.00 (100)
Railway Funds	1500 (Voted) – Doubling	(-)18.54 (74.16)
Railway Funds	1600 (Voted) – Traffic Facilities – yard remodeling and others	(-) 29.79 (5.64)
Railway Funds	1700 (Voted) – Computerization	(-)20.46 (10.87)
Railway Funds	2100- (Voted)- Rolling Stock	(-) 139.30 (6.89)
Railway Funds	5300 (Voted) – Passenger Amenities and Other Railway user’s Amenities	(-)87.57 (8.54)
Railway Fund Safety Fund	2900 (Voted) – Road Safety Work – Level Crossings	(+) 16.96 (4.10)

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:

- 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 resulting in excess/savings beyond the prescribed limits³² were noticed. North Central (49 cases), West Central (27 cases), Southern (23 cases), South Eastern (16 cases), North Western and South Western (12 cases each) and Western (10 cases) were the railways with most number of cases on defective budgeting. A few instances of defects in budgeting are given in the Table 2.14.

³²Paragraph 409 and 410 of Indian Railway Financial Code (Volume-I) 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.

Revised copy of the Annexure K, containing cases of defects in budgeting was not furnished by MoR.

Table 2.14-Cases of Defects in Budgeting

Zonal Railway	Grant No./Name (Voted)	Minor Head/Plan Head	Excess/ Short Provision	₹ in crore	Percentage w.r.t Final Grant
NCR	08-Operating Expenses- Rolling Stock and Equipment	300-Electric Loco	Short	21.23	6.85
NCR	11-Staff Welfare and Amenities	600-Residential and welfare Buildings-Repair and Maintenance	Short	6.02	14.68
NCR	12-Miscellaneous Working Expenses	100-Security	Excess	24.22	11.33
NCR	12-Miscellaneous Working Expenses	Suspense-Miscellaneous Advance Revenue	Short	6.03	82.89
NWR	13-Provident Fund, Pension and other Retirement Benefits	690-Exgratia payments to families of CPF retirees	Excess	2.14	25.16
WR	07-Revenue-Repair and Maintenance of Plant and Equipment	800-Other Plant and Equipment	Excess	15.63	54.80
WR	12-Revenue-Miscellaneous Working Expenses	Miscellaneous Advance (Revenue)	Short	8.24	22.02
WCR	02-Miscellaneous Expenditure (General)	Railway Recruitment Board-Bhopal	Short	1.64	98.71
WCR	05-Repair and Maintenance- Motive Power	300-Diesel Locomotives	Excess	20.28	9.93
NCR	16-Capital	1500-Doubling	Excess	3.57	18.40
NCR	16-Capital	6400-Other Specified Works	Excess	6.56	79.20
NWR	16-Capital	5100-Staff Quarters	Excess	1.62	33.31
NWR	16-DRF	3200-Bridge Works	Excess	2.05	15.69
WR	16-DF	3300-Signalling and Telecommunication	Excess	5.84	16.49
WCR	16-Capital	1600-Traffic Facilities	Excess	2.78	15.67
WCR	16-Capital	4200-Workshop and Production Units	Excess	1.71	24.65
ICF	16-Capital	7100-Stores Suspense	Excess	4.43	16.41
ICF	16-DRF	4100-Machinery and Plant	Short	3.12	13.71

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 2014-15-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 MoR.

Some instances of misclassification of expenditure and receipts by the Zonal Railways during 2014-15 are mentioned below:

- **Mis-classification between Revenue expenditure and Capital expenditure**
 - (i) In SR, an expenditure amounting to ₹ 6.86 crore was debited to Revenue Grant No. 12-Miscellaneous Working Expenses instead of Capital Grant No. 16-Capital (₹ 4.39 crore) and Store Suspense (₹ 2.47 crore).
 - (ii) In SR, an expenditure of ₹ 0.16 crore pertaining to the engine hire charges and Establishment Charges (Work charged Post) was debited partly to Revenue Grants 03-General Superintendence and Services on Railways and Grant No. 04-Repair and Maintenance of Permanent Way and Works instead of Capital Grant No. 16-DRF.
 - (iii) In NCR, an expenditure of ₹ 1.21 crore towards cost of equipments was debited to the Revenue Grant No. 07-Repair and Maintenance of Plant and Machinery instead of Capital Grant No. 16-Capital.
 - (iv) In SWR, an expenditure of ₹ 1.07 crore towards improvement and strengthening of Bridges was debited to the Revenue Grant No. 04-Repair and Maintenance instead of Capital Grant No. 16-DF-3.
 - (v) In NR, an amount of ₹ 0.67 crore towards cost of Permanent Way Material was debited to the Revenue Grant No. 04-Repair and Maintenance of Permanent Way and Works instead of Capital Grant No. 16-DRF-Track Renewal.
 - (vi) In NR, an expenditure of ₹ 0.29 crore towards Closed User Groups (CUG) bills was debited to the Capital Grant No. 16-DRF instead of Revenue Grant No. 07-Repair and Maintenance of Plants and Equipments.
- **Mis-classification of expenditure under Revenue Grants**
 - (i) In NWR, an expenditure of ₹ 2.15 crore towards water supply charges was debited to the Revenue Grant No. 12-Miscellaneous Working Expenses instead of Revenue Grants No. 04-Repair and Maintenance of Permanent Way

- and Works (₹ 0.86 crore) and Grant No.11-Staff Welfare and Amenities (₹ 1.29 crore).
- (ii) In SWR, an expenditure of ₹ 0.64 crore towards Ex-gratia compensation paid to deceased railway employee was debited to Revenue Grant No. 12-Miscellaneous Working Expenses instead of Revenue Grant No. 13-Provident Fund, Pension and other retirement benefits.
 - (iii) In NR, an expenditure of ₹ 0.24 crore towards cost of staff was debited to the Revenue Grant No. 03-General Superintendence and Services on Railways instead of Revenue Grant No. 07-Repairs and Maintenance of Plants and equipments.
 - (iv) In NR, an expenditure of ₹ 1.15 crore towards cost of maintenance staff of Permanent Way works was debited to Revenue Grant No. 09-Operating expenses-Traffic instead of Revenue Grant No. 04-Repair and Maintenance of Permanent Way and works.
 - (v) In NR, an expenditure of ₹ 0.30 crore towards pay and allowances during training of Non-gazetted staff was debited to the Revenue Grant No. 04-Repair and Maintenance of Permanent Way and Works instead of Revenue Grant No. 12-Miscellaneous working expenses.
 - (vi) In NR, an expenditure of ₹ 0.02 crore towards stipend paid to the apprentices was debited to the Revenue Grant No. 06-Repair and Maintenance of Carriage and Wagon instead of Revenue Grant No.12-Miscellaneous Working Expenses.
 - (vii) In SER, an expenditure of ₹ 2.59 crore towards Pay and Allowances of the Gate Keepers was debited to the Revenue Grant No. 4-Repair and Maintenance of Permanent Way and Works instead of Revenue Grant No. 9-Operating expenses-Traffic.
- **Mis-classification of expenditure under Capital Grant**
 - (i) In SR, an expenditure of ₹ 2.83 crore towards improvement of Running room and extension of Platform was debited to Capital Grant No. 16-DRF instead of 16-DF.
 - (ii) In NCR, an expenditure of ₹ 0.74 crore towards cost of Diesel Generator Set was debited to Capital Grant No. 16-DRF instead of 16-DF.
 - (iii) In SWR, an expenditure of ₹ 281.48 crore towards works pertaining to the State Governments was debited to the Capital Grant No.16-Capital instead of Deposit Miscellaneous.
 - (iv) In WR, an expenditure of ₹ 0.11 crore towards Construction of multilevel Road Over Bridge (ROB) in lieu of Level crossings was debited to Capital Grant No. 16-DF instead of 16-RSF.

- (v) In NR, an expenditure of ₹ 47.82 crore towards cost of Permanent Way material received from Track Depot was directly debited to the Capital Grant No. 16-DRF instead of Store Suspense.
- **Mis-classification of receipts**
 - (i) In ECoR, an amount of ₹ 1.71 crore relating to halt commission was debited to the Station earnings instead of Grant No. 09-Operating Expenses-Traffic.
 - (ii) In NCR, an amount of ₹ 0.19 crore towards penalties recovered from passengers was debited to Earnings Abstract Z-Sundry Earnings instead of Abstract X-Coaching.
 - (iii) In SWR, an amount of ₹ 29.08 crore towards Service Tax collected from passengers was credited to the Earning Abstract Z-650-Sundry Earnings instead of CENVAT Credit 044-Service Tax.

The PAC in its Nineteenth Report (16th Lok Sabha) observed that “The Committee are distressed to find despite their repeated exhortations, the Ministry of Railways have not been able to stop misclassification of expenditure in their future accounts.” Committee further stated that “It seems that no tangible action has been taken by the Ministry of Railways either to fix the responsibility against the responsible officers for such glaring mistakes or to revamp their existing accounting system as had been repeatedly recommended by the PAC. The Committee took a serious view of such callous approach on the part of the Ministry of Railways for not timely detecting such mistakes which led to derail the budgetary exercise. As major function of Accounts Department of Ministry of Railways are stated to be computerised with several applications to strengthen the various accounting activities, the Committee hope that the Ministry would now be able to overcome systemic lacunae/loopholes and progressive elimination of the misclassification syndrome in future”.

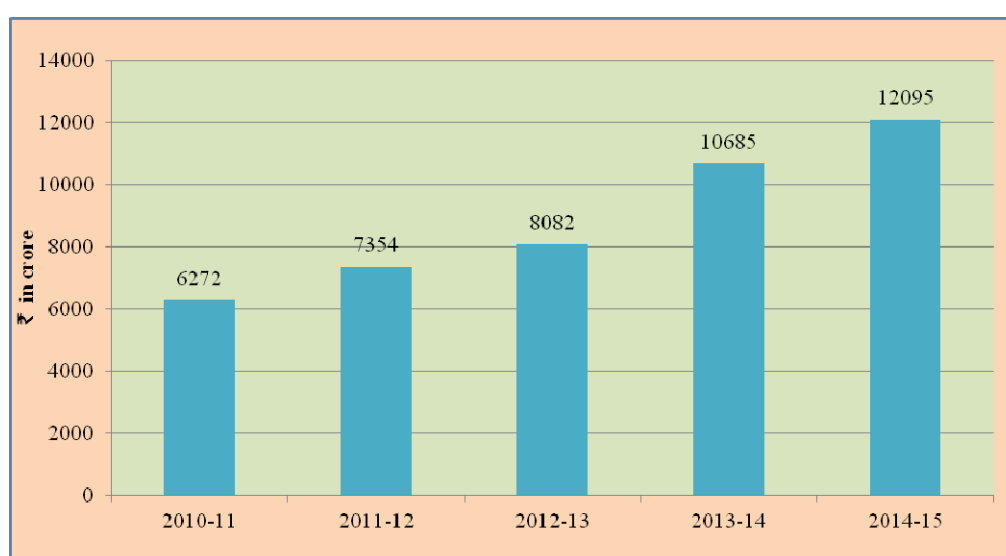
MoR in its reply stated that the PAC’s recommendations are noted for strict compliance. Apart from fixing responsibility for lapses at suitable levels MoR is committed for computerisation at various accounting activities to bring about efficiency and expediency in its functioning. It shall always remain the endeavour of MoR to avoid misclassification/mistakes altogether. Despite PAC’s remarks on misclassification, the instances of misclassification were noticed during 2014-15 also. Further, MoR in its ATN on Chapter 2 of the Audit Report No. 19 of 2014 mentioned that instructions have been reiterated to the Zonal Railways for strengthening/tightening the system and sensitize the staff to avoid misclassifications while booking expenditure, besides enforcing accountability for correctness of allocation of expenditure by taking up defaulting staff appropriately.

Despite issue of repeated instructions by the MoR, instances of misclassification have again been noticed in 2014-15. Implementation of the instructions needs to be ensured by MoR.

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 books of objectionable items (OIB) by the zonal railways administration and treated as unsanctioned expenditure.

Diagram-2.3 Unsanctioned Expenditure (cumulative figures)



A review of such expenditure held under objection disclosed an increasing trend ₹ 6,272 crore (March 2011), ₹ 7,354 crore (March 2012), ₹ 8,082 crore (March 2013), ₹ 10,685 crore (March 2014) and ₹ 12,095 crore (March 2015). Unsanctioned expenditure as of 31 March 2015, included ₹ 6,240 crore (51.59 per cent of total unsanctioned expenditure) related to items which were more than two years old. MoR needs to strengthen the control mechanism and ensure that all the unsanctioned expenditure is regularised on priority basis.

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 2014-15, Ministry of Railways against the sanctioned grant (Original and Supplementary Grant) of ₹ 2,99,600.02 crore in respect of 15 Revenue Grants and one Capital Grant, incurred an expenditure of ₹ 2,85,133.21 crore thereby registering a net savings of ₹ 14,466.81 crore. An analysis of grant-wise expenditure revealed that the net saving of ₹ 14,466.81 crore was a result of savings of ₹ 14,957.18 crore under 13 revenue grants, two segments of capital grant, eight revenue appropriation and three segments of capital appropriation, adjusted by an excess of ₹ 490.37 crore in two revenue grants, three revenue appropriations and one segment of capital grant.

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, one revenue grant to another, unsanctioned expenditure remained un-regularised by the competent authority etc have regularly been pointed out by Audit.

The PAC, time and again expressed their strong displeasure on budgeting and recommended that the Ministry of Railways should evolve a mechanism to assess and project realistic requirement of funds both at Budgetary and Supplementary stages so that timely action is taken to avoid the excess expenditure as far as possible. However, despite recommendations of the PAC, the realistic Budget projection could not be made by the Ministry of Railways.

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

- *Ministry of Railways needs to strengthen the process of budgetary estimation so that the supplementary demands for grants do not remain unutilised or become short of the requirement. Cases of defects in budgeting need to be analysed and measures taken to avoid recurrence in future.*
- *Ministry of Railways should impress upon the budget controlling authorities for regular monitoring of the flow of expenditure and budget allotment and take prompt action for seeking additional funds/surrender of funds allotted could be judiciously utilized for the intended purposes.*
- *Internal control mechanism should be strengthened to reduce the instances of misclassification of expenditure. Deterrent sanctions should be put in place to foster greater responsibility and accountability at the level of key controlling officers.*
- *The unsanctioned expenditure should be controlled; administration should ensure all unsanctioned expenditure is regularised on priority.*

Chapter 3 Introduction of New Services/New Instrument of Services through Supplementary Demands for Grants

3.1 Introduction

Article 115 of the Constitution of India provides that, if a need has arisen during the current financial year for supplementary or additional expenditure upon some new works/services not contemplated in the budget, a Supplementary or Additional Demands for Grants can be brought for the vote of Parliament. Further, in cases of extreme urgency, where it is not possible to wait for prior approval of the Parliament, advances from the Contingency Fund of India can be drawn for meeting the expenditure, pending its authorization by the Parliament.

Railways introduce new works on 'out of turn' basis during a financial year on safety and operational efficiency considerations through Supplementary Demands for Grants outside the regular budget cycle. Para 384 of Indian Railway Financial Code (Volume I) provides that such new expenditure should be examined to see whether it was definitely not anticipated in the budget and whether it cannot be postponed without serious detriment to safety or efficiency.

Works sanctioned by the Railway Board (RB) and approved in the Railway Budget are communicated through Pink Book* to the Zonal Railways. After the Pink Book is circulated and Budget Grant is communicated to the Railways by the RB, sometimes during the year, occasion arises when a very urgent work is required to be taken up for execution which cannot be kept pending for the regular Works Programme for the next year. In such cases, works proposals are initiated on out-of-turn basis with the finance concurrence and General Manager's sanction or with the sanction of the RB as the case may be for approval of the Parliament.

The follow up audit was conducted on Chapter II of the Railway Audit Report No.5 of 2006-Union Government (Railways) with a view to obtain reasonable assurance about the commitments made by Ministry of Railways to follow the recommendations in the Audit Para contained therein.

3.2 Previous study and action taken by Railways

A study on 172 works (out of 205 new works introduced as 'New Services' through Supplementary Demands for Grants during 1999-00 to 2004-05) was done in 2005 and included as Chapter II in Railway Audit Report No.5 of 2006-Union Government (Railways). The study highlighted the following:

1. 44 per cent (77 works) of the 172 works introduced during 1999-2005 as New Services through Supplementary Demands for Grants by Railways had not even commenced one to five years after their approval by the Parliament.
2. Only 29 works (17 per cent) had been completed up to March 2005.

* Pink Book refers Works, Machinery and Rolling Stock Programme of Railways (Part-I and II) containing the details of the items of Works, Machinery and Rolling Stock individually costing ₹ 2.5 crore or more, sanctioned/anticipated cost, expenditure and budget allotment etc.

3. Five years after introducing the work of Mobile Radio Communications as New Service, on grounds of security of passengers in areas affected by terrorist activities, railways have managed to complete only the portion relating to consultancy for system design (March 2005). The work of actual provision of the system was likely to take another two to three years.
4. Construction had not commenced up to March 2005 for 50 (75 per cent) out of 67 Road Over/Under Bridges for which approval of the Parliament was obtained during 1999-00 to 2004-05 on 'Out of Turn' basis.
5. Delay in preparation of detailed estimates in eight out of thirteen doubling projects delayed the commencement/completion of the projects, diluting the spirit of obtaining the Parliament's approval on 'Out of Turn' basis.
6. Six works for which advances were drawn from the Contingency Fund of India would not be started after lapse of one to three years since their introduction.

The following three Audit Recommendations were made in the Audit Report No. 5 of 2006-Union Government (Railways):

- Railways should subject the works, which had not commenced till then, to a *de novo* review and set specific time schedules for their completion.
- Works, which were not in a state of preparedness for commencement within one year, should not be introduced outside the regular budget.
- Once approved, works taken up as new services on 'Out of Turn' basis should be given priority in funding and their completion ensured within the prescribed time frame.

Ministry of Railways (MoR) directed (June 2006) the Zonal Railways to follow the recommendations in Audit Para while introducing/executing/financing the works taken up through Supplementary Demands for Grants. In the directives issued it was emphasised that 'works taken up outside the regular budget have special significance as the main governing criteria for introduction of such works is their emergent nature which should be sustained throughout, till they are commissioned. The directives also mentioned that the prolonged gestation period of such works defeated the very purpose and intention with which they were introduced.

MoR, in its Action Taken Note, while furnishing the status of such works as on 31.03.2009 stated that delays in starting those works were mainly on account of land acquisition, funds constraint, difficulties in removing encroachments etc.

The audit was conducted covering the period 2010-15 to assess the efficiency and effectiveness of the follow up action taken by the MoR in taking up such work on out of turn basis through Supplementary Demands for Grants.

3.3 Audit Objectives

The audit objectives were as follows:

- Whether the initiatives taken by Indian Railways (IR) on the Audit Recommendations were adequate and effective;

- Whether the urgency mentioned at the time of including the work under Supplementary Demands for Grants was sustained throughout the execution of such works.

3.4 Audit Criteria

Rules and provisions laid down in Indian Railway Financial Code (Volume-I), guidelines/instructions issued by Ministry of Finance/RB and instructions issued in compliance with the recommendations in the previous Report on the subject.

3.5 Audit Scope and Methodology

The follow up audit was conducted between May 2015 to October 2015 with a view to obtain reasonable assurance about the commitments made by MoR to follow the recommendations in Audit Para while introducing/executing/financing the works taken up through Supplementary Demands for Grants including the actions taken by IR on Chapter II in Railway Audit Report No.5 of 2006-Union Government (Railways).

The follow up study covered the introduction of 457 new works³³ as New Services/New Instrument of Services through Supplementary Demands for Grants during 2009-10 to 2013-14. The list of works was compiled from the Supplementary Demands for Grants for expenditure of the Central Government on Railways³⁴ for the years 2009-10 to 2013-14. Status of progress of new works across IR was reviewed for the period 2010-11 to 2014-15 to ascertain whether the progress of works reflects the urgency with which they were taken up. Information on the status of works reviewed in the earlier audit was also collected.

Present study also included review of 90 works (out of the 137 works which were either not started (77 nos.) or were in progress (60 nos.) out of those pointed out in the earlier Report (Report No. 5 of 2006).

Audit methodology included examination of records relating to proposal at Zonal Railway level, approval of such works at the level of RB, provision of funds for taking up these works and subsequent progress of works-from invitation of tender, finalisation of contract to execution of works etc.

3.6 Sample size

During 2009-10 to 2013-14, 457 works (**Appendix 3.1**) were introduced as New Services/New Instruments of Services through Supplementary Demands for Grants in IR³⁵. Files/records in respect of 14 works not made available to Audit for review, hence 443 works were reviewed³⁶ and results included in the Review. In addition, 90 works (out of 137 shown as incomplete in the earlier report) were also covered in the present study.

³³ *Out of turn works as 'New Services/New instrument of services' listed from the available booklets of Supplementary Demands for Grants placed in the Parliament*

³⁴ *Collected from RB*

³⁵ *SER-29,ER-55,SECR-2,ECOR-9,ECR-14,CR-13,WR-17,NR-19,NWR-12,SR-26,SWR-10,SCR-102,NCR-30,WCR-20,NER-8,NEFR-30,Metro Railway-5, ICF-1,RCF-20,RWF-2,RE-3,RDSO-1,DLW-1, RB-32*

³⁶ *SER-29,ER-55,SECR-2,ECOR-9,ECR-14,CR-13,WR-17,NR-16,NWR-12,SR-26,SWR-10,NCR-26,WCR-20,NER-8,NEFR-29,Metro Railway-5,ICF-1,RWF-2,RE-3,RDSO-1,DLW-1, RB-23*

3.7 Audit findings

3.7.1 Progress of works pointed out in the Report No. 5 of 2006

As pointed out in the Audit report No.5 of 2006 Union Government (Railways) 137³⁷ works were either not taken up or were in progress. Scrutiny of the remaining 90³⁸ works in subsequent period revealed that:

- In respect of 39³⁹ works information on the progress of works was not made available to audit.
- Of the remaining works, 30 works have been completed as on 31.03.2015 and 21 works were still in progress with progress ranging between 1 to 50 per cent. Out of 21 such works, in 10 works, non-completion/delay in completion was attributed to Land acquisition issues, Naxalite affected area, insufficient fund allotment, delays in preparation of estimates, Hilly terrain, Forest area with no approach road etc., non-completion of works of the portion of State Government, Road Over Bridge (ROB) not feasible and instruction of RB to stop the work. While in the remaining cases, reasons were not found on record.

3.7.1.1 Progress of Safety works

Audit observed that 28 out of 90 works referred above were safety category works comprising of construction of ROB/Road Under Bridge (RUB) at unmanned level crossings. Results of the scrutiny of 28 works are given in table 3.1 below:-

Table 3.1-Progress of safety works

Particulars	Remarks
Works completed	<ul style="list-style-type: none"> • Eight works were completed between five to 12 years. • In five works (out of eight), the time taken in completion was more than 10 years.
Work not taken up	<ul style="list-style-type: none"> • Four works (taken up through Supplementary Demands for Grants - July 2002) in SR were not taken up. • No reasons were found on record in this regard.
Details not made available to audit	<ul style="list-style-type: none"> • Details on the progress of works not made available to Audit (14 works). • No record was maintained by the Railway Administration in two works.

Thus, works sanctioned on out of turn basis were not completed even more than 10 years after their inclusion in the Supplementary Demands for Grants. Further, the works completed were also delayed resulting in cost over-run amounting to ₹ 91.38 crore suggesting that the measures initiated by IR for completing these works were not effective and adequate. Further, slow progress in executing the works and prolonged period in completing the works

³⁷ CR-2, ER-20, ECR-11, NR-15, RDSO-6, RE-1, NER-25, NEFR-6, SR-23, SCR-4, SER-5, SECR-1, ECoR-4, WR-14

³⁸ SER-5, ER-7, ECoR-4, ECR-11, CR-2, WR-19, NWR-1, SR-23, SCR-4, NER-12, NEFR-1, Metro Railway-1

³⁹ SER-2, WR-19, ER-2, ECR-3, CR-1, SR-8, NER-2, SCR-2

taken up on out of turn basis is also indicative of inadequate monitoring at the Zonal as well at RB level.

3.7.2 Scrutiny of works taken up during 2009-14

Audit undertook the study of 443 works out of 457 works introduced as New Services/New Instruments of Services through Supplementary Demands for Grants during 2009-10 to 2013-14. The summarised status of 443 works reviewed in IR is given in Table 3.2 below:-

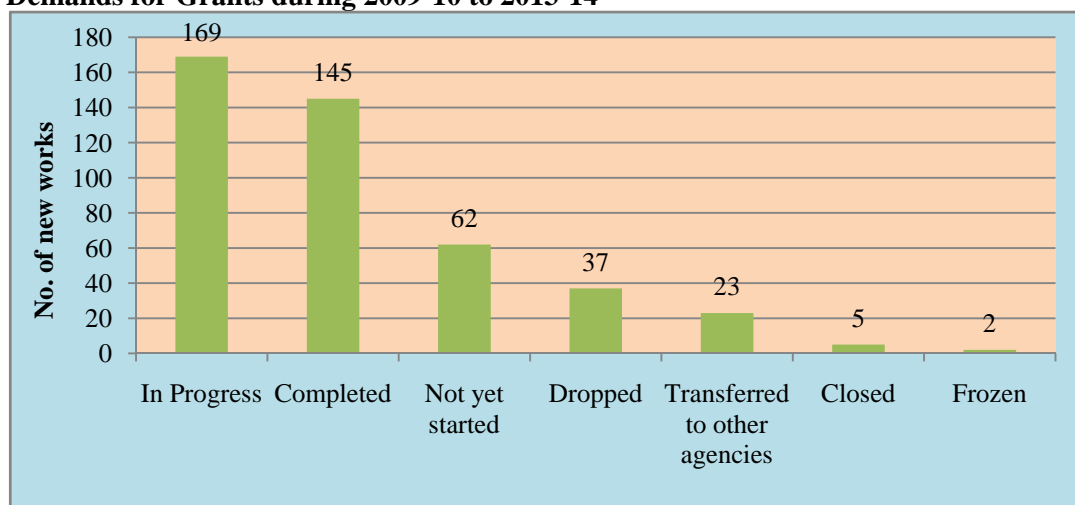
Table 3.2 - Summary of 443 works reviewed in IR

Total Nos. of works sanctioned		Year of sanction				
Status of Works	Position as on 31.03.2015	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6	7
Completed	145	29	84	24	7	1
Not yet started	62	6	29	10	1	16
In Progress	169	27	89	24	23	6
Dropped	37	4	32	1	0	0
Closed	5	0	5	0	0	0
Frozen	2	0	2	0	0	0
Transferred to other agencies	23	3	13	5	0	2
Total	443	69	254	64	31	25

These works included 71 safety works such as manning of unmanned level crossings, ROB in lieu of level crossing, widening of subway etc. and 372 other than safety such as Complete Track Renewal (CTR), Through Rail Renewal (TRR), Through Sleeper Renewal (TSR), Doubling, up gradation of coach maintenance facilities etc. Results of the audit scrutiny of the safety works have been mentioned in Paragraph 3.7.2.8.

The status of 443 works in IR introduced during 2009-2014⁴⁰ as New Services /New Instruments of Services through Supplementary Demands for Grants is also given in the Figure 3.1 below:

Figure 3.1: Summarised status of 443 works introduced through Supplementary Demands for Grants during 2009-10 to 2013-14



⁴⁰ For Works sanctioned during 2009-10 to 2013-14, execution has been reviewed during 2010-11 to 2014-15

The status of 443 works in IR introduced during 2009-2014⁴¹ as New Services /New Instruments of Services through Supplementary Demands for Grants was reviewed and it was observed that:

- i. 14 per cent (62 works) of the 443 works had not commenced even one to five years after their approval by the Parliament.
- ii. Only 33 per cent (145 works) of the works had been completed up to March 2015.
- iii. Nine per cent (37 works) of the works had been dropped up to March 2015.
- iv. 1.5 per cent (seven works-five closed and two frozen) of the works were closed/frozen.
- v. 38 per cent (169 works) of the works are in progress as of March 2015. Out of these, 140 works were sanctioned more than two years back (Refer Table 3.2).
- vi. Five per cent (23 works) were transferred to other agencies. Out of the 23 works status could be ascertained in respect of seven works of which one work was completed, two were in progress and four were not started as on 31 March 2015. Though the other agencies are executing the works of Zonal Railways, records are not available with the Zonal Railways to show regular monitoring of progress of works executed by other agencies.

3.7.2.1 Completed works

Para 703 of Indian Railway Code for Engineering Department provides that no work should be commenced till a detailed estimate for the same is prepared and sanctioned and adequate funds are allotted by the competent authority. No definite time period has, however, been prescribed for the sanction of the Detailed Estimate.

As per RB's instruction⁴², the tenders should be invited only after the sanction of detailed estimate. However, in case of extreme urgency, approval of competent authority with prior concurrence of associated finance is to be obtained. No definite time period has, however, been laid down for finalising the tender. RB also specified that tenders should be finalized before expiry of validity of offers which normally extends up to 120 days from the opening of the tender.

Audit observed that out of 443 works, taken up on 'out of turn' basis during 2009-10 to 2013-14, only 145⁴³ works were completed. There were delays in completion of these projects as a result of time taken in stages like preparation of detailed estimates, delays in finalising the tenders and delay in commencing the work after sanction of the works as detailed in Table 3.3.

⁴¹ For Works sanctioned during 2009-10 to 2013-14, execution has been reviewed during 2010-11 to 2014-15

⁴² 94/CE-1/CT/4 dated 17-9-97

⁴³ SER-9, ER-10, SECR-1, ECoR-5, ECR-1, CR-3, WR-5, NR-2, NWR-3, SR-7, SWR-2, NCR-16, WCR-5, NER-2, NFR-16, Metro Railway-1, RWF-1, SCR-40, RCF-13, RB-3

Table 3.3-Status of delays at different stages

Particulars	Remarks
Time taken in sanction of detailed estimates	<ul style="list-style-type: none"> • Less than three months in 87 works • Three to 35 months in 47⁴⁴ works • Information regarding sanction of detailed estimate not made available (11 works)
Delays in finalisation of tenders	<ul style="list-style-type: none"> • Four to 31 months in 64⁴⁵ works • Information regarding finalisation of tenders was not made available (19 works) • No tender invited in two works • No delay in 60 works
Time taken in commencing the works	<ul style="list-style-type: none"> • Less than four months in 56 works • Four to 44 months in 73⁴⁶ works • No data was made available in 16 works
Delay in completing the work	<ul style="list-style-type: none"> • Time taken was less than two months in 20 works • Time taken was 2 to 55 months in 99⁴⁷ works • No data was made available in 26 works

Further, as many as 37 CTR, TRR and TSR works were included in the 145 completed works (out of 443 taken up in Supplementary Budget during 2009-14). Of these, urgency was not sustained in 23 works in the subsequent year which is clear from the fact that the works were completed in more than three years period from the date of sanction. Similarly, 145 completed works also included 19 other insignificant works like development of freight terminals, development of circulating area at stations, loading points and works relating to staff quarters etc. Such works should have been considered in the regular budget cycle.

Since most of these works related to Track Renewal, Safety and Communication System, their delay in completion had an impact on safety and efficiency of operations. Further, the long period of completion suggested that these works should have been included in the regular budget and not been taken up as 'out of turn' work.

3.7.2.2 Works 'Not yet started'

Out of total 443 works taken up on 'out of turn' basis during 2009-10 to 2013-14, 62 works (**Appendix 3.2**) were yet (March 2015) to be started. Audit scrutiny revealed as follows:

- While the detailed estimate was sanctioned in respect of 27 works, no such exercise was done up to 31 March 2015 in respect of 23 works. Information regarding sanction of estimates was not made available to audit in respect of 12 works.
- Though detailed estimate was sanctioned in respect of 27 works, tenders were not invited in respect of seven works till 31 March 2015. In the

⁴⁴ SER-3,ER-6,ECR-1,WR-4,NR-1,SR-4,SWR-1,NCR-6,NER-2,NFR-4, SCR-13, RCF-1

⁴⁵ SER-5,ER-5,SECR-1,ECOR-2,ECR-1,WR-1,NR-1,SR-3,SWR-1,NCR-10,WCR-1,NEFR-5,Metro-1, SCR-19 and RCF-5, RB-3

⁴⁶ SER-9,ER-8,SECR-1,ECOR-3,ECR-1,WR-5,NR-1,NWR-3,SR-4,SWR-2,NCR-6,WCR-1,NEFR-5,Metro-1, SCR-17, RB-3 and RCF-3

⁴⁷ SER-8,ER-7,SECR-1,ECR-1,CR-1,WR-5,NR-1,NWR-3,SR-4,SWR-2,NCR-9,WCR-5,NEFR-7,Metro-1,RWF-1, RCF-34 and ICF-9.

remaining 20 works where tenders were invited, the same could be finalised in respect of five works only.

In this connection, it is pertinent to mention that RB in November 2012 advised SR, SER and ER to put on hold the Train Management System (TMS) work till further advice in view of acute scarcity of resources. No further communication was received from RB in this regard till March 2015.

Since the above works were related to road safety, signal and telecommunication works, non-completion of the same within the stipulated periods not only affect the operation but also the road safety aspect.

3.7.2.3 Status of works 'In Progress'

Out of total 443 works taken up on 'out of turn' basis during 2009-10 to 2013-14, the 169 works⁴⁸ were in progress as on 31-3-2015. Result of audit scrutiny has been indicated in the Table 3.4 below:-

Table 3.4- Status of delays at different stages

Particulars	Remarks
Time taken in sanction of detailed estimates	<ul style="list-style-type: none"> • Less than four months in 52 works • Four to 66 months in 87 works • Information regarding sanction of detailed estimate not made available (5 works) • In 25 works detailed estimate was not sanctioned
Delays in finalisation of tenders	<ul style="list-style-type: none"> • Less than four months in 21 works • Four to 48 months in 103 works • Information regarding finalisation of tenders was not made available (45 works)
Delay in commencing the works	<ul style="list-style-type: none"> • Less than four months in 13 works • Four to 63 months in 129 works • No data was made available (27 works)

Therefore, review of the works revealed that the Railway Administration was not prepared in all respect at the time of inclusion of the works in Supplementary Demands for Grants and spirit of their inclusion as 'out of turn' was not sustained in subsequent period. Further, no definite time period was prescribed for finalizing the detailed estimates as well as for finalizing the tenders.

3.7.2.4 Status of works 'Dropped'

Out of total 443 works taken up on 'out of turn' basis during 2009-10 to 2013-14, 37 works⁴⁹ (**Appendix 3.3**) were dropped. In respect of 13 works, no information was made available to audit. Of these 37, four works were dropped after the sanction of the Detailed Estimates. Tenders were not invited in any of these cases. Further, it was seen that as many as 20 works were dropped at the initial stage i.e. at the estimate preparation stage. Of these, in five cases, heavy encroachments, non receipt of State Government's share and non-feasibility of

⁴⁸SER-9,ER-27,SECR-1,ECOR-2,ECR-9,CR-7,WR-3,NR-10,NWR-4,SR-8,SWR-4,NCR-6,WCR-14,NER-2,NEFR-7,Metro-2,ICF-1,RWF-1,RE-1,RDSO-1,DLW-1, SCR-31 and RCF-4, RB-14

⁴⁹SER-1, ER-10, WR-1, NR-1, NWR-3, SWR-2, NEFR-1, SCR-16, RCF-2

the work were the reasons attributed for dropping the works. While in the remaining cases reasons cited were very general in nature.

It is pertinent to mention that as many as 10 works were dropped in ER alone. This clearly indicated that Railway Administration had not exercised due diligence in taking up the new works through Supplementary Demands for Grants.

3.7.2.5 Status of works 'Closed'

During the review period five works (**Appendix 3.4**) were closed (NWR-2, NEFR-3). Two loop line works of NWR were closed due to doubling works taken up. In NEFR, though tenders were finalised for two 'foot over bridge' works and one 'rail level platform' works, the works were closed. No specific reasons were found on record. Closure of the above works indicates poor planning and avoidable inclusion of the works in the Supplementary Demands for Grants.

3.7.2.6 Status of works 'Frozen'

Two works (one each on SR and SCR) were frozen during the period under review (**Appendix 3.5**). The work 'Train Management System (TMS)' of Chennai Beach-Sulurpetta, Chennai Beach-Velachery, Chennai Beach-Chengalpattu and Chennai Central-Arakkonam sections in SR was proposed for inclusion in Preliminary Works Programme (PWP) in 2009-10. But the work was dropped by RB. Subsequently, RB invited (June 2010) proposals for this work on 'out of turn' basis and included the proposal in supplementary demands in 2010-11. Detailed estimate for ₹ 38.58 crore was sanctioned in September 2011. In November 2012, a decision was taken by RB that the work would be kept pending in view of the scarce resources which would be utilised for the more urgent works. The work was later frozen despite the fact that TMS was to be provided for Chennai area according to the Eleventh Five Year Plan (2007-2012) and ₹ 0.03 crore spent on this work remained blocked up. Thus, the work was taken up through Supplementary Demands for Grants without adequate preparedness and final view on executing the work. Another work⁵⁰ of SCR was frozen even before starting the work due to change of site and paucity of funds.

3.7.2.7 Works 'Transferred to other agencies'

Out of total 443 works reviewed taken up on 'out of turn' basis during 2009-10 to 2013-14, 23 works⁵¹ (**Appendix 3.6**) were transferred to other agencies⁵² namely RVNL, RLDA, IRPMU, CORSS, CAO/WPO, Patna for execution. However, status of these works as on 31.03.2015 is given in Table 3.5.

⁵⁰ Provision of alternative accommodation to the officers of trade union in Secunderabad area of Hyderabad Division.

⁵¹ SER-6, ECoR -2, CR-2, WR-2, SCR-7, RE-1 and SR-3

⁵² Rail Vikas Nigam limited (RVNL)-12, Rail Land Development Authority (RLDA)-4, Indian Railways Project Management Unit (IRPMU)-3, Central Organisation for Railway Safety Systems (CORSS)-1, CAO/WPO-1. In one case name of the agency was not found on record.

Table 3.5-Details of the works transferred to other agencies

Status of work as on 31.03.2015	Number of works
Not yet started	1 (SER)
In Progress	3 (SER-1 partly completed, SR-1, SCR-1)
Completed	1 (SER)
Information regarding status on progress of work not made available to audit	18 (CR-2, ECoR-2, RE-1, SCR-6, SER-3, SR-2 and WR-2).
Total	23

Analysis of the reasons for delays in taking up and completion of such works over SER revealed the following:

- In respect of one work, the site of the work was changed (by Railway Board in November 2011) from Haldia to Buniadpur, South Dinajpur district, West Bengal which is in the Katihar division of Northeast Frontier Railway.
- In respect of two works, the executing agency (RVNL and CAO/WPO, Patna) did not undertake the work due to insufficient fund allotment.
- In respect of one work each on SR and SCR, the works were transferred to RVNL for execution in March and May 2015 only though decision to this effect was taken in December 2013 and January 2014 respectively.

3.7.2.8 Progress of Safety related works taken up in Supplementary Demands for Grants

These works (443 reviewed in Audit) included 71 safety works (10 completed, 24 not yet started, 32 in progress, three dropped, two transferred to other agencies) such as manning of unmanned level crossings, ROB in lieu of level crossing, widening of subway etc. Summarised position is given in Table 3.6.

Table 3.6-Details of Safety related works included in the Supplementary Demands for Grants

Particulars	Total No. of works	Progress on works included in Supplementary Demands for Grants (2009-10 and 2010-11)	
		No. of works	Status
Works not yet commenced	24	7	Detailed Estimates were sanctioned in one case only. Finalisation of detailed estimates held up for want of clearance from State Governments. RUB was not found technically feasible in joint survey in one case. In one case scope of work was revised to four lanes ROB in lieu of two lanes ROB sanctioned earlier.
Works in Progress	32	17	In progress due to change in location, delays in finalisation of Estimates, Court case, Site constraint, non-supply of material and delays on account of contractors.
Works completed	10	4	Works were completed with delays ranging between nine to 22 months after the due date of completion of works specified in the acceptance letter.

Works dropped	3	3	Detailed estimates not yet sanctioned. Works dropped at the initial stage due to non-receipt of share of cost from State Government in two cases. In one case proposal of constructing subway changed to ROB.
Works transferred to other agencies	2	2	Neither the details of the agreements with RVNL nor the status on progress of work furnished to Audit.

The instructions issued (11 October 2010) by RB in connection with the out of turn work stipulated that all safety works should be completed within a maximum period of eight months. From the above, it can be seen that even the safety related work which were taken up on urgency through Supplementary Demands for Grants lacked preparedness on the part of Railway Administration and urgency expressed while including these works in Supplementary Demands for Grants was not sustained during execution. Out of 71 safety works, only 10 works could be completed since their sanction in the Supplementary Demands for Grants and only six of these were completed within the stipulated period⁵³ of eight months. Tardy progress of the safety related works is likely to adversely affect the safety in running the trains.

3.8 Conclusion

During review of the works it was noticed that despite the Zonal Railways having been advised to follow the Audit recommendations while introducing/executing/financing the works taken up through Supplementary Demands for Grants, no improvement was seen in compliance of recommendations given by Audit in Railway Audit Report No.5 of 2006-Union Government (Railways) which was accepted by the Railway Administration (vide Chairman Railway Board's letter of June 2006).

Status of progress of new works as on 31 March 2015 is summarised in Table 3.7.

Particulars	(in Nos.)							
	Total	closed	Frozen	Not yet started	Dropped	Work in Progress	Transferred to other agencies	Completed
Safety related works ⁵⁴	71	0	0	24	3	32	2	10
Works connected with operational efficiency and revenue generation ⁵⁵	241	2	1	29	11	94	20	84
Other Misc. Works ⁵⁶	131	3	1	9	23	43	1	51
Total	443	5	2	62	37	169	23	145

⁵³ RB's letters dated 11.10.2010 and 07.10.2015 regarding 'Delegation of Powers to General Managers' on 'Out of turn' works

⁵⁴ Safety related works-Manning of unmanned level crossings, construction of Road over Bridges/Road under Bridges (ROBs/RUBs) etc.

⁵⁵ New Line, Gauge Conversion, Doubling, Signalling & Telecommunication, Railway Electrification, Procurement of Machinery and Plant and Traffic facility works etc.

⁵⁶ Facilities/amenities to passengers, Railway staff

Works like Complete Track Renewal (CTR), Through Sleeper Renewal (TSR) and Through Rail Renewal (TRR) which solely depend on the condition of track which is known to railway in advance, could have been decided well in advance for inclusion of the work in regular works programme and sanction through Railway Budget. About 25 *per cent* of the completed works comprised of such category. Had these works been taken up under regular Railway Budget, the funds could have been utilised for safety related works.

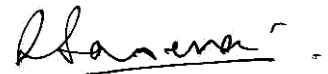
In addition, regular/non-urgent and routine nature of works like provision of loop lines, setting up wrestling academy, widening of ROB, setting up rail axle manufacturing plant, procurement of track machines etc. were also included in the Supplementary Demands for Grants which could have been taken up in the regular budget. Whenever works get included in the supplementary budget, the Railway Administration should be prepared in all respect to follow the spirit of their urgency for inclusion in the Supplementary Demands for Grants. Some important cases listed in **Appendix 3.7** revealed that works were included in the Supplementary Demands for Grants without minimum preparedness and also that urgency was not sustained in executing these works.

Audit concluded that urgency stated at the time of seeking sanction to the works in the Supplementary Demands for Grants was not sustained in the subsequent years after sanction. As many as 62 works were yet to commence as on 31-3-2015 even though a period ranging up to five years had elapsed since their inclusion through Supplementary Demands for Grants. Further, 65 *per cent* of the works related to the improvement of the operational efficiency were yet to be completed depriving IR of the intended benefit.

Indian Railways thus failed to take advantage of the time gained by introducing these works before the regular budget cycle. Benefit expected from these works could not be achieved even after several years of their approval by the Parliament. MoR should have been more selective in introducing works on 'Out of Turn' basis keeping in view the essence of the provisions of rules.

3.9 Recommendation

- *Ministry of Railways needs to strengthen its mechanism for selection, periodical monitoring of works at every stage of execution like preparation of detailed estimate, tendering process, provision of fund etc., so that the significance of including works in Supplementary Demands for Grants is not lost.*



(SUMAN SAXENA)

Deputy Comptroller and Auditor General

New Delhi

Dated:

Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

New Delhi

Dated:

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>

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

Appendix-1
Status of Railway Funds
(Refer Para 1.11)

<i>Fund</i>	<i>Description</i>
<i>Depreciation Reserve Fund</i>	<i>The opening balance in this fund account as on 1 April 2014 was ₹1,021.38 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 ₹ 7,975 crore (including ₹200 crore for Production Units) was appropriated to this fund. The fund closed at ₹1,777.12 crore at the end of 2014-15 by expending an amount of ₹ 7,286.93 crore on replacement and renewal of assets. Appropriation to DRF was made more than Budgeted provision by 12.77 per cent.</i>
<i>Pension Fund</i>	<i>The opening balance in this fund account as on 1 April 2014 was ₹419.04 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 2014-15 was slightly more than the withdrawals. The available balance under the fund at the close of the year was ₹ 1,360.36 crore as on 31 March 2015. Appropriation to Pension Fund was more than Budgeted provision by 2.36 per cent.</i>
<i>Development Fund</i>	<i>The fund account as on April 1, 2014 stood at ₹3,053.02 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 2014-15, the revenue surplus to the tune of ₹ 1,374.94 crore was appropriated to it. The capital expenditure amounting to ₹2,611.08 crore was incurred out of this fund during 2014-15. The fund closed at ₹2,013.12 crore at the end of 2014-15. Appropriation to Development Fund was more than Budgeted provision by 358.31 per cent.</i>
<i>Capital Fund</i>	<i>The fund account as on April 1, 2014 stood at ₹557.32 crore. Appropriation to this fund is also met from revenue surplus available with IR after meeting out the total working expenditure and dividend. In 2014-15, the revenue surplus to the tune of ₹ 6,233.36 crore was appropriated to it. The capital expenditure amounting to ₹5,449.24 crore was incurred out of this fund during 2014-15. The fund closed at ₹ 1,388.90 crore at the end of 2014-15. The Appropriation to Capital fund was more than Budgeted provision by 10.08 per cent.</i>
<i>Railway Safety Fund</i>	<i>The opening balance in this fund account as on April 1, 2014 was ₹804.98 crore. An amount of ₹2,206.44 crore was utilized in 2014-15 as against an amount of ₹1,498.61 crore credited to it. The fund account closed at ₹97.15 crore at the end of 2014-15.</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. The opening balance in this fund account as on April 1, 2014 was ₹169.54 crore. An amount of ₹ 56.64 crore was appropriated to this fund in 2014-15. No expenditure was incurred from this fund during the year. The fund closed at ₹236.08 crore as on 31 March 2015. The Appropriation to Debt Service Fund was less than Budgeted provision by 43.92 per cent.</i>

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

Appendix-2.1- Appropriation Accounts 2014-15
(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	2780100000	0	2780100000	2668058478	-112041522
2	Revenue – Miscellaneous Expenditure (General)				
Charged	21100000	0	21100000	21100000	0
Voted	8314500000	0	8314500000	9015258724	700758724
3	Revenue – Working Expenses – General Superintendence and Services				
Charged	0	13733000	13733000	13756862	23862
Voted	64727006000	0	64727006000	61057779745	-3669226255
4	Revenue – Working Expenses – Repairs and Maintenance of Permanent Way and Works				
Charged	7241000	12365000	19606000	11443156	-8162844
Voted	102679311000	1360562000	104039873000	102805157399	-1234715601
5	Revenue – Working Expenses – Repairs and Maintenance of Motive Power				
Charged	0	1451000	1451000	823362	-627638
Voted	46656410000	2550659000	49207069000	47827008885	-1380060115
6	Revenue - Working Expenses – Repairs and Maintenance of Carriages and Wagons				
Charged	179000	0	179000	0	179000
Voted	109434572000	4134950000	113569522000	112763164799	-806357201
7	Revenue - Working Expenses – Repairs and Maintenance of Plant and Equipment				
Charged	0	315000	315000	4961509	4646509
Voted	62281865000	1127711000	63409576000	60260143521	-3149432479
8	Revenue - Working Expenses – Operating Expenses – Rolling Stock and Equipment				

	<i>Charged</i>	0	1430000	1430000	1429521	-479
	Voted	94633001000	8393777000	103026778000	102042358906	-984419094
9	Revenue - Working Expenses – Operating Expenses – Traffic					
	<i>Charged</i>	0	13272000	13272000	10398444	-2873556
	Voted	197131148000	0	197131148000	190744683394	-6386464606
10	Revenue - Working Expenses – Operating Expenses - Fuel					
	<i>Charged</i>	1376000	0	1376000	0	-1376000
	Voted	351811749000	0	351811749000	290253178377	-61558570623
11	Revenue – Working Expenses – Staff Welfare and Amenities					
	<i>Charged</i>	0	714000	714000	326825	-387175
	Voted	51113818000	658380000	51772198000	50164666334	-160753166
12	Revenue - Working Expenses – Miscellaneous Working Expenses					
	<i>Charged</i>	1387214000	0	1387214000	1138681867	-248532133
	Voted	53387695000	3158225000	56545920000	51062782332	-5483137668
13	Revenue - Working Expenses – Provident Fund, Pension and Other Retirement Benefits					
	<i>Charged</i>	5550000	1013000	6563000	8664513	2101513
	Voted	297927002000	3500000000	301427002000	296357608108	-5069393892
14	Revenue - Appropriation to Funds – Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund, Debt Service Fund					
	Voted	414787400000	28147200000	442934600000	446799394144	3864794144
15	Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation					
	Voted	91350000000	391300000	91741300000	91735474011	-5825989
16	Assets – Acquisition, Construction and Replacement - Open Line Works – Revenue					
	<i>Charged</i>	0	0	0	0	0
	Voted	0	0	0	0	0

	Assets – Acquisition, Construction and Replacement - Other Expenditure – Capital					
<i>Charged</i>	<i>1119550000</i>	<i>572305000</i>	<i>1691855000</i>	<i>1439061006</i>	<i>-252793994</i>	
Voted	792720614000	0	792720614000	736844700304	-55875913695	
	Assets – Acquisition, Construction and Replacement – Other Expenditure – Railway Safety Fund					
<i>Charged</i>	<i>20000000</i>	<i>0</i>	<i>20000000</i>	<i>6264978</i>	<i>-13735022</i>	
Voted	21980000000	18965000	21998965000	22330321366	331356366	
	Assets – Acquisition, Construction and Replacement - Other Expenditure – Railway Funds					
<i>Charged</i>	<i>54000000</i>	<i>0</i>	<i>54000000</i>	<i>32259181</i>	<i>-21740819</i>	
Voted	170953000000	4656516000	175609516000	173911194317	-1698321683	
	Grand Total					
<i>Charged</i>	<i>2616210000</i>	<i>616598000</i>	<i>3232808000</i>	<i>2689171224</i>	<i>-543636776</i>	
Voted	2934669191000	58098245000	299276743600	2848642933145	-144124502855	
Grand Total	2937285401000	58714843000	2996000244000	2851332104369	-144668139631	

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)	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	C.R	V	4900200	0	-185804	4714396	4704975	-9421	-195225
3	E.R	V	6580500	0	27000	6607500	6487060	-120440	-93440
3	E.C.	V	4129500	0	-551500	3578000	3620894	42894	-508606
3	E.CO	V	1957689	0	-8385	1949304	1952421	3117	-5268
3	N.R	V	7081200	0	-460213	6620987	6414577	-206410	-666623
3	N.C	V	2987094	0	4700	2991794	2912798	-78996	-74296
3	N.E.	V	3549430	0	-265496	3283934	3192849	-91085	-356581
3	N.F.	V	3714500	0	-191800	3522700	3531569	8869	-182931
3	N.W.	V	2976700	0	-126609	2850091	2838081	-12010	-138619
3	S.R	V	5369100	0	-265532	5103568	4991282	-112286	-377818
3	S.C.	V	4569010	0	-37574	4531436	4260641	-270795	-308369
3	S.E.	V	5215800	0	-341900	4873900	4861961	-11939	-353839
3	SEC	V	1928000	0	3835	1931835	1903579	-28256	-24421
3	S.W	V	1916669	0	-92125	1824544	1770263	-54281	-146406
3	W.R	V	5224500	0	-119272	5105228	5080265	-24963	-144235
3	W.C.	V	2441614	0	79138	2520752	2351725	-169027	-89889
3	METRO	V	185500	0	-2225	183275	182839	-436	-2661
4	C.R	V	8237711	153282	150000	8540993	8340184	-200809	-50809
4	E.R	V	5411000	200400	200000	5811400	5793408	-17992	182008
4	E.C.	V	6401574	21426	0	6423000	6348640	-74360	-74360
4	E.CO	V	5028712	215188	640000	5883900	5852649	-31251	608749
4	N.R	V	11570850	0	-795590	10775260	10794997	19737	-775853
4	N.C	V	6490018	132038	100000	6722056	6816559	94503	194503
4	N.E.	V	4375610	0	-429438	3946172	3935168	-11004	-440442
4	N.F.	V	7123800	0	-61700	7062100	6983102	-78998	-140698
4	N.W.	V	4471491	0	-67701	4403790	4351287	-52503	-120204
4	S.R	V	6331300	194904	160000	6686204	6674459	-11745	148255
4	S.C.	V	9985834	221700	462086	10669620	10011384	-658236	-196150
4	S.E.	V	5788619	115181	103200	6007000	6163126	156126	259326
4	SEC	V	3346240	106443	300000	3752683	3743618	-9065	290935
4	S.W	V	3371217	0	-4763	3366454	3404215	37761	32998
4	W.R	V	8720535	0	-709353	8011182	8032506	21324	-688029
4	W.C.	V	5723200	0	-12332	5710868	5298514	-412354	-424686
4	METRO	V	301600	0	-34409	267191	261342	-5849	-40258
5	C.R	V	4054824	74654	-50000	4079478	4110930	31452	-18548
5	E.R	V	3811557	0	-188666	3622891	3581300	-41591	-230257
5	E.C.	V	2515850	386250	100000	3002100	3034962	32862	132862
5	E.CO	V	1777749	195700	-20000	1953449	1934391	-19058	-39058
5	N.R	V	6068488	0	-181021	5887467	5477691	-409776	-590797
5	N.C	V	2297450	164352	0	2461802	2516415	54613	54613
5	N.E.	V	1315400	20421	0	1335821	1330213	-5608	-5608
5	N.F.	V	1757800	286000	0	2043800	1881931	-161869	-161869
5	N.W.	V	1168828	308213	69687	1546728	1560847	14119	83806
5	S.R	V	3443000	221810	0	3664810	3619143	-45667	-45667

5	S.C.	V	4666910	21663	-58294	4630279	4376824	-253455	-311749
5	S.E.	V	3275100	375367	190000	3840467	3742077	-98390	91610
5	SEC	V	1368900	50099	0	1418999	1433032	14033	14033
5	S.W	V	1604430	8787	0	1613217	1608272	-4945	-4945
5	W.R	V	3212200	288038	138294	3638532	3594867	-43665	94629
5	W.C.	V	4317924	149305	0	4467229	4024115	-443114	-443114
5	METRO	V	0	0	0	0	0	0	0
6	C.R	V	10381712	0	-121266	10260446	10302321	41875	-79391
6	E.R	V	13325028	434677	-100000	13659705	13555347	-104358	-204358
6	E.C.	V	6614500	170000	50000	6834500	6914687	80187	130187
6	E.CO	V	3931603	711196	179644	4822443	4776258	-46185	133459
6	N.R	V	13970458	37975	-45944	13962489	13884351	-78138	-124082
6	N.C	V	2799511	480581	0	3280092	3333539	53447	53447
6	N.E.	V	3677006	0	-38316	3638690	3723890	85200	46884
6	N.F.	V	5190900	352500	0	5543400	5389926	-153474	-153474
6	N.W.	V	3785922	158232	-50000	3894154	3899426	5272	-44728
6	S.R	V	9033300	436900	150000	9620200	9426749	-193451	-43451
6	S.C.	V	7908038	156680	-210808	7853910	7696862	-157048	-367856
6	S.E.	V	8331221	710779	362000	9404000	9353144	-50856	311144
6	SEC	V	3025625	32152	0	3057777	3129173	71396	71396
6	S.W	V	4158432	161698	0	4320130	4275620	-44510	-44510
6	W.R	V	9613721	0	-164569	9449152	9428604	-20548	-185117
6	W.C.	V	3276895	291580	0	3568475	3276596	-291879	-291879
6	METRO	V	410700	0	-10741	399959	396671	-3288	-14029
7	C.R	V	5224169	220671	119900	5564740	5417405	-147335	-27435
7	E.R	V	5288997	9487	0	5298484	5003938	-294546	-294546
7	E.C.	V	4994267	0	-147948	4846319	4853593	7274	-140674
7	E.CO	V	2579101	186873	41314	2807288	2583964	-223324	-182010
7	N.R	V	6901100	17387	23230	6941717	6434246	-507471	-484241
7	N.C	V	4286919	167262	150000	4604181	4452597	-151584	-1584
7	N.E.	V	2312311	0	-47837	2264474	2175008	-89466	-137303
7	N.F.	V	2671200	0	-26700	2644500	2462168	-182332	-209032
7	N.W.	V	2106891	41908	20000	2168799	2144843	-23956	-3956
7	S.R	V	4563500	67500	0	4631000	4255719	-375281	-375281
7	S.C.	V	5031857	169165	29168	5230190	4815891	-414299	-385131
7	S.E.	V	3631800	39900	0	3671700	3606243	-65457	-65457
7	SEC	V	2039210	12867	0	2052077	1910153	-141924	-141924
7	S.W	V	1441614	0	-279757	1161857	1096537	-65320	-345077
7	W.R	V	5259750	187650	150000	5597400	5441127	-156273	-6273
7	W.C.	V	3516979	7041	0	3524020	3216397	-307623	-307623
7	METRO	V	432200	0	-31370	400830	390315	-10515	-41885
8	C.R	V	9217828	889415	133776	10241019	10122776	-118243	15533
8	E.R	V	8004478	609792	0	8614270	8528223	-86047	-86047
8	E.C.	V	7109473	0	-155576	6953897	6927114	-26783	-182359
8	E.CO	V	4196533	676426	0	4872959	4770218	-102741	-102741
8	N.R	V	12070805	683663	0	12754468	12922276	167808	167808
8	N.C	V	4990422	460799	0	5451221	5824898	373677	373677
8	N.E.	V	2843555	199289	0	3042844	3049799	6955	6955
8	N.F.	V	3278900	208500	-50000	3437400	3225432	-211968	-261968
8	N.W.	V	3669830	265372	0	3935202	3892558	-42644	-42644
8	S.R	V	6042600	449852	0	6492452	6479626	-12826	-12826
8	S.C.	V	6977832	889320	-16729	7850423	7565532	-284891	-301620
8	S.E.	V	6371600	495900	-93732	6773768	6854000	80232	-13500

8	SEC	V	4198400	701600	0	4900000	4863602	-36398	-36398
8	S.W	V	2685657	499392	0	3185049	3053392	-131657	-131657
8	W.R	V	8032500	700300	182261	8915061	8642591	-272470	-90209
8	W.C.	V	4374694	606135	0	4980829	4696063	-284766	-284766
8	METRO	V	567894	58022	0	625916	624259	-1657	-1657
9	C.R	V	16788200	0	-414431	16373769	16491654	117885	-296546
9	E.R	V	10013300	0	-1697910	8315390	7592868	-722522	-2420432
9	E.C.	V	18282300	0	-1361300	16921000	16980361	59361	-1301939
9	E.CO	V	11578444	0	272561	11851005	11825475	-25530	247031
9	N.R	V	24534600	0	155690	24690290	24502541	-187749	-32059
9	N.C	V	15568800	0	1271700	16840500	17206036	365536	1637236
9	N.E.	V	6702300	0	230857	6933157	6843641	-89516	141341
9	N.F.	V	5360400	0	-145600	5214800	4974581	-240219	-385819
9	N.W.	V	7213350	0	301926	7515276	7524381	9105	311031
9	S.R	V	12692400	0	-1382951	11309449	11001942	-307507	-1690458
9	S.C.	V	16799100	0	652919	17452019	17119818	-332201	320718
9	S.E.	V	8904000	0	-2007700	6896300	6668424	-227876	-2235576
9	SEC	V	11803950	0	1386629	13190579	13065811	-124768	1261861
9	S.W	V	6782104	0	-351359	6430745	6327157	-103588	-454947
9	W.R	V	15058700	0	-873160	14185540	14023717	-161823	-1034983
9	W.C.	V	8706900	0	-73780	8633120	8270696	-362424	-436204
9	METRO	V	342300	0	-18787	323513	325580	2067	-16720
10	C.R	V	32720500	0	-3248069	29472431	29185103	-287328	-3535397
10	E.R	V	16068812	0	-1255097	14813715	14633267	-180448	-1435545
10	E.C.	V	17714200	0	-706200	17008000	16583516	-424484	-1130684
10	E.CO	V	19645267	0	-4159371	15485896	15257486	-228410	-4387781
10	N.R	V	36675900	0	-5495476	31180424	30134459	-1045965	-6541441
10	N.C	V	19491584	0	-1615119	17876465	16994861	-881604	-2496723
10	N.E.	V	14470157	0	-3171839	11298318	10585098	-713220	-3885059
10	N.F.	V	19122024	0	-6046124	13075900	12306636	-769264	-6815388
10	N.W.	V	21956400	0	-3031400	18925000	18275198	-649802	-3681202
10	S.R	V	20151500	0	-3033500	17118000	16888209	-229791	-3263291
10	S.C.	V	36906400	0	-6665843	30240557	30165503	-75054	-6740897
10	S.E.	V	15050900	0	-1912600	13138300	12949001	-189299	-2101899
10	SEC	V	10469550	0	222062	10691612	10451654	-239958	-17896
10	S.W	V	16969087	0	-2911187	14057900	13704265	-353635	-3264822
10	W.R	V	33308368	0	-7526904	25781464	25581618	-199846	-7726750
10	W.C.	V	20631200	0	-4344027	16287173	16116260	-170913	-4514940
10	METRO	V	459900	0	-9877	450023	441044	-8979	-18856
11	C.R	V	4161300	77878	0	4239178	4293195	54017	54017
11	E.R	V	3829390	80188	0	3909578	3788066	-121512	-121512
11	E.C.	V	2300400	0	-196000	2104400	2153420	49020	-146980
11	E.CO	V	2011122	95790	267110	2374022	2279528	-94494	172616
11	N.R	V	6455700	0	-199516	6256184	5786182	-470002	-669518
11	N.C	V	2080900	19742	0	2100642	2067779	-32863	-32863
11	N.E.	V	2252017	13823	0	2265840	2203086	-62754	-62754
11	N.F.	V	3581000	87000	0	3668000	3661337	-6663	-6663
11	N.W.	V	1822840	80885	0	1903725	1931237	27512	27512
11	S.R	V	4274700	0	-45014	4229686	4066768	-162918	-207932
11	S.C.	V	4696500	94550	373269	5164319	4713688	-450631	-77362
11	S.E.	V	3620400	0	-162900	3457500	3417567	-39933	-202833
11	SEC	V	1788400	23114	0	1811514	1807597	-3917	-3917
11	S.W	V	1572940	23449	0	1596389	1524932	-71457	-71457

11	W.R	V	4465500	14000	-3053	4476447	4407201	-69246	-72299
11	W.C.	V	2089009	47961	0	2136970	1979882	-157088	-157088
11	METRO	V	111700	0	-33896	77804	83200	5396	-28500
12	C.R	V	4652320	0	-1174307	3478013	3523973	45960	-1128347
12	E.R	V	5717795	795479	1407146	7920420	7608756	-311664	1095482
12	E.C.	V	3781750	0	-54200	3727550	3548183	-179367	-233567
12	E.CO	V	1676600	130151	-30000	1776751	2143387	366636	336636
12	N.R	V	9826183	611947	544854	10982984	9930872	-1052112	-507258
12	N.C	V	2973091	366535	0	3339626	1030740	-2308886	-2308886
12	N.E.	V	2036605	75534	0	2112139	635118	-1477021	-1477021
12	N.F.	V	2948600	0	-216200	2732400	2723540	-8860	-225060
12	N.W.	V	1589112	10748	0	1599860	1400390	-199470	-199470
12	S.R	V	3219950	188190	0	3408140	3503819	95679	95679
12	S.C.	V	3688197	0	-379529	3308668	3158616	-150052	-529581
12	S.E.	V	3160247	185400	0	3345647	3451083	105436	105436
12	SEC	V	824600	0	-31166	793434	862702	69268	38102
12	S.W	V	1856540	487044	0	2343584	2115873	-227711	-227711
12	W.R	V	4152611	28038	-66598	4114051	4186001	71950	5352
12	W.C.	V	1117794	241626	0	1359420	1036918	-322502	-322502
12	METRO	V	165700	37533	0	203233	202811	-422	-422
13	C.R	V	30575300	137014	91786	30804100	29340859	-1463241	-1371455
13	E.R	V	36157400	0	-269600	35887800	35426813	-460987	-730587
13	E.C.	V	21859600	0	-1626300	20233300	23193584	2960284	1333984
13	E.CO	V	6303228	0	-17714	6285514	6147735	-137779	-155493
13	N.R	V	21590597	2353906	2185275	26129778	26497726	367948	2553223
13	N.C	V	37136300	198330	400070	37734700	37115056	-619644	-219574
13	N.E.	V	5289870	160515	150085	5600470	5330468	-270002	-119917
13	N.F.	V	9876600	0	-1900	9874700	10137753	263053	261153
13	N.W.	V	16181400	0	-27600	16153800	15009008	-1144792	-1172392
13	S.R	V	29199400	0	-251687	28947713	28210648	-737065	-988752
13	S.C.	V	26117400	0	-675942	25441458	22979279	-2462179	-3138121
13	S.E.	V	12017250	114700	8000	12139950	11853674	-286276	-278276
13	SEC	V	5924500	0	-200410	5724090	5515304	-208786	-409196
13	S.W	V	8609089	0	-558524	8050565	7619228	-431337	-989861
13	W.R	V	15314368	313935	1187451	16815754	16889472	73718	1261169
13	W.C.	V	13095300	181700	-220800	13056200	12575307	-480893	-701693
13	METRO	V	190000	39900	0	229900	229073	-827	-827
13	CLW	V	820900	0	-188800	632100	681671	49571	-139229
13	DLW	V	403700	0	0	403700	326403	-77297	-77297
13	ICF	V	484300	0	-6010	478290	490014	11724	5714
13	RWF	V	79400	0	10393	89793	89778	-15	10378
13	DMW	V	87800	0	10407	98207	96650	-1557	8850
13	RCF	V	255500	0	-10600	244900	242641	-2259	-12859
13	IRISET	V	55800	0	-5190	50610	50731	121	-5069
13	RSC/BR C	V	4300	0	140	4440	12440	8000	8140
13	Audit	V	297700	0	17470	315170	296293	-18877	-1407

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

Appendix 3.1 (Paragraph No. 3.6)									
Total Nos. of New services sanctioned during 2009-10 to 2013-14									
Railway	2009-10		2010-11		2011-12		2012-13	2013-14	Total
	Suppl. grant		Suppl. grant		Suppl. grant		Suppl. grant	Suppl. grant	
	Dec.09	Mar.10	Aug.10	Mar.11	Dec.11	Mar.12	Budget Session	Dec.13	
SER	4	6	11	0	5	1	0	2	29
ER	8	0	25	1	6	4	7	2	53
SECR	1	0	0	0	1	0	0	0	2
ECOR	4	0	2	1	2	0	0	0	9
ECR	1	0	10	0	2	0	0	1	14
CR	1	0	2	1	1	0	6	2	13
WR	2	4	8	2	0	0	0	1	17
NR	3	1	2	1	10	0	1	1	19
NWR	2	0	4	0	0	5	1	0	12
SR	7	0	5	0	4	0	3	7	26
SWR	1	0	1	0	1	5	1	1	10
SCR	6	0	11	74	7	0	2	2	102
NCR	1	5	1	12	4	2	4	1	30
WCR	1	0	5	7	1	0	6	0	20
NER	1	0	2	0	2	0	0	3	8
NEFR	2	0	6	20	0	0	2	0	30
Metro Rly./Kol	1	0	3	1	0	0	0	0	5
ICF	0	0	1	0	0	0	0	0	1
RCF	0	7	0	13	0	0	0	0	20
RWF	0	1	1	0	0	0	0	0	2
RE	0	0	2	0	0	0	0	1	3
RDSO	0	0	0	0	0	1	0	0	1
DLW	0	0	0	1	0	0	0	0	1
Rly.Board	4	0	25	1	0	0	0	0	30
Total	50	24	127	135	46	18	33	24	457

Appendix-3.2 (Paragraph No. 3.7.2.2) Status of works 'Not yet started' as on 31-3-2015							
S. No.	Zonal Railway	Name of the work	Year of sanction	Sanctioned cost (₹ in lakhs)	Date of sanction of the detailed estimate	Date of calling of tender	Date of finalisation of tender
1	2	3	4	5	6	7	8
1	SER	Kharagpur-Tatanagar-Road over bridge in lieu of level crossing No.103 near Chakulia	2013-14 (December 2013)	SF-1913.51 EBR-1985.86	Not prepared	Not yet done	Not yet done
2	SER	Hatia-Widening of road over bridge at Km 423/30-32 near Birsa chowk	2013-14 (December 2013)	SF-403.69 EBR-403.68	22.10.2014	18.11.2014	Not yet done
3	SER	Howrah-Kharagpur section-Provision of Train Management System(TMS)(28 stations)	2010-11 (August 2010)	6499	09.6.2011	13.2.2012	Tender discharged (13.5.2015)
4	SER	Kolkata Area-public address system in suburban trains (50 rakes)	2009-10 (December 2009)	570	04.12.2010 and 24-6-2011	(dropped on Admn. Ground)	Not yet done
5	ER	Kolkata Area- Public address system in suburban trains (141 rakes)	2009-10	1607	23.06.2011	Not yet called	Does not arise
6	ER	Bardhaman Yard- 4 Lane over bridge in lieu of 2 lane road over bridge No.213	2009-10	15668	Not yet sanctioned	NA	NA
7	ER	Asansol Division - Additional DI pipeline from Barakar pump house to Asansol filter house.	2010-11	1189	Not yet sanctioned	23.04.2015	03.07.2015
8	ER	Dankuni-Chandanpur-Provision of 4th line (25.41 km) as 1st phase of Dankuni-Saktigarh 4th line	2010-11	19888	07.01.2011	Not yet called	Does not arise
9	ER	Construction of new rail terminal station New Garia between Sealdah and Sonarpur.	2010-11	1971	05.02.2012	06-03-2014	NA
10	ER	Dankuni-Bhattanagar via CC line(west)-Doubling with one additional loop at Bhattanagar	2011-12	6025	05.08.2013	18.12.2014	Not yet Finalised
11	ER	Sealdah Division-Provision of construction of RCC covered deep drain at Haliashahar Railway station to protect Railway Track as well as station approach Road	2011-12	100	NA	NA	NA
12	ER	Road under bridge in lieu of level crossing No. 111/T, Beldanga	2013-14	100.87	18.03.2014	25.04.2014	NA

13	ECR	Sahasra Yard- Road over bridge in lieu of level crossing No.31/Spl	2013-14	2882.53	Part DE sanctioned on 17.01.14	Not yet done	Not yet done
14	ECR	Rampur Dumra-Operationalisation of bridge line common loop.	2010-11	301	NA	NA	NA
15	ECR	Biharsharif- Provision of 3rd loop line	2010-11	306	NA	NA	NA
16	ECR	Gaya-Gomoh - Strengthening of bridges under Dedicated Freight Corridor feeder routes on Grand Chord section of Dhanbad Division (33 Nos.)	2010-11	1881.15	Not yet sanctioned	Not yet done	Not yet done
17	CR	Pune-Lonavala-Karjat-Train Protection System 78 km	Dec-11	4852	DE under preparation	Not yet done	Not yet done
18	WR	Udvada-Pardi Road over bridge in lieu of level crossing no. 87	2009-10	494.26	Under Sanction	Not Applicable	Not Applicable
19	WR	Virar-Surat Road Over Bridge in lieu of level crossing no. 101 (near Dungri)	2009-10	488.06	Not yet sanctioned	Not Applicable	Not Applicable
20	WR	Than-Lakhamachi-Road over bridge in lieu of level crossing no.73	2009-10	142.80	Not yet sanctioned	Not Applicable	Not Applicable
21	WR	Bharuch-Dahej-2 lane road over bridge in lieu of level crossing No. 2A	2010-11	720.00	Not yet sanctioned	Not Applicable	Not Applicable
22	WR	Bharuch-Dahej-4 lane road over bridge in lieu of level crossing No. 50 near Bharuch yard.	2010-11	1018.00	Not yet sanctioned	Not Applicable	Not Applicable
23	WR	Ankleswar-Washing cum pit line and coaching depot	2013-14	2200.00	Not yet sanctioned	Not Applicable	Not Applicable
24	NR	Adarsh Nagar-Provision of additional loop line	2010-11	425	Not sanctioned (under vetting)	Not yet called	Not yet done
25	NR	Delhi Kishanganj-Setting up of Wrestling Academy.	2010-11	492.25	7.3.2011	Not yet called	Not yet done
26	NR	Qadian-Beas-New line (39.68 km)	2011-12	20522	Not prepared	Not yet called	Not yet done
27	SR	Attipattu-Minjur-2-lane road over bridge in lieu of level crossing No.14	2013-14	NA	NA	NA	NA
28	SR	Kaniyambadi-Vellore Cantt-2 lane road over bridge in lieu of level crossing No.123	2013-14	NA	NA	NA	NA
29	SR	Kanchipuram -Tirumalpur-4 Lane road over bridge in lieu of level crossing No.29	2013-14	NA	NA	NA	NA

30	SR	Kulikarai-Thiruvarur-2 lane road over bridge in lieu of level crossing No.34	2013-14	NA	NA	NA	NA
31	SR	Valliyur-Nanguneri-2-lane road over bridge in lieu of level crossing No.82	2013-14	NA	NA	NA	NA
32	SR	Salem Town-Salem Market-2 lane road over bridge in lieu of level crossing No.185	2013-14	NA	NA	NA	NA
33	SR	Ettapur Road -Minnampalli-2-lane road over bridge in lieu of level crossing No.159	2013-14	NA	NA	NA	NA
34	SWR	Hospet-Bellary, Toranagallu-RNGP, Hospet-Gondal-Swmihalli and Badami-Hotgi sections- Replacement for Damaged Glued Joints-200 sets	2011-12 (31.01.12)	68.25	29.06.12	Tender to be called	NA
35	SWR	Provision of Retro reflective signal boards at Level Crossings in Mysore and Sakleshpur Sub Division	2011-12	97.85	29.11.12	27.12.12	02.12.13
36	SCR	Adilabad - Mudkhed section: Proposed construction of ROB in lieu of LC No.30 near Adilabad yard	2010-11	248.00	15.3.2011	23.3.2011	28.4.2011
37	SCR	TDU-Proposed reroofing exten. And improvements to stn bldg. Raising and improvements circulating area and provn of cover and improvements to FOB to develop as Adarsh Stations	2010-11	147.90	05-08-2011	No	No
38	SCR	Provision of shelters at E class stations with galvo aluminum station (Bonakalu, Papatapalli, Mallemadugu, Gajulagudam, Chimapahad, Tadikalapudi, Gandhipuram, Karepalli, Bethampudi, Cheruvumadhawaram, Tondalagopavaram, Motimari, Chauki Man and Pandillapalli) on platforms.	2010-11	99.00	12.10.12	18.12.14	2.4.15
39	SCR	Guntur-Provision of escalator on platform 4 & 5.	2010-11	91.00	No	No	No

40	SCR	Kacheguda-COP on PF No.2 - 164 Mtrs to cover full length.	2010-11	105.00	7.7.11	27.3.12	13.7.12
41	SCR	Parbhani-Improvement of circulating area along with provision of exit and entry gate.	2010-11	50.00	06.01.2015	09.02.2015	28.5.2015
42	NCR	Proposed stabilization of formation with lime slurry pressure injection from Km. 989 to 991.50 and 1022 to 2027 up and down main line 15 Kms. of Bina-Jhansi section	2010-11	80.64	Not sanctioned	Not yet done	Not yet done
43	NCR	Kanpur-Mughalsarai Train protection & warning system 351 km	2011-12	13843	Not sanctioned	Not yet done	Not yet done
44	NCR	Agra-Gwalior Train protection & warning system 125 km	2011-12	8068	Not sanctioned	Not yet done	Not yet done
45	NCR	Gwalior-Sheopur Kalan Na section TS R(s) 2.957 kms from km 1372.100 to km 1375.050	2012-13	84.82	10.5.2013	Not yet done	Not yet done
46	WCR	Bina-Agasod Road & Bina-Kota-2 lane road over bridge in lieu of level crossing No. 309 C/2E & No. 3-B/2	2011-12	2023	22.08.2012	Not applicable	Not applicable
47	NER	Varanasi-Sanath -2 lane road over bridge in lieu of level crossing No.23/A (Kajjakpura)	2013-14	3065	01.04.2015	Not yet done	Not yet done
48	NER	Varanasi Jn- Manduadih-2 lane road over bridge in lieu of level crossing No.3/A (Manduadih Yard)	2013-14	4198	10.02.2015	Not yet done	Not yet done
49	NER	Manduadih-Hadattpur-Limited height subway in lieu of level crossing Nos.5/B & 6/C	2013-14	737	31.10.2014	opened on 11.07.15	Not yet done
50	NER	Allahabad City-Allahabad Junction -2 lane road over bridge in lieu of level crossing No. T-1/B	2011-12	1604	Decision for construction awaited	Decision for construction awaited	Decision for construction awaited
51	NFR	New Jalpaiguri-Setting up of Rail Axle Manufacturing Factory	2010-11	28412.00	NA	NA	NA
52	NFR	Guwahati- Setting up of Wagon Manufacturing Factory	2010-11	18850.00	NA	NA	NA

53	Metro	Kolkata-Strengthening of track on sharp curves by providing hybrid design track fittings assembly	2010-11	259.58	Not found in the File	19.01.2012 (Tender Value : 2,67,48,880)	Tendering not done
54	Metro	Dumdum-Tollygunge section-Changing of cant in running track	2010-11	997.5	27.01.2011	Tender not floated	Tendering not done
55	RCF	Replacement of VCB's in MRS and Sub-station	2010-11	50.00	Not yet done	Not yet done	Not yet done
56	RE	Katwa-Azimganj Naihati & Azimganj Tildanga/ New Farakka incl. Naihati & Azimganj by pass line-Electrification	2013-14	11982.64	17.4.2015	21.5.2015	Tender is under finalisation
57	RB	Provision of Rail Borne Manintenance Vehicles (RBMV)-16 Nos.	2010-11	4800	NA	Not yet processed	Not yet processed
58	RB	Provision of Work-site Tampers (WST) 17 Nos.	2010-11	8772	NA	Not yet processed	Not yet processed
59	RB	Provision of Dynamic Track Stabilizers (DTS)- 5 Nos.	2010-11	3730	NA	Not yet processed	Not yet processed
60	RB	Provision of Ballast Regulating Machines (BRM)-6 Nos.	2010-11	1500	NA	Not yet processed	Not yet processed
61	RB	Provision of Track Relaying Train (TRT)- 1 No.	2010-11	2842	NA	Not yet processed	Not yet processed
62	RB	Fitment of GOLD (Guidance for Optimized Locomotive Driving) on 20 diesel locos @ Rs. 5.5 lakhs each.	2010-11	500	NA	Not yet processed	Not yet processed

NA- Not Available

Appendix-3.3 (Paragraph No. 3.7.2.4)
Status of works 'Dropped' as on 31-3-2015

S.No.	Zonal Railway	Name of the work	Year of sanction	Sanctioned cost (₹ in lakhs)	Date of sanction of the detailed estimate	Date of calling of tender	Date of finalisation of tender	Dropped at what stage
1	2	3	4	5	6	7	8	9
1	SER	Chakradharpur Division-Block providing by axle counters for 3 Block Section on 'A' route	2010-11 (March 2010)	95.18	Not yet done	Not yet done	Not yet done	Before preparation of detailed estimate
2	ER	Krishnanagar City-Lalgola & Ranaghat-Shantipur-Platform sheds for Adarsh stations - Muragacha, Bethuadahari, Debgram, Pagla Chandi & Habibpur.	2010-11	1768	Sanctioned	Not yet called	Does not arise	Initial stage
3	ER	Krishnanagar Junction Railway Colony-Construction of Dwijendra Lal Roy Auditorium (250 persons).	2010-11	257	Not yet Sanctioned	NA	NA	Initial stage
4	ER	Gholsapur-Provision of full covered shed with gallery, balance works, warm up pool and 1.5m deep swimming pool.	2010-11	1027	Not yet Sanctioned	NA	NA	After Financial Progress of 0.3%
5	ER	Gholsapur-Provision of 60-bed 4 storied sports hostel with lift.	2010-11	273	Not yet Sanctioned	NA	NA	Initial stage
6	ER	Doubling of Circular Railway between Tala and Princep Ghat (9.7 km)	2010-11	14995	Not yet Sanctioned	NA	NA	After Financial Progress of 0.14%
7	ER	Howrah - Setting up of Archery Academy at eastern side of EMU car shed.	2010-11	1506	Not yet Sanctioned	NA	NA	After Financial Progress of 1.10%
8	ER	Howrah Division - Provision of train indication boards at all remaining suburban stations.	2010-11	1279	Not Sanctioned	NA	NA	NA
9	ER	Asansol-Upgradation of loco simulator with additional features.	2010-11	435.77	15.10.2010	NA	NA	Initial stage

10	ER	Sealdah Division - 2-lane road over bridge in lieu of level crossing No. 6/A/E in Dhakuria station limit.	2010-11	3432	Not yet Sanctioned	NA	NA	Initial stage
11	ER	Brace Bridge-Santoshpur-Road over bridge in lieu of level crossing No. 5/A/T in Sealdah South section.	2010-11	4996	Not yet Sanctioned	NA	NA	Initial stage
12	WR	Chharodi-Provision of Additional Loop line	2010-11	427.75	28/02/2012	No tender has been invited	Not Applicable	Initial stage
13	NR	Unreserved ticketing system at 2000 post offices across India	2009-10	12024.00	Not known	Not yet done	Not yet done	Initial Stage
14	NWR	Ajmer Division-Construction of limited height subway in lieu of Level Crossing No. 103 on Madar-Palanpur section	2011-12	17926.00	NA	Not yet done	Not yet done	Initial Stage
15	NWR	Sarotra Road-Provision of extra loop line	2010-11	276.00	NA	Not yet done	Not yet done	Initial Stage
16	NWR	Jethy- Provision of extra loop line	2010-11	352.00	NA	Not yet done	Not yet done	Initial Stage
17	SWR	Setting up of new 11 KV packages type substation for upcoming Hubli station Building	2011-12	108.2	22.03.2012	No tender was called	NA	Scope changed
18	SWR	Nagavangala-Standardisation of yard layout by provision of second loop line	2010-11	376	No	No	NA	NA
19	SCR	Gangakhed-Provision of standard layout by providing additional loop line.	2010-11	367.00	Under preparation	Not done	Not done	Planning Stage
20	SCR	Nandyala-Donakonda Provision of standard layout at Markapuram Road	2010-11	374.00	Under preparation	Not yet done	Not yet done	Planning Stage
21	SCR	Shivani Shivapur-Akola section-Electrification (5 km).	2010-11	298.00	Under preparation	Not yet done	Not yet done	Planning Stage
22	SCR	Nallapadu-Nandyal section - Provision of additional loop (standard layout) at Vinukonda	2010-11	454.00	Under preparation	Not yet done	Not yet done	Planning Stage

23	SCR	Guntakal Division - Renigunta-Guntakal Section-Rayalaceruvu-Provision of new foot over bridge in lieu of existing foot over bridge due to hitting of open doors to existing stanchion in between running main line.	2010-11	60.00	Not yet done	Not yet done	Not yet done	Before sanction of detailed estimate.
24	SCR	Guntakal Division - Renigunta Guntakal Section-Kondapuram-Provision of new foot over bridge in lieu of existing foot over bridge due to bitting of open doors to existing stations in between running main line.	2010-11	60.00	Not yet done	Not yet done	Not yet done	Before sanction of detailed estimate.
25	SCR	Bidar-Repairs platform No. 1 (540m) and platform No. 2 (375m) surface with vaccum dewatering/polished shahbad stones and provision of additional bays of COP on up and down platforms for 50 m length, cover over foot over bridge, coach watering arrangements and ornamental platform compound wall.	2010-11	149.00	Not done	Not done	Not done	Estimate level
26	SCR	PRLI-Improvements to PF `1 and 2 (540 m each_) surface wth vacuum dewatering/ polished shabad stones, Provn of Cover over FOB, Addl. Bays to COP for a length of 50 m of PF No 1,2^&3 Face lifting to the stn bldg including circulating area	2010-11	149.00	Not done	Not done	Not done	Estimate level
27	SCR	KMT-Replacement of old dilapidated PRS bldg, parcel office, general booking office and retiring rooms with new concourse, PRS general booking etc and shifting of open sewage drain of stn bldg	10-11	148.00	14.2.11	Not done	Not done	Estimate level
28	SCR	Zaheerabad-Provision of FOB	2010-11	95.00	Not done	Not done	Not done	Estimate level
29	SCR	SRUR & SKZR-Provn of COP on PF 1&2	2010-11	90.00	21.10.10	Not done	Not done	Estimate level
30	SCR	Ulavapadu-Raising and improvements to PF No. 1,2&3.	2010-11	40.52	09.12.2010	Not done	Not done	Before calling Tender

31	SCR	Guntur-Proposed provision of Foot Over Bridge at Guntur station from East entrance to west entrance connecting platform 1,2,3,4,5,6&7 and proposed new platform no. 8.	2010-11	185.00	Not done	Not yet done	Not yet done	NAP
32	SCR	Kacheguda-Dismantling and reconstruction of 'B' type quarters 20 Nos. to improve the circulating area near Janana siding.	2010-11	150.00	Not done	Not done	Not done	Dropped at Estimate stage
33	SCR	Malkajgiri-Extension of PF (1&2) by 130 m &PF (3) by 120m to accommodate 24 coaches	2010-11	60.00	Not yet done	Not yet done	Not yet done	Dropped at Estimate stage
34	SCR	Aurangabad - Provision of Multifunctional Complex	2010-11	195.00	Not yet done	Not yet done	Not yet done	Tender stage
35	NEFR	Katihar - Supply erection and commissioning of automatic coach washing plant at Pit line	2010-11	55.07	NA	NA	NA	NA
36	RCF	Provision of 35 KW solar generators in administrative building.	2009-10	87.50	Not yet done	Not yet done	Not yet done	Not yet done
37	RCF	Addition/Alteration and Improvement of Swimming Pool	2009-10	50.00	Not yet done	Not yet done	Not yet done	Not yet done

NA-Not Available

Appendix 3.4 (Para-3.7.2.5)

Status of works 'Closed' as on 31-3-2015

Zonal Railway	Name of the work	Year of sanction	Sanctioned cost (₹ in lakh)	Date of sanction of the detailed estimate	Date of calling of tender	Date of finalisation of tender	Progress of works as on 31.03.2015	Reasons for closure
1	2	3	4	5	6	7	8	9
NWR	Keshavganj : Provision of extra loop line.	2010-11	254.00	Not done	Not done	NAP	closed	Due to doubling
NWR	Biroliya : Provision of extra loop line.	2010-11	260.00	Not done	Not done	NAP	closed	Due to doubling
NEFR	Kumedpur - Extension of foot over bridge	2010-11	59.84	08.02.2011	NA	11.05.2011	closed	No Specific reason
NEFR	Mukuria Construction of foot over bridge	2010-11	45.61	21.07.2010	NA	15.11.2010	closed	No Specific reason
NEFR	Kumedpur Provision of rail level platform	2010-11	76.14	08.02.2011	NA	20.06.2011	closed	No Specific reason

NA-Not Available

NAP-Not Applicable

Appendix- 3.5 (Para-3.7.2.6)

Status of works 'Frozen' as on 31-3-2015

Zonal Railway	Name of the work	Year of sanction	Sanctioned cost (₹ in lakhs)	Date of sanction of the detailed estimate	Date of calling of tender	Date of finalisation of tender	Frozen at what stage	Reasons for freezing the work
1	2	3	4	5	6	7	8	9
SR	Train Management System of Chennai Beach-Sulurpettai, Chennai Beach-Velachery, Chennai Beach-Chengalpattu & Chennai Central-Arakkonam sections.	2010-11	3858	6-Sep-11	*NAP	*NAP	A year after the preparation of the Detailed Estimates	To use the scarce resources for other works
SCR	Hyderabad division - Secunderabad area-Provision of alternative accommodation to the officers of trade unions.	2010-11	91.28	1.7.10	27.8.10	28.8.10	Before starting of work.	Work terminated due to change of site and paucity of funds.

*NAP-Not Applicable

Appendix -3.6 (Paragraph No. 3.7.2.7)

Status of works 'Transferred to other agencies' as on 31-3-2015

S.No.	Zonal Railway	Name of the work	Year of sanction	Sanctioned cost (₹ in lakhs)	Name of the executing agency to whom the work was transferred	Date of sanction of the detailed estimate	Date of calling of tender	Date of finalisation of tender	Status of work(In progress/Completed)
1	2	3	4	5	6	7	8	9	10
1	SER	Rajgoda-Tamluk (13.5 Km) Phase II of Panskura-Haldia doubling	2009-10 (December 2009)	8176	RVNL	NA	NA	NA	Completed
2	SER	Haldia-Setting up of Wagon Manufacturing Factory	2010-11 (August 2010)	13582	NA	NA	NA	NA	NA
3	SER	Kharagpur Workshop-Setting up of Centre of Excellence for wagon prototyping	2010-11 (August 2010)	10228	RVNL	13.02.2012	Not yet done	Not yet done	Not started
4	SER	Anara(Adra)-Setting up of Mid-Life Rehabilitation (MLR) workshop for coaches	2010-11 (August 2010)	18470	RVNL	NA	Not yet done	Not yet done	NAP
5	SER	Sankrail-Setting up of Diesel Multiple Unit (DMU) Manufacturing Factory (Relocated at Haldia)	2010-11 (August 2010)	7058	RVNL	NA	18.2.2011 and 13.5.2011 by RVNL	NA	Phase-I completed and commissioned
6	SER	Tatanagar-Chakradharpur-Train protection & warning system-97 Rkm	2011-12 (December 2011)	7818	CORSS	under preparation	Not yet done	NAP	NAP

7	ECoR	Tomka-Development of loading/unloading rail level surface approach road with concrete pavement between R/3 & R/4	2010-11	320	RVNL	NA	NA	NA	NA
8	ECoR	Banspani-Daitari-Tomka-Jakhpura-Doubling (180 Km)	2009-10	114260	RVNL	NA	NA	NA	NA
9	CR	Badnera- Setting up of Wagon Repair (peridocal overhauling) workshop	2010-11	24757	RVNL	25.9.2014	NA	NA	NA
10	CR	Augmentation of Administrative Office Infrastructure, Solapur Division Gulbarga	2013-14	500	RVNL	NA	NA	NA	NA
11	WR	Road under bridge (02 Lane) in lieu of level crossing No. 3 near Bharuch Town (Hospital Road Bharuch)	2010-11	257	RVNL	Not made available	Not made available	Not made available	NA
12	WR	Road under bridge in lieu of level crossing No. 4 near Bharuch Town (Shakti Nath Road).	2010-11	490	RVNL	Not made available	Not made available	Not made available	NA
13	SR	Thanjavur-Ponmalai Doubling (46.96 km) with a bye pass line before Ponmalai(1.13 km)	2011-12	45596	RVNL	16.4.2014	30-8-2014	NA	IN PROGRESS
14	SR	Arakkonam-Jolapettai-Train protection & warning system-150 rkm	2011-12	NA	IRPMU	NAP	NAP	NAP	NAP
15	SR	Chennai Beach-Tambaram-Chengalpattu-Train protection & warning system-60 rkm	2011-12	NA	IRPMU	NAP	NAP	NAP	NAP
16	SCR	Daud Gulbarga-Doubling 9224.9km and Pune-GTL Electrification 641.37	2009-10	145779	RVNL	NA	NA	NA	NA
17	SCR	Nellore-Provision of Multifunctional Complex.	2010-11	195	RLDA	NA	NA	NA	NA
18	SCR	Nizamabad-Provision of Multifunctional Complex.	2010-11	195	RLDA	NA	NA	NA	NA

19	SCR	Kurnool Town - Provision of Multifunctional Complex.	2010-11	195	RLDA	NA	NA	NA	NA
20	SCR	Guntakal division-Construction of Multi-functional complex at Dharmavaram.	2010-11	99.99	RLDA	NA	NA	NA	NA
21	SCR	Secunderabad Division-Train protection & warning system-110 rkm	2011-12	11246	IRPMU	NA	NA	NA	NA
22	SCR	Workshop to manufacture fial bogies for LHB design Coaches Yadgir	2013-14	7500	RVNL	10.11.14	14.11.14	NA	In progress
23	RE	Electrification of Yelahanka-Dharmavarem-Gooty section incl. Penukonda- Dharmavarem via Sri Satya Prashanthi Nilyam (360 RKM).	2010-11	19370	RVNL	NA	NA	NA	NA
CORSS-Central Organisation for Railway Safety Systems RVNL-Rail Vikas Nigam Limited RLDA-Rail Land Development Authority IRPMU-Indian Railways Project Management Unit NA-Not Available NAP-Not Applicable									

Appendix 3.7

(Reference Paragraph No. 3.8)

Statement showing the important cases which were taken up in the Supplementary Demands for Grants but the urgency expressed at the time of sanction was not sustained during the execution of these works

S. No.	Instances/Works
1	<p>Minister for Railways (MR) in Budget Speech of 2009-10 announced introduction of Train Information System with automatic announcements in Kolkata, Chennai and Delhi suburban sections as was being installed in Mumbai. Accordingly, Train Management System (TMS) works for Sealdah sub-urban & Howrah sub-urban sections were sanctioned during Works Programme 2011-12.</p> <p>The work 'Train Management System (TMS)' at Howrah-Kharagpur section of SER, Chennai Beach-Sulurpettai, Chennai Beach-Velachery, Chennai Beach-Chengalpattu & Chennai Central-Arakkonam sections of SR was sanctioned as Out of Turn work and included in the Supplementary Budget of August 2010. Detailed estimate for ₹ 64.99 crore and ₹ 38.58 crore was sanctioned in June 2011(SER) and September 2011 (SR) respectively. In November 2012, the Railway Board advised SR, SER & ER for keeping the work pending till further orders in view of scarce resources which would be utilised for the more urgent and deserving works. No further communication was received from Railway Board in this regard (March 2015). Thus the work was taken up without adequate preparedness.</p>
2	<p>Expressing concern on the Railway accident (September 2011) in SR, Hon'ble MR directed an immediate initiative to provide a suitable Train Protection and Warning System (TPWS) on Automatic Block Signalling sections. Since such sections had higher chances of human errors on part of drivers resulting into accidents as trains were running closer to each other besides operation of EMUs/MEMUs on these sections by only one pilot/motorman. MR also directed that provision of TPWS should be processed expeditiously on A, B & C Routes. Complying with the directives of MR 10 TPWS works (CR-1, ER-1, NR-2, SR-2, SCR-1, SER-1, NCR-2) at a cost of ₹ 1023.43 crore were sanctioned through Supplementary Demands for Grants in December 2011. In May 2012, Railway Board directed that TPWS would be executed by Indian Railway Project Management Unit (IRPMU), New Delhi. Later in March 2015, Railway Board directed that concerned Zonal Railways would execute all sanctioned TPWS works.</p> <p>These works are yet to be taken up. Thus, the urgency expressed in sanctioning the work was not sustained during planning and execution.</p>
3	<p>Multifunctional Complexes (MFCs) constructed by Zonal Railways or handed over to Zonal Railways by PSUs shall be licensed/ allotted/ managed¹ by the Commercial</p>

¹ Railway Board's letter no. 2012/TG/IV/10/TA/453/MFC dated 30.03.2013

	<p>Department of Zonal Railways. Further, Railway Board permitted the Zonal Railways to give out the entire MFC covering all facilities including Food Plazas and Budget Hotels, to one agency for operation and management through their regular tendering process by the Zonal Railway concerned.</p> <p>The work of 'MFC at Banspani' under Chakradharpur (CKP) division of SER was sanctioned on out of turn basis in 2009-10. Construction of Multifunctional complex at Banspani was started on 25.09.2010 and completed on 31.01.2013 at an expenditure of ₹ 99.07 lakh (31.03.2015) against estimated cost of ₹ 1.03 crore. No offers were received against the tender for operation of MFC opened on 28.1.2014. In absence of any bidder, ground floor of the complex was temporarily allotted for office accommodation and 1st floor kept under lock and key. As such there was no justification for undertaking work on out of turn basis without assessing the viability of the project. Railway Board did not consider conducting feasibility study of the project/work. As a result, valuable asset created by SER remained idle.</p>
4	<p>Minister for Railways (MOR) in Budget Speech of 2010 announced the construction of Diesel Multiple Unit (DMU) Factory at Sankrail (SER) under PPP mode. A two phase plan for setting up the DMU factory at Sankrail was approved as under:-</p> <ul style="list-style-type: none"> • Begin as Departmental Unit in first phase i.e setting up a DMU assembly plant with input from ICF with the target to roll out first rake by April –May 2011. • Second phase project consisted of setting up a Joint Venture through PPP mode with an objective to tie up a technology partner. <p>In order to take up manufacture of 8-12 coaches per month in the initial phase, provision of 20 rakes (40 MCs and 120 TCs proposed under Supplementary RSP 2010-11 (monsoon session) was approved by MR in July 2010. The timeline for the project was very ambitious and it was proposed to turn out first DMU at Sakrail in April 2011.</p> <p>The Railway Administration hastily went ahead to construct the Factory at Sankrail without assessing the local condition which later forced Railways to shift the factory from Sankrail to Haldia due to local hindrance. Railway Administration did not fix the party to construct the factory under PPP mode and later on split the factory in two phases. First phase was constructed (June 2013) with railway fund. No interested party came up to construct the second phase under PPP mode.</p>
5	<p>Stainless steel LHB hybrid coaches were introduced in Indian Railways during the year 2008. ICF was directed to undertake manufacture of 309 stainless steel coaches during the financial year 2009-10. ICF administration sent (August 2009) a proposal to RB for creating facilities for assembling LHB stainless steel shells in ICF and requested RB to include the proposals in the works programme of 2010-11. However, the proposal did not contain plan to create facilities to undertake manufacture of complete stainless steel shell as a core activity. Hence, RB directed (January 2010) ICF administration to revise the proposal expeditiously so that the same could be included in the regular budget. But, ICF administration did not submit revised proposal for inclusion in the budget 2010-11. Subsequent to an announcement in the Budget Speech for undertaking the work RB reminded (April 2010) ICF administration to</p>

	<p>submit revised proposal for obtaining parliamentary approval. ICF administration submitted (June 2010) a revised proposal for creating facilities to cater for manufacture of 300 LHB coaches and to enhance the capacity to 1600 coaches. RB conveyed (September 2010) the approval in the supplementary demands for grants (2010-11) for increasing the capacity of ICF from 1500 coaches to 1700 coaches. But the work could not commence immediately as detailed estimate for the work was sanctioned only in March 2011.</p> <p>As the proposal for manufacture of LHB coaches by ICF was mooted prior to August 2008, proposal could have been submitted by ICF administration for inclusion of the work in the budget 2010 as directed by RB. Had this been done, the work could have been included in the regular budget 2010. Though, the work was approved in the supplementary demands for grants (August 2010), detailed estimate to commence the work was sanctioned only in March 2011. Tender invited in May 2014 was finalise in August 2014 and work was started in September 2014 with a completion time of 12 months. Considering the fact that work was sanctioned in 2010 still remained to be completed as on March 2015, clearly indicated that the spirit of ‘emergent nature’ was not observed by ICF administration through the process viz submitting proposals for approval of the work and obtaining sanction for detailed estimate, tendering and execution.</p>
6	<p>Metro Railway Administration/Kolkata had not sent any proposal to the Railway Board prior to the budget session 2009-10 justifying the urgency of the work of setting up of Noapara Rake Rehabilitation Centre. In compliance with MR’s Budget announcement and subsequent discussion thereon during Board meeting at Kolkata on 21-08-2009, proposal with justification for the work was sent to the Railway Board on 28-10-2009 and was sanctioned in December 2009. The work finally commenced after the sanction of detailed estimate in April 2010. Work scheduled to be completed in August 2013 was in progress as on 31-3-2015.</p> <p>The dilly-dallying approach of the Metro Railway Administration indicated lack of urgency of the work necessitating taking up work through supplementary grant.</p>
7	<p>In the Budget speech of 2009-10, MR announced the up-gradation of existing 30 bedded Metro Railway Hospital at Tollygunj, Kolkata to 75 bedded hospital. In pursuance to MR Budget speech, an Out of Turn proposal for Up-gradation of Metro Railway hospital at Tollygung, Kolkata to a 75 bedded hospital at a cost of ₹ 19.71 crore was sent to Railway Board for approval in July 2009. Board communicated² its sanction to the work as a part of the work of “Improvement of facilities at various hospitals over Indian Railways.</p> <p>After the initial sanction of a 75 bedded hospital, the Metro Railway Administration had decided that a Phase -II work would be needed to be sanctioned to cater the required fields of medical expertise as also to enable future upgradability to a 150 bedded hospital. Accordingly a proposal for Phase-II work supplementary to the</p>

² Vide letter No. 2009/LMB/14/44 dated 11-09-2009

	original project was introduced/sanctioned as New Services/New Instruments of Services in August 2010 at a cost of ₹. 30.33 Crores. The work is still in progress (80 per cent) as on 31-3-2015.
8	<p>DLW submitted a proposal to Railway Board in July 2010 with detailed justification and sought approval for retro-fitment of two truck frame milling machines. The machines were procured originally in 1966 and reconditioned in 1995. In the justification, the retro-fitment was proposed to make them fully functional for the next five years i.e. up to 2015. It was mentioned that the retro-fitment would help to resolve the bottleneck of augmentation of in-house productivity of 50 numbers of Crankcase per year.</p> <p>The proposal had no mention of urgency for 'out of turn' sanction in supplementary grant. In the proposal, DLW had mentioned that fund for retro-fitment was available in regular budget 2010-11 for ₹ 162 lakh. However, Railway Board accorded sanction in August 2010 to the work as 'out of turn' under supplementary grant.</p> <p>The work sanctioned in March 2011 was started in August 2012 only. Though it was targeted to be completed in eight months but the same was in progress till 31-3-2015.</p>
9	<p>Railway had proposed following 3 Traffic Facility works in SCR as 'New Service/New Instrument of service through Supplementary Demands for grants (August 2010)</p> <ul style="list-style-type: none"> • Gangakhed-Provision of standard layout by providing additional loop line and • Nandyala-Donakonda Provision of standard layout at Markapuram Road • Nallapadu-Nandyal section - Provision of additional loop (standard layout) at Vinukonda. <p>Review of the records revealed that Finance Directorate at the time of vetting Preliminary Works Programme (PWP) had expressed opinion that AGM instructed specifically to defer the works relating to Standard outlays particularly those relating to Division/Guntur and Nanded and that FA&CAO was unable to appreciate the work for inclusion in PWP.</p> <p>Similarly, work of 'Shivani Shivapur-Akola section-Electrification (5 km)' was not approved for inclusion in the PWP keeping financial constraints in view. However, PWP sent to Railway Board included all these works but the same were not included in the Final Works Programme (FWP) by the Railway Board (2010-11). Later these works were sanctioned as New Services through Supplementary Grants. All the above four works were later dropped stating that these works are 'Not required'</p>
10	<p>The work of "Design and development of an integrated Locomotive Driver Warning System for preventing Elephant Collisions (Phase I)" was sanctioned during 2011-12 at a cost of ₹ 1.00 crore and allotted to RDSO. This work was being executed by IIT/Delhi. There was no delay on the part of RDSO as the Role of RDSO was limited</p>

	<p>to providing logistic support in terms of space, manpower, deployment assistance and safeguarding of installation on its premises.</p> <p>The project was jointly funded by Department of Science and Technology (DST) and Ministry of Railway (MOR). Railway Board approved this ₹ 1 crore project in January 2013. The DST sanctioned the project vide letter No DST/TSG/ICT/2011/05 dated 3.06.2014 at a total cost of ₹ 143.55 lakhs. Out of this sum, ₹ 116 lakhs was the share of IIT/Delhi and ₹ 27.55 lakhs was the share of Wildlife Institute of India (WII)/Dehradun.</p> <p>Work was sanctioned in March 2012 (supplementary Budget). Detailed Estimate was sanctioned in August 2014. The work was to be got executed through IIT Delhi. MoU was not signed till March 2015 indicating that it could have been initiated in the regular Budget.</p>
11	<p>Railway Board took a decision (September 2009) to retrofit BOXNHL, BCNHL wagons with twin pipe brake system. Rolling Stock Programme (RSP) sanction for the retrofitment of 5000 with twin pipe brake system was already available and it was planned to cover BOXNHL wagons only in this sanction.</p> <p>Working of the rakes on twin pipe brake system improves the operational efficiency and average speed of the freight trains as the brake release time is much less. Twin pipe brake system also results in reduction in incidence of train partings and was considered as an essential part of the strategy for introduction of long haul trains on wider basis.</p> <p>Proposal for RSP sanction for the balance BOXNHL wagons, the entire population of BCNHL and BVZI wagons which were all with single pipe system was also considered (May 2010). Thus, the proposal for retrofitment of 9097 (BOXNHL, BCNHL and BVZI Brake wagons) in supplementary RSP 2010-11 @ ₹ 10,000 per wagon was approved by MR in July 2010.</p> <p>Total number of such wagons needed to be converted to twin pipe from single pipe were 9097 (revised to 11335) against this only 1413 could be converted leaving a balance of 9922 remaining to be converted. Minutes of the CME's Conference held in April 2015 also highlighted the fact that large number of twin pipe BOXNHL wagons were still running in rakes of similar type of wagons with single pipe brake system.</p>
12	<p>Consumption of fuel on a locomotive while hauling a load depends upon driver's skill to a very large extent and varies from driver to driver. For a given load fuel consumption depends on factors like train speed, acceleration, frequency of braking, coasting, gradient etc. GOLD (Guidance for Optimized Locomotive Driving) system determines current location and speed from a on-board Global Positioning System (GPS) and with a brain power of computer, guides the drivers on the best driving techniques based on the load of the trains and the sectional terrain. It is aimed at ensuring best driving practice becomes the norm and hence consistently reduces fuel cost. Provision of this item in 20 locomotives was announced by MR in the Budget speech 2010-11. Inclusion of the said item in supplementary RSP was approved in</p>

July 2010.

Initial trials done by RDSO indicated GOLD is expected to yield fuel savings of around 12 per cent. Considering the significant fuel savings benefit of the system, an RSP sanction for another 1000 number was obtained in 2013-14.

As the system was technically complex and was being procured for the first time, procurement was bulked at DMW, Patiala in August 2012. Till August 2013, orders could not be placed. Tender floated was discharged due to technical problem. In February 2014 implementation of the GOLD was handed over to CRIS. Even after a lapse of more than one year and a half, after handing over the project to CRIS, it has not taken a definite shape till March 2015. Subsequently, the project was again entrusted to DMW for direct implementation.