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Report of the  
Comptroller and Auditor General of India  
for the year ended March 2013



Union Government (Railways)  
Railways Finances  
Report No. 19 of 2014

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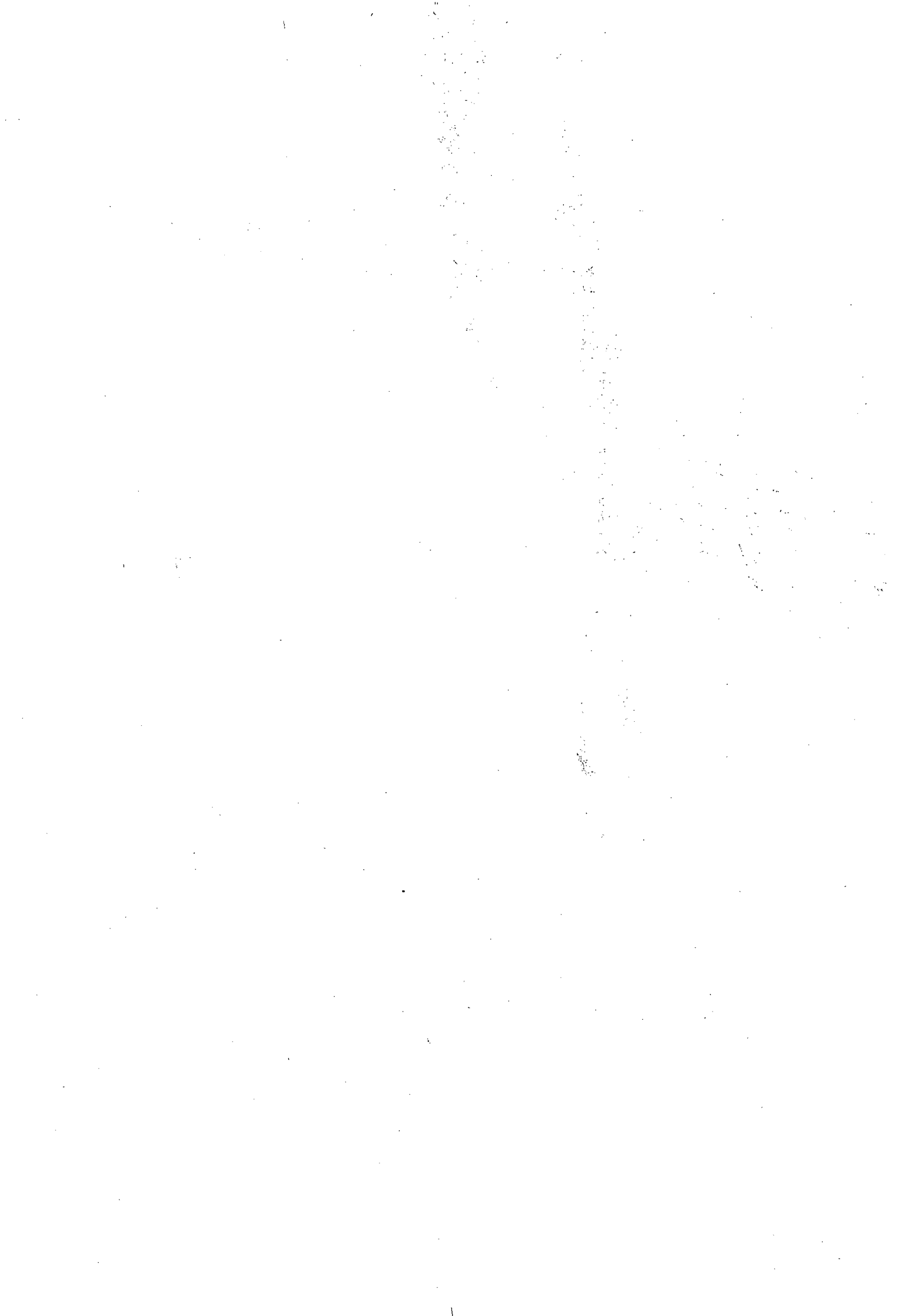
*for the year ended March 2013*

*Laid in Lok Sabha/Rajya Sabha on \_\_\_\_\_*

**Union Government (Railways)**

**Railways Finances**

**Report No. 19 of 2014**



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## **PREFACE**

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

Based on the audited accounts for the year ended 31 March 2013, this report provides an analytical review of the Accounts and Finances of the Indian Railways (IR). The report is structured in three chapters.

**Chapter 1** covers the audit findings on the finances of IR and makes an assessment of the fiscal status of IR as on 31 March 2013. Various indicators on earnings, expenditure, reserves, operational efficiency etc have been analyzed.

**Chapter 2** covers the audit findings on the Appropriation Accounts of IR and analysis of management of allocated resources.

**Chapter 3** covers aspects relating to Accounting of Projects in Indian Railways. It also includes audit findings on inadequate monitoring of expenditure on projects.





## **EXECUTIVE SUMMARY**

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### ***Background***

Indian Railways (IR) is a departmental commercial undertaking of the Government of India. It consists of 65,436 route kms\* on which 20,038 trains ply, carrying about 23 million passengers and hauling nearly 2.76 million tonne of freight everyday. Policy formulation and overall control of the Railways is vested in Railway Board comprising of the Chairman, Financial Commissioner and other functional Members. The IR system is managed through 17 zones having 68 operating divisions. Apart from the zonal railways representing the operational part of the system, there are six production units engaged in manufacturing of rolling stock and other related items.

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

### ***Summary of Conclusions***

Report of the Comptroller and Auditor General of India-Union Government (Railways) for the year ended 31 March 2012 (Report No.12 of 2013) highlighted that during 2011-12, total revenue receipts, increased by 9.89 *per cent* which was slightly above the Compound Annual Growth Rate (CAGR) of 9.68 *per cent* during the period 2007-11. The growth of freight earnings and passenger earnings were 10.67 *per cent* and 9.51 *per cent* respectively, which were above the CAGR achieved during 2007-11. Net surplus after meeting dividend liability was ₹ 1,125.57 crore in 2011-12. The Operating Ratio deteriorated as compared to the previous year.

During 2012-13, total revenue receipts increased by 18.76 *per cent* which was above CAGR of 9.17 *per cent* during the period 2008-12. The growth rate of freight earnings and passenger earnings was 22.60 *per cent* and 10.89 *per cent* respectively over the previous year. These were both above the CAGR achieved during 2008-12.

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

The Operating Ratio improved to 90.19 in 2012-13 from 94.85 in 2011-12. Net surplus after meeting dividend liability stood at ₹ 8,266.25 crore in 2012-13. It was less than the budget estimates by 46.86 *per cent* despite a reduction in the appropriation to Depreciation Reserve Fund by 28 *per cent*.

Depreciation Reserve Fund and Pension Fund closed with negligible balances of ₹ 9.80 crore and ₹ 5.42 crore respectively in 2012-13. Development Fund closed at ₹ 2,332.61 crore and Capital Fund closed with a negligible balance of ₹ 42.68 crore in 2012-13.

A positive balance in Capital Fund was achieved by diverting payment of lease charges to IRFC from Capital Fund to Capital received as General Budgetary Support from Government of India. This resulted in depriving the Railways of the additional investments that could have been made on other capital works. It also made the borrowing from IRFC more expensive as dividend is required to be paid to Government of India on any expenditure incurred from Capital. In this case ₹ 168.17 crore has been paid as dividend. Further, the contribution to the Depreciation Reserve Fund was not made as per requirement despite there being a huge backlog of renewal and replacement of over aged assets in the railway system which are required to be replaced for safe running of trains.

IR was unable to meet its operational cost of passenger and other coaching services. During 2011-12, there was a loss on passenger and other coaching services of ₹ 23,643.68 crore. The freight services earned a profit of ₹ 23,076.70 crore which indicated that IR is actually incurring a loss on its core activities. The above issues have been regularly highlighted in the preceding Reports of Comptroller and Auditor General of India-Union Government (Railways)-Railways Finances.

IR incurred ₹ 1,670.24 crore more than the authorization given by Parliament in three revenue grants and seven appropriations despite obtaining supplementary provisions in all except three appropriations. In two appropriations, expenditure was incurred without obtaining original and supplementary provisions. In eight revenue grants and one capital grant (three segments), there were savings of more than ₹ 100 crore.

Indian Railways is in general not following its own rules and regulations laid down in the Financial Code and Engineering Code for efficient execution of projects and for proper accounting of financial transactions. In the absence of proper records it is not possible to ascertain expenditure incurred in executing a project; it indicates a lack of financial discipline and increases risk of losses - both material and financial, in implementation of projects. This assumes significant importance in view of the large number of projects under implementation in the railways. Due to lack of proper project accounting

system, the Block Account, which forms an important part of the Balance Sheet of the Indian Railways, does not depict reliable amounts under the plan heads supported by proper documentation.

### ***Major Recommendations***

Recommendations on various aspects of Railway finances are given in the relevant chapters of this report; some of the major recommendations are summarized below:

- Non-availability of sufficient funds in Depreciation Reserve Fund to replace the overaged assets and, in Capital Fund to meet its liability of payment towards principal component of lease charges to Indian Railway Finance Corporation are indicative of poor financial health of IR. IR should explore ways and means to improve fund balances.
- IR should explore a mechanism for assessing the supplementary demand of grants realistically so that sums obtained through Supplementary Demands for Grants may not remain unutilised or become short of the requirement.
- IR should fortify its internal controls to effectively reduce the instances of misclassification of expenditure. Deterrent sanctions should be put in place to foster greater responsibilities at the level of key controlling officers. Increasing trend of unsanctioned expenditure to be controlled; administration to ensure all unsanctioned expenditure is regularised on priority.
- Ministry of Railways needs to put in place a monitoring mechanism to ensure that the provisions laid down in the codes and manuals are followed scrupulously to maintain financial discipline. Executives need to be made responsible for ensuring proper project accounting to exercise effective control over expenditure with reference to sanctioned estimates and budget allotments against the projects.
- Cost of assets created under each work by the field units (Divisions, Construction organizations) needs to be correctly accounted for, so as to exhibit the same in the Block Account at correct value.



## Chapter-1 State of Finances

This chapter provides a broad perspective of the finances of the Indian Railways (IR) during 2012-13 and analyses critical changes in the major financial indicators with reference to the previous year as well as the overall trend analysis. The base data for this analysis is the Finance Accounts of the IR, which is a document that is compiled annually for incorporation in the Union Government Finance Accounts. In addition, data from authentic government reports<sup>1</sup> has also been used to compare actual performance of IR during 2012-13 vis-à-vis targets set by it.

### 1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of IR's fiscal transactions during 2012-13 vis-à-vis the previous year and budget estimates for 2012-13. It broadly provides perspective of the finances of the IR during the year 2012-13, along with its comparison with actual of the previous year including deviations of actual receipts and expenditure of this year from the budget estimates.

**Table 1.1 Summary of Receipts and Expenditure of IR**

(₹ in crore)

Sl. No.	Details	Actual 2011-12	Budget Estimates 2012-13	Revised Estimates 2012-13	Actual 2012-13
1	Passenger Earnings	28,246.10 (9.51)	36,073.00	32,500.00	31,322.61 (10.89)
2	Freight Earnings	69,547.59 (10.67)	89,339.00	85,956.00	85,262.58 (22.60)
3	Other Coaching Earnings <sup>2</sup>	2,716.85 (10.00)	2,994.00	3,083.00	3,054.46 (12.43)
4	Sundry Earnings <sup>3</sup>	3,643.00 (6.57)	4,096.00	4,096.00	4,261.36 (16.97)
5	Suspense	-43.19 (524.68)	50.00	45.00	-168.42 (289.95)
6	Gross Traffic Receipts <sup>4</sup> (Item no.1 to 5)	104,110.35 (10.13)	132,552.00	125,680.00	123,732.59 (18.85)
7	Ordinary Working Expenditure <sup>5</sup>	74,537.41 (9.39)	84,400.00	84,400.00	84,012.04 (12.71)
8	Appropriation to				
	Depreciation Reserve Fund	6,520.00 (18.22)	9,500.00	7,000.00	6,850.00 (5.06)
	Pension Fund	17,610.00 (11.31)	18,500.00	20,000.00	20,710.00 (17.60)
9	Total Working Expenditure (Item no.7 and 8)	98,667.41 (10.27)	112,400.00	111,400.00	111,572.04 (13.08)
10	Net Traffic Receipts (Item no.6 - 9)	5,442.94 (7.54)	20,152.00	14,280.00	12,160.55 (123.42)

<sup>1</sup> Budget documents, Annual Statistical Statements of Indian Railways.

<sup>2</sup> Other coaching earnings from transportation of parcels, luggage and post office mail etc

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

<sup>4</sup> Gross Traffic Receipts-Operational receipts from freight, passenger, other coaching traffic and sundry earnings of IR

<sup>5</sup> Operating Expenses of IR

11	Miscellaneous Receipts <sup>6</sup>	2,134.92 (-0.49)	3,141.89	2,522.23	2,447.84 (14.66)
12	Miscellaneous Expenditure <sup>7</sup>	796.26 (-7.48)	1,060.82	1,053.32	993.20 (24.73)
13	Net Miscellaneous Receipt (Item no. 11 – 12)	1,338.66 (4.20)	2,081.07	1,468.91	1,454.64 (8.66)
14	Net Revenue (Item no.10 and 13)	6,781.60 (6.86)	22,233.07	15,748.91	13,615.19 (100.77)
15	Dividend Payable to General Revenues-Current year	5,656.03 (14.47)	6,676.07	5,339.78	5,348.94 (-5.43)
	Deferred Dividend of previous year	0.00	0.00	0.00	0.00
	Total Dividend Payable in Current year	5,656.03 (14.47)	6,676.07	5,339.78	5,348.94 (-5.43)
16	Net Surplus (Item no. 14 – 15)	1,125.57 (-19.88)	15,557.00	10,409.13	8,266.25 (634.41)
17	Surplus available for appropriation				
	Development Fund	610.00 (-56.58)	10,557.00	9,984.00	7,815.00 (1181.15)
	Capital Fund	515.57	5,000.00	425.13	451.25 (-12.48)

Source: Explanatory Memorandum on Railway Budgets and Accounts for 2012-13 and 2013-14

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

## 1.2 Reliability of Budget Estimates

Accurate forecast of budget is critical to an organization's financial and operational performance. Assessment of how well the financial targets are met depends on how realistic the financial estimates were from the outset. During the current fiscal year IR could not achieve the projected performance. Anticipated Gross Traffic Receipts (GTR) of 2012-13, in all the segments except for Other Coaching earnings and Sundry earnings, was not achieved and overall decline of 6.65 per cent (₹ 8,819.41 crore) was recorded as compared to the Budget Estimates of current fiscal year. Ordinary Working Expenditure (OWE) and Total Working Expenditure (TWE) was marginally less by 0.46 per cent (₹ 387.96 crore) and 0.74 per cent (₹ 827.96 crore) as compared to the Budget Estimates. There was a reduction in appropriation to Depreciation Reserve Fund (DRF) by around 28 per cent with an increase in appropriation to Pension Fund by around 12 per cent when compared to Budget Estimates. The resultant net revenue was below the budget projections by 38.76 per cent, mainly due to shortfall in passenger earning by 13.17 per cent and additional appropriation to pension fund (11.95 per cent) than as envisaged in the budget 2012-13.

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

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

### **1.3 Fiscal Transactions in 2012-13-An overview**

#### **1.3.1 Gross Traffic Receipts (GTR)**

GTR increased by 18.85 *per cent* during the current fiscal year (2012-13), this was higher than the 10.13 *per cent* growth achieved during 2011-12, which was mainly due to increase in freight earnings during the current year as compared to the previous year. The growth rate for all other sources of earnings was slightly higher as compared to previous year.

#### **1.3.2 Ordinary Working Expenditure (OWE)**

OWE increased by 12.71 *per cent* in current fiscal year (2012-13) over the previous year which was higher than the growth rate of 9.39 *per cent* achieved during 2011-12 as compared to 2010-11.

#### **1.3.3 Miscellaneous Receipts and Expenditure**

In the current fiscal year (2012-13), Miscellaneous Receipts as well as Miscellaneous Expenditure increased by 14.66 *per cent* and 24.73 *per cent* respectively over the previous year. The increase in the growth rate of Miscellaneous Expenditure was high, Net Miscellaneous Receipts increased by 8.66 *per cent* over previous year. Net Miscellaneous Receipts were significantly below the budget projection by nearly 30.10 *per cent*.

#### **1.3.4 Net Revenue**

Net revenue in the current fiscal year increased by 100.77 *per cent*, which was significantly higher than the 6.86 *per cent* growth achieved during previous year. This was mainly due to increase in Gross Traffic Receipts (18.85 *per cent*) during the current year as compared to the 10.13 *per cent* rate for the previous year. The increase in Total Working Expenditure (TWE) was 13.08 *per cent* during the current year as compared to 10.27 *per cent* rate for the previous year.

#### **1.3.5 Dividend Payment**

Dividend payable to the Government of India (GoI) is based on the Capital-at-charge advanced through general budgetary support. The rate of dividend for 2012-13 was fixed at four *per cent* by the Railway Convention Committee (RCC). Payment of dividend to general revenues in the current fiscal year decreased by 5.43 *per cent* over the previous year 2011-12. IR paid dividend of ₹ 5,348.94 crore in 2012-13. However, this was lower than the budget projection by nearly 19.88 *per cent*.

#### **1.3.6 Net Surplus available for Appropriation**

Generation of Net surplus after meeting all revenue liabilities including payment of dividend increased by 634.41 *per cent* in current fiscal year. Net Surplus increased to ₹ 8,266.25 crore as compared to ₹ 1,125.57 crore in 2011-12.

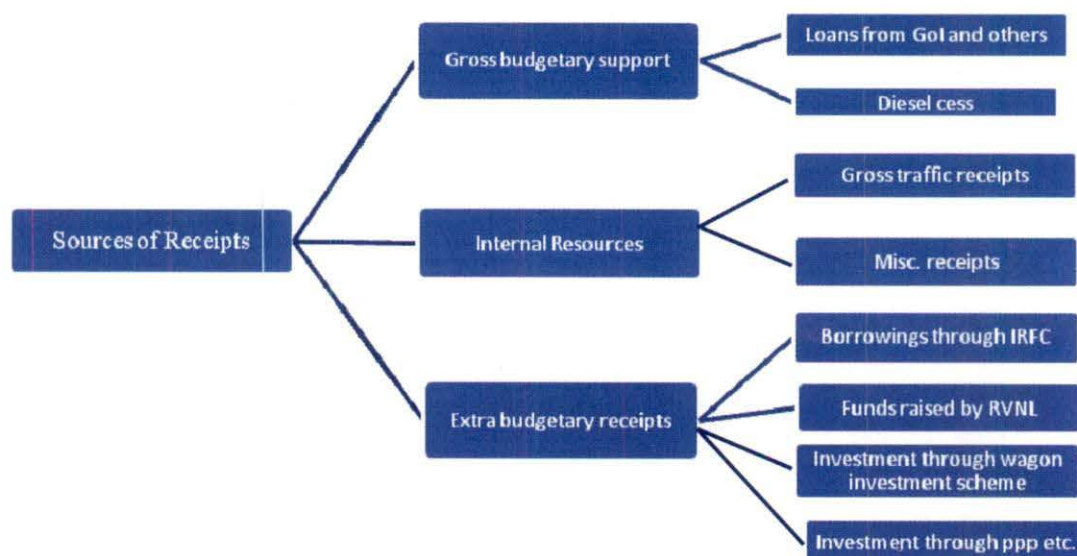
Net Surplus was 46.86 per cent less than the budget estimates, the reason of decrease in the net surplus was due to decrease in Net Traffic Receipt (excess of Gross Traffic Receipts over Total Working Expenditure) and Net Miscellaneous Receipt (excess of Miscellaneous Receipts over Miscellaneous Expenditure) by 39.66 per cent and 30.10 per cent respectively.

The Net Surplus to the tune of ₹ 7,815.00 crore and ₹ 451.25 crore was appropriated to Development Fund and Capital Fund respectively.

#### 1.4 Resources of IR

The main sources of IR receipts were as follows:

Figure 1.1: Sources of Receipts



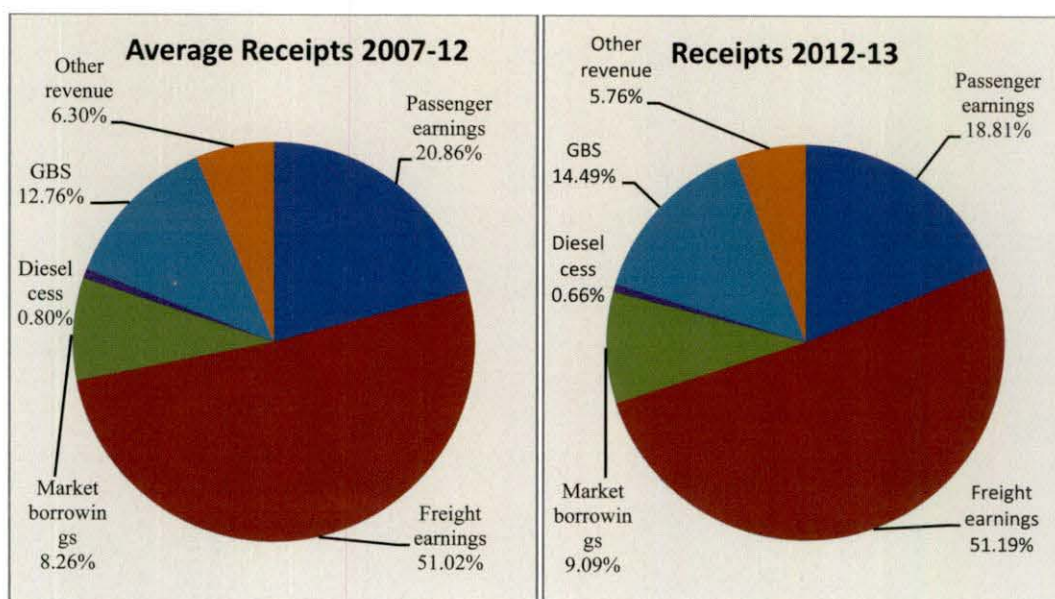
The revenue receipt from internal resources increased by 18.76 per cent during 2012-13 against the Compound Annual Growth Rate (CAGR)<sup>8</sup> of 9.17 per cent during 2008-12. The General Budgetary Support increased by 20.58 per cent during 2012-13 against CAGR of 27.99 per cent during 2008-12, while extra budgetary receipts (market borrowings) increased by 2.38 per cent during 2012-13 against CAGR of 23.89 per cent during 2008-12. Thus, General Budgetary Support and internal resources of IR increased at a higher rate than the extra budgetary receipts (market borrowings).

Share of each of these sources of funds during the current year 2012-13 as well as over the average of past five years ended 31 March 2012 are given in pie diagram in Figure 1.2:

<sup>8</sup> Rate of growth over a period of years taking into account the effect of annual compounding



Figure 1.2: Relative Share of various Resources of IR



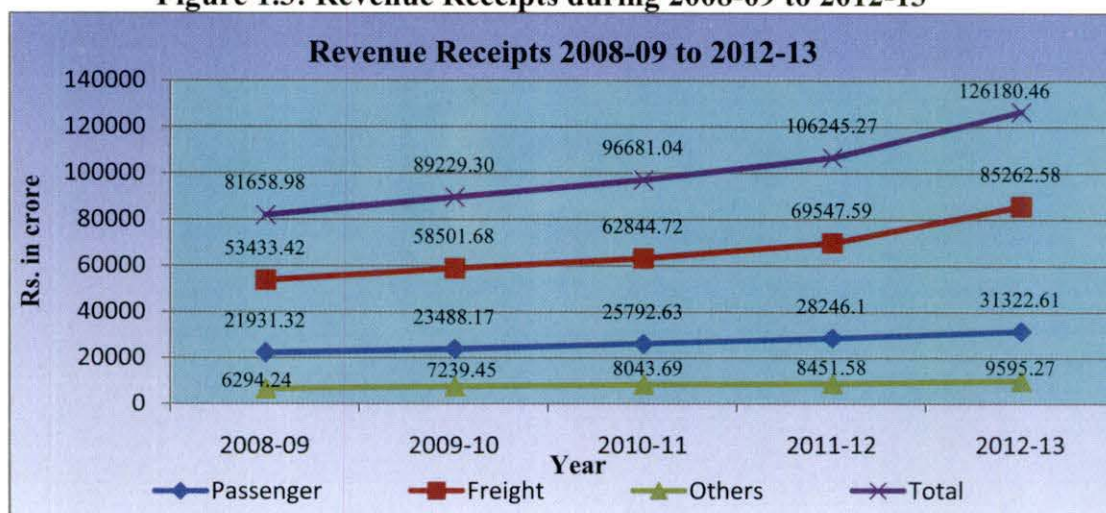
Note: Other Revenue Earnings include Other Coaching Earnings, Sundry Other Earnings and Miscellaneous Receipts; GBS- General Budgetary Support

Diagram at 1.2 shows that the single largest resource earnings of IR was mainly from freight sector, followed by passenger earnings. These two factors continued to be the largest sources of IR receipts for the current year also. The share of passenger earnings, diesel cess and other revenue decreased slightly whereas share of freight earnings, market borrowings and General Budgetary Support increased in the current year as compared to average figures of receipts during 2007-12.

#### 1.4.1 Revenue Receipts

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

Figure 1.3: Revenue Receipts during 2008-09 to 2012-13



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

Total Revenue Receipts increased at a CAGR of 9.17 per cent during 2008-12, however, the increase in the Total Revenue Receipts during year 2012-13 was 18.76 per cent. The annual inflation of all commodities on an average during 2012-13 was around 7.4 per cent<sup>9</sup>, which implies that the real increase in revenue receipts was 11.36 per cent (after discounting for inflation).

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

#### 1.4.1.1 Freight Earnings

Trend of freight loading and freight earnings of IR for the last five years ended 31 March 2013 are shown in the graph below:

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

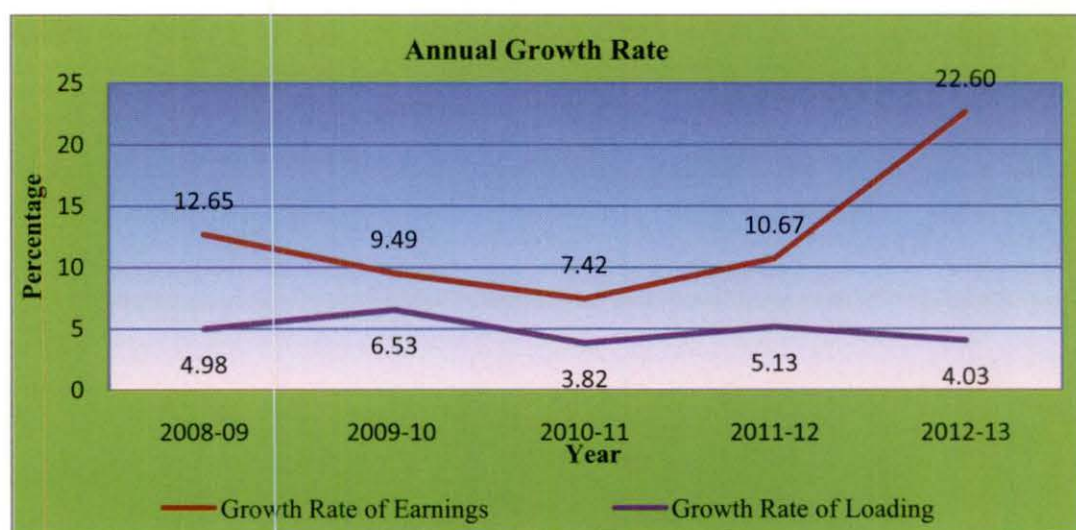


Figure 1.4 indicates a decline in the annual growth of freight loading in the current fiscal year. The annual incremental increase in loading (in absolute terms) ranged between 39.50 Million Tonne (2008-09) to 39.04 Million Tonne (2012-13) during the last five years. Increase in freight loading by 4.03 per cent during 2012-13 was less than the CAGR of 5.16 per cent achieved during 2008-12. This implies that the growth in freight receipts has been mainly achieved through increased freight rates.

In 2012-13, freight earnings increased by 22.60 per cent over the previous year against the CAGR of 9.18 per cent achieved during 2008-12. The status of freight services statistics are given in the Table No. 1.2:

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

Table 1.2 Freight Services Statistics

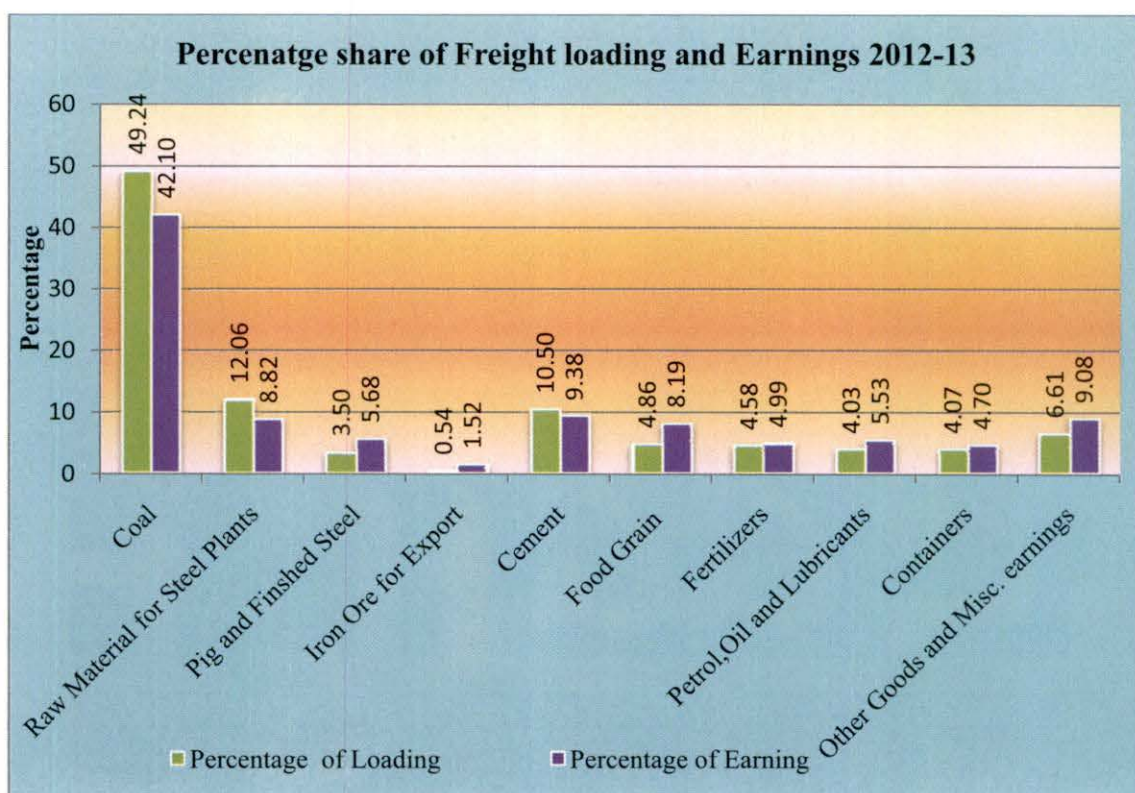
Year	Loading (Million Tonne)	NTKM <sup>10</sup> (in million)	Earning (₹ in crore)	Average lead (in kilometre)	Rate per tonne per km (in paise)
2008-09	833.39	551448	53,433.42	662	93.84
2009-10	887.79	600548	58,501.68	676	94.77
2010-11	921.73	625723	62,844.72	679	100.00
2011-12	969.05	667607	69,547.59	689	104.17
2012-13	1008.09	691658	85,262.58	686	123.27

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

During 2012-13, it was seen that the annual growth rate of freight loading was 4.03 per cent, while the Net Tonne Kilometre (NTKM) increased at the rate of 3.60 per cent. The growth rate of Rate per tonne per kilometer and Freight earning over the previous year was 18.34 per cent and 22.60 per cent respectively; even though the average lead (average haul of a tonne of freight) declined from 689 km in 2011-12 to 686 km in 2012-13.

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

Figure 1.5: Major Commodity wise share of loading and earnings (2012-13)



Coal, being a captive commodity, was the major component both in loading and earnings for IR. The above major commodities (excluding 'Other Goods' and

<sup>10</sup> NTKM-Net Tonne Kilometre-Unit of measure of freight traffic which represent the transport of one tonne goods (including the weight of any packing but excluding the weight of the vehicle used for transport) over a distance of one kilometre

Miscellaneous earnings) contributed about 91 per cent of the total freight earnings of IR. Iron ore for export constituted 0.54 per cent of the total loading and earned 1.52 per cent of the total freight earnings.

### 1.4.1.2 Passenger Earnings

Key performance indicators of passenger services are tabulated below:

**Table 1.3 Passenger Services Statistics**

Year	No. of Passenger (in millions)	Passenger Kilometre (in million)	Earnings (₹ in crore)	Average lead (in kilometre)	Average earnings per passenger per kilometre (in paise)
2008-09	7046.91	839203 (8.84)	21,931.32 (10.52)	119.09	26.13 (1.52)
2009-10	7382.77	904761 (7.81)	23,488.17 (7.10)	122.55	25.96 (-0.65)
2010-11	7810.15	980131 (8.33)	25,792.63 (9.81)	125.50	26.32 (1.39)
2011-12	8224.38	1046522 (6.77)	28,246.10 (9.51)	127.25	26.99 (2.55)
2012-13	8420.71	1098103 (4.93)	31,322.68 (10.89)	130.40	28.52 (5.67)

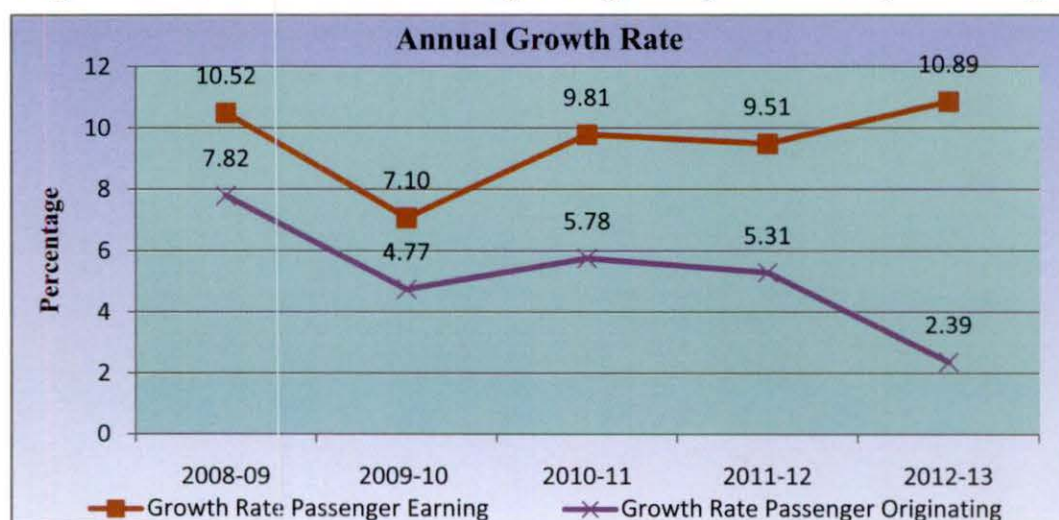
Note: Figures in bracket represent percentage increase over previous year.

Source-Indian Railways Annual Statistical Statements (Statement No.12- Passenger Revenue Statistics)

Despite decrease in growth rate of originating passengers it was seen that average earnings per passenger per kilometer increased from 26.99 paise in 2011-12 to 28.52 paise in 2012-13, which was mainly due to increase in passenger tariff. IR had been incurring a loss<sup>11</sup> every year on passenger and other coaching services.

The growth in earnings from Passenger traffic and in Passengers Originating during the last five year (2008-13) is shown in Figure 1.6.

**Figure 1.6: Growth Rate of Passenger Originating and Passenger Earnings**



<sup>11</sup> As per Summary of End Results Coaching Services Profitability/Unit Costs prepared by Ministry of Railways

The percentage increase in earnings from passenger traffic in 2012-13 over the previous year was 10.89 *per cent* which was above the CAGR of 8.80 *per cent* for the period 2008-12. The percentage increase in passengers originating in 2012-13 over the previous year was 2.39 *per cent* which was below the CAGR of 5.28 *per cent* during 2008-12.

Audit observed that passenger earnings fell short of budget estimates in all zonal railways during 2012-13. The shortfall in passenger earnings targets was up to 18 *per cent* in Metro Railway/Kolkata and 17 *per cent* in North Eastern Railway.

#### 1.4.1.3 Sundry Earnings and Other Coaching Earnings

Sundries and other coaching earnings constituted around six *per cent* of the Gross Traffic Receipts in the current fiscal year (2012-13). It grew at around 15.03 *per cent* in 2012-13 as against eight *per cent* in the year 2011-12. Analysis in audit revealed that earnings from rent, license fee and advertisements increased in the current year as compared to the previous year. Though there was considerable scope for increasing revenue generation from the components of sundry earnings provided bills for realization of rent of buildings, license fee (wherever due) were raised and realized in a time bound manner.

#### 1.5 Unrealized Earnings<sup>12</sup>

Against the target for recovery of ₹ 50 crore during 2012-13 under un-realized earnings, IR accumulated ₹ 168.42 crore as unrealized earnings. The unrealized earnings rose from ₹ 1,401.03 crore in 2011-12 to ₹ 1,569.45 crore in 2012-13. At the end of the financial year unrealized earnings were ₹ 1,569.45 crore, of which ₹ 1,352.29 crore under Traffic Suspense and ₹ 217.16 crore under Demand Recoverable. During the current fiscal year North East Frontier Railway was the major contributor to the accumulation of unrealized earnings with ₹ 75.79 crore. This was followed by East Central Railway with ₹ 26.16 crore. The major portion of outstandings under Traffic Suspense was on account of un-recovered freight and other charges from Power Houses and State Electricity Boards amounting to ₹ 695.48 crore which constituted 51.43 *per cent* of the total Traffic Suspense, yet to be recovered. Major defaulters are shown in the Table below:

**Table 1.4-Outstanding dues against State Electricity Board**

(₹ in crore)

Sl. No.	State Electricity Board/Power House	Outstanding dues as of 31 March 2012	Outstanding dues as of 31 March 2013	Increase/decrease (-) during the year
1.	Punjab State Electricity Board (PSEB)	447.47	448.39	0.92
2.	Delhi Vidyut Board (DVB)	175.88	175.88	-
3.	Rajasthan State Electricity Board (RSEB)	36.89	36.93	0.04

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

<sup>12</sup>Unrealized earnings on account of movement of traffic was classified as 'Traffic Suspense' whereas on account of rent/lease of building/land and maintenance charges of sidings etc as 'Demand Recoverable'.

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

**1.6 Cross-Subsidization**

**1.6.1 Subsidy towards Passenger and other Coaching Services**

IR was unable to meet its operational cost of passenger services and other coaching services. Revenue from passenger services increased by 43.68 per cent<sup>13</sup> during the last five years as of 31 March 2012, however, the expenditure under this head increased by 86 per cent during the same period.

The Summary of End Results-Freight Services Unit Costs and Coaching Services Profitability/Unit Costs for the year 2011-12 published by the IR indicates that there was cross subsidization from freight earnings to passenger and other coaching earnings. Loss incurred by passenger and other coaching services increased from ₹ 7,493.50 crore in 2007-08 to ₹ 23,643.68 crore in 2011-12<sup>14</sup>. The gap in percentage of expenditure on passengers and other coaching services left unrecovered during the period of five years as of 31 March 2012 are shown in Figure 1.7.

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

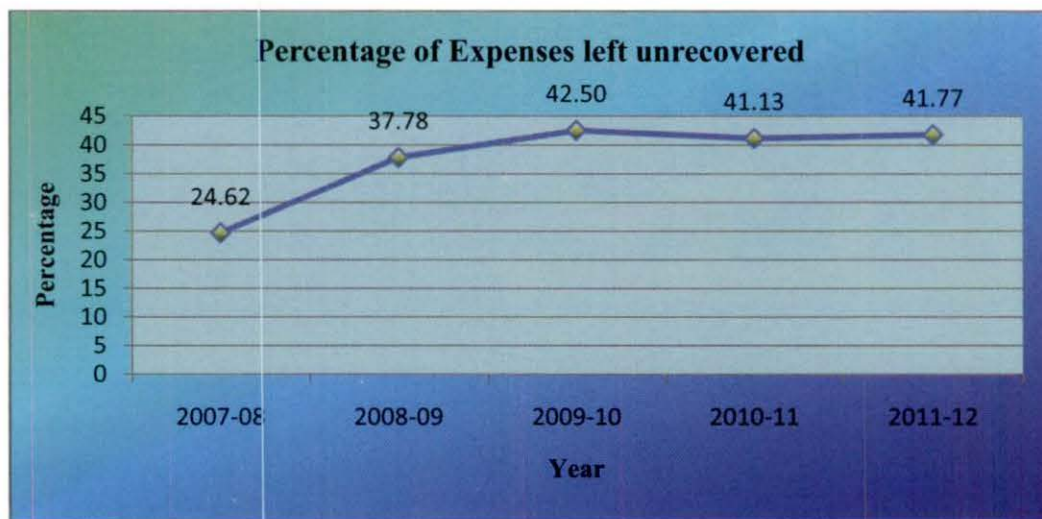
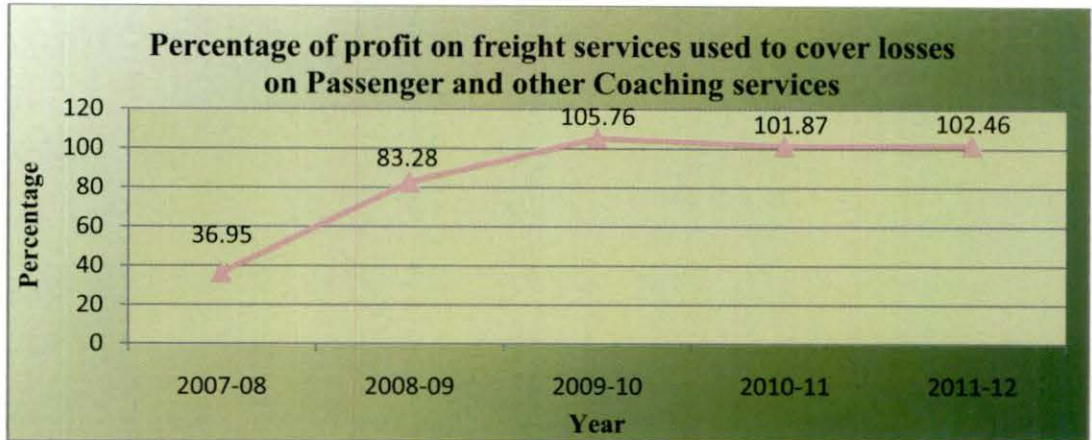


Figure 1.8 shows the percentage of profit on freight services, utilized to make up the loss on passenger and other coaching services:

13. Excluding Narrow Gauge and Metro Railway/Kolkata (2007-08), excluding Narrow Gauge (2011-12)

14 Summary of End Results-Coaching Services-Profitability/Unit Costs for 2012-13 not compiled (May 2014)

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



It would be seen that the entire profit amounting to ₹ 23,076.70 crore from freight traffic was utilized to compensate the loss of ₹ 23,643.68 crore on operation of passenger and other coaching services of IR.

### 1.6.2 Operational losses of various Classes of Passenger Services

Table 1.5 gives the operational losses of various classes of passenger services during 2007-08 to 2011-12:

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

Class of Passenger services	2007-08	2008-09	2009-10	2010-11	2011-12
AC-Ist class	-14.77	-59.37	-53.14	-46.61	-38.78
Ist class	-6.30	-69.67	-32.67	16.47	-39.13
AC sleeper	123.09	-176.91	-372.32	-407.93	-438.83
AC 3 Tier	547.60	540.57	212.14	266.31	499.33
AC Chair car	114.68	5.45	-2.11	33.62	-13.29
Sleeper Class	-2,384.08	-3,175.24	-5,333.90	-6,070.58	-6531.75
Second class	-993.22	-2,933.09	-3,401.25	-3,998.08	-4237.60
Ordinary (All Class)	-3,541.28	-6,381.77	-7,763.36	-7,437.00	-8893.12
EMU suburban services	-922.39	-1,651.19	-2,214.06	-2,320.23	-2813.95

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

As is clear in the above table that, except AC-3-Tier, all classes of train services have incurred losses during the year ended March 31, 2012 which means that AC-3-Tier only has covered its operational cost in 2011-12.

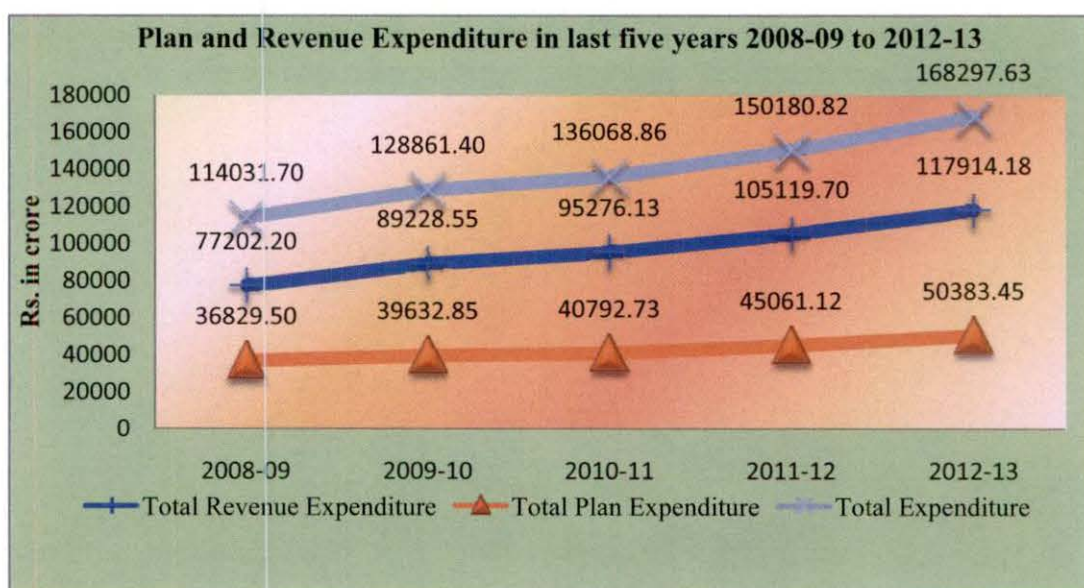
The subsidy provided to both ordinary class and suburban services increased almost continuously in the last five years with subsidy on Ordinary Class being

the maximum. The percentage of loss<sup>15</sup> to the earning of the various classes of passenger services ranged from 2 per cent (AC Chair) to 203 per cent (Ordinary class) with 139 per cent on EMU Suburban train services.

### 1.7 Application of Resources

The two main components of expenditure in IR are ‘Revenue Expenditure’ and ‘Plan Expenditure’. Revenue expenditure includes ordinary working expenditure, miscellaneous expenditure and dividend payout. The total expenditure of IR and its composition under revenue and plan for the last five years are given in Figure 1.9.

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



During last five years, the share of revenue expenditure and plan expenditure to total expenditure remained almost static within the range of 68 per cent to 70 per cent and 32 per cent to 30 per cent respectively. A detailed analysis of plan expenditure is discussed in paragraph 1.10.

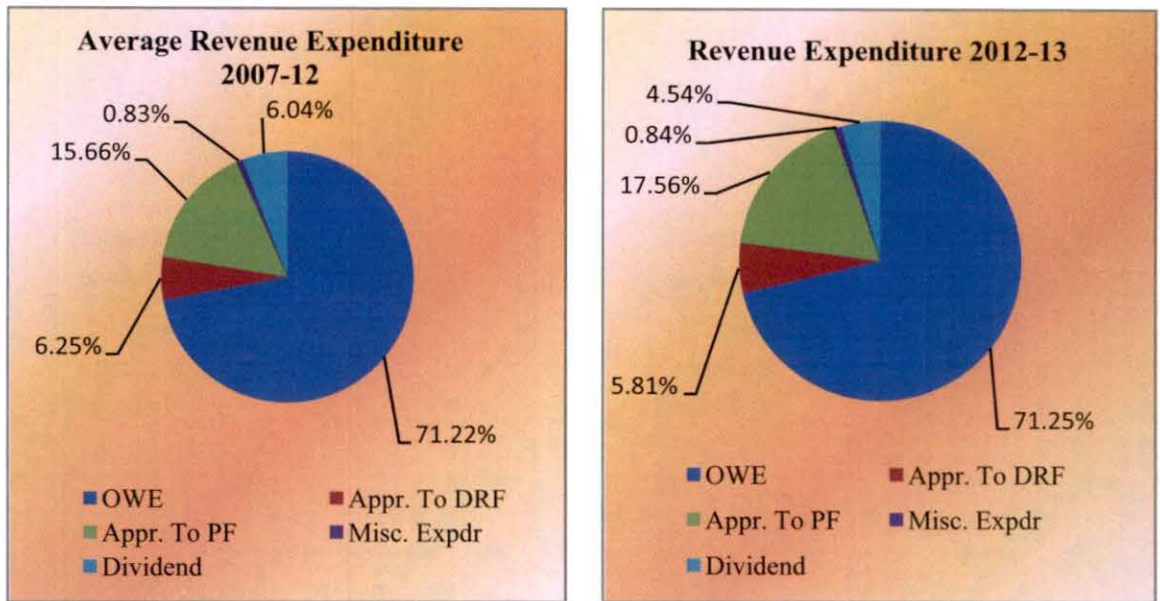
#### 1.7.1 Revenue Expenditure

Composition of revenue expenditure during the current year and an average of past five years ended on 31 March 2012 are given in Figure 1.10:

<sup>15</sup> Loss worked out on the basis of figures of Expenses and Earnings given in Summary of the End Results-Coaching Services Profitability/Unit Costs (2011-12)



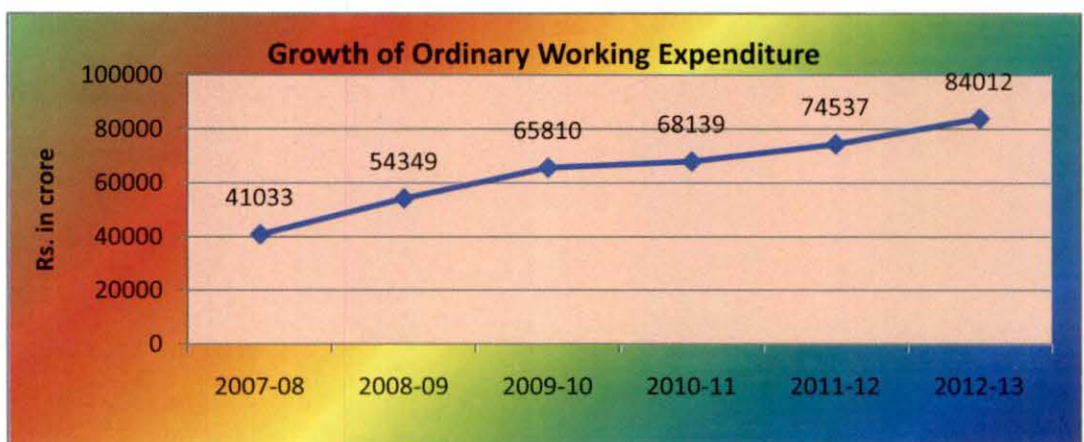
Figure 1.10: Revenue Expenditure in last five years



The main components of expenditure was OWE which constituted about 71 per cent of the total revenue expenditure on an average during 2007-12, which remained 71 per cent during 2012-13. Appropriation to DRF was reduced to 5.81 per cent in 2012-13 as compared to 6.25 per cent on an average during 2007-12. Appropriation to Pension Fund increased to 17.56 per cent in 2012-13 as compared to 15.66 per cent on an average during 2007-12 to meet the increased pension liabilities.

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

Figure: 1.11 - Growth of Ordinary Working Expenses (2008-09 to 2012-13)

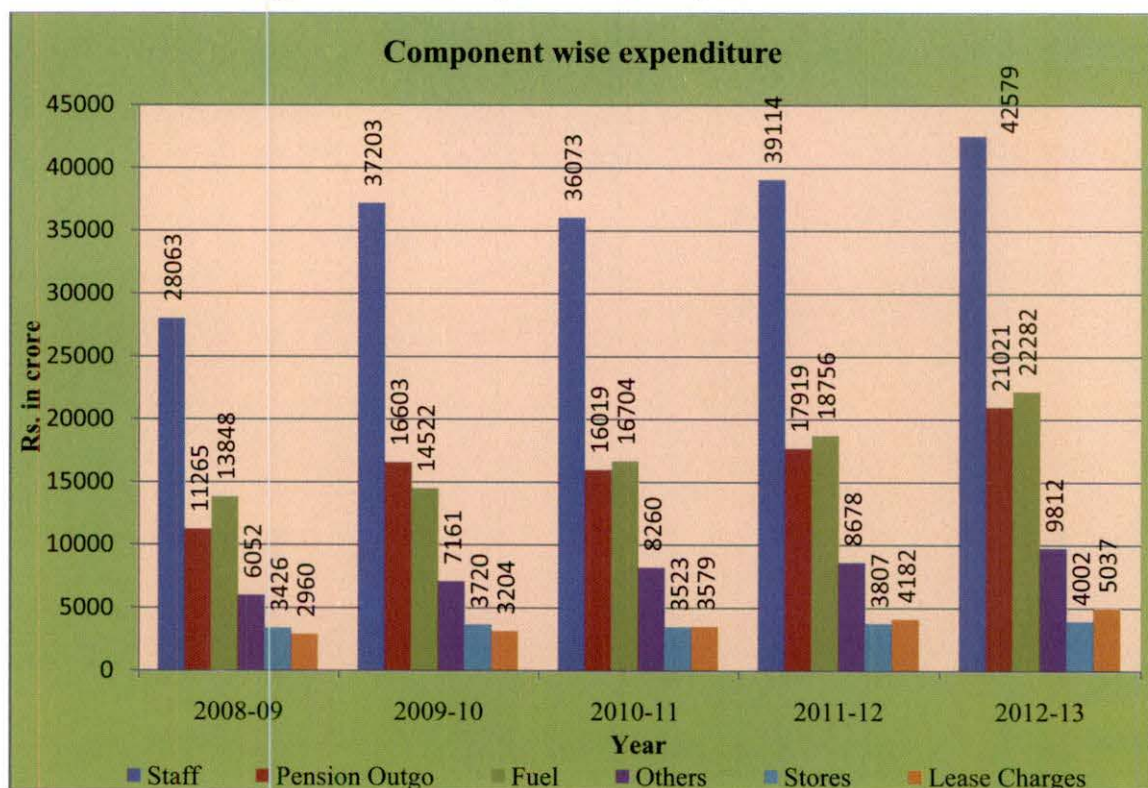


OWE increased at a rate of 12.71 per cent during 2012-13 over the previous year against a CAGR of 11.10 per cent during 2008-12. The main reasons for increase

in OWE during 2012-13 over previous year were incurrance of more expenditure on pensionary charges (31 per cent), fuel expenses (19 per cent) and repairs and maintenance of rolling stock and equipments (15 per cent).

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

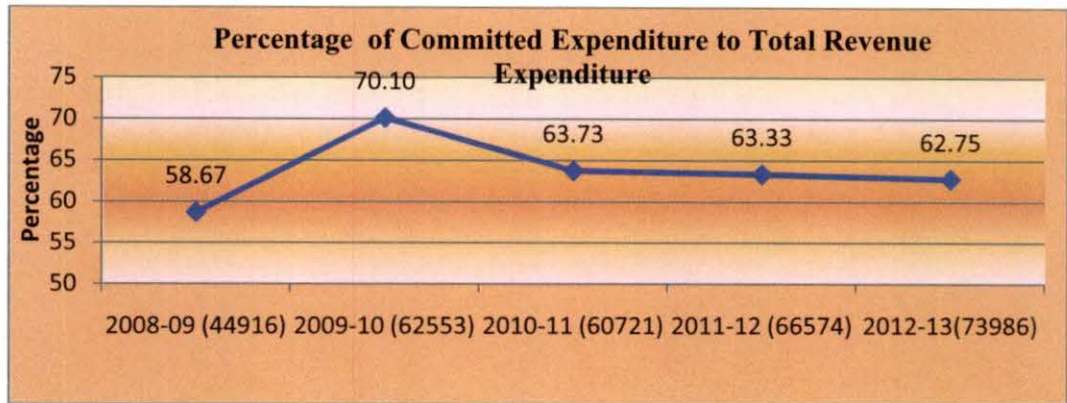
Figure: 1.12 -Component wise expenditure



Staff cost (including pension outgo) constituted 61 per cent of the working expenses of the IR during the current year.

### 1.7.2 Committed Expenditure

The committed expenditure of the IR consisted of dividend payment to general revenues, staff cost, pension payments and lease hire charges on rolling stock. Figure 1.13 shows the percentage of committed expenditure to the total revenue expenditure of IR during the last five years 2008-13:

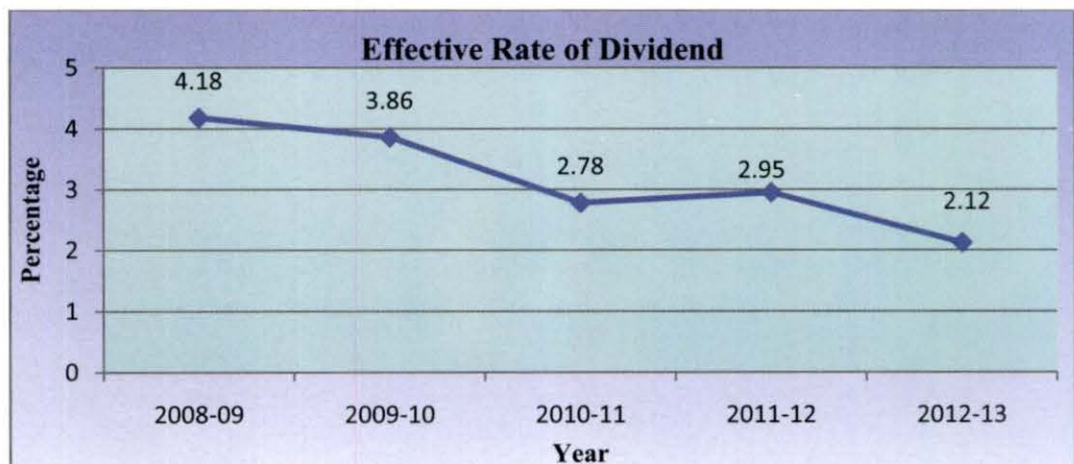
**Figure 1.13: Committed Expenditure as a percentage of total Revenue Expenditure**

(Figures shown in bracket indicate total committed expenditure)

Percentage of committed expenditure to total revenue expenditure was 62.75 per cent in 2012-13. IR was left with 37.25 per cent of the total revenue expenditure to run their operations.

### 1.7.3 Dividend and Subsidy

Under the 'Separation Convention' the IR is required to pay dividend to the general revenues on the capital advanced by the Government of India at a rate determined periodically by Railway Convention Committee (RCC). Further, in terms of the recommendations of the RCC, IR is given concessions towards payment of dividend in respect of capital invested in the larger national interest<sup>16</sup>. Dividend paid on such capital is received back as subsidy to IR. The subsidy increased from ₹ 2,034.37 crore in 2011-12 to ₹ 2,286.14 crore in 2012-13. Thus, the net effective rate of dividend decreased from 2.95 per cent in the 2011-12 to 2.12 per cent in 2012-13.

**Figure: 1.14 Effective Rate of Dividend**

<sup>16</sup>Strategic Lines, 28 New Lines taken up on other than financial consideration, non-strategic capital of Northeast Frontier Railway, Un-remunerative branch lines, Ore lines, 50 per cent of work-in-progress

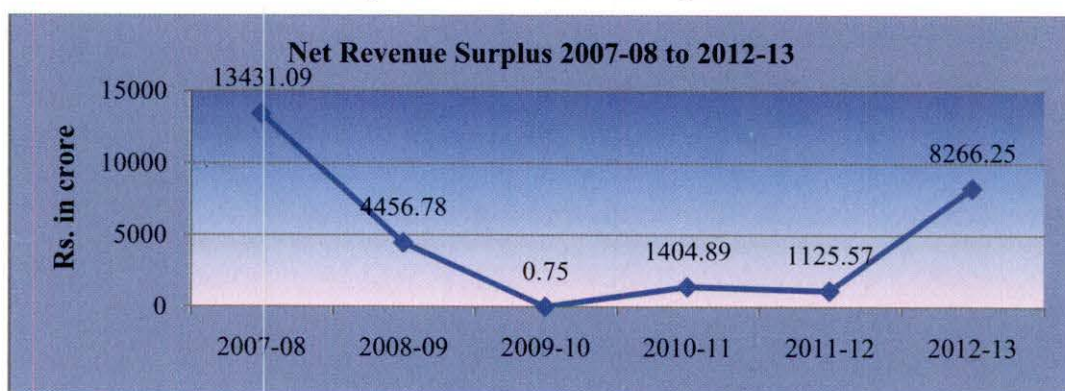
### 1.7.4 Un-discharged Liability

The RCC allowed a moratorium on payment of dividend on investments in New Lines during the period of construction and the first five years after opening of the line for traffic. Cumulative dividend was payable when the line showed surplus after discharging current liability. The account of dividend liability is closed after 20 years, extinguishing all such un-liquidated liability. The liability on this account which was ₹ 9,246.98 crore at the close of 2011-12 increased to ₹ 10,119.91 crore as of March 2013.

### 1.8 Revenue Surplus

Trend of net revenue surplus after meeting all revenue expenditure including payment of dividend, during the last five years as on 31 March 2013 are shown in the Figure 1.15.

Figure: 1.15 Revenue Surplus



The net surplus which declined to ₹1,125.57 crore in 2011-12 increased to ₹ 8,266.25 crore during 2012-13. Despite this, there was a shortfall of ₹ 7,290.75 crore in the net surplus as envisaged in the budget estimate of 2012-13. The increased revenue surplus was mainly due to increase in passenger and freight earnings.

### 1.9 Efficiency Indices

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

#### 1.9.1 Operating Ratio

Operating ratio represents the percentage of working expenses to traffic earnings. The operating ratio which was 94.85 per cent in 2011-12, improved to 90.19 per cent in 2012-13 for IR. This was primarily due to increase in growth rate of total earnings (excluding suspense) (18.96 per cent) than the growth rate of working expenses (excluding suspense) (13.11 per cent) during 2012-13 over the previous

year. Operating ratio of zonal railways during the last three years ended on 31 March 2013 are shown in the Table 1.6.

**Table 1.6 Operating Ratio of Zonal Railways**

Sr. No.	Zonal Railway	2010-11	2011-12	2012-13
1	Central	107.31	105.68	97.82
2	Eastern	178.52	182.1	178.86
3	East Central	109.06	103.58	92.19
4	East Coast	42.82	44.68	44.50
5	Northern	112.2	121	113.15
6	North Central	63.12	61.8	59.68
7	North Eastern	201.78	202.06	200.01
8	Northeast Frontier	167.25	166.4	178.39
9	North Western	106.41	99.99	88.97
10	Southern	135.55	122.58	130.59
11	South Central	85.76	85.9	79.63
12	South Eastern	66.98	72.74	70.50
13	South East Central	58.01	55.24	49.14
14	South Western	98.69	109.01	104.85
15	Western	97.96	94.61	89.84
16	West Central	74.93	70.13	68.18
17	Metro Railway/Kolkata	226.35	310.89	328.26
Overall IR		94.59	94.85	90.19

Source-Indian Railways Appropriation Accounts -Part-I Review

There were noticeable improvement in the Operating Ratio of East Central, North Western, Central and Northern Railways whereas the same deteriorated noticeably in North East Frontier, Southern and Metro Railway/Kolkata during the current year compared to the previous year. Operating Ratio of Eastern, Northern, North Eastern, Northeast Frontier, Southern, South Western Railways and Metro Railway/Kolkata was more than 100 *per cent* during 2012-13, implying that their working expenditure was more than their traffic earnings.

### **1.9.2 Capital-Output Ratio**

Capital Output Ratio indicates the amount of capital employed to produce one unit of output (Total Traffic in NTKMs could be seen as the output in the case of IR). The Table 1.7 shows the Capital-output ratio for total traffic (in NTKMs), carried by the IR during the last five years ended on 31 March 2013:

Table 1.7 Capital Output Ratio of IR (2008-13)

As on	Total including investment from Capital Fund (₹ in Million)	Capital Traffic (NTKMS) (in million)	Passenger Traffic		Total Traffic (in Million NTKMs)	Capital at charge (in Paise) per NTKM
			Passenger Kilometres (in millions)	Million NTKMs		
31-Mar-09	1,043,012	552,002	838,032	59,500	611,502	171
31-Mar-10	1,230,007	601,290	903,463	64,146	665,436	185
31-Mar-11	1,432,205	626,473	978,508	69,474	695,947	206
31-Mar-12	1,614,480	667,607	1,046,522	74,303	741,910	218
31-Mar-13	1,834,880	691,658	1,098,103	77,965	769,623	238

Source-Indian Railways Annual Statistical Statements

Capital Output ratio had increased from 171 paise (2008-09) to 238 paise (2012-13) indicating decrease in physical performance of the IR as compared to capital employed. Higher cost overruns due to non-completion of projects in time coupled with investment in financially unviable projects contributed to higher Capital Output ratio.

### 1.9.3 Staff Productivity

Staff productivity<sup>17</sup> in case of IR is measured in terms of volume of traffic handled in terms of NTKM in Million per thousand employees, increased by over 34 per cent during the period 2008-09 (472) to 2012-13 (632) of Open Line staff.

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

- Increase in freight carried in terms of tonnage and passenger originating in relation to total distances carried/travelled.
- Decline in workforce of Open Line staff from 12.96 lakh (2008-09) to 12.18 lakh (2012-13).

Zone wise analysis of staff productivity revealed that during 2012-13, highest Staff Productivity of 1612.44 Million NTKM per thousand employees was achieved by North Central Railway whereas Staff Productivity of 206.06 Million NTKM per thousand employees of Eastern Railway was the lowest during the same period.

### 1.10 Plan Expenditure

IR plays a crucial role in augmenting infrastructure for sustainable economic growth. To keep pace with the transport sector in general and to respond to the pressures of a buoyant economy, it is essential that its plan resources are used effectively. Creation of new assets, timely replacement and renewal of depleted assets which had outlived its usage, augmentation of network capacity were the activities carried out by the IR through their plan expenditure. IR's plan expenditure was financed from the general exchequer extended as general budgetary support, internal resources<sup>18</sup> and extra budgetary support i.e. market

<sup>17</sup> Annual Statistical Statements of Indian Railways

<sup>18</sup> Reserve Funds such as Depreciation Reserve Fund, Capital Fund, Development Fund

borrowing through Indian Railway Finance Corporation (IRFC) for rolling stock and new network links by Rail Vikas Nigam Limited (RVNL).

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

**Table 1.8 Sources of Plan Expenditure**

**(₹ in crore)**

Source of Plan Expenditure	10 <sup>th</sup> FYP	11 <sup>th</sup> FYP	2011-12	12 <sup>th</sup> FYP	
	(2002-03 to 2006-07)	(2007-08 to 2011-12)		2012-13	
	Actual	Actual	Actual	Budget Estimates	Actual
General Budgetary Support <sup>19</sup> (% age to the total)	37,516.06 (44.88)	77,316.28 (40.46)	21,336.80 (47.35)	26,000 (43.26)	25,710.21 (51.03)
Internal Resources (% age to the total)	29,567.99 (35.37)	66,546.08 (34.82)	8,933.73 (19.83)	18,050 (30.03)	9,531.31 (18.92)
Extra Budgetary Resources (% age to the total)	16,502.15 (19.75)	47,238.94 (24.72)	14,790.59 (32.82)	16,050 (26.71)	15,141.93 (30.05)
<b>Total</b>	<b>83,586.20</b>	<b>1,91,101.30</b>	<b>45,061.12</b>	<b>60,100</b>	<b>50,383.45</b>

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

Due to non-availability of sufficient internal resources, the dependency of Plan Expenditure on General Budgetary Support increased substantially in 2012-13. The share of General Budgetary Support to the total plan expenditure increased from 47.35 per cent in 2011-12 to 51.03 per cent in 2012-13. Share of Extra Budgetary Resources (market borrowings) reduced from 32.82 per cent in 2011-12 per cent to 30.05 per cent in current year. During 2012-13, Ministry of Railways obtained extra budgetary support of ₹ 15,141.93 crore from IRFC for rolling stock and new network links etc. For this purpose, IRFC issued Tax free and Taxable bonds of ₹ 8,016 crore. The fund arranged by IRFC through bonds was utilized on rolling stock etc.

Plan expenditure is broadly categorized under various Plan Heads. Table 1.9 gives the share of expenditure grouped under various categories of Plan Heads during the 10<sup>th</sup> FYP Period, 11<sup>th</sup> FYP period and during 2012-13:

<sup>19</sup>Includes expenditure from RSF

Table 1.9 Category-wise Plan Expenditure

(₹ in crore)

Plan Heads	10 <sup>th</sup> FYP (2002-03 to 2006-07)	11 <sup>th</sup> FYP (2007-08 to 2011-12)	2011-12	2012-13
New Lines, Gauge Conversion, Doubling, Traffic Facilities, Track Renewal, Bridge Work, S & T	42,391.07	73,276.21	13,839.34	16,721.19
	(50.72)	(38.34)	(30.71)	(33.19)
Rolling Stock and Payment of Capital Component of Lease charges	26,556.21	76,686.36	21,679.67	22,403.29
	(31.77)	(40.13)	(48.11)	(44.47)
Workshop and Production Units and Plant & Machinery	1,962.67	6,762.29	1,613.57	1,917.00
	(2.35)	(3.54)	(3.58)	(3.80)
Investments in Government Undertaking	2,886.59	10,108.19	2,599.88	3,372.74
	(3.45)	(5.29)	(5.77)	(6.69)
Others	9,789.66	24,268.25	5,328.66	5,969.23
	(11.71)	(12.70)	(11.83)	(11.85)
<b>Total</b>	<b>83,586.20</b>	<b>1,91,101.30</b>	<b>45,061.12</b>	<b>50,383.45</b>

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

Note: 1 Figures in brackets represent percentage to the total plan expenditure.

Note : 2 Others include Road Safety Works, Electrification Projects, Computerization, other Electric Works, Railway Research, Other Specified Works, Stores Suspense, Manufacturing Suspense and Miscellaneous Advance, Staff Quarters, Passenger Amenities, Metropolitan Projects.

Note: 3 Since IRFC, WIS and RVNL are also contributing to Plan Expenditure (i.e. Extra Budgetary Resources), these were also included under Plan heads Rolling Stock – (₹ 16,052.25 crore for 10<sup>th</sup> –FYP, ₹ 46,127.94 crore for 11<sup>th</sup> FYP and ₹ 15,034.03 crore in 2012-13) and Investment – (₹ 450 crore in 10<sup>th</sup> – FYP, ₹ 1,111 crore for 11<sup>th</sup> – FYP and ₹ 107.90 crore in 2012-13)

The Table 1.9 shows that the share of Plan Expenditure on track related works (Construction of New Lines, Doubling, Gauge Conversion, Yard Remodelling and Traffic Facilities, Bridge Works and Signal and Telecommunication Works) declined from 51 per cent during the 10<sup>th</sup> Five Year Plan to 38 per cent during 11<sup>th</sup> Five Year Plan whereas the share of Plan Expenditure on Rolling Stock and Payment of Capital Component of Lease charges increased from 32 per cent during the 10<sup>th</sup> Five Year Plan to 40 per cent during 11<sup>th</sup> Five Year Plan.

During 2012-13, the share of plan expenditure on track related works increased to 33.19 per cent from previous year's share of 30.71 per cent.



## 1.11 Railway Funds

**Table 1.10 Status of Railway Funds**

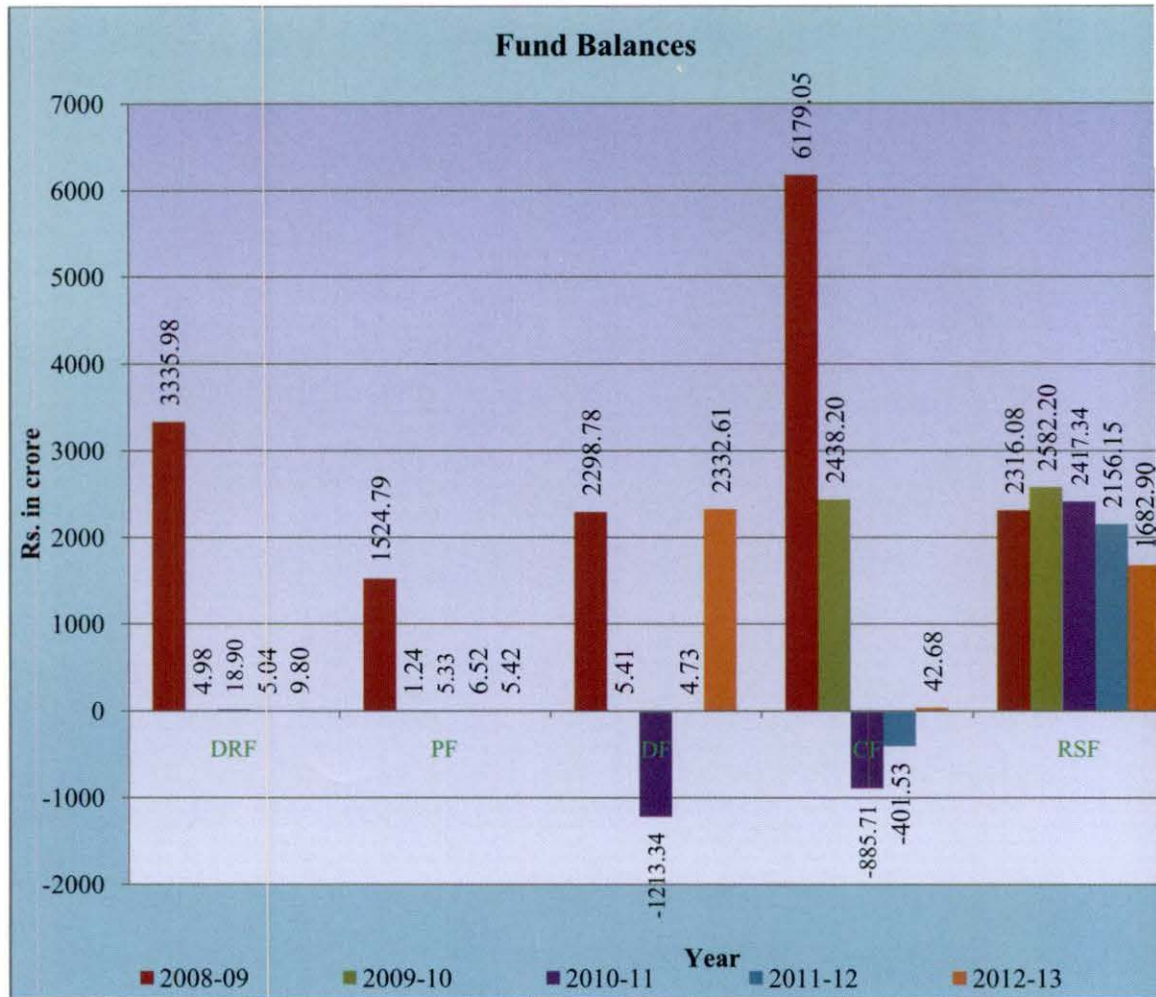
<i>Fund</i>	<i>Description</i>
<i>Depreciation Reserve Fund</i>	<i>The appropriation to this fund is met out of the revenues earned by IR. This is meant for replacement and renewal of over-aged assets. This fund receives interest at the rate of dividend payable to general revenues. The fund closed at ₹ 9.80 crore at the end of 2012-13 by expending less amount (₹7,045.47 crore) on replacement and renewal of assets than appropriated to the fund (₹7,050 crore). The Appropriation to DRF was made less than Budgeted provision by 27.32 per cent.</i>
<i>Pension Fund</i>	<i>The opening balance in this fund account as on 1 April 2012 was ₹ 6.52 crore. Appropriation to this fund is also met out of the revenues earned by IR. The fund receives interest at the rate of dividend payable to general revenues. Appropriation to the fund during 2012-13 was slightly less than the withdrawals. The available balance under the fund at the close of the year was ₹ 5.42 crore as on 31 March 2013.</i>
<i>Development Fund</i>	<i>Due to continuous decrease in revenue surplus after 2007-08, there was a substantial decline in net balances under the fund at the end of each year. The fund account as on April 1, 2012 stood at ₹ 4.73 crore. In 2012-13, the Revenue surplus to the tune of ₹ 7,815 crore was appropriated to it. The fund closed at ₹ 2,332.61 crore due to the following reasons:-</i> <ol style="list-style-type: none"> <li><i>1. The capital expenditure amounting to ₹ 2,457.82 crore was incurred out of this fund during 2012-13.</i></li> <li><i>2. Repayment of loan taken from Government of India amounting to ₹ 3,000 crore and interest of ₹ 117.56 crore was made during 2012-13 out of this fund.</i></li> </ol>
<i>Capital Fund</i>	<i>The opening balance in this fund account as on April 1, 2012 was ₹ (-) 401.53 crore. Ministry of Railways had to pay interest amounting to ₹ 7.04 crore in 2012-13 due to negative balance. Against the budget estimate of ₹ 5,000 crore, only ₹ 451.25 crore was appropriated to this fund in 2012-13. No expenditure was incurred from this fund during the year. The fund closed at ₹ 42.68 crore as on 31 March 2013.</i>
<i>Railway Safety Fund</i>	<i>The opening balance in this fund account as on April 1, 2012 was ₹ 2,156.15 crore. An amount of ₹ 1,578.32 crore was utilized in 2012-13 as against an amount of ₹ 1,105.06 credited to it. The fund account closed at ₹ 1,682.90 crore at the end of 2012-13.</i>

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

The funds<sup>20</sup> shown in Table No. 1.10 were either financed through revenues or surplus except Railway Safety Fund, which received a share of the Diesel Cess.

The Development Fund and Capital Fund, are funded from the 'Surplus' available after payment of dividend. They closed with balances of ₹ 2,332.61 crore and ₹ 42.68 crore respectively.

Figure 1.16- Fund Balances at the close of the years (2008-09 to 2012-13)



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

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

1. Indian Railways borrow money through the Indian Railway Finance Corporation (IRFC) for acquiring rolling stock by the financial lease route. These lease payment have two components, viz principal components and interest. Prior to 2005-06, these payments were fully met through the Ordinary Working Expenses (Revenue Grant No.9). However, from the year 2005-06 the Accounting policy in respect of accountal of lease charges payable to IRFC was modified. As per new accounting system,

<sup>20</sup>Till 2007-08, IR also operated Special Railway Safety Fund which was created in 2001-02 to wipe out the arrears in renewal/replacement. The fund was closed at the end of 2007-08 and balance remained in the fund was transferred to Depreciation Reserve Fund.

Capital component was to be charged to Capital Fund (Grant No. 16) and interest component was to be charged to Revenue Grant No. 9. It was observed that during 2012-13 a budget provision of ₹ 4,230 crore was made under Capital Fund (railways own resources) for 'Payment of principal component of lease charges to IRFC'. However, due to less appropriation to Capital Fund (₹ 451.25 crore) against the Budget Estimate (₹ 5,000 crore), the Ministry of Railways could not pay principal component of lease charges amounting to ₹ 4,204.29 crore from Capital Fund. Consequently, Ministry of Railways had to make payment of this amount from 'Capital<sup>21</sup>' by re-appropriation of funds from other plan heads without obtaining any supplementary grant. This re-appropriation was irregular and has been commented upon in Para No. 2.6.2-'Re-appropriation within Grant No. 16' of Chapter 2. Besides, the payment of capital component of lease charges from 'Capital' made by the Ministry of Railways during 2012-13 was in violation of the accounting policy followed by IR. A similar payment of ₹3,454.33 crore was made in 2011-12.

Further this arrangement of repayment to IRFC from the Capital has resulted in depriving the Railways of the additional investments that could have been made on other capital works. It also made the borrowing from IRFC more expensive as dividend is required to be paid to Government of India on any expenditure incurred from Capital. In this case ₹ 168.17 crore has been paid as dividend.

2. It is seen that the contribution to Depreciation Reserve Fund (DRF) was not made on the basis of historical cost, expected useful life and expected residual life of the asset but was dependent on the amount which the working expenses could bear. During 2012-13, an amount of ₹ 7,050 crore was appropriated to DRF against the Budget Estimate of ₹ 9,700 crore. Ministry of Railways in its reply to Action Taken Note on Para 3.4.1 of Report No.33 of 2010-11 (Railways Finances) had stated that the 'throw forward value of assets to be replaced' during 2011-12 and 2012-13 was ₹ 49,158 crore and ₹ 46,907 crore respectively. Audit observed that against throw forward value of ₹ 46,907 crore, the Ministry of Railways had spent ₹ 7,045.47 crore (15.02 per cent of the throw forward value) on replacement of the assets, from DRF during 2012-13. Thus, there is huge backlog of renewal and replacement of overaged assets in railway system which needs to be replaced timely for safe running of trains.

The annual contribution to DRF is distributed zone-wise in proportion to the Block Account (value of assets held) of each zonal railway. This apportionment is charged to the working expenses of the zone. It was seen that at the zonal level there was no relation between the amount appropriated to DRF and amount expended on replacement and renewal of the assets. There was negative balance at the end of 2012-13 in respect of Central, Eastern, North Eastern, North Western, South Central, South

<sup>21</sup> Capital represents the amount advanced by the Government of India to Ministry of Railways to finance Capital Expenditure and Ministry of Railways pays dividend thereon at the rate fixed by the Railway Convention Committee

Eastern, South East Central, South Western, Western, West Central Railways, Integral Coach Factory (ICF), Central Organization for Railway Electrification (CORE) and MTP/Chennai.

The balance available in the funds increased from ₹ 1,770.91 crore in 2011-12 to ₹ 4,073.41 crore at the end of the year 2012-13. However, it was seen that the fund balances had declined from ₹ 15,654.68 crore in 2008-09 to ₹ 4,073.41 crore in 2012-13. Depreciation Reserve Fund and Capital Fund closed with balance of ₹ 9.80 crore and ₹ 42.68 crore respectively. Even the fund balance of ₹ 4,073.41 crore at the end of the year 2012-13 has been achieved by not making payment of capital component of lease charges to IRFC<sup>22</sup> amounting to ₹ 7,658.62 crore during the period 2011-13, from Capital Fund. Further, contribution to Depreciation Reserve Fund was not made as per requirement.

### 1.12 Comments on Accounts

#### Persistent deficiencies not addressed though pointed out in audit

##### ➤ Non-accountal of bonus shares

M/s Rail India Technical and Economic Services Limited (RITES Ltd) and M/s Indian Railway Construction Company Limited (IRCON) issued Bonus Shares of ₹ 60 crore and ₹ 9.87 crore respectively to the Ministry of Railways (MoR) during the year 2012-13. Receipt of these bonus shares is mentioned in Statement No.11-Statement showing Investment made in the Public Sector Undertakings (PSUs) under the administrative control of Ministry of Railways for the year 2012-13. However, these bonus shares are not shown in Statement No.8-Detailed account of Revenue Receipts and Capital Receipts and Statement No. 10-Statement of expenditure on Capital Account for 2012-13. This non-accountal/non-inclusion of bonus shares was taken up with MoR (December 2013). However, no reply was received from MoR. Audit observations on non-accountal of bonus shares issued by the PSUs namely IRCON, RITES and Container Corporation of India (CONCOR) was also highlighted in Para 3.4.1 of the Audit Report No.3 of 2012-13-Union Government-Railways (Railways Finances). However, no specific reply on non-accountal of bonus shares in the accounts was given in the Action Taken Note.

##### ➤ Incorrect exhibition of Special Railway Safety Fund (SRSF)

The SRSF ceased to exist w.e.f 1 April 2008. However, Zonal Railways (Eastern, North Eastern, Southern, South Central, South Eastern, South East Central, West Central) are still showing this fund in their accounts (Balance Sheet and Debt Head Report). The matter was taken up with the MoR regularly during 2009-10 to 2012-13. MoR had issued instructions to the Zonal Railways to take corrective action. However, the irregularity still

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<sup>22</sup> Payment of Principal component of lease charges to IRFC is being paid from Capital Fund from 2005-06 onwards

continues and thus, the accounts do not exhibit the true and fair view of state of affairs of the Zonal Railways.

➤ **Incorrect accountal of fee**

Fee collected by railway administration under Right to Information (RTI) Act, 2005 is being credited as Railway's Earnings under Major head 1002-Sundry Earnings (Abstract Z-650) instead of crediting it under Major Head 0070-Administrative Services-Sub-Major Head: 60-Other Services-Minor Head: 118-Receipts under RTI Act, 2005. The matter of incorrect crediting of RTI fee in Railways earnings was taken up with the MoR in March 2012 and July 2013. The MoR in its reply stated (July 2013) that the matter has been referred to Controller General of Accounts in April 2012 and again in July 2013. However, no further reply has been received from MoR. In the meantime the irregular practice is being continued.

**Other important deficiency**

➤ **Incorrect accountal of fee**

Fee collected by Railway Claim Tribunal (RCT) is being treated as commercial earnings and credited under Major Head-1002-Indian Railways Earnings-Commercial by the Zonal Railways (ECR, ECoR, WCR and NWR). However, other Zonal Railways are correctly crediting it under Major Head-1001-Miscellaneous Receipts.

➤ **Public Funds lying outside government accounts**

As per Rule 16 (3) of the Rail Land Development Authority (Constitution) Rules 2007, the Authority shall maintain a separate account to which all earnings including royalties, concession fees and profits out of Authority's projects shall be credited and thereafter they shall be passed in full, on to the Central Government. Scrutiny of Annual Accounts of Rail Land Development Authority (RLDA) for 2012-13 revealed that an amount of ₹ 349.70 crore towards upfront lease charges, interest earned on Term Deposits etc was credited to separate account-Fund transferrable to Ministry of Railways but not transferred to Ministry of Railways in full. Thus, due to non-transferring of the earnings by the RLDA to Ministry of Railways, sundry earnings of the Ministry of Railways was understated by ₹ 349.70 crore during 2012-13.

Audit scrutiny of the Annual Accounts of RLDA for 2012-13 further revealed that an amount of ₹ 48.79 crore towards forfeited sums and interests thereon is also lying with the RLDA and not transferred to the Ministry of Railways. RLDA in its reply stated that as no land is leased out in these cases, it is not clear to which railway/head of account this earning is to be transferred. They had also stated that a proposal for considering such sums to be retained by RLDA has been sent to the Ministry of Railways; no reply has been received from the Ministry of Railways in this regard.

### **1.13 Conclusions**

During 2012-13, Total Working Expenditure decreased by 0.74 per cent (₹ 827.96 crore) as compared to budget projections. Gross Traffic Receipt and Net Surplus increased by 18.85 per cent and 634.41 per cent respectively over the previous year thereby showing an improvement in the performance of IR. However, Gross

Traffic Receipt and Net Surplus were still below the budget projections by 6.65 per cent and 46.86 per cent respectively.

IR has not been able to meet their operational cost of passenger and other coaching services. There was significant cross-subsidization from freight services to passenger services. IR earned profit of ₹ 23,076.70 crore from freight traffic on one hand and incurred loss of ₹ 23,643.68 crore on operation of passenger and other coaching services on the other hand during 2011-12.

At the end of the year 2012-13, railway funds closed with balance of ₹ 4,073.41 crore. The fund balances improved by ₹ 2,302.50 crore over the previous year balance of ₹ 1,770.91 crore. Development Fund closed at ₹ 2,332.61 crore and the Capital Fund at a meager balance of ₹ 42.68 crore. A positive balance in the Capital Fund was due to payment of ₹ 3,454.33 crore and ₹ 4,204.29 crore in 2011-12 and 2012-13 respectively as repayment of principal component of lease charges to IRFC from Capital advanced by the Government of India as General Budgetary support. This was in violation of their accounting policy.

Ministry of Railways had spent ₹ 7,045.47 crore on replacement of the assets against throw forward value of ₹ 46,907 crore from DRF during 2012-13. Thus, there is huge backlog of renewal and replacement of overaged assets in railway system which needs to be replaced timely for safe running of trains.

The operating ratio improved from 94.85 per cent in 2011-12 to 90.19 per cent in 2012-13. However, the Capital Output ratio (amount of Capital employed to produce one unit of output i.e. Capital at charge per Net Tonne Kilometre) also increased from 218 paise in 2011-12 to 238 paise in 2012-13 indicating decrease in the physical performance of the IR.

#### **1.14 Recommendations**

- *Non-availability of sufficient funds in Depreciation Reserve Fund to replace the overaged assets and, in Capital Fund to meet its liability of payment towards principal component of lease charges to Indian Railway Finance Corporation are indicative of poor financial health of IR. IR should explore ways and means to improve their fund balances.*
- *Instances of non-accountal of bonus shares, public funds lying outside government accounts, payment of capital component of lease charges to Indian Railway Finance Corporation from Capital advanced by the Government of India's general budgetary support are indicative of poor accounting practices. IR should strictly follow the accounting principles and maintain financial discipline.*

## Chapter 2 Appropriation Accounts

This Chapter outlines IR financial accountability and budgetary practices through audit of Appropriation Accounts.

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

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

Appropriation Accounts detail the accounts related to expenditure of IR for a particular year as compared to the appropriations for different purposes as specified in the schedules appended to the Appropriation Act passed by Parliament. These Accounts list the original budget allocation, supplementary grants, surrenders and re-appropriations distinctly and indicate the actual capital and revenue expenditure on various specified services vis-à-vis those authorized by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts thus facilitate management of finances and monitoring of budgetary provisions and are therefore complementary to Finance Accounts.

### 2.1 Summary of Appropriation Accounts

IR authorized its expenditure through operation of 16 Grants comprising of 15 Revenue Grants<sup>23</sup> (Grants number 1 to 15) and one Capital Grant<sup>24</sup> (Grant No. 16). Revenue grants were financed through the internal resources generated by IR through its earnings during the year, the Capital grant was funded mainly through the budget, internal resources and share of diesel cess from Central Road Fund.

Appropriation Accounts (Railways) for the sums expended during the year ended 31 March 2013, compared with the sums authorized in the Original and Supplementary Demands for Grants for expenditure and passed under Article 114 and 115 of the Constitution of India are summarized in Table 2.1.

<sup>23</sup> Grants detailing working expenses and other revenue expenditure as voted by Parliament..

<sup>24</sup> Grant detailing expenditure on Assets Acquisition, Construction and Replacement voted by Parliament

Table 2.1- Summary of Appropriation Accounts 2012-13

(₹ in crore)

	Original Grant/ Appropriation	Supplementary Grant	Total Sanctioned Grant	Actual Expenditure	Saving (-) / Excess (+)
<b>Voted</b>					
Revenue	1,58,758.32	2,466.92	16,1225.24	1,51,871.76	(-9,353.48)
Capital	83,058.56	265.00	83,323.56	74,183.18	(-9,140.38)
<b>Total Voted</b>	<b>2,41,816.89</b>	<b>2,731.92</b>	<b>2,44,548.80</b>	<b>2,26,054.94</b>	<b>(-18,493.86)</b>
<b>Charged</b>					
Revenue	163.54	30.44	193.98	150.76	(-43.22)
Capital	95.70	51.00	146.70	133.60	(-13.10)
<b>Total Charged</b>	<b>259.24</b>	<b>81.44</b>	<b>340.68</b>	<b>284.36</b>	<b>(-56.32)</b>
<b>Grand Total</b>	<b>2,42,076.13</b>	<b>2,813.35</b>	<b>2,44,889.48</b>	<b>2,26,339.30</b>	<b>(-18,550.18)</b>

The above Table lists out the total expenditure of IR as ₹ 2,26,339.30 crore during the financial year 2012-13, of which nearly 67.17 per cent was spent on revenue grants which include working expenses on administrative, operational and maintenance activities while 32.83 per cent was spent on capital grant dealing with creation and augmentation of infrastructure facilities through Assets Acquisition, Construction and their Replacement/Renewal. The above Table also indicates savings of 5.81 per cent (₹ 9,396.70 crore) under revenue grants and 10.97 per cent (₹ 9,153.48 crore) under capital grant against the sanctioned provisions available in 2012-13.

An analysis of grant-wise expenditure revealed that the net saving of ₹18,550.18 crore was a result of savings of ₹ 20,220.42 crore under twelve revenue grants, four segments of capital grant, five revenue appropriations<sup>25</sup> and four segments of capital appropriation, adjusted by an excess of ₹ 1,670.24 crore in three revenue grants, seven revenue appropriations as are shown in Appendix-2.1.

### 2.1.1 Revenue Grants

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

Table 2.2- Grants operated by Railways

No.	Particulars	Six Distinct Group
1	Railway Board	Policy Formulation and Services Common to all Railways
2	Miscellaneous Expenditure (General)	
3	General Superintendence and Service on Railways	General Superintendence and Service on Railways
4	Repairs and Maintenance of Permanent Way and Works	Repairs and Maintenance
5	Repairs and Maintenance of Motive Power	
6	Repairs and Maintenance of Carriages and Wagons	
7	Repairs and Maintenance of Plant and Equipment	

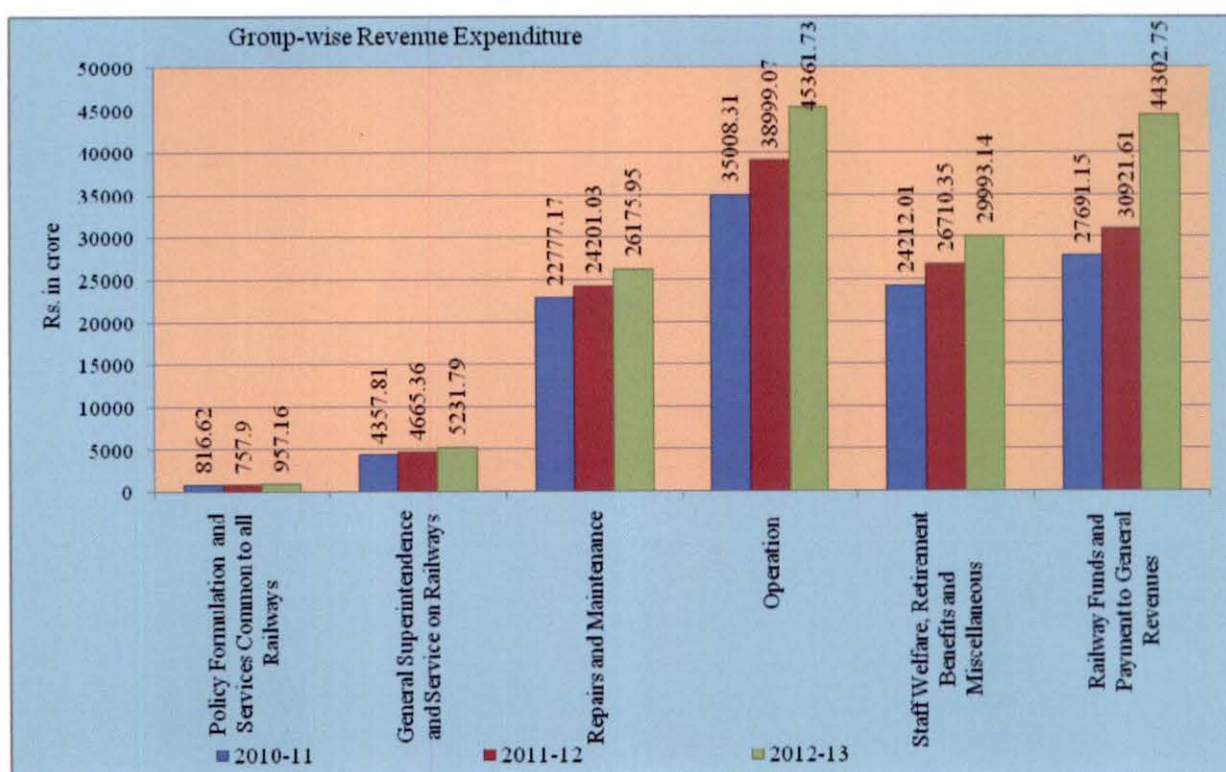
<sup>25</sup> Appropriation refers to expenditure charged on Consolidated Fund of India



8	Operating Expenses-Rolling Stock and Equipment	Operation
9	Operating Expenses-Traffic	
10	Operating Expenses-Fuel	
11	Staff Welfare and Amenities	Staff Welfare, Retirement Benefits and Miscellaneous
12	Miscellaneous Working Expenses	
13	Provident Fund, Pension and Other Retirement Benefits	
14	Appropriation to Funds	Railway Funds and Payment to General Revenues
15	Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortization of over Capitalization	

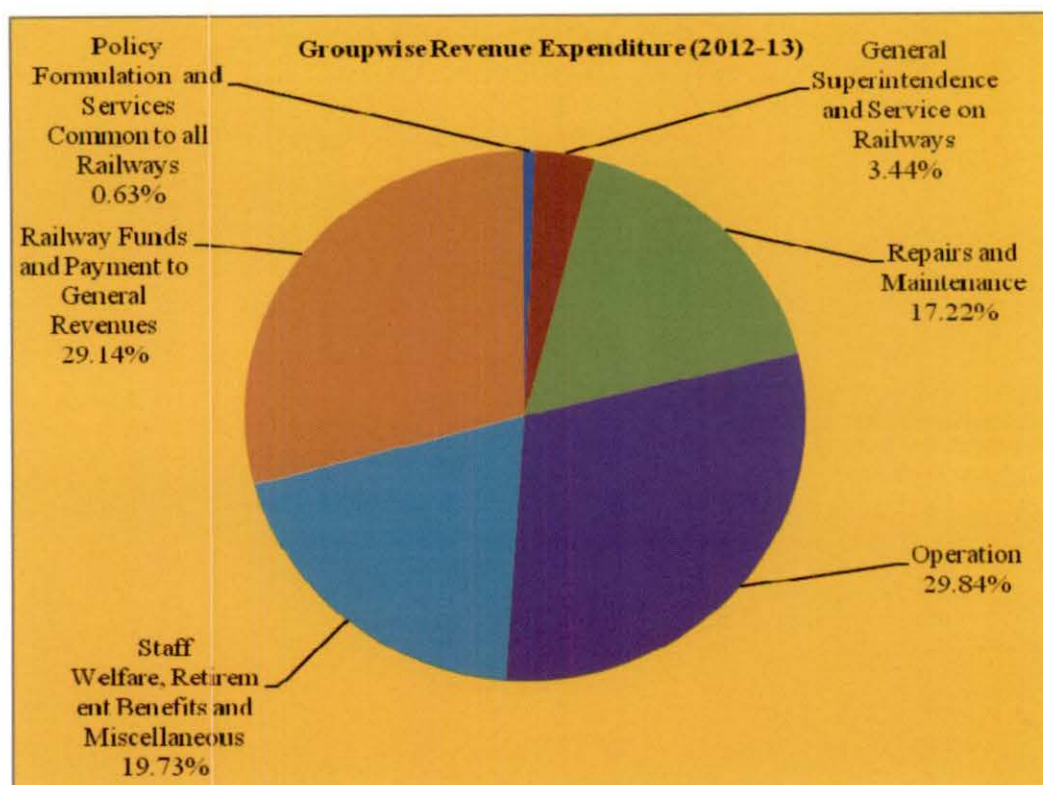
The following diagram depicts group-wise expenditure for last three years which shows an increasing trend in expenditure over Indian Railways:

**Diagram 2.1 Trend of Revenue Expenditure-Group-wise during 2010-11 to 2012-13**



The group-wise expenditure, in 2012-13, would appear as pie diagram 2.2 as following:

Diagram-2.2 Group wise Revenue Expenditure (2012-13)



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

Table- 2.3 Group wise Estimates, Expenditure and Variation (2012-13)

(₹ in crore)

Particulars	Original Grant/Appropriation	Supplementary Provision	Total Sanctioned Grant	Actual Expenditure	Variation w.r.t. Sanctioned Grant (-) Saving/ (+) Excess	Percentage variation
Policy Formulation and Services Common to all Railways	990.82	2.82	993.64	957.16	(-)36.48	(-)3.67
General Superintendence and Service on Railways	5,312.57	30.94	5,343.51	5,231.79	(-)111.72	(-)2.09
Repairs and Maintenance	27,176.20	0.18	27,176.38	26,175.95	(-)1,000.43	(-)3.68
Operation	43,839.85	980.99	44,820.84	45,361.73	540.89	1.21
Staff Welfare, Retirement Benefits and Miscellaneous	28,231.11	1,482.42	2,9713.53	29,993.14	279.61	0.94
Railway Funds and Payment to General Revenues	53,371.32	0.00	53,371.32	44,302.75	(-)9,068.57	(-)16.99

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

- **Indian Railways Policy Formulation**

Decrease in expenditure towards foreign travel expenses, non-execution/slow progress of certain survey works, non-finalization of tenders, reduction in materialization of contractual payments, non-materialization of direct purchases, incurrence of less expenditure towards training cost, and conducting of less number of examinations by Railway Recruitment Boards.
- **General Superintendence and Service on Railways**

Reduction in expenditure towards staff cost, contingencies and cost of material from stock, less receipt of legal bills.
- **Repairs and Maintenance**

Reduction in expenditure on salary and wages, decrease in expenditure on procurement of non-stock items, reduction in drawal of stores from stock, decrease in number of sanitation works undertaken, decrease in contractual payments, less adjustment of wages and material on periodical overhaul, decrease in expenditure on cost of materials from direct purchase, reduction in adjustment of debits, decrease in expenditure towards freight charges, decrease in expenditure towards contingent expenses, decrease in workshop debits, adjustment of less debits towards special repair than anticipated, decrease in payment on fuel other than traction during the year than anticipated, decrease in materialization of decretal payments than anticipated.
- **Operation**

Increase in expenditure towards staff cost, increase in contractual payments, additional expenditure due to increase in prime cost of High Speed Diesel Oil (HSD Oil) and increase in consumption of HSD oil, increase in rate of energy (electric traction) purchased from outside source, materialization of decretal payments (payments made in satisfaction of court decrees) which could not be anticipated earlier.
- **Staff Welfare, Retirement Benefits and Miscellaneous**

Increase in receipt of debits from pension disbursing authorities on account of implementation of Modified Assured Career Progression (MACP) and increase in Dearness Allowance (DA), receipt of more debits towards family pension due to revision of family pension on account of implementation of MACP and increase in DA, finalization of more cases of death-cum-retirement-gratuity, more expenditure towards leave encashment for pension optees, more government contribution for newly defined contribution pension scheme, materialization of more decretal payments than anticipated
- **Railway Funds and Payment to General Revenues**

Decrease in generation of internal resources during the year than anticipated, lowering of rate of dividend from five per cent to four per cent

recommended by the Railway Convention Committee for 2012-13 and payment of lesser amount of interest on loan taken from General Revenues due to prepayment of loan.

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

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

## 2.2 Financial Accountability and Budget Management

### 2.2.1 Excess over Budget Provision

The Table No. 2.4 gives the grants and appropriations wherein expenditure was incurred in excess of authorized expenditure.

Table 2.4 Excess Expenditure

(₹ in crore)

S. No.	Particulars	Original Provision	Supplementary provision	Actual Expenditure	Excess
<b>Revenue-Voted</b>					
1	Grant No. 8- Working Expenses – Operating Expenses – Rolling Stock and Equipment	7,360.75	500.03	7,888.95	28.17
2	Grant No. 10 - Working Expenses – Operating Expenses - Fuel	21,346.72	382.62	22,388.16	658.82
3	Grant No. 13 - Working Expenses – Provident Fund, Pension and Other Retirement Benefits	19,120.66	1,456.06	21,558.67	981.95
<b>Revenue-Charged</b>					
1	Appropriation No.3 – Working Expenses – General Superintendence and Services	0.00	0.01	0.43	0.42
2	Appropriation No.4 – Working Expenses – Repairs and Maintenance of Permanent Way and Works	0.33	0.18	0.97	0.46
3	Appropriation No.5 – Working Expenses – Repairs and Maintenance of Motive Power	0.00	0.00	0.04	0.04
4	Appropriation No.7 - Working Expenses – Repairs and Maintenance of Plant and Equipment	0.00	0.0017	0.02	0.0183
5	Appropriation No.8 - Working Expenses – Operating Expenses – Rolling Stock and Equipment	0.00	0.00	0.05	0.05
6	Appropriation No.11- Working Expenses – Staff Welfare and Amenities	0.00	0.05	0.19	0.15
7	Appropriation No.13- Working Expenses – Provident Fund, Pension and Other Retirement Benefits	0.58	0.00	0.74	0.16
	<b>Total</b>	<b>47,829.04</b>	<b>2,338.9517</b>	<b>51,838.23</b>	<b>1,670.2383</b>

The above mentioned grants and appropriations where excess expenditure occurred, supplementary provisions were obtained in all except three appropriations. In two appropriations, expenditure incurred without obtaining original provisions and supplementary provisions. Incurrence of excess expenditure despite obtaining supplementary grants indicated poor budgetary forecasting.

The reason for excess expenditure during 2012-13 were attributed to incurrence of more expenditure towards staff cost, more contractual payments, excess expenditure due to increase in prime cost of HSD Oil and more consumption of HSD oil, increase in rate of energy purchased from outside source, receipt of more debits from pension disbursing authorities on account of implementation of MACP and increase in DA, receipt of more debits towards family pension due to revision of family pension on account of implementation of MACP and increase in DA, finalization of more cases of death-cum-retirement-gratuity, more expenditure towards leave encashment for pension optees, more government contribution for newly defined contribution pension scheme, Materialization of more decretal payments than anticipated.

Public Accounts Committee (PAC) in its Sixty-fourth Report (15<sup>th</sup> Lok Sabha) on 'Excess over Voted Grants and Charged Appropriations (2010-11) recommended that the Ministry of Railways should strive earnestly for ensuring realistic estimation of their budgetary requirements under Grants /Appropriation operated by them so that the existing lapses/loopholes are identified and excess expenditure eliminated. Apparently, the Ministry of Railways have not made serious efforts to bring about the desired results. While taking a serious view of such a laxity on the part of the Ministry of Railways, the PAC recommended that the Ministry should look into the recurrent lapses on this count, with a view to fixing responsibility at the appropriate level so that the existing deficiencies and short comings in the prevailing expenditure review system are rectified and recurrence of excess expenditure is either avoided altogether or minimized to greater extent in future. Ministry of Railways replies on PAC's observations are awaited.

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

### **2.2.2 Persistent Excess Expenditure**

There were persistent excess during 2009-10, 2010-11, 2011-12 and 2012-13 in the Grant No. 13- Provident Fund, Pension and Other Retirement Benefits dealing with Staff Welfare, Retirement Benefits etc and Appropriation No. 3 (Charged) - Working Expenses-General Superintendence and Services as in the Table 2.5.

Table 2.5 Persistent Excess Expenditure

(₹ in crore)

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

IR attributed the excess mainly due to receipt of more debits from pension disbursing authorities on account of implementation of MACP and increase in DA, receipt of more debits towards family pension due to revision of family pension on account of implementation of MACP and increase in DA, finalization of more cases of death-cum-retirement-gratuity, more expenditure towards leave encashment for pension optees, more government contribution for newly defined contribution pension scheme, More materialization of decretal payments than anticipated.

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

### 2.2.3 Savings

There were aggregate savings (revenue and capital grants) of ₹ 20,220.42 crore. In 11 cases, as detailed in Table 2.6, the savings exceeded ₹ 100 crore:

Table 2.6: Savings over ₹100 crore

(₹ in crore)

S. No.	Particulars	Original Provision	Supplementary provision	Actual Expenditure	Saving
1	Grant No. 3 – Working Expenses – General Superintendence and Services	5,312.57	30.93	5,231.37	(-)112.13
2	Grant No. 4– Working Expenses – Repairs and Maintenance of Permanent Way and Works	8,786.79	0	8,233.41	(-)553.38
3	Grant No. 7- Working Expenses – Repairs and Maintenance of Plant and Equipment	5,062.24	0	4,805.31	(-)256.93
4	Grant No. 9 - Working Expenses – Operating Expenses – Traffic	15,132.21	97.27	15,084.03	(-)145.45

5	Grant No. 11 - Working Expenses - Staff Welfare and Amenities	4,342.68	0	4,064.83	(-)277.85
6	Grant No. 12 - Working Expenses - Miscellaneous Working Expenses	4,605.46	0	4,223.06	(-)382.40
7	Grant No. 14 Appropriation to Funds - Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund	43,567.00	0	35,836.25	(-)7,730.75
8	Grant No. 15 Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation	9,804.32	0	8,466.51	(-)1,337.81
9	Grant No. 16-Capital	60,974.51	265.00	60,762.83	(-)476.68
10	Grant No. 16-Railway Fund	20,025.75	0.00	11,808.25	(-)8,217.50
11	Grant No. 16-Railway Safety Fund	1,998.40	0.00	1,584.08	(-)414.32

Reasons for savings were attributed to decrease in expenditure towards staff cost, reduction in receipt of legal bills, reduction in expenditure on procurement of non-stock items, decrease in drawal of stores from stock, reduction in sanitation work undertaken, materialization of less contractual payments, decrease in direct purchases, decrease in payment on fuel other than traction than anticipated, reduction in expenditure towards procurement of stores, less expenditure towards publicity charges and contingencies than anticipated, decrease in payment of leasing charges other than Indian Railway Finance Corporation (IRFC), decrease in receipt of claims for reimbursement of tuition fees than anticipated, non-filling up of vacancies, less adjustment of debits relating to Railway Protection Special Force (RPSF), materialization of less payment on account of Government Railway Police (GRP) due to non/less receipt of bills than anticipated, decrease in expenditure towards workmen's compensation claim during the year, decrease in expenditure towards contractual payments to private caterers and less payments made to Indian Railway Catering and Tourism Corporation (IRCTC) towards contract, lesser generation of internal resources during the year than anticipated, lowering of dividend rate from five per cent to four per cent etc.

Reasons for saving in "Appropriation to Funds" were attributed mainly to less appropriation to DRF. Further, due to less availability of revenue surplus the appropriation under Development Fund and Capital Fund were not made as per Budget Estimate.

**Grant No. 16-Capital, Railway Funds and Railway Safety Fund (RSF) -** Reasons for savings under these funds are given in succeeding para.

## 2.2.4 Persistent Savings

There were persistent savings of over ₹100 crore in following grants as shown in the Table 2.7.

Table 2.7 Persistent Savings

		(₹ in crore)					
S.No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1	Grant No. 14 – Appropriation to Funds	373.99	6,429.96	4,301.51	2,533.20	2,802.84	7,730.75
2	Grant No. 16 – Capital	789.47	537.20	2,020.71	760.50	1,510.81	476.68
3	Grant No. 16 – Railway Funds	1,634.35	1,723.38	2,815.59	861.94	3,565.24	8,217.50
4	Grant No. 16 – Railway Safety Fund	517.44	734.56	649.98	598.56	669.87	414.32

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

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

In 2012-13, Appropriation to DRF has been curtailed by ₹2,650 crore (i.e.27.89 per cent of BE) due to reduced internal resource generation. Contribution to DF and CF also reduced to ₹ 7,815 crore and ₹ 451.25 crore respectively which accounted for 74.03 per cent and 9.03 per cent of the BE respectively as net surplus available for appropriation was only ₹8,266.25 crore against ₹ 15,557 crore projected in BE.

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

Saving occurred in Capital were due to termination of the contract mid way, project in preliminary stage hence saving, detailed estimates under sanction, less booking of expenditure than anticipated, non-materialization of anticipated debits and contractual liabilities due to delay in finalization of tenders, slow progress of work, less execution of computerization work, decrease in activities under construction/acquisition of rolling Stock, less procurement of Machinery and Plants items, slow progress of staff amenity works, less investment under Government Commercial undertaking, reduction in the number of three phase locos and revision in production programme.

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

Saving occurred in Railway Funds were due to change of source of fund from CF to Capital in revised estimate stage for making payments of capital component charges of lease charges to Indian Railway Finance Corporation (IRFC). The other reasons for saving under Railway Funds were attributed to slow progress of works, less store debits, delay in finalization of tender, less materialization of contractual liabilities, slow progress of work, work in planning stage, Plans/Estimates under approval,



slow progress in modernization of loco works, slow progress of works in respect of staff quarters and staff amenities etc.

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

Reasons for saving under RSF attributed to slow progress of works, materialization of less contractual payments, less/non-finalization of tenders/proposal, slow progress of works, non-completion of detailed estimates and formalities before making payment to State Government towards the cost of Road approaches in respect of various Road Over Bridge/Road Under Bridge (ROBs/RUBs).

***Instances of persistent savings were indicative of poor budgetary estimation by IR.***

### 2.3 Supplementary Provisions

Supplementary provisions amounting to ₹ 2,466.92 crore were taken during 2012-13 in five revenue voted grants (Grant nos.3, 8, 9, 10, 13). These were obtained on account of higher expenditure mainly under staff cost, contingency expenses, computer and their consumables, materials, contractual payments, cost of fuel, pensionary charges etc. In grant no. 3 and 9 the whole supplementary provisions remained unutilized.

Supplementary provisions of ₹ 30.44 crore were obtained under charged appropriations (Appropriation nos.2, 3, 4, 7, 9,11and 12) on account of more payments anticipated in satisfaction of court decrees. However, the assessment of supplementary provisions under charged appropriation nos. 3, 4, 7, 11 and 12 were either inadequate (Appropriation no.12) or excessive (Appropriation nos. 3, 4, 7, 11) by more than 100 *per cent*. The reasons of such huge variation were attributed to more/less materialization of decretal payment than anticipated.

The Supplementary demand of ₹ 265 crore was taken during 2012-13 in Grant No. 16 (Capital) under 'Voted' as additional budgetary support to meet additional requirement to accelerate progress of various National projects<sup>26</sup> extended by Central Government but the supplementary provisions of ₹ 50 crore remained unutilized.

The Supplementary provisions of ₹ 51.00 crore was obtained under charged appropriations (Grant No.16-Capital) on account of more payments than anticipated in satisfaction of court decrees. However, the assessment of supplementary provisions under charged appropriations was not realistic as there was saving of ₹ 8.66 crore.

<sup>26</sup> *Udhampur-Srinagar-Baramula New Line, Bogibeel bridge with linking lines between Dibrugarh and North Bank line and Jiribam and Imphal New Line, Lumding-Silchar including Migrendisa-Dittockchera extension from Badarpur-Bairagram and new material modification for Gauge Conversion of Bairagram-Dulabchera with bypass at Karimganj and Karimganj-Maishashan and Rangia-Murkongselek alongwith linked fingers.*

## 2.4 Surrenders

Savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting for the end of financial year. There were a number of cases of surrender as shown in the Table 2.8:-

**Table 2.8 Surrenders under various Grants**

(₹ in crore)

Grant No.	Voted/ Charged (V/C)	Original	Supplementary	Actual expenditure	Net variation	Surrender
2	V	764.29	0	729.99	(-)34.30	-29.76
4	V	8,786.79	0	8,233.413	(-)553.38	-479.99
5	V	4,015.69	0	3,923.63	(-)92.06	-83.38
6	V	9,311.13	0	9,212.56	(-)98.57	-172.38
7	V	5,062.23	0	4,805.31	(-)256.93	-250.32
8	V	7,360.75	500.03	7,888.95	28.17	-.22
11	V	4,342.68	0	4,064.83	(-)277.85	-197.42
12	V	4,605.46	0	4,223.06	(-)382.40	-264.98
14	V	43,567.00	0	35,836.25	(-)7,730.75	-6,147.87
15	V	9,804.32	0	8,466.51	(-)1,337.81	-1,346.98
16 (Railway Funds)	V	20,025.75	0	11,808.25	(-)8,217.50	-8,322.13
RSF	V	1998.40	0	1584.08	414.32	335.47
RSF	C	1.60	0	0.0048	1.60	0.58

## 2.5 Budgetary Control by Spending Units

Budget estimates are usually calculated by IR after taking into account zonal railways requirements which are analyzed and moderated. Rules provide<sup>27</sup> that any fund, during the course of the fiscal year, unlikely to be utilized for a particular purpose for which it was obtained could be re-appropriated, within the provisions of the rules, for some other purpose, or for other spending units (zonal railways). Re-appropriation of funds is done through Final Modification Statement<sup>28</sup> (FMS). Summary of railway-wise grant accounts (grant nos.3 to 13) is given in *Appendix-2.2*.

Audit review of the grant accounts (voted) of grant nos. 3 to 13 of zonal railways revealed the following:

- In 108 cases, funds were surrendered through FMS by zonal railways in excess of availability.
- In 11 cases (Voted) and 3 cases (Charged), zonal railways surrendered funds through FMS despite expenditure exceeding the sanctioned allocations.
- In 7 cases, zonal railways, through FMS, surrendered 50 per cent or more of the supplementary provisions allocated to them. It included 5 cases, where

27 Paragraph 376 of Indian Railways Finance Code enumerates the powers of re-appropriation of funds  
28 Final Modification Statement referred to final re-appropriation of fund from one unit to other or from one work to other within the frame work of rules. It is usually done at the fag end of the year.

100 per cent of the supplementary provisions allocated to them were surrendered.

- In 22 cases(19-voted, 3- charged), zonal railways received additional funds through re-appropriation at the fag end of the year despite expenditure already incurred was less than the sanctioned grant.

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

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

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

- **Capital**-budgetary support advanced by general budget of GoI,
- **Railway Funds**-internal resources kept under three different reserves<sup>29</sup>,
- **Railway Safety Fund**-financed by Railways' share of diesel cess from Central Road Fund and
- **Open Line Works (Revenue)**-new or additional improvement/replacement works costing less than ₹1 lakh financed from revenue.

Re-appropriation of funds from one segment to another is not permissible.

Segment wise allocation and expenditure is given below:

**Table 2.9 Segment wise Expenditure under Grant No. 16**

(₹ in crore)

Particulars	Original Provision	Supplementary provision	Total sanctioned provisions	Actual Expenditure	Saving (-)/ Excess (+)
<b>Voted Portion</b>					
Capital	60,974.51	265.00	61,239.51	60,762.83	(-) 476.68
Railway Fund	20,025.75	0.00	20,025.75	11,808.25	(-) 8,217.50
Railway Safety Fund	1,998.40	0.00	1,998.40	1,584.08	(-) 414.32
Open Line Works - Revenue	59.90	0.00	59.90	28.02	(-)31.88
<b>Total Voted</b>	<b>83,058.56</b>	<b>265.00</b>	<b>83,323.56</b>	<b>74,183.18</b>	<b>(-) 9,140.38</b>
<b>Charged Portion</b>					
Capital	89.00	51.00	140.00	131.34	(-) 8.66
Railway Fund	5.00	0.00	5.00	2.26	(-) 2.74
Railway Safety Fund	1.60	0.00	1.60	0.00	(-) 1.60
Open Line Works – Revenue	0.10	0.00	0.10	0.00	(-) 0.10
<b>Total Charged</b>	<b>95.70</b>	<b>51.00</b>	<b>146.70</b>	<b>133.60</b>	<b>(-) 13.10</b>

<sup>29</sup> Reserve Funds were Depreciation Reserve Fund (DRF), Development Fund (DF) and Capital Fund (CF).

➤ **Capital**

In 2012-13, provision of ₹ 60,974.51 crore was made for acquisition and construction of assets. Additional budgetary support of ₹ 265.00 crore was received through supplementary grant under Capital (Voted).

There was a net savings of ₹ 476.68 crore, against the sanctioned provision, in this segment of the grant. Reasons for savings attributed are discussed in Para 2.2.4-Persistent Savings.

➤ **Railway Funds**

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

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

All these funds are financed from the internal resources of IR either by charging to 'Working Expenses' (DRF) or from 'Net Revenue Surplus' (DF and CF). Thus, performance of IR and availability of balances in the fund accounts impacts planning of expenditure under this segment of the grant. Though appropriation between these sources of funds is not permissible, a combined Appropriation Accounts for these funds is prepared. Source-wise break-up of sanctioned allocation and expenditure under Railway Funds is tabulated in Table no. 2.10.

**Table-2.10-Component of Railway Funds**

(₹ in crore)

Particulars	Original Provision	Supplementary provision	Total sanctioned provisions	Actual Expenditure	Saving (-)/ Excess (+)
<b>Voted Portion</b>					
Depreciation Reserve Fund	11,335.00	0.00	11,335.00	9,348.17	(-)1,986.83
Development Fund	3,775.75	0.00	3,775.75	2,460.08	(-)1,315.67
Capital Fund	4,915.00	0.00	4,915.00	0.00	(-)4,915.00
<b>Total Voted</b>	<b>20,025.75</b>	<b>0.00</b>	<b>20,025.75</b>	<b>11,808.25</b>	<b>(-)8,217.50</b>
<b>Charged Portion</b>					
Depreciation Reserve Fund	4.00	0.00	4.00	0.49	(-)3.51
Development Fund	1.00	0.00	1.00	1.76	0.76
<b>Total Charged</b>	<b>5.00</b>	<b>0.00</b>	<b>5.00</b>	<b>2.25</b>	<b>(-)2.75</b>
<b>Total Voted and Charged</b>	<b>20,030.75</b>	<b>0.00</b>	<b>20,030.75</b>	<b>11,810.50</b>	<b>(-) 8,220.25</b>

Analysis of this segment of grant revealed that there were net savings (under voted) of ₹ 8,217.50 crore (41.03 per cent of the sanctioned grant).

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

- **DRF**-There were savings of ₹ 1,986.83 crore constituting 17.53 *per cent* of the sanctioned provisions.
- **DF**- There were savings of ₹ 1,315.67 crore constituting 34.85 *per cent* of the sanctioned provisions.
- **CF**-There was a saving of ₹ 4,915.00 crore (100 *per cent*) of the sanctioned grant of ₹ 4,915.00 crore as no expenditure was met from this fund. The expenditure towards payment of capital component of lease charges to IRFC to be met from this fund was finally met from source of fund 'Capital'.

- **Railway Safety Fund**

This source of capital expenditure is funded by IR's share of diesel cess in Central Road Fund. Available fund is utilized for road safety works like manning of unmanned railway crossing and construction of road over/under bridges. It was seen that proposed allocations had never been fully utilized in the last six years as there were continuous savings in this segment of the grant as discussed in Paragraph 2.2.4 above. Despite availability of funds there were delays in execution of road safety works.

- **Open Line Works (Revenue)**

This segment of the grant was financed from the revenue of IR. Cost of all works (other than passenger amenities works) whether new or additional improvement/replacement, where cost is less than ₹1 lakh, is chargeable to this segment of grant. Under this segment 53.22 *per cent* (₹ 31.88 crore) of the originally allocated funds of ₹59.90 crore was not utilized. The savings were attributed to slow progress of works, delay in finalization/non- finalization of tenders, materialization of less contractual payments, non/delayed finalization of tenders and adjustment of less store debits etc.

### 2.6.1 Withdrawal/Utilization of Funds

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

**Table 2.11-Appropriation to Railway Funds and withdrawal there from during the last three years ended 31 March 2013**

		(₹ in crore)		
<i>Fund</i>	<i>Particulars</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
<b>DRF</b>	<b>Appropriation to Fund(BE)</b>	7,700.00	7,100.00	9,700.00
	<b>Appropriation to Fund(Actual)</b>	5,615.00	6,720.00	7,050.00
	<b>Excess/Shortage</b>	(-)2,085.00	(-)380.00	(-)2,650.00
	<b>Expenditure/withdrawal from fund</b>	5,585.12	6,680.72	7,045.47
<b>DF</b>	<b>Appropriation to Fund(BE)</b>	2,800.00	2,400.00	10,557.00
	<b>Appropriation to Fund(Actual)</b>	1,404.90	610.00	7,815.00
	<b>Excess/Shortage</b>	(-)1,395.10	(-)1,790.00	(-)2,742.00

	Expenditure/withdrawal from fund	2,576.59	2,222.56	2,457.82
CF	Appropriation to Fund (BE)	373.09	2858.41	5,000.00
	Appropriation to Fund (Actual)	-	515.57	451.25
	Excess/Shortage	(-)373.09	(-)2,342.84	(-)4,548.75
	Expenditure/withdrawal from fund	3,329.85	0	0
Total (Railway Funds)	Appropriation to Fund (BE)	10,873.09	12,358.41	25,257.00
	Appropriation to Fund (Actual)	7,019.90	7,845.57	15,316.25
	Excess/Shortage	(-)3,853.19	(-)4,513.04	(-)9,940.75
	Expenditure/withdrawal from fund	1,1491.56	8,903.28	9,503.29

From the above, it is seen that the appropriation to the funds was not made as per budget projections due to lower availability of funds during the last three years. The DRF, which is created to meet the requirement of funds needed for renewal/replacement of existing over aged assets, is not being appropriated as per the life of the assets but the appropriation in the fund was made to extent the working expenses could bear.

Further, due to less generation of revenue surplus, the appropriation to DF and CF also could not be made as per the budget estimates.

Withdrawal from the railway funds in almost all the three years was more than the amount appropriated to the funds.

### 2.6.2 Re-appropriation within Grant No. 16

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

Despite detailed exercise in formulation of Works Budget of Capital Grant, non-utilization of sanctioned grant besides large scale re-appropriation of original allocated funds had been noticed. Some of the cases of re-appropriation of funds are given in the Table 2.12.

Table 2.12-Re-appropriation of funds in Grant No. 16

Source of Fund	Plan Head No. and Subject	(+) Re-appropriation through additional fund/ (-) Re-appropriation through non-utilization/surrender of fund
Capital	1400 - Gauge Conversion	₹ 298 crore (13.07 per cent)
Capital	4200-Workshop including Production unit	₹ 465.63 crore (62.05 per cent)

Capital	2200-Payment of capital component of lease charges to IRFC	₹ 4,230.00 crore <sup>30</sup>
Capital	1700 - Computerization	(-) ₹ 34.75 crore (57.91 per cent)
Capital	3200 - Bridge Work	(-) ₹ 39.39 crore (78.78 per cent)
Capital	3600 -Other Electrical works	(-) ₹ 117.49 crore ( 77.8 per cent)
Capital	5200 - Amenities for Staff	(-) ₹ 30.38 crore (60.76 per cent)
Capital	6200 - Investment in Government Commercial Undertaking	(-) ₹ 844 crore (57.57 per cent)
Capital	8100 - Metropolitan Transport Project	(-) ₹ 3,538.625 crore (74.81 per cent)
Railway Funds	1400 - Gauge Conversion	(-) ₹ 30.00 crore (54.55 per cent)
Railway Funds	1700 - Computerization	(-) ₹ 209.67 crore ( 75.17 per cent)
Railway Funds	3300 - Signal and Telecommunication	(-) ₹ 100.67 crore (54.29 per cent)
Railway Funds	3600 - Other Electrical works	(-) ₹ 255.25 crore (72.71 per cent)
Railway Funds	5100 - Staff Quarters	(-) ₹ 104.36 crore (50.92 per cent)
Railway Funds	2200-Payment of capital component of lease charges to IRFC	(-) ₹ 4,230.00 crore (100 per cent)
Railway Safety Fund	3000 - Road Safety Works – Conversion of Level crossings into Road over Bridges/Road under Bridges	(-) ₹ 309.78 crore (22.15 per cent)

*Note-Figures in bracket represent percentage to the sanctioned grant*

Payment of capital component of lease charges to Indian Railway Finance Corporation (IRFC) is being made from 'Capital Fund' since 2005-06 onwards as per the policy decision taken while introducing the accounting change (i.e. charging of capital component of lease charges to IRFC from Capital Fund under Capital Grant and interest component to Revenue Grant No.9). During 2012-13, Ministry of Railways made payment of capital component of lease charges to IRFC amounting to ₹ 4,204.29 crore from source of fund Capital (General Budgetary Support) by re-appropriation of ₹ 4,230 crore from other plan heads under 'Capital'. Though the original provision for this expenditure was made in Capital Fund in Budget Estimate (2012-13), the Ministry of Railways while placing the Budget Estimate of 2013-14 through Demands for Grants for 2013-14, made re-appropriation for this expenditure from 'Capital' (General Budgetary Support) in the Revised Estimate. Since no original budget provisions/supplementary provisions were made for this expenditure from

<sup>30</sup> No original/supplementary provisions were made for this expenditure from Capital (General Budgetary Support)

‘Capital’ (General Budgetary Support), the re-appropriation in ‘Capital’ was irregular re-appropriation. Ministry of Railways’ contention that position of Revised Estimate (2012-13) for the subject plan head having been financed from ‘Capital’ has been printed in the Demands for Grants (2013-14) and thus not an irregular re-appropriation is not tenable.

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

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

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

### 2.7 Defects in Budgeting

A large number of instances of defective budgeting (446 cases) resulting in excess/savings beyond the prescribed limits<sup>31</sup> were noticed. Northern (65 cases), North Central (45 cases), Western (41 cases) and South Central (38 cases) were the railways with most number of cases on defective budgeting. A few instances of defects in budgeting are given in the table below:

Table 2.13-Cases of Defects in Budgeting

Zonal Railway	Grant No.	Minor Head/Plan Head	Excess/Short Provision	Rs. in crore	Percentage
WCR	10-Operating Expenses-Fuel	200	Short	84.71	14.6
WCR	7-Repairs and Maintenance of Plant and Equipment	800	Short	1.62	29.57
WR	4-Repairs and Maintenance of Permanent Way and Works	100	Short	1.4	2.01
CR	13-Provident Fund, Pension and Other Retirement Benefits	500	Short	49.06	24.55
CR	9-Operating Expenses-Traffic	100	Short	2.08	32.85
CR	7-Repairs and Maintenance of Plant and Equipment	700	Short	1.72	53.89
CR	16-Assets, Acquisition, Construction and Replacement-DRF	Plan Head-3600	Short	3.72	144.24
WR	3- General Superintendence and Services	300	Excess	33.94	3.57

<sup>31</sup> Paragraph 409 & 410 of Indian Railways Finance Code prescribed limit for permissible variations which is 5 per cent or ₹ 50 lakh whichever is less and for grant no.16- it is 10 per cent or ₹ 100 lakh whichever is less.



WR	9-Operating Expenses-Traffic	700	Excess	26.57	9
WR	16-Assets, Acquisition, Construction and Replacement-DRF	Plan Head-3300	Excess	5.55	24.3
CR	16-Assets, Acquisition, Construction and Replacement-DRF	Plan Head-4200	Excess	1.65	57.66

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

### 2.8 Misclassification of Expenditure

Instances of misclassification of expenditure and other accounting mistakes had been noticed while verifying the Accounts of the zonal railways. Cases of misclassification of expenditure and important accounting mistakes have been listed in the “Appropriation Accounts of IR 2012-13-Detailed Accounts-Part II. These cases included misclassification of expenditure from one revenue grant to another and also from revenue to capital grant and vice-versa. Cases on misclassification of expenditure from capital to deposit heads of accounts were also identified in audit. Misclassification of expenditure from revenue to capital head of accounts or capital to deposit heads understated the revenue and capital expenditure in the accounts. Cases of such misclassifications are listed in *Appendix - 2.3*.

Test audit revealed that expenditure of ₹ 4.77 crore pertaining to revenue heads of account was misclassified to capital heads of account and ₹ 5.49 crore from capital heads of account to revenue heads of account thereby understating the net capital expenditure to the extent of ₹ 0.72 crore. Further, a number of cases of mistake in accounting as well as misclassification under Revenues Grants and Capital Grant were noticed.

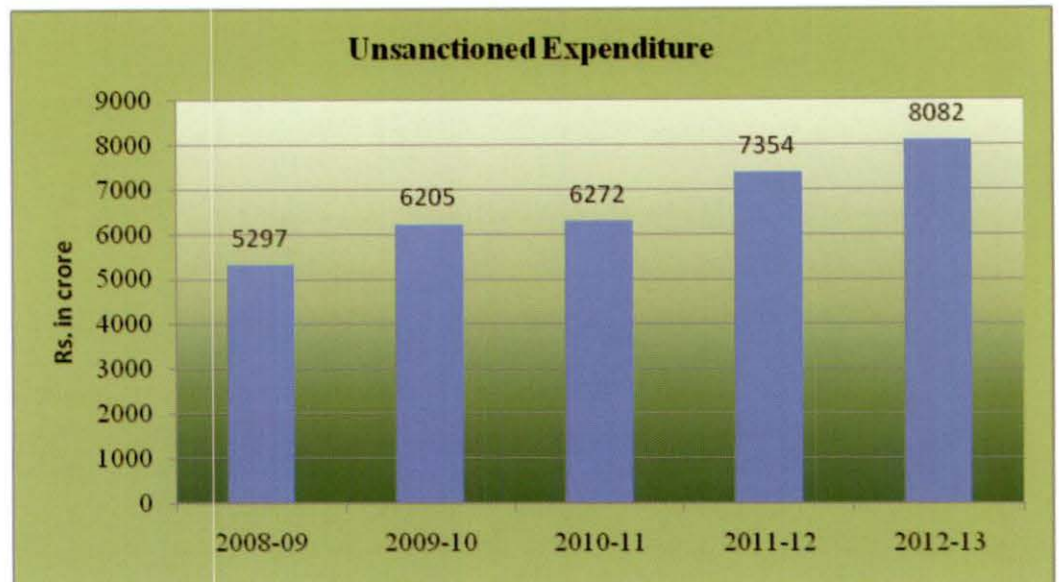
The Public Accounts Committee (PAC) in its Sixty-fourth Report (15<sup>th</sup> Lok Sabha) deplored that unabated trend of persistent misclassification of expenditure has reached endemic proportion and Railways have repeatedly failed to address and eliminated such fundamental flaw. Apparently, no tangible action has been taken by the Ministry either to fix responsibility for avoidable errors or for rectifying the terminological ambivalence leading to misclassification. Despite PAC’s remarks on misclassification, the instances of Misclassification were noticed during 2012-13 also.

### 2.9 Unsanctioned Expenditure

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

A review of such expenditure held under objection disclosed an increasing trend from ₹5,297 crore (March 2009) to ₹6,205 crore (March 2010), ₹6,272 crore (March 2011), ₹7,354 crore (31 March 2012) and ₹8,082 crore (31 March 2013). Unsanctioned expenditure as of 31 March 2013, included ₹ 6,448 crore (79.78 per cent of total unsanctioned expenditure) related to items which were more than two years old.

Diagram-2.3 Unsanctioned Expenditure



Increasing trend of unsanctioned expenditure was indicative of indifference of the railway administration to the sanctity of the budget.

### 2.10 Conclusions

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

IR had continuously been incurring expenditure over and above the budgetary provisions sanctioned by Parliament. Instances of misclassification of expenditure continue to persist in the railways accounting system. Public Accounts Committee (PAC) had time and again expressed its displeasure over incurring expenditure in excess of the sanctioned grants. The Committee had also repeatedly taken a serious view of the recurring instances of misclassification of expenditure.

In spite of the concern expressed by the Public Accounts Committee (PAC) in its Sixty-fourth Report (15<sup>th</sup> Lok Sabha) regarding unabated trend of persistent misclassification of expenditure IR failed to address and eliminated such fundamental flaw. Instances of unsanctioned expenditure continue to increase.

The persisting trends of excesses over Voted Grants and Charged Appropriations indicate that the existing budgetary mechanism of the railways failed to access the requirement of funds realistically. The supplementary grants were also not assessed accurately as cases of excess to supplementary grants and unutilised supplementary grants were noticed in audit

### 2.11 Recommendations

- *IR should strengthen its budgetary mechanism and system of expenditure monitoring at various levels so that the instances of savings, excesses beyond authorisation are minimised. Cases of defects in budgeting need to be analysed and measures taken to avoid recurrence in future.*
- *IR should explore a mechanism for assessing the supplementary demand of grants realistically so that sums obtained through Supplementary Demands for Grants may not remain unutilised or become short of the requirement.*
- *IR should fortify its internal controls to effectively reduce the instances of misclassification of expenditure. Deterrent sanctions should be put in place to foster greater responsibility at the level of key controlling officers.*
- *Increasing trend of unsanctioned expenditure to be controlled; administration to ensure all unsanctioned expenditure is regularised on priority.*

## Chapter-3 Accounting of Projects in Indian Railways

### 3.1 Introduction

Indian Railways undertakes various projects from time to time for augmentation of network capacity including renewal and replacement of depleted assets. The annual plan outlay during 2012-13 was ₹60,100 crore<sup>32</sup>. While incurring expenditure on such works/projects, it is essential that the utilization of the resources have to be properly accounted for and periodically monitored.

### 3.2 Audit Objectives

Audit reviewed the accounting of projects to assess whether:

- I. Project Accounts were maintained as per prescribed standards in Railway Codes and Manuals;
- II. Booking of expenditure in the books of Construction Organization was as per codal provisions; and
- III. Monitoring of expenditure with reference to physical and financial progress was efficient.

### 3.3 Sources of Audit Criteria

The audit criteria were derived from the various provisions laid down in the Indian Railway Financial Code (Financial Code-Volume I) regarding maintenance of Works Register<sup>33</sup>, periodical review to control expenditure etc. Provisions contained in Indian Railway Code for Engineering Department (Engineering Code) in respect of preparation of completion report, monitoring the relation between physical and financial progress, adjusting transactions towards transfer of stores in the same financial year, Material-at Site Account were taken as the criteria for assessing the compliance with the standards of project accounting.

### 3.4 Scope of Audit

The audit study covered aspects relating to assessment, accounting, monitoring of project costs (including accounting for material and contracts) and exhibition of details in project accounts in Construction Organizations during 2012-13. Reconciliation, preparation of completion reports, material-at-site accounts and other transactions relating to the period prior to 2012-13 were covered wherever relevant and necessary.

<sup>32</sup> Total outlay as per Book of Demands for grants in Indian Railways

<sup>33</sup> Works Registers record the detail bookings of expenditure project wise by Accounts & Executive

### 3.5 Audit methodology and Sample Size

Pink Book<sup>34</sup> of 2012-13 includes 1,180 projects under four Plan heads {Plan head-11 (New Lines), 14 (Gauge Conversion), 15 (Doubling) and 33 (Signaling & Telecommunication)}. These four Plan heads were selected for review in audit. Out of these 1180 projects, in all 525 projects were reviewed based on issues related to accounting of projects. The details of the sample are elaborated in the *Appendix-3.1*.

### 3.6 Audit Findings

#### 3.6.1 Works Registers

Para 1472 of Engineering Code and Para 521 of Financial Code-Volume I stipulate the procedure of maintenance of works registers to facilitate the control of expenditure with reference to sanctioned estimates, budget allotment and details of expenditure on each work. Para 1478 of Engineering Code stipulates the procedure to be adopted to facilitate control over works expenditure against estimate as well as allotment. The Accounts Officer should furnish periodically the estimated cost allotment, expenditure and up-to-date expenditure on each work during the year to the Executive Engineer. The cost of ongoing and completed projects included in the books of Accounts is to be validated by reconciling the expenditure booked in the Works Register. To ensure correctness of figures exhibited in the books of Accounts, prompt reconciliation of expenditure booked under projects is necessary.

Audit compared the expenditure booked in 164 selected projects in the Works Register maintained by Accounts with the expenditure recorded in the Works Registers of Executives. Scrutiny of records revealed that all the Zonal Railways maintained separate work registers both by the Executives and the Accounts except NR and ECoR where Works Register was being maintained by the Accounts wing only.

Review of records revealed that the total expenditure of ₹51,667.83 crore was booked (up to March 2013) in 305 Works Register in respect of 144 projects (excluding 10 projects each in NR and ECoR) maintained by accounts office whereas the expenditure mentioned in the books of Executives was only ₹35,960.86 crore. The variation in expenditure of ₹15,706.97 crore was not reconciled.

<sup>34</sup> Pink Book refers to the budget allotment made in the Railway Budget for various projects

The status of expenditure booked in 305 work register was as under:

**Table 3.1 -Status of reconciliation of expenditure booked in Works Registers**

(₹ in crore)

Status of reconciliation	No. of work registers in Zonal Railway's	No. of Works Registers	Amount booked in Accounts Works Registers	Amount booked in Executive work register	Variation
Projects where reconciliation was up to date	NER-26, SCR-24, SR-3, WR-6, WCR-1, SER-7, ECR-2, CR-2, ER-2	73	28,936.74	28,964.71	(-)27.97
Projects where reconciliation was in arrears	SR-13, WR-3, ECR-8, SWR-7	31	7,510.80	5,134.29	2376.51
Projects where no reconciliation was done	SR-10, WR-24, WCR-8, SER-19, ECR-16, SECR-30, SWR-19, CR-28, NFR-10, MR-4, ER-8, NCR-12	188	15,220.29	1,861.86	13,358.43
Projects where no expenditure was booked	SR-1, WR-4, WCR-4 (SER)-4	13	0	0	0
<b>Total</b>		<b>305</b>	<b>51,667.83</b>	<b>35,960.86</b>	<b>15,706.97</b>

Thus, non-conducting the reconciliation of expenditure booked in works registers, it was not possible to ascertain the actual expenditure incurred on a project. Moreover, the purpose of control of expenditure with reference to sanctioned estimates, budget allotment and details of expenditure on each project as envisaged in the codal provision was also defeated.

While admitting the audit observations, Zonal Railway Administration<sup>35</sup> stated that the arrears in reconciliation were due to staff shortage, shortage of time etc.

There is urgent need to take appropriate steps for prompt reconciliation of expenditure booked under projects and ensure correctness of figures exhibited in the books of Accounts (Block Account<sup>36</sup>). Similar instances/cases may please be got reviewed by the Financial Commissioner and Member (Engineering) of Ministry of Railways and results intimated to audit.

*Appendix-3.2*

### 3.6.2 Completion Reports

Para 1704 of Engineering Code stipulates that after all charges and credits relating to the project have been booked in the accounts of the project, a completion report of the project should be prepared. It further states that the completion report should be checked in the Accounts Office to see that the

<sup>35</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

<sup>36</sup> Block Account represents all the physical assets of the undertaking whether financed from loan capital or the Railway's own generation of funds

entries have been prepared on the proper form and entries therein correspond with the particulars of the sanction and booked outlay. Para 1705 of Engineering Code stipulates that the Completion Report is to be prepared to compare the cost of the work actually incurred with that provided in the last sanctioned estimate.

Audit examined the records maintained by accounts/executives relating to monitoring the preparation of completion reports and observed that the completion reports were not prepared for 674 projects completed/commissioned prior to March 2011. This includes 92 projects commissioned during the last three years (2008-09 to 2010-11) and 466 projects commissioned more than three years ago, of which 78 projects were commissioned twenty years ago. However, the details regarding even the date of completion of remaining 116 projects was not on record.

Zonal Railway Administration<sup>37</sup> accepted the audit contention and stated that the necessary steps had been initiated for drawal of completion reports.

Thus absence of sound internal control mechanism to watch preparation of completion report has resulted in non-preparation of completion reports of many new lines, doubling & gauge conversion projects commissioned long back and vetted by Finance. In the absence of completion reports it is not possible to ascertain the final expenditure incurred on a project and its comparison with that provided in the last sanctioned estimate. As the books of accounts are open, there is a possibility/risk of adding on expenditure even after its completion.

This is a serious lacunae in ensuring correct depiction of the expenditure against the budget voted by the Parliament. Financial Commissioner and Member (Engineering) of Ministry of Railways should evolve a robust internal control system to assess and verify the cost of completed projects in the books of Accounts and works registers.

### *Appendix-3.3*

#### **3.6.3 Project Appraisal**

Para 243 of Financial Code-Volume-I stipulates that a post project appraisal is necessary to find out if the financial return anticipated from a project at the estimate stage was actually realized in due course. This is accomplished by conducting a Productivity Test for all major works. Para 244 (Financial Code-Volume-I) provides that in respect of each New Line opened to traffic, the Railway Administration should submit a statement to Railway Board showing the financial results of its working in Form F-244. For any such comparison to be meaningful and realistic, it is important that the computation of the actual

<sup>37</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

additional earnings and working expenses is done on the same lines as at the project estimate stage.

Railway Convention Committee allows a moratorium on payment of dividend on investments in new line projects during the period of construction and for the first five years after opening of new line for traffic. Cumulative dividend is payable when the line shows surplus after meeting current liability. The amount of dividend liability is closed after 20 years, extinguishing all such unliquidated liability.

Audit examined the position relating to post project appraisal and found that in none of the 93 major projects completed (New Lines, Doubling & Gauge Conversion) during 2007-08 to 2011-12, the Productivity Test was carried out by Zonal Railways. Thus, the mandatory test to assess the actual financial returns of the projects vis-à-vis the estimated return was not carried out in all the 93 projects reviewed in audit across the zonal railways. Non-conducting the post project appraisal of major projects has not only violated the codal provisions of Para 243-244 of Financial Code but also resulted in non-payment of deferred dividend liability on New Lines to Government of India. General Manager and the Financial Adviser and Chief Accounts Officer of the Zonal Railways need to carry out the post project appraisal of the completed projects as per the codal provisions of Paras 243, 244 and 252 of the Financial Code-Volume-I.

#### *Appendix-3.4*

Zonal Railway Administration<sup>38</sup> accepted the audit contention on non-conducting productivity test. Failure to work out the financial results of working of new lines (or sections of new lines) had resulted in non-compliance of Para 243 of Financial Code-Volume-I.

#### **3.6.4 Asset Register**

In order to prove the value of assets, as per Para 1720 of Engineering Code, an Asset Register is to be maintained in form E-1720 wherein the investment cost of projects should be docketed and the register handed over to the open line after completion of the project, as a part of handing over records for retention as permanent record. Block Accounts exhibit value of Assets created by Railways from various sources of finance such as Capital, Depreciation Reserve Fund, Development Fund etc. Ministry of Railways (November 2000) in the Action Taken Note contained in the 9<sup>th</sup> Report of the Standing Committee on Railways (1997-98) on Railway Finances informed the Standing Committee on Railways that standardized format for the asset register had been developed and circulated to all Zonal Railways and

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<sup>38</sup> *SECR,MR,NEFR*



Production Units. Audit examined the position prevailing in Construction Organizations and found that:

- i. Out of 525 works test checked, asset register was not maintained in respect of 500 works. In the remaining 25 works, asset register was maintained in two Zones (SER-12 and CR-13);
- ii. Cost of the commissioned projects was not transferred to Divisions

Zonal Railway Administration <sup>39</sup> in their reply stated that due to shortage of staff, details of the assets were not prepared and handed over at the time of handing over assets to open line etc. SCR administration stated that instructions are being issued to all the field units to open the Assets Registers and maintain the same as per codal provisions of Engineering Code.

The remarks of the Zonal Railway Administration confirm the audit finding. Thus, the Block Accounts of the Construction Organizations are not reliable and cannot be authenticated.

Member (Engineering) and Financial Commissioner of Ministry of Railways should ensure that the Asset Registers are maintained as per the codal provisions of Para 1720 of Engineering Code. The assurance given by the Ministry of Railways to Standing Committee on Railways regarding development of standardized format of the Asset Register and its software for compiling the Asset Register need to be complied with.

*Appendix-3.5*

### **3.6.5 Project Account**

Cost of materials is one of the main components of cost of projects. Audit reviewed methods and practices adopted by Construction Organizations in accounting of stores. The results are furnished here under:

#### **3.6.5.1 Materials-at-Site Account**

As per Para 1436 of Engineering Code, for materials obtained for specific works, received at the site of the work and not immediately consumed on the works should be temporarily held at charge of a sub-head of work under "Material-at-Site Account" in the Register of Works. The sub-head is to be cleared from time to time as and when the materials are issued or actually used on the work. Every month the stock holder should submit a numerical account in Form E.1441 of the materials at site to the Executive. At the end of every financial year, the accounts officer should prepare a schedule of the materials-at-site balance. In order to exhibit true and fair view of cost of materials booked in the particular project/work, it should be ensured that materials were actually utilized in the particular project/work.

<sup>39</sup> SECR, SCR

Audit observed that out of 525 works checked, material-at-site account was maintained only in 94 works in WR, WCR, SER (Signal and Telecommunication Department only), SWR, CR and NR. In the remaining 431 works, material-at-site account was not maintained. Periodical return of material at site was not prepared by executives and sent to accounts for verification.

Non-compliance of codal provisions in maintaining the inventory is fraught with the risk of loss of material. Ministry of Railways needs to impress upon the concerned executive departments for compliance of the codal provisions in maintaining the “Material-at-Site Account” in all the works.

*Appendix-3.5*

### **3.6.5.2 Transfer of Stores**

Para 322 of Accounts Code stipulates that all transactions towards transfer of stores and rendering of services should be adjusted in the same financial year in which the transaction took place.

Audit noted that adjustments were carried out within the same financial year by ECR, SECR and Metro Railway/Kolkata. Test check of records relating to transfer of stores in 56 projects under Plan Heads 11-New Lines, 14-Gauge Conversion and 15-Doubling revealed that transactions for ₹235.37 crore towards transfer of stores to other units and receipt of materials worth ₹122.94 crore from other units remained unadjusted as on 31 March 2013.

Zonal Railway Administration<sup>40</sup> in their reply to audit observations has stated that due to delay in acceptance of materials by the units, paucity of funds etc. transactions towards transfer of stores in the same financial year could not be done. However, efforts will be made to accept the Adjustment memos in the same financial year as far as possible.

Thus, due to non-adjusting the cost of stores procured and utilized as exhibited in the books of project, the actual expenditure on the project could not be ascertained. As a result, project accounts lacked transparency in reporting value of stores utilized in a particular project. Non-adjustment of the transactions resulted in incorrect exhibition of expenditure in the accounts of projects/works executed under Plan heads 11-New Lines, 14-Gauge Conversion and 15-Doubling. Failure of the Accounts department to bring out the accountability by way of adjusting the cost of stores in the same financial year, the fund allocations made by the Parliament against the particular projects were not utilized judiciously.

Ministry of Railways needs to take appropriate steps to ensure accounting of transactions related to transfer of stores in the same financial year so as to exhibit the actual cost of stores utilized in the projects. *Appendix-3.6*

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<sup>40</sup> SCR

### **3.6.6 Booking of Maintenance Expenditure**

Expenditure incurred in execution of various works/Projects by Construction Organization is to be allocated to Grant No.16-Assets, Acquisition and Replacement. Expenditure incurred in Divisions, Workshop & Stores and Headquarters Offices in connection with repairs and maintenance of permanent way, rolling stock and other assets are to be booked to revenue grants. Test check of the records of SWR and NEFR revealed irregular booking of expenditure towards establishment and maintenance charges as mentioned below:

- i. Expenditure of ₹0.37 crore on maintenance charges on partially opened track in Hassan-Bangalore City via Sharavanabelagola new line was booked to capital instead of revenue. As against the provision towards establishment charges of Signalling Department made in the estimate for the Kottur-Harihar new line project, an expenditure of ₹3.27 crore was booked during the period from 2007-08 to 2010-11. To regularize the excess booking, an amount of ₹1.52 crore was transferred to Birur-Shivani and Kadur-Chickmagalur Doubling projects during 2012-13. The initial booking of the expenditure to a new line project and subsequent transfer of partial amount to two Doubling Projects was indicative of ineffective system of monitoring of expenditure (SWR) by the Accounts Department.
- ii. Expenditure incurred towards construction of pavilion and development of football ground at Loco Colony, Pandu to the tune of ₹0.12 crore was booked to the Senchoa-Silghat gauge conversion project, which was completed long ago. This resulted in irregular diversion of fund, inflating the cost of the project, delay in closure of the accounts and drawal of completion report (NEFR).

Thus, incorrect accountal of funds not only violates codal provisions, it also results in incorrect reporting to the Parliament regarding the utilization of funds allocated/authorized under the revenue and capital grants. Ministry of Railways needs to issue instructions to executive and accounts departments for booking of expenditure strictly as per the codal provisions of Financial Code and maintaining financial discipline.

### **3.6.7 Accounting of Contractual Payment**

Contractual payments constitute one of the major components of project account. Audit analyzed the system of recording contractual payments in the projects and observed that the transactions relating to contracts were dealt separately in individual files of executive offices violating the codal provisions given in the Engineering Code (Para 1483 and 1484). As a result, executives did not have consolidated details of a particular contractor. Further, the dues

to be recovered from the contractor towards grant of advances and non-return of materials could not be ensured due to non-maintenance of contractors' ledger. The results of failure of executive departments in maintaining the transactions of the contractors properly are discussed in the succeeding paragraphs:

### **3.6.7.1 Accounts of Contractors**

As per Para 1484 of Engineering Code, contractors accounts should be closed without delay on completion of the work. If a contractor delays to receive final payment for more than one month of the final certificate has been passed, the account of the work and of the contractor should be closed and the balance due credited to Deposit Miscellaneous till the settlement of contractor's claim.

Audit reviewed 4,407 agreements which were completed pertaining to the selected 164 projects and noticed that accounts relating to 3,523 agreements were closed on completion of the works by duly preparing material reconciliation statement. In the remaining 884 agreements the accounts were not finalized. Due to non-finalization of accounts, the amount due for recovery from the contractors towards non-return of materials could not be ensured. The reasons for delay/non-finalization of accounts were attributed to delay in recording final measurement, delay in preparation of material reconciliation statement and final variation statement, non-availability of funds etc.

Zonal Railway Administration<sup>41</sup> in their reply to audit observations have stated that due to delay in measurement, delay in preparation of variation statement, non-availability of funds, arbitration cases etc the agreements could not be finalized. Ministry of Railways needs to impress upon the executive departments for early finalization of contractors accounts so as ascertain the actual expenditure incurred in the projects.

**Appendix-3.8**

### **3.6.7.2 Maintenance of Contractors' Ledger**

Para 1483 of Engineering Code stipulates that the accounts relating to contractors should be kept as personal accounts in contractors' ledger in Form E 1483 and a separate folio should be opened in the ledger for each contractor. The accounts of each contractor should exhibit all transactions with him, whether relating to one or several works or to materials purchased from him or supplied to him. The contractors' ledger should be posted as bills are paid and it should be closed and balanced monthly.

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<sup>41</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

Scrutiny of records relating to the system of recording contractual payments 6,551 agreements executed through contracts for 164 selected projects revealed the following:

- i. Contractor's ledger was maintained for all the agreements (4,299) executed by 9 Zonal Railways<sup>42</sup>;
- ii. In five Zonal Railways<sup>43</sup>, out of 1046 agreements, contractor's ledger were maintained only for 379 agreements; and
- iii. No ledger was maintained for any of the 1,104 agreements in SWR and ECoR; and
- iv. Out of 102 agreements, contractor's ledgers were maintained for 100 agreements in WCR.

#### *Appendix-3.7*

Since the transactions relating to contracts were dealt separately in individual files of executive offices, the consolidated details of a particular contractor was not available with the executives. The dues to be recovered from the contractor towards grant of advances and non-return of materials could also not be ensured due to non-maintenance of contractors' ledger. Ministry of Railways needs to take necessary action for proper maintaining of the contractor ledger by the executive departments.

#### **3.6.7.3 Material Reconciliation Statement**

Railway Board stipulated (September 2009) that reconciliation of material issued to and utilized by the contractor should be done while passing each on-account bill without waiting for preparation of final material reconciliation statement. Passing of on-account bills without material reconciliation statement would lead to instances where excess materials issued to the contractors would remain unrecovered from them leading to undue benefit, without being recovered.

Audit reviewed 5,737 on-account bills in respect of 164 selected projects and observed that 619 bills<sup>44</sup> were passed after preparation of material reconciliation statement. Remaining 5,118 on-account bills were passed without preparation of material reconciliation statement<sup>45</sup>.

Zonal Railway Administration<sup>46</sup> accepted the audit contention and stated that material reconciliation statement is prepared at the time of preparation of final bills. Contention of the Zonal Railway Administration was not acceptable as the procedure followed was not in line with the extant provision of reconciliation of material while passing each on-account bill. Passing of on-

<sup>42</sup> WR, NWR, SCR, ECR, SECR, CR, NFR, MR and NCR

<sup>43</sup> SR, SER, NER, NR and ER

<sup>44</sup> Pertaining to WCR, SER, SWR, SCR, ER & NFR

<sup>45</sup> SR, WR, WCR, SER, NWR, NER, ECR, SECR, SWR, CR, NR, NFR, MR, ECoR, ER & NCR

<sup>46</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

account bills without proper reconciliation, the possibility of leakage of public funds cannot be overruled.

*Appendix-3.9*

### **3.6.8 Released Materials**

The expenditure voted by Parliament is on gross basis<sup>47</sup> but the compilation of expenditure by Plan Heads is on net basis taking into account the credit or recoveries generated by the realization of credit for released materials. Hence, a watch on actual realization of credit as provided in the estimate is necessary. While preparing estimates for the gauge conversion and track renewal works, estimates on account of credit for released material are prepared. The estimate<sup>48</sup> should be based on the quantum of materials expected to be released which is assessed on the basis of foot to foot survey done by the Permanent Way Inspectors in their allotted sections. The released materials in serviceable condition are used as second hand materials for works of lesser priority and the un-serviceable released material is sold as scrap. Thus, proper assessment and accountal of released material is important not only from the point of view of booking of the expenditure but also from the point of view of physical recovery of all the materials.

Review of 53 gauge conversion projects revealed that as against the estimated credit towards released materials of ₹1,870.15 crore, the actual realization was ₹1,240.57 crore resulting in short realization of ₹629.58 crore. Scrutiny of records further revealed the following:

- i. Records relating to actual realization of Credit for Released Materials were either not available or maintained in SER and NWR;
- ii. Work-wise details of estimation and actual realization of Credit for Released Rail Materials were not available in NER and ECR and hence the correctness of realization (whether on gauge conversion projects or track renewal works) and accountal of Credit for Released Rail Materials could not be verified; and
- iii. As against the estimated value of ₹1,150.47 crore, the actual realization was only ₹473.37 crore resulting in short realization of ₹677.10 crore (58.85 per cent) in 26 projects<sup>49</sup>. In 16 other projects<sup>50</sup> as against the estimated value of ₹274.95 crore, the actual realization was ₹590.89 crore. In SECR and ER, no credit was earned though the credit for Released Rail Materials in respect of four projects was estimated at ₹70.32 crore.

*Appendix-3.10*

<sup>47</sup> Para 1514 of Indian Railways Code for Engineering Department

<sup>48</sup> Para 320 of Permanent Way Manual

<sup>49</sup> Pertaining to SR, WR, SECR, NFR, NCR, ER and ECoR

<sup>50</sup> Pertaining to SR, WR, SCR and SWR

Zonal Railway Administration<sup>51</sup> in their reply to audit observations have accepted the audit contention and stated that initiative to complete this phase of work has begun.

Thus, failure to watch actual realization of credit, net cost of the project could not be ascertained. The credits towards released materials from projects were also not realized as per estimate and the released materials were not accounted for work-wise. Thus, non-maintaining of the records of credits for released materials by the zonal railways and no/lesser amount of credits realized than anticipated give rise to the possibility of embezzlement of public funds.

### **3.6.9 Works on Cost Sharing Basis**

Any plan expenditure incurred by Railways on behalf of other parties as well as such investment/expenditure incurred by other parties as is not funded by Railways either through Gross Budgetary Support/Internal Resources/Safety Fund should rightfully be accounted for under Extra Budgetary Resources (EBR). Such items/activities inter alia, include:

- (i) Deposit works of private/Public entities executed by Railways
- (ii) Cost sharing projects of new lines/gauge conversion/doubling etc.
- (iii) Public Private Partnership (PPP) projects
- (iv) State Government's share in Road Over Bridges (ROBs)/Road Under Bridges (RUBs)

Railway Board advised (May 2013) the Zonal Railways that all investments in rail infrastructure through EBR funded through other sources need to be captured/reported to Railway Board on monthly basis along with the monthly Account Current. Zonal Railways were also advised to furnish the information relating to 2012-13 along with March actuals.

Audit observed that the instructions issued by Railway Board regarding monthly reporting of the investment made/expenditure incurred by other parties through EBR were not implemented. Further scrutiny revealed the following:

- i. Projects funded and executed by Rail Vikas Nigam Limited (RVNL) were handed over to open line for maintenance and operation. But the cost of projects were not exhibited as 'leased assets' or 'funded assets' either in the books of open line or Construction organization. The Public Accounts Committee (2012-13) in its sixty seventh report on "Functioning of Rail Vikas Nigam Limited" (December 2012) stated that the Committee are deeply concerned to note that the Ministry of Railways are yet to finalize the modalities for effecting transfer of

<sup>51</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

completed projects from RVNL for including in the Block Account of Railways though RVNL had been in existence since 2003.

In April 2006, Ministry of Railways decided that after physical completion of the project by RVNL, the assets would be straightaway transferred to the concerned Zonal Railways at the value of the capital assets in their Block Account. The Committee recommended that the modalities for effecting transfer of completed projects from RVNL should be finalized within definite timelines and the committee appraised accordingly.

Thus, the value of assets created through RVNL was not being properly exhibited in the books of accounts and lacked transparency in financial reporting. The recommendations of the Public Accounts Committee (December 2012) in this regard have also not been followed in letter and spirit.

- ii. In 13 projects given below executed on cost sharing basis, the railways incurred ₹ 394 crore more than its agreed percentage share of cost incurred. A comment on excess expenditure amounting to ₹ 270.38 crore by Ministry of Railways due to short receipt of funds from Government of Maharashtra for Mumbai Urban Transport Project (MUTP) being executed by Mumbai Rail Vikas Corporation Limited (MRVC) has been commented upon in the Annual Accounts of the MRVC Limited for the year 2012-13. This could lead to financial burden on the Ministry of Railways which is already facing resource crunch.

**Table 3.2 Works executed on cost sharing basis**

(₹ in crore)

Railway	No. of projects	Share of actual expenditure to be borne as per agreed percentage		Share of expenditure booked		Excess over agreed percentage borne by Railways
		Rly	State Govt.(SG)	Rly	SG	
SR	1	204.03	204.03	263	144.73	59.30
SWR	6	1,383.62	1,045.61	1,531.51	897.62	147.99
SCR	1	7.06	2.35	9.41	0	2.35
ECR	1	511.49	453.58	574.38	390.69	62.89
NR	3	349.47	332.56	369.3	312.73	19.83
ER	1	111.85	111.85	214	10	101.85
Total	13	2,567.52	2,149.98	2,961.60	1755.77	394.21

**Appendix-3.11**

Zonal Railway Administration<sup>52</sup> stated that the State Government is being requested to release the funds based on the progress of the projects. Accordingly, Railway Board is also being requested to allot fund in August

<sup>52</sup> SCR



Review and Revised Estimates. However, the final allotment of additional funds by Railway Board is known only at the time of allotment of final grant. Hence there is difference in allotment of funds by the State Government and Railway Board. However, the differences, if any, are adjusted in subsequent years.

Ministry of Railways should examine aspects relating to exhibition of cost of projects funded from EBR (including RVNL) and issue guidelines for proper accounting and exhibition in Block Account in a fixed time frame and ensure transparency in financial reporting. Further, the terms and conditions of the agreements relating to the cost sharing projects should be followed strictly to ensure the proportionate and timely funding by State Governments.

### **3.6.10 Replacement and Renewal Works**

In terms of Para 723 of Engineering Code, the estimates for replacement and renewal works should show whether any improvement is involved in the proposed work and if so, the extent of such improvement should be indicated in the estimate to enable the preparation of Block Account.

Audit observed that an amount of ₹ 62.43 crore was booked under Depreciation Reserve Fund and Development Fund during 2012-13 against 48 works undertaken in the 17 Zonal Railways. Audit observed that the extent of improvement involved was indicated only in four estimates (ER-1, NEFR-3) and in the remaining 44 estimates the percentage of improvement element was not indicated. As a result, the correctness of amount reflected in the Block Account against Depreciation Reserve Fund and Development Fund could not be ensured.

### **Appendix-3.12**

Zonal Railway Administration<sup>53</sup> accepted the audit contention for and assured to implement the extant provisions in future. Zonal Railways should indicate improvement element in estimates to ensure exhibition of fair value of assets in Block Account.

### **3.6.11 Credit to Capital for Retired Assets**

In terms of Para 436 of Financial Code-Volume-I, a statement showing the total amount under each sub-head of Grant No.16 which is credited to Capital by debiting to Depreciation Reserve Fund as a result of writing off the cost of retired assets<sup>54</sup> should be prepared. Railway Board stipulated (September 2006) that when Metre Gauge/Narrow Gauge assets are closed and the section is handed over for gauge conversion, the write back adjustment is to be carried out by crediting the value of original Metre Gauge/Narrow Gauge asset

<sup>53</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

<sup>54</sup> Retired Assets are those assets which were no longer in operating activities and condemned and deleted from the Block Account of the Indian Railways.

(estimated if original cost is not known) to Capital with contra debit to Depreciation Reserve Fund. Failure or delay in credit to Capital for retired assets may result incorrect exhibition of value of assets in the book of accounts and avoidable payment of dividend to general revenues.

Review of 45 Gauge Conversion works in 12 Zonal Railways which were in progress as on 31 March 2013 revealed that while in 10 projects (SR) write back adjustment was carried out, the same was not done in respect of 35 projects in 12 Zonal Railways<sup>55</sup>.

### *Appendix-3.13*

Zonal Railway Administration<sup>56</sup> accepted the audit contention and assured implementation of the extant provision in future.

### **3.6.12 Control over Expenditure**

As per Para 519 of Financial Code-Volume-I, control over expenditure on works executed under Grant No.16 is exercised through:

- (a) the preparation, in advance, of estimates of the expenditure to be incurred
- (b) the allotment of funds through budget grants for the year, on the basis of these estimates and
- (c) the continuous and concurrent review of the expenditure as incurred against the details of the estimates and against the sanctioned grants, so that revisions of estimates or re-appropriation of fund are arranged for at the earliest point of time

Para 524 of Financial Code-Volume-I provides that the Accounts Officer should prepare every month two reviews, one by Plan heads of the Grants and the other by individual works.

Test check of 525 works relating to monthly review of expenditure revealed the following:

- i. While the Plan-head wise monthly review by Accounts Office was conducted in respect of 367 works<sup>57</sup>; the same was not conducted for the remaining 158 works<sup>58</sup>;
- ii. Work-wise monthly review by Accounts Office was not conducted in respect of 210 works<sup>59</sup>. Monthly review was, however, conducted for the balance 315 works<sup>60</sup> and;

<sup>55</sup> SR-1, WR-7, NWR-7, NER-2, SCR-4, ECR-1, SECR-3, SWR-5, NFR-2, ECOR-1, ER-1 and NCR-1

<sup>56</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

<sup>57</sup> Pertaining to WR-32, WCR-10, SER-40, NWR-35, NER-10, ECR-52, SWR-39, CR-25, NR-49, NFR-40 and ECoR-35

<sup>58</sup> SR-53, SCR-45, SECR-24, MR-4, ER-10 and NCR-22

<sup>59</sup> SR-53, SCR-45, ECR-52, SECR-24, MR-4, ER-10, NCR-22

<sup>60</sup> WR-32, WCR-10, SER-40, NWR-35, NER-10, SWR-39, CR-25, NR-49, NFR-40, ECoR-35

A comparison of figures of allotment and utilization of funds during 2012-13 made in respect of 916 projects revealed that though the allotted funds were fully utilized in 207 projects, expenditure in excess of Budget grant was incurred to the tune of ₹ 572.24 crore in 310 projects. However, the funds to the tune of ₹ 902.32 crore were surrendered in respect of 399 projects. This indicated incorrect assessment of requirement of funds on projects besides inadequate control over expenditure.

*Appendix-3.5 and 3.14*

Zonal Railway Administration<sup>61</sup> accepted the audit contention and assured implementation of the extant provision in future.

Ministry of Railways needs to conduct effective monthly reviews as contemplated in the Financial Code and maintain records thereof and managerial decision taken based on monthly review of expenditure. Utmost care need to be taken while preparation of the estimates for expenditure on the projects and making allotment of funds.

**3.6.12.1 Progress Report-cum-Financial Review**

Effective financial control requires a system of monitoring the relation between physical progress and expenditure. Financial progress should be commensurate with the physical progress<sup>62</sup>.

Test check of 505 works revealed that the physical progress was not commensurate with the financial progress in 210 works. In respect of 51 projects, the variation between physical progress and financial progress was above 50 per cent.

*Appendix-3.15*

Zonal Railway Administration<sup>63</sup> accepted the audit comments and noted for future guidance. SCR administration stated that physical progress will be generally more than the financial progress which includes physical work done but not paid due to paucity of funds. In case where the financial progress is more than the physical progress, the expenditure incurred in excess of the sanctioned cost which is regularized through Revised Estimates/Completion Estimates.

The accounts department and the executive departments need to reconcile the expenditure booked under the projects. The projects which are being undertaken through extra budgetary resources, due share of funds from the state governments, stake holders etc should be collected and utilized in the projects to avoid blockage of railway funds.

<sup>61</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

<sup>62</sup> Para 1518 of Indian Railways Code for the Engineering Department

<sup>63</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

### 3.6.12.2 Maintenance of Works Register

As per Para 521 of Financial Code-Volume-I, a works register in Form E.1473 should be maintained to make a running comparison between the expenditure incurred on each work and the detailed provision made in the estimate for the work and the budget allotment for the work and the actual expenditure to the end of the month.

Review of Works Registers maintained by accounts for 164 works revealed the following:

- i. Estimated cost was not indicated in the works registers for 72 works;
- ii. Budget allotment for the year was not indicated in works registers for 115 works; and
- iii. Value of materials-at-site was not indicated in works registers for 159 works

Zonal Railway Administration<sup>64</sup> in their reply to audit observations has accepted the audit contention and assured to implement the extant provision in future. Remarks from other Zonal Railways are awaited.

Improper maintenance of works registers by the accounts department indicates the laxity on the part of accounts departments in accountal and control over the expenditure on the projects.

*Appendix-3.16*

### 3.6.12.3 Excess over Sanctioned Estimate

As per Para 1136 of Engineering Code, expenditure or liability on a work in excess of the sanctioned estimate without the prior sanction of the competent authority should not be incurred. Railway Board reiterated (February 2000) that estimates should be prepared carefully and in case there is likely to be an increase in the sanctioned estimate, the revised estimate should be prepared well in time and no expenditure beyond 10 *per cent* over the sanctioned estimate should be incurred till the revised estimates are sanctioned.

Audit observed that in respect of 60 works/projects, expenditure of ₹44.35 crore was incurred without sanction of estimate and ₹4,957.52 crore was incurred in excess of sanctioned estimate in respect of 555 projects/works. Thus the expenditure of ₹ 5,001.87 crore incurred on 615 projects ranging from one year to more than twenty years as detailed in Table 3.3 remained unsanctioned as of March 2013.

<sup>64</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

Table 3.3 Unsanctioned expenditure

(₹ in crore)

Period (in years)	No. of items	Amount
Upto 5	261	3,195.73
5 to 10	94	802.51
10 to 15	84	415.04
15 to 20	71	169.06
More than 20	47	189.74
Period not indicated	58	229.79
Total	615	5,001.87

Zonal Railway Administration<sup>65</sup> in their reply to audit observations have accepted the audit contention for and assured to implement the extant provision in future.

Thus, codal provisions for not incurring expenditure without proper sanction were violated by the executive departments and accounts department also failed to check such instances of unsanctioned expenditure. Further, these unsanctioned expenditure remained un-regularized for two decades indicates the slackness on the part of concerned executive/accounts departments. Ministry of Railways needs to strengthen the internal control mechanism so as to ensure avoidance of expenditure without proper sanction by the competent authority and also to timely regularize unsanctioned expenditure.

Appendix-3.17

### 3.6.13 Miscellaneous

#### 3.6.13.1 Irregular Booking of Expenditure

Based on the requirement of rails furnished by the Zonal Railways in connection with execution of various projects and maintenance of railway lines, allotment is made by Railway Board and Purchase Orders placed on M/s Steel Authority of India Limited (SAIL) by the Zonal Railways as per the allotments made by the Railway Board. Rails are either dispatched to the Flash Butt Welding Plants (FBW) for welding into panels or directly to the concerned project.

Test check of the records relating to procurement of rails by Construction Organizations in three Zonal Railways (SR, SWR, and NEFR) revealed that the rails indented for one project were delivered at or diverted to other projects and the cost of rails was not booked to the project where the rails were actually utilized. In some cases audit also noticed that the expenditure was

<sup>65</sup> SECR, SR, NCR, SCR, NER, NEFR & MR

booked without receipt of material in the project. A few instances of such irregular booking are given in Table 3.4.

**Table 3.4 Irregular booking of expenditure**

Material	Quantity (MT)	Value (₹ in crore)	Cost booked to	Remarks
<b>Southern Railway</b>				
60 kg rails	4,619	17.62	SA-KRR NL	₹17.62 crore booked in SA-KRR New Line instead of MNTT-KRPP & CGV-CNGR Doubling
52 kg rails	728.463	4.48	MV-TVR GC	Rails not utilized in MV-TVR GC project
60 kg rails	2,717.29	9.29	MSB-AIP 4th line	Cost of rails booked in MSB-AIP project without receipt of rails
60 kg rails	2,726.31	16.53	MV-TVR GC	₹15 crore transferred to GOC-TJ Doubling
<b>South Western Railway</b>				
Free rails	Not available	6.31	DRU-SKLR NL	Expenditure booked without actual receipt of material
Rails	Not available	2.6	DRU-SKLR NL	Excess credit transferred by SR afforded to the project
Free rails	Not available	9.91	RRB-SHV	Expenditure booked without actual receipt of material
<b>North East Frontier Railway</b>				
52 kg rails	2,345.428	8.28	KIR-JBN GC	Non-adjustment of debits raised on open line in 2009-10

Construction organization of SR stated that it was proposed to streamline the procedure by putting in place an effective monitoring system through a monthly/quarterly report from Dy.CE/EWS/AJJ on (a) the quantity of rails received at FBW against Construction account and (b) the quantity of rails shipped out by FBW to various Construction projects and a monthly/quarterly report from field level Dy.CEs/CN on the quantity of rails received at the project sites. Construction Organization should design a suitable system to ensure correct exhibition of cost of rails in project accounts.

Whenever material is spared to outside agencies, the cost of material should be recovered promptly. Audit observed that 2,891.20 metres of 90R released rails valuing ₹ 0.50 crore were spared to M/s RVNL from Chengalpattu-Villupuram (CGL-VM) doubling project in July 2009. Though, RVNL were

advised in July 2009 to pay the cost of the rails, the amount was yet to be realized. Thus, the account of CGL-VM is over stated by ₹ 0.50 crore (SR).

Zonal Railway Administration (SR) stated that executive has already been advised to take necessary action for recovery and in respect of NEFR a fresh debit has been raised in February 2014 only.

The incorrect booking of expenditure in the projects where the material was not utilized and vice versa indicates violation of principles of financial prudence in maintaining the accounts.

### 3.7 Conclusion

Indian Railways is in general not following its own rules and regulations laid down in the Financial Code and Engineering Code for efficient execution of projects and for proper accounting of financial transactions. In the absence of proper records it is not possible to ascertain expenditure incurred in executing a project. This indicates a lack of financial discipline and increases risk of losses - both material and financial, in implementation of projects. This assumes significant importance in view of the large number of projects under implementation in the railways.

Due to lack of proper project accounting system, the Block Account, which forms an important part of the Balance Sheet of the Indian Railways, does not depict reliable amounts under the plan heads supported by proper documentation.

Cases of expenditure in excess to sanctioned estimate etc remained un-regularized for decades and has led to the situation of no control/check over expenditure on capital works.

The Ministry of Railways incurred expenditure more than its agreed percentage of cost due to non-following the terms and conditions of the agreements executed with the State Governments relating to Cost-sharing projects.

### 3.8 Recommendations

- *Ministry of Railways needs to put in place a monitoring mechanism to ensure that the provisions laid down in the codes and manuals are followed scrupulously to maintain financial discipline. Executives need to be made responsible for ensuring proper project accounting to exercise effective control over expenditure with reference to sanctioned estimates and budget allotments against the projects.*

- *Cost of assets created under each work by the field units (Divisions, Construction organizations etc) needs to be correctly accounted for, so as to exhibit the same in the Block Account at correct value.*
- *Funding of the cost sharing projects needs to be enforced as per the terms and conditions of the agreements executed with the State Governments.*



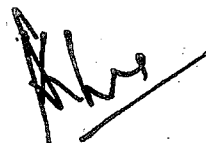
**(SUMAN SAXENA)**

**Deputy Comptroller and Auditor General**

**New Delhi**

**Dated 21 July 2014**

**Countersigned**



**(SHASHI KANT SHARMA)**

**Comptroller and Auditor General of India**

**New Delhi**

**Dated 21 July 2014**



## Glossary of Terms

<i>Terms</i>	<i>Description</i>
<i>17-Zones of Indian Railways</i>	<i>Central Railway (CR), Eastern Railway (ER), East Central Railway (ECR), East Coast Railway (ECoR), Northern Railway (NR), North Central Railway (NCR), North Eastern Railway (NER), Northeast Frontier Railway (NFR/NEFR), North Western Railway (NWR), Southern Railway (SR), South Central Railway (SCR), South Eastern Railway (SER), Southeast Central Railway (SECR), South Western Railway (SWR), Western Railway (WR), West Central Railway (WCR) &amp; Metro Railway, Kolkata (MR)</i>
<i>6-Railway Production Units</i>	<i>Chittaranjan Locomotive Works (CLW), Chittaranjan; Diesel Locomotive Works (DLW), Varanasi; Integral Coach Factory (ICF), Chennai; Rail Coach Factory (RCF), Kapurthala; Rail Wheel Factory (RWF), Yelahanka; Diesel Loco Modernisation Works (DMW), Patiala</i>
<i>Average lead</i>	<i>Average haul of a passenger or a tonne of freight</i>
<i>Branch lines</i>	<i>Broad Gauge and Metre Gauge lines joined to the main lines at one end only and all metre gauge lines</i>
<i>Broad Gauge</i>	<i>It is a rail gauge (1,676 mm) commonly used in India of movement of rail traffic</i>
<i>Capital-at-charge</i>	<i>Book value of the capital assets of Railways</i>
<i>Compound Annual Growth Rate</i>	<i>Rate of growth over a period of years, taking into account the effect of annual compounding.</i>
<i>Demand Recoverable</i>	<i>Unrealized earnings recoverable on account of rent/lease of land and buildings, interest and maintenance charges of sidings etc.</i>
<i>Dividend</i>	<i>Under the 'Separation Convention' Indian Railways (IR) is required to pay dividend to the general revenues on the capital advanced by the Government of India (GoI) at a rate determined periodically by Railway Convention Committee (RCC).</i>
<i>Extra Budgetary Resources</i>	<i>Resources of IR other than general budget support and internally generated resources</i>
<i>Gross Domestic Product</i>	<i>The total market value of all final goods and services produced in a country in a given year,</i>
<i>Gross Traffic Receipts</i>	<i>Receipts of railways through its operations</i>

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

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

**Appendix-2.1- Appropriation Accounts 2012-13**  
(Reference Paragraph No.2.1)

(In units of ₹)

Number and name of the Grant/ Appropriation	Original Grant/ Appropriation	Supplementary	Final Appropriation	Grant/ Actual Expenditure	Excess Savings (-)	(+)
<b>1</b>	<b>Revenue – Railway Board</b>					
	Voted	2258200000	0	2258200000	2250423969	-7776031
<b>2</b>	<b>Revenue – Miscellaneous Expenditure (General)</b>					
	Charged	7100000	28166000	35266000	21265625	-14000375
	Voted	7642900000	0	7642900000	7299880744	-343019256
<b>3</b>	<b>Revenue – Working Expenses – General Superintendence and Services</b>					
	Charged	0	91000	91000	4273995	4182995
	Voted	53125686000	309316000	53435002000	52313674617	-1121327383
<b>4</b>	<b>Revenue – Working Expenses – Repairs and Maintenance of Permanent Way and Works</b>					
	Charged	3301000	1821000	5122000	9741936	4619936
	Voted	87867895000	0	87867895000	82334112491	-5533782509
<b>5</b>	<b>Revenue – Working Expenses – Repairs and Maintenance of Motive Power</b>					
	Charged	0	0	0	412746	412746
	Voted	40156859000	0	40156859000	39236291266	-920567734
<b>6</b>	<b>Revenue - Working Expenses – Repairs and Maintenance of Carriages and Wagons</b>					
	Charged	200000	0	200000	0	-200000
	Voted	93111330000	0	93111330000	92125598997	-985731003
<b>7</b>	<b>Revenue - Working Expenses – Repairs and Maintenance of Plant and Equipment</b>					
	Charged	0	17000	17000	228968	211968
	Voted	50622354000	0	50622354000	48053085037	-2569268963
<b>8</b>	<b>Revenue - Working Expenses – Operating Expenses – Rolling Stock and Equipment</b>					
	Charged	0	0	0	496123	496123

	<i>Voted</i>	73607470000	5000324000	78607794000	78889497579	281703579
9	<i>Revenue - Working Expenses - Operating Expenses - Traffic</i>					
	<i>Charged</i>	300000	10701000	11001000	5346102	-5654898
	<i>Voted</i>	151322127000	972746000	152294873000	150840314683	-1454558317
10	<i>Revenue - Working Expenses - Operating Expenses - Fuel</i>					
	<i>Charged</i>	1376000	0	1376000	0	-1376000
	<i>Voted</i>	213467240000	3826162000	217293402000	223881645046	6588243046
11	<i>Revenue - Working Expenses - Staff Welfare and Amenities</i>					
	<i>Charged</i>	0	469000	469000	1921241	1452241
	<i>Voted</i>	43426815000	0	43426815000	40648265723	-2778549277
12	<i>Revenue - Working Expenses - Miscellaneous Working Expenses</i>					
	<i>Charged</i>	1617317000	263129000	1880446000	1456508817	-423937183
	<i>Voted</i>	46054564000	0	46054564000	42230556939	-3824007061
13	<i>Revenue - Working Expenses - Provident Fund, Pension and Other Retirement Benefits</i>					
	<i>Charged</i>	5820000	0	5820000	7383329	1563329
	<i>Voted</i>	191206595000	14560605000	205767200000	215586720896	9819520896
14	<i>Revenue - Appropriation to Funds - Depreciation Reserve Fund,</i>					
	<i>Development Fund, Pension Fund, Capital Fund</i>					
	<i>Voted</i>	435670000000	0	435670000000	358362476444	-77307523556
15	<i>Dividend to General Revenues, Repayment of Loans taken from</i>					
	<i>General Revenues and Amortisation of Over-Capitalisation</i>					
	<i>Voted</i>	98043200000	0	98043200000	84665067744	-13378132256
16	<i>Assets - Acquisition, Construction and Replacement - Open Line Works - Revenue</i>					
	<i>Charged</i>	1000000	0	1000000	0	-1000000
	<i>Voted</i>	599000000	0	599000000	280212323	-318787677
	<i>Assets - Acquisition, Construction and Replacement - Other Expenditure - Capital</i>					

	<i>Charged</i>	890000000	510000000	1400000000	1313400981	-86599019
	<i>Voted</i>	609745137000	2650001000	612395138000	607628289569	-4766848431
<i>Assets – Acquisition, Construction and Replacement – Other Expenditure – Railway Safety Fund</i>						
	<i>Charged</i>	16000000	0	16000000	47999	-15952001
	<i>Voted</i>	19984000000	0	19984000000	15840842229	-4143157771
<i>Assets – Acquisition, Construction and Replacement – Other Expenditure – Railway Funds</i>						
	<i>Charged</i>	50000000	0	50000000	22572812	-27427188
	<i>Voted</i>	200257500000	0	200257500000	118082452880	-82175047120
<i>Grand Total</i>						
	<i>Charged</i>	2592414000	814394000	3406808000	2843600674	-563207326
	<i>Voted</i>	2418168872000	27319154000	2445488026000	2260549409177	-184938616823
<i>Grand Total</i>		2420761286000	28133548000	2448894834000	2263393009851	-185501824149

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

(₹ in thousands)

Grant No.	Railway /Unit	Voted(V) /Charged (C)	Original (O)	Supplementary (S)	Residual	Final Grant (F)	Actual Expenditure (A)	Variation (A-F)	Net Variation (A-O-S)
	1	2	3	4	5	6	7	8	9
3	C.R	V	4180900	23260	-25459	4178701	4143092	-35609	-61068
3	E.R	V	5444300	10400	-19400	5435300	5222326	-212974	-232374
3	E.C.	V	2936200	0	-136200	2800000	2893583	93583	-42617
3	E.CO	V	1617025	0	-45594	1571431	1540947	-30484	-76078
3	N.R	V	5663200	0	18927	5682127	5686825	4698	23625
3	N.C	V	2453732	10000	4086	2467818	2303977	-163841	-159755
3	N.E.	V	2787100	121972	152228	3061300	2815150	-246150	-93922
3	N.F.	V	3092200	0	-50000	3042200	3033660	-8540	-58540
3	N.W.	V	2545300	0	-40500	2504800	2504912	112	-40388
3	S.R	V	4564000	0	-62505	4501495	4485695	-15800	-78305
3	S.C.	V	3874908	0	-46166	3828742	3780655	-48087	-94253
3	S.E.	V	4366400	27006	21594	4415000	4311047	-103953	-82359
3	SEC	V	1657500	0	-30000	1627500	1603738	-23762	-53762
3	S.W	V	1520330	53078	34592	1608000	1528252	-79748	-45156
3	W.R	V	4297700	63600	171200	4532500	4370593	-161907	9293
3	W.C.	V	1962191	0	54227	2016418	1931569	-84849	-30622
3	METRO	V	162700	0	-1030	161670	157654	-4016	-5046
4	C.R	V	6894300	0	-105390	6788910	6866410	77500	-27890
4	E.R	V	4650000	0	-144230	4505770	4346808	-158962	-303192
4	E.C.	V	5062018	0	-573500	4488518	4463908	-24610	-598110
4	E.CO	V	3841425	0	-119011	3722414	3641810	-80604	-199615
4	N.R	V	10255120	0	-773880	9481240	9463223	-18017	-791897
4	N.C	V	5490689	0	-79600	5411089	5333985	-77104	-156704
4	N.E.	V	3345277	0	332405	3677682	3238929	-438753	-106348
4	N.F.	V	6282200	0	-70000	6212200	6178256	-33944	-103944
4	N.W.	V	4138970	0	-398282	3740688	3734317	-6371	-404653
4	S.R	V	5545000	0	-181179	5363821	5442755	78934	-102245
4	S.C.	V	9108790	0	-	7724500	7804834	80334	-1303956
					1384290				
4	S.E.	V	4824419	0	-139997	4684422	4653754	-30668	-170665
4	SEC	V	2764100	0	-117227	2646873	2632557	-14316	-131543
4	S.W	V	2472007	0	161142	2633149	2654080	20931	182073
4	W.R	V	8121000	0	-778772	7342228	7278072	-64156	-842928
4	W.C.	V	4815580	0	-408309	4407271	4361698	-45573	-453882
4	METRO	V	257000	0	-19805	237195	238716	1521	-18284
5	C.R	V	3241673	0	122234	3363907	3350264	-13643	108591
5	E.R	V	3437724	0	-112250	3325474	3307799	-17675	-129925
5	E.C.	V	2416900	0	-366867	2050033	2085278	35245	-331622
5	E.CO	V	1470132	0	-88356	1381776	1295153	-86623	-174979
5	N.R	V	5490625	0	-29176	5461449	5123569	-337880	-367056
5	N.C	V	1886015	0	108185	1994200	2131804	137604	245789
5	N.E.	V	1368500	0	-310200	1058300	1181681	123381	-186819
5	N.F.	V	1345900	0	80000	1425900	1366191	-59709	20291
5	N.W.	V	1156980	0	-210781	946199	1001960	55761	-155020
5	S.R	V	2967400	0	-85800	2881600	2881787	187	-85613
5	S.C.	V	3826602	0	-51597	3775005	3829214	54209	2612

5	S.E.	V	2790600	0	65800	2856400	2947266	90866	156666
5	SEC	V	1124124	0	-48624	1075500	1043753	-31747	-80371
5	S.W	V	1565195	0	15903	1581098	1474607	-106491	-90588
5	W.R	V	2703220	0	8754	2711974	2724243	12269	21023
5	W.C.	V	3365269	0	68976	3434245	3491722	57477	126453
5	METRO	V	0	0	0	0	0	0	0
6	C.R	V	8560277	0	199093	8759370	8756847	-2523	196570
6	E.R	V	10917269	0	431892	11349161	11314682	-34479	397413
6	E.C.	V	5786100	0	-213846	5572254	5565658	-6596	-220442
6	E.CO	V	2898273	0	45429	2943702	3101201	157499	202928
6	N.R	V	12474959	0	-	10942794	11298141	355347	-1176818
					1532165				
6	N.C	V	2095757	0	272018	2367775	2396090	28315	300333
6	N.E.	V	3216363	0	-27517	3188846	3239886	51040	23523
6	N.F.	V	4494400	0	0	4494400	4474015	-20385	-20385
6	N.W.	V	3384388	0	-29028	3355360	3223970	-131390	-160418
6	S.R	V	8090300	0	-456500	7633800	7600458	-33342	-489842
6	S.C.	V	6573336	0	-132635	6440701	6534432	93731	-38904
6	S.E.	V	7535000	0	-4500	7530500	7677375	146875	142375
6	SEC	V	2206466	0	318534	2525000	2499150	-25850	292684
6	S.W	V	3116250	0	342647	3458897	3530682	71785	414432
6	W.R	V	8796000	0	-829800	7966200	8059072	92872	-736928
6	W.C.	V	2622692	0	-96341	2526351	2539406	13055	-83286
6	METRO	V	343500	0	-11131	332369	314533	-17836	-28967
7	C.R	V	4556253	0	-434245	4122008	4247433	125425	-308820
7	E.R	V	4302851	0	-2916	4299935	4188260	-111675	-114591
7	E.C.	V	4047812	0	-586265	3461547	3527034	65487	-520778
7	E.CO	V	1979604	0	-145317	1834287	1902256	67969	-77348
7	N.R	V	5702450	0	-824373	4878077	4848303	-29774	-854147
7	N.C	V	3253256	0	324695	3577951	3622897	44946	369641
7	N.E.	V	1901975	0	-11456	1890519	1822176	-68343	-79799
7	N.F.	V	2101700	0	60000	2161700	2153996	-7704	52296
7	N.W.	V	1855934	0	-100370	1755564	1822397	66833	-33537
7	S.R	V	3724400	0	-289400	3435000	3304952	-130048	-419448
7	S.C.	V	4066542	0	-49042	4017500	3930518	-86982	-136024
7	S.E.	V	2820000	0	36400	2856400	2933965	77565	113965
7	SEC	V	1525026	0	-51526	1473500	1479754	6254	-45272
7	S.W	V	1021227	0	43024	1064251	899166	-165085	-122061
7	W.R	V	4636066	0	-318700	4317366	4321777	4411	-314289
7	W.C.	V	2756258	0	-155002	2601256	2682761	81505	-73497
7	METRO	V	371000	0	1300	372300	365440	-6860	-5560
8	C.R	V	7411900	580100	10444	8002444	7873303	-129141	-118697
8	E.R	V	6583357	229578	30000	6842935	6847415	4480	34480
8	E.C.	V	5418364	77482	-203538	5292308	5365829	73521	-130017
8	E.CO	V	3091703	0	2521	3094224	3288243	194019	196540
8	N.R	V	9061258	647157	44880	9753295	9995415	242120	287000
8	N.C	V	4076798	332600	-77488	4331910	4126377	-205533	-283021
8	N.E.	V	2319549	178536	-8077	2490008	2425573	-64435	-72512
8	N.F.	V	2526800	150000	10000	2686800	2648963	-37837	-27837
8	N.W.	V	2525468	407840	24749	2958057	2986183	28126	52875
8	S.R	V	4885300	343900	28000	5257200	5300023	42823	70823
8	S.C.	V	4950495	707291	-27639	5630147	5601055	-29092	-56731
8	S.E.	V	5077900	72100	77500	5227500	5406709	179209	256709



8	SEC	V	3365422	184278	0	3549700	3562977	13277	13277
8	S.W	V	2011565	218781	47386	2277732	2274356	-3376	44010
8	W.R	V	6280200	572400	30000	6882600	6877649	-4951	25049
8	W.C.	V	3553991	259711	31238	3844940	3821230	-23710	7528
8	METRO	V	467400	38570	-22176	483794	488197	4403	-17773
9	C.R	V	12769300	20400	-5443	12784257	12863450	79193	73750
9	E.R	V	8619300	107100	706255	9432655	9074659	-357996	348259
9	E.C.	V	13751200	78800	-980518	12849482	12909734	60252	-920266
9	E.CO	V	8112471	0	121190	8233661	8301672	68011	189201
9	N.R	V	18460793	288690	907681	19657164	19583423	-73741	833940
9	N.C	V	11332600	0	530218	11862818	12039138	176320	706538
9	N.E.	V	5156500	0	-80938	5075562	5133492	57930	-23008
9	N.F.	V	5058600	0	-565925	4492675	4439046	-53629	-619554
9	N.W.	V	5985200	0	-592373	5392827	5553521	160694	-431679
9	S.R	V	10153300	0	-546523	9606777	9708757	101980	-444543
9	S.C.	V	12496381	115367	224436	12836184	12571029	-265155	-40719
9	S.E.	V	5015700	58709	529428	5603837	4737103	-866734	-337306
9	SEC	V	9605457	52843	-343026	9315274	9435187	119913	-223113
9	S.W	V	4799025	65237	565855	5430117	5102332	-327785	238070
9	W.R	V	13041300	0	-735589	12305711	12040411	-265300	-1000889
9	W.C.	V	6660100	185600	296982	7142682	7074860	-67822	229160
9	METRO	V	304900	0	-31710	273190	272501	-689	-32399
10	C.R	V	21176300	625300	669000	22470600	22647483	176883	845883
10	E.R	V	11082812	0	-226500	10856312	11413282	556970	330470
10	E.C.	V	13504100	0	-54100	13450000	13517055	67055	12955
10	E.CO	V	11820374	0	-570400	11249974	11681083	431109	-139291
10	N.R	V	21452200	520300	443000	22415500	23072997	657497	1100497
10	N.C	V	14136861	0	-210316	13926545	14548541	621996	411680
10	N.E.	V	7161367	200216	180000	7541583	8237887	696304	876304
10	N.F.	V	8572724	0	-150000	8422724	8571291	148567	-1433
10	N.W.	V	8466700	209050	437803	9113553	9780236	666683	1104486
10	S.R	V	13203700	53000	50000	13306700	13660448	353748	403748
10	S.C.	V	22435750	590300	466900	23492950	24088264	595314	1062214
10	S.E.	V	9074900	596800	450000	10121700	10613809	492109	942109
10	SEC	V	7846850	0	-394750	7452100	7610871	158771	-235979
10	S.W	V	9081792	110796	92681	9285269	9500381	215112	307793
10	W.R	V	21049110	855200	-100060	21804250	21468607	-335643	-435703
10	W.C.	V	13109100	0	-	12040100	13126919	1086819	17819
10	METRO	V	292600	65200	1069000	343542	342491	-1051	-15309
11	C.R	V	3746400	0	-383800	3362600	3438929	76329	-307471
11	E.R	V	3483200	0	-217853	3265347	3168620	-96727	-314580
11	E.C.	V	1894800	0	-244800	1650000	1632559	-17441	-262241
11	E.CO	V	1525268	0	-293	1524975	1519536	-5439	-5732
11	N.R	V	5389600	0	-214184	5175416	4922315	-253101	-467285
11	N.C	V	1726100	0	-164908	1561192	1521184	-40008	-204916
11	N.E.	V	1882203	0	73351	1955554	1769521	-186033	-112682
11	N.F.	V	3243900	0	-119999	3123901	3072876	-51025	-171024
11	N.W.	V	1700216	0	-160095	1540121	1605376	65255	-94840
11	S.R	V	3727900	0	-172900	3555000	3422131	-132869	-305769
11	S.C.	V	4090000	0	-403750	3686250	3753448	67198	-336552
11	S.E.	V	2988700	0	-115100	2873600	2925370	51770	-63330
11	SEC	V	1317500	0	102500	1420000	1379022	-40978	61522

11	S.W	V	1291300	0	28895	1320195	1225557	-94638	-65743
11	W.R	V	3693500	0	-28925	3664575	3657002	-7573	-36498
11	W.C.	V	1648428	0	47851	1696279	1556465	-139814	-91963
11	METRO	V	77800	0	-200	77600	78355	755	555
12	C.R	V	3307950	0	406920	3714870	3714990	120	407040
12	E.R	V	4680423	0	57520	4737943	4970235	232292	289812
12	E.C.	V	2554150	0	302700	2856850	2720520	-136330	166370
12	E.CO	V	3970241	0	-	1476520	1287830	-188690	-2682411
					2493721				
12	N.R	V	8659558	0	-492353	8167205	6929624	-1237581	-1729934
12	N.C	V	2309391	0	188263	2497654	2196328	-301326	-113063
12	N.E.	V	2177840	0	-252763	1925077	1645873	-279204	-531967
12	N.F.	V	2020800	0	190000	2210800	2191153	-19647	170353
12	N.W.	V	1220545	0	-455798	764747	634020	-130727	-586525
12	S.R	V	3026050	0	-632512	2393538	2283148	-110390	-742902
12	S.C.	V	3309233	0	240016	3549249	3976763	427514	667530
12	S.E.	V	2932347	0	-401400	2530947	2352624	-178323	-579723
12	SEC	V	790600	0	-204000	586600	653503	66903	-137097
12	S.W	V	1028588	0	193107	1221695	1529056	307361	500468
12	W.R	V	2937996	0	471337	3409333	3602214	192881	664218
12	W.C.	V	1007052	0	226040	1233092	1403922	170830	396870
12	METRO	V	121800	0	6800	128600	138754	10154	16954
13	C.R	V	18557000	2220923	-132323	20645600	21576183	930583	798260
13	E.R	V	25313100	1382000	105000	26800100	28379357	1579257	1684257
13	E.C.	V	10003100	236900	105000	10345000	11341652	996652	1101652
13	E.CO	V	4385734	142452	5000	4533186	4784594	251408	256408
13	N.R	V	15175660	1901070	18117	17094847	18733375	1638528	1656645
13	N.C	V	24489100	1881570	10723	26381393	26324218	-57175	-46452
13	N.E.	V	3237570	127900	0	3365470	4024851	659381	659381
13	N.F.	V	6878100	117900	0	6996000	7748561	752561	752561
13	N.W.	V	9391900	1191400	30041	10613341	10890604	277263	307304
13	S.R	V	19504850	833250	55883	20393983	21431262	1037279	1093162
13	S.C.	V	15380109	1095800	99585	16575494	17692931	1117437	1217022
13	S.E.	V	7975530	600478	17700	8593708	9125144	531436	549136
13	SEC	V	4261189	192800	12156	4466145	4486440	20295	32451
13	S.W	V	5973367	515507	-179555	6309319	5963385	-345934	-525489
13	W.R	V	10449895	2058755	-346058	12162592	11856582	-306010	-652068
13	W.C.	V	8411700	60600	30	8472330	9205198	732868	732898
13	METRO	V	160300	1300	18400	180000	181913	1913	20313
13	CLW	V	437700	0	81069	518769	531660	12891	93960
13	CLW	V	0	0	0	0	0	0	0
13	DLW	V	308500	0	-46139	262361	254632	-7729	-53868
13	ICF	V	468700	0	45381	514081	515556	1475	46856
13	RWF	V	30600	0	16330	46930	46866	-64	16266
13	DMW	V	44300	0	14378	58678	58107	-571	13807
13	RCF	V	104000	0	24901	128901	128078	-823	24078
13	IRISET	V	41091	0	4970	46061	46061	0	4970
13	RSC/BRC	V	9600	0	1485	11085	11020	-65	1420

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

**Appendix 2.3- Cases of Misclassification of Expenditure**  
(Reference Paragraph 2.8)

S. No.	Particulars	₹ in thousand
<b>Misclassification between Miscellaneous Expenditure and other Revenue/Works Grants No. 16 (in unit of ₹)</b>		
<b><u>Expenditure towards:-</u></b>		
1	Cost of Direct purchase of materials by General Management Department booked to Grant No.2 instead of Grant No.3 (₹ 170600);	171
<b>Misclassification within Revenue Grants (Working Expenses)</b>		
<b><u>Expenditure towards:-</u></b>		
1	Cost of repair to cross drain (₹ 39614), cost of painting, woodwork, dado, steel work repairs at ARA Station (₹ 30916) and cost of cleaning office premises and coaching yards (₹ 239518) booked under Grant No. 11 instead of Grant No. 4 (₹ 310048); Cost of Electrical Repair & Maintenance for water supply and sanitation in welfare building booked to Grant No. 7 instead of Grant No. 11 (₹ 176866); Pay & Allowances of employees of DTTC/PTRU booked under Grant No. 5 (₹ 545633) and Grant No. 8 (₹ 239808) instead of Grant No. 12 (₹ 785441); Cleaning and removal of garbage of Railway Station and Colony at different stations are booked under Grant No. 11(₹ 3175147) instead of bifurcating between Grant No. 9 & 11;	207787
2	Cost of other stores used on Diesel Locomotives (₹ 4429985) and cost of Lubricant Oil (₹ 187682) booked to Grant No 5 instead of Grant No 8 (₹ 4617667); pay & allowances of Trolley men PW & Works booked to Grant no.7 instead of Grant no. 4 (₹ 6562720); Cost of Desktop Computer with preloaded Operating System configuration booked to Grant No. 7 instead of Grant No. 11 (₹ 198581); Cost of repairs and maintenance of Weigh Bridge booked to Grant No. 8 instead of Grant No. 07 (₹ 281838); Pay & allowances of Engg. deptt.'s gatemen working on railway crossing gate booked to Grant No. 04 instead of Grant No. 09 (₹ 11294378); Pay & allowances/stipend of non-gazetted staff during training/refresher courses booked to Grant No. 09 instead of Grant No. 12 (₹ 308290); Payment of non railway institutions for reimbursement of medical expenses booked to Grant No.8 instead of Grant No. 11 (₹ 19794); Re-imburement of tuition fees paid to the employees booked to Grant no.03 instead of Grant no.11 (₹ 422967); Cost of AT welding training of staff (₹ 2587000) and	

	pay/stipend of non-gazetted staff during training/refresher course (₹ 203595) booked to Grant No.04 instead of Grant No. 12 (₹ 2790595);
3	Publication charges for notice of Pension Adalat booked to Grant No. 8 instead of Grant No. 12 (₹ 46108); Misc. expenses on disposal of unidentified dead bodies booked to Grant No.9 instead of Grant No. 12 (₹ 66400);
4	Pay and allowance of instructor in traffic training school booked under Grant No. 9 instead of Grant No. 12 (₹ 5700484); Salary of Instructor of Division Training school (Engg.) BKI booked under Grant No. 4 instead of Grant No. 12 (₹ 651515); Salary of NTXR booked under Grant No. 6 instead of Grant No. 8 (₹ 1392577);
5	Pay and allowances of Technicians of Electrical and S&T departments booked to Grant No.12 instead of Grant No.7 (₹ 501171); Pay and allowances of Principal/RHSS/PGT, Headmasters/ED & PTJ booked to Grant No.03 instead of Grant No.11 (₹ 1963735);
6	Cost of HSD Oil to Power Car of Garibrath and Duronto Express Trains booked to Grant No.6 instead of Grant No.8 (₹ 56026546); Cost of HSD oil issued to Track/Rail Grinding Machines booked to Grant No.7 instead of Grant No.4 (₹ 5609333); Cost of maintenance of landscape, croton-beds etc booked to Grant No.9 instead of Grant No.4 (₹ 1707225); Cost of maintenance of electrical assets booked to Grant No.5 instead of Grant No.7 (₹ 577065); Expenditure incurred on security arrangements booked to Grant No.5 instead of Grant No.12 (₹ 237712); Expenditure incurred at Stations on maintenance, cleanliness, collection of garbage etc booked to Grant No.11 instead of Grant No.9 (₹ 1544733); Cost of Water supply to Staff Quarters booked to Grant N0.4 instead of Grant No.11 (₹ 6142309); Cost of maintenance of linen booked to Grant No.6 instead of Grant No.8 (₹ 576236); Erroneous booking of expenditure towards reimbursement of tuition fees under Grant No.12 instead of Grant No.11 (₹ 169100); Cost of supply and maintenance of fire extinguishers booked to Grant No5 (₹ 52000) & 7 (₹ 1604318) instead of Grant No.12 (₹ 1656318); Exhibition of cost of electrical energy charges under Sub Head 620 of Grant No.8 instead of final heads (DN/SC) under Grant No. 11 (₹ 4870000);
7	Pay & Allowances official sent for training booked to Grant No. 3 (₹ 208826) and Grant No. 4 (₹ 112374) instead of Grant No. 12 (₹ 321200)

8	<p>Cost of ALP course abroad of GM booked to Grant No. 12 instead of Grant No, 3 (₹ 505602); Cost of maintenance of lawn and flower beds at KJM loco shed booked to Grant No.5 instead of Grant No. 4 (₹ 231211); Cost of supply of potable water to staff quarters and station building booked to Grant No. 4 instead of Grant No. 11 (₹ 304950); Cost of Training booked to Grant No. 6 instead of Grant No. 12 (₹ 69660); Cost of removal of garbage at Rly. Station and colonies allocated to Grant No. 9 (₹ 600048) instead of proportionately allocating to Grant No. 9 and Grant No. 11;</p>	
9	<p>Cost of repairs and maintenance of staff car (₹ 215746) and petrol cost (₹ 150590) respectively booked under Grant No. 3 instead of Grant No. 7 (₹ 366336); Cost of hiring of vehicles booked under Grant No. 12 (₹ 2,11,299) and Grant No. 7 (₹ 308228) instead of Grant No. 3 (₹ 519527); Expenditure incurred on members of Railway Convention Committee and Parliament Standing Committee during their study tour to Mumbai booked to Grant No. 3 instead of Grant No. 12 (₹ 2485815); Wages of Gatekeepers employed on the gates within the stations limits booked to Grant No. 4 instead of Grant No.9 (₹ 32000000); Irregular accountal of expenditure on recruitment of Group 'D' staff under Grant No. 3 by giving credit to Cheques and bills instead of Grant No. 12 (₹ 50000000);</p>	
<p><b>Misclassification arising due to booking under Revenue Grants instead of Works Grant</b></p>		
<p><b><u>Expenditure towards:-</u></b></p>		
1	<p>Cost of Ballast booked to Grant No.4 instead of Grant no16 ( DRF - Track Renewal) (₹ 4909911); Cost of control equipment of WDM 3 Locomotives (₹ 3807193), cost of 07 rehabilitated engine blocks consumed during POH/IOH of Locos (₹ 6665967) and cost of fuel efficient power pack without alternator(WDM3A) 3100 HP (₹ 9500000) booked to Grant No. 05 instead of Grant No.16-DRF-Rolling stock (₹ 19973160); Cost of procurement of Engine control panel booked to Grant no 6 instead of Grant No. 16 Capital RPS (₹ 391650); cost of procurement of Traction Motor booked to Grant No. 6 instead of Grant No.16 DRF Rolling Stock (₹ 4100000); cost of rail booked to Grant No.6 instead of Grant No.16-DF (Track Renewal) (₹ 2049097); Cost of provision of Running room booked to Grant No.11 instead of Grant No.16 -DF (₹ 1524973); Pay &amp; allowances of work charged post booked to Grant No. 3</p>	54867

	instead of Grant No.16-Capital (₹ 248193);	
2	General on cost on POH of coaches accounted for in Grant 12-671 by JU-W&S instead of Grant No. 16-WMS (POH of coaches) (₹ 839040);	
3	Pay and allowances of Sr.DSO/MDU (work charged post) and Credits realized from assets booked to Grant No.03 (₹13,18,000) and Grant No.06 (₹ 87,49,000) instead of Grant No.16-DRF (₹ 10067000); Vouchers relating to transfer of credit for sale of scrap credited to Grant No.5 instead of Grant No.16 -DRF(₹ 7756000);	
4	Cost of through Fitting Renewals(TFR) Through Renewal of Points and Crossing works to Grant No.4 instead of Grant No.16-DRF(₹ 2246872); Pay and allowances of Work charged posts booked to Revenue Grant No.4 (₹ 225198) and Grant No. 7 (₹ 536143) instead of Grant N0.16- DRF (₹ 761341);	
<b>Misclassification arising due to booking under Works Grants instead of Revenue Grants</b>		
<b><u>Expenditure towards:-</u></b>		
1	Cost of P.Way material/non stock items booked to Grant no.16 (DRF) instead of Grant no. 4 (₹ 366106) ; cost of repair work of paths, doors, windows etc in bridge workshop booked to Grant no.16-Capital-WMS instead of Grant no. 4 (₹ 781795); Cost of repair works of flooring, cleaning, desalting water way etc. booked to Grant No. 16-Capital instead of Grant no. 4 (₹ 19425372);	47718
2	Pay and allowances (stipend) paid to Apprentices allocated to Grant No.16- Capital instead of Grant No.12 (₹ 1480383);	
3	Cost of open line works (buildings, repairs to quarter etc.) booked to Grant No. 16-Capital instead of Grant No. 11 (₹ 16801469); irregular booking of expenditure on maintenance charges on partially opened track booked to Grant No. 16-Capital instead of Grant No. 4 (₹ 3738240); Cost of upgrading of existing Tennis Court booked to Grant No. 16 DF instead of Grant No. 12 (₹ 1734124);	
4	Cost of repairs to Officers Rest House booked to Grant No.16-DRF instead of Grant No. 11(₹ 3390088);	

Misclassification between Voted & Charged expenditure		
<b>Expenditure towards:-</b>		375
1	Advocate Fees booked under "Charged Expenditure" instead of "Voted Expenditure" under Grant No. 16 (₹ 108618);	
2	Enhanced compensation paid towards land acquisition (₹ 203626) and arrears paid to Sri M. Aubakar (₹ 62543) on the orders of CAT, Chennai booked as Voted instead of Charged expenditure under Grant No.16;	
<b>Misclassification within different sources of Works Grant No. 16</b>		
<b>Expenditure towards:-</b>		
1	Cost of provision of PRS Complex and other facilities at Rayagada station booked to DF instead of DRF (₹ 1721298); Cost of provision of 3 bays platform shelters at Rayagada station charged to DRF instead of DF (₹ 670058) under Grant No.16;	57360
2	Cost of working of crane for replacement of FOB (₹ 241069) and cost of hire and haulage charges of crane in connection with FOB (₹ 234722) booked to Grant no 16- DRF instead of Grant no 16- DF (₹ 475791);	
3	Cost of replacement of signaling gears at 5 stations booked to DRF instead of DF (₹ 698254); Cost of replacement of cable by OFC booked to Capital instead of DF (₹ 284036); Expenditure relating to Type RB.II 100 units in MTC colony Kanpur debited to DRF instead of Capital (₹ 12060000); 1) Cost of rails to new lines booked to DRF instead of Capital (₹ 11967531); Expenditure amounting to ₹ 12,89,084 debited to capital instead of DF-II and rectified belatedly in the next year account; Expansion of Indian Railways Track Machine Training Centre Allahabad booked under Grant No. 16 DRF instead of DF-II (₹ 227967);	
4	Amount realized from disposal of assets having original cost more than ₹ 5,000 has been credited to DF (₹ 18,900 ) and RSF (₹ 3,53,300) instead of DRF (₹ 3,72,200);	
5	Cost of construction of staff quarters on replacement account booked to Grant No.16- Capital-5100 instead of Grant No.16- DRF-5100 (₹ 142953); Cost of improvement to flooring, toilets, drains, water supply in Railway Staff Quarters erroneously booked to Grant No.16-Capital instead of Grant	

	No.16-DF (₹ 6103000); Incorrect allocation of funds and expenditure on works relating to Plan Head-5300- Passenger Amenities under DRF instead of DF (₹ 20157000); Cost of improvement to Platform surface/ raising of Platform to High Level and construction of canteen on Platforms booked to Grant No.16-DRF instead of Grant No.16-DF (₹ 1190391);	
	<b>Mistakes in Revenue Grants</b>	
1	Un-discharged liabilities not shown in the Demand Payable under Grant No. 12 in respect of payment of salary for the month of March, 13 (₹ 50664000); Issue of HSD oil for running the Generator Car for Special Exhibition Trains booked to Grant No. 10 (₹ 349742);	846619
2	Wrong booking of expenditure under Minor head 110 of Grant No. 3 which is for GM & his office establishment (₹ 51000); Expenditure related to subhead 400 to 900 have been accounted for in subhead 120 under Grant No. 03 (₹ 136600000);	
3	Non-raising of AMs for Stores/materials issued to Divisions/CN units (₹ 4376625); Non-clearance of balances under MAR/Books (₹ 654577849);	
	<b>Mistakes in Works Grant No. 16</b>	
1	Forced Booking of expenditure on "Ceremonial occasion" to "Ordinary Revenue" instead of capital work of "PNVL-Pen Doubling" under Grant No. 16 Capital (₹ 4994075);	7594017
2	Pay & allowances in respect of Work Charged Post booked in WMS Account instead of showing under different DRF Plan heads (₹ 4746813); Less minus Debit to Plan Head 21 (Cap) and less Debit to Plan Head 21 (DRF) on account of condemnation of wagons (₹ 11459426);	
3	Cost of PSC sleeper pertaining to const. organization accepted and booked to Grant-16 DRF track (₹ 1514376); Expenditure towards Misc. P.Way works left over by construction organization, due to non raising of debits to const (₹ 1043740); Fictitious booking of Expenditure through transfer transaction under plan head 5300 passenger amenities against various estimates (₹ 11749984); Expenditure towards track circulating works pertaining to const organization booked to UMB and booked to Grant 16-DF-3300 (₹ 1102500); New rails procured for the special track renewal work cost of which already been debited to Grant 16 DRF utilized in day to day maintenance work under Grant no 4 (₹ 9955890); Cost of	



	computers for official use of Dy.CE/C/CDG and DY CE Survey/TKZ debited to work code Grant 16 instead of work under respective officials under Grant 16- (₹ 156366); Cost of escalators at major stations booked to Grant No 16 DF-II work code no. 52039 instead of work code no. 53090 under grant 16 DF-I (₹ 400404); Expenditure towards Medical advances booked to Grant No.11 by minus debit to Misc. Advance without ascertaining the vouchers of final utilization of medical advance (₹ 36250658);	
4	Wrong booking of expenditure under Commercial Lines instead of Strategic line under Grant No. 16 Capital (₹ 6105935000);	
5	Cost of machine procured by CMD/JP allocated to 20-119305 instead of allocation 20-411104 (₹ 519750); Irregular balance under Subhead 620 relating to Generating stations/ substation for General Electrical Service (₹ 24330000);	
6	Incorrect booking of expenditure without acceptance / without actual receipt of materials (₹ 210030392); Non-adjustment of cost of materials transferred to other units (₹ 160491353); Erroneous account of Credits to Capital for retired assets (₹ 1068541); Non raising of AMs for materials supplied to CN units (₹ 12852898); Excess booking of expenditure under Plan head 14-Gauge conversion (₹ 11115000); Booking of expenditure on rails indented for one project under other project where the materials was not utilized (₹ 630658845);	
7	Expenditure relating to cost of fuel booked to Grant No.16-DF-Plan Head-1600-Traffic Facilities instead of booking to Grant No.16-DF- Plan Head 7100-Stores Suspense (₹ 16786192); Cost of provision of S&T arrangements for Rail Grinding Machine siding at 5 Stations and expenditure on provision of panel interlocking of Division/Guntur booked to Grant No.16-Plan Head -1600-Traffic Facilities instead of Grant No.16-Plan Head -3300-S&T works (₹ 2112000); Cost of renovation of Station booked to Grant No.16-Plan Head -1600-Traffic Facilities instead of Grant No.16-Plan Head 5300-Passenger Amenities (₹ 6652010); Expenditure pertaining to extension, improvements, renovation and addl. accommodation to running rooms booked to Grant No.16-Plan Head-1600-Traffic Facilities-DF instead of Grant No.16-Plan Head-6400 -DF (DN/SC&GNT) (₹ 5769000); Incorrect booking of Credits under Grant No.16 against New Plan Head 3700 (DRF &DF) instead of Old Plan Head	

	3600 (₹ 11893720);	
8	Irregular booking of Expenditure to Kolar-Chikkaballapura (GC) instead of Ramanagaram- Mysore (Doubling) (₹ 568197); Raising of debits twice for works done for other divisions (₹ 6481858); Debit for cost of rail received from Northern Railway allocated to DRF without debiting work concerned (₹ 3021534); Booking of expenditure of materials without actual receipt of material {Booked in PH 15-RRB-SHV DL instead of PH-11 SBC-HAS NL (₹ 99107129)} {Booked in PH 11-DRU-CMGR NL instead of PH-11 SBC-HAS NL (₹ 63095001)} ; Excess credit to DRU - CMNR NL Project instead of KQZ-CKBP (GC) (₹ 26000000); Debits received from NR on proportionate OFC maintenance charges, to Railtel Booked to suspense (₹ 2990223); Expenditure debited to DH-41 (₹ 43440098) and DH-14 (₹ 10558025/-) instead of DH-31;	
9	Exhibition of Credit items under Miscellaneous Advance Capital (₹ 29168583);	
10	Improper booking of purchase bills to Gr. 154 instead of Gr. 157. Supplier's bill related to purchase of Joint less grooved copper contact wire consumed in Group 157 was charged on Group 154 (₹ 125104687);	
11	Credit for released material under the head DRF has been shown as nil under Grant No. 16 DRF;	
<b>Mistakes/misclassifications between Revenue/Works Grants No. 16 and Earnings</b>		
1	Irregular booking of Sundry Earnings to Suspense head (₹ 14,10,823) and welfare cess to Sundry Earnings (₹ 2,40,743);	598286
2	Incorrect accountal of freight charges on movement of Railway Material Consignment in Departmental Wagons as Goods Earnings-Abstract-Y instead of adjusting the earnings as minus expenditure of spending departments resulting in overstatement of earnings and Working Expenses (₹ 339688885); Incorrect booking of liquidated damages recovered from suppliers to Stores Suspense under Grant No.16 Plan Head-7100 instead of as Miscellaneous Receipts (₹ 10038637); Amount deposited by a firm wrongly allocated to Sundry earnings instead of crediting the amount to Indian Railway Deposits (₹ 107600); Deferred dues of previous years O&M charges recovered from KRCL wrongly shown as reduction in expenditure under Revenue Grants instead of accounting the same as	

	Sundry Earnings-Abstract-Z (₹ 200900000); Incorrect account of Recovery of cost of staff for maintenance of LC Gates due from Maharashtra State Government of previous years from 2007-08 to 2011-12 as reduction in expenditure due to non raising of bills in time and accounting the same under Demands recoverable instead shown as Sundry earnings (₹ 45900000);	
<b>Mistakes/misclassifications between Revenue/Works Grants No. 16 and Deposit</b>		
1	Balance amount under New Pension Scheme lying under Railway account (Major Head 8445 "Railway Deposit") instead of NSDL (Account of trustee bank) (₹ 21996174);	587495
2	Non-clearance of Welfare cess collected from contractors' bills (₹ 4598266); Non-remittance of NPS recovery (₹ 874098) and irregular debit for Rly. Bd's free items under DMR (₹ 21719781);	
3	Irregular allocation of expenditure to Deposits-'X' instead of MAR'X - Inward TCs for IRFA and POH transactions debited to Deposit-'X' instead of MAR'X" and Debit raised by Northern Railway kept under Deposit'X' instead of MAR'X' (₹ 206328);	
4	Subordinate debt (amount received from HMRDC) credited to Deposits instead of to MAC investment in HMRDC (₹ 90000000); Excess expenditure by Railway over and above their share on the project construction of New line between Tumkur and Rayadurga, booked to Railway Head instead of Deposits despite availability of funds under Deposits (₹ 448100000);	
<b>Miscellaneous Mistakes</b>		
1	Service Tax collected on freight and demurrage has not been remitted (₹ 135600000);	267146
2	Difference between Debit to Grant No. 6 (₹ 1554358) and Grant No. 7 (₹ 115822721) and Credit to WMS Account (₹ 117377079); Sales Tax collection shown in Credit side in Profit & Loss Account and treated as Railway Revenue (₹ 160062);	
3	Cost of replacement of cable by OFC booked to Capital instead of Deposit - work - of RVNL (₹ 2927000);	

4	<p>Realization of cost of land from State Government of Maharashtra accounted as reduction in expenditure under Grant No.16-Plan Head-6400-OSW instead of as Misc Receipts (Credits) (₹ 9842677); Expenditure incurred on computer stationary under inoperative sub head '100' and expenditure incurred on P&amp;T rentals under inoperative department 'OO' and inoperative sub head '060' wrongly shown under Minor Head 100-Sub Head 110 in Appropriation Accounts Grant No.3 (₹ 343100); Wrong booking of expenditure under Sub Head 520 which is not provided in the Classification Rules and allocation of funds at FG stage to regularize expenditure (DN/NED) (₹205000); Expenditure incurred under inoperative Minor Head '020' and '080' under inoperative department'00' and merging the expenditure under Minor Head 100 in Appropriation Accounts (₹ (-) 133371); Expenditure incurred under inoperative Minor Head '020' under inoperative department'00' and merging the expenditure under Minor Head 200 in Appropriation Accounts (₹ 177600); Wrong booking of expenditure relating to reimbursement of tuition fees under Grant No.11-MH-100-SH-120 under Primary Unit 13 instead of New Primary Unit 25 by Accounts and Personnel Departments (₹ 256000); Wrong booking of MAR (Others) under Passenger Insurance (Voted) by DN/GTL under Grant No.12-N-Suspense Which is inoperative in Divisional Accounts Offices (₹ 250900); Irregular booking of expenditure under inoperative sub head without Budget/Final Grant by Operating Department (₹ 140000);</p>	
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**Appendix 3.1- Statement showing the Sample Selection and the extant of check for the Appendices  
(Reference Para No. 3.5)**

Sl. No.	Para No.	Appendix	Details	Scope
1	3.5	3.1	Audit methodology and sample size	
2	3.6.1	3.2	Arrears in reconciliation of Bookings in Works Registers	Any 10 projects in each Zonal railway covering PH-11-New Lines,PH-14 Gauge Conversion, PH-15-Doubling and PH-33-Signalling & Telecommunication (16 ZRS x 10 + Metro 4=164 Projects)
3	3.6.2	3.3	Non-drawal of Completion Report	All works completed prior to 31st March 2011
4	3.6.3	3.4	Status of Post Project Appraisal	All works under PH 11, 14, 15 completed during 2007-08 to 2011-12
5	3.6.4, 3.6.5.1	3.5	Maintenance of Records	All works under PH-11, 14, 15 and 10 selected works of PH-33 included in Pink Book for 2012-13
7	3.6.5.2	3.6	Non-adjustment of transfer transactions within the same financial year	Any 10 projects in each Zonal railway covering PH-11-New Lines,PH-14 Gauge Conversion, PH-15-Doubling & PH-33-Signalling & Telecommunication (16 ZRS x 10 + Metro 4=164 Projects)
8	3.6.7.2	3.7	Maintenance of Contractors' Ledger	Any 10 projects in each Zonal railway covering PH-11-New Lines,PH-14 Gauge Conversion, PH-15-Doubling & PH-33-Signalling & Telecommunication (16 ZRS x 10 + Metro 4=164 Projects)
9	3.6.7.1	3.8	Closing of Contractor's accounts for works completed	Any 10 projects in each Zonal railway covering PH-11-New Lines,PH-14 Gauge Conversion, PH-15-Doubling & PH-33-Signalling & Telecommunication (16 ZRS x 10 + Metro 4=164 Projects)
10	3.6.7.3	3.9	Preparation of material reconciliation statement	Any 10 projects in each Zonal railway covering PH-11-New Lines,PH-14 Gauge Conversion, PH-15-Doubling & PH-33-Signalling & Telecommunication (16 ZRS x 10 + Metro 4=164 Projects)
11	3.6.8	3.10	Realization of Credits towards Released materials Credit to capital for Retired Assets	All Gauge Conversion works-in-progress (on-going) or Completed during 2010-11, 2011-12 & 2012-13

12	3.6.9	3.11	Works executed on cost sharing basis	All works under PH 11, 14, 15 taken on cost sharing basis during 2008-09 to 2012-13
13	3.6.10	3.12	Works undertaken on Replacement Account	Any Three works under DRF & DF under the Plan heads Bridges (Reconstruction of Bridges), Staff Quarters (Reconstruction of Quarters), & Passenger Amenities Works (16ZRS*3 +NER 2+Metro1)
14	3.6.11	3.13	Credit to capital for retired assets	All Gauge Conversion works-in-progress (on-going) or/Completed during 2010-11, 2011-12 & 2012-13
15	3.6.12	3.14	Allotment of Funds and Actual Expenditure 2012-13	PH-11, 14, 15 and 33
16	3.6.12.1	3.15	Comparison of Financial and Physical Progress	All works under PH 11, 14, 15 and 10 selected works of PH 33 included in Pink Book for 2012-13
17	3.6.12.2	3.16	Maintenance of Works Registers	Any 10 projects in each Zonal railway covering PH-11-New Lines,PH-14 Gauge Conversion, PH-15-Doubling & PH-33-Signalling & Telecommunication (16 ZRS x 10 + Metro 4=164 Projects)
18	3.6.12.3	3.17	Incurrence of expenditure in excess of sanctioned estimate	All works as exhibited in Statement of Unsanctioned expenditure/Want of estimate/Excess over Estimate-Annexure A to Appropriation Accounts of 2012-13

Appendix-3.2- Arrears in reconciliation of bookings in Works Registers ( Reference Para No. 3.6.1)																		
Railway	Total no. of works registers reviewed	Reconciliation done	Reconciliation not done	Reconciliation in arrears	Reconciliation current	Nil booking	Total expenditure as per		Difference	Debits				Expenditure in Accounts register				
							Executive records	Accounts records		Forced		Unadmitted		Overstated		Understated		
										No.	Amount	No.	Amount	Amount	No. of projects	Amount	No. of projects	
SR	27	16	10	13	3	1	1911.03	2116.34	205.31	3	55.49	3	81.63	250	6	44.69	4	
WR	37	9	24	3	6	4	931.04	1243.27	312.67	0	0.00	0	0	312.23	8	0	0	
WCR	13	1	8	0	1	4	31.53	37.69	6.16		NA		NA	0	0	20.58	3	
SER	30	7	19	0	7	4	9.99	116.65	106.66		NA		NA	0.44	2	0	0	
NWR	0	0	0	0	0	0	0	0	0		0		0	0	0	0	0	
NER	26	26	0	0	26	0	23020.42	23020.42	0		0		0	0	0	0	0	
SCR	24	24	0	0	24	0	2921.61	2921.61	0		0		0	0	0	0	0	
ECR	26	10	16	8	2	0	1274.20	3797.62	2523.42		NA		NA	1404.66	6	36.65	1	
SECR	30	0	30	0	0	0	0	837.8326	837.8326		0		0	0	0	0	0	
SWR	26	7	19	7	0	0	2008.8	1866.64	-142.16		0		0	0	0	142.16	9	
CR	30	2	28	0	2	0	17.08	1251.844	1234.76	1	0.013	5	2.6	NA	NA	NA	NA	
NR	Not applicable as single set of register is maintained							953.15	953.15	0								
NFR	10		10					8276.66	0	0	0	0	0	0	0	0	0	
ECoR	Not applicable as single set of register is maintained							1591.27	1591.27	0								
Metro	4	0	4	0	0	0	0	14.8966	14.8966	0	0	0	0	0	0	0	0	
ER	10	2	8	0	2	0	189.83	1643.73	1453.9	0	0	0	0	0.2	1	4.02	1	
NCR	12	0	12	0	0	0	1100.91	1978.21	877.3	0	0	0	0	0	0	18.47	2	
TOTAL	305	104	188	31	73	13	35960.861	51667.83	15706.97	4	55.503	8	84.23	1967.53	23	266.57	20	

**Appendix-3.2-Arrears in reconciliation of bookings in Works Registers  
( Reference Para No. 3.6.1)**

Railway	Reconciliation not done	Reconciliation in arrears	Reconciliation current		Reconciliation not done	Reconciliation in arrears	Reconciliation current		Works register not maintained	Oldest period
	Accounts booking			Total	Executive booking			Total		
SR	304.17	1742.64	69.53	2116.34	218.28	1609.83	82.92	1911.03		Dec-03
WR	328.18	779.1	135.99	1243.27	135.62	659.43	135.99	931.04		Jan-11
WCR	37.69	0	0	37.69	31.53	0	0	31.53		Apr-09
SER	106.22	0	10.43	116.65	0	0	9.99	9.99		May-13
NWR	0	0	0	0	0	0	0	0	10	NA
NER	0	0	23020.42	23020.42	0	0	23020.42	23020.42		NIL
SCR	0	0	2921.61	2921.61	0	0	2921.61	2921.61		NIL
ECR	377.79	3388.58	31.25	3797.62	67.05	1164.7	42.45	1274.2		Mar-06
SECR	837.83	0	0	837.83	NA	NA	NA	NA	30	NA
SWR	266.16	1600.48	0	1866.64	308.47	1700.33	0	2008.8		Mar-09
CR	1234.76	0	17.08	1251.84	0	0	17.08	17.08	28	Mar-13
NR			953.15	953.15			953.15	953.15		NA
NFR	8276.66	0	0	8276.66	0	0	0	0	10	NA
ECoR			1591.27	1591.27			1591.27	1591.27		NA
Metro	14.9	0	0	14.9	0	0	0	0	4	NA
ER	1457.72	0	186.01	1643.73	0	0	189.83	189.83	8	NA
NCR	1978.21	0	0	1978.21	1100.91	0	0	1100.91	7	NA
<b>TOTAL</b>	<b>15220.29</b>	<b>7510.8</b>	<b>28936.74</b>	<b>51667.83</b>	<b>1861.86</b>	<b>5134.29</b>	<b>28964.71</b>	<b>35960.86</b>	<b>97</b>	



Appendix-3.3-Non-drawal of Completion Report (Reference Para No. 3.6.2)																	
(Rupees in crore)																	
Railway	No. of projects	<3	3 to 5	5 to 10	10 to 20	Above 20	Date of completion not available	Projects completed under New line, Gauge conversion and doubling									
								3 to 5 years		5 to 10 years		10 to 20 years		> 20 years		Total	
			in years					No.	Cost	No.	Cost	No.	Cost	No.	Cost	No.	Cost
SR	133	0	11	14	14	20	74	4	0	4	0	1	0	5	0	14	0
WR	36	7	2	8	14	5	0	0	0	0	0	4	279.03	1	8.27	5	287.3
WCR	42	17	6	19	0	0	0	0	0	0	0	0	0	0	0	0	0
SER	16	6	5	5	0	0	0	1	19.58	0	0	0	0	0	0	1	19.58
NWR	41	7	7	8	16	3	0	0	0	0	0	0	0	0	0	0	0
NER	19	5	4	2	4	4	0	4	0	2	0	4	0	4	0	14	0
SCR	43	2	1	7	14	13	6	0	0	0	0	0	0	0	0	0	0
ECR	2	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0
SECR	31	18	6	7	0	0	0	4	247.1	0	0	0	0	0	0	4	247.1
SWR	78	1	16	7	26	14	14	6	1005.37	2	186.87	5	768.86	3	202.19	16	2163.3
CR	59	8	12	16	13	10	0	0	0	4	198.89	5	153.41	3	74.3	12	426.6
NR	15	3	7	2	3	0	0									0	0
NFR	35	5	11	3	7	7	2	11	0	9	0	4	0	9	0	33	0
ECoR	77	7	17	33	11	1	8	5	0	4	0	2	0	0	0	11	0
Metro	0	0	0	0	0	0	0									0	0
ER	7	1	2	2	1	1	0	2	381.45	2	235.31	1	36.8	1	16.8	6	670.36
NCR	40	5	17	5	1	0	12	0	0	0	0	0	0	0	0	0	0
TOTAL	674	92	124	140	124	78	116	37	1653.5	27	621.07	26	1238.1	26	301.56	116	3814.2

Appendix-3.4-Status of Post Project Appraisal (Project wise) (Reference Para No. 3.6.3)			
Railway	No. of projects completed during the period from 2007-08 to 2011-12	No. for which project appraisal	
		done	not done
SR	9	0	9
WR	9	0	9
WCR	0	0	0
SER	4	0	4
NWR	17	0	17
NER	7	0	7
SCR	1	0	1
ECR	1	0	1
SECR	4	0	4
SWR	8	0	8
CR	2	0	2
NR	12	0	12
NFR	0	0	0
ECoR	7	0	7
Metro	0	0	0
ER	4	0	4
NCR	8	0	8
TOTAL	93	0	93

Appendix-3.5-Maintenance of Records (Reference Para No. 3.6.4, 3.6.5.1)									
Railway	No. of works reviewed	Review of expenditure and maintenance of records as per Para				Maintenance of register/record			
		525 FI-Plan head wise		526 FI-Works wise		Asset Register		Material- at-Site	
		Yes	No	Yes	No	Yes	No	Yes	No
SR	53	0	53	0	53	0	53	0	53
WR	32	32	0	32	0	0	32	2	30
WCR	10	10	0	10	0	0	10	2	8
SER **	40	40	0	40	0	12	28	12	28
NWR	35	35	0	35	0	0	35	0	35
NER	10	10	0	10	0	0	10	0	10
SCR	45	0	45	0	45	0	45	0	45
ECR	52	52	0	0	52	0	52	0	52
SECR	24	0	24	0	24	0	24	0	24
SWR	39	39	0	39	0	0	39	16	23
CR	25	25	0	25	0	13	12	23	2
NR	49	49	0	49	0	0	49	39	10
NFR	40	40	0	40	0	0	40	0	40
ECoR	35	35	0	35	0	0	35	0	35
Metro	4	0	4	0	4	0	4	0	4
ER	10	0	10	0	10	0	10	0	10
NCR	22	0	22	0	22	0	22	0	22
TOTAL	525	367	158	315	210	25	500	94	431

\*\* Asset Register and MAS Register were maintained for 12 works in S&T Department only in SER

Appendix-3.6-Non-adjustment of transfer transactions within the same financial year (Reference Para No. 3.6.5.2)						
Railway	No. of works	Inward		Outward		Not maintained
		No.	Amount	No.	Amount	
SR	3	2	0.44	9	2.13	0
WR	6	2	2.44	118	16.57	0
WCR	1	0	0	4	5.79	0
SER	2	2	6.86	3	1.8	0
NWR	8	46	23.52	49	37.95	0
NER	4	64	1.09	137	67.06	0
SCR	5	5	0.89	29	2.19	0
ECR	0	0	0	0	0	0
SECR	0	0	0	0	0	0
SWR	3	0	0	22	47.91	0
CR	5	2	0.55	13	2.06	0
NR	7	9	2.50	113	7.73	0
NFR	4	41	75.60	10	26.83	0
ECoR	1	0	0.00	3	0.57	0
Metro	0	0	0.00	0	0	0
ER	1	0	0.00	1	0.306	0
NCR	6	51	9.05	24	16.48	0
TOTAL	56	224	122.94	535	235.37	0

Appendix-3.7-Maintenance of Contractors' Ledger (Reference Para No. 3.6.7.2)				
Railway	No. of works	No. of agreements	No. for which contractors' ledger	
			maintained	not maintained
SR	10	429	17	412
WR	10	179	179	0
WCR	10	102	100	2
SE	10	154	126	28
NW	10	145	145	0
NE	10	227	43	184
SC	10	783	783	0
EC	10	303	303	0
SECR	10	111	111	0
SWR	10	479	0	479
CR	10	253	253	0
NR	10	120	119	1
NFR	10	2412	2412	0
ECoR	10	625	0	625
Metro	4	4	4	0
ER	10	116	74	42
NCR	10	109	109	0
TOTAL	164	6551	4778	1773

Appendix-3.8-Closing of Contractor's accounts for works completed (Reference Para No. 3.6.7.1)				
Railway	No. of projects	No. of agreements	No. of works for which final bills	
			passed	not passed
SR	10	310	245	65
WR	10	152	101	51
WCR	10	67	42	25
SER	10	70	60	10
NWR	10	86	75	11
NER	10	163	92	71
SCR	10	783	684	99
ECR	10	218	95	123
SECR	10	111	52	59
SWR	10	298	211	87
CR	10	236	165	71
NR	10	59	47	12
NFR	10	729	728	1
ECoR	10	625	517	108
Metro	4	1	0	1
ER	10	116	64	52
NCR	10	383	345	38
TOTAL	164	4407	3523	884

Appendix-3.9-Preparation of material reconciliation statement (Reference Para No. 3.6.7.3)				
Railway	No. of projects	No. of On-Account Bills passed	No. where bills were passed	
			with reconciliation	without reconciliation
SR	10	265	0	265
WR	10	294	0	294
WCR	10	284	176	108
SER	10	102	2	100
NWR	10	263	0	263
NER	10	477	0	477
SCR	10	318	318	0
ECR	10	222	0	222
SECR	10	210	0	210
SWR	10	624	101	523
CR	10	247	0	247
NR	10	139	0	139
NFR	10	1491	13	1478
ECoR	10	159	0	159
Metro	4	7	0	7
ER	10	336	9	327
NCR	10	299	0	299
TOTAL	164	5737	619	5118

Appendix-3.10-Realization of credit towards Released Materials (Reference Para No. 3.6.8)				
(Rupees in crore)				
Railway	No. of Projects	CRRM provision as per estimate	CRRM actually realized	Shortfall in realization
SR	11	500.17	418.02	82.15
WR	9	276.61	278.41	-1.8
WCR	0	0	0	0
SER	1	2	Not available	
NWR	8	375.06	Not available	
NER	Not available	35	80.83	-45.83
SCR	2	48.98	135.76	-86.78
ECR	Not available	Not available	63.41	0
SECR	3	57.77	0	57.77
SWR	5	60.18	111.3	-51.12
CR	1	32.07	32.07	0
NR	0	0	0	0
NFR	8	255.01	109.08	145.93
ECoR	1	10.06	5.19	4.87
Metro	Not Applicable			
ER	1	12.55	0	12.55
NCR	3	204.69	6.5	198.19
TOTAL	53	1870.15	1240.57	629.58



**Appendix-3.11-Works executed on cost sharing basis  
(Reference Para 3.6.9)**

<b>(Rs. in crore)</b>									
S.No.	Railway	Name of the Work	Total Estimated Cost	Actual Expenditure	Share of expenditure to be booked		Share of expenditure booked		Excess expenditure incurred by Railway
					Railway	State Govt.	Railway	State Govt.	
1	SR	CUPJ-VRI including Kallakuruchi-Salem New line	300.01	408.06	204.03	204.03	263.33	144.73	59.3
2	SWR	Ramanagaram - Mysore Doubling	482.7	398.09	132.7	265.39	168.76	229.33	36.06
3	SWR	Kadur-Chickmagalur - Sakeleshpur New BG Line	245	290.27	186.28	103.99	217.69	72.58	31.41
4	SWR	Bangalore city to Hassan via Shravanbelagola New BG Line	412.91	615.45	485.48	129.97	517.95	97.5	32.47
5	SWR	Solapur-Gadag Gauge Conversion	417.07	500.84	311.43	189.41	336.98	163.86	25.55
6	SWR	SMET-TLGP G.C	218.1	273	150.47	122.53	156.98	116.02	6.51
7	SWR	Kottur- Harihar New BG line	302.22	351.48	117.16	234.32	133.15	218.33	15.99
8	SCR	Kotipalli-Narasapur	785.25	9.41	7.06	2.35	9.41	0	2.35
9	ECR	Munger Ganga Bridge	2362	965.07	511.49	453.58	574.38	390.69	62.89
10	NR	Rewari - Rohtak	476.48	508.36	254.18	254.18	262.52	245.84	8.34
11	NR	Deoband - Roorkee	336.91	139.86	69.93	69.93	72.97	66.89	3.04
12	NR	Bhanupalli - Bilaspur Beir	350.33	33.81	25.36	8.45	33.81	0	8.45
13	ER	Burdwan to Katwa	245.15	223.71	111.86	111.85	213.71	10	101.85
	Total		6934.13	4717.41	2567.43	2149.98	2961.64	1755.77	394.21

Appendix-3.12-WORKS UNDERTAKEN ON REPLACEMENT ACCOUNT (Reference Para 3.6.10)						
Railway	No. of works	Source of Finance	Percentage of improvement element	Total Estimated Cost	Expenditure during 2012-13	Cost as per Block Account
					(Rupees in crore)	
SR	3	DRF	Not indicated	33.80	3.90	Not indicated
WR	3	DRF	Not indicated	21.13	6.26	13.81
WCR	3	DRF/DF	Not indicated	16.42	2.86	2.86
SER	3	DRF/DF	Not indicated	24.93	6.97	14.3
NWR	3	DRF	Not indicated	23.12	0	Not indicated
NER	2	DRF/DF	Not indicated	20.05	0.66	Not indicated
SCR	3	DRF/DF	Not indicated	79.07	3.31	78.76
ECR	3	DRF/DF	Not indicated	22.53	3.83	Not indicated
SECR	3	DRF/DF	Not indicated	20.94	1.92	Not indicated
SWR	3	DRF/DF	Not indicated	69.54	6.3	1.9
CR	3	DRF/DF	Not indicated	15.05	0.22	Not indicated
NR	3	DRF/DF	Not indicated	30.96	3.55	5.22
NFR	3	DRF/DF	100	20.64	0.63	20.64
ECOR	3	DRF/DF	Not indicated	40.31	1.87	Not indicated
Metro	1	DRF/DF	Not indicated	1.95	0.05	Not indicated
ER	1	DRF/DF	100	37.55	0.67	Not indicated
	2		Not indicated	6.79	0.615	Not indicated
NCR	3	DRF/DF	Not indicated	19.34	18.82	Not indicated
<b>TOTAL</b>	<b>48</b>	<b>0</b>	<b>200</b>	<b>504.12</b>	<b>62.43</b>	<b>137.49</b>

Appendix-3.13-Credit to Capital for Retired Assets (Reference Para 3.6.11)							
Railway	No. of works	No. of works for which detailed estimate was sanctioned	No. of projects in which write back adjustment		Extent of delay	No. of projects	
			done	not done			
SR	11	10	10	1	> 1 year	4	
WR	7	7	0	7	NA	NA	
WCR	0	0	0	0	NA	NA	
SER	0	0	0	0	NA	NA	
NWR	7	7	0	7	NA	NA	
NER	2	2	0	2	NA	NA	
SCR	4	2	0	4	NA	NA	
ECR	1	1	0	1	NA	NA	
SECR	3	3	0	3	NA	NA	
SWR	5	5	0	5	NA	NA	
CR	0	0	0	0	0	0	
NR	0	0	0	0	0	0	
NFR	2	2	0	2	NA	NA	
ECoR	1	1	0	1	NA	NA	
Metro	Not Applicable						
ER	1	1	0	1	NA	NA	
NCR	1	1	0	1	NA	NA	
TOTAL	45	42	10	35	0	4	

**Appendix-3.14-Allotment of Funds and Actual Expenditure 2012-13**  
(Reference Para No. 3.6.12)

(Rupees in crore)

Railway	Total allotment and utilization						Excess utilization					
	No. of works	BG 2012-13	Re-appropriation	Total Grant	Actual Exp.	Variation	No. of works	BG 2012-13	Re-appropriation	Total Grant	Actual Exp.	Variation
<b>SR</b>	86	863.22	-231.00	632.22	624.08	8.14	33	340.05	-109.96	230.08	298.78	68.70
<b>WR</b>	71	709.26	-70.06	639.20	623.75	15.45	10	132.47	-34.71	97.75	99.35	1.59
<b>WCR</b>	19	110.56	1.54	112.10	118.39	-6.29	5	62.85	0.00	62.85	102.14	39.29
<b>SER</b>	77	658.08	-156.04	502.05	496.52	5.52	21	299.42	-80.82	218.60	232.60	14.00
<b>NWR</b>	41	506.70	35.45	542.15	540.74	1.41	8	166.57	76.88	243.45	245.08	1.63
<b>NER</b>	28	441.51	10.11	451.62	471.47	-19.85	23	431.00	17.35	448.35	471.57	23.23
<b>SCR</b>	63	514.54	19.87	534.41	474.13	60.28	3	54.50	29.43	83.93	111.46	27.53
<b>ECR</b>	55	669.21	0.00	669.21	712.00	-42.79	34	264.72	0.00	264.72	156.74	-107.98
<b>SECR</b>	44	235.81	-53.24	182.57	109.28	73.29	11	82.41	-51.39	31.02	65.34	34.32
<b>SWR</b>	51	408.58	-2.22	406.36	469.14	-62.78	22	212.66	-0.53	212.87	386.45	173.58
<b>CR</b>	27	192.22	-32.49	159.73	174.78	-15.05	7	61.69	9.70	71.39	93.18	21.79
<b>NR</b>	90	463.36	-10.00	453.36	409.74	43.61	33	164.79	-10.00	154.79	264.88	110.08
<b>NFR</b>	33	2434.22	298.68	2732.90	2737.55	-4.65	23	1284.22	58.88	1343.10	1336.43	-6.67
<b>ECOR</b>	106	265.83	-44.47	221.36	232.70	-11.34	55	199.75	-55.40	144.35	159.41	15.06
<b>Metro</b>	5	20.33	-8.24	12.08	12.08	0.00	0	0.00	0.00	0.00	0.00	0.00
<b>ER</b>	59	1179.72	0.00	1179.72	904.41	275.30	14	328.09	0.00	328.09	483.78	155.69
<b>NCR</b>	61	258.79	42.31	301.10	291.00	10.10	8	42.47	-18.61	23.86	24.26	0.40
<b>TOTAL</b>	916	9931.93	-199.80	9732.13	9401.78	330.35	310	4127.65	-169.19	3959.20	4531.43	572.24

**Appendix-3.14-Allotment of Funds and Actual Expenditure 2012-13**  
(Reference Para No. 3.6.12)

(Rupees in crore)

Railway	Surrender of funds						No variation					
	No. of works	BG 2012-13	Re-appropriation	Total Grant	Actual Exp.	Variation	No. of works	BG 2012-13	Re-appropriation	Total Grant	Actual Exp.	Variation
SR	38	479.50	-87.51	391.98	315.15	76.84	15	43.68	-33.53	10.16	10.16	0.00
WR	46	538.26	-2.18	536.08	519.03	17.05	15	38.54	-33.16	5.37	5.37	0.00
WCR	14	47.71	1.54	49.25	16.25	33.00	0	0.00	0.00	0.00	0.00	0.00
SER	20	171.25	-11.81	159.45	139.92	19.52	36	187.41	-63.41	124.00	124.00	0.00
NWR	17	192.86	19.67	212.54	209.50	3.04	16	147.27	-61.10	86.16	86.16	0.00
NER	4	5.51	-2.35	3.16	-0.21	3.37	1	5.00	-4.89	0.11	0.11	0.00
SCR	8	215.50	46.43	261.93	174.12	87.81	52	244.54	-55.99	188.55	188.55	0.00
ECR	21	404.50	0.00	404.50	555.27	-150.77	0	0.00	0.00	0.00	0.00	0.00
SECR	16	107.16	37.46	144.62	37.02	107.60	17	46.24	-39.31	6.93	6.93	0.00
SWR	26	193.01	-1.69	191.32	80.79	110.53	3	1.90	-0.01	1.89	1.89	0.00
CR	13	99.20	-18.02	81.19	74.45	6.74	7	31.32	-24.17	7.15	7.15	0.00
NR	56	298.55	0.00	298.55	144.86	153.69	1	0.01	0.00	0.01	0.01	0.00
NFR	10	1150.00	239.80	1389.80	1401.12	-11.32	0	0.00	0.00	0.00	0.00	0.00
ECOR	36	59.42	-4.44	54.99	51.27	3.72	15	6.65	15.37	22.02	22.02	0.00
Metro	5	20.33	-8.24	12.08	12.08	0.00	0	0.00	0.00	0.00	0.00	0.00
ER	45	851.63	0.00	851.63	420.63	431.00	0	0.00	0.00	0.00	0.00	0.00
NCR	24	173.41	80.88	254.29	243.79	10.50	29	42.91	-19.96	22.96	22.96	0.00
<b>TOTAL</b>	399	5007.79	289.55	5297.35	4395.03	902.32	207	795.47	-320.16	475.31	475.31	0.00

**Appendix-3.15-Comparison of Financial and Physical Progress as on 31.3.2013  
(Reference Para 3.6.12.1)**

(Rs. in crore)

Railway	Total No. of works	Physical progress not commensurate with financial progress			Variation between Physical & Financial Progress was more than 50%		
		No. of works	Estimated Cost	Expenditure	No. of works	Estimated Cost	Expenditure
SR	53	16	3216.81	1525.11	11	1224.81	1696.73
WR	32	11	1971.68	1518.94	1	34.40	55.68
WCR	15	12	1109.49	655.93	2	390.49	353.98
SER	40	13	733.70	353.09	2	121.06	72.59
NWR	35	14	2267.57	1055.54	0	0	0
NER	10	7	1549.55	1146.66	1	218.19	168.27
SCR	36	16	786597.26	470236.54	2	26355.24	25370.11
ECR	10	5	3261.76	1609.21	0	0	0
SECR	24	13	2995.41	753.90	1	2.26	2.34
SWR	38	17	2558.82	2965.33	6	726.70	1232.89
CR	26	15	1986.93	1690.8202	4	37.65	47.69
NR	45	19	2640.12	2205.09	2	273.59	514.97
NFR	34						
ECoR	34	16	2354.80	1053.25	4	231.22	199.45
Metro	4	3	21.66	12.15	0	0	0
ER	59	28	4404.49	3363.39	15	2108.01	2091.58
NCR	10	5	294.63	244.79	0	0	0
<b>TOTAL</b>	<b>505</b>	<b>210</b>	<b>817964.68</b>	<b>490389.74</b>	<b>51</b>	<b>31723.62</b>	<b>31806.28</b>

**Appendix-3.16-Maintenance of Works Register in Form E.1473  
(Reference Para 3.6.12.2)**

(Rupees in thousand)

Railway	No. of works where details available						No. of works where details not available		
	Estimated cost		Budget Allotment		Value of Materials at Site		Estimated cost	Budget Allotment	Value of Materials at Site
	No.	Amt.	No.	Amt.	No.	Amt.	No.	No.	No.
SR	0	0	0	0	0	0	10	10	10
WR	10	24191147	2	10500	2	141560	0	8	8
WCR	5	4715169	0	0	0	0	5	10	10
SER	10	18366458	10	1048294	0	0	0	0	10
NWR	0	0	0	0	0	0	10	10	10
NER	10	34268600	10	2339758	0	0	0	0	10
SCR	0	0	0	0	0	0	10	10	10
ECR	0	0	0	0	0	0	10	10	10
SECR	10	Not furnished	10	Not furnished	0	0	0	0	10
SWR	10	30015527	0	0	3	114904	0	10	7
CR	10	32838067	7	248300	0	0	0	3	10
NR	0	0	0	0	0	0	10	10	10
NFR	3	Not furnished	6	Not furnished	0	0	7	4	10
ECoR	10	20402760	0	0	0	0	0	10	10
Metro	4	244066	4	185660	0	0	0	0	4
ER	0	0	0	0	0	0	10	10	10
NCR	10	Not furnished	0	0	0	0	0	10	10
TOTAL	92	165041794	49	3832512	5	256464	72	115	159

**Appendix-3.17-Incurrence of expenditure in excess of sanctioned estimate  
(Reference Para 3.6.12.3)**

Railway	Want of estimate		Excess over estimate		Oldest item	Period												(Rs. in thousands) Period not indicated	
	No	Amount	No. of works	Amount		< 1 years		1 to 5 years		5 to 10 years		10 to 15 years		15 to 20 years		> 20 years		No.	Amt.
						No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.		
SR	40	342376.51	144	12192113.92	1984-85	0	0	66	5330884	23	1001784.75	37	3080018.93	20	722311.94	16	644347.55	22	1755143.57
WR	0	0	70	3486834	1994-95	8	30555	34	2462951	17	526534	7	327508	4	139286	0	0	0	0
WCR	0	0	7	703604.67	1981-82	0	0	0	0	0	0	0	0	0	0	7	703604.67	0	0
SER	0	0	35	223453	1982-83	0	0	0	0	0	0	7	50759	20	145002	8	27692	0	0
NWR	0	0	5	148784	1993-94	0	0	0	0	1	58890	0	0	4	89894	0	0	0	0
NER	0	0	18	301543	Not indicated													18	301543
SCR	0	0	13	9455049	2004-05	1	494630	9	6868266	3	2092153	0	0	0	0	0	0	0	0
SECR	0	0	3	151269	1995-96	0	0	0	0	0	0	2	130943	1	20326	0	0	0	0
SWR	8	4021	54	9461511	1979-80	9	302987	33	7841800	8	1109166	2	81874	5	8871	5	120834	0	0
CR	0	0	114	4706104.98	Oct-88	9	201343.76	63	3530656.02	18	203844.05	13	308142.03	6	255311.19	3	149084.69	2	57723.241
NR	1	6318	6	3371299	Aug-09	1	6318	6	3371299	0	0	0	0	0	0	0	0	0	0
NFR	10	48.58	1	300.27	Not indicated													11	348.85
ECoR	1	90760	43	3431967	1990-91	1	2849	8	157167	22	2753533	3	131561	6	239474	4	238143	0	0
Metro	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ER	0	0	37	1758285	Jul-89	0	0	13	1355635	2	279217	13	39583	5	70130	4	13720	0	0
NCR	0	0	5	183128	Not indicated													5	183128
TOTAL	60	443524.09	555	49575245.84		29	1038682.758	232	30918658.02	94	8025121.8	84	4150388.96	71	1690606.1	47	1897425.9	58	2297886.661