



**Report of the
Comptroller and Auditor General of India
for the year ended March 2021**



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

Union Government (Railways)
Railways Finances
Report No. 23 of 2022

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Comptroller and Auditor General
of India**

For the year ended March 2021

Laid in Lok Sabha/Rajya Sabha on _____

**Union Government (Railways)
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PREFACE

This Report has been prepared for submission to the President of India under Article 151 (1) of Constitution of India.

Chapter 1 of the Report contains audit observations on matters arising from examination of Finance Accounts of Indian Railways for the year ended 31 March 2021. It focuses on the financial health of the Railways based on various parameters.

Chapter 2 of the Report contains financial overview of the Railway Commercial Undertakings for the year ended 31 March 2021.

Chapter 3 of the Report contains audit observations on compliance to prescribed rules for authorisation and disbursement of pension besides the assessing the efficiency in existing internal control mechanism.

Chapter 4 of the Report contains the status of implementation of Accounting Reforms Project (ARP) in Indian Railways and the status of developing an IT application of ARP.

EXECUTIVE SUMMARY

Background

Indian Railways (IR) is a departmental commercial undertaking of the Government of India. Due to merger of Railway Budget with the Union Budget, the summary and comments on the Appropriation Accounts of IR are now included in the Report of the Comptroller and Auditor General of India on Union Government – Accounts of the Union Government (Financial Audit).

Chapter 1 of this report focuses on financial performance of Indian Railways with reference to the previous year, as well as the overall trends.

Chapter 2 contains an overview of the financial performance of the Railway PSUs.

Chapter 3 of the report contains audit observations on processing, authorization and disbursement of pension besides assessing the efficiency in existing internal control mechanism.

Chapter 4 of the report contains audit observations on the status of implementation of Accounting Reforms Project (ARP) in Indian Railways and the status of developing an IT application of ARP.

Summary of conclusions

During 2020-21, the total receipts decreased by 19.41 *per cent* as compared to 2019-20. The decrease in 2020-21 was mainly due to shortfall in Passenger Earnings and Other Coaching Earnings on account of shutdown due to Covid-19 pandemic. There was heavy dependence on transportation of Coal which constituted 43 *per cent* of Freight Earnings.

[Para 1.1 and 1.2.3 (a)]

The loss on operation of passenger and other coaching services had increased as compared to previous year. The entire profit from freight traffic was utilized to compensate the loss on operation of passenger and other coaching services. The loss of ₹ 54,917 crore in passenger operations was left uncovered during 2020-21.

[Para 1.3]

The share of Extra Budgetary Resources in capital expenditure had increased by 26 *per cent*. Inadequate generation of internal resources had resulted in greater dependence on GBS and EBR.

[Para 1.4.2]

The Operating Ratio (OR) was 97.45 *per cent* in 2020-21 against 98.36 *per cent* in 2019-20. Indian Railways could generate net surplus of ₹ 2,547.48 crore in 2020-21 as compared to ₹ 1,589.62 crore in 2019-20. However, appropriation of

₹79,398 crore to pension fund from ‘special loan’ provided in Union Budget for ‘COVID related resource gap in 2020-21’ was not considered for OR.

[Para 1.5, 1.6.1 and 1.7.2]

Under-provisioning for depreciation resulted in piling up of ‘throw forward’ (renewal and replacement of over aged assets) works estimated at ₹ 94,873 crore up to 2020-21.

[Para 1.7.1]

The amount of investment of equity and loans in Railway Commercial Undertakings at the end of March 2021 was ₹ 4, 15,992 crore. The Government of India contributed ₹ 43,645 crore (83.67 *per cent*) in the paid up share capital of Railway Commercial Undertakings. The remaining paid-up share capital was contributed by Financial Institutions (6.18 *per cent*), Central Government Companies (5.73 *per cent*), State Government / State Government companies (4.42 *per cent*). The overall Profit had increased from ₹ 6,141 crore in 2018-19 to ₹ 7,067 crore in 2020-21.

[Para 2.3]

A comparison of investment figures of Government of India in the Share Capital of Railway Commercial Undertakings as shown in the Financial Statements of the respective Railway Commercial Undertakings with Statement 11 of the Union Finance Accounts for three years ending 2020-21, revealed that the investment figures shown in the Financial Statements did not match the investment figures depicted in Statement 11 of the Union Finance Accounts.

[Para 2.4]

It was noticed that 27 Railway Commercial Undertakings had earned profit (₹ 7,627 crore) out of which only 10 Railway Commercial Undertakings had declared dividend (₹ 2,799.47 crore). In comparison, 31 Railway Commercial Undertakings had earned a profit of ₹ 7,061.07 crore during 2019-20 out of which 11 Railway Commercial Undertakings had declared dividend (₹ 1,894.47 crore). During 2018-19, 31 Railway Commercial Undertakings earned a profit of ₹ 6,238.15 crore out of which 10 Railway Commercial Undertakings declared dividend (₹ 1,851.16 crore).

[Para 2.5.4]

The total market capitalization of the shares of seven Railway Commercial Undertakings, as on 31 March 2021, was ₹ 1,14,500.95 crores which was 236 *per cent* more than the market capitalisation as of 31 March 2020.

[Para 2.6]

Return on Equity (RoE), a measure of financial performance of companies, had steadily decreased from 9.36 *per cent* in 2019-20 to 7.45 *per cent* in 2020-21.

[Para 2.7.3]

The Current Ratio was lower than One in 12 Railway Commercial Undertakings. Two of these 12 Companies were under liquidation (Wagon India Ltd. and CONCOR Last Mile Logistics Limited) and operations of IRCON Gurugram Rewari Expressway Limited had not started. In case of the remaining nine Railway Commercial Undertakings the current ratio below 'One' indicated liquidity problems for these companies.

[Para 2.7.1]

Contrary to provisions of the Concession Agreement, South Central Railway did not apportion the element of terminal costs of ₹ 475.27 crore to KRCL during the period between November 2008 and August 2017.

[Para 2.8.2]

One project implemented by Angul Sukinda Railway Company which was scheduled to be completed in May 2010 had not been completed even after a delay of more than 11 years. Due to delay in completion of the project, the cost of the project had been revised from ₹ 1,052 crore to ₹ 2,491.05 crore.

[Para 2.8.1]

ARPAN master data was not complete, accurate and reliable. Corrective action was not taken as per the exception reports generated in ARPAN.

[Para 3.7.5]

Indian Railways (IR) maintains its finance accounts under cash based government accounting system in the forms and formats mandated by the Controller General of Accounts (CGA) and Comptroller and Auditor General of India (C&AG). In order to bring transparency in financial reporting and fiscal prudence, IR decided to adopt accrual based accounting system. Accordingly, 'Accounting Reforms Project' (ARP) was taken up in 2015-16 and was targeted for implementation in IR by 2018.

[Para 4.1]

Accounting Reforms Project of IR identified three functional areas – Accrual accounting, (assists the management to enhance the effectiveness of public expenditure through accurate and reliable financial information), Performance costing (helps in proper classification and recording of cost and profit center) and Outcome budgeting (enables the tracking of expenditure towards desired outcomes). After the delay of about 17 months, the work in progress was only 65 per cent as of March 2022 for preparation of accrual based financial statements. The performance costing work was awarded in December 2016, ICAWI MARF has submitted its final report in December 2020 whereas only in principle approval accorded by RB. Outcome Budgeting module has excluded from the ARP due to merger of Railway Budget.

[Para 4.5], [Para 4.6.1], [Para 4.6.2] and [Para 4.6.3]

Despite spending of ₹ 46.97 crore till March 2022, IR could not avail intended benefit of accrual-based accounting system due to delay in its implementation. The absence of dedicated Accounting Reforms Cell at Zonal Railways led to delay in implementation of accounting reforms project.

[Para 4.9]

Recommendations

Ministry of Railways -

- i. May address the backlog of renewal of over-aged assets for efficient running of trains.*
- ii. May consider reconciliation of figures of investment in equity as shown in Union Government Finance Accounts and as shown in the Financial Statements of the Railway Commercial Undertakings.*
- iii. May consider apportioning the terminal costs to Krishnapatnam Railway Company Limited.*
- iv. May ensure effective reconciliation processes and strict compliance of its instructions to eliminate incorrect payments and initiate improvements in 'ARPAN' to enhance accuracy of pension payments.*
- v. May consider deployment of dedicated officials to expedite implementation of the projects.*

Chapter 1 - State of Finances

This chapter provides a broad perspective on the finances of the Indian Railways during 2020-21. It analyses critical changes in the major financial indicators with reference to the previous year, as well as the overall trends. The base data for this analysis is the Finance Accounts of the Indian Railways (IR). The Finance Accounts is compiled by IR annually for incorporation in the Union Government Finance Accounts. In addition, data from government documents and reports¹ have also been used to analyse performance of Indian Railways during 2020-21.

1.1 Summary of Current Year's Fiscal Transactions

The following Table presents the summary of Indian Railways fiscal transactions during 2019-20 and 2020-21. The figures in brackets in the Table represent the increase/decrease in percentage over previous year.

Table 1.1: Summary of receipt and expenditure during 2020-21 (₹ in crore)					
Summary of Capital and Revenue expenditure					
S. No.	Details	Actual 2019-20	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual 2020-21
1.	Capital Expenditure ²	1,48,064.48	1,61,042.00	1,61,692.00	1,55,181.03
2.	Revenue Expenditure	1,73,105.07	2,19,413.00	1,43,809.00	1,38,236.07
Summary of Revenue Receipts and Revenue Expenditure					
1	Passenger Earnings	50,669.09 (-0.78)	61,000.00	15,000.00	15,248.49 (-69.91)
2	Other Coaching Earnings ³	4,640.79 (3.72)	6,500.00	1,500.00	2,096.74 (-54.82)
3	Freight Earnings	1,13,487.89 (-10.94)	1,47,000.00	1,24,184.00	1,17,231.82 (3.30)
4	Sundry Earnings ⁴	5,862.75 (-16.20)	11,013.00	5,500.00	5,938.61 (1.29)
5	Total Traffic Earnings	1,74,660.52	2,25,513.00	1,46,184.00	1,40,515.66
6	Clearance from Traffic Outstanding (Suspense)	(-) 303.92	100.00	125.00	54.86
7	Gross Traffic Receipts⁵ (Item No.5+6)	1,74,356.60 (-8.19)	2,25,613.00	1,46,309.00	1,40,570.52 (-19.38)

¹ Budget documents, Annual Statistical Statements of Indian Railways

² Capital expenditure includes expenditure from Gross Budgetary Support, Internal Resources and Extra Budgetary Resources (EBR)

³ Earnings from transportation of parcels, luggage and post office mail etc.

⁴ Earnings from renting, leasing of building, catering services, advertisements, maintenance of sidings and level crossing, re-imburement of loss on strategic lines etc.

⁵ Operational receipts from freight, passenger, other coaching traffic and sundry earnings of IR.

Table 1.1: Summary of receipt and expenditure during 2020-21 (₹ in crore)					
S. No.	Details	Actual 2019-20	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual 2020-21
8	Miscellaneous Receipts ⁶	338.09 (-43.73)	300.00	300.00	213.03 (-36.99)
9	Total Receipts (Item No.7 + 8)	1,74,694.69 (-8.30)	2,25,913.00	1,46,609.00	1,40,783.55 (-19.41)
10	Net Ordinary Working Expenses ⁷	1,50,211.21 (7.14)	1,62,753.00	1,40,786.00	1,35,844.51 (-9.56)
11	Appropriation to				
	Pension Fund	20,708.00 (-53.23)	53,160.00	523.00	523.00 (-97.47)
	Depreciation Reserve Fund (DRF)	400.00 (33.33)	800.00	200.00	200.00 (50.00)
12	Total Working Expenses⁸ (Item No.10+ 11)	1,71,319.21 (-7.28)	2,16,713.00	1,41,509.00	1,36,567.51 (-20.28)
13	Miscellaneous Expenditure ⁹	1,785.86 (-8.57)	2,700.00	2,300.00	1,668.56 (-6.57)
14	Total Expenditure (Item No.12 + 13)	1,73,105.07 (-7.30)	2,19,413.00	1,43,809.00	1,38,236.07 (-20.14)
15	Net Surplus (Item No.9(-) 14)	1,589.62 (-57.88)	6,500.00	2,800.00	2,547.48 (60.26)
16	Surplus available for appropriation to				
	Development Fund (DF)	1,388.86 (85.18)	1,500.00	800.00	1,547.48 (11.42)
	Rashtriya Rail Sanraksha Kosh	200.76 (-93.36)	5,000.00	2,000.00	1,000.00 (398.11)
17	Operating Ratio	98.36	96.28	96.96	97.45

Source: Railway Budget for 2019-20 and 2020-21 and Accounts for 2020-21.

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

As can be seen from the Table 1.1:

1. During 2020-21, the total receipts decreased by 19.41 per cent as compared to 2019-20. The decrease in 2020-21 was mainly due to decline in Passenger Earnings (by 69.91 per cent) and Other Coaching Earnings (by 54.82 per cent). There was, however, increase in Freight Earnings by 3.30 per cent and Sundry Earnings by 1.29 per cent during 2020-21 as compared to the previous year.
2. Net Ordinary Working Expenses decreased by 9.56 per cent in 2020-21 as against an increase of 7.14 per cent in 2019-20. The Total Working Expenses

⁶ Miscellaneous Receipts comprise of sale of tender documents, liquidated damages and receipts by Railway Recruitment Board etc.

⁷ Operating expenses of IR (Staff salary, repairs & maintenance of assets, fuel etc.).

⁸ Operating expenses and appropriation to DRF and Pension Fund

⁹ Miscellaneous Expenditure comprise of expenditure on Railway Board, Surveys, Research, Designs and Standards Organization, Other Misc. Establishments of IR, Statutory Audit etc.

also decreased by 20.28 *per cent* as compared to the previous year due to less appropriation to the Pension Fund.

3. Against the BE of ₹ 6,500 crore in 2020-21, the 'Net Surplus' generated after meeting all revenue liabilities, was ₹ 2,547.48 crore as compared to ₹ 1,589.62 crore in 2019-20.
4. The Net Surplus of ₹ 2,547.48 crore was appropriated to Development Fund (₹ 1,547.48 crore) and Rashtriya Rail Sanraksha Kosh (RRSK) (₹ 1000 crore).

1.2 Resources of IR

IR is financed through (i) budgetary support from Central Government, (ii) its own internal resources and (iii) Extra Budgetary Resources. The main sources of receipts of IR during the year 2020-21 are as follows:

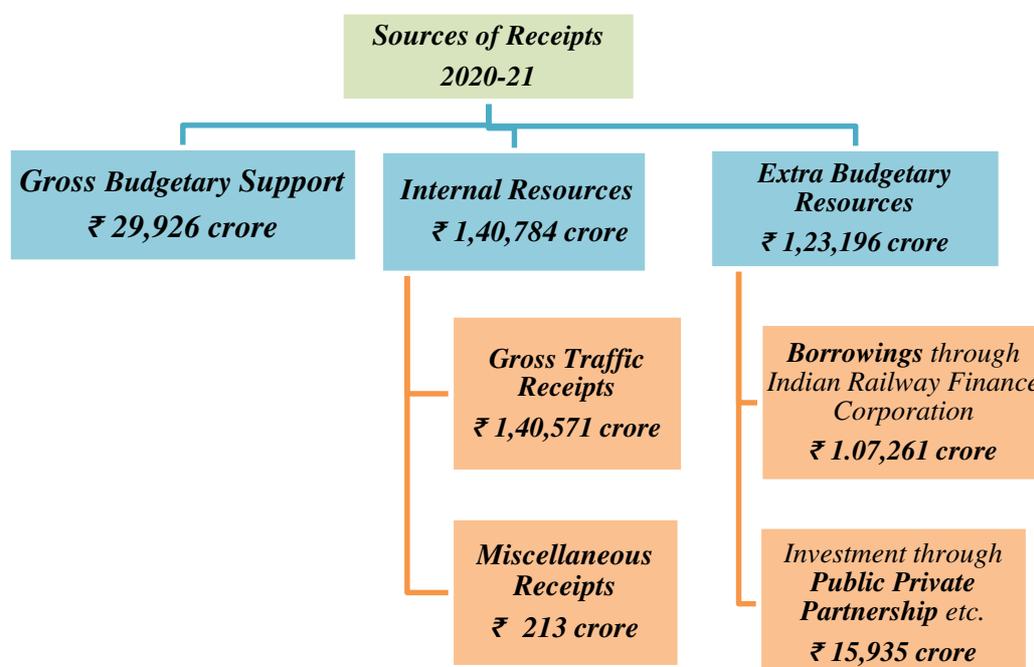


Figure 1.1: Sources of receipts

The share of various resources available for IR during the last five years is shown in the following Graph:

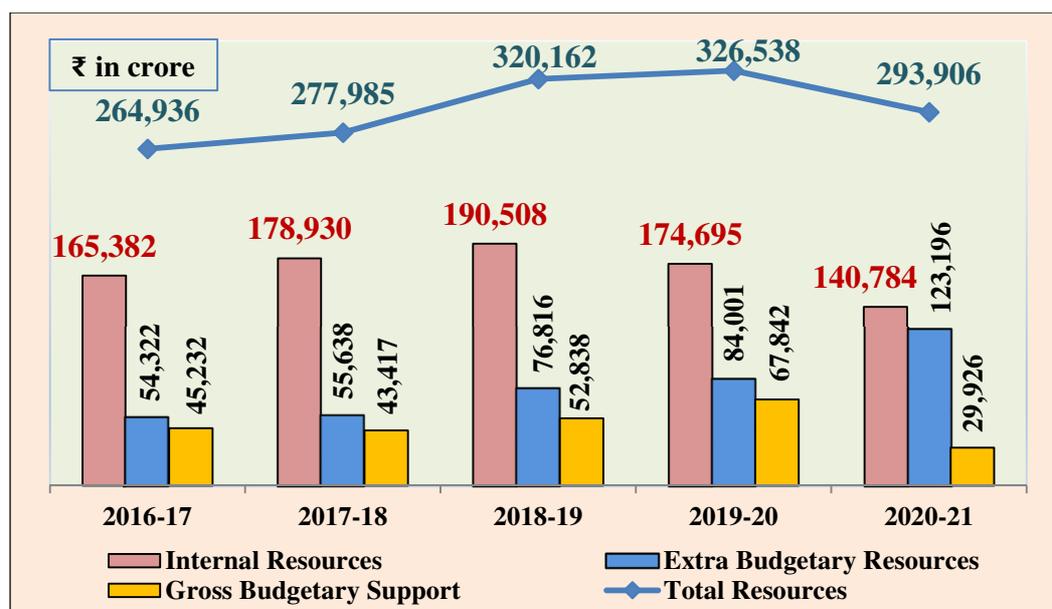


Figure 1.2: Share of various resources of IR during last five years.

The above shows that the largest resource of IR are the internal resources followed by extra budgetary resources (EBR) and GBS. The Railways have been raising EBR through Indian Railway Finance Corporation (IRFC), since its inception in 1987, for procurement of rolling stock. From 2015-16 onwards, MoR also resorted to EBR for project financing.

1.2.1 Extra Budgetary Resources

EBR includes funds raised through IRFC for procurement of rolling stock and for execution of projects of IR. Institutional Finance (EBR-IF) from Life Insurance Corporation of India (LIC) for funding capital projects and funds raised through implementing projects in Public Private Partnership (PPP) mode also form a part of EBR. During 2020-21, IR raised an amount of ₹ 1,23,196.17 crore through extra-budgetary resources against ₹ 84,001.45 crore raised during 2019-20 (increase of 47 per cent). This included ₹ 1,07,261.15 crore raised through IRFC for procurement of rolling stock and for execution of projects of IR through institutional finance/other market borrowings and ₹ 15,935.02 crore through PPP mode. During the year 2020-21, due to resource constraints expenditure which was previously charged to Capital/Railway Safety Fund works was financed through Extra Budgetary Resources (Special) as a one-time arrangement. An amount of ₹ 50,515.29 crore was provided by IRFC in 2020-21 for financing of various railway projects under EBR (Special).

Efficiency in application of EBR funds assumes greater significance for Railways Finances due to interest liability. In view of greater dependence on EBR and rising debt burden of MoR a detailed analysis on financing of projects from EBR, was done in CAG's Report on Union Government (Railways) – Railways Finances – No. 8 of 2020.

1.2.2 Gross Budgetary Support

During the year 2020-21, Railways received ₹ 29,925.69 crore as Gross Budgetary Support (GBS) from Government of India against ₹ 67,841.75 crore received during 2019-20. The budgetary support from Central Government declined by 56 *per cent* resulting in greater dependence on extra budgetary resources for financing capital expenditure. Further, Railways did not receive any amount from Central Road Fund (out of diesel cess) during 2020-21 as against ₹ 17,250 crore received during the year 2019-20.

1.2.3 Internally generated resources of Indian Railways

Railways internal resources include earnings from freight and passenger business, sundry earnings, other coaching and miscellaneous earnings. During 2020-21, railways generated total internal resources of ₹ 1,40,783.55 crore against ₹ 2,25,913 crore envisaged in the BE. The Railways could not achieve RE target of ₹ 1,46,609 crore.

The internal resources are utilized for revenue expenditure and expenditure on replacement and renewal of fixed assets through Depreciation Reserve Fund.

The trend of total revenue receipts for the last five years is shown in the following Graph:

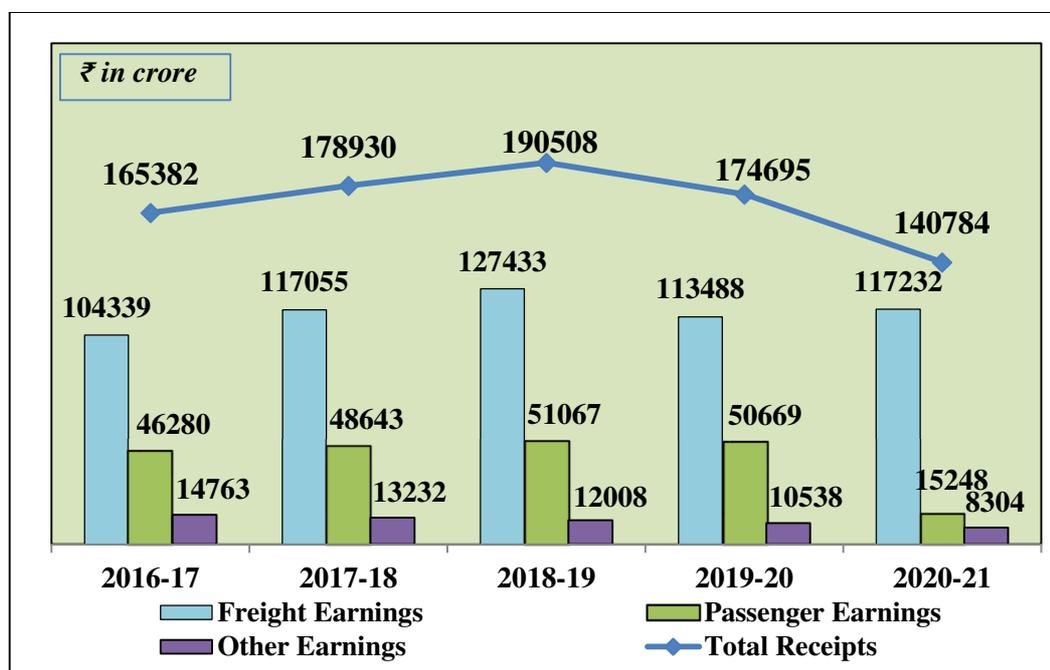


Figure 1.3: Revenue receipts during 2016-17 to 2020-21

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

a) Freight Earnings

As against the budget estimates of ₹ 1,47,000 crore during 2020-21, the actual freight earnings were ₹ 1,17,231.82 crore. The statistics regarding various parameters of freight services during the past five years were as follows:

Table 1.2: Freight Services Statistics					
Year	Loading (Million Tonne)	NTKM¹⁰ (in million) (Revenue Freight Traffic only)	Earnings (₹ in crore)	Average lead¹¹ (in km)	Average earnings per tonne per km (in paise)
2016-17	1106.15 (0.42)	620175 (-5.24)	1,04,338.54 (-4.46)	561	168.24 (0.83)
2017-18	1159.55 (4.83)	692916 (11.73)	1,17,055.40 (12.19)	598	168.93 (0.41)
2018-19	1221.48 (5.34)	738523 (6.58)	1,27,432.72 (8.87)	605	172.55 (2.14)
2019-20	1208.41 (-1.07)	707665 (-4.18)	1,13,487.89 (-10.94)	586	160.37 (-7.06)
2020-21	1230.94 (1.86)	719762 (1.71)	1,17,231.82 (3.30)	585	162.88 (1.56)

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

During 2020-21, freight loading was 1230.94 Million Tonnes (MT) as compared to the loading of 1208.41 MT during 2019-20. The freight loading increased by 1.86 per cent during 2020-21 over the previous year. The freight earnings also increased by 3.30 per cent as compared to previous year. The average lead (average haul of a ton of freight) marginally decreased from 586 km in 2019-20 to 585 km in 2020-21.

The Railways freight basket is limited to certain bulk commodities. The commodity wise share in loading and earnings are given in the following Graph:

¹⁰ NTKM-Net Ton Kilometre-Unit of measure of freight traffic which represent the transport of one ton goods over a distance of one kilometre.

¹¹ Average Lead - Average haul of a tonne of freight.

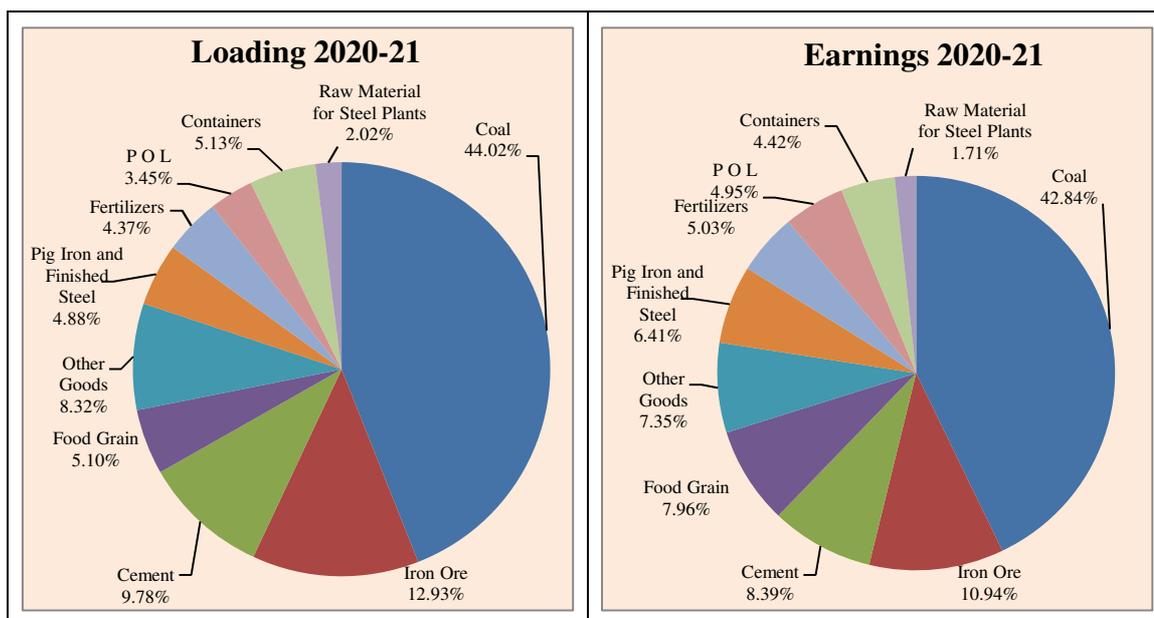


Figure 1.4: Major Commodity-wise share of loading and earnings

The above major commodities contributed to 98.7 per cent of the total freight earnings (excluding Miscellaneous Goods Earnings). Coal was the major component, both in loading (44.02 per cent) and earnings (42.84 per cent), followed by Iron Ore and Cement. The highest growth in loading was in Food grains (67.4 per cent), Pig Iron & Finished Steel (13 per cent) and Other Goods (20.9 per cent).

As compared to 2019-20, there was shortfall in loading during 2020-21 in Coal by 45.05 MT, POL¹² by 2.20 MT and Raw material for steel plants by 0.67 MT. The earnings also declined from Coal by ₹ 4,848.23 crore, Raw material for steel plants by ₹ 237.41 crore and POL by ₹ 200.77 crore during 2020-21.

As can be seen from the above, there is heavy dependence on Coal transportation. Any shift in the bulk commodities transport pattern could affect the Railways freight earnings significantly. Railways have not been able to diversify their freight basket despite running various incentive schemes for long time.

b) Passenger Earnings

As against the budget estimates of ₹ 61,000 crore for passenger earnings during 2020-21, the actual passenger earnings were ₹ 15,248.49 crore. The number of passengers originating and passenger earnings during the past five years is shown in the following graph:

¹² Petroleum, Oil and Lubricant

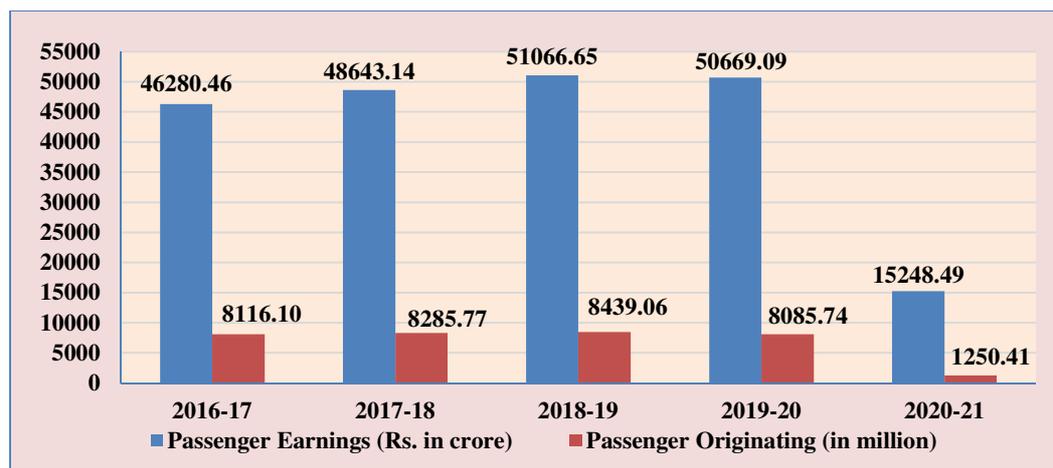


Figure 1.5: Number of passengers and earnings

As can be seen from the above Graph, there was a sharp decline in number of passengers originating and passenger earnings during 2020-21 as compared to the previous year. Key performance indicators of passenger services are as follows:

Year	Number of Passenger (in millions)	Passenger Kilometers ¹³ (in million)	Earnings (₹ in crore)	Average lead ¹⁴ (in kilometers)	Average earnings per passenger per kilometers (in paise)
2016-17	8116.10 (0.11)	1149835 (0.59)	46,280.46 (4.51)	141.67	40.25 (3.90)
2017-18	8285.77 (2.09)	1177699 (2.42)	48,643.14 (5.11)	142.14	41.30 (2.61)
2018-19	8439.06 (1.86)	1157174 (-1.74)	51,066.65 (4.98)	137.12	44.13 (6.85)
2019-20	8085.74 (-4.19)	1050738 (-9.20)	50,669.09 (-0.78)	129.95	48.22 (9.27)
2020-21	1250.41 (-84.54)	231126 (-78.00)	15,248.49 (-69.91)	184.84	65.97 (36.81)

Source- Indian Railways Annual Statistical Statements

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

As compared to the previous year, the number of passengers and passenger earnings during 2020-21 declined by 84.54 per cent and 69.91 per cent respectively. The sharp fall in passenger traffic was mainly due to travel restrictions in 2020-21 due to Covid19 pandemic.

c) Sundry Earnings and Other Coaching Earnings

As against the budget estimates of ₹ 17,513 crore for 'Sundry and other coaching earnings' during 2020-21, the actual earnings were only ₹ 8,035.35 crore. Sundry

¹³ Passenger Kilometre – A passenger transported over one kilometre

¹⁴ Average Lead - Average haul of a passenger

and other coaching earnings constituted only 5.72 *per cent* of the Gross Traffic Receipts in the current year. It decreased by 23.50 *per cent*, from ₹ 10,503.54 crore in 2019-20 to ₹ 8,035.35 crore in 2020-21.

Audit analysis showed that the decrease in Sundry Earnings was mainly due to shortfall in earnings from advertisement and publicity, catering department, interest & maintenance charges of Saloon, level crossings etc. However, there was increase in receipts from leasing of land, property development of land/air space and other sundry earnings, etc. The 'Sundry Earnings' also included an amount of ₹ 2,215.63 crore on account of reimbursement of operating loss on strategic lines. There was considerable scope for increasing revenue generation from advertisements and commercial utilization of railway land.

d) Unrealized Earnings

Unrealized earnings on account of movement of traffic is classified as 'Traffic Suspense'. Unrealized earnings on account of rent/lease of building/land and maintenance charges of sidings etc. is 'Demand Recoverable'. The outstanding unrealized earnings decreased from ₹ 2,023.69 crore in 2019-20 to ₹ 1,968.60 crore at the end of 2020-21. Of this, an amount of ₹ 1,590.24 crore was outstanding under Traffic Suspense and ₹ 378.36 crore under 'Demand Recoverable'. The major portion of outstanding under Traffic Suspense was on account of un-recovered freight and other charges from Power Houses and State electricity entities. This amounted to ₹ 636.55 crore, and constituted 40 *per cent* of the total Traffic Suspense. Major defaulters are as follows:

Table 1.4: Outstanding dues against State Electricity Entities/Power Houses
(₹ in crore)

Sl. No.	State Electricity Entities/Power House	Outstanding dues as of 31 March 2021
1.	Punjab	446.40
2.	Delhi	114.28
3.	Rajasthan	29.63
4.	Maharashtra	15.36
5.	Uttar Pradesh	11.27
6.	Madhya Pradesh	7.62
7.	NTPC	2.83
8.	West Bengal	2.80
9.	Damodar Valley Corporation	2.76

Source- Statement of dues recoverable from State electricity entities/Power Houses

The outstanding dues in respect of Punjab, Delhi and Rajasthan are continuing over ten years. The Ministry of Railways needs to enhance its efforts to realize the old outstanding dues from the State electricity entities/Power Houses.

1.3 Cross-Subsidization of Passenger and other Coaching Services

IR was unable to meet its operational cost of passenger services and other coaching services. The data available in the latest Report¹⁵ of the IR has been analysed. It 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 ₹ 37,937 crore in 2016-17 to ₹ 72,169.89 crore in 2020-21. The losses on passenger and other coaching services vis-à-vis the profit on freight services during 2016-17 to 2020-21 is shown in the following Graph:

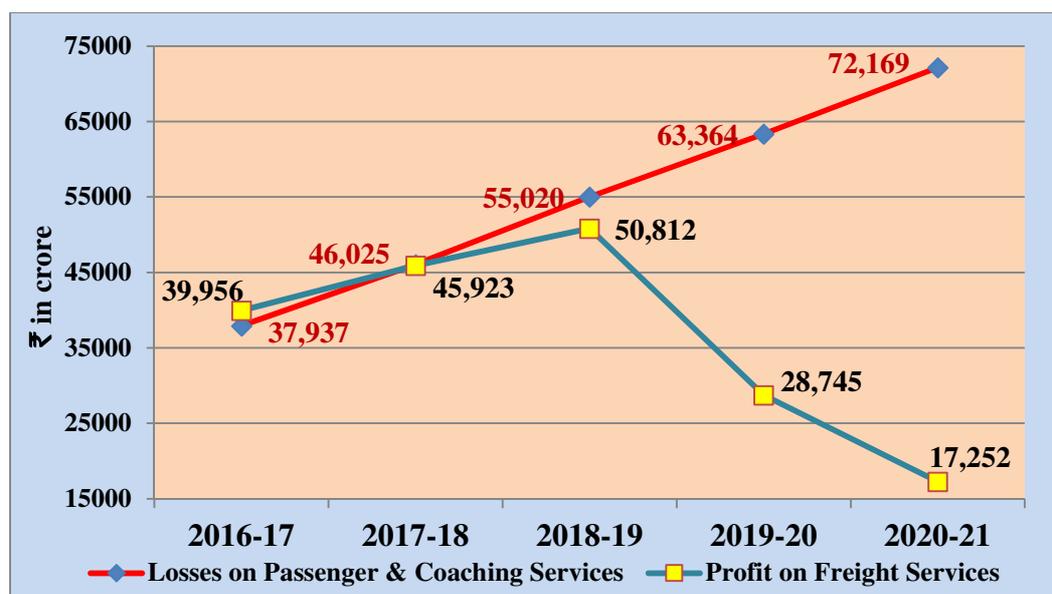


Figure 1.6: Losses on Passenger and Other Coaching Services vis-à-vis Profit on Freight Services

As can be seen from the above, the loss on passenger and other coaching services has been steadily increasing over the years. On the other hand, the profit earned on freight operations which was on an increasing trend up to 2018-19, decreased to ₹ 17,252 crore in 2020-21. The entire profit from freight traffic was utilized to compensate the loss on operation of passenger and other coaching services. The loss of ₹ 54,917 crore from Passenger operations was left uncovered during 2020-21.

The operational losses of various classes of passenger services during 2016-17 to 2020-21 are given in the following table:

Class	2016-17	2017-18	2018-19	2019-20	2020-21
AC-Ist class	(-) 139.39	(-) 164.95	(-) 248.60	(-) 403.11	(-) 718.88
Ist class	(-) 53.31	(-) 34.67	(-) 38.87	(-) 37.89	(-) 43.28

¹⁵ Summary of End Results-Freight Services Unit Costs and Coaching Services Profitability/Unit Costs for the year 2020-21

Class	2016-17	2017-18	2018-19	2019-20	2020-21
AC 2 Tier	(-) 559.27	(-) 604.49	(-) 907.93	(-) 1,378.28	(-) 2,994.88
AC 3 Tier	1,040.52	738.75	318.03	64.65	(-) 6500.46
AC Chair car	117.83	98.39	242.80	(-) 182.21	(-) 1078.55
Sleeper Class	(-) 9,313.27	(-) 11,003.06	(-) 13,011.55	(-) 16,055.93	(-) 20,134.47
Second class	(-) 10,024.88	(-) 11,523.87	(-) 13,214.04	(-) 14,456.65	(-) 17,640.83
Ordinary Class	(-) 14,647.64	(-) 16,568.07	(-) 19,124.13	(-) 20,449.92	(-) 11,438.29
EMU suburban services	(-) 5,323.62	(-) 6,184.46	(-) 6,753.56	(-) 6,937.72	(-) 7,798.60

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

Note: Negative figures denote losses and positive figures denote profits on passenger services.

As can be seen from the data above, all classes of train services incurred losses during 2020-21. Even AC 3 Tier which could recover its operational cost and earned profit during the last several years incurred loss during 2020-21. The cross-subsidy in all the classes except Ordinary Class increased during 2020-21 with subsidy on Sleeper Class being the maximum. The loss in various classes of passenger services ranged from ₹ 20,134.47 crore (Sleeper Class) to ₹ 43.28 crore (First Class).

1.4 Application of Resources

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

The total expenditure of IR came down from ₹ 3,21,169.55 crore in 2019-20 to ₹ 2,93,417.10 crore in 2020-21, a decrease of 8.64 *per cent*. The capital expenditure increased by 4.81 *per cent*, whereas the revenue¹⁶ expenditure decreased by 20.14 *per cent* during the same period. The share of Capital expenditure to total expenditure increased from 46.1 *per cent* in 2019-20 to 52.9 *per cent* in 2020-21. The share of Revenue expenditure decreased from 53.9 *per cent* in 2019-20 to 47.1 *per cent* in 2020-21. The details of Revenue and Capital Expenditure during the last five years are shown in the following Graph:

¹⁶ Excluding amount of surplus appropriated to DF, CF and RRSK (2016-17 ₹ 4,913.00 crore, 2017-18 ₹ 1,665.61 crore, 2018-19 ₹ 3,773.86 crore, 2019-20 ₹ 1,589.62 crore and 2020-21 ₹ 2,547.48 crore).

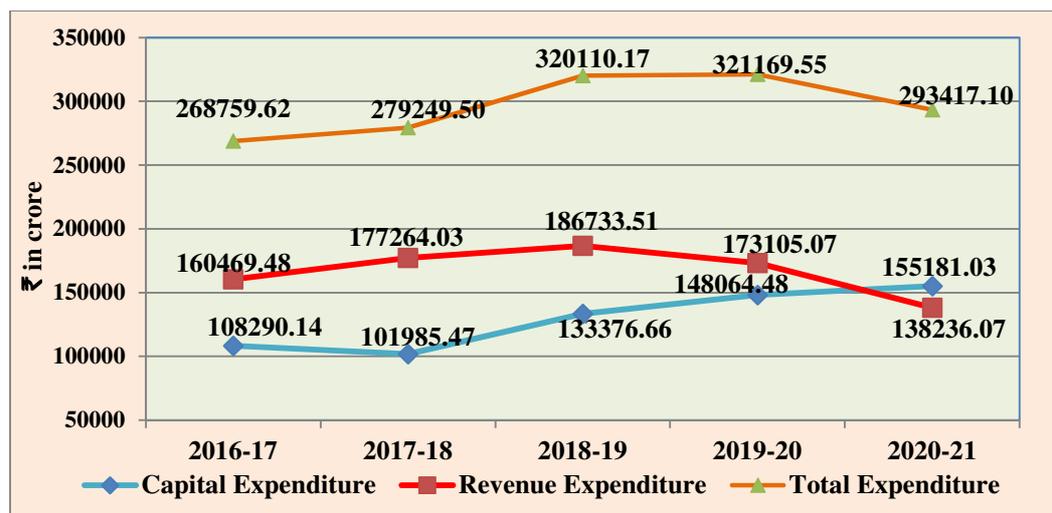


Figure 1.7: Capital and Revenue Expenditure in the last five years

1.4.1 Revenue Expenditure

Comparison of Share of Revenue Expenditure during 2020-21 against the Average Share of Revenue Expenditure during 2015-16 to 2019-20 is shown below:

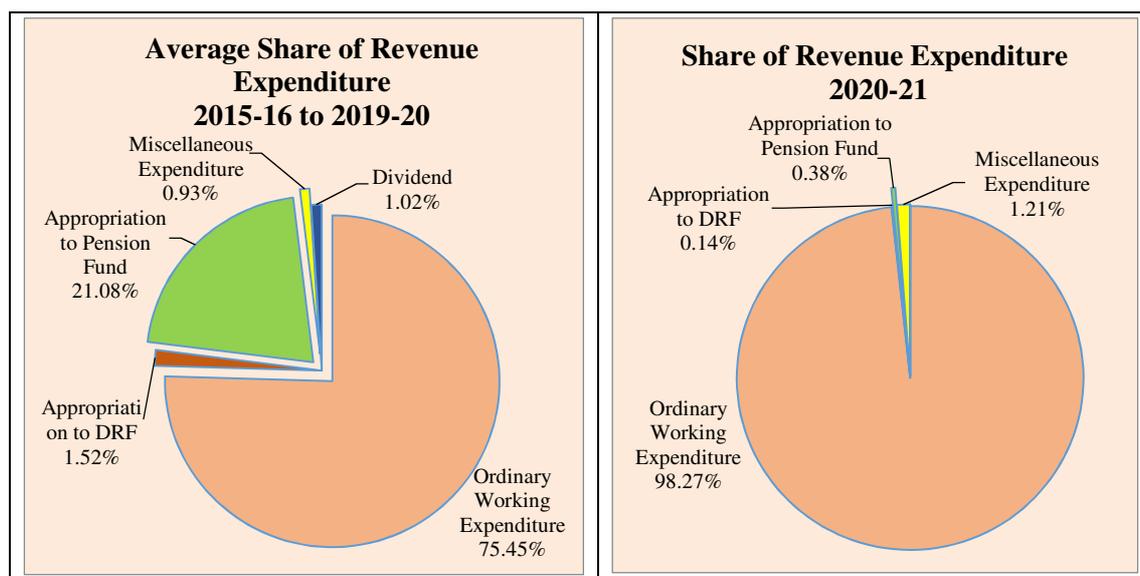


Figure 1.8: Share of Revenue Expenditure in the last five years

Ordinary Working Expenditure (OWE) comprises expenditure on day-to-day maintenance and operations of the Railways. This includes 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, payment of interest component of lease charges, pension liabilities etc. During 2020-21, OWE increased to 98.27 per cent of the total revenue expenditure as compared to the average of 75.45 per cent during the past five years. The appropriation to Pension Fund decreased to 0.38 per cent in 2020-21 against the average of 21.08 per cent during the past five years.

Component-wise Revenue Expenditure

The break-up of working expenditure of IR under staff, fuel, lease charges, stores, others and pension outgo for the last five years is shown in Graph below:

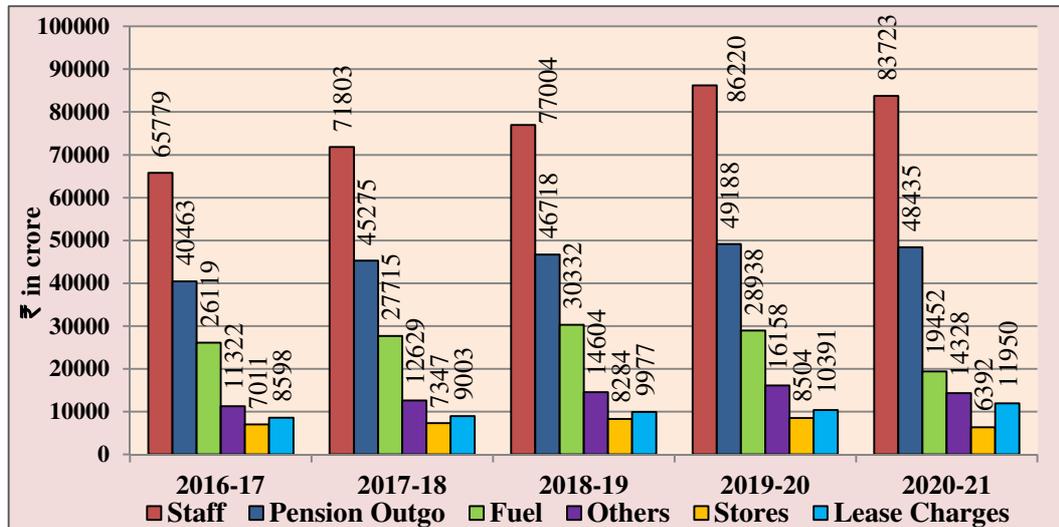


Figure 1.9: Component wise expenditure

During the year 2020-21, the Staff cost (including pension outgo) constituted 72 per cent of the working expenses as compared to 68 per cent in the previous year.

The committed expenditure of the IR consisting of staff cost, pension payments and lease hire charges on rolling stock, was 78.2 per cent of the total working expenditure in 2020-21.

a) Appropriation to Pension Fund

Appropriation to Pension Fund is the second largest component of revenue expenditure. During the year 2020-21 Railways appropriated a meagre amount of ₹ 523 crore to the Pension Fund, against ₹ 20,708 crore appropriated last year. The actual expenditure on pension was ₹ 48,834.96 crore in 2020-21. During the year 2020-21, the Railways had taken a special loan of ₹ 79,398 crore from the General Revenues for Covid related resource gap in 2020-21 and for liquidating the adverse balance in the Pension Fund during 2019-20.

b) Appropriation to Depreciation Reserve Fund

Against the budgeted amount of ₹ 800 crore for 2020-21, only ₹ 200 crore was appropriated to DRF. Appropriation to DRF is on a declining trend during the last five years, it has come down from ₹ 5,200 crore in 2016-17 to ₹ 200 crore in 2020-21. Under-provisioning for depreciation is resulting in piling up of 'throw forward' of works relating to renewal and replacement of over aged assets. Detailed analysis of various Railways Funds is given in Paragraph 1.7.

1.4.2 Capital Expenditure

IR is required to augment 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 etc. are carried out through capital expenditure.

a) Source-wise Capital Expenditure

The capital expenditure of IR is financed from three sources viz. GBS, internal resources¹⁷ and extra budgetary resources¹⁸. During the past five years, the contribution from various sources towards capital expenditure can be seen from the following table:

Source	2016-17	2017-18	2018-19	2019-20	2020-21	
	Actual	Actual	Actual	Actual	Revised Estimates	Actual
Gross Budgetary Support ¹⁹	45,231.64 (41.77)	43,417.55 (42.57)	52,837.67 (39.61)	67,477.49 (45.57)	29,250 (18.09)	29,925.69 (19.28)
Internal Resources (From Rlys Funds)	10,479.84 (9.68)	3,069.77 (3.01)	4,663.18 (3.50)	1,685.08 (1.14)	3,875.00 (2.40)	2,059.17 (1.33)
Total (GBS and Internal Resources)	55,711.48 (51.45)	46,487.32 (45.58)	57,500.85 (43.11)	69,162.57 (46.71)	33,125.00 (20.49)	31,984.86 (20.61)
Extra Budgetary Resources (IRFC and PPP)	52,578.66 (48.55)	55,498.15 (54.42)	75,875.81 (56.89)	78,901.91 (53.29)	1,28,567.00 (79.51)	1,23,196.17 (79.39)
Grand Total	1,08,290.14	1,01,985.47	1,33,376.66	1,48,064.48	1,61,692.00	1,55,181.03

Note: Figures in brackets represent percentage share of overall expenditure

During the year 2020-21, the overall Capital expenditure of IR increased by 4.8 per cent as compared to the previous year. The share of GBS to the total capital expenditure decreased from 45.57 per cent in 2019-20 to 19.28 per cent in 2020-21. The share of internal resources in total capital expenditure, which was as high as 18.01 per cent in 2015-16, decreased to 1.33 per cent in 2020-21. Inadequate generation of internal resources resulted in greater dependence on GBS and EBR.

The share of EBR increased from 53.29 per cent in 2019-20 to 79.39 per cent in the current year. During 2020-21, Ministry of Railways spent ₹ 31,984.86 crore on procurement of Rolling Stock from funds raised through market borrowings by IRFC. An amount of ₹ 27,635.47 crore was incurred on projects funded through EBR (Institutional Finance), on New Lines (Construction), Gauge Conversion, Doubling, Railway Electrification Projects and Traffic Facilities. Further, an amount of ₹ 50,515.29 crore was provided by IRFC in 2020-21, as a one-time arrangement under EBR (Special), for financing of various railway projects which were previously charged to Capital/Railway Safety Fund. An amount of ₹ 15,935.02 crore was also raised during 2020-21 through Public Private

¹⁷ Reserve Funds such as Depreciation Reserve Fund, Capital Fund, Development Fund

¹⁸ Market borrowing through IRFC Limited and PPP

¹⁹ Includes expenditure from Railway Safety Fund

Partnership (PPP) mainly for expenditure on New Line Projects, Traffic Facilities and Road Safety Works etc.

As can be seen from the above, the funds raised from EBR (through market borrowings) is on an increasing trend. The market borrowings have financial liabilities attached in the form of payment of huge interest and return of principal amount in stipulated time period. MoR needs to be more cautious not to get into a dept-trap and ensure optimal and judicious utilization of EBR funds.

b) Expenditure under various Plan Heads

The capital expenditure of Indian Railways is broadly categorized under the following Plan heads:

Table 1.7: Category-wise Capital Expenditure (₹ in crore)					
Plan Heads	2016-17	2017-18	2018-19	2019-20	2020-21
Doubling	9,093.22	11,240.33	15,168.33	22,385.67	24,226.15
New Lines (Construction)	15,969.89	9,183.82	11,275.40	12,683.17	14,901.34
Track Renewal	5,076.33	7,727.71	8,241.66	7,802.63	11,657.52
Gauge Conversion	3,769.92	2,880.11	4,055.00	4,140.15	3,980.30
Signaling and Telecommunication	951.56	1,255.64	1,537.03	1,620.69	1,900.84
Traffic Facilities & Yard Remodeling	910.68	1,224.84	1,146.70	1,626.22	1,241.13
Bridge Work	474.52	448.73	528.27	777.50	769.67
Rolling Stock and Payment of Capital Component of Lease charges	26,610.98	28,119.11	37,219.68	47,564.00	44,161.40
Investment in PSUs/JVs/SPVs	7,184.13	4,887.99	12,678.36	16,924.88	15,629.65
Workshop/Production Units and Plant & Machinery	1,965.00	1,753.58	2,442.94	2,567.23	3,003.18
Others	9,449.82	11,147.61	14,802.15	17,362.96	17,774.81
Total²⁰	81,456.05	79,869.47	109,095.52	135,455.10	139,245.99

Source-Indian Railways Appropriation Accounts

Note: 'Others' include Road Safety Works, Electrification Projects, Computerization, other Electric Works, Railway Research, Other Specified Works, Stores Suspense, Manufacturing Suspense, Misc. Advance, Staff Quarters, Customer Amenities, Metropolitan Transport Projects.

In addition to the above, IR also undertook new line construction, traffic facility works, Doubling, Road Safety Works (Road Over/Under Bridge) etc. through PPP mode.

Doubling, New Lines (Construction), Track Renewal and Gauge Conversion are the major components of Capital Expenditure. The expenditure on 'Rolling Stock and Capital Component of Lease charges' was the maximum and stood at ₹ 44,161.40 crore during the year 2020-21.

²⁰ Excludes expenditure on PPP

1.5 Revenue surplus

The 'Net revenue surplus' is the surplus available with the railways after meeting all expenditure of revenue nature such as staff cost including pension, operational expenses, repair and maintenance cost and appropriation to DRF and Pension Fund. This surplus is further allocated to various Railway Funds such as DF, CF, DSF, RSF and RRSK. The net revenue surplus during the years 2016-17 to 2020-21 can be seen in the Graph below:

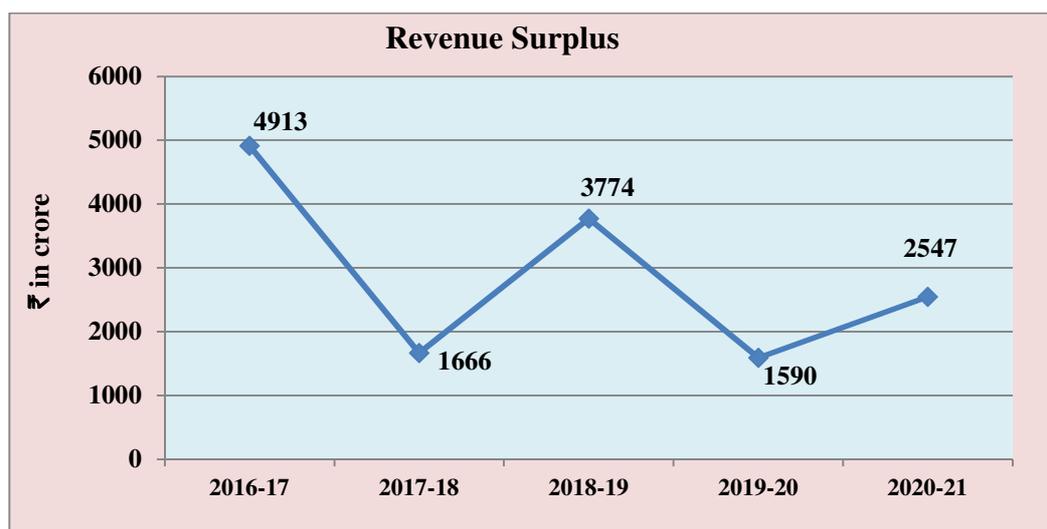


Figure 1.10: Revenue Surplus

Against the BE of ₹ 6,500 crore in 2020-21, the 'Net Surplus' was ₹ 2,547.48 crore as compared to ₹ 1,589.62 crore in 2019-20. However, it excludes the appropriation to Pension Fund met from special loan of ₹ 79,398 crore from General Revenues for Covid related resource gap in 2020-21.

1.6 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 are 'Operating Ratio' and 'Staff Productivity', which are discussed below:

1.6.1 Operating Ratio

Operating Ratio (OR) represents the ratio of working expenses to traffic earnings. A higher ratio indicates poorer ability to generate surplus. Against the target of 96.28 per cent in the Budget Estimates, the OR of Railways was 97.45 per cent in 2020-21. This meant that railways spent ₹ 97.45 to earn ₹ 100. As compared to the Operating Ratio of 98.36 per cent during 2019-20, there was improvement in 2020-21. The Operating Ratio of Indian Railways during the past five years is as follows:

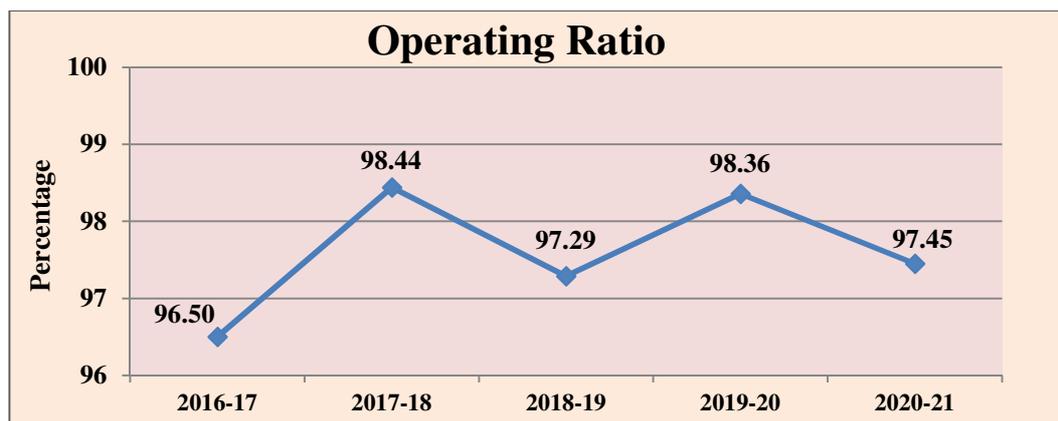


Figure 1.11: Operating Ratio of Indian Railways

As can be seen from the Graph above, the OR of Indian Railways reached an all-time high of 98.44 per cent in 2017-18, and has been above 96 per cent during the last five years.

During the year 2020-21, the Railways could achieve an OR of 97.45 per cent as against OR of 98.36 per cent achieved in 2019-20. However, appropriation of ₹ 79,398 crore to pension fund from 'special loan' provided in Union Budget for 'COVID related resource gap in 2020-21' was not considered for the OR.

Operating Ratio of zonal railways during the last five years ended on 31 March 2021 is shown in the following Table:

Table 1.8: Operating Ratio of Zonal Railways

(In per cent)

S. No.	Zonal Railway	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Metro Railway/Kolkata	260.06	278.29	247.94	215.97	677.90
2.	Southern	147.83	161.14	152.61	146.48	218.65
3.	North Eastern	197.01	201.78	204.54	188.16	202.99
4.	Eastern	165.27	181.15	185.98	169.75	175.29
5.	Northern	118.85	117.09	131.95	154.79	153.65
6.	Northeast Frontier	130.45	169.29	160.58	151.67	138.91
7.	South Western	119.56	129.49	132.64	124.37	137.68
8.	Western	103.00	107.86	102.11	114.90	128.32
9.	Central	105.00	111.12	105.44	104.67	126.24
10.	North Western	95.17	107.90	105.75	112.66	107.24
11.	South Central	86.24	82.94	79.53	87.55	101.23
12.	East Central	101.83	97.50	98.46	102.37	88.58
13.	North Central	70.50	66.89	68.39	74.38	79.22
14.	West Central	73.90	74.91	67.83	70.61	68.03
15.	South Eastern	73.46	75.90	73.08	64.86	57.31
16.	East Coast	53.78	51.98	52.39	51.49	47.34
17.	South East Central	56.24	55.82	56.24	53.66	46.07
Overall IR		96.50	98.44	97.29	98.36	97.45

Source-Indian Railways Appropriation Accounts 2020-21

Audit analysis revealed that OR of six Zonal Railways (East Central, East Coast, North Central, South Eastern, South East Central and West Central Railways) was below 88 per cent, with OR of South East Central being the best at 46 per cent.

OR of eleven Zonal Railways (Central, Eastern, Northern, North Eastern, Northeast Frontier, North Western, Southern, South Central, South Western, Western and Metro Railway/Kolkata, Railways) was more than 100 per cent during 2020-21, with OR of Metro Railway/Kolkata being the worst at 677.90 per cent. This implied that the working expenditure of these Railways was more than their traffic earnings.

1.6.2 Staff Productivity

In Indian Railways, the Staff productivity²¹ is measured in terms of volume of traffic handled per thousand employees. A higher ratio indicates efficient transport of freight/passenger. The staff productivity decreased from 664 Million NTKM in 2019-20 to 628 Million NTKM in 2020-21 in respect of Open Line staff of all Zonal Railways. Deterioration in staff productivity in 2020-21 as compared to the previous year was due to decline in passenger originating (total distance travelled).

During 2020-21, highest Staff Productivity of 1869.56 Million NTKM was achieved by East Coast Railway. Staff Productivity of 201.26 Million NTKM of Southern Railway was the lowest during the same period.

1.7 Railway Funds

The following funds are operated by Indian Railways for specific purposes. These funds (except RSF and RRSK) also accrue interest at the rate fixed by the Ministry of Finance. The details of the funds are given in the following table:

Name of Fund	Opening Balance as on 01 April 2020	Accretion during the year	Withdrawal during the year	Closing Balance as on 31 March 2021
Depreciation Reserve Fund (DRF)	833.55	423.72	671.92	585.35
Pension Fund	-28398.47	80100.92	48434.96	3267.49
Development Fund (DF)	519.29	1573.15	1075.89	1016.55
Capital Fund (CF)	400.35	13.61	0.00	413.96
Railway Safety Fund (RSF)	505.25	3.94	-2.90	512.09
Debt Service Fund (DSF)	214.72	7.30	0.00	222.02
RRSK	194.66	996.06	314.25	876.47
Total	-25730.65	83118.70	50494.12	6893.93

Note- Accretion includes financial adjustments, appropriation to fund and interest received on fund balances during the year.

²¹ Annual Statistical Statements of Indian Railways

The trend of fund balances during the last ten years can be seen from the following Graph:

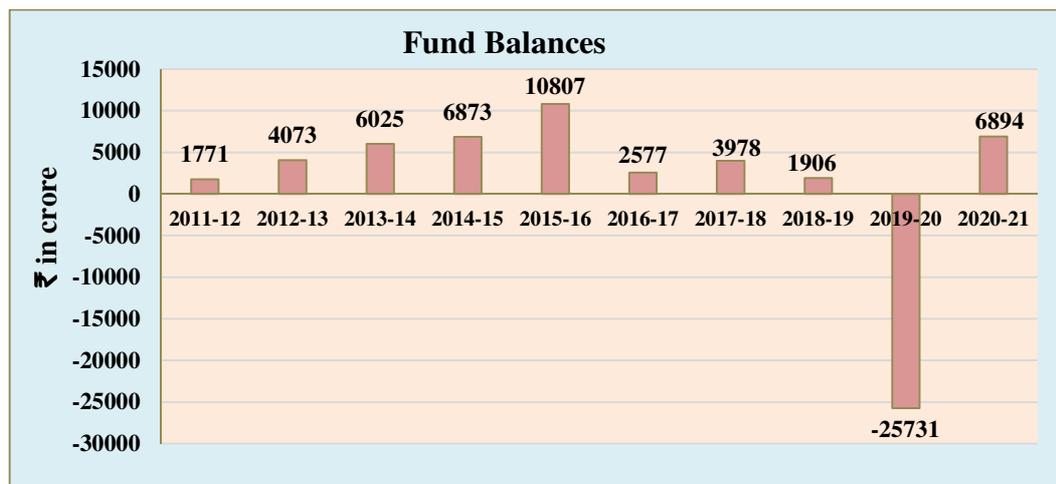


Figure 1.12: Trend of Railways Fund Balances during the last ten years

As can be seen from the above graph, the overall fund balances which was as high as ₹ 10,806.68 crore in 2015-16 turned into negative balance of ₹ 25,730.65 crore in 2019-20 for the first time. The adverse fund balance during 2019-20 was the result of more expenditure towards pension payments than the actual appropriation to the fund during the year. The Railways Fund balance improved during 2020-21 mainly due to receipt of Special Loan of ₹ 79,398 crore from General Revenues.

1.7.1 Depreciation Reserve Fund

The Railways maintain Depreciation Reserve Fund (DRF) for replacement and renewal of assets. During 2020-21, ₹ 400 crore²² was appropriated against the BE of ₹ 1,000 crore and ₹ 671.92 crore spent from the fund. The amount is insignificant compared to the actual amount required for the renewal and replacement of over aged assets.

The 'throw forward' value of assets to be replaced from DRF (up to 2020-21) was estimated at ₹ 94,873 crore. This mainly included ₹ 58,459 crore on track renewals, ₹ 26,493 crore on rolling stock, ₹ 3,035 crore on bridge works, tunnel works and approaches, ₹ 1,801 crore on signaling and telecommunication works and ₹ 815 crore on Workshops including Production Units. Thus, there is huge backlog of renewal and replacement of over aged assets, which needs to be replaced timely, for efficient running of trains.

The provision made to the fund for replacement and renewal of assets is inadequate. This has steadily decreased during the last five years and was insufficient to meet the requirements. There is every possibility and especially in the background of depleting surplus, that replacement and renewal of over aged assets could become a burden for the Government of India.

²² ₹ 200 crore from revenue and ₹ 200 crore from Capital

1.7.2 Pension Fund

The fund was created to cover the current pension payments as also to meet the accumulated liability on account of pension benefits earned in each year of service. The fund is financed by transfer from revenue in case of Zonal Railways and by transfer from Workshop Manufacture Suspense (WMS) in case of Production Units.

Against the BE of ₹ 53,160 crore, Railways appropriated an amount of ₹ 523 crore during 2020-21. The actual expenditure on pension payment during the year 2020-21 was ₹ 48,434.96 crore²³. Due to adverse fund balance of ₹ 28,398.47 crore at the end of 2019-20, an amount of ₹ 79,398 crore was provided in the Union Budget 2021-22 as “special loan from General Revenues for Covid related resource gap in 2020-21 and to liquidate adverse balance in Public Account in 2019-20”. The repayment of this special loan will commence from 2024-25 onwards.

The expenditure of Railways on account of Pension payments during the last five years is shown in the following Graph:

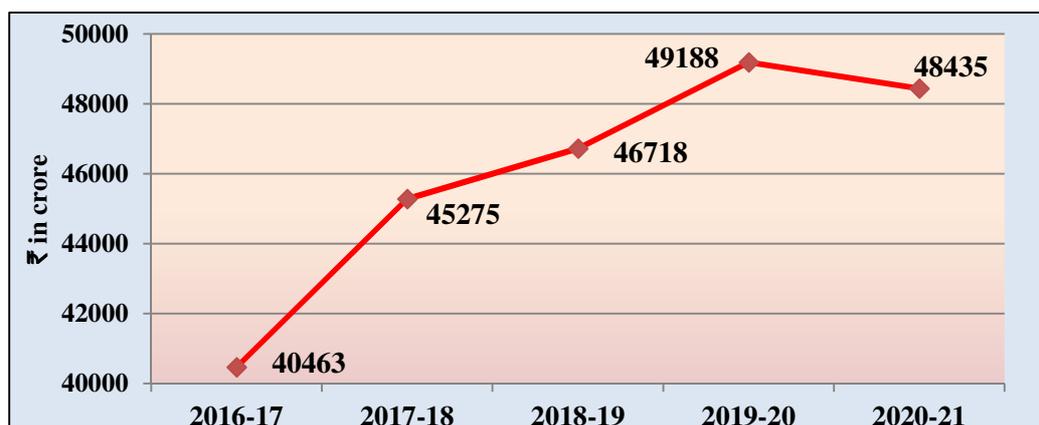


Figure 1.13: Expenditure on Pension Payments of Railways

As can be seen from the above Graph, the expenditure on pension which was ₹ 40,463 crore in 2016-17, has increased to ₹ 48,435 crore in 2020-21 (20 per cent increase in last five years).

1.7.3 Capital Fund

The fund has been created (from 1992-93) with the express purpose of financing part of the requirement for works of capital nature. During 2020-21, neither any amount was budgeted nor appropriated in the fund. The fund had a balance of ₹ 413.96 crore at the end of 2020-21.

During 2020-21, IR spent ₹ 11,948 crore towards principal component of IRFC lease charges from GBS, as no appropriation was made to CF. Audit observed that during the last four years, the entire lease charges (Principal component) was being paid from the Budgetary Support. Ideally the repayment of lease charges to IRFC

²³ Zonal Railways ₹ 47,850.30 crore, Production Units & Misc. Organisations ₹ 584.66 crore

should have been made from Capital Fund (which is sourced from revenue surplus). However, due to inadequate surplus and insufficient funds available in CF, the repayment of lease charges to IRFC was made from GBS. This arrangement of repayment to IRFC from GBS is not a healthy trend and would deprive the railways of additional investments that could have been made on capital works.

1.7.4 Development Fund

The fund is financed by appropriation from 'Revenue Surplus'. It is utilised to meet expenditure for works relating to amenities for users of railway transport, labour welfare works, unremunerated operational improvement works etc. During 2020-21, ₹ 1,547.48 crore was appropriated against the Budget Estimates of ₹ 1,500 crore and ₹ 1,075.89 crore spent. The fund account closed at ₹ 1,016.55 crore at the end of 2020-21.

1.7.5 Debt Service Fund

The fund has been created (from 2013-14) for future debt service obligations in respect of loans taken from Japan International Cooperation Agency (JICA), World Bank and for future implementation of Pay Commissions. The fund is financed by appropriation from 'Surplus' after meeting the requirement of CF and DF. During the last three years, neither any amount was budgeted nor appropriated in DSF. The fund had a balance of ₹ 222.02 crore at the end of 2020-21.

1.7.6 Railway Safety Fund

This fund has been created (since April 2001) for financing works relating to conversion of unmanned level crossings and for construction of road over/under bridges. However, the scope of this fund has been enlarged in 2016-17 to include New Lines, Gauge Conversion, Electrification and Safety works. The fund is financed through transfer of fund by the Central Government from the Central Road Fund (CRF), out of diesel cess. Apart from this, amount can also be appropriated out of revenue surplus. During 2020-21, Railways did not receive any amount from CRF. The fund had a balance of ₹ 512.09 crore at the end of 2020-21.

1.7.7 Rashtriya Rail Sanraksha Kosh

This fund was created with effect from 2017-18 for financing critical safety related works. The fund would receive credits from GBS, RSF, DRF and Revenue Surplus. The Fund has a corpus of ₹ 1 lakh crore over a period of five years. The assured annual outlay is ₹ 20,000 crore with ₹ 15,000 crore as contribution from GBS and ₹ 5,000 crore from internal resources of Railways.

As against BE of ₹ 5,000 crore, railways could appropriate only ₹ 1,000 crore from its internal resources to RRSK due to inadequate revenue surplus. Further,

Railways did not receive any amount from GBS during the year 2020-21. An expenditure of ₹ 314.25 crore was incurred from the fund.

It is pertinent to mention that the works of renewal, replacement and upgradation of critical safety assets are already being undertaken through the existing funds namely DRF and RSF. Audit observed that by funding replacement and renewal of assets through RRSK instead of DRF, railways have reduced the appropriation to DRF, thereby presenting the working expenses and operating ratio in a better light.

1.8 Comments on Appropriation Accounts

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. During 2020-21, against the sanctioned grant of ₹ 5,22,564.07 crore in respect of both Revenue and Capital Sections, Ministry of Railways incurred an expenditure of ₹ 4,17,238.92 crore. An analysis of section-wise expenditure revealed that the overall savings of ₹ 1,05,325.15 crore was a result of savings of ₹ 89,835.05 crore in the revenue section and ₹ 15,490.10 crore in the capital section. The savings under revenue section were mainly due to reduced appropriation to Railways Funds due to lower resource availability. The savings under capital section were mainly due to reduction in Budget allotment by Ministry of Finance and adverse resource position on account of Covid-19 pandemic. Thus, the savings reflected over-provisioning disregarding the realistic flow of revenue.

During the scrutiny of appropriation accounts 2020-21, it was observed that there were 24 instances of savings over 5 *per cent* and 2 instances of excess under two major heads in the revenue section and 9 instances of savings of over 10 *per cent* and 4 instances of excess under two minor heads under capital section, in various zonal Railways/accounting units. These savings indicate inadequate scrutiny of budget proposals. The excesses on the other hand indicated defective estimation or controls over spending as no developments of unforeseeable nature were reported in justifying them.

Audit also observed instances of misclassification in accounting in Zonal Railways during 2020-21 as follows:

- (i) Misclassification of ₹ 3.77 crore due to wrong booking of expenditure under Revenue Section instead of Capital Section, resulting in understatement of capital expenditure.
- (ii) Misclassification of ₹ 5.97 crore due to booking of expenditure under Capital Section instead of Revenue Section, resulting in understatement of revenue expenditure.
- (iii) Misclassification of ₹ 1.71 crore between voted and charged expenditure.

Ministry of Railways needs concerted efforts to eliminate instances of misclassification of expenditure by the spending units. The cases of

misclassification of expenditure / important accounting mistakes have been listed in the Detailed Appropriation Accounts of Indian Railways (2020-21) Part II.

1.9 Conclusion

Indian Railway (IR) is financed through Gross Budgetary Support (GBS), its own internal resources and Extra Budgetary Resources (EBR). Internal resources are the largest, followed by extra budgetary resources (EBR) and GBS. During 2020-21, the budgetary support declined by 56 *per cent* resulting in greater dependence on extra budgetary resources for financing capital expenditure.

Internal resources in IR mainly comprised earning from freight and Passenger earning. The total receipts decreased by 19 *per cent* as compared to 2019-20 mainly due to decline in passenger earnings and other coaching earnings. The freight earnings, however, increased by 3.30 *per cent* as compared to previous year. Coal was the major component in terms of both in terms of loading and earnings.

The loss on operation of passenger and other coaching services had increased as compared to previous year. The entire profit from freight traffic was utilized to compensate the loss on operation of passenger and other coaching services. The loss of ₹ 54,917 crore in passenger operations was left uncovered during 2020-21.

The total expenditure of IR, though decreased by 8.6 *per cent* in 2020-21, the capital expenditure increased by 5 *per cent*. On the other hand, revenue expenditure decreased by 20 *per cent* during the year. IR incurred around 78 *per cent* of the total working expenses on staff cost, pension payments and lease hire charges on rolling stock.

The Operating Ratio (OR) was 97.45 *per cent* in 2020-21 against 98.36 *per cent* in 2019-20. Indian Railways could generate net surplus of ₹ 2,547.48 crore in 2020-21 as compared to ₹ 1,589.62 crore in 2019-20. However, appropriation of ₹ 79,398 crore to pension fund from 'special loan' provided in Union Budget for 'COVID related resource gap in 2020-21' was not considered for the OR. The loan was utilized for meeting the pension payment expenditure during 2020-21 and also to liquidate the adverse balance in the Pension Fund Account in 2019-20. The repayment of this special loan will commence from 2024-25 onwards.

The share of Extra Budgetary Resources in capital expenditure had increased by 26 *per cent*. Inadequate generation of internal resources had resulted in greater dependence on GBS and EBR. An amount of ₹ 11,948 crore was paid towards principal component of IRFC lease charges from GBS during 2020-21. IRFC had, as per their annual accounts for the year ended 31 March 2021, lease charges amounting to ₹ 1,65,568.99 crore receivable from Indian Railways.

Under provisioning, for depreciation resulted in piling up of 'throw forward' (renewal and replacement of over aged assets) works estimated at ₹ 94,873 crore up to 2020-21.

Summary of Audit findings

- ❑ Total Receipts decreased by 19.41 *per cent* mainly due to shortfall in passenger and other coaching earnings.
- ❑ Freight earning is heavily dependent on transportation of coal.
- ❑ Dependence on Extra Budgetary Resources increased by 56 *per cent* when compared with the year 2019 - 2020.
- ❑ Under-provisioning for depreciation resulted in piling up of renewal and replacement works.

1.10 Recommendation

Ministry of Railway may address the backlog of renewal of over-aged assets for efficient running of trains.

Chapter 2 - Financial Performance of Railway Commercial Undertakings

2.1 Introduction

This Chapter contains an overview of the financial performance of Railway Commercial Undertakings i.e Government Companies and Government controlled Companies, and Special Purpose Vehicles (SPVs) under the administrative control of the Ministry of Railways (MoR) for the year 2020-21.

Section 2(45) of the Companies Act, 2013, defines a Government Company as a company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary of a Government Company.

The Chapter also presents an overview of the financial performance of the seven SPVs²⁴.

2.2 Number of Railway Commercial Undertakings

As on 31 March 2021, there were 42 Railway Commercial Undertakings under the administrative control of MoR (*Annexure-I*). The 42 Railway Commercial Undertakings included 16 Railway Companies directly under the administrative control of MoR, 14 Subsidiaries, five Joint Ventures (JVs) and seven SPVs as detailed in Table 2.1:

Railway Commercial Undertakings	Working Railway Commercial Undertakings ²⁵	Non-working Railway Commercial Undertakings ²⁶	Total
Railway Companies ²⁷	13	3	16
Subsidiaries	13	1	14
Joint Ventures	5	-	5
Special Purpose Vehicles (PPP mode)	7	-	7
Total	38	4	42

These Railway Commercial Undertakings carry out various activities like execution of construction projects, financing, logistics services, consultancy,

²⁴ A Special Purpose Vehicle (SPV), is a subsidiary company of a larger established company that is used to alleviate any risk associated with the aforementioned parent company.

²⁵ The Railway Commercial Undertakings do not include Railway Sports Promotion Board which has been incorporated for promotion of sports activities and does not have any share capital.

²⁶ Non-working Railway Commercial Undertakings are those Undertakings which have ceased their operations-Burn Standard Corpn Ltd, Wagon India Ltd, Bharat Wagon & Engineering Ltd and Concor Last Mile Logistics Ltd.

²⁷ Railway Companies are under the direct administrative control of Ministry of Railways.

catering, hospitality, telecommunication, tourism etc. mainly relating to Indian Railways.

2.3 Summary of financial performance of Railway Commercial Undertakings as on 31 March 2021

The details of investment, profitability, dividend, share capital, etc. of the Railway Commercial Undertakings for the period from 2018-19 to 2020-21 are given in Table 2.2 (Company wise details in *Annexures 2 to 7*).

(₹ in crore)

(1) Paid-up Capital (Equity)	Government of India		43645
	Financial Institutions and Others		3225
	Central Government Companies		2990
	State Governments		1957
	State Government Companies		349
	Total (1)		52166
(2) Long Term Loans	Government of India		2753
	Financial Institutions and Others		354012
	Central Government Companies		7060
	State Governments		0
	State Government Companies		0
	Total (2)		363826
Total of paid-up capital and Long term loans	Total (1)+(2)		415992
Profitability	Profit	27 Companies	7627
	Loss	13 Companies	(-)560
	Zero profit	2 Companies	0
	Total		7067
Dividend	10 Companies		2799
Total Net worth (of 42 RPSUs)			94896
Return on Equity (in per cent)			7.45

(Source: Compiled from Financial Statements of Railway Commercial Undertakings)

From the above it can be seen that the amount of investment of equity and loans in Railway Commercial Undertakings (*Annexures 2 and 3*) as at the end of March 2021 was ₹ 4,15,992 crore. The Government of India contributed ₹ 43,645 crore (83.67 per cent) in the paid up share capital of Railway Commercial Undertakings. The remaining paid-up share capital was contributed by Financial Institutions (6.18 per cent), Central Government Companies (5.73 per cent) and State Government / State Government companies (4.42 per cent).

The total paid-up share capital of the Railway Commercial Undertakings had increased by ₹ 15,435 crore, from ₹ 36,730 crore in 2018-19 to ₹ 52,166 crore in 2020-21. The increase was mainly due to increase in share capital in the following Railway Commercial Undertakings viz, National High Speed Rail Corporation Limited - ₹ 7,125 crore, Dedicated Freight Corridor Corporation of India Limited (DFCCIL) - ₹ 3,308 crore, Indian Railway Finance Corporation Limited (IRFC) - ₹ 3,688 crore, Haridaspur Paradeep Railway Company Limited - ₹ 473.66 crore,

Angul Sukinda Railway Limited - ₹ 178.60 crore, Konkan Railway Corporation Limited - ₹ 232.29 crore, Indian Railway Stations Development Corporation Limited - ₹ 148.40 crore, Fresh and Healthy Enterprises Limited - ₹ 56 crore, Ircn Devanagere Haveri Highway Limited - ₹ 60 crore.

97.30 per cent total Long-Term Loans (₹ 3,63,826 crore) as on March 2021 were mainly from Financial Institutions & Others (₹ 3,54,012). The remaining 2.70 per cent of the Long-Term Loans were from GoI - ₹ 2,753 crore and Central Government Companies - ₹ 7,060 crore. The Long-Term Loans from Financial Institutions & Others were invested in IRFC (₹ 3,15,494 crore), DFCCIL (₹ 27,310 crore), Kolkata Metro Rail Corporation Limited (₹ 3,370 crore) and Konkan Railway Corporation Ltd (₹ 2,681 crore).

The Long Term Loans had increased from ₹ 1,98,585 crore in 2018-19 to ₹ 3,63,826 crore in 2020-21. The increase was mainly on account of increase in borrowings by IRFC (₹ 1,46,967 crore) and DFCCIL (₹ 12,007 crore).

The overall Profit had increased from ₹ 6,141 crore in 2018-19 to ₹ 7,067 crore in 2020-21 (*Annexure-4*).

Out of 42 Railway Commercial Undertakings, 27 Railway Commercial Undertakings had earned a profit of ₹ 7,627 crore during 2020-21 and 13 Railway Commercial Undertakings had incurred total loss of ₹ 560 crore.

Three Railway Commercial Undertakings (Wagon India Limited, Burn Standard Company Limited and Bharat Wagon & Engineering Limited) were under liquidation. The liquidation process of CONCOR Last Mile Logistics Limited had been initiated before commencement of its business and as of March 2022, its name had been struck off from the Register of Companies. (**Refer to Para No. 2.9**).

2.4 Investment of Government of India in Railway Commercial Undertakings, as shown in the Financial Statements of the Companies, and as shown in Statement 11 of the Union Government Finance Accounts

A comparison of investment figures of Government of India in the Share Capital of Railway Commercial Undertakings as shown in the Financial Statements of the respective Railway Commercial Undertakings with Statement 11 of the Union Finance Accounts for three years ending 2020-21, revealed that the investment figures shown in the Financial Statements (of seven Railway Commercial Undertakings) did not match the investment figures depicted in Statement 11 of the Union Finance Accounts

It was also noticed that the number of Government shares shown in the Balance Sheets of the Railway Commercial Undertakings (detailed in *Annexure-5 (B)*) did not match the number of shares mentioned in Statement 11 of the Union Government Finance Accounts during the period from 2018-19 to 2020-21. In

respect of CONCOR, the value per share was ₹ 5 as per the Balance Sheet of the company, whereas in Statement 11, the value per share was shown as ₹ 10.

The difference in investment figures as per Statement 11 of the Union Government Finance Accounts and Financial Statements of Railway Commercial Undertakings, which was ₹ 13,866.62 crore in 2018-19, increased to ₹ 33,643.15 crore in 2020-21. The details of differences in investment figures (understatement/overstatement) in respect of each Railway Commercial Undertaking are given in **Annexure 5 A**.

The discrepancy in the Statement 11 of the Union Government Finance Accounts and audited financial statements of the concerned entities was being consistently highlighted in C&AG's Reports (Para 2.4.3 Report No. 7 of 2021, Para 2.4.2 of Report No. 4 of 2020, Para 2.7 of Report No 2 of 2019) and earlier reports on the Union Government Accounts. Previously, this issue was also highlighted in Para No 3.4.1 of the C&AG's Report No. 3 of 2012 on Railway Finances.

No action had been taken to remove the discrepancies, and to ensure accuracy and completeness of the details contained in Statement 11 of the Union Government Finance Accounts, despite being pointed out in C&AG's Reports.

2.4.1 Non-allotment of shares in lieu of OFC Assets by Railtel Corporation of India Ltd (RCIL) to MoR

Ministry of Railways entered (7th December 2001) into a MoU with Railtel Corporation of India Limited (RCIL) detailing the terms and conditions of the working arrangement between the Railways and RCIL, assets to be transferred to RCIL, facilities to be provided by Railways for the functioning of RCIL, the services to be provided by RCIL to the Railways etc., and also to draw an arrangement between RCIL & Railways.

In pursuance of the MoU, an agreement was entered (July 2003) into between MoR and RCIL which was subsequently revised in September 2006.

As per Para 11.3 of the agreement (September 2006), OFC assets that have been commissioned or are in the process of commissioning shall be transferred to RCIL in lieu of issue of equity by RCIL to Railways. It was also agreed that 'Optical Fiber Cable Assets shall be transferred to RCIL in lieu of issue of equity by RCIL to the Railways at par against the valuation of such Assets till Railway's equity in RCIL reaches 51 *per cent* of Authorized Capital (₹ 1,000 crore).

Audit observed that during the period September 2009 to November 2016, Western Railways handed over OFC/Composite Cable valued at ₹ 32.77 crore to RCIL. However, RCIL had not issued shares equivalent to the value of OFC assets transferred by MoR till April 2022. Consequently, enhanced dividend due to increase in net-worth was also not paid by RCIL.

The issue was raised (August 2021) with RCIL and Railway Board. The Management of RCIL stated (September 2021) that 11 OFC Assets have been

handed over to them by Railways for maintenance purpose, of which four OFC sections were having composite cable which is maintained by Western Railway. Only some OFC fibers were utilized by RCIL for which it was paying maintenance charges to the Railways. However, Railway Board in their reply (February 2022) stated that RCIL has been advised to immediately issue equity to Railways and also pay accrued dividend together with other gains.

No equity was issued by RCIL so far (March 2022).

2.5 Profit earned and Dividend paid by Railway Commercial Undertakings

The details of Profit earned and dividend paid by the Railway Commercial Undertakings during 2019-20 and 2020-21 are given in *Annexure-6*.

2.5.1 Profitability of Railway Commercial Undertakings

Out of the total 42 Railway Commercial Undertakings, 27 Railway Commercial Undertakings (12 Railway Companies, 6 subsidiaries, 5 JVs and 4 SPVs) earned profit during the year 2020-21 (*Annexure-4*).

Seven Railway Commercial Undertakings earned a profit of ₹ 100 crore or more every year during last three years from 2018-19 to 2020-21 as detailed in **Table 2.3**:

Sl. No.	Name of the Railway Commercial Undertaking	Profit earned		
		2018-19	2019-20	2020-21
1	Indian Railway Finance Corporation Limited	2254.75	3692.42	4416.13
2	Rail Vikas Nigam Limited	606.59	789.86	940.55
3	Container Corporation of India Limited	1215.41	375.78	503.33
4	RITES Limited	444.65	596.39	424.35
5	IRCON International Limited	444.68	489.79	404.56
6	Indian Railway Catering and Tourism Corporation Limited	308.56	528.57	189.9
7	Rail Tel Corporation of India Limited	109.8	138.35	140.41

Seven out of 16 Railway Companies had earned a profit of ₹ 100 crore or more every year during 2018-19 to 2020-21. One SPV viz Kutch Railway Company Limited had earned profit of ₹ 100 crore or more in two years (2018-19 and 2020-21).

The profit of Container Corporation of India Limited, RITES Limited, Indian Railway Catering and Tourism Corporation Limited and IRCON International Limited, decreased during 2020-21 as compared to 2018-19 and 2019-20. Container Corporation of India Limited registered significant (58.59 per cent)

decrease of profit from ₹ 1,215.41 crore in 2018-19 to ₹ 503.33 crore 2020-21. This decrease in profit was mainly attributable to provision of ₹ 861.05 crores for amount receivable on account of benefit under Service Export from India Scheme (SEIS) and ₹ 20.58 crores for impairment loss of Investment in M/s Fresh & Healthy Enterprises Limited, a wholly owned subsidiary of CONCOR during 2019-20.

2.5.2 Railway Commercial Undertakings which incurred losses during current year despite earning a profit during the previous years

The following five Railway Commercial Undertaking had incurred losses during the year 2020-21 despite earning a profit during the previous years:

Table 2.4: Railway Commercial Undertakings which incurred losses in current year despite earning a profit during the previous years				
(₹ in crore)				
Sl. No.	Name of the Railway Commercial Undertaking	2018-19	2019-20	2020-21
1	Burn Standard Company Limited	192.52	47	(0.14)
2	Konkan Railway Corporation Limited	99.73	3.84	(366.41)
3	CONCOR Air Limited	0.04	7.2	(2.93)
4	High Speed Rail Corridor Corporation Ltd (renamed as HSRC Infra Company Limited)	0.04	0.04	(0.21)
5	Hassan Mangalore Rail Development Corporation	25.58	21.48	(32.04)

(Figures in brackets indicate losses)

The reasons for these companies incurring losses during the year 2020-21 were analyzed, and it was observed that:

- Burn Standard Corporation Limited is under liquidation.
- Konkan Railway Corporation Limited incurred loss in 2020-21, due to COVID-19 related issues.
- CONCOR Air Limited (CAL) incurred losses during 2020-21, as the agreement for Operations and Management of the International Cargo Facilities ended during the year 2018-19.

CAL incurred loss from operations amounting to ₹ 0.40²⁸ crore in the financial year 2019-20 also. The profit of CAL amounting to ₹ 7.2 crore, for the year 2019-20 was due to an exceptional item viz, 'Write back of provision of international segment' amounting to ₹ 10.28 crore.

²⁸ Recalculation of figure –{Profit – ₹ 7.20 crore Less- Exceptional item –₹10.28 crore Add: Tax relating to exceptional item ₹2.68 crore=₹0.40 crore}

- HSRC Infra Company Limited had not awarded/allocated any project during this period.
- Hassan Mangalore Rail Development Corporation Limited incurred loss during the year 2020-21, due to non-movement of coal, and due to decrease in movement of cement.

2.5.3 Loss making Railway Commercial Undertakings during three years

The following three Railway Commercial Undertakings continued to incur losses during the last three years:

Table 2.5: Loss making Railway Commercial Undertakings (₹ in crore)				
Sl. No.	Name of the Railway Commercial Undertaking	2018-19	2019-20	2020-21
1	IRCON PB Tollway Limited	(2.12)	(17.18)	(21.38)
2	IRCON Shivpuri Guna Tollway Limited	(30.61)	(30.83)	(14.06)
3	Fresh and Healthy Enterprises Limited	(8.39)	(6.45)	(4.84)

Reasons for incurring continuous losses by the above three Railway Commercial Undertakings were analysed and the following was observed:

1. Fresh and Healthy Enterprises Limited incurred losses since its incorporation. However, losses of FHEL decreased from ₹ 8.39 crore (2018-19) to ₹ 4.84 crore (2020-21) due to increase in revenue from operation.
2. Due to COVID 19 lockdown, toll revenues of IRCON PB Tollway Limited and IRCON Shivpuri Guna Tollway Limited were affected, resulting into losses during 2020-21.

2.5.4 Payment of Dividend by Railway Commercial Undertakings

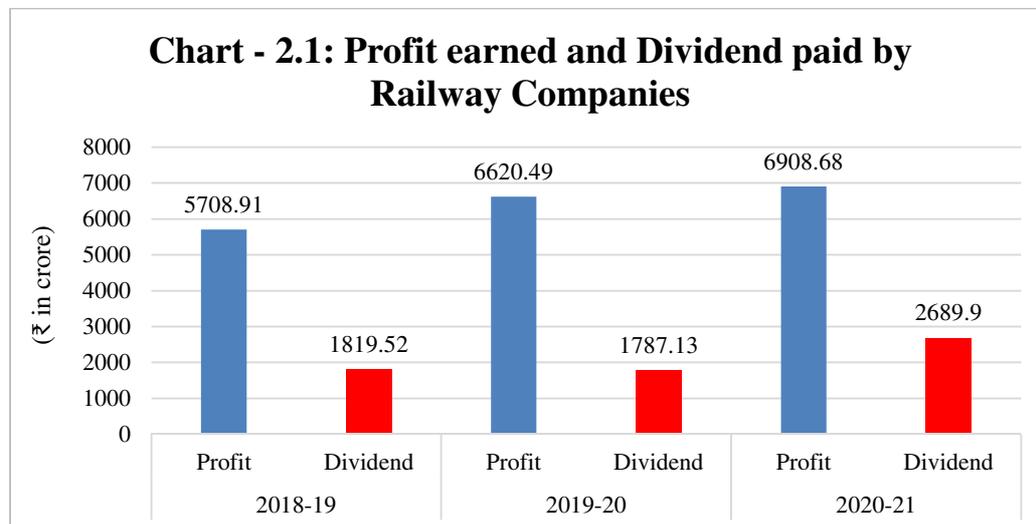
The details of profit earned and dividend paid by the Railway Commercial Undertakings during 2018-19 to 2020-21 are given in *Annexure-6*.

It was noticed that 27 Railway Commercial Undertakings had earned profit (₹ 7,627 crore) out of which only 10²⁹ Railway Commercial Undertakings had declared dividend (₹ 2,799.47 crore). In comparison, 31 Railway Commercial Undertakings had earned a profit of ₹ 7,061.07 crore during 2019-20 out of which 11 Railway Commercial Undertakings had declared dividend (₹ 1,858.20 crore). During 2018-19, 31 Railway Commercial Undertakings earned a profit of ₹ 6238.15 crore out of which 11 Railway Commercial Undertakings declared dividend (₹ 1,891.16 crore).

²⁹ CONCOR, IRCTC, IRCON International Ltd., IRFC, RITES Ltd., RVNL, RailTel Corporation of India Limited, Railway Energy Management Company Limited, Kutch Railway Company Limited, and Pipavav Railway Corporation Limited.

2.5.4.1 Non-compliance with DIPAM Guidelines for payment of dividend by Railway Companies

The details of profit earned and dividend paid by profit making Railway Companies during 2018-19 to 2020-21 is given in Chart 2.1 below:



Department of Investment and Public Assets Management (DIPAM) issued instructions (May 2016) that every CPSE would pay a minimum annual dividend of 30 *per cent* of Profit after Tax or five *per cent* of net worth, whichever is higher, subject to the maximum dividend permitted under the extant legal provisions. The details of dividend due and paid by various Railway Companies in 2020-21 is given in *Annexure-7*. Audit observed that:

- Out of 12 profit earning Railway Companies only five³⁰ Railway Companies complied with the above instructions and paid dividend as stipulated in these guidelines, during 2020-21.
- One Railway Companies, viz. Container Corporation of India had not paid dividend in accordance with the above instructions.
- Five³¹ Railway Companies had not paid any dividend, as these companies were either exempted from payment of dividend by DIPAM (DFCCIL), or had accumulated losses (Braithwaite and Company Limited) or were exempted from payment due to other reasons (Mumbai Rail Vikas Corporation and Bharat Wagon & Engineering Limited).
- NRTU Foundation has been registered under section 8 of Companies Act, which prohibits the payment of any dividend to its members.

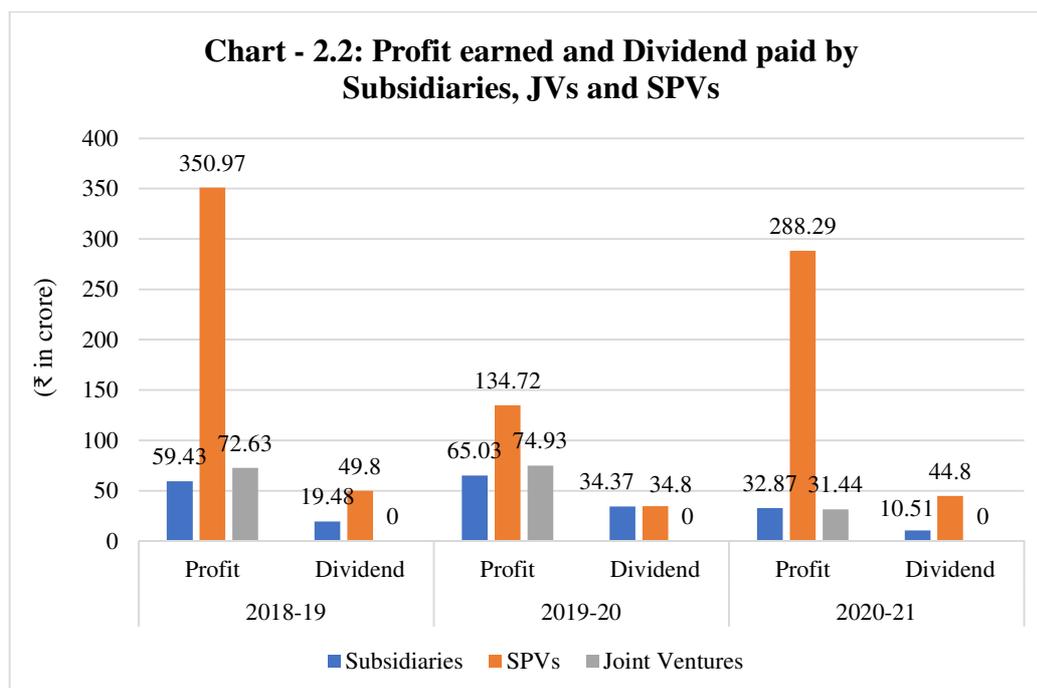
³⁰ Indian Railway Catering and Tourism Corporation Limited, IRCON International Limited, Rail Vikas Nigam Limited, RailTel Corporation of India Limited and RITES Limited

³¹ Dedicated Freight Corridor Corporation Limited, Braithwaite and Company Limited, Bharat Wagon, Engineering Limited and Mumbai Rail Vikas Corporation and Indian Railway Finance Corporation Limited.

2.5.4.2 Non-compliance with DIPAM guidelines on Payment of Dividend by Subsidiaries, JVs and SPVs

DIPAM instructed³² all Administrative Ministries/Departments to take steps to ensure payment of dividend by subsidiaries/JVs of CPSEs. However, MoR had not issued any instructions to Railway Companies under their Administrative control for payment of dividend by their subsidiaries/JVs.

The details of profit earned and dividend paid by Subsidiaries, JVs and SPVs are given in Chart 2.2 below:



- Only one Subsidiary (Railway Energy Management Company Limited) out of 14 Subsidiaries had declared a dividend of ₹ 10.51 crore, though six Subsidiaries had earned profit of ₹ 32.87 crore during 2020-21.
- None of the JVs out of five had declared dividend during 2020-21 though JVs had earned a profit of ₹ 31.44 crore.
- Only two SPVs out of seven had declared a dividend of ₹ 44.8 crore though four SPVs had earned a profit of ₹ 288.29 crore.

2.6 Market Capitalization of Equity Investment

‘Market Capitalization’ is the market value of the shares of a publicly traded company that is listed on stock exchanges’. As on 31 March 2021, shares of the following seven Railway Commercial Undertakings Companies were listed on the various stock exchanges in India.

- Container Corporation of India Limited (listed since May 1997);
- RITES Limited (listed in July 2018);

³² vide its OM dated 01.02.2018

- IRCON International Limited (listed in September 2018);
- Rail Vikas Nigam Limited (listed in April 2019);
- Indian Railway Catering and Tourism Corporation Limited (listed in October 2019);
- RailTel Corporation of India Limited (listed in February 2021); and
- Indian Railway Finance Corporation Ltd. (listed in January 2021)

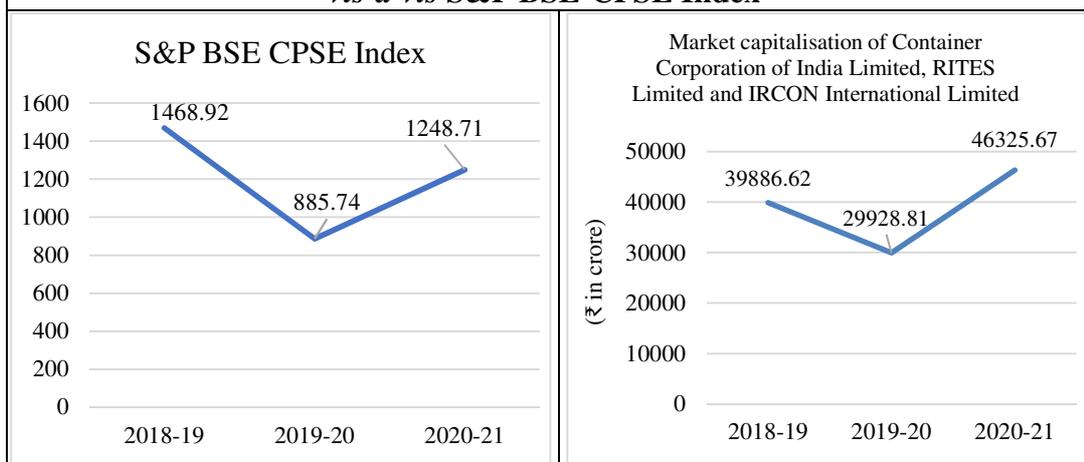
The total market capitalization of the shares of these Railway Commercial Undertakings, as on 31 March 2021, was ₹ 1,14,500.89 crore (*Annexure-8*), which was 236 *per cent* more than the market capitalisation as of 31 March 2020. The position of market capitalization of Railway Commercial Undertakings is given in Table 2.6

Railway Commercial Undertakings	As on 31 March 2019	As on 31 March 2020	As on 31 March 2021	Change in 2021 w.r.t. 2019 (in per cent)
1	2	3	4	5=4-2/2*100
Container Corporation of India Limited	31,966.92	20,195.06	36,390.10	13.84
RITES Limited	4144.80	6,148.75	5,782.82	39.52
IRCON International Limited	3775.70	3,585.00	4,152.75	9.99
Rail Vikas Nigam Limited	NA	2,689.68	6,067.41	-
Indian Railway Catering and Tourism Corporation Limited	NA	15,718.00	28,112	-
RailTel Corporation of India Limited	NA	NA	4,069.02	-
Indian Railway Finance Corporation Limited	NA	NA	29,926.86	-
Total	39887.42	48336.49	114500.95	

(Source: Compiled from Financial Statements of the Railway Commercial Undertakings)

Trend of total market capitalisation of three Railway Companies i.e. Container Corporation of India Limited, RITES Limited and IRCON International Limited for the last three years vis-à-vis S&P, BSE-CPSE Index is depicted in Chart 2.3.

Chart 2.3: Trend market capitalisation of three Railway Companies vis-à-vis S&P BSE-CPSE Index



(Source: S&P BSE CPSE Index values compiled from the website of BSE).

From the above, it can be seen that the trend of total market capitalisation of three Railway Companies i.e. CONCOR, RITES and IRCON for the last three years during 2018-19 to 2020-21 was similar to S&P BSE-CPSE Index. The market value of shares of CONCOR had increased from ₹ 524.65 (2018-19) to ₹ 597.25 (2020-21) after recovering from dip in share value in 2019-20 (₹ 331). However, the value of shares had increased from ₹ 207.24 (2018-19) to ₹ 240.65 (2020-21) in respect of RITES Limited and had decreased from ₹ 397.05 (2018-19) to ₹ 88.30 (2020-21) respectively in case of IRCON International Limited.

2.7 Operating efficiency of Railway Commercial Undertakings

2.7.1 Current Ratio

The current ratio is a liquidity ratio that measures a company's ability to pay its short-term obligations – those due within a year. Current Ratio is the ratio of Current Assets to Current Liabilities. The current ratio is generally considered healthy and acceptable, if it is between 1.5 and 3, depending upon the type of industry. A ratio value lower than 'One' may indicate liquidity problems for the company, though the company may still not face an extreme crisis if it is able to secure other forms of financing. A ratio over 3 may indicate that the company is not using its current assets efficiently or is not managing its working capital properly.

The details of Current Ratio in respect of each Railway Commercial Undertaking are given in *Annexure-12*. From the details it can be seen that the Current Ratio was lower than One in 12 Railway Commercial Undertakings. Two of these 12 Companies were under liquidation (Wagon India Ltd. and CONCOR Last Mile Logistics Limited, and operations of IRCON Gurugram Rewari Expressway Limited had not started. In case of the remaining nine Railway Commercial Undertakings (Angul Sukinda Railway Limited, DFCCIL, IRCON PB Tollway Limited, IRFC, IRCON Shivpuri Guna Tollway Limited, Krishnapatnam Rail Company Limited, Kutch Railway Company Limited, Punjab Logistics

Infrastructure Limited and Surat Integrated Transportation Development Corporation Limited, current ratio below 'One' indicated liquidity problems for these companies.

2.7.2 Return on Capital Employed (ROCE)

ROCE is a ratio that measures a company's profitability and efficiency with which its capital is employed. ROCE is calculated by dividing a Company's earnings before interest and taxes (EBIT) by the Capital Employed³³.

From the details of ROCE given in *Annexure-12*, it can be seen that during 2020-21, the ROCE of Railway Commercial Undertakings ranged between (-) 15.33 per cent (Fresh and Healthy Enterprises) and 24 per cent (RITES Limited). The ROCE was more than 10 per cent in respect of RailTel Corporation Limited (10.09 per cent), RITES (24.20 per cent), RailTel Enterprises Limited (23.96 per cent), SAIL RITES Bengal Wagon Industries Limited (18.37 per cent), National High Speed Rail Corporation Limited (19.85 per cent), Braithwaite Company Limited (19 per cent), Indian Railway Catering and Tourism Corporation Limited (12.95 per cent) and Rail Vikas Nigam Limited (18.94 per cent). 11³⁴ Railway Commercial Undertakings (Konkan Railway Corporation Limited, Fresh and Healthy Enterprises, Sidcul Concor Infra Company Ltd, IRCON PB Tollway Limited, Shivpuri Guna Tollway Limited, High Speed Rail Corridor Corporation Limited, Bharuch Dahej Railway Company Limited, Krishnapatnam Rail Company Limited, CONCOR Air Limited, Punjab Logistics Infrastructure Limited and Hassan Mangalore Rail Development Company Limited) had negative ROCE.

2.7.3 Return on Equity (ROE)

Return on Equity (RoE)³⁵ is a measure of financial performance of companies calculated by dividing net income by shareholders' equity. RoE of Railway Commercial Undertakings during the period from 2018-19 to 2020-21 is given in *Annexure- 9* and consolidated position is given in Table-2.7:

	2018-19	2019-20	2020-21
Railway Companies	10.11	9.06	8.98
Subsidiaries	0.18	0.87	(-)1.75
SPVs	7.24	1.66	2.64
Joint-Ventures	2.44	0.94	0.28
Total	9.36	7.82	7.45

(Source: Compiled from Financial Statements of the Railway Commercial Undertakings)

³³ Capital employed=Paid up Capital + Free Reserves and Surplus +Long Term Loans - Accumulated Losses - Deferred Revenue Expenditure.

³⁴ Excluding CONCOR Last Mile Logistics Limited, which has been struck off from Register of Companies.

³⁵ Return on Equity = (Net Profit after Tax and preference Dividend/Equity)*100 where Equity = Paid up Capital + Free Reserves – Accumulated Loss – Deferred Revenue Expenditure

It can be seen that the RoE of Railway Commercial Undertakings had steadily decreased from 9.36 per cent in 2019-20 to 7.45 per cent in 2020-21. The decrease was largely due to decrease in RoE of Railway Companies which had registered a decline of RoE from 10.11 per cent during 2018-19 to 8.98 per cent during 2020-21.

2.7.4 Earning Per Share (EPS)

Earnings Per Share (EPS) is a Company's net profit divided by the number of common shares it has outstanding. EPS indicates how much money a Company makes for each share of its stock, and is a widely used metric for estimating corporate value.

EPS of the Railway Commercial Undertakings is given in **Annexure-12**. It can be seen that during 2020-21, the EPS of Railway Commercial Undertakings ranged between (-) ₹ 267.85 (Konkan Railway Corporation Limited) to ₹ 930.10 (Mumbai Vikas Corporation Limited). EPS of 38 Railway Commercial Undertakings was below ₹ 10 and in four Railway Commercial Undertakings, the EPS was above ₹ 10. During the year 2020-21, the EPS was either zero or less than zero in respect of 13³⁶ Railway Commercial Undertakings Burn Standard Company Limited, Kolkata Metro Rail Corporation Limited, Konkan Railway Company Limited, CONCOR Air Limited, Fresh and Healthy Enterprises Limited, Sidcul CONCOR Infra Company Limited, IRCON PB Tollway Limited, IRCON Shivpuri Guna Limited, High Speed Rail Corridor Corporation Limited, Bharuch Dahej Railway Company Limited, Krishnapatnam Rail Company Limited, Hassan Mangalore Rail Development Company Limited and NRTU Foundation.

2.7.5 Comparative Operating efficiency of One Railway Commercial Undertakings with similar Companies

The operating efficiency of Indian Railway Finance Corporation Limited was compared with similar companies. The comparison revealed the following:

2.7.5.1 Comparison of IRFC with REC and PFC

Indian Railway Finance Corporation (IRFC) was set up in December 1986, as the dedicated financing arm of the Indian Railways for mobilizing funds from domestic as well as overseas Capital Markets. The primary objective of IRFC is to meet the predominant portion of 'Extra Budgetary Resources' (EBR) requirement of the Indian Railways through market borrowings at competitive rates and terms. The Company's principal business is to borrow funds from financial markets to finance the acquisition / creation of assets, which are then leased out to the Indian Railways. As of March 2021, IRFC had borrowed funds to the tune of ₹ 1, 04,369 crore. Performance of IRFC as compared with other Non- Banking Finance

³⁶ Does not include Bharat Wagon & Engineering Limited, Wagon India Limited which are under liquidation. This also does not include IRCON Gurgaon Rewari Expressway Ltd which is yet to start its operations.

Companies i.e Rural Electrification Corporation Limited (REC) & Power Finance Corporation Ltd (PFC) is given in Table 2.8:

Table 2.8: Comparison of performance of IRFC with other non-banking finance companies												
Name of the Company	Weighted average Cost of Borrowing			Profit (₹ in Crore)			EPS			Dividend Per Share (DPS)		
	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
IRFC	8.2	7.37	6.51	2255	3692	4416	3.43	3.4	3.66	0.43	0.42	1.05
REC	7.96	6.70	5.89	5764	4886	8362	29.18	24.74	42.34	11	11	12.71
PFC	7.95	7.79	7.48	6953	5655	8444	26.34	21.42	31.98	0	9.5	10

It will be seen from the table above that the performance of IRFC on these parameters was mostly bettered by the other two similar companies, during the three years under consideration. The weighted average cost of borrowing of IRFC was higher than REC in all the three years, whereas EPS, Profit and DPS of IRFC was lower than REC and PFC during all three years.

MoR in its reply (June 2022) stated that IRFC's average tenor of borrowings are Long Term which is generally matched with the longer tenor of lease rentals (15 years).

The performance of IRFC was compared with REC and PFC based on figures given in Annual Reports of these Companies which revealed that average cost of borrowing of IRFC was higher than REC in three years.

2.8 Special Purpose Vehicles of Railways

The Railway Commercial Undertakings include seven Special Purpose Vehicles (SPVs) created for providing port connectivity. Two SPVs were formed by MoR and five³⁷ SPVs were undertaken by RVNL under National Rail Vikas Yojana as detailed in *Annexure 11*. The share holding pattern of these SPVs is given in *Annexure 13*. The financial performance of the seven SPVs is given in Table 2.9:

Table 2.9: Financial Performance of SPVs (₹ in crore)							
Sr. No.	Name of the SPV	Revenue from operations			Profit after Tax		
		2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
1	Kutch Railway Company Limited	1188.03	1419.77	1473.86	157.94	30.21	222.74
2	Haridaspur Paradip Railway Company Limited	384.57	345.51	311.26	0.42	0.49	38.83

³⁷ Kutch Railway Company Limited, Haridaspur Paradip Railway Company Limited, Angul Sukinda Railway limited, Krishnapatnam Rail Company Limited and Bharuch Dahej Rail Company Limited.

3	Angul Sukinda Railway Limited	238.22	303.08	539.62	2.25	0.28	0.7
4	Krishnapatnam Rail Company Limited	742.09	425.13	212.19	72.93	-48.59	-106.52
5	Pipavav Railway Corporation Limited	291.09	375.29	295.28	85.61	82.27	26.02
6	Hassan Mangalore Rail Development Corporation	159.08	106.85	101.66	25.58	21.49	-32.04
7	Bharuch Dahej Rail Company Limited	83.49	42.41	32.77	6.27	-10.8	-1.57
	Total	3086.57	3018.04	2966.6	351	75.35	148.16

Review of the financial performance of the seven SPVs revealed that the overall Profit after Tax of the SPVs had decreased in three years from ₹ 351 crore (2018-19) to ₹ 148.16 crore (2020-21). However, the profitability of Kutch Railway Company Limited and Haridaspur Paradip Railway Company Limited had shown an increasing trend.

Noticeable decrease in profitability was observed in Krishnapatnam Rail Company Limited as the Profit had decreased from ₹ 72.93 crore (2018-19) to a loss of ₹ 106.52 crore (2020-21). One of the reasons for the substantial decrease in profits was that the element of terminal costs of total freight, which is a significant component, was not being apportioned to KPRCL, as is discussed in **Para No. 2.8.2** below.

2.8.1 Delay in completion of projects

MoR created two SPVs (Pipavav Railway Corporation Limited and Hassan Mangalore Rail Development Corporation) for providing rail-based port connectivity. The remaining five SPVs were set up by RVNL to implement projects sanctioned under National Rail Vikas Yojana (NRVY). The projects set-up under NRVY were to be completed within a period of five years. Three projects out of the seven projects undertaken by SPVs were completed after a delay of more than five years.

One project implemented by Angul Sukinda Railway Company which was scheduled to be completed in May 2010 had not been completed till date (March 2021) i.e. a delay of more than 11 years. Due to delay in completion of the project due change in scope and other reasons, the cost of the project had been revised from ₹ 1,052 crore to ₹ 2,491.05 crore resulting into cost overrun of 136.79 per cent.

The purpose of executing the projects through SPV mode was to take advantage of the assured funding and to ensure timely execution of the project. Non-completion of the projects on time defeated the purpose of executing the project (s) through SPV mode.

2.8.2 Non-apportioning of terminal costs by South Central Railway to KPRCL

Krishnapatnam Railway Company Limited (KPRCL), a SPV of RVNL, was incorporated in October 2006, for developing, financing, designing, engineering, procuring, construction, operations and maintenance of a 114-kilometre port connectivity project, the Krishnapatnam – Obulavaripalle New Rail Line.

Phase-I³⁸ of the project was operationalised in November 2008. KPRCL, serving Krishnapatnam port, comes under the jurisdiction of Vijayawada Division of South Central Railway. The Railways charge terminal cost for the efforts such as marketing for acquiring traffic, planning/movement of traffic, etc.

Contrary to provisions of the Concession Agreement, South Central Railway did not apportion the element of terminal costs of ₹ 475.27 crore to KRCL during the period between November 2008 and August 2017.

However, another Zonal Railway viz Western Railways shared the terminal cost with the respective SPVs (Pipavav Railway Corporation Limited and Kutch Railway Company Limited). Thus, outstanding dues to KRCL amounting to ₹ 475.27 crore were not settled as on March 2021. The matter was under arbitration (March 2022).

2.9 Sick Railway Commercial Undertakings

Bharat Wagon and Engineering Limited (BWEL)

BWEL was incorporated in December 1978, after taking over two sick private sector companies. It was referred to the Board for Industrial and Financial Reconstruction (BIFR) in December 2000 and declared sick in 2002. In spite of the support provided to BWEL by MoR, the company continued to remain sick due to various reasons such as marginal profits for manufacturing of wagons due to high cost of manufacturing, non-cooperation of staff to ensure productivity, manufacturing of a small number of wagons due to various constraints including supply of components, on account of limited availability of working capital with the Company.

The Cabinet Committee on Economic Affairs (CCEA) approved closure of the Company on 23/8/2017 and a One-Time Financial Grant of ₹ 151.18 crore was sanctioned out of which ₹ 120 crore was released (7 June 2018) to the Company for VRS/VSS package and settlement of employees and other outstanding liabilities. The process of closure was to be completed within fifteen months of zero date³⁹ (25/8/2017). CCEA approval stipulated that proceeds of disposal of movable and immovable assets of BWEL viz plant and machinery, 66.62 acres of land at Muzaffarpur and Mokama Unit be used for repayment of financial grant

³⁸ *Laying of railway line of 24.5 Km from Krishnapatnam to Venkatachalam*

³⁹ *the issue of Minutes of approval for closure of BWEL by CCEA*

/advance provided by MoR for closure of the company and the remaining sale proceeds will be remitted to the Consolidated Fund of India. The timelines for closure of BWEL, for completion of all the processes was upto 24/11/2018.

However, the scheduled closure date was not achieved due to various reasons. Many employees approached the Courts challenging the retrenchment order etc. This took a longer period for settlement. Disposal of Assets also took a long time and to ensure early closure, MoR vide letter 2018/M (W)/814/37 dated 27/8/2019 advised the Company to transfer three parcels of land (64.57 acres) and prepare a list of assets and materials on as is where is basis for transfer to East Central Railway (ECR).

After completion of audit of accounts for the year 2020-21, the final approval of shareholders was obtained on 5/10/2021 to file application under Section 248(2) of the Companies Act, 2013 for removing its name from Register of Companies. An application has been submitted to ROC on 2/12/2021.

Audit observed that as per para 7.3 of the DPE Guidelines DPE/5(1)/2014-Fin. (Part) dated: 7/9/2016, if Assets are required by the Administrative Ministry for its own use, the same have be transferred to it at book value within 30 days from date of zero date i.e., 25/8/2017. However, the MoR decided to transfer the assets to East Central Railway on 27/8/2019, after a delay of 702 days.

Burn Standard Company Limited (BSCL)

BSCL came into existence in 1976. Due to continuous poor physical and financial performance of the Company for more than ten years, notwithstanding financial and other support provided by the Government of India (GoI) and also in view of the low probability of its revival in future, CCEA approved (4/4/2018) closure of the Company and approved a one-time financial grant of ₹ 417.10 crore towards severance package, for settlement of all creditors and the outstanding liabilities of the Company. As per the note (26/12/2017) to the Cabinet, the entire proceeds of sale of assets (including sale of lands) were to be remitted to the Consolidated Fund of India. However, the MoR decided (19/2/2020) that all immovable (Land and fixed assets) and movable assets of BSCL will be handed over to Eastern Railways (ER) and West Central Railway (WCR) on 'as is where is' basis in terms of Para 3.2.2 (c) of DPE guidelines dated 14/6/2018, for own use. The process of closure was to be completed within thirteen months of the issue of Minutes of approval for closure of BSCL by CCEA i.e by 3/5/2019. However, an application has been submitted to ROC on 7/04/2022 for removing the name of the Company from Register of Companies. The delay was due to litigation in NCLAT till May 2019 and thereafter litigation in Supreme Court (till 9/12/2021) regarding disposal of assets.

Audit observed that as per Para 3.2.2 (c) of DPE guidelines dated 14/6/2018, if Assets are required by the Administrative Ministry for its own use, the same may be transferred to it at book value within 30 days from date of zero date (date of

issue of minutes conveying the decision of CCEA i.e., 9/4/2018). However, MoR decided to transfer the assets to ER/WCR on 19/2/2020, after a delay of 681 days.

CONCOR Last Mile Logistics Limited (CLMML)

CLMML was incorporated as wholly owned subsidiary of CONCOR in January 2020 for development of goods sheds as Inter-Modal, Multi Modal Logistic Parks. Subsequently, MoR decided (August 2020) to invite open offers from the market for development and management of goods sheds. Consequently, the purpose of incorporation of CLMML became redundant and Board of Directors of the Company decided (February 2021) to dissolve the Company. The Company was yet to commence its business. The Company was under liquidation (March 2021). The name of the Company has been struck off (March 2022) from the Register of the Companies.

The draft Chapter 2 was issued (4 May 2022) to the MoR for confirmation of facts and figures. Facts and figures confirmed by MoR (till 22 June 2022) have been appropriately incorporated in the Chapter-2.

Summary of Audit findings

- **Figures of investment in share capital as depicted in the Financial Statements of the Railway Commercial Undertakings did not match the figures of investment in equity, as shown in the Union Government Finance Accounts.**
- **Railtel Corporation of India Ltd. had not issued shares in lieu of OFC Assets transferred to it by the Railways.**
- **The Current Ratio was less than 'one' in nine Railway Commercial Undertakings, indicating liquidity problems for these companies.**
- **Terminal costs in South Central Railway were not apportioned to Krishnapatnam Railway Company Limited.**
- **The project executed by Angul Sukinda Railway Limited, had been delayed by more than eleven years.**

2.10 Recommendations

Ministry of Railways may consider:

- i. Reconciliation of figures of investment in equity as shown in Union Government Finance Accounts and as shown in the Financial Statements of the Railway Commercial Undertakings.*
- ii. Apportioning the terminal costs to Krishnapatnam Railway Company Limited*

Chapter 3 - Pension Payment in Indian Railways

3.1 Introduction

Indian Railway (IR) is among the world's largest employers with work force of about 12.50 lakh employees across the country. In IR, retiring employees, their families and those who die while in service are provided retirement benefits including pension as provided and governed by the Railway Services (Pension) Rules, 1993. Employees appointed from 1 January 2004, enrolled, and governed with National Pension Scheme (NPS). IR maintains a Pension Fund for disbursement of current pension and also the accumulated liability on account of pension benefits to its employees.

3.2 Procedure for processing of pension and its disbursement

On receipt of pension papers received from the employees, necessary scrutiny is being carried out before authorisation of pension payment by the Principal Financial Advisor (PFA)/Financial Advisor and Chief Accounts Officer (FA&CAO) concerned. The Pension Payment Orders (PPOs) are sent to the Pension Disbursing Agencies (PDAs) - Public Sector Banks (PSBs)/Post Offices/Treasuries as applicable, for payment of pension. The Death cum Retirement Gratuity (DCRG) and commuted value of pension is paid directly to the pensioners by the Zonal Railways. After disbursement of pension, the PDAs submit reimbursement claims to Reserve Bank of India (RBI), Central Accounts Section (CAS), Nagpur. In turn, the RBI claims the pension disbursed by the PDAs with the Zonal Railways. After crediting the payments to pensioners account, PDAs send the scrolls (paid bills) to the Zonal Railways, in support of the debits raised by them against the PFA/FA&CAO concerned.

3.3 Background

The number of pensioners in IR as on 31 March 2018 was 15.36 lakh with pension liability of ₹ 45,275 crore. The expenditure towards pension had increased to ₹ 48,435 crore as on 31 March 2021. Thus, pensioners of IRs exceed its work force. IR has developed an application "Advanced Railway Pension Access Network" (ARPAN) for providing exhaustive information on pensioners and pension payment to its employees. The application inter-alia, assist in reconciling pension payment through banks. The monitoring and internal control in place had not been adequately strengthened to ensure timely processing of Pension Payment Order (PPO), correctness and genuineness of huge pension pay-outs.

In this background, this review was taken to assess whether authorization and disbursement of pension was carried out as per prescribed rules. The scope of audit covered detailed analysis of records relating to pension payments in eight ZRs.

Within each ZR, issues related to disbursement by 24 banks, 16 post offices and 12 treasuries were examined besides assessing the efficiency in internal control mechanism in place. The sample size selected for test check is detailed in **Appendix-A**.

3.4 Audit Objectives

The main objectives of the review were to assess whether -

- processing and authorization of pension were carried out as per prescribed rules and;
- disbursement of pension was carried out as per prescribed rules and internal control mechanism was efficient.

3.5 Sources of Audit Criteria

The criteria for conducting audit was derived from the following sources: –

- Railway Services Pension Rules (1993).
- Orders /Circulars/Notifications issued by Railway Board, Ministry of Finance, Department of Personnel and Training under Ministry of Personnel, Public Grievances and Pensions, Postal Accounts Manual and Reserve Bank of India.
- Indian Railway Financial code (Vol. I).
- Indian Railway code for the Accounts Department (Vol. I).

3.6 Audit Findings

Processing and authorization of Pension

3.6.1 Issue of Pension payment order

Pension Payment Order (PPO) is the basic document upon which pension is disbursed by PDAs. The details in the PPO should, therefore, be accurate to ensure that the entitled pension is paid to the pensioner. Railway Board instructed (April 2017) ZRs to issue e-PPOs in respect of pensioners opting for pension payment through PSBs covered in the e-PPO scheme. As the instructions of RB was not followed uniformly by ZRs, RB instructed (May 2018) ZRs to ensure that all PPOs drawn on the banks associated with e-PPO scheme are issued electronically.

Audit observed that –

- i. A total of 21,538 PPOs issued during 2020-21 for payment through banks. In respect of 4,361 cases⁴⁰, e-PPOs were not issued. The Railway

⁴⁰ CR – 2165, ER – 759, ECR – 520, NER – 624, SR – 99, SCR – 103, SWR – 2 and WR – 89

Administration stated that e-PPOs had not been issued in these cases due to technical issues, and non-supporting of e-PPOs by some banks. It was also stated that e-PPOs were not issued in respect of provisional pension and old family pension cases.

- ii. In four ZRs (CR, ECR, SR and SCR), there were delays in issue of five PPOs. The delays ranged between 62 days and 395 days.
- iii. Test check of bank scrolls pertaining to the eight ZRs for the month of June 2021 revealed 43 duplicate PPO numbers. In 38 cases⁴¹, PPO number was wrongly indicated. This indicated that the reconciliation by the ZRs is not effective.

Ministry of Railways admitted (June 2022) that there had been delay in implementation of e-PPO scheme at one go. They asserted that the scheme of e-PPO initially started with SBI and from Northern Railway from June 2020. Gradually all Zonal Railways and all PSBs were brought on the platform of e-PPO based on the technological developments in PSBs.

The reply of the Ministry did not address the audit observations regarding non-issue of e-PPO in respect of provisional pension and old family pension cases and existence of duplicate PPO numbers.

3.6.2 Revision of Pension

The revision of Pre-2016 pension was to be carried out for the pensioners by the ZRs concerned. In February 2019, Railway Board expressed concern over delay in revision of 1,14,069 pension cases. The status of revision of pension of pre-2016 pensioners were test checked. Audit observed that –

- i. Out of 7,40,361 pension/family pension cases due for revision as on 1 January 2016, 7,22,311 cases were revised and in 7,535 cases the revision was not carried out. In 10,515 cases, the revision process was not initiated even after over five years of implementation of 7th CPC recommendations.
- ii. In 24 out of 320 pension cases test checked, following deficiencies were noticed:
 - a) Incorrect 'Name of the employee', 'Name of the family pensioner', 'Name of spouse', 'Designation', 'End date for Enhanced Family Pension', 'Pay level in 7th CPC', 'Date of birth', 'Qualifying service', 'Cessation reason' etc.
 - b) 'Name of employee' 'Net qualifying service', 'Date of appointment', 'Amount of family pension', 'Date of birth of family pensioner', 'Date of effect for pension of retired employees above 80 years of age (additional quantum of pension) were not indicated in the PPO.

⁴¹ CR-1, ER-1, ECR-5, NER-6, SR-10, SCR-5 and SWR-10

- c) In one family pension case pertaining to SR, the 'Last pay drawn' was mentioned as ₹ 19,100 but pension was indicated as ₹ 1,02,800. In two PPOs (ECR)⁴², 'normal pension' was incorrectly shown as 'family pension' in the revised PPO.

The reply of the Ministry of Railways (June 2022) was just an explanation of what shall be done. Thus, reply of MoR is generic in nature and not specific to audit observations. Further Ministry is silent on the action taken on the issues flagged by Audit on inconsistencies in the PPOs.

3.6.3 Pension to employees switched over from National Pension Scheme (NPS) to old Railway pension facility

In July 2017, Railway Board instructed that any order for revision of pension/family pension sanctioned under the Central Civil Services Pension Rules 1972 would also be equally applicable to Railway pensioners covered under NPS who have been extended the benefits of old pension scheme. Further, employees who are discharged on invalidation/disablement and the family of the employees who have died during service shall exercise an option to switch over to the Railway pension scheme.

Before authorizing Railway Pension, the accumulated pension wealth is to be recovered from NSDL and credited to the Railway Pension Fund, if already not paid to the employee/family. In case, the employee/family had received the accumulated pension wealth, the same should be remitted to Railways.

Test check of 142 cases⁴³ out of 3084 NPS cases who switched over to Railway pension facility revealed the following:

- i. In ER, PPOs (nine cases) were issued before option for switching over to old Railway pension facility.
- ii. Revised PPOs was not issued in 12 cases (ER-5, SR-3 and SWR-4).
- iii. In 32 cases (ER-16, ECR-10 and WR-6), the pension/Family Pension was authorized before receipt of accumulated pension wealth.
- iv. The accumulated pension wealth was not received in 25 cases (NER-16, SCR-1, WR-8) from NSDL.
- v. In NER, the accumulated pension wealth ₹ 10 lakh (3 cases) was not received from the family pensioners.

Thus, the deficiencies in PPO resulted in delay in processing and authorising payment of pension. The procedure for issue of PPOs to authorise pension to employees opted for old Railway pension facility pension were not followed.

The reply of the Ministry of Railways (June 2022) is generic in nature and not specific to audit observations.

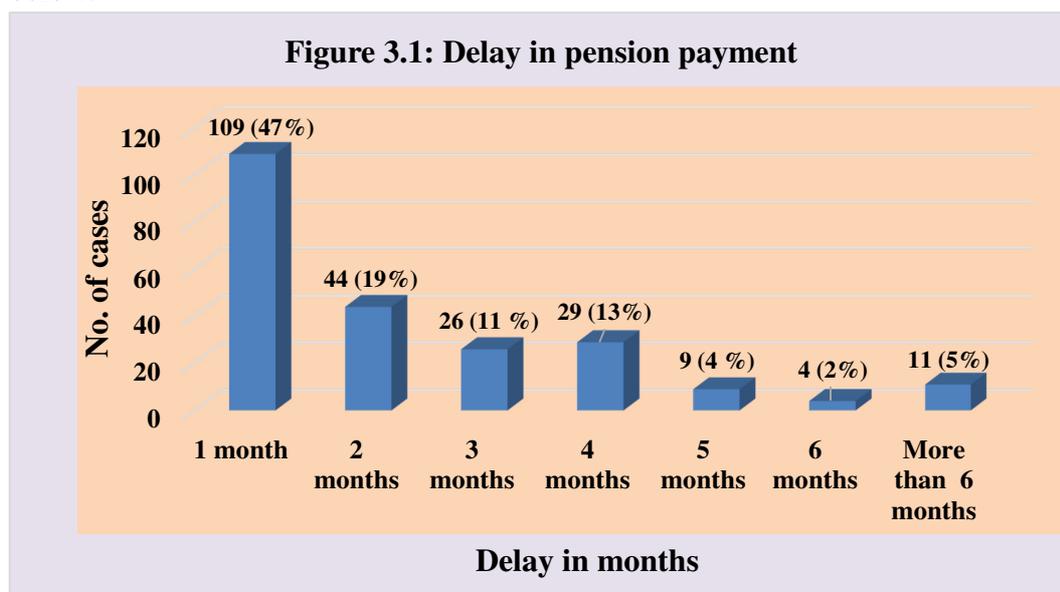
⁴² PPO No. 20097300300578, 20027300300394

⁴³ CR-15, ER-19, ECR-10, NER-25, SR-23, SCR-21, SWR-10, WR-19

3.6.4 Disbursement of Pension

3.6.4.1 Delay in commencement of first pension

Scrutiny of records with Physical verification of 396⁴⁴ PPOs issued during April 2021 in eight ZRs revealed that in 232⁴⁵ PPOs, there was delay in commencement of first pension ranging from one month to eight months as shown in figure 3.1 below:



Ministry of Railways replied that the timely commencement of pension is the responsibility of the Pension Disbursing Agencies (PDAs/Banks). They further stated that it was not feasible to chase up each and every case with various disbursing agencies to ensure timely commencement of pension.

The reply of the Ministry (June 2022) was not acceptable as timely commencement of pension was also the responsibility of Ministry of Railways.

3.6.4.2 Pension payment pending receipt of life certificates

All Pensioners are required to submit a life certificate once a year in the month of November. Senior Pensioners aged 80 years and above can give their Life Certificate with effect from first October every year instead of November, which would be valid till 30th November of the subsequent year.

Audit test checked the bank scrolls of selected banks for the month of April 2021 in eight ZRs to examine whether the life certificate for the year 2020-21 was received from all pensioners by February 2021. It was observed that –

- i. In 7241 cases, pension was paid without receipt of life certificate from the pensioners/family pensioners.

⁴⁴ CR-50, ER-50, ECR-50, NER-50, SR-50, SCR-50, SWR-46 and WR-50

⁴⁵ CR-42, ER-50, ECR-44, NER-18, SR-23, SCR-4, SWR-36 and WR-15

- ii. The date of receipt of life certificate was mentioned as 30.11.2020 in all the cases in respect of Indian Bank. Hence, it could not be certainly concluded whether all the pensioners have submitted the life certificate. It appears that the bank has not taken this issue seriously and indicated the date in its database as a matter of routine.
- iii. In Secunderabad Head Post office, pension amounting to ₹ 17.40 lakh was disbursed to 17 pensioners during the years 2020-21 and 2021-22 pending receipt of life certificate.
- iv. In CR, out of eight pensioners receiving pension through Treasuries, five pensioners (Mumbai – 3, Ahmednagar – 2) did not submit life certificate.

The continued payment of pension/family pension without life certificates was indicative of lack of effective reconciliation process and internal control mechanism.

Ministry of Railways (MoR) replied (June 2022) that pension debits towards pension payment were accepted and settled against updated Life Certificates as mentioned in actual debit scrolls received from various banks disbursing pension. MoR, therefore, asserted that there was no excess outgo from Railways on account of non-submission of life certificate. The reply also indicated that actual reconciliation does not take place for the certified and accepted amount.

The reply of the MoR was generic, not specific and silent on the audit observations.

3.6.4.3 Non disbursement of minimum basic pension

As per 7th CPC, the minimum pension/family pension with effect from first January 2016 is ₹ 9000 per month (excluding the element of additional pension to old pensioners).

Audit analysed the selected bank scrolls in the eight ZRs for the month of June 2021. It was observed that minimum pension was not ensured in 2,078 cases. Failure to ensure minimum pension to pensioners/family pensioners resulted in short payment of ₹ 8.57 lakh to the 161 pensioners. The reason for short payment was due to non-revision of pension/family pension by the ZRs and/or non-implementation of the revision orders by the Banks.

3.6.4.4 Excess payment of pension⁴⁶

Analysis of data retrieved from ARPAN relating to payment of pension revealed the following:

- i. In Central Railway, the family of a deceased employee⁴⁷ was eligible to get an enhanced family pension up to 23 January 2028 at the rate of ₹ 55,878/- per month. The bank concerned, however, disbursed pension

⁴⁶ As revealed on analysis of data retrieved from ARPAN

⁴⁷ PPO No. 20197010600062 (Pensioner ID 2680582).

@ ₹ 7,95,330/- per month for 12 months during 2018-19. This had resulted in excess payment of pension of ₹ 0.89 crore. In a similar other case in North Central Railway, excess payment of pension⁴⁸ of ₹ 0.61 crore was made for the period April 2018 to November 2018.

- ii. In North Eastern Railway, the bank concerned disbursed pension at the rate of ₹ 3,20,050 per month instead of ₹ 32,050. Incorrect adoption of basic amount resulted in excess payment of pension to one employee⁴⁹ to the tune of ₹ 0.72 crore.
- iii. There was only one transaction each in 28,615 bank accounts of pensioners for a net amount of ₹ 69.70 crore. The possibility of irregular payment in respect of these lone transaction could not be ruled out. The genuineness of these transactions, however, could not be verified in audit.

Though IR and Banks maintain and process pension payments through IT Applications, the instances of lapse noticed in audit were indicative of weakness in internal control system.

Ministry of Railways (MoR) stated (June 2022) that excess payment of pension was not made in CR and excess payment in SCR had already been recovered.

As per the scrolls made available by Railways the amount ₹ 7,95,330/- has been paid for every month from 04/2018 to 03/2019. The fact remained that there is lacunae in reconciliation of bank scrolls by the ZRs and lack of validation control in PDAs. The contention of the Ministry was, therefore, not tenable. Further, the reply is silent on the issue of one transaction each in bank accounts of pensioners.

3.6.4.5 Excess payment of enhanced family pension

Rule 75 of Family Pension Scheme for railway servants, 1964 stipulates that if the railway servant dies while in service, the rate of family pension payable to the family shall be equal to fifty per cent of the pay last drawn, payable from the date following the date of death of the railway servant for a period of ten years. In the event of death of a railway servant after retirement, the Enhanced Family Pension (EFP) shall be payable for a period of seven years, or for a period up to the date on which the retired deceased railway servant would have attained the age of sixty-seven years had he survived, whichever is earlier.

Scrutiny of records revealed that –

- i. In 221 cases of superannuated pensioners who died before reaching 67 years of age, EFP of ₹ 1.24 crore⁵⁰ to the families of deceased employees was not paid.

⁴⁸ PPO No. 708602010007050.

⁴⁹ PPO No. 20187040600147 (Pensioner ID 2611973).

⁵⁰ As revealed on analysis of data retrieved from ARPAN

- ii. In 47 cases⁵¹, enhanced family pension was paid beyond the permissible period resulting in overpayment of family pension of ₹ 0.75 crore upto June 2021 due to incorrect data in 23 PPOs and incorrect payment by Banks in 24 cases.
- iii. During 2018-21, excess EFP amounting to ₹ 13.37 crore was paid in 1,378 cases⁵².

Ministry of Railways (MoR) stated (June 2022) that the concerned pension disbursing Banks were promptly advised and recovery of excess payment was effected. MoR also stated that in case of excess payment in SCR, concerned banks were advised to recover the overpayment.

The reply of the MoR did not address the action taken in respect of excess payment made in other Zonal Railways and the status of recovery of excess payment as pointed out in audit.

3.6.4.6 Non-recovery of revised commuted pension

As per 7th Pay Commission, an applicant who has commuted a percentage of his final pension and after commutation his pension has been revised and enhanced retrospectively as a result of Government's decision, the applicant shall be paid the difference between the commuted value determined with reference to enhanced pension and the commuted value already authorised. After revision, the revised value of commutation was to be recovered from the pensioner.

Test check of bank scrolls of June 2021 in respect of eight ZRs revealed that in 175 cases⁵³, revised commuted pension was not recovered from the pension. In 111 cases⁵⁴, non-recovery of enhanced portion of the commuted pension had resulted in overpayment of pension to the tune of ₹ 2.22 crore.

Ministry of Railways (MoR) (June 2022) narrated the status of excess payment in respect of four ZRs only. The reply of the Ministry did not address the action taken in respect of excess payment made in other Zonal Railways and the status of recovery of excess payment as pointed out in audit.

3.6.4.7 Short payment to pensioners due to non-restoration of commuted amount of pension and erroneous deduction of commutation pension amount from family pension

As per Rule 11 (A) of Railway Services (Commutation of Pension) Rules, 1993, the commuted amount of pension shall be restored on completion of fifteen years from the date the reduction of pension on account of commutation becomes operative. When the commutation amount was paid on more than one occasion on

⁵¹ CR-9, ER-1, ECR-3, SR-16, SCR-9, SWR-3 and WR-6.

⁵² As revealed on analysis of data retrieved from ARPAN.

⁵³ CR-24, ER-28, ECR-10, NER-3, SR-49, SCR-33, SWR-26 and WR-2

⁵⁴ CR-24, ER-20, ECR-10, NER-2, SR-21, SCR-19, SWR-14 and WR-1

account of upward revision of pension, the respective commuted amount of the pension shall be restored on completion of fifteen years from the respective dates. When a pensioner dies the family will get family pension as per PPO. No deductions are allowed in family pension including commutation amount.

A test check by audit of selected bank scroll for June 2021 in respect of eight ZRs to assess whether commuted pension was restored on completion of fifteen years from the date the reduction of pension on account of commutation was made and noticed that in 140⁵⁵ cases, the commuted amount of pension was not restored on completion of fifteen years resulting in short payment of pension to the tune of ₹ 0.40 crore upto 30.6.2021.

Audit analysed the bank scroll of IR and noticed that the extant provisions were not adhered by the banks. ZRs concerned also failed in ensuring observance of relevant provisions. This had resulted in short payment of ₹ 11.15 crore⁵⁶ to family pensioners (3075 cases) during 2018-21.

The reply of the Ministry of Railways (June 2022) was generic and not specific to the issue of short payment as pointed out by Audit.

3.6.4.8 Incorrect payment of additional quantum of pension

In terms of Rule 69 of Railway Pension rules 1993, in addition to pension admissible, after completion of eighty years of age and above, the additional pension/family pension shall be payable to the railway pensioner/family pensioner as shown in table 3.1 below:

Table 3.1: Statement showing norms for additional quantum of Pension	
Age of the pensioner/family pensioner	Additional pension
From 80 years to less than 85 years	20 <i>per cent</i> of basic pension
From 85 years to less than 90 years	30 <i>per cent</i> of basic pension
From 90 years to less than 95 years	40 <i>per cent</i> of basic pension
From 95 years to less than 100 years	50 <i>per cent</i> of basic pension
100 years or more	100 <i>per cent</i> of basic pension

Analysis of data retrieved from ARPAN revealed that -

- i. 125 centenarian pensioners were not paid additional pension at the rate of 100 percent on the basic pension. Additional pension of ₹ 2.62 crore was not disbursed to these pensioners during the period 2018-19 to 2020-21.
- ii. In respect of 26,961 pensioners aged above 80 and below 99, additional pension of ₹ 67.95 crore was not disbursed by the Banks during the period 2018-21 as indicated in table 3.2 below:

⁵⁵ CR-23, ER-20, ECR-15, NER-3, SR-14, SCR-15, SWR-30, WR-20

⁵⁶ As revealed on analysis of data retrieved from ARPAN

Age group of pensioners	Number of pensioners	Total amount of Additional pension not paid (in ₹)
80-84	18975	39.50
85-89	5993	19.63
90-94	1553	6.23
95-99	440	2.59

Test check⁵⁷ of bank scroll, post office scroll and treasuries revealed that in 29⁵⁸ superannuation cases and 39⁵⁹ family pension cases, additional quantum of pension was paid even before the beneficiaries completed the age of 80 years. This had resulted in over payment of ₹ 2 lakh per month.

In 156⁶⁰ cases, there was non-payment/short payment of additional quantum of pension amounting to ₹ 1.42 crore upto 30.6.2021.

While admitting the audit observations, Ministry of Railways stated (June 2022) that in cases where any discrepancy was found in relation to Bank Scroll and ARPAN data, the banks Concerned advised to rectify the details.

3.6.4.9 Pension credited to deceased pensioner's account

Test check of 193 deceased pensioner cases who died during 2020-21 pertaining to eight ZRs revealed that in 89 cases⁶¹, ₹ 0.50 crore⁶² pension was credited to deceased pensioner's account beyond the date of death during 2020-21.

Ministry of Railways admitted (June 2022) the audit observations and recovery was made in some cases. Ministry further stated that the matter was taken up with the banks concerned to recover the excess payment in the remaining cases.

3.7 Monitoring and internal control

3.7.1 Sanitization of unclassified data in ARPAN portal

In April 2019, RB instructed all ZRs to take action to sanitize the data in the ARPAN portal as 76,962 pension cases were reported as 'unclassified'. Audit test checked the action taken by the eight ZRs in respect of cases identified for sanitization. The status of compliance of RB instructions as shown in table 3.3 below:

⁵⁷ Selected bank's scrolls for the month of June 2021, selected post office scrolls for the month of April 2021 and selected treasury scroll for the month of May 2021 in respect of eight ZRs

⁵⁸ ER-3, ECR-2, SR-6, SCR-8, SWR-8, WR-2

⁵⁹ ER-2, ECR-3,, SR-13, SCR-5, SWR-10, WR-6

⁶⁰ CR-18, ER-15, ECR-20, NER-4, SR-36, SCR-7, SWR-32, WR-24

⁶¹ CR-10, ER-6, ECR-9, NER-8, SR-30, SCR-2, SWR-10, WR-14

⁶² CR- ₹ 1,32,629, ER- ₹ 3,04,615, ECR- ₹ 7,21,580, NER- ₹ 3,01,708, SR- ₹ 20,62,137, SCR- ₹ 3,82,644, SWR- ₹ 3,79,984, WR- ₹ 7,15,803

Table 3.3: Statement showing number of cases yet to be sanitized			
Zonal Railways	No. of cases identified to be sanitized pertaining to the ZR	No. of cases yet to be sanitized	Number of other than Railway pensioners identified during sanitization
CR	7672	Nil	Nil
ER	5759	5759	Not applicable
ECR	3193	918	Nil
NER	53634	11901	Nil
SR	3464	2343	4
SCR	2055	1242	Not made available
SWR	No action taken		
WR	75500	120	Nil
Total	151277	22283	0

Audit analysed the ARPAN master data relating to 8,89,685 pensioners in eight ZRs and observed that –

- i. In 5970 cases, the basic pension was zero while the pension type code was SP/RT/IVP (Superannuation/Retirement/Invalid pension). Pension type code was not updated in the ARPAN master, which resulted in such deficiency.
- ii. In 93,306 cases, date of birth of spouse was blank.
- iii. The duplicate old PPO Numbers exist in 30 cases (ER-18, ECR-8, SCR-2 and SWR-2).

Scrutiny of bank scroll for the month of June 2021 of eight ZRs and ARPAN master data revealed that -

- i. 43,661 PPOs that were available in bank scrolls were not available in ARPAN master.
- ii. The pension type was not updated in ARPAN master in respect of 6,477 family pension cases in the selected banks.
- iii. The bank account number of 27,534 pensioners/family pensioners in ARPAN does not match with the bank scroll.
- iv. There were differences in basic pension amount between bank scrolls and ARPAN master in 200⁶³ cases. The difference was due to non-implementation of 7 CPC revision, incorrect data in scroll and incorrect data in ARPAN master.
- v. Overpayment of ₹ 2.45 lakh per month pertaining to 58 cases and underpayment of ₹ 7.30 lakh per month pertaining to 109 cases were noticed due to discrepancies in Bank scroll. The discrepancies in 33 cases were due to incorrect ARPAN master data.

⁶³ CR-26, ER-20, ECR-30, NER-19, SR-30, SCR-28, SWR-30, WR-17

- vi. There was difference in commutation amount between bank scroll and ARPAN Master in 42 cases. Overpayment of ₹ 1 lakh per month pertaining to 34 cases and underpayment of ₹ 3,445 per month pertaining to five cases were noticed. The discrepancies in three cases were due to incorrect ARPAN master data.

Ministry of Railways stated (June 2022) that ZRs had already been instructed to examine discrepancy items and advise correct data to WR - ARPAN for updation of Pension master.

The reply of the MoR was generic in nature and did not address the issue of excess/short payment of pension as pointed out by audit.

3.7.2 Action taken on ARPAN exception reports

Railway Board advised (April 2018) Principal Financial Advisers of ZRs to reconcile the pension debit scrolls received from banks with the Pension Master to detect overpayment/underpayment of pension.

Three exception reports are generated in ARPAN, such as, Basic mismatch, Commutation mismatch and Old age pension data. These reports are to be verified by the concerned ZRs, and update the pension master concurrently/ advise the bank for necessary action for updating their database/remedial action on excess/short payment etc.

Audit test checked the effectiveness of corrective action taken by the eight ZRs on the exception reports by comparing the exception report for two selected banks for which the ZRs stated to have taken corrective action with the subsequent reports. The results of the test check as shown in table 3.4 below:

Table 3.4: Statement showing comparison between exception reports			
Zonal Railways	Comparison between the exception Reports of	No. of cases which continued to persist	
		Basic Pension mismatch	Commutation mismatch
CR	March 2021 with December 2021	779	407
ECR	March 2021 with Sep. 2021	508	412
NER	December 2020 with March 2021	81	21
SR	December 2020 with June 2021 (for Basic Pension) and Mar. 2021 (for Commutation)	565	987
SWR	March 2021 with June 2021	384	244
WR	December 2020 with June 2021 (for Basic Pension) and March 2021 (for Commutation)	332	234

Ministry of Railways (MoR) stated (June 2022) that the exception report generated on a quarterly basis are investigated and referred to the concerned banks for examination at their end and corrective action/recovery.

MoR also added that the said items are watched closely until corrective action is taken by Railway or by bank as the case may be.

The reply of the MoR was partial narrating the position pertaining to WR only. The reply was silent in respect of mismatch in basic pension and commutation continued to persist in other ZRs.

3.7.3 Spot check of Pension accounts in Banks

In November 2019, Railway Board instructed all ZRs/PUs to send MIS reports of spot check of pension payments at Banks to detect over payment of pension. The report containing the results of spot checks was to be sent to RB by 15th of every month. Spot check was conducted in 241 branches⁶⁴ of banks and 67,884⁶⁵ accounts were checked.

Audit observed that –

- i. During 2019-20, spot checks were conducted only once during November 2019 by NER and during April 2019 to July 2019 by CR. In other ZRs the spot checks were conducted except during two to three months.
- ii. Overpayment to the tune of ₹ 11.38 crore was detected in seven ZRs. ₹ 3.81 crore was recovered (except NER, SWR) as per records made available to audit.
- iii. In WR, an amount of ₹ 1.16 crore was detected as overpayment of which ₹ 23.58 lakh was recovered (March 2022).

Ministry of Railways stated (June 2022) that the matter of recovery of overpayments, had already been taken up at apex level i.e. RBI and Secretary Banking.

3.7.4 Intensive check of pension payments

In August 2020, RB instructed all ZRs to carry out intensive check of pension payments for the month of September 2020, October 2020 and November 2020 and to submit a report on the outcome in a prescribed format.

Audit observed that -

- i. Four ZRs (CR, ECR, SR and SCR) had carried out Intensive check during 2020.

⁶⁴ CR-23, ER-45, ECR-39, NER-10, SR-55, SCR-53, SWR-16

⁶⁵ CR-18,978, ER-11,629, ECR-4,380, NER-475, SR-6,999, SCR-7,115, SWR-18,308

- ii. Overpayment of ₹ 7.13 crore⁶⁶ was detected and reported to respective banks for corrective action/remitting the excess payment.

Ministry of Railways stated (June 2022) that regular instructions were being issued by Railway Board to conduct intensive checks. Ministry further stated that Railway Board had taken up the issue of recoveries from Banks.

The reply of the Ministry is generic and not specific to the audit observations.

3.7.5 Recovery of overpayment from banks

In March 2016, RBI instructed all agency banks to credit to the Government account in lump sum immediately, when the excess/overpayment is detected due to an error on their part, irrespective of recovery from the pensioners concerned.

Audit observed that the overpayments detected and intimated to banks were refunded in piecemeal and not in lump sum as per RBI's guidelines. During 2020-21, refund of ₹ 35.17 crore was claimed by five ZRs and ₹ 17.59 crore was refunded by the banks. Remaining ₹ 17.58 crore⁶⁷ was yet to be refunded by the banks.

The above facts indicate that the ARPAN master data was not complete, accurate and reliable. Discrepancies were observed despite provision of generation of exception reports in ARPAN portal. The irregularity in pension disbursement was indicative of inadequate and ineffective reconciliation by the ZRs.

The reply of the Ministry is generic and not specific to the audit observations.

3.8 Conclusion

The weak internal control and non-observance of relevant rules and procedures led to several instances of excess/short payment of pension. Prescribed reconciliation processes and instructions of Railway Board were not rigorously followed.

Audit observed that the deficiencies in PPO and delay in revision of pension had resulted in delay in authorizing disbursement of pension.

IT application 'ARPAN' implemented by the IR to streamline the process of issue and disbursement of pension failed in delivering the intended objectives. Information generated by application was not complete, accurate and reliable.

⁶⁶ CR-₹ 2.76 crore, ECR-₹ 1.03 crore, SR-₹ 1.70 crore, SCR-₹ 1.57 crore, WR-₹ 0.07 crore

⁶⁷ CR-₹ 1.60 crore, ER-₹ 1.21 crore, ECR-₹ 4.06 crore, SCR-₹ 10.72 crore,

Summary of Audit findings

- Weak internal control resulted in delay in processing in pension and deficiency in the Pension Master Data.
- Lack of effective reconciliation process lead to several instances of irregular pension payment.

3.9 Recommendation

Indian Railways may ensure effective reconciliation processes and strict compliance of its instructions to eliminate incorrect payments and initiate improvements in 'ARPAN' to enhance accuracy of pension payments.

Chapter 4 - Accounting Reforms in Indian Railways

4.1 Introduction

Indian Railways (IR) primarily maintains its finance accounts under cash based government accounting system in the forms and formats mandated by the Controller General of Accounts (CGA) and Comptroller and Auditor General of India (C&AG). It reports revenues on receiving cash and expenses on paying cash. The demerits of cash based accounting system are:

- It does not take into account rights to receive revenues and obligations to pay expenses;
- It distorts financial performance by not matching revenues earned and expenses incurred; and
- It does not provide true and fair picture of the state of Railways finances and IR assets and liabilities.

Accrual system, on the other hand, recognises revenues when an entity sells goods or provides services regardless of when it receives cash. It recognises expenses when the obligation is incurred. It has following other benefits:

- It makes a better assessment of performance, in terms of service cost, cost efficiency, financial position and cash flow of the entity;
- It makes a better evaluation of the ongoing ability of finance activities to meet liabilities and commitment.

In order to bring transparency in financial reporting and fiscal prudence, IR decided to adopt accrual based accounting system. Accordingly, 'Accounting Reforms Project' (ARP) was taken up in 2015-16 with the following broad objectives:

- I. Improved decision-making to enhance efficiency and effectiveness of public spending through the creation of more accurate and accessible financial information.
- II. Improved resource allocation due to a better insight into costs of policy and transparency of results.
- III. Performance costing, by making available online availability of costing data.
- IV. Outcome Budgeting- tracking of expenditure to desired outcomes.

4.2 Indian Railways vision of 'Accounting Reforms'

Indian Railways have following vision for accounting reforms.

“Accounting Reforms shall act as an engine of self-sustainable growth by providing timely, high quality and meaningful financial information to various stakeholders through right accounting, right costing and right outcome.”

Accrual based accounting was targeted for implementation in IR by 2018. The project is, however, in progress and IR incurred ₹ 46.97 crore till March 2022.

4.3 Audit scope and objectives

An audit was conducted to assess the status of implementation of ARP in IR. The scope of audit covered test check of relevant records of five Zonal Railways⁶⁸ (ZR) pertaining to the period 2016-17 to 2020-21. The audit objectives included assessing-

- I. the status of implementation of the functional areas of ARP across ZRs and production units; and
- II. the status of developing an IT application of ARP.

4.4 Sources of Audit Criteria

Criteria for conducting this audit were derived from the following sources:-

- i. Circulars, Rules, Orders and General Advisories issued by Railway Board on Accounting Reforms;
- ii. Records of Railway Board, Zonal Railways and Workshops (including Production Units) pertaining to Accounting Reforms; and
- iii. Records of CRIS pertaining to IT Applications for ARP.

4.5 Evolution of Accounting Reforms Project in IR

Considering the benefits of accrual accounting over cash based system, 12th Finance Commission recommended accounting reforms in government organisation and to shift from cash based accounting to accrual basis of accounting system. Accordingly, Ministry of Railway (MoR) decided to go for Accounting Reform in Indian Railways and switch over to accrual basis of accounting system.

Budget speech for Railways in the financial year 2016-17 highlighted that right accounting would determine right costing and hence right pricing and right outcomes. Accordingly, Accounting Reforms Project of IR identified three functional areas - Accrual accounting, performance costing and outcome budgeting.

- (I) **Accrual Accounting:** It assists the management to enhance the effectiveness of public expenditure through accurate and reliable financial information besides bringing improvement in allocation of financial resources.
- (II) **Performance Costing:** It helps in proper classification and recording of cost and profit centre.
- (III) **Outcome Budgeting:** It enables the tracking of expenditure towards desired outcomes.

4.6 Project Execution

4.6.1 Accrual Accounting (Module 1)

In December 2014, RB engaged Accounting Research Foundation of the Institute of Chartered Accountants of India (ICAI-ARF) to conduct a pilot study for

⁶⁸ NR, NWR, NCR, NER and SR

introduction of Accrual Accounting in North Western Railway (NWR). Similar exercise was also initiated at Rail Coach Factory (RCF), Kapurthala, Northern Railway. ICAI-ARF was assigned to prepare financial statements of NWR and RCF on grafting basis, i.e. based on existing financial statements with some additional information in respect of accrual elements.

After pilot study of NWR zone, ICAI-ARF delivered the following:

- i. Opening Balance Sheet as on 31st March 2014;
- ii. Accrual Based Fixed Assets Register and Financial Statements for the financial year 2014-15 including balance sheet, statement of profit and loss, cash flow statement, accounting policies etc., and
- iii. Accounting reforms implementation manual & accounting policies. The purpose of preparing manual was to record in detail the procedure followed in NWR for building up accrual based financial statements (ABFS) so that they could be replicated in other ZRs.

Subsequently, in December 2016, the scope of the project was enlarged for rolling out of accrual based accounting across ZRs and production units. The project deliverables for implementation of ABFS of IR include the following.

- i. Formats of Reporting;
- ii. Fixed Asset Register of IR;
- iii. Opening Balance Sheet as on 31 March 2015 of IR;
- iv. Periodic Financial Statements as on 31 March 2016 and 31 March 2017 which includes Profit and Loss Account, Closing Balance Sheet, Cash Flow statements, etc., of individual railways/ Units as well as consolidated financial statements of IR as a whole.
- v. Suggest improvements in existing systems and streamlining of existing procedures.
- vi. Updated Accrual Accounting Implementation Manual (at National Level).

In February 2019, RB instructed all ZRs to continue preparation of accrual based financial statements in addition to cash based financial statements by hiring Chartered Accountants.

4.6.1.1 Audit findings

ICAI-ARF was to compile accounts and prepare financial statements, such as, Profit and Loss Account and Balance Sheet of IR for the financial year 2015-16 and 2016-17 by September 2017 and October 2017, respectively. Audit observed that ICAI-ARF completed the assigned task in March 2019, after a delay of about 17 months.

In February 2020, RB instructed all ZRs to finalise the preparation of ABFS for the years 2017-18 and 2018-19 by April 2020 and June 2020, respectively. The work of compilation of data and preparation of ABFS was, however, awarded to ICAI-ARF in March 2020 with the target for completion by December 2020.

Due to delay in compilation of data, the target for completion of preparation of ABFS was revised as follows:

Financial Year	Original Due date	Extended period of contract
2017-18	April 2020	July 2022
2018-19	June 2020	July 2022
2019-20	August 2021	July 2022
2020-21	August 2021	July 2022

Audit observed that the work was in progress (65 *per cent*) as of March 2022 despite revision of targets. Audit noted that IR delayed requisite data to *ICAI-ARF* and approval of the reports of *ICAI-ARF* leading to non-completion of the work.

Thus, IR was deprived of the intended benefit of accrual based accounting system due to delay in its implementation.

MoR in its reply stated (May 2022) that the three waves of pandemic affected the progress of the work. Further, this being a new system for all units, development of understanding for matching of Trial balance, schedules & annexures, Cash flow statement, statement of financial performance and financial position is in process.

4.6.2 Performance Costing (Module 2)

The work of performance costing was awarded at a cost of ₹ 3.88 crore to M/s ICWAI MARF in December 2016 with completion period of 20 months (by August 2018). Delhi Division of Northern Railway was selected for the pilot study. Broad objective of this project was to create a framework of an integrated accounting and costing architecture for pricing various activities, which would ensure online availability of costing data through an IT system.

Audit observed that ICWAI MARF had submitted its final report in December 2020 and the same was under consideration at RB level till March 2021. Accounting Reforms Cell (Nodal Office), New Delhi recorded progress of development of module at 90 *per cent* (March 2022). ICWAI MARF was also required to assist Centre for Railway Information System (CRIS) in developing, testing and roll out phase of IT application over IR. This was under development stage by CRIS.

MoR in its reply stated (May 2022) that RB has accorded ‘in-principle’ approval for the implementation of performance costing and the detailed action plan for implementation is under preparation.

4.6.3 Outcome Budgeting (Module 3)

This module was meant for linking outlays to specific outcomes. The output of Module 1 and 2 was supposed to be an integral input for this module. Consequent upon merger of Railway Budget with the Union Budget, outcome budget of IR was subsumed in the Union Budget and excluded from the scope of Accounting Reforms Project.

MoR in its reply stated (May 2022) that as per the instructions of Ministry of Finance the Outcome budgeting has been excluded from the scope of Accounting Reforms.

4.7 Development and implementation of IT Application of Accounting Reforms

A Memorandum of Understanding (MoU) between Northern Railway and CRIS was signed in March 2017 for “Design, Development and implementation of IT Application of Accounting Reforms - consisting of accrual accounting, performance costing and outcome budgeting in IR. The completion period was 18 months i.e., upto September 2018. CRIS was required to develop necessary architecture and IT interfaces to integrate the accrual accounting and performance costing frameworks with existing applications.

Scrutiny of records of Accounting Reforms Cell, New Delhi (Nodal Office) revealed that Financial statements, such as, Trial Balance, Cash Flow Statement, Statement of Financial Performance, Statement of Financial Position, Fixed Assets Register etc. were developed for generating reports. It was observed that the relevant data related to Fixed Assets Register, Current Assets and Current Liabilities were populated for all ZRs/PUs for the financial year 2017-18 and 2018-19.

In December 2020, RB approved the framework of Transaction-based accrual accounting capable of generating both cash based and accrual based statements on a concurrent basis.

Audit observed that the generation of financial statements through transaction level accrual accounting system had not commenced until March 2021. The overall physical progress of development of IT application was about 25 per cent as of March 2022.

Thus, IR could not avail intended benefit of accrual-based accounting system due to delay in its implementation.

MoR in its reply stated that the accrual based financial statements through grafting method has largely been done in time and completed by March 2022. This will continue in future also till the decision is taken for implementation of accrual accounting by Ministry of Finance for entire GoI.

4.8 Monitoring implementation of Accounting Reforms Project in IR

In September 2016, RB directed to set up five regional hubs to ensure smooth implementation of accounting reforms (AR) across ZRs/PUs. These hubs were entrusted with the task of coordinating with the AR Cells of a group of ZRs/PUs placed under their jurisdiction for overall professional guidance and supervision of CAO/AR/New Delhi.

Audit observed following shortcomings.

- i. Dedicated accounting reforms cell was not created at Zonal level.
- ii. Regional Project Managers (RPM) were nominated to coordinate with the officials dealing with accounting reform works at zonal level in addition to their regular work of substantive post.

Absence of dedicated Accounting Reforms Cell at Zonal Railways led to delay in implementation of accounting reforms project.

MoR in its reply stated (May 2022) that the assigned work is being done by the Railways by nominating the officials for this project in addition to their regular work of substantive post.

4.9 Conclusion

Considering the magnitude of investment and the scale of operations handled by Indian Railways, a fair degree of transparency and reliability is necessary to depict true state of Railways finances. Existing cash based accounting system in IR was inadequate to cater to the needs of financial decision making processes. Due to delay in rollout of accrual accounting system, IR could not avail intended benefits. The delay was mostly attributable to ZRs failure in providing requisite data/approval to ICAI-ARF teams and CRIS.

MoR in its reply stated (May 2022) that the work of finalization of ABFS upto date i.e., 2020-21 has been completed by March 2022 despite all odds and IR shall continue compilation of accrual accounting in addition to mandatory cash based accounts till decision is taken for implementation of accrual accounting by Ministry of finance for entire GoI.

The fact remains that despite spending ₹ 46.97 crore till March 2022, IR could not avail intended benefit of accrual based accounting system due to delay in its implementation.

4.10 Recommendation

Ministry of Railways may consider deployment of dedicated officials to expedite implementation of the projects.

Ministry accepted the recommendation and stated that the work is ongoing process and is being monitored closely by Railways.

New Delhi
Dated: 19 October 2022



(ILA SINGH)
Deputy Comptroller and Auditor General

Countersigned

New Delhi
Dated: 20 October 2022



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

GLOSSARY OF TERMS

<i>Terms</i>	<i>Description</i>
<i>Account Current</i>	<i>A statement of receipts and payment of Indian Railways.</i>
<i>Appropriation Accounts</i>	<i>It is a statement comparing the amount of actual expenditure with the amount of grants voted by the Parliament. These statements are prepared for presentation to the Parliament.</i>
<i>Capital Expenditure</i>	<i>Expenditure incurred for creation, acquisition, construction and replacement of assets</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>Extra Budgetary Resources</i>	<i>Resources of IR other than general budget support and internally generated resources</i>
<i>Freight Earnings</i>	<i>Earnings from carrying goods on rail</i>
<i>Gross Traffic Receipts</i>	<i>Receipts of railways through its operations</i>
<i>Net Surplus</i>	<i>Difference between the gross earnings and the working expenses</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>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>Revenue Expenditure</i>	<i>Expenditure incurred for day to day operations, maintenance of railways including dividend payment</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>Traffic Suspense</i>	<i>Unrealised operational earnings of the railways.</i>
<i>Total Working Expenditure</i>	<i>Ordinary working expenditure and appropriation to depreciation reserve fund and pension fund.</i>

LIST OF ABBREVIATIONS

CCS	Central Civil Services
CPC	Central Pay Commission
CR	Central Railway
CLW	Chittaranjan Locomotive Works
DLW	Diesel Locomotive Works
DMW	Diesel Loco Modernisation Works
e-PPO	Electronic Pension Payment Order
ER	Eastern Railway
ECR	East Central Railway
ECoR	East Coast Railway
EPF	Enhanced Family Pension
FOIS	Freight Operation Information System
ICF	Integral Coach Factory
IT	Information Technology
MR	Metro Railway, Kolkata
MIS	Management Information System
NR	Northern Railway
NCR	North Central Railway
NER	North Eastern Railway
NEFR/NFR	Northeast Frontier Railway
NPS	National Pension System
NSDL	National Securities Depository Limited
NWR	North Western Railway
PMS	Parcel Management System
PPO	Pension Payment Order
PRS	Passenger Reservation System
RCF	Rail Coach Factory
RWF	Rail Wheel Factory
RWP	Rail Wheel Plant
SR	Southern Railway
SCR	South Central Railway
SER	South Eastern Railway
SECR	South East Central Railway

List of Abbreviations

STN	Station
SWR	South Western Railway
UTS	Unreserved Ticketing System
WR	Western Railway
WCR	West Central Railway

Appendices and Annexures

Appendix A (Ref. para 3.3)				
Statement showing Sample Selection				
Sl. No.	Description	Total No. of Units	Criteria for selection of units	No. of units selected
1	Zonal Railways	16	50 per cent	8
2	Zonal Headquarters	8	100 per cent	8
3	Divisions	40	Two Divisions in each zone subject to a maximum of two divisions	16
4	Workshops	24	One workshop in each Zone.	8
5	Pension Disbursing Agencies			
	Public Sector Banks	113	Three (One PSB each with highest, moderate and lowest number of Railway Pensioners respectively.	24
	Post Offices	828	One Post Office with highest number of Railway Pensioners and one Post Office with moderate number of Railway Pensioners.	16
	Treasuries	127	One Treasury office with highest number of Railway Pensioners and one Treasury with moderate number of Railway Pensioners.	12

Appendix A (Ref. para 3.3)				
Statement showing sample selected for detailed study				
Sl. No.	Unit	Criteria	Zonal Railways	Sample Selected
I	Pension Disbursing Agencies			
I(a)	Public sector Bank (PSB)	Three (One PSB each with highest, moderate and lowest number of Railway Pensioners)	Central Railway	1 State Bank of India 2. Canara Bank 3 IDBI Bank
			Eastern Railway	1.State Bank of India 2. Bank of India 3. IDBI Bank
			Eastern Central Railway	1. State Bank of India 2. Indian Bank 3.Canara Bank
			North Eastern Railway	1.State Bank of India 2. Bank of Baroda 3.Punjab National Bank
			Southern Railway	1. State Bank of India 2. Indian Bank 3. Central Bank of India
			South Central Railway	1. State Bank of India 2. Central Bank of India 3. Punjab National Bank
			South Western Railway	1. State Bank of India 2. Canara Bank 3. Bank of Baroda
			Western Railway	1.State Bank of India 2. Bank of India 3. IDBI Bank
I(b)	Post Office	One Post office with highest number of Railway Pensioners and one Post Office with moderate number of Railway Pensioners.	Central Railway	1.Nagpur City 2. Nagpur GPO
			Eastern Railway	1.Barrackpore H.O. 2.Kandi H.O.
			Eastern Central Railway	1. Gaya HPO 2. Darbhanga HPO
			North Eastern Railway	1. Gorakhpur 2. Basti
			Southern Railway	1.Tiruchirappalli 2. Park Town
			South Central Railway	1. Hyderabad 2. Amaravati
			South Western Railway	1.Hubli 2. Dharwad
			Western Railway	1. Ratlam 2. Valsad
I(c)	Treasury		Central Railway	1.Ahmednagar

		One Treasury office with highest number of Railway Pensioners and one Treasury with moderate number of Railway Pensioners.		2. Mumbai
			Eastern Railway	1.Chandauli 2. Ayodhya
			Eastern Central Railway	1.Prayagraj 2. Chamoli
			North Eastern Railway	1.Gorakhpur 2. Basti
			Southern Railway	Nil
			South Central Railway	Nil
			South Western Railway	1.Margao 2. Sanguem
			Western Railway	1.Valsad 2. Gandhi Nagar
3	Centralised Pension processing Centre	One in each Zonal Railway	Central Railway	State Bank of India, Belapur
			Eastern Railway	State Bank of India, Kolkata
			Eastern Central Railway	State Bank of India, Patna
			North Eastern Railway	State Bank of India, Lucknow
			Southern Railway	State Bank of India, Chennai
			South Central Railway	State Bank of India, Hyderabad
			South Western Railway	State Bank of India, Bangalore
			Western Railway	State Bank of India, Mumbai
4	Division	Two Divisions in each Zonal Railway	Central Railway	1. Mumbai 2. Nagpur
			Eastern Railway	1. Sealdah 2. Howrah
			Eastern Central Railway	1. Danapur 2.Sonpur
			North Eastern Railway	1. Iztnagar 2. Lucknow
			Southern Railway	1. Chennai 2. Madurai
			South Central Railway	1. Secunderabad 2. Hyderabad
			South Western Railway	1. Hubli 2. Mysore
			Western Railway	1. Mumbai 2. Vadodara
5	Workshops	One in each Zonal Railway	Central Railway	Matunga
			Eastern Railway	Liluah

			Eastern Central Railway	Samastipur
			North Eastern Railway	Gorakhpur
			Southern Railway	Perambur
			South Central Railway	Lallaguda
			South Western Railway	Hubballi
			Western Railway	Lower Parel

Annexure - 1
List of Railway Commercial Undertakings

Sl. No.	Name of the Railway Commercial Undertakings	Activity
Railway Companies		
1	Dedicated Freight Corridor Corporation Limited (DFCCIL)	Construction
2	Container Corporation of India Limited (CONCOR)	Logistics
3	Indian Railway Catering and Tourism Corporation Limited (IRCTC)	Catering , Hospitality & Tourism
4	Indian Railway Finance Corporation Limited (IRFC)	Financing
5	IRCON International Limited (IRCON)	Construction
6	Rail Vikas Nigam Limited (RVNL)	Construction
7	Rail Tel Corporation of India Ltd (RAILTEL)	Communication and Network
8	RITES Limited (RITES)	Consultancy
9	Braithwaite and Company Limited	Construction
10	Burn Standard Company Limited(ordered for closure in April, 2018)	Wagon Building
11	Kolkata Metro Rail Corporation	Construction
12	Bharat Wagon and Engineering Limited (Winding Up)	Wagon Building
13	Konkan Railway Corporation Limited	Construction
14	Mumbai Rail Vikas Corporation	Construction
15	Wagon India Ltd.(Defunct)	Wagon Building
16	NRTU Foundation	Others
Subsidiaries		
17	CONCOR Air Limited	Others
18	CONCOR Logistics Last Mile Limited	Others
19	Fresh and Healthy Enterprises Limited	Logistics
20	Punjab Logistics Infrastructure Limited	Logistics
21	Sidcul Concor Infra Company Ltd.	Logistics
22	IRCON Gurgaon Rewari Highway Limited	Construction
23	IRCON PB Tollway Ltd.	Construction
24	IRCON ShivpuriGuna Tollway Limited.	Construction
25	IRCON DavanagereHaveri Highway Limited	Construction
26	IRCON Vadodra Kim Expressway Limited	Construction
27	IRCON Infrastructure & Services Limited	Construction
28	High Speed Rail Corridor Corporation Limited	Construction

29	Railtel Enterprises Limited	Communication and Network
30	Railway Energy Management Company Ltd	Others
Joint Ventures		
31	Indian Railway Stations Development Corporation Limited	Others
32	Surat Integrated Transportation Development Corporation Limited	Others
33	SAIL RITES Bengal Wagon Industries Ltd	Wagon Building
34	National High Speed Rail Corporation Limited	Construction
35	Maharashtra Rail Infrastructure Development Corporation Limited	Construction
Special Purpose Vehicles		
36	HaridaspurParadip Railway Company Limited, Bhubaneswar	Construction
37	Bharuch Dahej Rail Company Limited	Construction
38	Krishnapatnam Rail Company Limited	Construction
39	Kutch Railway Company Limited	Construction
40	AngulSukinda Railway limited	Construction
41	Pipavav Railway Corporation Limited	Construction
42	Hassan Mangalore Rail Development Corporation	Construction

Annexure - 2

Total investment of the Government of India and Central Govt. Companies/ State Government Companies etc. in Equity of Railway Commercial Undertakings
(₹ in crore)

Name of the Railway Commercial Undertaking	2018-19						2019-20						2020-21					
	Total Equity	Central Govt.	CG Comp	State Govt.	SGC	FI and others	Total Equity	Central Govt.	CG Comp	State Govt.	SGC	FI and others	Total Equity	Central Govt.	CG Comp	State Govt.	SGC	FI and others
Dedicated Freight Corridor Corporation Limited	10768.73	10768.7	0	0	0	0	14076.63	14076.6	0	0	0	0	14076.6	14076.63	0	0	0	0
Container Corporation of India Ltd.	304.65	166.94	0	0	0	137.71	304.65	166.94	0	0	0	137.71	304.65	166.94	0	0	0	137.71
Indian Railway Catering and Tourism Corporation Limited	160	160	0	0	0	0	160	139.84	0	0	0	20.16	160	107.84	0	0	0	52.16
Indian Railway Finance Corporation Limited	9380.46	9380.46	0	0	0	0	11880.46	11880.5	0	0	0	0	13068.50	11286.43	0	0	0	1782.07
IRCON International Limited	94.05	83.88	0	0	0	10.17	94.05	83.88	0	0	0	10.17	94.05	68.83	0	0	0	25.22
Rail Vikas Nigam Limited	2085.02	2085.02	0	0	0	0	2085.02	1831.56	0	0	0	253.46	2085.02	1630.6	0	0	0	454.42
RailTel Corporation of India Limited	320.94	320.94	0	0	0	0	320.94	320.94	0	0	0	0	320.94	233.78	0	0	0	87.16
RITES Limited	200	174.8	0	0	0	25.2	250	180.05	0	0	0	69.95	240.3	173.5	0	0	0	66.8
Braithwaite and Company Limited	83.42	83.42	0	0	0	0	83.42	83.42	0	0	0	0	83.42	83.42	0	0	0	0
Burn Standard Company Limited	184.63	184.63	0	0	0	0	184.63	184.63	0	0	0	0	184.63	184.63	0	0	0	0
Kolkata Metro Rail Corporation Ltd.	1403	1400	0	0	0	3	1403	1400	0	0	0	3	1403	1400	0	0	0	3
Bharat Wagon and Engineering Company Limited	75.85	75.85	0	0	0	0	75.85	75.85	0	0	0	0	75.85	75.85	0	0	0	0
Konkan Railway Corporation Limited	5351	4749	0	602	0	0	5382	4748.86	0	632.14	0	0	5583.29	4855.7	0	727.59	0	0
Mumbai Rail Vikas Corporation Ltd.	25	12.75	0	12.25	0	0	25	12.75	0	12.25	0	0	25	12.75	0	12.25	0	0
Wagon India Ltd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NRTU Foundation	1	1	0	0	0	0	1	1	0	0	0	0	1	1	0	0	0	0
TOTAL	30437.75	29647.39	0	614.25	0	176.08	36326.65	35186.82	0	644.39	0	494.45	37706.25	34357.9	0	739.84	0	2608.54
Concor Air Limited	36.65	0	36.65	0	0	0	36.65	0	36.65	0	0	0	36.65	0	36.65	0	0	0
Fresh and Healthy Enterprises Ltd	159.11	0	159.11	0	0	0	215.01	0	215.01	0	0	0	215.01	0	215.01	0	0	0
Punjab Logistics Infrastructure Ltd	200	0	102	0	98	0	200	0	102	0	98	0	200	0	102	0	98	0
SideulConcor Infra Company Ltd	100	0	74	0	26	0	100	0	74	0	26	0	100	0	74	0	26	0
IRCON PB Tollway Limited	165	0	165	0	0	0	165	0	165	0	0	0	165	0	165	0	0	0
IRCON ShivpuriGuna Limited	150	0	150	0	0	0	150	0	150	0	0	0	150	0	150	0	0	0
IrconDavangereHaveri Highway Ltd	104.05	0	104.05	0	0	0	164.05	0	164.05	0	0	0	164.05	0	164.05	0	0	0
IRCON Vadodara Kim Expressway Ltd	6	0	6	0	0	0	10	0	10	0	0	0	10	0	10	0	0	0
IRCON Infrastructure & Services Ltd	65	0	65	0	0	0	65	0	65	0	0	0	65	0	65	0	0	0

High Speed Rail Corridor Corporation Limited	0.11	0	0.11	0	0	0	0.11	0	0.11	0	0	0	0.11	0	0.11	0	0	0
Railtel Enterprises Limited	10	0	10	0	0	0	10	0	10	0	0	0	10	0	10	0	0	0
Railway Energy Management Company Limited	70	34.3	35.7	0	0	0	70	34.3	35.7	0	0	0	105	51.45	53.55	0	0	0
IRCON Gurgaon Rewari Highway Ktd													0.05	0	0.05	0	0	0
Concor Last Mile logistics Ltd													1	0	1	0	0	0
TOTAL	1065.92	34.3	907.62	0	124	0	1185.82	34.3	1027.52	0	124	0	1221.87	51.45	1046.42	0	124	0
Indian Railway Station Development Corporation Limited	51.60	40	11.60	0	0	0	80	40	40	0	0	0	200	100	100	0	0	0
Surat Integrated Transportation Development	0.1	0.1	0	0	0	0	10	0	6.3	3.4	0	0.3	10	0	6.3	3.4	0	0.3
SAIL RITES Bengal Wagon Industries Limited	48	0	48	0	0	0	48	0	48	0	0	0	48	0	48	0	0	0
National High Speed Rail Corporation Limited	2455	2350	0	105	0	0	7580	7450	0	130	0	0	9580	8950	0	630	0	0
Maharashtra Rail Infrastructure Development Corporation Limited	20	10	0	10	0	0	85.42	42.71	0	42.71	0	0	85.42	42.71	0	42.71	0	0
TOTAL	2574.70	2400.1	59.60	115	0	0	7803.42	7532.71	94.3	176.11	0	0.3	9923.42	9092.71	154.3	676.11	0	0.3
HaridaspurParadeep Railway Company Limited	713.71	0	268.72	183.82	94.82	166.35	1063.36	0	593.3	200.87	92.92	176.27	1187.37	0	673.12	200.87	92.92	221.46
Bharuch Dahej Railway Company Ltd	155.11	0	55	18.11	41	41	155.11	0	55	18.11	41	41	155.11	0	55	18.11	41	41
Krishnapatnam Rail Company Ltd	625	0	476	35	0	114	625	0	476	35	0	114	625	0	476	35	0	114
Kutch Railway Company Limited	250	0	125	75	0	50	250	0	125	75	0	50	260	0	125	75		60
AngulSukinda Railway Limited	600	0	345	132	63	60	600	0	345	132	63	60	778.6	0	460	174.60	84	60
Pipavav Railway Corporation Limited	196	98	0	0	0	98	196	98	0	0	0	98	196	98	0	0	0	98
Hassan Mangalore Rail Development Company Limited	112	45	0	38	7	22	112	45	0	38	7	22	112	45	0	38	7	22
TOTAL	2651.82	143	1269.7	481.93	205.82	551.35	3001.47	143	1594.3	498.98	203.92	561.27	3314.08	143	1789.12	541.58	224.92	616.46
GRAND TOTAL	36730.19	32224.79	2236.94	1211.18	329.82	727.43	48317.36	42896.83	2716.12	1319.48	327.92	1056.02	52165.62	43645.06	2989.84	1957.53	348.92	3225.30

Annexure - 3

Total Long Term Loans from Government of India and others (₹ in crore)

Name of the Railway Commercial Undertaking	2018-19						2019-20						2020-21					
	Total LT loans	GoI	CG Cos	SG	SGC	FI and Others	Total LT loans	GoI	CG Cos	SG	SGC	FI and Others	Total LT loans	GoI	CG Cos	SG	SGC	FI and Others
Dedicated Freight Corridor Corporation Limited	15303	0	0	0	0	15303	22457	0	0	0	0	22457	27310	0	0	0	0	27310
Container Corporation of India Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Indian Railway Catering and Tourism Corporation Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Indian Railway Finance Corporation Limited	168527	0	0	0	0	168527	228251	0	0	0	0	228251	315493.65	0	0	0	0	315493.65
IRCON International Limited	2560	0	2560	0	0		1846	0	1846	0	0	0	1231	0	0	0	0	1231
Rail Vikas Nigam Limited	3024	0	3024	0	0	0	4257	0	4257	0	0	0	5672	0	5672	0	0	0
RailTel Corporation of India Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RITES Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Braithwaite and Company Limited	10	10	0	0	0	0	10	10	0	0	0	0	10	10	0	0	0	0
Burn Standard Company Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kolkata Metro Rail Corporation Limited	3357	1529	0	96	0	1732	4420	2384	0	96	0	1940	6043	2673	0	0	0	3370
Bharat Wagon and Engineering Company Limited	144	144	0	0	0	0	144	144	0	0	0	0	24	24	0	0	0	0
Konkan Railway Corporation Limited	1939	0	0	0	0	1939	2332	0	0	0	0	2332	2681	0	0	0	0	2681
Mumbai Rail Vikas Corporation Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wagon India Ltd (Defunct)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NRTU Foundation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	194864	1683	5584	96	0	187501	263717	2538	6103	96	0	254980	358464.65	2707	5672	0	0	350085.65
Concor Air Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fresh and Healthy Enterprises Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Punjab Logistics Infrastructure Limited	70	0	0	0	0	70	64	0	0	0	0	64	57	0	0	0	0	57
SidculConcor Infra Company Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IRCON PB Tollway Limited	310	0	310	0	0	0	379	0	379	0	0	0	297	0	297	0	0	0
IRCON ShivpuriGuna Limited	517	0	517	0	0	0	541	0	541	0	0	0	490	0	490	0	0	0
IrconDavangereHaveri Highway Limited	130	0	130	0	0	0	269	0	269	0	0	0	339	0	27	0	0	312
IRCON Vadodara Kim Expressway Ltd	0	0	0	0	0	0	181	0	181	0	0	0	571	0	571	0	0	0
IRCON Infrastructure & Services Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
High Speed Rail Corridor Corporation Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Railtel Enterprises Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Railway Energy Management Company Limited	40	0	0	0	0	40	33	0	0	0	0	33	25	0	0	0	0	25
Concor Last Mile logistic													0	0	0	0	0	0
Ircon Gurugram Rewari													0	0	0	0	0	0
TOTAL	1067	0	957	0	0	110	1467	0	1370	0	0	97	1779	0	1385	0	0	394
Indian Railway Station Development Corporation Ltd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Surat Integrated Transportation Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SAIL RITES Bengal Wagon Industries Limited	34	0	0	0	0	34	30	0	6	0	0	24	20	0	3	0	0	17
National High Speed Rail Corporation Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Maharashtra Rail Infrastructure Development Corporation Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	34	0	0	0	0	34	30	0	6	0	0	24	20	0	3	0	0	17
HaridaspurParadeep Railway Company Limited	1094	0	0	0	0	1094	1306	0	0	0	0	1306	1437	0	0	0	0	1437
Bharuch DahejRailway Company Ltd	106	0	0	0	0	106	78	0	0	0	0	78	78	0	0	0	0	78
Krishnapatnam Rail Company Ltd	1043	0	0	0	0	1043	992	0	0	0	0	992	927	0	0	0	0	927
Kutch Railway Company Limited	0	0	0	0	0	0	0	0	0	0	0	0	276	0	0	0	0	276
AngulSukinda Railway Limited	283	0	0	0	0	283	446	0	0	0	0	446	798	0	0	0	0	798
Pipavav Railway Corporation Limited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hassan Mangalore Rail Development Company Limited	94	0	0	0	0	94	90	0	0	0	0	90	46	46	0	0	0	0
TOTAL	2620	0	0	0	0	2620	2912	0	0	0	0	2912	3562	46	0	0	0	3516
GRAND TOTAL	198585	1683	6541	96	0	190265	268126	2538	7479	96	0	258013	363825.65	2753	7060.00	0.00	0.00	354012.65

Annexure - 4

Profitability of Railway Commercial Undertakings(₹ in crore)

Sl. No.	Name of the Railway Commercial Undertaking	2018-19	2019-20	2020-21
Railway Companies				
1	Indian Railway Finance Corporation Ltd	2254.75	3692.42	4416.13
2	Rail Vikas Nigam Limited	606.59	789.86	940.55
3	RITES Limited	444.65	596.39	424.35
4	Indian Railway Catering and Tourism Corporation Limited	308.56	528.57	189.9
5	IRCON International Limited	444.68	489.79	404.56
6	Container Corporation of India Limited	1215.41	375.78	503.33
7	Rail Tel Corporation of India Limited	109.8	138.35	140.41
8	Burn Standard Company Limited	192.52	47	-0.14
9	Braithwaite and Company Limited	7.86	19.78	24.72
10	Mumbai Rail Vikas Corporation	35.87	19.6	23.25
11	Konkan Railway Corporation Limited	99.73	3.84	-366.41
12	NRTU Foundation	-0.38	0.38	0.001
13	Bharat Wagon and Engineering Limited	-1.42	9.25	95.58
14	Dedicated Freight Corridor Corporation Ltd	24.53	-90.52	112.45
15	Kolkata Metro Rail Corporation	-34.97	0	0
16	Wagon India Ltd.	0	0	0
TOTAL Railway Companies		5708.18	6620.49	6908.681
Subsidiaries				
17	Railway Energy Management Company Ltd	41.34	35.02	24.13
18	IRCON Infrastructure & Services Limited	14.03	11.51	5.75
19	CONCOR AIR LIMITED	0.04	7.2	-2.93
20	Sidcul Concor Infra Company Ltd.	-4.68	6.6	-0.29
21	Railtel Enterprises Limited	1.8	2.7	2.05
22	Punjab Logistics Infrastructure Limited	-11.87	0.95	-9.13
23	IRCON Davanagere Haveri Highway Ltd	2.14	0.77	0.65
24	IRCON Vadodra Kim Expressway Ltd	0.05	0.24	0.28
25	High Speed Rail Corridor Corporation Ltd (HSRC Infra Limited)	0.04	0.04	-0.21
26	Fresh and Healthy Enterprises Limited	-8.39	-6.45	-4.84
27	IRCON PB Tollway Ltd.	-2.12	-17.18	-21.38
28	IRCON Shivpuri Guna Tollway Limited.	-30.61	-30.83	-14.06
29	CONCOR Last Mile Logistics Limited	-	-	-0.92
30	IRCON Gurgaon Rewari Highway Limited	-	-	0.01
TOTAL Subsidiaries		1.77	10.57	-20.89

Sl. No.	Name of the Railway Commercial Undertaking	2018-19	2019-20	2020-21
Joint Ventures				
31	National High Speed Rail Corporation Ltd	46.09	55.92	22.43
32	SAIL RITES Bengal Wagon Industries Ltd	16.49	15.53	2.48
33	Indian Railway Stations Development Corporation Ltd	10.06	3.07	5.06
34	Surat Integrated Transportation Development Corporation Ltd	-2.09	0.41	0.2
35	Maharashtra Rail Infrastructure Development Corporation Ltd	9.82	-0.38	1.27
TOTAL JVs		80.37	74.55	31.44
Special Purpose Vehicles				
36	Pipavav Railway Corporation Limited	85.61	82.27	26.02
37	Kutch Railway Company Ltd	157.93	30.22	222.74
37	Hassan Mangalore Rail Development Corporation	25.58	21.48	-32.04
38	HaridaspurParadip Railway Company Ltd,Bhubanaswer	0.42	0.49	38.83
39	AngulSukinda Railway limited	2.25	0.28	0.7
40	Bharuch Dahej Rail Company Limited	6.26	-10.79	-1.56
41	Krishnapatnam Railway Company Limited	72.92	-48.59	-106.52
TOTAL SPVs		350.97	75.36	148.17
GRAND TOTAL		6141.29	6780.97	7067.401

Annexure - 5(A)
Mismatch of investment of Govt. of India in Share Capital of the Railway Commercial Undertakings as shown in Financial Statements with Statement No. 11 of Union Govt. Finance Account

Sl. No.	Name of the Railway Commercial Undertaking	2020-21			2019-20			2018-19		
		Amount shown in the Balance Sheet of the Railway Commercial Undertaking	Amount shown in Statement No 11 of the Union Govt. Finance Account	Difference	Amount shown in the Balance Sheet of the Railway Commercial Undertaking	Amount shown in Statement No 11 of the Union Govt. Finance Account	Difference	Amount shown in the Balance Sheet of the Railway Commercial Undertaking	Amount shown in Statement No 11 of the Union Govt. Finance Account	Difference
1.	DFCCIL	14,076.63	41,075.54	(-)26,998.91	14076.62	29875.55	(-)15798.93	10768.70	20975.55	(-)10206.90
2.	CONCOR	166.94	106.85	60.09	166.94	106.85	60.09	166.94	106.85	60.09
3.	RITES	173.50	68.25	105.25	180.05	74.80	105.25	174.80	74.80	100.00
4.	Braithwaite and Company Ltd	83.42	78.59	4.83	83.42	78.60	4.82	83.42	78.60	4.82
5.	Kolkata Metro Rail Corporation	1403	6,198.59	(-)4,795.59	1403	5398.59	(-)3998.59	1400.00	4543.59	(-)3143.59
6	Bharat Wagon & Engineering Ltd	75.85	77.17	-1.32	75.85	77.17	-1.32	75.85	56.94	18.91
7.	Konkan Railway Corporation Ltd	4855.70	4873.20	(-) 17.50	4748.86	4748.86	0	4748.86	4748.86	0
8.	National High Speed Rail Corporation Ltd	8950.00	10950.00	(-)2000.00	7450	7550	(-)100.00	2350.00	3050.00	(-)700.00
		29,785.04	63,428.19	(-)33,643.15	28,184.74	47,910.42	(-)19725.68	19,768.57	33,635.19	-13,866.62

Annexure - 5 (B)

Mismatch of investment of Govt. of India in no of Shares of the Railway Commercial Undertakings as shown in Financial Statements with Statement No. 11 of Union Govt. Finance Account

(Number of shares in crore)

S.No	Name of the Railway Commercial Undertaking	2020-21			2019-20			2018-19		
		No. of shares in the Balance Sheet of the Railway Commercial Undertaking	No. of shares in Statement No. 11 of the Union Govt. Finance Account	Difference	No. of shares in the Balance Sheet of the Railway Commercial Undertaking	No. of shares in Statement No. 11 of the Union Govt. Finance Account	Difference	No. of shares in the Balance Sheet of the Railway Commercial Undertaking	No. of shares in Statement No. 11 of the Union Govt. Finance Account	Difference
1.	DFCCIL	14.08	29.88	-15.8	14.08	29.88	(-)15.8	10.76	20.97	(-)10.21
2.	CONCOR	33.39*	10.68	22.71	33.39*	10.68	22.71	33.39*	10.68	22.71
3.	BITES	17.35	6.83	10.52	18.00	7.48	10.52	17.48	7.48	10
4.	Braithwaite and Company Ltd	0.08	0.08	-	0.08	0.08	-	0.08	0.08	-
5.	Kolkata Metro Rail Corporation	140.30	619.86	-479.56	140.30	539.86	-399.56	140.00	454.36	-314.36
6.	Konkan Railway Corporation Ltd	4.08	4.87	-0.79	4.08	4.77	-0.69	4.08	4.75	-0.67
7.	National High Speed Rail Corporation Ltd	8.95	10.95	-2	7.45	7.55	-0.1	2.35	3.05	-0.7

*The face value of the share is ₹ 5/- as per Balance sheet whereas as per Statement-11 it is shown as ₹ 10/-.

Annexure - 6							
Payment of dividend by Railway Commercial Undertakings during 2019-20 and 2020-21 (in crore)							
		2020-21		2019-20		2018-19	
Sl. No.	Name of the Commercial Undertaking	Profit	Dividend paid	Profit	Dividend	Profit	Divided
Railway Companies							
1	Dedicated Freight Corridor Corporation Limited	112.45	0	-90.52	0	24.53	0.00
2	Container Corporation of India Limited	503.33	304.65	375.78	228	1215.41	628.01
3	Indian Railway Catering and Tourism Corporation Limited	189.9	80	528.57	200	308.56	122.37
4	Indian Railway Finance Corporation Limited	4416.13	1372.2	3692.42	500	2254.75	400.00
5	IRCON International Limited	404.56	221.02	489.79	223.38	444.65	203
6	Rail Vikas Nigam Limited	940.55	329.43	789.86	237.69	606.59	186.94
7	Rail Tel Corporation of India Limited	140.41	70.6	138.35	68.06	109.8	64.2
8	RITES Limited	424.35	366.27	596.39	330	444.65	215
9	Braithwaite and Company Limited	24.72	0	19.78	0	7.86	0
10	Burn Standard Company Limited	-0.14	0	47	0	192.52	0
11	Kolkata Metro Rail Corporation	0	0	0	0	-34.97	0
12	Bharat Wagon and Engineering Limited	95.58	0	9.25	0	-1.42	0
13	Konkan Railway Corporation Limited	-366.41	0	3.84	0	99.73	0
14	Mumbai Rail Vikas Corporation	23.25	0	19.6	0	35.87	0
15	Wagon India Ltd.(Defunct)	0	0	0	0	0	0
16	NRTU Foundation	0.01	0	0.38	0	0.38	0
	TOTAL	6908.68	2744.17	6620.49	1787.13	5708.91	1819.52
Subsidiaries							
17	CONCOR Air Limited	-2.93	0	7.2	23.86	0.04	12.75

18	Fresh and Healthy Enterprises Limited	-4.84	0	-6.45	0	-8.39	0
19	Punjab Logistics Infrastructure Limited	-9.13	0	0.95	0	-11.87	0
20	SidculConcor Infra Company Ltd.	-0.29	0	6.6	0	-4.68	0
21	IRCON PB Tollway Ltd.	-21.38	0	-17.18	0	-2.11	0
22	IRCON ShivpuriGuna Tollway Ltd.	-14.06	0	-30.83	0	-30.61	0
23	IRCON DavanagereHaveri Highway Limited	0.65	0	0.77	0	2.12	0
24	IRCON Vadodra Kim Expressway Ltd	0.28	0	0.24	0	0.05	0
25	IRCON Infrastructure & Services Ltd	5.75	0	11.51	0	14.03	0
26	High Speed Rail Corridor Corporation Ltd (HSRC Infra Limited)	-0.21	0	0.04	0	0.04	0
27	Railtel Enterprises Limited	2.05	0	2.7	0	1.8	0
28	Railway Energy Management Company Limited	24.13	10.50	35.02	12.41	41.34	9.09
29	CONCOR Last Mile Logistics Limited	-0.92	0	0	0		
30	IRCON Gurgaon Rewari Highway Limited	0.01	0	0	0		
	TOTAL	-20.89	10.50	10.57	36.27	1.76	21.84
Joint Ventures							
31	Indian Railway Stations Development Corporation Limited	5.06	0	3.07	0	10.06	0
32	Surat Integrated Transportation Development Corporation Limited	0.2	0	0.41	0	-2.09	0
33	SAIL RITES Bengal Wagon Industries Limited	2.48	0	15.53	0	16.49	0
34	National High Speed Rail Corporation Limited	22.43	0	55.92	0	46.09	0
35	Maharashtra Rail Infrastructure Development Corporation Limited	1.27	0	-0.38	0	9.82	N.A
	TOTAL	31.44	0	74.55	0	80.37	0

Special Purpose Vehicles							
36	Haridaspur Paradip Railway Company Limited	38.83	0	0.49	0	0.42	0
37	Bharuch Dahej Rail Company Limited	-1.56	0	-10.79	0	6.27	0
38	Krishnapatnam Rail Company Limited	-106.52	0	-48.59	0	72.92	0
39	Kutch Railway Company Limited	222.74	35	30.22	25	157.93	40
40	Angul Sukinda Railway Limited	0.7	0	0.28	0	2.24	0
41	Pipavav Railway Corporation Limited	26.02	9.8	82.27	9.8	85.61	9.80
42	Hassan Mangalore Rail Development Corporation	-32.04	0	21.48	0	25.58	0
	TOTAL	148.17	44.80	75.36	34.80	350.97	49.80
	Grant Total	7067.40	2799.47	6780.97	1858.20	6142.01	1891.16

Annexure - 7						
Details of dividend due and paid by various Railway Companies in 2020-21						
(₹ in crore)						
Sl. No.	Name of the Company	Dividend paid	30 per cent of PAT	5 per cent of Net Worth	Dividend to be paid	Shortfall
1	Dedicated Freight Corridor Corporation Limited (DFCCIL)	0	33.735	718.53	718.528	718.528
2	Container Corporation of India Limited (CONCOR)	304.65	151	510.19	510.187	205.537
3	Indian Railway Catering and Tourism Corporation Limited (IRCTC)	80	56.97	73.348	73.3475	-6.6525
4	Indian Railway Finance Corporation Limited (IRFC)	1372.2	1324.8	1700.6	1700.629	328.429
5	IRCON International Limited (IRCON)	221.02	121.37	220.32	220.324	-0.696
6	Rail Vikas Nigam Limited (RVNL)	329.43	282.17	248.28	282.165	-47.265
7	Rail Tel Corporation of India Limited (RAILTEL)	70.6	42.123	70.137	70.1365	-0.4635
8	RITES Limited (RITES)	312	127.31	116.1	127.305	-184.695
9	Braithwaite and Company Limited	0	7.416	5.4085	7.416	7.416
10	Burn Standard Company Limited	0	-0.042	24.862	24.862	
11	Kolkata Metro Rail Corporation	0	0	70.15	70.15	70.15
12	Bharat Wagon and Engineering Limited	0	28.674	0.279	28.674	
13	Konkan Railway Corporation Limited	0	-109.92	78.509	78.509	78.509
14	Mumbai Rail Vikas Corporation	0	6.975	12.015	12.015	12.015
15	NRTU Foundation	0	0	0		
16	Wagon India Ltd.(Defunct)	0	0	0.05		

Annexure 8 Market Capitalisation of Railway Commercial Undertakings						
Railway Commercial Undertakings	As on 31 March 2019		As on 31 March 2020		As on 31 March 2021	
	Market Price (₹/share)	Market Capitalisation (₹ in crore)	Market Price (₹/share)	Market Capitalisation (₹ in crore)	Market Price (₹/share)	Market Capitalisation (₹ in crore)
Container Corporation of India Limited	524.65	31,966.92	331.45	20,195.06	597.25	36,390.10
Indian Railway Catering and Tourism Corporation Limited	NA	NA	982.00	15,718.00	1757	28,112
RITES Limited	207.24	4144.80	245.95	6,148.75	240.65	5,782.82
IRCON International Limited	397.05	3775.70	381.00	3,585.00	88.3	4,152.75
Rail Vikas Nigam Limited	NA	NA	12.90	2,689.68	29.10	6,067.41
RailTel Corporation of India Limited	NA	NA	NA	NA	126.80	4,069.012
Indian Railway Finance Corporation Limited	NA	NA	NA	NA	22.90	29,926.86
Total		39887.42		48336.49		114500.95

Annexure - 9
Return on Equity of Railway Commercial Undertakings

Sl. No.	Name of the Railway Commercial Undertaking	2018-19			2019-20			2020-21		
		Networth	Profit	RoE	Networth	Profit	RoE	Networth	Profit	RoE
		(₹ in crore)	(₹ in crore)	(per cent)	(₹ in crore)	(₹ in crore)	(per cent)	(₹ in crore)	(₹ in crore)	(per cent)
1	Dedicated Freight Corridor Corporation Ltd	11298.9	24.53	0.22	14256.29	-90.52	-0.63	14370.56	112.45	0.78
2	Container Corporation of India Limited	10367.87	1215.41	11.72	10064.74	375.78	3.73	10203.74	503.33	4.93
3	Indian Railway Catering and Tourism Corporation Limited	1071.02	308.56	28.81	1327.82	528.57	39.81	1466.95	189.9	12.95
4	Indian Railway Finance Corporation Limited	18585.51	2254.75	12.13	30962.43	3692.42	11.93	34012.58	4416.13	12.98
5	IRCON International Limited	3949.55	444.68	11.26	4161.14	489.79	11.77	4406.48	404.56	9.18
6	Rail Vikas Nigam Limited	3738.76	606.59	16.22	4499.77	789.86	17.55	4965.58	940.55	18.94
7	Rail Tel Corporation of India Limited	1283.73	109.8	8.55	1361.28	138.35	10.16	1402.73	140.41	10.01
8	RITES Limited	2383.83	444.65	18.65	2576.62	596.39	23.15	2321.93	424.35	18.28
9	Braithwaite and Company Limited	63.68	7.86	12.34	83.45	19.78	23.7	108.17	24.72	22.85
10	Burn Standard Company Limited	62	192.52	38.74	497.38	47	9.45	497.24	-0.14	-0.03
11	Kolkata Metro Rail Corporation	1422.04	-34.97	-2.46	1185.08	0	0	1403	0	0.00
12	Bharat Wagon and Engineering Limited	-99.25	-1.42	1.43	-89.99	9.25	-10.28	5.58	95.58	1712.90
13	Konkan Railway Corporation Limited	2065.39	99.73	4.83	1919.58	3.84	0.2	1570.18	-366.41	-23.34
14	Mumbai Rail Vikas Corporation Limited	246.25	35.87	14.57	244.34	19.6	8.02	240.3	23.25	9.68
15	Wagon India Ltd.(Defunct)	0	0	0	0	0	0	0	0	0.00
16	NRTU Foundation	0.45	-0.38	-84.44	0.99	0.38	38.38	1	0.001	0.10
	Total	56439.73	5708.18	10.11	73050.92	6620.49	9.06	76976.02	6908.681	8.98
17	CONCOR Air Limited	53.49	0.04	0.07	36.84	7.2	19.54	33.91	-2.93	-8.64
18	Fresh and Healthy Enterprises Limited	-13.04	-8.39	64.34	36.39	-6.45	-17.72	31.56	-4.84	-15.34
19	Punjab Logistics Infrastructure Limited	174.84	-11.87	-6.79	175.79	0.95	0.54	166.65	-9.13	-5.48
20	Sidcul Concor Infra Company Ltd.	83.77	-4.68	-5.59	90.37	6.6	7.3	90.08	-0.29	-0.32
21	IRCON PB Tollway Ltd.	166.81	-2.12	-1.27	149.62	-17.18	-11.48	128.24	-21.38	-16.67

22	IRCON ShivpuriGuna Tollway Limited.	118.64	-30.61	-25.8	87.82	-30.83	-35.11	73.75	-14.06	-19.06
23	IRCON DavanagereHaveri Highway Limited	106.82	2.14	2	167.6	0.77	0.46	168.25	0.65	0.39
24	IRCON Vadodara Kim Expressway Limited	6.05	0.05	0.83	136.06	0.24	0.18	136.34	0.28	0.21
25	IRCON Infrastructure & Services Limited	142.38	14.03	9.85	153.89	11.51	7.48	159.64	5.75	3.60
26	High Speed Rail Corridor Corporation Limited	0.08	0.04	50	0.13	0.04	30.77	2.42	-0.21	-8.68
27	Railtel Enterprises Limited	15.34	1.8	11.73	18.04	2.7	14.97	20.09	2.05	10.20
28	Railway Energy Management Company Limited	146.23	41.34	28.27	166.28	35.02	21.06	179.91	24.13	13.41
29	Iron Gurgaon Rewari Highway Limited							0.06	0.001	1.67
30	Concor Last Mile logistics Limited							0.08	-0.92	-
	Total	1001.41	1.77	0.18	1218.83	10.57	0.87	1190.98	-20.90	-1.75
31	Indian Railway Stations Development Corporation Limited	63.09	10.06	15.87	95	3.07	3.16	219.56	5.06	2.30
32	Surat Integrated Transportation Development Corporation Limited	6.88	-2.09	-30.38	7.28	0.41	5.63	7.48	0.2	2.67
33	SAIL RITES Bengal Wagon Industries Limited	42	16.49	39.26	57.54	15.53	26.99	60.02	2.48	4.13
34	National High Speed Rail Corporation Limited	3124.48	46.09	1.48	7700.74	55.92	0.73	10721.34	22.43	0.21
35	Maharashtra Rail Infrastructure Development Corporation Limited	60	10	16.67	92.86	-0.38	-0.41	101.43	1.27	1.25
	Total	3296.45	80.55	2.44	7953.42	74.55	0.94	11109.83	31.44	0.28
36	Haridaspur Paradip Railway Company Limited,Bhubaneswar	714.44	0.42	0.06	1064.58	0.49	0.05	1227.43	38.83	3.16

37	Bharuch Dahej Rail Company Limited	197.52	6.26	3.17	186.72	-10.79	-5.78	185.15	-1.56	-0.84
38	Krishnapatnam Rail Company Limited	702.31	72.92	10.38	653.72	-48.59	-7.43	546.9	-106.52	-19.53
39	Kutch Railway Company Limited	1623.62	157.93	9.73	1605.54	30.22	1.88	1793.32	222.74	12.42
40	AngulSukinda Railway limited	681.81	2.25	0.33	724.69	0.28	0.03	861.41	0.70	0.08
41	Pipavav Railway Corporation Limited	571.18	85.61	14.99	641.52	82.27	12.82	657.77	26.02	3.96
42	Hassan Mangalore Rail Development Corporation	358.88	25.58	7.13	379.64	21.46	5.65	347.6	-32.04	-9.22
	Total	4849.76	350.97	7.24	4531.72	75.34	1.66	5619.58	148.17	2.64
	Grand Total	65587.35	6141.47	9.36	86754.89	6780.95	7.82	94896.41	7067.39	7.45

Source : Profit after Tax has been taken from P&L Account and Net Worth from Balance Sheet of the respective Railway Commercial Undertakings

Annexure - 10							
Share capital and net worth of Railway Commercial Undertakings (₹ in crore)							
Sl. No.	Name	Share Capital			Net Worth		
		2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
Railway Companies							
1	Indian Railway Finance Corporation Limited	9380.46	11880.46	13068.5	18585.51	30962.43	34012.58
2	Dedicated Freight Corridor Corporation Ltd	10768.73	14076.63	14076.6	11298.9	14256.29	14370.56
3	Container Corporation of India Limited	304.65	304.65	304.65	10367.87	10064.74	10203.74
4	Rail Vikas Nigam Ltd	2085.02	2085.02	2085.02	3738.76	4499.77	4965.58
5	IRCON International Ltd	94.05	94.05	94.05	3949.55	4161.14	4406.48
6	RITES Limited	200	250	240.3	2383.83	2576.62	2321.93
7	Konkan Railway Corporation Limited	5351	5382	5583.29	2065.39	1919.58	1570.18
8	Rail Tel Corporation of India Limited	320.94	320.94	320.94	1283.73	1361.28	1402.73
9	Indian Railway Catering and Tourism Corporation Limited	160	160	160	1071.02	1327.82	1466.95
10	Kolkata Metro Rail Corporation	1403	1403	1403	1422.04	1185.08	1403
11	Burn Standard Company Limited	184.63	184.63	184.63	62	497.38	497.24
12	Mumbai Rail Vikas Corporation	25	25	25	246.25	244.34	240.3
13	Braithwaite and Company Limited	83.42	83.42	83.42	63.68	83.45	108.17
14	NRTU Foundation	1	1	1	0.45	0.99	1
15	Bharat Wagon and Engineering Limited	75.85	75.85	75.85	-99.25	-89.99	5.58
16	Wagon India Ltd.(Defunct)	0	0	0	0	0	0
	TOTAL	30437.75	36326.65	37706.25	56439.73	73050.92	76976.02
Subsidiaries							
17	Punjab Logistics Infrastructure Limited	200	200	200	174.84	175.79	166.65
18	IRCON Davanagere Haveri Highway Limited	104.05	164.05	164.05	106.82	167.6	168.25
19	Railway Energy Management Company Limited	70	70	105	146.23	166.28	179.91
20	IRCON Infrastructure & Services Limited	65	65	65	142.38	153.89	159.64
21	IRCON PB Tollway Ltd.	165	165	165	166.81	149.62	128.24
22	IRCON Vadodara Kim Expressway Limited	6	10	10	6.05	136.06	136.34
23	SidculConcor Infra Company Ltd.	100	100	100	83.77	90.37	90.08

24	IRCON ShivpuriGuna Tollway Limited.	150	150	150	118.64	87.82	73.75
25	CONCOR AIR LTD	36.65	36.65	36.65	53.49	36.84	33.91
26	Fresh and Healthy Enterprises Limited	159.11	215.01	215.01	-13.04	36.39	31.56
27	Railtel Enterprises Ltd	10	10	10	15.34	18.04	20.09
28	High Speed Rail Corridor Corporation Limited	0.11	0.11	0.11	0.08	0.13	2.42
29	IRCON Gurgaon Rewari Highway Ltd			0.05			0.06
30	Concor Last Mile Logistics Ltd			1			0.08
	TOTAL	1065.92	1185.82	1221.87	917.64	1218.83	1190.98
Joint Ventures							
31	National High Speed Rail Corporation Limited	2455	7580	9580	3124.48	7700.74	10721.34
32	Indian Railway Stations Development Corporation Limited	51.6	80	200	63.09	95	219.56
33	Maharashtra Rail Infrastructure Development Corporation Ltd	20	85.42	85.42	60	92.86	101.43
34	SAIL RITES Bengal Wagon Industries Ltd	48	48	48	42	57.54	60.02
35	Surat Integrated Transportation Development Corporation Limited	0.1	10	10	6.88	7.28	7.48
	TOTAL	2574.70	7803.42	9923.42	3296.45	7953.42	11109.83
Special Purpose Vehicles							
36	Kutch Railway Company Limited	250	250	260	1623.62	1605.54	1793.32
37	Haridaspur Paradip Railway Company Limited Bhubaneswar	713.71	1063.36	1187.37	714.44	1064.58	1227.43
38	Angul Sukinda Railway limited	600	600	778.6	681.81	724.69	861.41
39	Krishnapatnam Rail Company Limited	625	625	625	702.31	653.72	546.9
40	Pipavav Railway Corporation Limited	196	196	196	571.18	641.52	657.77
41	Hassan Mangalore Rail Development Corporation	112	112	112	358.88	379.64	347.6
42	Bharuch Dahej Rail Company Limited	155.11	155.11	155.11	197.52	186.72	185.15
	TOTAL	2651.82	3001.47	3314.08	4849.76	4531.72	5619.58
	GRAND TOTAL	36730.19	48317.36	52165.62	65503.58	86754.89	94896.41

Annexure - 11 Details of SPVs						
Sl. No.	Name of the Project	Name of SPV	Distance (Kms)	Date of incorporation	Date of concession agreement	Date of Completion
1.	Gauge conversion of railway line connecting Port of Pipavav to Surendranagar Junction	Pipavav Railway Corporation Limited- SPV of MoR	271	30 May 2000	28 June 2001	March 2003
2.	Gauge conversion of railway line between Hassan (HAS) and Mangalore (MAQ).	Hassan Mangalore Rail Development Corporation – SPV of MoR	236	1 July 2003	18 March 2004	May 2006
3.	Haridaspur Paradip New Railway Line Project	Haridaspur – Paradip Railway Company Limited – SPV of RVNL	82	25 September 2006	20 December 2007	October 2020
4.	Broad Gauge single railway line between Angul and Sukinda	Angul – Sukinda Railway Limited – SPV of RVNL	113.39	20 February 2009	14 May 2010	Not yet completed.
5.	Krishnapatnam- Obulavaripalle New Rail Line,	Krishnapatnam Railway Company Limited – SPV of RVNL	114	11 October 2006	23 November 2007	July 2019
6.	Gandhidham-Palanpur Gauge conversion project	Kutch Railway Company Limited – SPV of RVNL	301	22 January 2004	8 November 2005	November 2006
7.	Bharuch-Damni-Dahej Gauge Conversion project	Bharuch Dahej Railway Company Limited – SPV of RVNL	63	15 November 2006	25 June 2008	March 2012

Annexure - 12
Ratio Analysis of Railway Commercial Undertakings

Name of Railway Commercial Undertaking	Total PAT (₹ in crore)	No. of shares	Current Assets (₹ in crore)	Current Liabilities (₹ in crore)	Dividend (₹ in crore)	Total Assets (₹ in crore)	Total Liabilities (₹ in crore)	Market Price of share (in ₹)	Capital employed (₹ in crore)	Return on capital employed (%)	Capital invested (₹ in crore)	Return on capital invested (%)	Earning per share (EPS) (in ₹)	Price earning ratio	Dividend payout ratio	Current Ratio
Dedicated Freight Corridor Corporation Limited	112	14.08	901	15160	0	59700	45330		41681	0.27	41681	0.27	7.99	0	0	0.06
Container Corporation of India Limited	503	60.93	3185	1296	305	12195	1991	597.25	8654	5.82	305	165.22	8.26	72.30	0.61	2.46
Indian Railway Catering and Tourism Corporation Limited	190	16	2725	1538	80	3166	1699	1757	1467	12.95	1467	12.95	11.87	148.02	5	1.77
Indian Railway Finance Corporation Limited	4416	1306.85	12868	26908	1372	37805	342138	22.9	351407	4.45	359024	4.35	3.66	6.26	1.05	0.48
IRCON International Limited	405	47.02	6789	5579	221	10664	6258	88.3	4406	9.18	4406	9.18	4.3	20.53	54.57	1.22
Rail Vikas Nigam Limited	941	208.5	9981	2508	329	13550	8584	29.1	4966	18.94	4966	18.94	4.51	6.45	0.35	3.98
RailTel Corporation of India Limited	140	32.09	1543	1045	71	2616	1213	126.8	1403	10.09	1403	10.09	4.37	29.01	2.21	1.48
RITES Limited	424	24.03	4746	3076	312	5631	3309	240.65	2322	24.20	2322	18.28	17.22	13.97	73.60	1.54
Braithwaite and Company Limited	25	0.083	336	198	-	362	254	-	162	19	118	29	296.36	-	-	1.69
Burn Standard Company Limited	-0.14	0.18	89	55	0	552	55	-	497	-	185	-	0	-	-	1.61
Kolkata Metro Rail Corporation Limited	0	140.3	201	198	0	7671	6267	-	7567	0	7447	0	0	-	-	1.01
Bharat Wagon and Engineering Company Limited	95	0.07	45	28	-	58	52	-	-	-	-	-	-	-	-	1.6
Konkan Railway Corporation Limited	-366	1.48	2630	2578	-	7620	6050	-	4228	-5.40	4228	-5.40	-267.85	-	-	1.02
Mumbai Rail Vikas Corporation Limited	23	0.025	548	60	-	603	363	-	-	-	-	-	930.1	-	-	9.13
Wagon India Ltd (Defunct)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
NRTU Foundation	0	0.1	17	16	0	18	16	--	1	0	1	0	0	-	-	1.06
Concor Air Limited	-3	3.67	18	17	0	65	31	-	29	-10.04	37	0	-0.8	-	-	1.06
Fresh and Healthy Enterprises Limited	-5	21.5	5	4	0	36	4	-	32	-15.34	215	-2.25	-0.23	-	-	1.53
Punjab Logistics Infrastructure Limited	-9.13	20	7	8	0	242	75	-	229	-3.99	200	-4.57	-0.46	-	-	0.82
SideculConcor Infra Company Limited	-0.29	10	29	10	0	119	29	-	84	-0.34	100	-0.29	0.03	-	-	2.9
IRCON PB Tollway Limited	-21.38	16.5	35	58	0	509	381	-	451	-4.75	--	--	-1.3	-	-	0.59
IRCON Shivpuri Guna Limited	-14	15	7	42	0	616	542	-	564	-2.49	--	--	-0.94	-	-	0.16

Ircon Davangere Haveri Highway Limited	-0.65	16.4	215	94	0	600	432	-	507	0.13	507	0.13	0.04	-	-	2.28
IRCON Vadodara Kim Expressway Ltd	0.28	1	381	82	0	789	653	-	708	0.04	708	0.04	0.28	-	-	4.64
IRCON Infrastructure & Services Limited	6	6.5	249	123	0	340	181	-	160	3.60	160	3.60	0.88	-	-	2.02
IRCON Gurugram Rewari Expressway Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
High Speed Rail Corridor Corporation Limited	-0.21	0.01	5	3	0	5	3	-	2	-7.94		-7.94	-19.71	-	-	1.66
Railtel Enterprises Limited	2	1	118	89	0	118	98	-	2009	23.96	2009	23.96	2.05	-	-	1.32
Concor Last Mile Logistic Ltd.	-0.92	0.1	0	0	0	0	0	0	0	-11.63	1	-92.08	-9.21	-	-	0
Railway Energy Management Company Limited	24	10.5	59	18	11	235	56	-	212	17.71	212	17.71	2.3	-	37.27	3.20
Indian Railway Station Development Corporation Ltd	5	20	167	42	0	354	56	-	220	2.30	200	2.53	0.36	-	-	3.97
Surat Integrated Transportation Development	0.2	1	7	0	0	7	0	-	7	2.73	10	2.04	0.2	-	-	0
SAIL RITES Bengal Wagon Industries Limited	2.48	4.8	43	39	0	129	117	-	100.73	18.37	100.73	18.37	0.52	-	-	1.09
National High Speed Rail Corporation Limited	22	9.58	1213	340	-	13133	2412	-	12793	19.85	9580	23.41	2.67	-	-	3.56
Maharashtra Rail Infrastructure Development Corporation Limited	1	8.54	93	82	0	421	320	-	101	1.93	101	1.93	0.15	-	-	1.13
HaridaspurParadeep Railway Company Limited	39	118.73	305	15	0	2680	1453	-	2665	1.46	1227	1.46	0.36	-	-	20.33
Bharuch DahejRailway Company Ltd	-1.57	15.51	71	15	0	351	166	-	263	-0.60	185	-0.60	-0.1	-	-	4.73
Krishnapatnam Rail Company Ltd	-107	62.5	158	1424	0	2900	2354	-	1474	-7.26	574	-7.26	-1.71	-	-	0.11
Kutch Railway Company Limited	223	25	15	338	35	2898	1105	-	2069	10.78	1793	10.78	8.91	-	0.16	0.04
Angul Sukinda Railway Limited	0.7	77.86	13	26	0	1686	825	-	1660	0.04	861	0.04	0.01	-	0	0.5
Pipavav Railway Corporation Limited	26	19.6	253	39	10	786	129	-	748	3.91	658	3.96	1.33	-	0.51	6.48
Hassan Mangalore Rail Development Company Limited	-32	11.2	235	41	0	480	133	-	400	-7.07	434	-6.52	-2.86	-	-	5.73

Annexure - 13
Shareholding details of SPVs
Haridaspur- Paradip Railway Company Limited

Sl. No.	Name of the Share Holder	Share holding (in per cent)	No of Shares (Value per share ₹ 10)
1	Sagarmala Development Company Limited	28.36	336788058
2	Rail Vikas Nigam Limited	27.91	331369560
3	The Governor of the State of Odisha	16.92	200874541
4	Paradip Port Trust	11.67	138521106
5	Odisha Mining Corporation Limited	7.83	92920000
6	Essel Mining and Industries Limited	2.53	30000000
7	Rungta Mines Limited	2.53	30000000
8	MSPL Limited	1.26	15000000
9	Jindal Steel & Power Limited	0.42	5000000
10	Steel Authority of India Limited	0.42	5000000
11	Odisha Industrial infrastructure Development Corporation	0.16	1900000
Total		100	1187373265

Angul – Sukinda Railway Limited

Sl. No.	Name of the Share Holder	Share holding (in per cent)	No of Shares (Value per share ₹ 10)
1	Rail Vikas Nigam Limited (RVNL)	32.37	252000000
2	CONCOR	26.00	156,000,000
3	Government of Odisha	21.30	127,800,000
4	Odisha Mining Corporation Limited (OMC)	10.50	63,000,000
5	Jindal Steel & Power Limited (JSPL)	10.00	60,000,000
6	Orissa Industrial Infrastructure Development Corporation (IDCO)	0.70	4,200,000
Total		100.00	600,000,000

Krishnapatnam Railway Company Limited

Sl. No.	Name of the Share Holder	Share holding (in per cent)	No of Shares (Value per share ₹ 10)
1.	Rail Vikas Nigam Limited	49.76	311000000
2.	Krishnapatnam Port Company Limited	12.96	81000000
3.	National Mineral Development Corporation Ltd	6.40	40000000
4.	Government of Andhra Pradesh	5.60	35000000
5.	Bramhani Industries Ltd.	5.28	33000000
6.	Sagarmala Development Company Limited	20.00	125000000
Total		100	625000000

Kutch Railway Company Limited

Sr. No.	Name of the Share Holder	Share holding (in per cent)	No of Shares (Value per share ₹ 10)
1	RVNL	50.00	125000000
2	Deendayal Port Trust	26.00	65000000
3	Adani Ports & SEZ Ltd.	20.00	50000000
4	Govt. of Gujarat	4.00	10000000
Total		100.00	250000000

Bharuch Dahej Railway Company Limited

Sl. No.	Name of the Shareholders	Share holding (in per cent)	No. of Shares held (Value per share ₹ 10)
1.	Rail Vikas Nigam Limited	35.46	5,50,00,000
2.	Gujarat Maritime Board	11.51	1,78,60,000
3.	Gujarat Industrial Development Corporation	11.51	1,78,60,000
4.	Adani Petronet (Dahej) Port Private Limited	11.17	1,73,30,000
5.	Dahej SEZ Limited	6.45	1,00,00,000
6.	Gujarat Narmada Valley Fertilizers Company Limited	8.72	1,35,30,000
7.	Hindalco Industries Limited	8.72	1,35,30,000
8.	Jindal Rail Infrastructure Limited	6.45	1,00,00,000
Total			15,51,10,000

Pipavav Railway Corporation Limited

Sl. No.	Name of the Shareholders	Share holding (in per cent)	No. of Shares held (Value per share ₹ 10)
1.	President of India (Ministry of Railways)	50.00	9,80,00,000
2.	Gujarat Pipavav Port Limited	38.78	7,60,00,000
3.	General Insurance Corporation of India	2.55	50,00,000
4.	The New India Assurance Company Limited	2.55	50,00,000
5.	IL&FS Financial Services Limited	6.12	1,20,00,000
Total		100	19,60,00,000

Hassan Mangalore Rail Development Company Limited

Sl. No.	Name of the Share Holder	Share holding (in per cent)	No of Shares (Value per share ₹ 10)
1	President of India (Ministry of Railways)	40.18	4,50,00,000
2	Government of Karnataka	25.00	2,80,00,000
3	Visvesvaraya Trade Promotion Centre	8.93	1,00,00,000
4	Mysore Sales International Limited	6.25	70,00,000
5	Mineral Enterprises Limited	8.93	1,00,00,000
6	New Mangalore Port Trust	8.93	1,00,00,000
7	Rail Infrastructure Development Company (Karnataka) Limited	1.78	20,00,000
Total		100.00	112,000,000

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