



सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
for the year ended March 2016



Union Government (Railways)
Railways Finances
No. 37 of 2016

Comptroller and Auditor General of India

for the year ended March 2016

Laid in Lok Sabha/Rajya Sabha on _____

Union Government (Railways)
Railways Finances
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PREFACE

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

Chapters 1 and 2 of the Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of Indian Railways for the year ended 31 March 2016.

Chapter 3 of the Report contains the nature and trend of persistent misclassification in the Accounts of Indian Railways, the reasons for their recurrence, follow up action taken to rectify the misclassifications and mistakes in Accounts and the impact of non-rectification of these errors on financial statements.

EXECUTIVE SUMMARY

Background

Indian Railways (IR) is a departmental commercial undertaking of the Government of India. It consists of 66,687 route kms* on which 23,024 trains ply, carrying about 22.5 million passengers and hauling nearly 3.03 million tonne of freight every day. Policy formulation and overall control of the Railways are vested in Railway Board (RB) comprising of the Chairman, Financial Commissioner and other functional Members. The IR system is managed through 17 zones having 68 operating divisions. Apart from the zonal railways representing the operational part of the system, there are eight production units engaged in manufacturing of rolling stock and other related items.

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

Summary of Conclusions

Report of the Comptroller and Auditor General of India-Union Government (Railways) for the year ended 31 March 2015 (Report No. 53 of 2015) highlighted that during 2014-15, total revenue receipts, increased by 12.43 *per cent* which was below the Compound Annual Growth Rate (CAGR) of 13.99 *per cent* during the period 2010-14. The growth of freight earnings and passenger earnings were 12.66 *per cent* and 15.49 *per cent* respectively against the CAGR of 14.32 *per cent* and 12.30 *per cent* achieved during 2010-14. Net surplus after meeting dividend liability was ₹ 7,664.94 crore in 2014-15. The Operating Ratio improved to 91.25 *per cent* in 2014-15 from 93.60 *per cent* in 2013-14.

During 2015-16, total revenue receipts increased by 4.57 *per cent* which was significantly below CAGR of 14.86 *per cent* during the period 2011-15. The growth of freight earnings was 3.23 *per cent* in 2015-16 which was below the CAGR of 15.01 *per cent* registered during 2011-15. The growth of passenger earnings was 4.96 *per cent* in 2015-16 which was also below the CAGR of 14.31 *per cent* registered during 2011-15.

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

The Operating Ratio improved to 90.49 *per cent* in 2015-16 from 91.25 *per cent* in 2014-15. Net surplus after meeting dividend liability stood at ₹ 10,505.97 crore in 2015-16 as against ₹ 7,664.94 crore in 2014-15.

Railway funds closed at ₹ 10,806.68 crore at the end of 2015-16 against the fund balance of ₹ 6,872.73 crore in 2014-15. The improvement in fund balances was mainly due to not making payment of capital component of lease charges to Indian Railway Finance Corporation (IRFC) amounting to ₹ 12,629.49 crore during the period 2011-12 to 2013-14 from Capital Fund. However, IR started payment of capital component of lease charges to IRFC from Capital Fund from 2014-15 and made a payment of ₹ 5,449.24 crore in 2014-15 and ₹ 6,324.74 crore in 2015-16. Capital Fund closed at ₹ 907.43 crore at the end of 2015-16. Depreciation Reserve Fund (DRF) and Pension Fund closed with balances of ₹ 32.78 crore and ₹ 5,657.30 crore respectively in 2015-16. Further, the contribution to the DRF was not made as per requirement despite there being a huge backlog of over aged assets amounting to ₹ 41,274.49 crore in the railway system required to be replaced for safe running of trains.

IR was unable to meet its operational cost of passenger and other coaching services. During 2014-15, there was a loss of ₹ 33,821.70 crore on passenger and other coaching services. The freight services earned a profit of ₹ 38,312.59 crore which indicated that 88.28 *per cent* of the profit from freight traffic was utilized to compensate the loss on operation of passenger and other coaching services. The above issues have regularly been highlighted in the preceding Reports of Comptroller and Auditor General of India-Union Government (Railways)-Railways Finances.

IR incurred ₹ 75.87 crore more than the authorization given by the Parliament in one revenue grant and five revenue appropriations despite obtaining supplementary provisions in all five revenue appropriations. In 13 revenue grants and two segments of capital grant, there were savings of more than ₹ 100 crore.

The Public Accounts Committee in its various reports has expressed serious concern over large number of misclassification occurring in the Accounts of Railways and despite repeated assurances given by the Ministry of Railways in their Action Taken Notes that necessary remedial measures have been taken to ensure that misclassification is curbed, numerous instances of misclassification are still being noticed by Audit.

During 2010-11 to 2014-15, 560 cases of misclassifications and mistakes in accounts worth ₹ 3,548.95 crore pointed out by Audit which were accepted and included in Printed Detailed Appropriation Accounts - Part II as 'Annexure J' by Ministry of Railways. Out of these 560 cases, 426 cases amounting to ₹ 3,031.36 crore pertained to six Zonal Railways.

In 12 Zonal Railways, CLW and CORE (Allahabad) 193 cases involving ₹ 337.75 crore due to misclassification and incorrect exhibition of expenditure under various Revenue Grants and Capital Grant which could have been avoided by Railway Administration after proper scrutiny of initial documents were noticed.

In 11 Zonal Railways, 66 cases of irregular adjustments involving money value of ₹ 1,431.05 crore were pointed out by audit and accepted by Railways.

It is observed that errors which could have been detected by the Accounts Department through internal check and rectified before closure of Final Accounts for the financial year remained un-noticed.

Recommendations

Recommendations on various aspects of Railways Finances are given below:

- *Ministry of Railways needs to revisit the passenger and other coaching tariffs so as to recover the cost of operations in a phased manner and reduce its losses in its core activities. Operational losses on running of sub-urban train services and on account of facility of free/concessional/Complimentary passes to various classes of passengers need to be curtailed.*
- *Railways need to improve staff productivity which has been deteriorating over the years.*
- *Operating Ratio of Eastern, Northern, North Eastern, Northeast Frontier, Southern Railways and Metro Railway Kolkata has been more than 100 per cent during the last five years. There is urgent need to analyse the reasons for their operational/financial inefficiency and remedial measures need to be taken.*
- *IR has tied up funding assistance from LIC of India {Extra Budgetary Resources– Institutional Finance (EBR-IF)}. It is important that funds so received are used judiciously and are not allowed to remain idle and incur interest liability.*
- *Non-availability of sufficient funds in Depreciation Reserve Fund to replace the over aged assets is indicative of weak financial health of Indian Railways. Ministry of Railways should explore suitable means to improve its fund balances.*
- *Ministry of Railways should impress upon the budget controlling authorities for regular monitoring of the flow of expenditure and budget allotment and take prompt action for seeking additional funds/surrender of funds allotted.*
- *Ministry of Railways may adopt effective measures for integrating the field accounting units with the Railway Board Accounts in a common*

format through IT Modules (IPAS) as the same has not been fully implemented.

- *The unsanctioned expenditure should be controlled; administration should ensure all unsanctioned expenditure is regularised on priority.*
- *Effective co-ordination between Executive Departments and Accounts to detect and rectify the mistakes before the end of financial year and to take effective measures so as to keep stringent check on misclassifications in accounting needs to be established.*
- *Internal Audit should identify the thrust areas where misclassifications are committed and fine tune the internal control mechanism suitably.*
- *Compendium of common/likely mistakes should be prepared and circulated for guidance of staff. A checklist for guidance of staff in view of audit observations should be prepared so that mistakes are not committed year after year.*

Chapter 1 State of Finances

This chapter provides a broad perspective on the finances of the Indian Railways (IR) during 2015-16 and analyses critical changes in the major financial indicators with reference to the previous year as well as the overall trend. The base data for this analysis is the Finance Accounts of the IR, which is a document that is compiled annually for incorporation in the Union Government Finance Accounts. In addition, data from authentic government reports¹ have also been used to analyse performance of IR during 2015-16.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 below presents the summary of IR's fiscal transactions during 2014-15 and 2015-16.

Table 1.1 Summary of Receipts and Expenditure of IR

(₹ in crore)

Sl. No.	Details	Actual 2014-15	Budget Estimates 2015-16	Revised Estimates 2015-16	Actual 2015-16
1	Passenger Earnings	42,189.61 (15.49)	50,175.00	45,376.15	44,283.26 (4.96)
2	Freight Earnings	1,05,791.34 (12.66)	1,21,423.00	1,11,852.72	1,09,207.66 (3.23)
3	Other Coaching Earnings ²	3,997.89 (8.67)	4,612.00	4,325.49	4,371.48 (9.34)
4	Sundry Earnings ³	5,092.74 (-10.99)	7,318.00	6,229.64	5,928.55 (16.41)
5	Suspense	-361.04	50.00	50.00	542.56
6	Gross Traffic Receipts ⁴ (Item No.1 to 5)	1,56,710.54 (12.29)	1,83,578.00	1,67,834.00	1,64,333.51 (4.86)
7	Net Ordinary Working Expenditure ⁵	1,05,995.88 (8.63)	1,19,410.00	1,10,690.00	1,07,735.93 (1.64)
8	Appropriation to				
	Depreciation Reserve Fund	7,775.00 (-1.58)	7,900.00	5,500.00	5,600.00 (-27.97)
	Pension Fund	29,225.00 (17.61)	34,900.00	34,500.00	34,500.00 (18.05)
9	Total Working Expenditure ⁶ (Item No.7 and Item No. 8)	1,42,995.88 (9.73)	1,62,210.00	1,50,690.00	1,47,835.93 (3.38)
10	Net Traffic Receipts (Item No.6 – Item No. 9)	13,714.66 (48.47)	21,368.00	17,144.00	16,497.58 (20.29)
11	Miscellaneous Receipts ⁷	4,306.72 (17.81)	4,978.70	3,970.97	4,046.09 (-6.05)
12	Miscellaneous Expenditure ⁸	1,182.89 (3.39)	1,270.25	1,217.13	1,315.20 (11.19)

¹ Budget documents, Annual Statistical Statements of Indian Railways.

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

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

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

⁵ Operating expenses of IR.

⁶ Operating expenses and appropriation to Depreciation Reserve Fund and Pension Fund

⁷ Miscellaneous Receipts comprise of subsidy from Government of India (GoI) towards dividend relief and other concession, receipts by Railway Recruitment Board etc.

⁸ Miscellaneous Expenditure comprised of expenditure on Railway Board, Surveys, Research, Designs and Standards Organization, Other Miscellaneous Establishments of IR, Statutory Audit etc.

13	Net Miscellaneous Receipt (Item No. 11 – Item No. 12)	3,123.83 (24.37)	3,708.45	2,753.84	2,730.90 (-12.58)
14	Net Revenue (Item No.10 and Item No.13)	16,838.49 (43.32)	25,076.45	19,897.84	19,228.48 (14.19)
15	Dividend Payable to General Revenues	9,173.55 (14.55)	10,810.74	8,495.44	8,722.51 (-4.92)
16	Net Surplus (Item No. 14 – Item No.15)	7,664.94 (104.92)	14,265.71	11,402.40	10,505.97 (37.07)
17	Surplus available for appropriation to				
	Development Fund	1,374.94 (-55.29)	5,750.00	1,323.71	1,219.74 (-11.29)
	Capital Fund	6,233.36 (1,146.67)	7,615.71	6,293.00	5,798.24 (-6.98)
	Debt Service Fund	56.64 (-65.75)	900.00	3,785.69	3,487.98 (6,057.73)

Source: Explanatory Memorandum on Railway Budgets for 2015-16 and 2016-17 and Accounts for 2015-16

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 year, IR could not achieve the projected performance in passenger earnings, freight earnings, other coaching earnings and sundry earnings. Anticipated Gross Traffic Receipts (GTR) of 2015-16 was not achieved and overall shortfall of 10.48 *per cent* (₹ 19,244.49 crore) was recorded as compared to the Budget Estimates. There was shortfall in appropriation to Depreciation Reserve Fund (DRF) and Pension Fund by around 29.11 *per cent* (₹ 2,300 crore) and 1.15 *per cent* (₹ 400 crore) respectively when compared to Budget Estimates. The resultant net revenue was below the budget projections by 23.32 *per cent* (₹ 5,847.97 crore) mainly due to shortfall in Net Traffic Receipts by 22.79 *per cent* (₹ 4,870.42 crore) and Net Miscellaneous Receipts by 18.73 *per cent* (₹ 932.61 crore) respectively.

1.3 Fiscal Transactions in 2015-16-An overview

1.3.1 Gross Traffic Receipts (GTR)

GTR increased by 4.86 *per cent* during 2015-16 vis-à-vis 2014-15 as compared to 12.29 *per cent* growth achieved during 2014-15. This was mainly due to decrease in growth rate of passenger earnings and freight earnings. The growth rate of other coaching earnings (9.34 *per cent*) and sundry earnings (16.41 *per cent*) was, however, higher in comparison to previous year.

1.3.2 Net Ordinary Working Expenditure (OWE)

Net OWE increased by 1.64 *per cent* in current year as compared to growth rate of 8.63 *per cent* recorded during 2014-15.

1.3.3 Miscellaneous Receipts and Miscellaneous Expenditure

In the current year, Miscellaneous Receipts decreased by 6.05 *per cent* against the growth rate of 17.81 *per cent* recorded in 2014-15. Miscellaneous Expenditure increased by 11.19 *per cent* as compared to 3.39 *per cent* growth recorded in 2014-15. As a result, the Net Miscellaneous Receipts recorded a negative growth rate of 12.58 *per cent* in 2015-16.

1.3.4 Net Revenue

Net revenue in the current fiscal year increased by 14.19 *per cent* as compared to the previous year.

1.3.5 Dividend Payment

Dividend payable to the Government of India (GoI) is based on the Capital-at-charge⁹ advanced through general budgetary support. The rate of dividend for 2015-16 was fixed at four *per cent* by the Railway Convention Committee (RCC) 2014. Payment of dividend to general revenues in the current year decreased by 4.92 *per cent* over the previous year. IR paid dividend of ₹ 8,722.51 crore in 2015-16.

1.3.6 Net Surplus available for appropriation

Generation of Net surplus after meeting all revenue liabilities including payment of dividend increased by 37.07 *per cent* in current year. Net Surplus increased to ₹ 10,505.97 crore in 2015-16 as compared to ₹ 7,664.94 crore in 2014-15. Net Surplus was, however, lower than the Budget Estimates (₹ 14,265.71 crore) by 26.36 *per cent*. The shortfall in the Net Surplus as envisaged in the Budget Estimate was due to shortfall in Net Traffic Receipt (excess of GTR over TWE) by 22.79 *per cent* (₹ 4,870.42 crore), shortfall in Net Miscellaneous Receipts (excess of Miscellaneous Receipts over Miscellaneous Expenditure) by 26.36 *per cent* (₹ 977.55 crore) and less payment of Dividend to General Revenues by 19.32 *per cent* (₹ 2,088.23 crore) against the Budget Estimates.

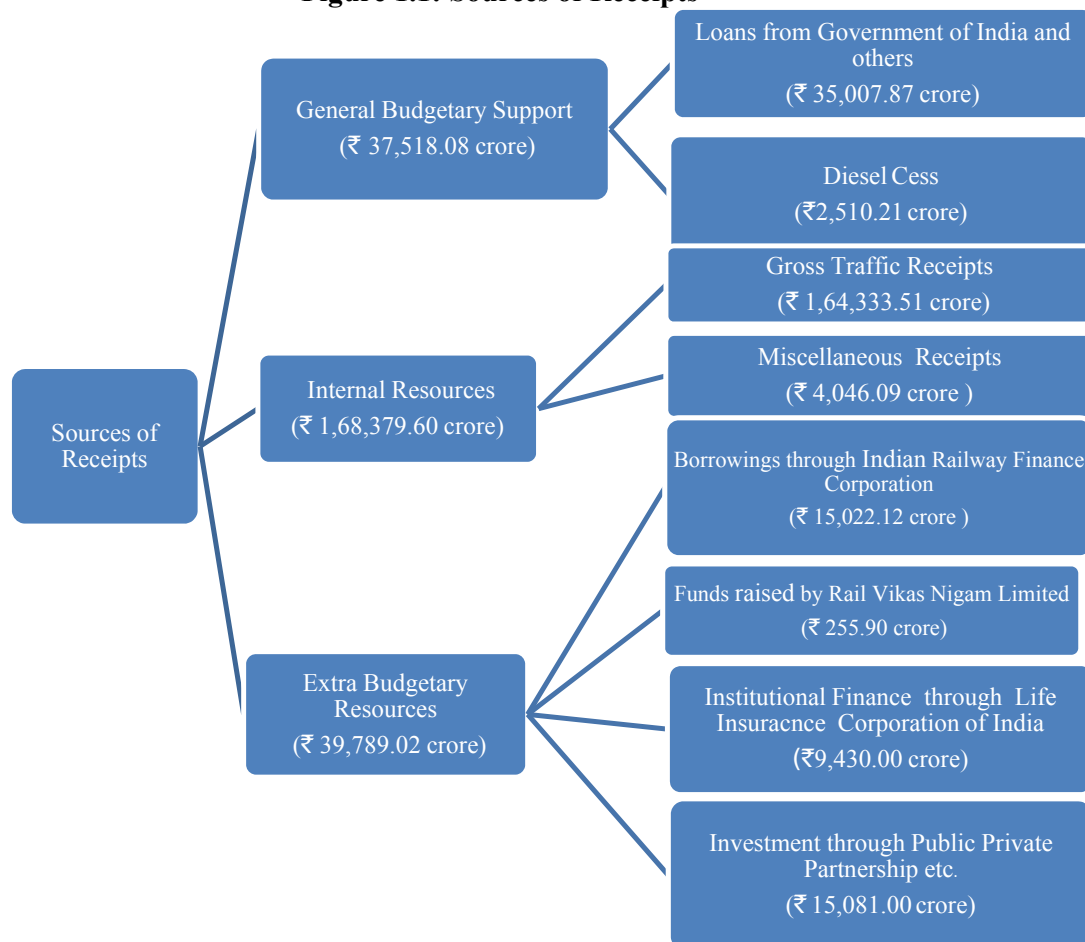
The Net Surplus of ₹ 1,219.74 crore, ₹ 5,798.24 crore and ₹ 3,487.98 crore was appropriated to Development Fund, Capital Fund and Debt Service Fund respectively in the current year.

⁹Capital -at-charge during the last five years – 2011-12 (₹ 1,22,772.04 crore), 2012-13 (₹ 1,44,812.15 crore), 2013-14 (₹ 1,70,168.35 crore), 2014-15 (₹ 1,97,991.76 crore), 2015-16 (₹ 2,24,685.33 crore)

1.4 Resources of IR

The main sources of receipts of IR were as follows:

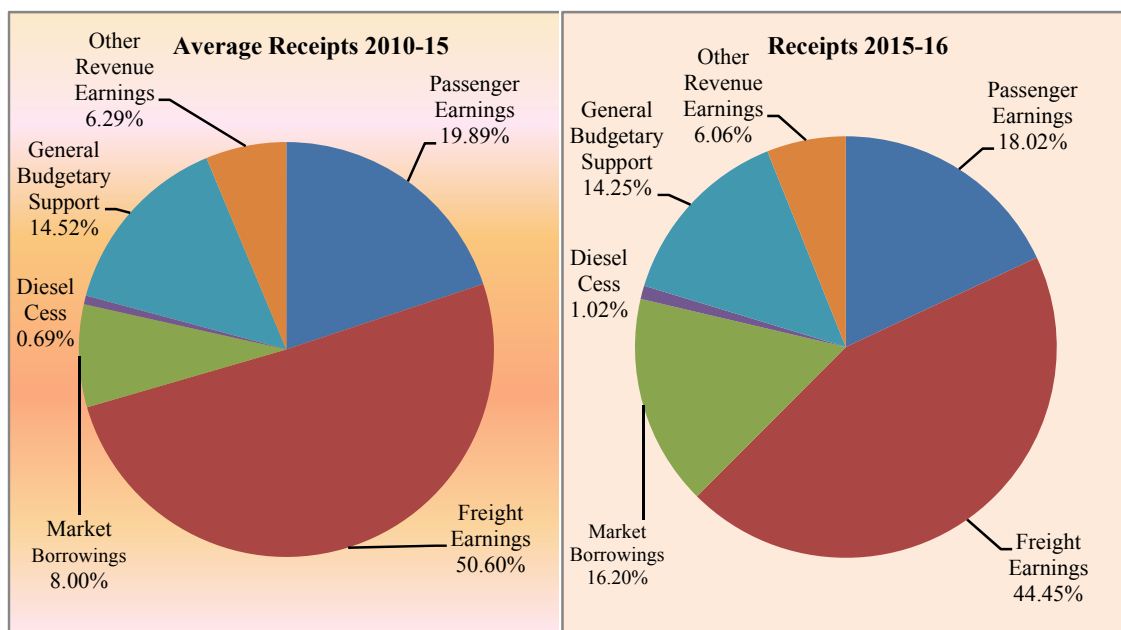
Figure 1.1: Sources of Receipts



The Total Revenue Receipts (GTR and Miscellaneous Receipts) from internal resources increased by 4.57 *per cent* during 2015-16 (Refer Figure 1.3) against the Compound Annual Growth Rate (CAGR)¹⁰ of 14.86 *per cent* during 2011-15. The General Budgetary Support (GBS)¹¹ increased by 16.22 *percent* during 2015-16 against CAGR of 14.60 *per cent* during 2011-15, while Extra Budgetary Resources (EBR) increased by 260.27 *per cent* during 2015-16 against the negative CAGR of 9.28 *per cent* during 2011-15.

¹⁰Rate of growth over a period of years taking into account the effect of annual compounding.

¹¹General Budgetary Support (GBS) represents amount advanced by the GoI to Ministry of Railways (MoR) to finance capital expenditure.

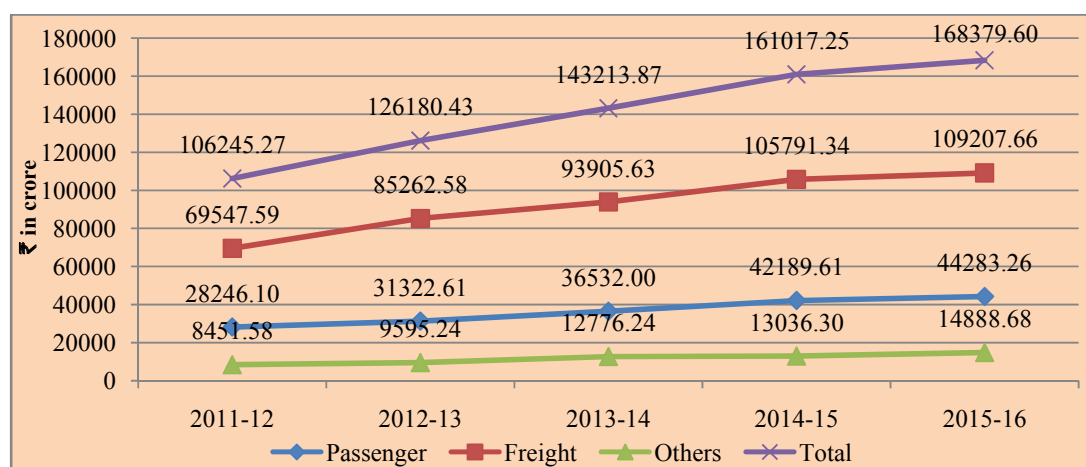
Figure 1.2: Relative Share of various Resources of IR

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

Diagram at 1.2 shows that the largest resource earnings of IR was from freight sector, followed by passenger earnings. These two factors continued to be the largest sources of IR receipts for the current year also. The share of market borrowings and diesel cess increased whereas share of freight earnings, passenger earnings, GBS and other revenue earnings decreased in the current year as compared to average figures of receipts during 2010-15.

1.4.1 Revenue Receipts

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

Figure 1.3: Revenue Receipts during 2011-12 to 2015-16

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

Total Revenue Receipts increased at a CAGR of 14.86 *per cent* during 2011-15, however, the increase in the Total Revenue Receipts during year 2015-16 was 4.57 *per cent*. The annual inflation of all commodities on an average during 2015-16 was 7.56 *per cent*¹², which implies that there was a decrease in total revenue receipts by 2.99 *per cent* during 2015-16 (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 2016 are shown in the Figure 1.4.

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

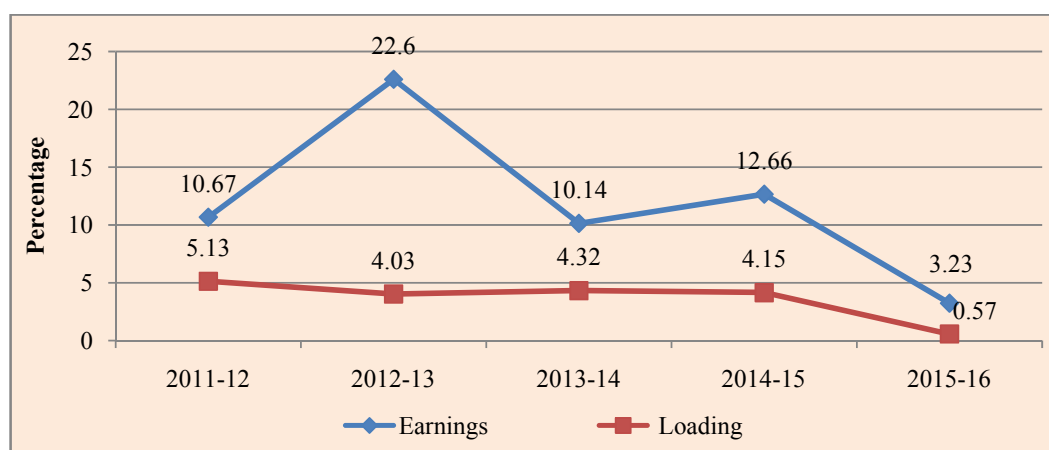


Figure 1.4 indicates a decrease in the annual growth of freight loading in the current year. The annual incremental increase in loading (in absolute terms) dropped from 47.32 Million Tonne (2011-12) to 6.25 Million Tonne (2015-16) during the last five years. Increase in freight loading by 0.57 *per cent* during 2015-16 was less than the CAGR of 4.17 *per cent* achieved during 2011-15. The growth in freight earnings has decreased to 3.23 *per cent* as compared to previous years' growth of 12.66 *per cent*. The growth rate of Net Tonne Kilometre (NTKM) was negative (i.e.-3.99 *per cent*) in current year (Table No.1.2).

In 2015-16, freight earnings increased by 3.23 *per cent* over the previous year against the CAGR of 15.01 *per cent* achieved during 2011-15. The status of freight services statistics are given in the Table No. 1.2:

¹²Source-Economic Survey, Ministry of Commerce and Industry

Table 1.2 Freight Services Statistics

Year	Loading (Million Tonne)	NTKM ¹³ (in million) (Revenue Freight Traffic only)	Earnings (₹ in crore)	Average lead (in kilometre)	Rate per tonne per km (in paise)
2011-12	969.05 (5.13)	667607 (6.69)	69,547.59 (10.67)	689	104.17 (3.72)
2012-13	1008.09 (4.03)	649645 (-2.69)	85,262.58 (22.60)	644	131.24 (25.99)
2013-14	1051.64 (4.32)	665810 (2.49)	93,905.63 (10.14)	633	141.04 (7.46)
2014-15	1095.26 (4.15)	681696 (2.39)	1,05,791.34 (12.66)	622	155.19 (10.03)
2015-16	1101.51 (0.57)	654481 (-3.99)	109207.66 (3.23)	594	166.86 (7.52)

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

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

(ii) Figures of NTKM, Average Lead and Rate per tonne per km for 2014-15 are revised figures and based on actual.

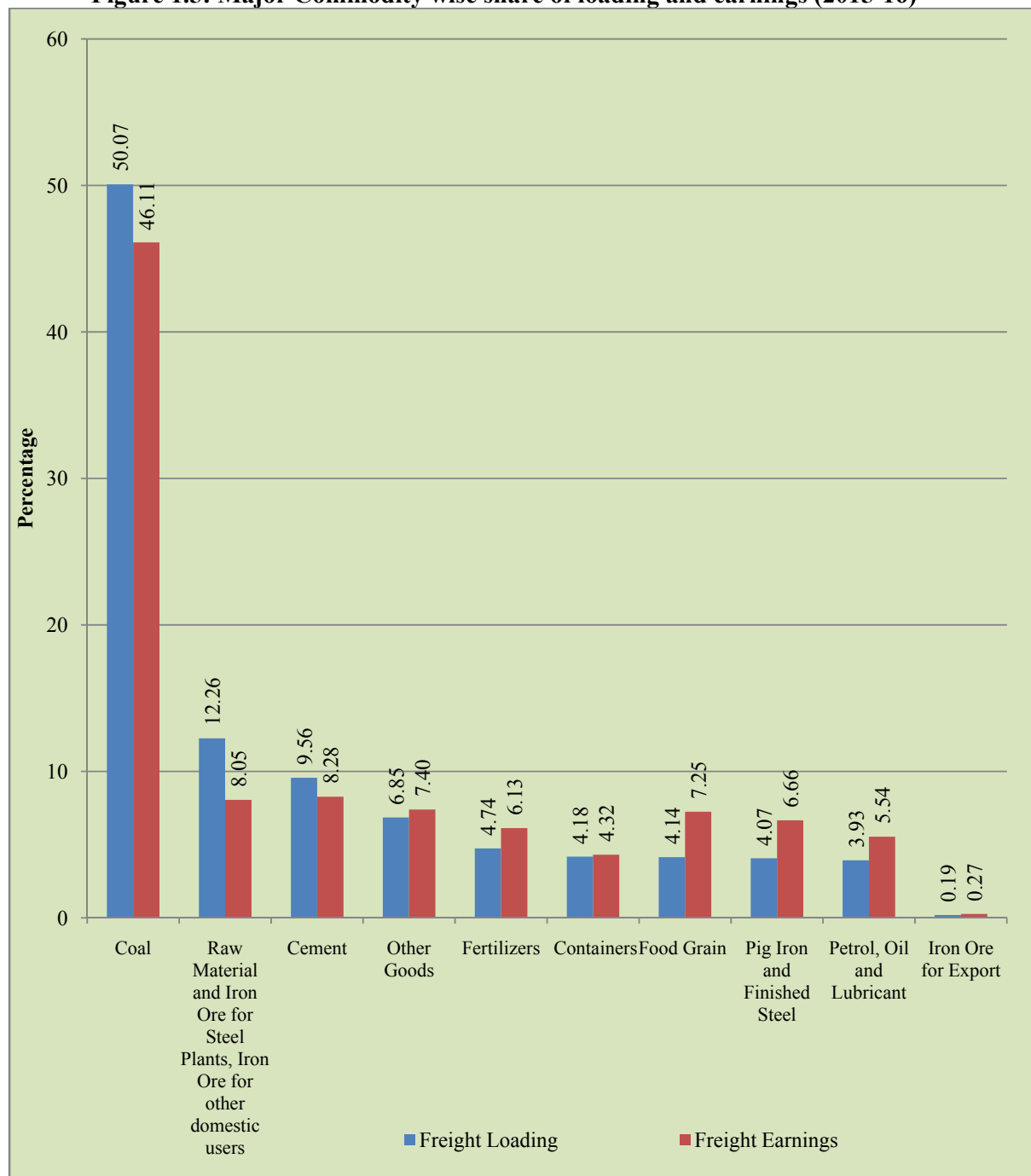
(iii) Figures of 2015-16 (except Earnings) are provisional.

During 2015-16, it was seen that the annual growth rate of freight loading increased at the rate of 0.57 per cent. However, annual growth rate of NTKM was negative (i.e.-3.99 per cent). The growth rate of Rate per tonne per kilometer over the previous year was 7.52 per cent against the growth rate of 10.03 per cent achieved in 2014-15. The growth rate of freight earnings during the current year was 3.23 per cent which was lower than the growth rate of 12.66 per cent recorded in 2014-15. Due to lower growth rate of loading and negative growth rate of NTKM, the average lead (average haul of a tonne of freight) declined from 622 km in 2014-15 to 594 km in 2015-16.

During 2015-16, freight loading was 1,101.51 Million Tonnes (MT) against the projected loading of 1,186.25 MT in the Budget Estimate. Thus, the freight loading was short by 7.14 per cent over the Budget Estimate (2015-16). The major shortfall in the freight loading was in the commodities: Coal (33.48 MT-5.72 per cent of Budget Estimate), Food grain (16.37 MT-26.40 per cent of Budget Estimate), Cement (15.15 MT-12.57 per cent of Budget Estimate) and Iron Ore (8.06 MT-6.45 per cent of Budget Estimate).

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

¹³NTKM-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.

Figure 1.5: Major Commodity wise share of loading and earnings (2015-16)

Note-Figures of Loading and Earnings (commodity wise) for 2015-16 are provisional.

Coal, being a captive commodity, was the major component both in loading and earnings for IR. The above major commodities (excluding Other Goods) contributed 92.6 per cent of the total freight earnings of IR. Iron ore for export constituted 0.19 per cent of the total loading and earned 0.27 per cent of the total freight earnings.

1.4.1.2 Passenger Earnings

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

Table 1.3 Passenger Services Statistics

Year	No. of Passenger (in millions)	Passenger Kilometre (in millions)	Earnings (₹ in crore)	Average lead (in kilometre)	Average earnings per passenger per kilometre (in paise)
2011-12	8224.38 (7.49)	1046522 (6.95)	28,246.10 (9.51)	127.25	26.99 (2.40)
2012-13	8420.71 (2.39)	1098103 (4.93)	31,322.68 (10.89)	130.41	28.52 (5.68)
2013-14	8397.06 (-0.28)	1140412 (3.85)	36,532.00 (16.63)	135.81	32.03 (12.30)
2014-15	8224.12 (-2.06)	1147190 (0.59)	42,189.61 (15.49)	139.49	36.78 (14.80)
2015-16	8107.33 (-1.42)	1148818 (0.14)	44283.26 (4.96)	141.70	38.55 (4.81)

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

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

(ii) Figures for 2013-14(except No. of Passengers and Earnings) are revised figures.

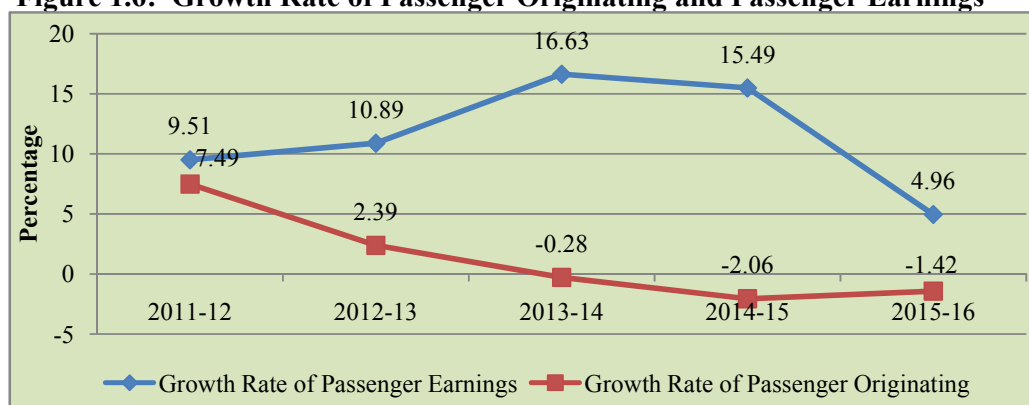
(iii) Figures for 2015-16(except Earnings) are provisional.

During 2015-16, it was seen that the annual growth rate of passenger originating was negative. The negative trend in passenger originating has been continuing since 2013-14. During 2015-16, passenger originating was 8,107.33 Millions against the projected passenger originating of 8,601 Millions in the Budget Estimate. Thus, no. of passengers was short by 5.74 per cent over the Budget Estimate (2015-16). The shortfall in passenger originating in suburban category was 4.48 per cent and 7.23 per cent in non suburban category.

It was seen that average earnings per passenger per kilometer increased from 36.78 paise in 2014-15 to 38.55 paise in 2015-16, which was mainly due to increase in passenger tariffs. However, the growth rate of average earnings per passenger per kilometer was lower than previous year's growth rate. Though, the passenger tariffs have been revised upwardly in the recent past, still IR is incurring losses¹⁴ every year on passenger and other coaching services.

The growth in earnings from Passenger traffic and in Passengers Originating during the last five years (2011-12 to 2015-16) is shown in Figure 1.6.

Figure 1.6: Growth Rate of Passenger Originating and Passenger Earnings



¹⁴ 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 2015-16 over the previous year was 4.96 *per cent* which was significantly below the CAGR of 14.31 *per cent* for the period 2011-15. The growth in passengers originating in 2015-16 over the previous year was negative (-1.42 *per cent*).

1.4.1.3 Sundry Earnings and Other Coaching Earnings

Sundries and other coaching earnings constituted 6.27 *per cent* of the GTR in the current year. It increased by 13.30 *per cent* in 2015-16 against the negative growth rate of 3.29 *per cent* recorded in 2014-15. Analysis in audit revealed that earnings from catering departments, license fee from book stalls, interest and maintenance charges of sidings etc. decreased whereas earnings from rent/leasing of land and advertisements increased in the current year as compared to the previous year.

1.5 Unrealized Earnings¹⁵

Against the target for recovery of ₹ 50 crore during 2015-16 under unrealized earnings, IR realized ₹ 542.56 crore from unrealized earnings. The out standings under unrealized earnings reduced from ₹ 2,210.02 crore in 2014-15 to ₹ 1,665.42 crore at the end of financial year 2015-16. A sum of ₹ 1,429.30 crore and ₹ 236.12 crore was outstanding under Traffic Suspense and Demand Recoverable respectively. The major portion of outstanding under Traffic Suspense was on account of un-recovered freight and other charges from Power Houses and State Electricity Boards (SEBs) amounting to ₹ 726.57 crore which constituted 50.83 *per cent* of the total Traffic Suspense, yet to be recovered. Major defaulters are shown in the Table 1.4.

Table 1.4-Outstanding dues against State Electricity Board
(₹ in crore)

Sl. No.	State Electricity Board/Power House	Outstanding dues as of 31 March 2015	Outstanding dues as of 31 March 2016	Increase (+)/decrease (-) during the year
1.	Punjab State Electricity Board (PSEB)	447.08	447.00	(-) 0.08
2.	Delhi Vidyut Board (DVB)	114.28	114.28	-
3.	Rajasthan State Electricity Board (RSEB)	39.44	39.79	(+) 0.35
4.	Maharashtra State Electricity Board (MSEB)	90.14	59.67	(-) 30.47
5.	Uttar Pradesh State Electricity Board (UPSEB)	24.54	32.61	(+) 8.07
6.	West Bengal State Electricity Board (WBSEB)	15.08	19.29	(+) 4.21

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

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

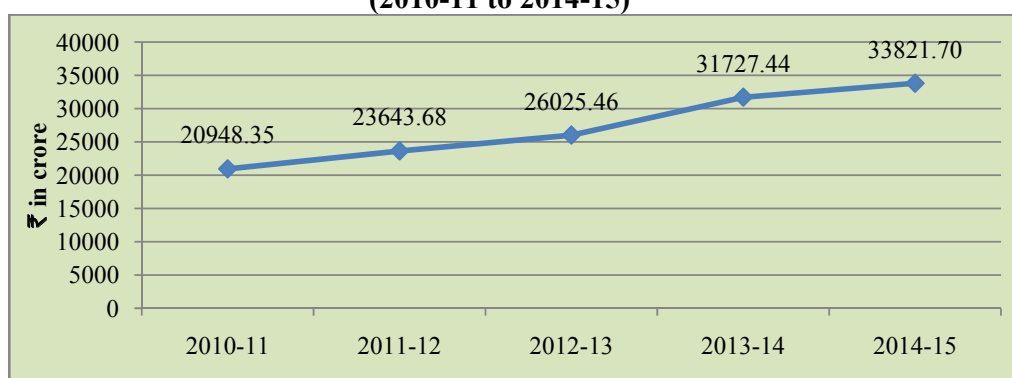
¹⁵Unrealized earnings on account of movement of traffic was classified as 'Traffic Suspense' whereas on account of rent/lease of building/land and maintenance charges of sidings etc as 'Demand Recoverable'.

1.6 Cross-Subsidization

1.6.1 Subsidy towards Passenger and other Coaching Services

IR was unable to meet its operational cost of passenger services and other coaching services. The Summary of End Results-Freight Services Unit Costs and Coaching Services Profitability/Unit Costs for the year 2014-15 published by the IR indicates that there was cross subsidization from freight earnings to passenger and other coaching earnings. Loss incurred by passenger and other coaching services increased from ₹ 20,948.35 crore in 2010-11 to ₹ 33,821.70 crore in 2014-15¹⁶. The losses on passenger and other coaching services during the 2010-11 to 2014-15 are shown in the Figure 1.7(a).

Figure 1.7 (a): Losses on Passenger and other Coaching Services (2010-11 to 2014-15)



Thus, due to increase in the loss on passenger and other coaching services from ₹ 31,727.44 crore in 2013-14 to ₹ 33,821.70 crore in 2014-15, the cross subsidy from freight earnings towards passenger and other coaching services has increased in 2014-15 as compared to previous year. The gap in percentage of expenditure on passengers and other coaching services left unrecovered during the period of five years as of 31 March 2015 are shown in Figure 1.7(b).

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

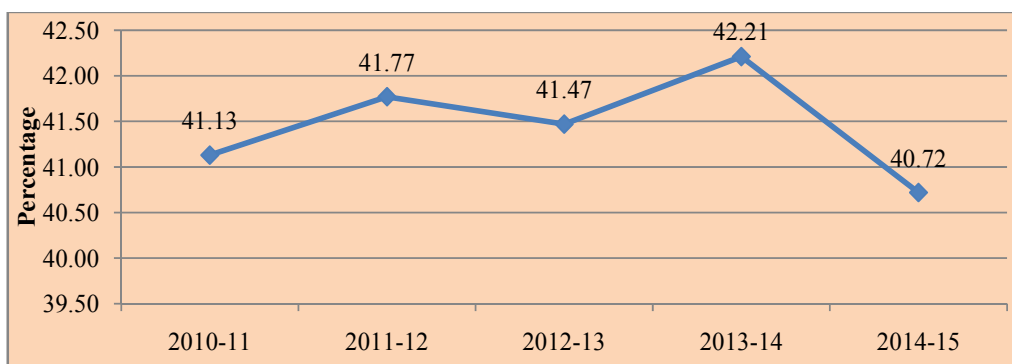
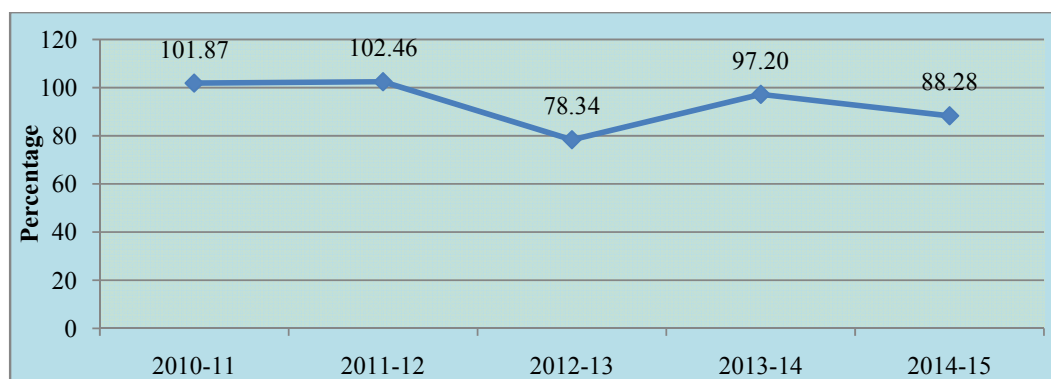


Figure 1.8 shows the percentage of profit on freight services, utilized to make up the loss on passenger and other coaching services.

¹⁶ Summary of End Results-Coaching Services-Profitability/Unit Costs for 2015-16 not compiled (September 2016).

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



It would be seen that the 88.28 *per cent* profit from freight traffic during 2014-15 (profit from freight traffic in 2014-15: ₹ 38,312.59 crore) was utilized to compensate the loss of ₹ 33,821.70 crore on operation of passenger and other coaching services of IR. IR has been able to retain only 11.72 *per cent* of the profit on freight earnings after subsidizing the loss on passenger services in 2014-15 as compared to 2.80 *per cent* in the previous year showing an improvement in the operational profit.

1.6.2 Operational losses of various Classes of Passenger Services

Table 1.5 gives the operational losses of various classes of passenger services during 2010-11 to 2014-15:

Table 1.5 Operational losses of various Classes of Passenger Services

(₹ in crore)

Class of Passenger services	2010-11	2011-12	2012-13	2013-14	2014-15
AC-Ist class	(-)46.61 (11.60)	(-)38.78 (8.12)	(-)40.86 (7.48)	(-)47.39 (7.54)	(-) 127.49 (17.68)
Ist class	16.47 (14.53)	(-)39.13 (32.14)	(-)61.36 (61.26)	(-)92.06 (75.82)	(-) 69.50 (74.71)
AC 2 Tier	(-)407.93 (18.80)	(-)438.83 (17.76)	(-)348.09 (12.53)	(-)497.28 (15.26)	(-) 495.59 (13.32)
AC 3 Tier	266.31 (7.53)	499.33 (12.19)	494.99 (10.29)	410.67 (6.84)	881.52 (12.57)
AC Chair car	33.62 (5.39)	(-)13.29 (1.65)	(-)38.12 (4.00)	(-)148.47 (11.32)	(-) 142.26 (9.90)
Sleeper Class	(-)6,070.58 (47.69)	(-)6,531.75 (47.16)	(-)6,852.72 (45.00)	(-)8,407.85 (44.57)	(-) 8,510.06 (41.50)
Second class	(-)3,998.08 (38.21)	(-)4,237.60 (36.06)	(-)5,167.53 (38.90)	(-)7,134.42 (44.75)	(-)7,642.13 (43.19)
Ordinary (All Class)	(-)7,437.00 (60.46)	(-)8,893.12 (66.97)	(-)9,783.80 (67.78)	(-)11,105.24 (67.08)	(-) 11,673.80 (65.58)
EMU suburban services	(-)2,320.23 (55.56)	(-)2,813.95 (58.21)	(-)3,365.47 (61.70)	(-)4,027.14 (62.98)	(-)4,679.11 (63.98)

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

Note-1. Negative figures denote losses and positive figures denote profits on passenger services.

2. Figures in bracket represent percentage loss/profit.

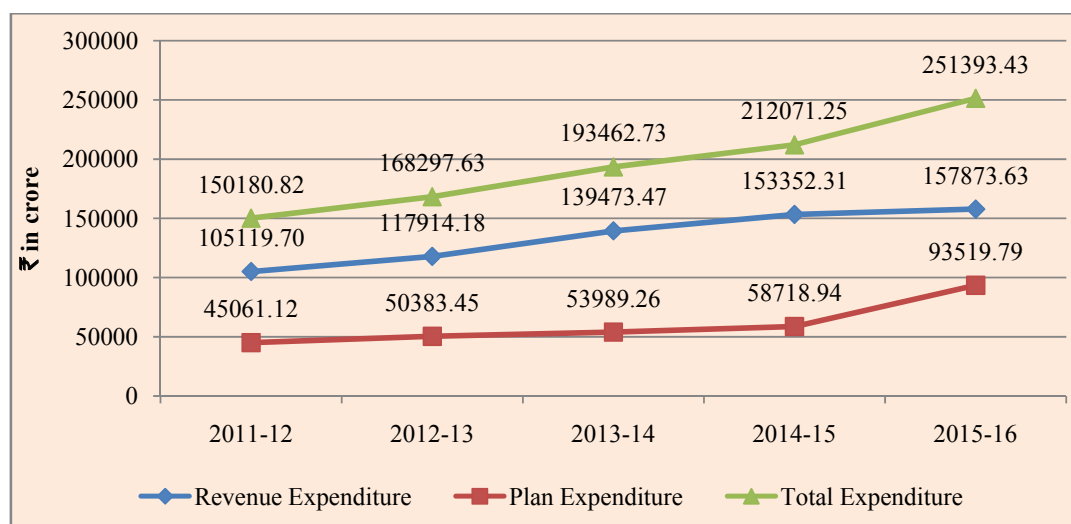
It is clear from the Table 1.5 that, except AC-3-Tier, all classes of train services have incurred losses during 2014-15 which means that AC-3-Tier segment only has recovered its operational cost.

The subsidy provided to both ordinary class and suburban services increased almost continuously in the last five years with subsidy on Ordinary Class being the maximum. The percentage of loss¹⁷ in various classes of passenger services ranged from 9.90 per cent (AC Chair Car) to 74.71 per cent (1st Class) with 63.98 per cent on EMU Suburban train services.

1.7 Application of Resources

The two main components of expenditure in IR are 'Revenue Expenditure' and 'Plan Expenditure'. Revenue expenditure includes ordinary working expenditure, miscellaneous expenditure and dividend payout. The Total Expenditure grew from ₹ 2,12,071.25 crore in 2014-15 to ₹ 2,51,393.43 crore in 2015-16, registering an increase of 18.54 per cent. The Revenue Expenditure has increased by 2.95 per cent from ₹ 1,53,352.31 crore to ₹ 1,57,873.63 crore during the same period.

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

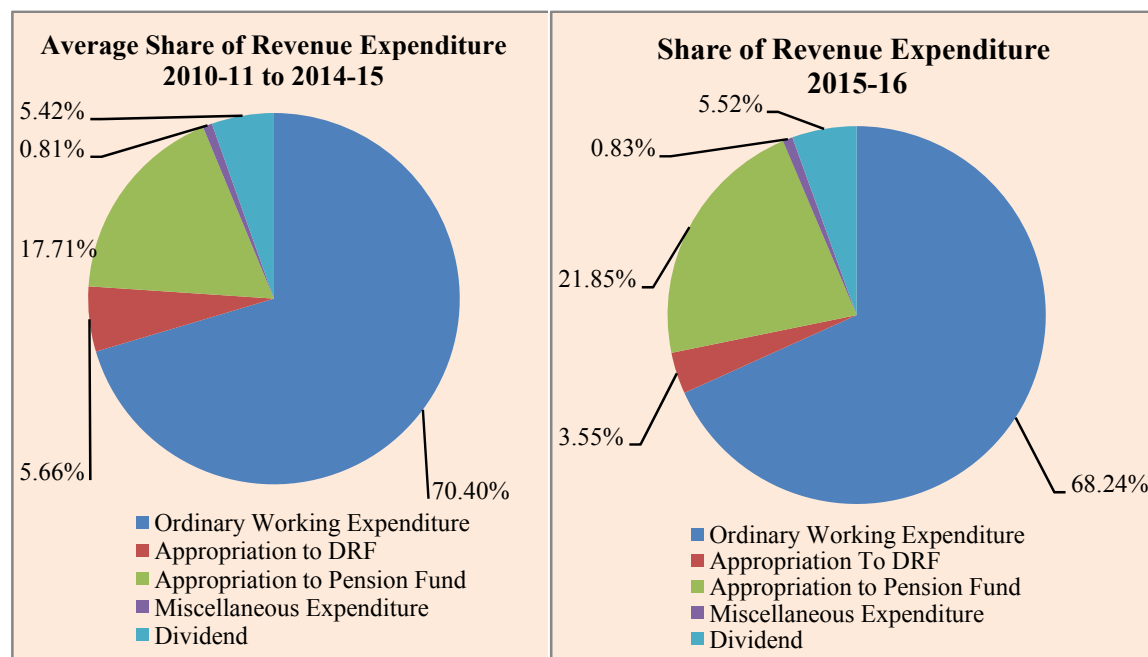


During 2015-16, the share of revenue expenditure to total expenditure decreased from 72 per cent (2014-15) to 63 per cent (2015-16) whereas plan expenditure increased from 28 per cent (2014-15) to 37 per cent (2015-16). A detailed analysis of plan expenditure is discussed in paragraph 1.10.

¹⁷ Loss worked out on the basis of figures of Expenses and Earnings given in Summary of the End Results-Coaching Services Profitability/Unit Costs (2014-15).

1.7.1 Revenue Expenditure

Figure 1.10: Share of Revenue Expenditure in last five years

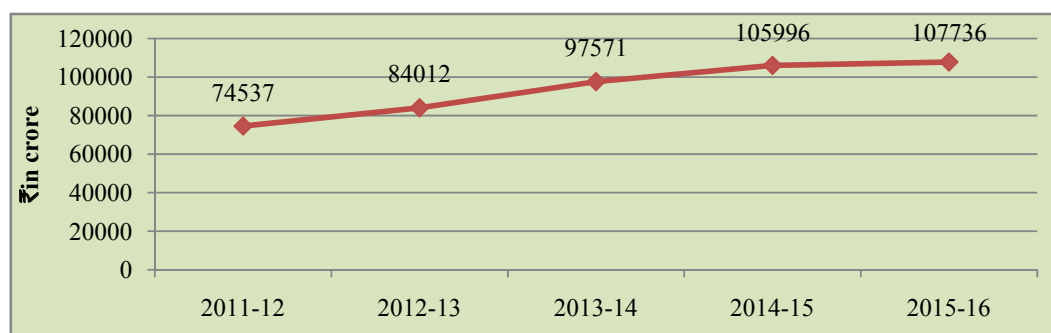


Ordinary Working Expenditure (OWE) comprises expenditure on day-to-day maintenance and operation of the IR i.e. expenditure on office administration, repairs and maintenance of track and bridges, locomotives, carriage and wagons, plant and equipment, operating expenses on crew, fuel, miscellaneous expenditure, pension liabilities etc.

The main component of total revenue expenditure was OWE which constituted 70.40 *per cent* of the total revenue expenditure on an average during 2010-15 and 68.24 *per cent* during 2015-16. Appropriation to DRF was decreased to 3.55 *per cent* in 2015-16 as compared to 5.66 *per cent* on an average during 2010-15. Appropriation to Pension Fund increased to 21.85 *per cent* in 2015-16 as compared to 17.71 *per cent* on an average during 2010-15 to meet the increased pension liabilities.

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

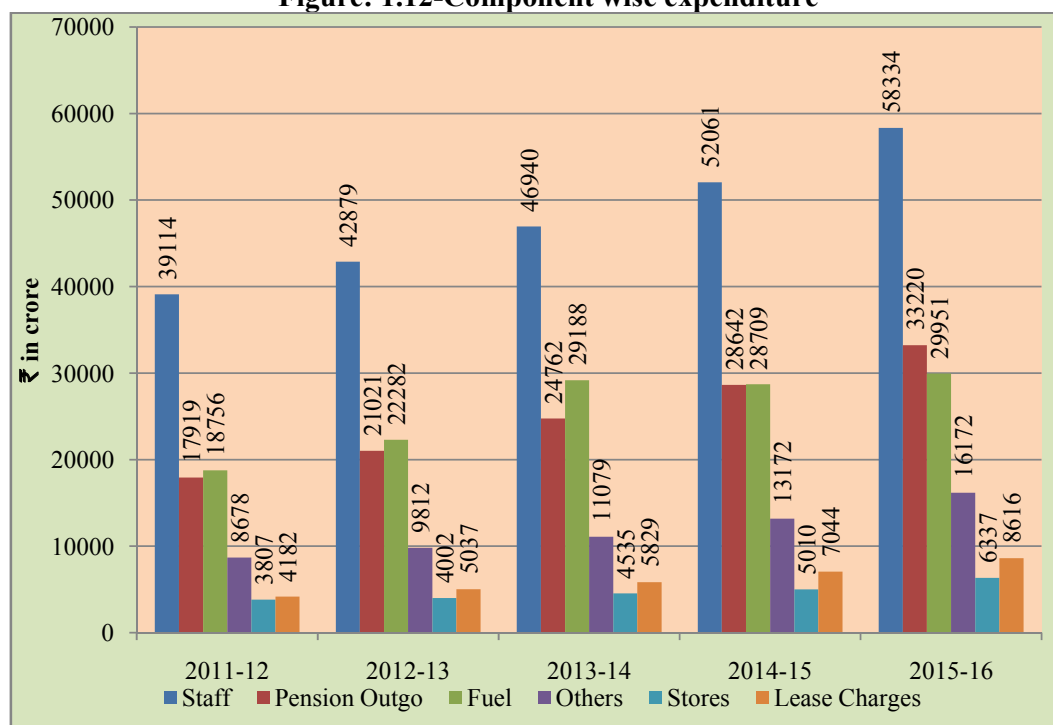
Figure: 1.11 - Growth of Ordinary Working Expenses (2011-12 to 2015-16)



OWE increased at a rate of 1.64 per cent during 2015-16 over the previous year as compared to growth rate of 8.63 per cent in the previous year.

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

Figure: 1.12-Component wise expenditure



Note-(i) Figures for 2015-16 are as per Budget Estimate.

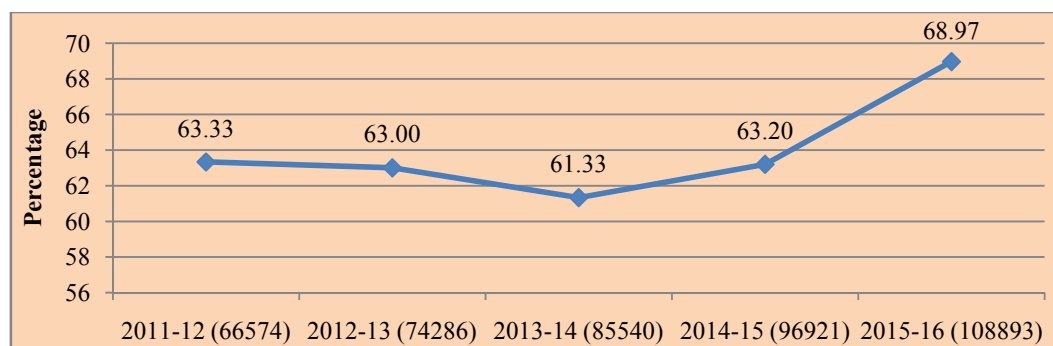
(ii) Figures for 2014-15 are revised figures (based on actuals).

Staff cost (including pension outgo) constituted around 60 per cent of the working expenses of the IR during the current year.

1.7.2 Committed Expenditure

The committed expenditure of the IR consisted of dividend payment to general revenues, staff cost, pension payments and lease hire charges on rolling stock.

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



Note-(i) Figures shown in bracket indicate Total Committed Expenditure in crore of rupees.

(ii) Figures for 2015-16 are as per Budget Estimate.

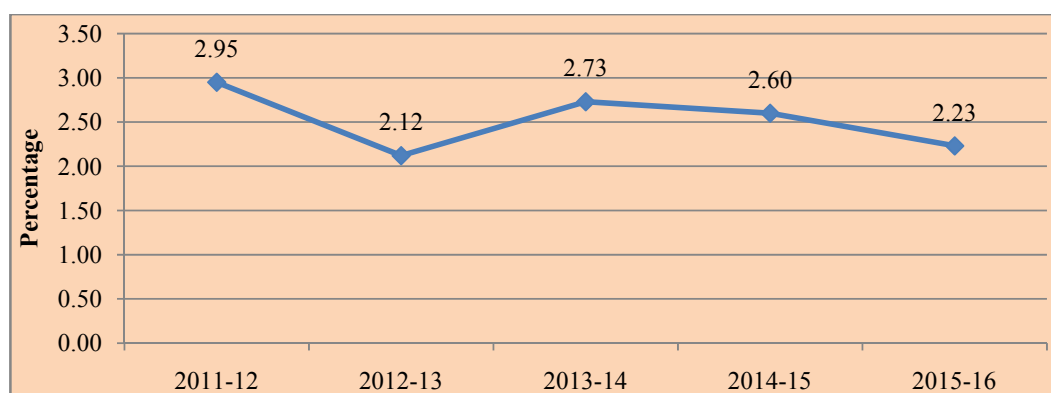
(iii) Figures of 2014-15 are revised figures (based on actuals).

Percentage of committed expenditure to total revenue expenditure was 68.97 *per cent* in 2015-16. IR was left with 31.03 *per cent* of the total revenue expenditure to run their operations (Figure 1.13).

1.7.3 Dividend and Subsidy

Under the 'Separation Convention' the IR is required to pay dividend to the general revenues on the capital advanced by the GoI at a rate determined periodically by RCC. The rate of dividend fixed by the RCC for 2015-16 was four *per cent*. 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 interest¹⁸. Dividend paid on such capital is received back as subsidy by IR. Subsidy received during 2015-16 was ₹ 3,722.68 crore. The net effective rate of dividend after adjusting the subsidy received, decreased from 2.60 *per cent* in the 2014-15 to 2.23 *per cent* in 2015-16.

Figure: 1.14 Effective Rate of Dividend



1.7.4 Un-discharged Liability

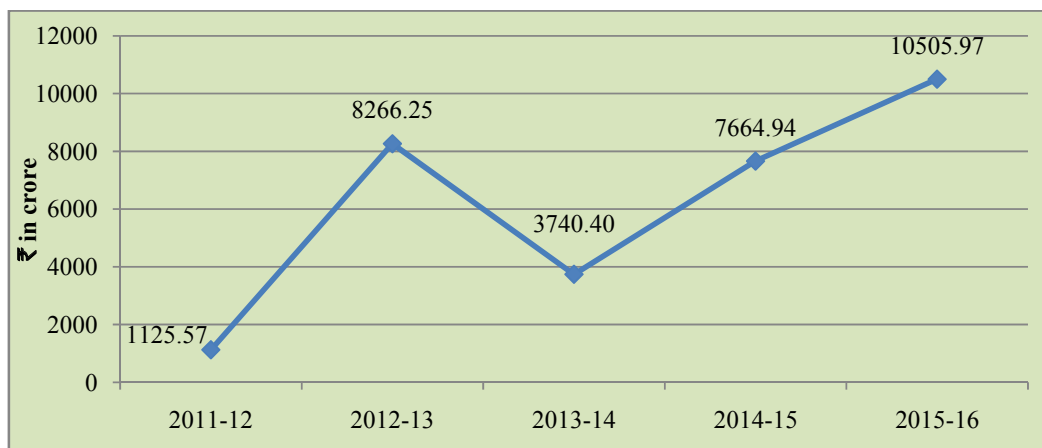
The RCC allowed a moratorium on payment of dividend on investments in New Lines during the period of construction and the first five years after opening of the line for traffic. Cumulative dividend was payable when the line showed surplus after discharging current liability. The account of dividend liability is closed after 20 years, extinguishing all such un-liquidated liability. The liability on this account which was ₹ 12,254.90 crore at the close of 2014-15 increased to ₹ 13,643.89 crore as of March 2016.

1.8 Revenue Surplus

Trend of net revenue surplus after meeting all revenue expenditure including payment of dividend, during the years 2011-12 to 2015-16 are shown in the Figure 1.15.

¹⁸Strategic Lines, 28 New Lines taken up on other than financial consideration, non-strategic capital of Northeast Frontier Railway, Un-remunerative branch lines, Ore lines, 50 per cent of work-in-progress

Figure: 1.15 Revenue Surplus



The net surplus increased from ₹ 7,664.94 crore in 2014-15 to ₹ 10,505.97 crore in 2015-16. The increase in net surplus was mainly due to negative growth rate of 4.92 *per cent* of dividend paid to general revenues in 2015-16 against 14.55 *per cent* growth rate of 2014-15 and decrease in growth rate of TWE (3.38 *per cent*) in 2015-16 against the growth rate of 2014-15 (9.73 *per cent*).

1.9 Efficiency Indices

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

1.9.1 Operating Ratio

Operating Ratio (OR) represents the percentage of working expenses to traffic earnings. The OR which was 91.25 *per cent* in 2014-15, slightly improved to 90.49 *per cent* in 2015-16 for IR. This was primarily due to the reason that working expenses grew at lower rate (3.40 *per cent*) as compared to previous year (9.51 *per cent*), while the traffic earnings grew at rate (4.28 *per cent*) less than the previous year rate (12.32 *per cent*).

OR of zonal railways during the last five years ended on 31 March 2016 is shown in the Table 1.6.

Table 1.6 Operating Ratio of Zonal Railways

S. No.	Zonal Railway	2011-12	2012-13	2013-14	2014-15	2015-16
1	Central	105.68	97.82	100.23	101.85	98.13
2	Eastern	182.10	178.86	176.76	177.27	180.56
3	East Central	103.58	92.19	99.58	95.24	90.28
4	East Coast	44.68	44.50	48.34	51.25	50.56
5	Northern	121.00	113.15	110.12	117.65	114.97
6	North Central	61.80	59.68	64.04	64.13	61.98
7	North Eastern	202.06	200.01	207.49	193.47	196.52
8	Northeast Frontier	166.40	178.39	193.08	187.08	185.71

9	North Western	99.99	88.97	98.58	90.18	91.15
10	Southern	122.58	130.59	132.18	128.98	134.89
11	South Central	85.90	79.63	84.13	76.03	78.71
12	South Eastern	72.74	70.50	72.54	73.62	71.15
13	South East Central	55.24	49.14	52.53	50.83	50.52
14	South Western	109.01	104.85	115.41	98.72	102.60
15	Western	94.61	89.84	91.74	86.51	88.72
16	West Central	70.13	68.18	71.06	63.56	64.38
17	Metro Railway/Kolkata	310.89	328.26	302.63	253.69	237.80
Overall IR		94.85	90.19	93.60	91.25	90.49

Source-Indian Railways Appropriation Accounts-Part-I Review

There was improvement in the OR of Central, East Central, East Coast, Northern, North Central, Northeast Frontier, South Eastern, South East Central Railways and Metro Railway/Kolkata whereas the same deteriorated in Eastern, North Eastern, North Western, Southern, South Central, South Western, Western and West Central Railways during the current year as compared to the previous year. OR of Eastern, Northern, North Eastern, Northeast Frontier, Southern, South Western Railways and Metro Railway/Kolkata was more than 100 *per cent* during 2015-16 implying that their working expenditure was more than their traffic earnings. OR of the zonal railways namely Eastern, Northern, North Eastern, Northeast Frontier, Southern Railways and Metro Railway/Kolkata was more than 100 *per cent* in the last five years.

1.9.2 Capital Output Ratio (COR)

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

COR of IR during the last five years ended on 31 March 2016 is shown in the Table 1.7.

Table 1.7 Capital Output Ratio of IR

As on	Total Capital including investment from Capital Fund (₹ in Million)	Goods Traffic (NTKM) (in Million) (Revenue Freight Traffic only)	Passenger Traffic		Total Traffic (in Million NTKMs)	Capital at charge (in Paise) per NTKM
			Passenger Kilometres (in Millions)	Million NTKMs		
31-March-12	1,614,480	667,607	1,046,522	74,303	741,910	218
31-March-13	1,834,880	649,645	1,098,103	77,965	727,610	252
31-March-14	2,088,443	665,810	1,140,412	80,969	746,779	280
31-March-15	2,421,170	681,696	1,147,190	81,450	763,146	317
31-March-16	2,751,353	654,481	1,148,818	81,566	736,047	374

Source-Indian Railways Annual Statistical Statements

Note: Figures for the period as on 31 March 2014 and 31 March 2015 are revised figures. Figures for 2015-16 except Capital including Investments from Capital Fund are provisional.

COR had increased from 218 paise (2011-12) to 374 paise (2015-16) indicating decrease in physical performance of the IR as compared to capital employed (Table 1.7). It continuously increased during last five years. Higher cost overruns due to non-completion of projects in time coupled with investment in financially unviable projects contributed to higher COR.

1.9.3 Staff Productivity

Staff productivity¹⁹ in case of IR is measured in terms of volume of traffic handled (in terms of NTKM in Million) per thousand employees. It decreased by 3.11 *per cent* from 2011-12 (611) to 2015-16 (592) of Open Line staff of all zonal railways (excluding Metro Railway/Kolkata). The deterioration in staff productivity over the last five years was due to decrease in NTKM (i.e. transportation of one tonne goods excluding weight of vehicle over a distance of one kilometer).

Zone wise analysis of staff productivity revealed that during 2015-16, highest Staff Productivity of 1405 Million NTKM was achieved by East Coast Railway whereas Staff Productivity of 195.04 Million NTKM of Eastern Railway was the lowest during the same period.

1.10 Plan Expenditure

IR plays a crucial role in augmenting infrastructure for sustainable economic growth. To keep pace with the transport sector in general and to respond to the pressures of a buoyant economy, it is essential that its resources are used effectively. Creation of new assets, timely replacement and renewal of depleted assets which had outlived its usage, augmentation of network capacity were the activities carried out by the IR through their plan expenditure.

IR's plan expenditure was financed from the GBS, internal resources²⁰ and extra budgetary support i.e. market borrowing through Indian Railway Finance Corporation Limited (IRFC) for rolling stock and new network links by Rail Vikas Nigam Limited (RVNL).

IR had been suffering from consistent under-investments in its capital works. Consequently, a large shelf of sanctioned projects could not be completed due to non-availability of sufficient resources. In the Budget (2015-16), MoR decided to borrow funds from institutional sources so as to ensure availability of funds for the next five years for completion of the projects critical for Railways for generation of revenues. A new source of funding i.e. Extra Budgetary Resources (Institutional Finance)-EBR (IF) was introduced in Railways in 2015-16. During 2015-16, EBR-IF funds amounting to ₹ 9,430 crore was received from IRFC (funds drawn initially by IRFC by issuing bonds to Life Insurance Corporation of India).

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

¹⁹ Annual Statistical Statements of Indian Railways

²⁰ Reserve Funds such as Depreciation Reserve Fund, Capital Fund, Development Fund

Table 1.8 Sources of Plan Expenditure**(₹ in crore)**

Source of Plan Expenditure	12 th Five Year Plan				
	2012-13	2013-14	2014-15	2015-16	
	Actual	Actual	Actual	Budget Estimates	Actual
General Budgetary Support ²¹	25,710.21 (51.03)	29,055.38 (53.82)	32,327.60 (55.05)	41,646 (41.64)	37,608.47 (40.21)
Internal Resources	9,531.31 (18.92)	9,709.00 (17.98)	15,347.24 (26.14)	17,793 (17.79)	16,845.31 (18.01)
Extra Budgetary Resources (IRFC, RVNL, EBR-IF, PPP)	15,141.93 (30.05)	15,224.88 (28.20)	11,044.10 (18.81)	40,572 (40.57)	39,066.01 (41.77)
Total	50,383.45	53,989.26	58,718.94	1,00,011	93,519.79

Note: Figures in brackets represent percentage to the total Plan expenditure

Source-Explanatory Memorandum on Railway Budgets and Appropriation Accounts

The share of GBS to the total plan expenditure decreased from 55.05 per cent in 2014-15 to 40.21 per cent in 2015-16. The share of internal resources to total plan expenditure also decreased from 26.14 per cent in 2014-15 to 18.01 per cent in 2015-16. Share of EBR increased from 18.81 per cent in 2014-15 to 41.77 per cent in current year. Decline in generation of internal resources resulted in greater dependence on GBS and market borrowings (EBR). During 2015-16, MoR obtained ₹ 13,841.16 crore from IRFC for rolling stock, ₹ 255.90 crore for doubling projects being executed by RVNL, ₹ 9,430 crore through EBR-IF for gauge conversion, doubling and railway electrification projects and ₹ 15,081 crore through Public Private Partnership (PPP) mainly for expenditure on new line projects, traffic facilities and road safety works etc. The actual expenditure through EBR-IF incurred during 2015-16 was ₹ 9,887.95 crore.

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

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

Plan Heads	12 th Five Year Plan			
	2012-13	2013-14	2014-15	2015-16
New Lines, Gauge Conversion, Doubling, Yard Remodelling, Traffic Facilities, Track Renewal, Bridge Work, Signalling and Telecommunication	16,721.19 (33.19)	18,532.34 (34.33)	21,984.62 (37.44)	36,638.42 (46.71)
Rolling Stock and Payment of Capital Component of Lease charges	22,403.29 (44.47)	22,267.49 (41.24)	21,723.98 (37.00)	24,240.71 (30.90)
Workshop and Production Units and Plant & Machinery	1,917.00 (3.80)	2,264.42 (4.19)	2,129.02 (3.63)	1,921.14 (2.45)
Investment in Government Undertakings	3,372.74 (6.69)	4,289.58 (7.95)	4,865.31 (8.29)	7,349.71 (9.37)
Others	5,969.23 (11.85)	6,635.43 (12.29)	8,016.01 (13.65)	8,288.81 (10.57)
Total	50,383.45	53,989.26	58,718.94	78,438.79*

*Excluding expenditure of ₹ 15,081 crore under PPP.

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

²¹Includes expenditure from Railway Safety Fund

- Note: 1** Figures in brackets represent percentage to the total plan expenditure.
- Note: 2** Others include Road Safety Works, Electrification Projects, Computerization, other Electric Works, Railway Research, Other Specified Works, Stores Suspense, Manufacturing Suspense, Miscellaneous Advance, Staff Quarters, Passenger Amenities, Metropolitan Projects.
- Note: 3** The above Plan expenditure excludes an amount of ₹ 15,081 crore under PPP mode under Plan Heads viz New Lines-₹ 7,433.58 crore, Traffic facilities-₹ 334.75 crore, Rolling stock-₹ 1,466.74 crore, Road Safety Works (Road Over/Under Bridge)-₹ 2,065.21 crore and Others-₹ 3,780.72 crore.

Table 1.9 shows that the share of Plan Expenditure on track related works (Construction of New Lines, Gauge Conversion, Doubling, Yard Remodelling and Traffic Facilities, Bridge Works and Signal and Telecommunication Works) increased from 37.44 per cent in 2014-15 to 46.71 per cent in 2015-16. Share of Plan Expenditure on 'Rolling Stock and Payment of Capital Component of Lease charges' decreased from 37 per cent in 2014-15 to 30.90 per cent in 2015-16.

1.11 Railway Funds

The status of various Funds during 2015-16 is shown in the Table 1.10.

Table 1.10 Fund Balances

(₹ in crore)				
Name of Fund	Opening Balance	Accretion during the year	Withdrawal during the year	Closing Balance
DRF	1,777.12	5,844.61	7,588.95	32.78
Pension Fund	1,360.36	34,997.60	30,700.66	5,657.30
Development Fund	2,013.12	1,308.89	2,931.62	390.39
Capital Fund	1,388.90	5,843.27	6,324.74	907.43
Railway Safety Fund	97.15	2,518.97	2,600.60	15.52
Debt Service Fund	236.08	3,567.18	0	3,803.26
Total	6,872.73	54,080.52	50,146.57	10,806.68

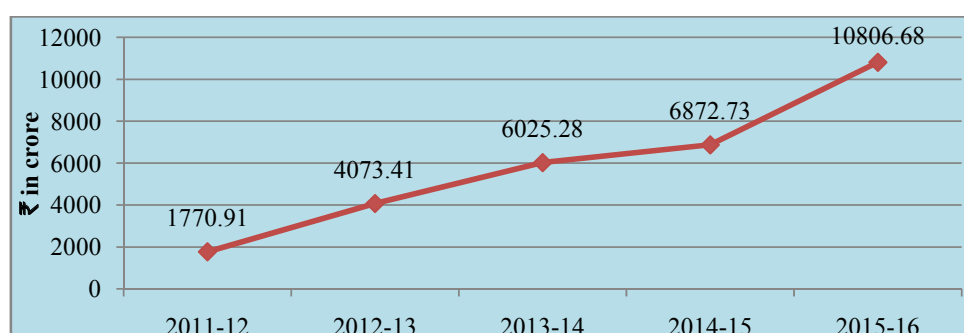
Note- 1. Accretion includes financial adjustments, appropriation to fund and interest received on fund balances during the year. Railway Safety Fund is an interest free fund. **2.** Accretion under DRF, Development Fund and Railway Safety Fund includes financial adjustments of ₹ 8.95 crore, ₹ (-) 4.75 crore and ₹ 8.76 crore respectively.

The funds shown in Table No. 1.10 were either financed through revenues or surplus except Railway Safety Fund, which received a share of the Diesel Cess. The Development Fund, Capital Fund and Debt Service Fund were closed with balances of ₹ 390.39 crore, ₹ 907.43 crore and ₹ 3,803.26 crore respectively.

(Appendix-1)

The fund balances were on increasing trend during 2011-12 to 2015-16 as shown in the Figure 1.16.

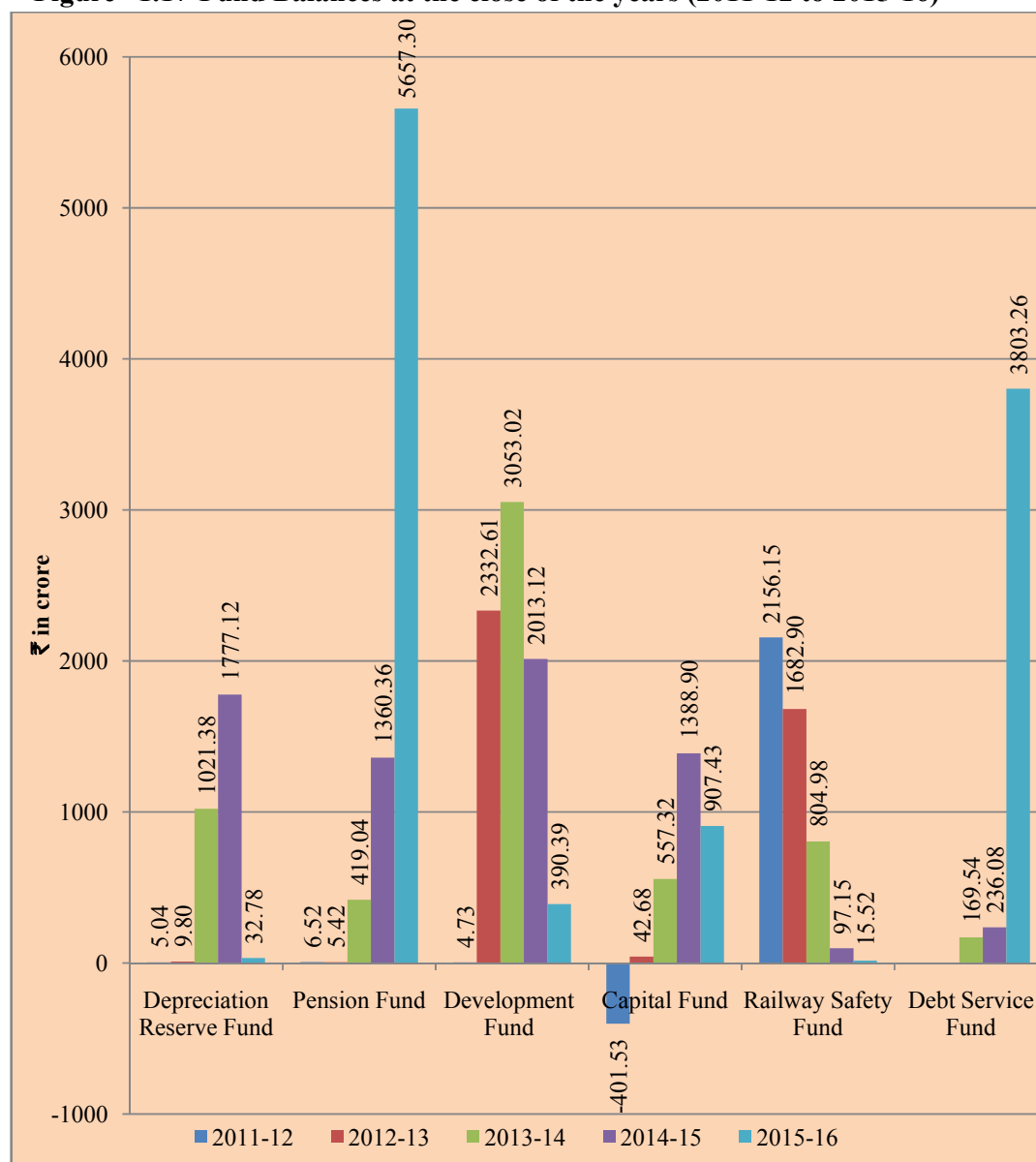
Figure 1.16-Trend of Fund Balances (2011-12 to 2015-16)



The improvement in fund balances was mainly due to not making payment of capital component of lease charges to IRFC²² amounting to ₹ 12,629.49 crore during the period 2011-14, from Capital Fund. However, IR restarted payment of capital component of lease charges to IRFC from Capital Fund from 2014-15 and made payment of ₹ 5,449.24 crore and ₹ 6,324.74 crore during 2014-15 and 2015-16 respectively.

The status of fund balances at the close of 2015-16 is shown in the Figure 1.17.

Figure 1.17-Fund Balances at the close of the years (2011-12 to 2015-16)



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

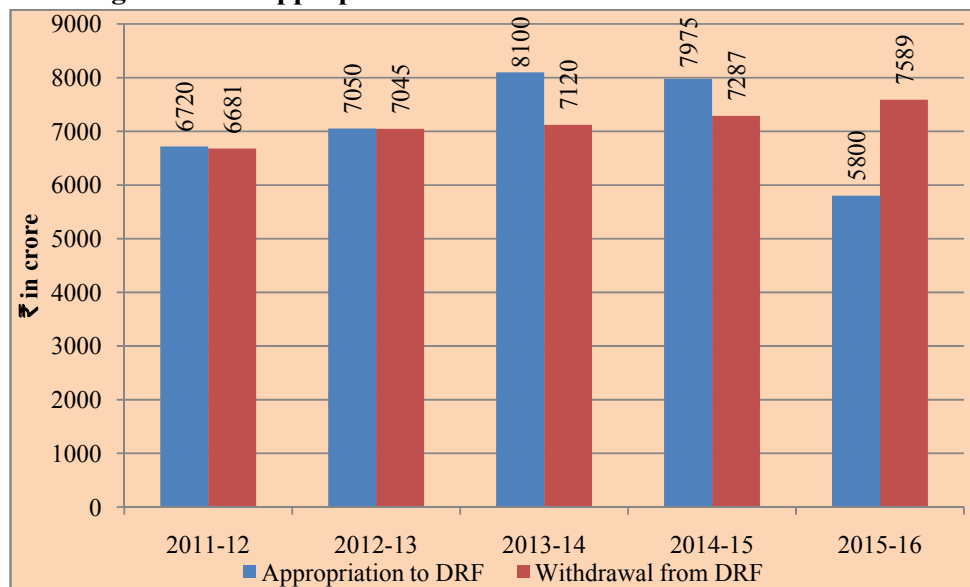
The balance available in the railway funds increased from ₹ 6,872.73 crore in 2014-15 to ₹ 10,806.68 crore at the end of the year 2015-16. DRF and Capital

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

Fund closed with balance of ₹ 32.78 crore and ₹ 907.43 crore respectively. Analysis by Audit of the fund balances available in Capital Fund and DRF revealed the following:

1. IR borrows money through the IRFC for acquiring rolling stock by the financial lease route. These lease payment have two components, viz principal components and interest. Prior to 2005-06, these payments were fully met through the OWE (Revenue Grant No.9-Operating Expenses-Traffic). However, from the year 2005-06, the Accounting policy in respect of account of lease charges payable to IRFC was modified. As per new accounting system, principal (Capital) component was to be charged to Capital Fund (Grant No. 16) and interest component was to be charged to Revenue Grant No. 9. Audit observed that MoR made payment of principal component of lease charges to IRFC from 2005-06 to 2010-11 from Capital Fund. However, thereafter due to negative balance/insufficient balance under the Capital Fund, this payment was made from 'Capital'²³ by the MoR. This was in violation of their accounting policy. MoR made payment of ₹ 12,629.49 crore to IRFC from Capital instead of Capital Fund during 2011-12 to 2013-14. During 2014-15 and 2015-16, capital component of lease charges amounting to ₹ 5,449.24 crore and ₹ 6,324.74 crore was paid to IRFC from Capital Fund. During 2015-16, against budget provision of ₹ 7,615.71 crore, MoR appropriated only ₹ 5,798.24 crore which was less by ₹ 1,817.47 crore (23.86 per cent) than the budgeted provision. Capital Fund closed with a meagre balance of ₹ 907.43 crore at the end of 2015-16. There will be a committed liability of ₹ 7,000 crore approx. of MoR in the next year for which at least a matching appropriation is mandatory to be made under this fund.
2. It is seen that the contribution to DRF was not made on the basis of historical cost, expected useful life and expected residual life of the asset but was dependent on the amount which the working expenses could bear. MoR in its Action Taken Note on Para 1.11 of the Audit Report of Railways Finances (No. 53 of 2015) stated (September 2016) that it agrees that that appropriation to DRF should be made in a well founded manner. Railway have a very large asset base, whereas the financial position of the Railways has not remained stable most of the time as so as to permit appropriation to this fund as per a set formula. However, all along, endeavour has been to ensure maximum appropriation to DRF permissible by Railways' financial position in a year. Appropriation to DRF and withdrawal from DRF during 2011-12 to 2015-16 is shown in the Figure 1.18.

²³Capital represents the amount advanced by the GoI to MOR as GBS to finance Capital Expenditure and MOR pays dividend thereon at the rate fixed by the RCC.

Figure 1.18-Appropriation to and withdrawal from DRF

During 2015-16, against budget provision of ₹ 8,100 crore, MoR appropriated only ₹ 5,800 crore which was less by ₹ 2,300 crore (i.e. 28.40 *per cent*) than the budgeted provision. MoR had spent ₹ 7,588.95 crore on renewal and replacement of the assets from DRF during 2015-16 leaving a meager balance of ₹ 32.78 crore at the end of 2015-16. Audit further observed that there were negative balances under DRF in nine Zonal Railways namely Central, Eastern, North Central, South Central, South Eastern, South East Central, South Western, Western, West Central Railways and Integral Coach Factory, Central Organization for Railway Electrification (CORE) and Metropolitan Transport Project-Chennai. Further, under provisioning for depreciation is resulting in piling up of throw forward of works concerning renewal of over aged assets. The throw forward value of assets to be replaced from DRF (up to 2015-16) was estimated at ₹ 41,274.49 crore which mainly includes ₹ 24,756 crore on rolling stock, ₹ 10,574 crore on track renewals, ₹ 1,897 crore on bridge works, ₹ 1,354 crore on signalling and telecommunication works and ₹ 989 crore on machinery and plants. Thus, there is huge backlog of renewal and replacement of over aged assets in railway system which needs to be replaced timely for safe running of trains.

1.12 Comments on Accounts

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

Fund Balances of the Railways are depicted in the Railway's Debt Head Report (Review of Balances) and Part-II-Detailed Appropriation Accounts. The Debt Head Report for the year is sent to the Controller General of Accounts (CGA) for inclusion in the Statement No.13 of Union Government Finance Accounts. It was observed that the Railways' Fund balances appearing in the Statement No.13 of Union Government

Finance Accounts were not matching with the Fund balances shown by the MoR in its Statement/Appropriation Accounts. Status of the Fund balances appearing in the two Statements is given in Table 1.11.

Table 1.11 Fund balances appearing in Debt Head Report and Statement No. 13 of Union Government Finance Accounts

(₹ in thousands)

Head	Name of Fund	Year	Balance as per Debt Head Report	Balance as per Statement No. 13 of Union Government Finance Accounts
8115-101	DRF (Commercial Lines)	2013-14	(-)1303,88,67(Cr)	1851,82,33 (Dr)
		2014-15	(-)682,72,78(Cr)	1230,09,32 (Dr)
		2015-16	(-)2543,54,62(Cr)	3099,85,79 (Dr)
8115-102	DRF (Strategic Lines)	2013-14	2325,26,30 (Cr)	2325,26,28 (Cr)
		2014-15	2459,84,61 (Cr)	2459,84,59 (Cr)
		2015-16	2576,32,24 (Cr)	2576,32,22 (Cr)
8117-101	Development Fund (Commercial Lines)	2013-14	3053,00,68 (Cr)	2268,42,17 (Cr)
		2014-15	2013,10,68 (Cr)	1228,52,17 (Cr)
		2015-16	390,38,28 (Cr)	389,44,97(Cr)
8117-102	Development Fund (Strategic Lines)	2013-14	1,21 (Cr)	1,15 (Cr)
		2014-15	1,31 (Cr)	1,25 (Cr)
		2015-16	1,42 (Cr)	1,36 (Cr)
8118-106	Capital Fund	2013-14	557,16,18 (Cr)	189,39,92 (Cr)
		2014-15	1388,90,30 (Cr)	1020,98,66 (Cr)
		2015-16	907,43,26 (Cr)	539,51,62 (Cr)
8121-103	Pension Fund (Commercial Lines)	2013-14	(-)1789,85,81 (Cr)	1790,90,01 (Dr)
		2014-15	(-)1273,61,66 (Cr)	1274,50,48 (Dr)
		2015-16	2538,42,78 (Cr)	2537,53,97 (Dr)
8121-104	Pension Fund (Strategic Lines)	2013-14	2209,04,87 (Cr)	1895,39,82 (Cr)
		2014-15	2633,97,35 (Cr)	2633,97,37 (Cr)
		2015-16	3118,86,74 (Cr)	3118,86,77 (Cr)
8231-101	Railway Safety Fund (Commercial Lines)	2013-14	804,97,79 (Cr)	865,35,43(Cr)
		2014-15	97,14,86 (Cr)	157,52,49(Cr)
		2015-16	1,55,247 (Cr)	67,13,66(Cr)
8231-102	Railway Safety Fund (Strategic Lines)	2013-14	0	01 (Dr)
		2014-15	0	01 (Dr)
		2015-16	0	01 (Dr)
8230-101	Special Railway Safety Fund (Commercial Lines)	2013-14	0	581,12,02(Cr)
		2014-15	0	581,12,02(Cr)
		2015-16	0	581,12,02(Cr)
8230-102	Special Railway Safety Fund (Strategic Lines)	2013-14	0	16,66,24(Cr)
		2014-15	0	16,66,24(Cr)
		2015-16	0	16,66,24(Cr)

Note-Balances for 2015-16 are based on the figures appearing in the Statement No.13 of Union Government Finance Accounts provided by the O/o Director General of Audit/Central Expenditure.

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

The issue of mismatch in the figures of Railways' fund balances appearing in the Statement No.13 of Union Government Finance Accounts was taken up with the Ministry of Railways in August 2015 and also commented upon in the Para 1.11 of the Audit Report No.53 of 2015- Railways Finances for the year ended March 2015. The discrepancy still persists and MoR's reply as well as ATN on this Para was not received (as of September 2016).

➤ **Accountal of Tax Deducted at Source (TDS) by the Railways**

As per provisions under section 194 (c) of the Income Tax Act, 1961, the tax deductions from payment to contractors and sub-contractors are to be accounted for under Major Head 0021-Taxes on Income other than Corporation Tax. The Act also provides that tax deduction from Companies be accounted for under Major had 0020-Corporation Tax. The List of Major and Minor Heads of Accounts also classifies the similar accounting heads for accountal of tax deductions from payments to contractors and sub-contractors.

In Railways, accountal of tax deducted from payments made to contractors (including Companies working as contractor) is being made under Major Head 0021-Taxes on Income other than Corporation Tax which is in violation of the provisions of Income Tax Act, 1961. Audit raised (January 2013) the issue of incorrect accountal of tax deducted by the Railways from Companies under Major Head 0021-Taxes on Income other than Corporation Tax instead of Major had 0020-Corporation Tax.

MoR, in its reply, stated (April 2013) that Major Head 0020-Corporation Tax is for corporate profits and the TDS deducted by the government departments to their contractors (body corporation/others) should be booked under Major Head 0021-Taxes on Income other than Corporation Tax and matter is referred to Controller General of Accounts (CGA) for confirming the correctness of the procedure being followed by the Railways. However, no reply from CGA was received (as of September 2016) despite reminders issued by MoR in July 2013 and November 2014.

The irregularity still persists in Railways. In NWR, during audit of Income Tax Statement for 2015-16, it was observed that TDS amounting to ₹ 7,89,59,045 recovered from Companies was credited under Major Head 0021-Taxes on Income other than Corporation Tax.

➤ **Recovery of Education cess**

As per extant instructions, Primary Education Cess @ 2 per cent and Higher Education Cess @ 1 per cent are to be levied on Total Income Tax (including Surcharge) and transferred to Central Government. For correct accountal of recovery of education cess, separate accountal is necessary.

During check of March Account Current/Income tax Statement of CR, ECR, ECoR, NEFR, SER, SECR, Metro Railway/Kolkata and CLW, the recovery of Higher Education Cess was not shown separately. Hence, the figures of Education Cess shown under Heads 504 and 505 of the Income Tax Statement of MoR for 2015-16 do not reflect the correct amount collected under Primary and Higher Education Cess. Secondly, the amount of Total Education cess collected was shown as ₹ 54.86 crore in the Income Tax Statement whereas 3 per cent of the Total Income Tax including Surcharge (₹ 2,572.65 crore) works out to ₹ 77.18 crore. Thus, as a whole, there was a short recovery of Education cess to the tune of ₹ 22.32 crore during 2015-16. The issue was raised with the MoR in August, 2016. MoR, in its reply, stated (September 2016) that the Statement has been revised exhibiting the education cess correctly. However, the reply was silent on short recovery of Education cess of ₹ 22.32 crore.

➤ **Accountal of Right to Information (RTI) fee**

The fee collected under RTI Act, 2005 is to be credited under Major Head 0070-Administrative Services-Sub-Major Head: 60-Other Services-Minor Head: 118-Receipts under RTI Act, 2005. An audit comment on incorrect crediting of RTI fee in Railways' earnings instead of crediting it under the assigned Major Head 0070 was made in Para 1.12 of the Audit Report No.19 of 2014-Railways Finances for the year ended March 2013.

MoR, in its ATN, stated (May 2015) that since the expenditure on RTI activities pertaining to Railways are borne by the Railways, receipt from RTI fee should also be accounted for in its revenue heads. However, the matter had been referred to CGA in April 2012, July 2013 and December 2014 for decision in this regard. However, the issue has not been resolved as yet.

In NWR, RTI fee amounting ₹ 1,03,838 collected under RTI Act, 2005 during 2015-16 was credited to Railways' earnings (Abstract-Z-Sundry Earnings-Subhead-650) instead of crediting it under Major Head 0070. The matter was again taken up with the MoR in August 2016. MoR, in its reply (September 2016) stated that in its opinion the procedure of accountal of RTI fee being followed in Railways is correct. MoR's reply is not tenable as crediting of RTI fee in Railways' earnings is against the instructions issued by the Ministry of Finance.

➤ **Levy of Swachh Bharat Cess by the Zonal Railways**

As per GoI Notification No.21/2015-Servcie Tax dated 6-11-2015, Swachh Bharat Cess at the rate of 0.5 per cent on all taxable services was to be levied with effect from 15-11-2015. During review of Statement of

Central Transactions (SCT) for 2015-16 and Zonal Railways' Account Current for and to the end of March 2016, it was observed that Swachh Bharat Cess was not levied by the Zonal Railways namely SECR, ECR, NER, NEFR, NWR, SR, SECR and Metro Railway/Kolkata. Thus, the GoI's instructions for levy of Swachh Bharat Cess were not fully implemented in the Railways resulting in short collection of Swachh Bharat Cess.

The issue was taken up with the MoR in August 2016. MoR, in its reply, stated (September 2016) that the matter has been referred to the concerned Zonal Railways to set right the discrepancy pointed out by Audit. Since monthly Account Current of all the Zonal Railways are received in the Railway Board, non-levy of Swachh Bharat Cess by the defaulting Zonal Railways could have been indentified and corrective action immediately taken in this regard.

➤ **Utilisation of funds under Extra Budgetary Resources (Institutional Finance)**

IR has been suffering from consistent under-investments in its capital works. Consequently, a large shelf of sanctioned projects could not be completed due to non-availability of sufficient resources. In the Rail Budget (2015-16), MoR decided to borrow funds from institutional sources so as to ensure availability of funds for the next five years for completion of the projects critical for Railways for generation of revenues. The new source of funding was termed as Extra Budgetary Resources (Institutional Finance) EBR-IF.

A Memorandum of Understanding (MoU) between MoR and Life Insurance Corporation of India (LIC) was signed on 11 March 2015. LIC had committed funding assistance for identified projects to the tune of ₹ 1.5 lakh crore over a five year period starting from financial year 2015-16. LIC funds shall be drawn initially by IRFC by issuing bonds to which LIC will subscribe. The amount raised by IRFC through these bonds will be provided to IR as pre-lease disbursements (project advance /deposit) towards execution of indentified projects (New Lines, Gauge Conversion, Doubling, Traffic Facilities, Railway Electrification, Signaling and Telecommunication etc.).

As per the Procedure Order on drawal and accountal of funds under allocation EBR-IF (issued vide Railway Board's letter No. 2015/FS Cell/1/2 dated 23-10-2015), lease charges shall be payable by IR to IRFC which will enable IRFC to redeem the bonds issued to LIC. During the initial five years for the lease period, the interest component of the lease charges will be capitalized. Subsequently from 6th year onwards, the interest component shall be booked to revenue grant (No.9-Operating Expenses-Traffic). The lease charges in the initial 10 years for the lease period will not have any capital component. The capital repayment component of lease charges during 11th-30th year shall be charged under Plan Head 2200.

Railway Board had issued instructions (March 2015) to all the Zonal Railways and CORE not to book expenditure under EBR (IF) unless the

funds are especially available against the works/projects. Audit observed that during 2015-16, EBR-IF funds amounting to ₹ 9,430 crore were received from IRFC. However, the actual expenditure under EBR-IF incurred by the Zonal Railways and CORE during 2015-16 was ₹ 9,887.95 crore i.e. excess expenditure of ₹ 457.95 crore. Thus, incurring of expenditure in excess to the availability of funds under EBR (IF) by the Zonal Railways/CORE was against the Railway Board's instructions.

Railway Board has stipulated (October 2015) that Utilisation Certificate for the amounts of Deposit IF funds spent may be furnished by 30th April of the following financial year to Resource Mobilisation Directorate/Railway Board for onward transmission to IRFC. It was observed that Utilisation Certificate from Zonal Railways and CORE have not been received so far (October 2016).

Further, as the market borrowings (EBR-IF) have financial liabilities attached in the form of payment of huge interest and return of principal amount in stipulated time periods, MoR needs to be more cautious not to get into a debt-trap and ensure that funds are utilized in those projects which have internal rate of return of more than 12 *per cent* and completed in a time bound manner so that they can start generating revenue.

1.13 Conclusions

During 2015-16, TWE increased by 3.38 *per cent* (₹ 4,840.05 crore) as compared to 9.73 *per cent* growth rate of previous year. GTR increased by 4.86 *per cent* as compared to 12.29 *per cent* rate of previous year and also was below the budget projections by 10.48 *per cent*. The Net Surplus increased by 37.07 *per cent* over the previous year.

During 2015-16, the growth rate of passenger originating (no. of passengers) was negative. The negative trend in passenger originating was continued since 2013-14. IR has not been able to meet their operational cost of passenger and other coaching services. There was cross-subsidization from freight services to passenger services. IR earned profit of ₹ 38,312.59 crore from freight traffic on one hand and incurred loss of ₹ 33,821.70 crore on operation of passenger and other coaching services on the other hand during 2014-15. There was an improvement in recovering the cost of passenger services in 2015-16. In 2015-16, the freight loading witnessed a insignificant rate of 0.57 *per cent*. However, due to decline of 3.99 *per cent* in Net Tonne Kilometers in revenue freight traffic, the average lead (average haul of a tonne of freight) declined from 622 Kilometers to 594 Kilometers in 2015-16.

At the end of the year 2015-16, Railway Funds closed with balance of ₹ 10,806.68 crore. The fund balances improved by ₹ 3,933.95 crore over the previous year balance of ₹ 6,872.73 crore. Development Fund closed at ₹ 390.39 crore and the Capital Fund at ₹ 907.43 crore. DRF closed a meager balance of ₹ 32.78 crore at the end of 2015-16. A positive balance in the 'Railway Funds' was due to not making the payment of ₹ 12,629.49 crore to IRFC (towards principal component of lease charges) during the period from 2011-2014 from Capital Fund. However, IR restarted payment of capital component of lease

charges to IRFC from Capital Fund from 2014-15 and made payment of ₹ 5,449.24 crore and ₹ 6,324.74 crore during 2014-15 and 2015-16.

MoR had spent ₹ 7,588.95 crore on renewal and replacement of the assets from DRF during 2015-16 whereas the throw forward value of assets to be replaced from DRF (up to 2015-16) was ₹ 41,274.49 crore. Thus, there is huge backlog of renewal and replacement of over aged assets in railway system which needs to be replaced timely for safe running of trains. As there was a meager balance of ₹ 32.78 crore in DRF at the end of 2015-16, MoR needs to make sufficient appropriation to DRF for meeting the expenditure on renewal and replacement of over aged assets.

The Operating Ratio (OR) improved marginally from 91.25 *per cent* in 2014-15 to 90.49 *per cent* in 2015-16. The COR increased from 317 paise in 2014-15 to 374 paise in 2015-16 indicating decrease in the physical performance of the IR.

The market borrowings have financial liabilities attached in the form of payment of huge interest and return of principal amount in stipulated time periods. MoR needs to be more cautious not to get into a debt-trap and ensure that funds are utilized in those projects which have internal rate of return (IRR) of more than 12 *per cent* and completed in a time bound manner so that they can start generating revenue.

1.14 Recommendations

- *Ministry of Railways needs to revisit the passenger and other coaching tariffs so as to recover the cost of operations in a phased manner and reduce its losses in its core activities. Operational losses on running of sub-urban train services and on account of facility of free/concessional/ Complimentary passes to various classes of passengers need to be curtailed.*
- *Railways need to improve staff productivity which has been deteriorating over the years.*
- *Operating Ratio of Eastern, Northern, North Eastern, Northeast Frontier, Southern Railways and Metro Railway Kolkata has been more than 100 per cent during the last five years. There is urgent need to analyse the reasons for their operational/financial inefficiency and remedial measures need to be taken.*
- *IR has tied up funding assistance from LIC of India {Extra Budgetary Resources– Institutional Finance (EBR-IF)}. It is important that funds so received are used judiciously and are not allowed to remain idle and incur interest liability.*
- *Non-availability of sufficient funds in Depreciation Reserve Fund to replace the over aged assets is indicative of weak financial health of Indian Railways. Ministry of Railways should explore suitable means to improve its fund balances.*

Chapter 2 Appropriation Accounts

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

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

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

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

2.1 Summary of Appropriation Accounts

IR is authorized for expenditure through operation of 16 Grants comprising of 15 Revenue Grants²⁴ (Grants number 1 to 15) and one Capital Grant²⁵ (Grant No. 16). Revenue grants were financed through the internal resources generated by IR through its earnings during the year. The Capital grant was funded mainly through the General budget, internal resources and share of “diesel cess” from Central Road Fund²⁶ (CRF).

Appropriation Accounts (Railways) for the sums expended during the year ended 31 March 2016, 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.

²⁴ Grants detailing working expenses and other revenue expenditure as voted by Parliament.

²⁵ Grant detailing expenditure on Assets Acquisition, Construction and Replacement voted by Parliament.

²⁶ A dedicated Central Road Fund was created by the Central Government from collection of cess from petrol and diesel. A share of collection is provided to Railways for construction of road over/under bridges and safety works at unmanned railway crossings.

Table 2.1- Summary of Appropriation Accounts 2015-16

(₹ in crore)

	Original Grant/ Appropriation	Supplementary Grant	Total Sanctioned Grant	Actual Expenditure	Saving (-) / Excess (+)
Voted					
Revenue	223506.50	nil	223506.50	201190.01	(-) 22316.49
Capital	113502.45#	1015.59	114518.04	99821.17@	(-) 14696.87
Total Voted	337008.95	1015.59	338024.54	301011.18	(-) 37013.36
Charged					
Revenue	116.60	18.89	135.49	128.79	(-) 6.70
Capital	112.37	96.40	208.77	176.22	(-) 32.55
Total Charged	228.97	115.29	344.26	305.01	(-) 39.25
Grand Total	337237.92	1130.88	338368.80	301316.19	(-) 37052.61

This excludes an amount of ₹ 40000.00 crore given by the Ministry of Finance out of National Investment Fund (NIF) as part of General Budgetary Support.

@ This includes an amount of ₹ 23997.91 crore shown as expenditure met out of NIF.

The above Table lists out the total expenditure of IR as ₹ 3,01,316.19 crore during the financial year 2015-16, of which nearly 66.81 *per cent* was spent on revenue grants which include working expenses on administrative, operational and maintenance activities while 33.19 *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 9.98 *per cent* (₹ 22,323.19 crore) under revenue grants and a savings of 12.84 *per cent* (₹ 14,729.42 crore) under capital grant against the sanctioned provisions available in 2015-16.

An analysis of grant-wise expenditure revealed that the net saving of ₹ 37,052.61 crore was a result of savings of ₹ 37,128.48 crore under fourteen revenue grants, four segments of capital grant, five revenue appropriation²⁷ and three segments of capital appropriation, adjusted by an excess of ₹ 75.87 crore in one revenue grant, five 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:-

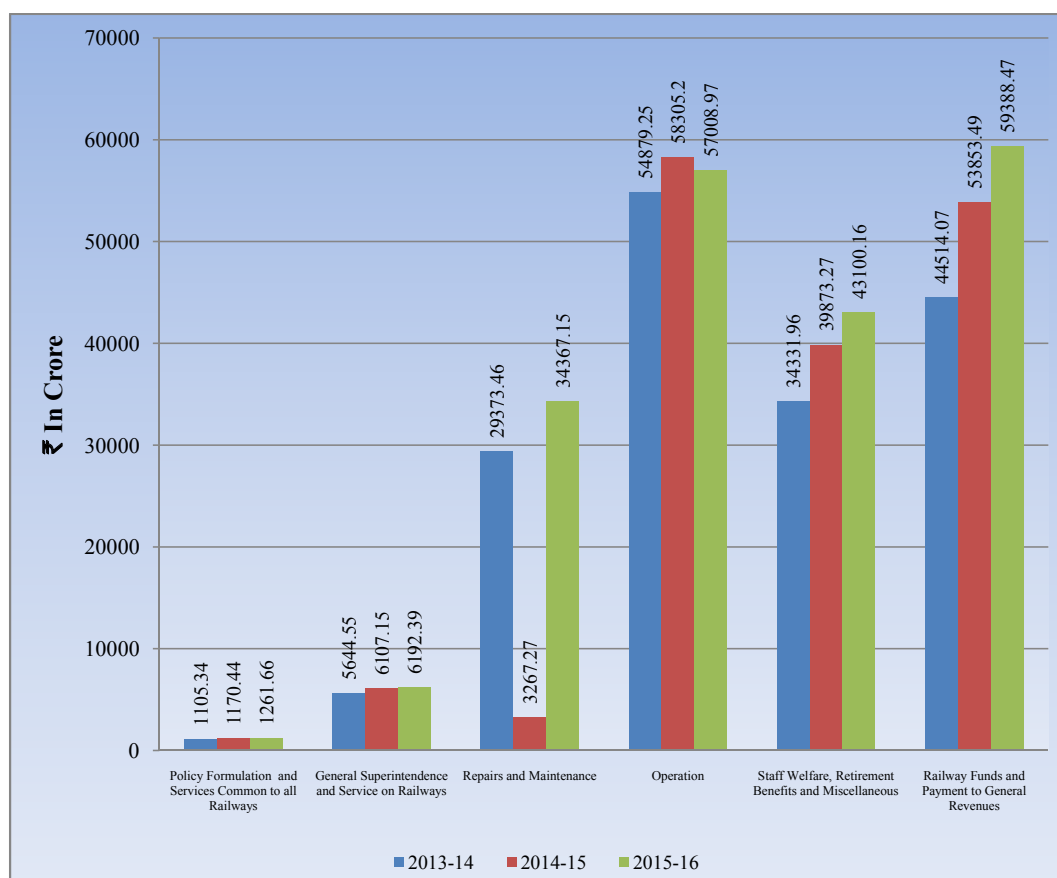
²⁷ Appropriation refers to expenditure charged on Consolidated Fund of India.

Table 2.2- Grants operated by Railways

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

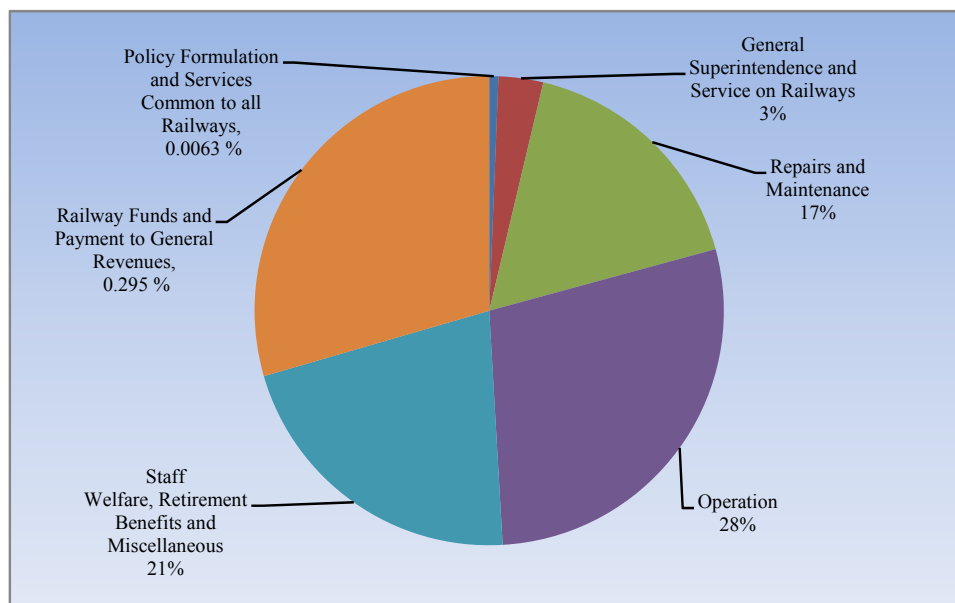
The following diagram depicts group-wise expenditure for last three years which shows an increasing trend in expenditure of Indian Railways:

Diagram 2.1 Trend of Revenue Expenditure-Group-wise during 2013-14 to 2015-16



The following Pie diagram depicts the group-wise expenditure in 2015-16:

Diagram-2.2 Group wise Revenue Expenditure (2015-16)



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 (2015-16)

(₹ 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	1210.26	0.00	1210.26	1261.66	(+) 51.40	(+) 4.24
General Superintendence and Service on Railways	6993.96	1.44	6995.40	6192.39	(-) 803.01	(-) 11.48
Repairs and Maintenance	36909.59	0.70	36910.29	34367.15	(-) 2543.14	(-) 6.89
Operation	63809.11	0.24	63809.35	57008.97	(-) 6800.38	(-) 10.66
Staff Welfare, Retirement Benefits and Miscellaneous	46767.49	16.52	46784.01	43100.15	(-) 3683.86	(-) 7.87
Railway Funds and Payment to General Revenues	67936.45	0.00	67936.45	59388.47	(-) 8547.98	(-) 12.58

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

- **Indian Railways Policy Formulation**

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

- **General Superintendence and Service on Railways**

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

- **Repairs and Maintenance**

Reduction in expenditure towards salary and wages, staff cost including Modified Assured Career Progression Scheme (MACP), materialization of less contractual payments, less expenditure on procurement of non-stock items, less drawal of stores from stock, less expenses on repair work, decrease in Periodical Overhaul (POH), less adjustment of workshop debits, less expenditure on power transmission and distribution services during the year than anticipated.

- **Operation**

Reduction in expenditure towards staff cost, less materialization of contractual obligations, less drawl of lubricants and consumable stores from stock, less expenses on Annual Maintenance Contract (AMC) pertaining to Passenger Reservation System (PRS), less expenditure towards direct purchases and less consumption of coal, less expenses towards freight and handling charges, sales tax/excise duty reduction in cost of High Speed Diesel (HSD) oil, less consumption of HSD oil due to less activity of diesel locos, less expenditure towards consumption of electric energy for traction services, less adjustment of debits and less adjustment for payment of leasing charges other than Indian Railway Finance Corporation (IRFC) than anticipated.

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

Reduction in expenditure due to less receipt of claims for reimbursement of tuition fees, less expenditure towards purchase of medicines and repair of medical equipments, less expenditure on sports and staff canteen, less direct purchases, less expenditure towards staff cost, less drawl of stores from stock, less materialisation of contractual obligations, less adjustment relating to Railway Protection Force, Railway Protection Special Force, Government Railway Police, less adjustment of debits pertaining to territorial army, less receipt of debits from pension disbursing authorities, less expenses towards commutation of pension and *ex-gratia* pension and finalisation of less number of death-cum-retirement gratuity cases during the year, than anticipated.

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

Reduction in expenditure due to deterioration of net resource position by end of the year and less payment of dividend to General Revenue during the year.

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 succeeding paras and Para 2.6.

2.2 Financial Accountability and Budget Management

2.2.1 Excess over Budget Provision

Table 2.4 gives the grants and appropriations wherein expenditure was incurred in excess of authorized expenditure during 2015-16.

Table 2.4 Excess Expenditure (2015-16)

(₹ in crore)					
S. No.	Particulars	Original Provision	Supplementary provision	Actual Expenditure	Excess
Revenue-Voted					
1	Grant No. 2-Miscellaneous expenditure (General)	905.310	0.000	980.940	75.630
Revenue-Charged					
1	Appropriation No.3 – Working Expenses – General Superintendence and Services	1.160	1.440	2.710	0.110
2	Appropriation No. 4- Working Expenses- Repairs and Maintenance of Permanent Way and Works	0.386	0.668	1.058	0.004
3	Appropriation No.13- Working Expenses – Provident Fund, Pension and Other Retirement Benefits	0.516	0.152	0.801	0.133
	Total- Revenue- Charged	2.062	2.260	4.569	0.247
	Grand Total	907.372	2.260	985.509	75.877

Note: There are one revenue grant and five revenue appropriations. In two revenue appropriations, the excess expenditure was minor as explained in following para.

For the above mentioned grants and appropriations where excess expenditure occurred, supplementary provisions were obtained in charged appropriations of Grant No.3 Working Expenses- General Superintendence and Service on Railways, Grant No. 4 Working Expenses- Repairs and Maintenance of Permanent Way and Works and Grant No.13- Working Expenses – Provident Fund, Pension and Other Retirement Benefits. Besides, in appropriations of Grant No. 6- Repairs and Maintenance of Carriages and Wagons and Grant No. 11- Staff Welfare and Amenities there were excess expenditure of ₹ 200 each where supplementary provisions were obtained and Original provision in these grants were not made. In Grant No.2 no supplementary Budget Allotment was obtained.

Excess in Revenue Grants and Appropriations

The reasons for excess expenditure during 2015-16 were attributed to more expenditure towards staff cost and retirement benefits, more expenditure under

Mumbai Urban Transport Project (MUTP) surcharge and materialization of more decretal payments, than anticipated.

Public Accounts Committee (PAC) in its Nineteenth Report (16th Lok Sabha) on 'Excess over Voted Grants and Charged Appropriations (2012-13) had expressed their concern that excess expenditure has become a recurring phenomena and recommended that the Ministry of Railways should evolve a mechanism to assess and project realistic requirement of funds both at Budgetary and Supplementary stages so that timely action is taken to ensure that the excess expenditure could be avoided as far as possible. In reply to the PAC's recommendation Ministry of Railways stated, "In 2014-15 a Virtual Private Network (VPN) enabled Rail Budget System connecting all Zonal Railways and Production units across Indian Railways. This connectivity has reduced the excess expenditure (₹ 490.36 crore) in 2014-15. The observation of the committee is noted for being more careful in future."

Railways have complied the above assurance given by the Ministry of Railways to the PAC on their concern over excess expenditure and incurred excess expenditure of ₹ 75.87 crore in the year 2015-16. It can be seen in Table 2.5, the amount of excess expenditure has been declined in comparison to the excess expenditure incurred during the year 2013-14 and 2014-15. Ministry of Railways has applied the mechanism of budgetary control during 2015-16, to the greater extent by integrating Indian Railways Accounting Units with the Railway Board through Integrated Pay roll and Accounting System (IPAS) except in Metro Railway, Kolkata. MoR is yet to integrate the field accounting units with the Railway Board in a common format through IT Modules (IPAS). This may prevent deviation of data and arrest the practices of booking of excess expenditure.

Ministry of Railways may adopt more effective budgetary control mechanism to arrest the practise of booking of expenditure beyond authorisation given by the Parliament. Table 2.5 shows the number of instances and amount involved in excess expenditure for the last three years:

Table 2.5 Excess Expenditure during the last three years

(₹ in crore)

Year	No of Voted Grant	No. of Charged Appropriation	Original Provision	Supplementary Provision	Actual Expenditure	Excess	Growth rate in percent
2013-14	7	12	1,47,178.58	7,148.26	1,57,046.59	2,719.75	62.84
2014-15	3	3	44,508.75	2,818.12	47,817.24	490.37	-81.97
2015-16	1	5	907.37	2.26	985.50	75.87	-546.33

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

2.2.2 Savings

There were aggregate savings (revenue and capital grants) of ₹ 37,128.48 crore during the year 2015-16. In 15 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	6992.79	0	6189.68	-803.11
2	Grant No. 4– Working Expenses – Repairs and Maintenance of Permanent Way and Works	11657.55	0	10887.13	-770.42
3	Grant No. 5 - Working Expenses – Repairs and Maintenance of Motive Power	5464.56	0	5273.00	-191.56
4	Grant No. 6— Working Expenses – Repairs and Maintenance of Carriages and Wagons	12545.12	0	11951.97	-593.15
5	Grant No. 7 – Working Expenses – Repairs and Maintenance of Plant and Equipment	7238.18	0	6253.96	-984.22
6	Grant No. 8 - Working Expenses – Operating Expenses-Rolling Stock and Equipment	11387.93	0	10400.67	-987.26
7	Grant No. 9 - Working Expenses- Operating Expenses-Traffic	22124.02	0	20540.44	-1583.58
8	Grant No. 10 - Working Expenses – Operating Expenses-Fuel	30295.84	0	26066.60	-4229.24
9	Grant No. 11 - Working Expenses – Staff Welfare and Amenities	5861.45	0	5316.67	-544.78
10	Grant No. 12 - Working Expenses – Miscellaneous Working Expenses	6220.07	0	5734.04	-486.03
11	Grant No. 13 - Working Expenses – Provident Fund, Pension and Other Retirement Benefits	34574.38	0	31927.84	-2646.54
12	Grant No. 14 - Appropriation to Funds	57125.71	0	50665.97	-6459.74
13	Grant No. 15 - Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortization of over Capitalization	10810.74	0	8722.51	-2088.23
14	Grant No. 16-Capital	91561.86	0.0001	78841.64	-12720.22
15	Grant No. 16- Railway Funds	20294.80	0	18377.08	-1917.72
	Total	334155.00	0.0001	297149.20	-37005.80

From the above it can be seen that the total savings more than ₹ 100 crore is ₹ 37005.80 crore which is 99.87 *per cent* of the total savings (₹ 37052.61 crore).

Reasons for savings were attributed to less expenditure towards staff cost including Modified Assured Career Progression Scheme (MACP), salary and wages, contingencies, leave encashment, computer stationary, advertisement and publicity, less legal expenses, less debits from pension disbursing authorities, less expenditure towards commutation of pension, ex-gratia pension, finalization of less number of death cum retirement gratuity cases, materialization of less contractual payments, less expenditure on procurement of non-stock items, less drawl of stock lubricants from store, less expenditure towards wages and material on Periodical Overhaul (POH), less adjustments of workshop debits, less expenditure on Annual Maintenance Contract (AMC) pertaining to Passenger Reservation System, less consumption of High Speed Diesel (HSD) oil, decrease in average rate of oil purchased, less consumption of HSD oil due to less activity of diesel locos, less expenditure towards consumption of electric energy for traction services, less expenditure on repair of medical equipments, non-filling up of vacancies, less payment of leasing charges other than Indian Railway Finance Corporation (IRFC), less receipt of claims for reimbursement of tuition fees, less expenditure on purchase of medicines, less direct purchases, less expenditure towards sports and staff canteen, less adjustment relating to Security work, less adjustment of debits pertaining to territorial army, deterioration of net resource position by end of the year, less payment of dividend to General Revenues and less miscellaneous expenses during the year than anticipated.

Grant No. 16 - Capital – Reasons for savings are mainly due to less contractual payments, non/delay in finalisation of the tenders in time, change of source of fund from capital to Extra Budgetary Resource-Institutional Fund (EBR-IF) in various projects over Zonal Railways, nonpayment of cost of land due to delay in acquisition of land, slow progress of work due to law and order problem, less debits received for the work executing by Rail Vikas Nigam Limited (RVNL), less payment for the cost of stores and Permanent Way material, delay in sanction of Estimates, less receipt of final bills for passing than anticipated, non/delay in finalisation of yard plan, adjustment of less debits, less investment under Government Commercial Undertakings during the year than anticipated, decrease in prices of material and decrease in consumption of fuel and more receipt of credits.

Grant No. 16 - Railway Funds - Savings occurred in Railway Funds were due to slow progress of works, delay in finalisation of tenders, non-sanction of detailed estimates, non-materialisation of contractual obligations, non execution of works during the year, decrease in activities under construction/acquisition of rolling stocks than anticipated, less/non receipt of material and less receipt of stores debits than anticipated, non adjustment of debits and more receipt of credits during the year.

Savings in Grant No. 16-Railway Safety Fund

Reasons for savings under Grant No. 16-Railway Safety Fund attributed to less expenditure due to slow progress of Road Safety Works over various Zonal Railways, materialisation of less contractual payments, slow finalisation of tenders and adjustment of less stores debits.

From the above, it may be seen that there has been continuous savings in Grant No.16- Railway Funds from the years 2009-10 to 2015-16. There was continuous savings in Grant No. 14-Appropriation to Funds and Grant No. 16-Railway Safety Fund from 2009-10 to 2015-16 except during 2014-15.

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

2.3 Supplementary Provisions

2.3.1 Revenue Grants and Appropriations

Supplementary provisions amounting to ₹ 18.89 crore were taken during 2015-16 in eight revenue charged appropriations (Appropriation Nos. 3,4,5,6,8,11,12 & 13). These were obtained on account of more payments in satisfaction of court decrees.

2.3.2 Capital Grant and Appropriation

The supplementary provision (V) of ₹ 1,111.99 crore was taken during 2015-16 in Grant No.16-Capital. Under 'Voted', supplementary provision of ₹ 1,015.59 crore was obtained to meet additional requirements for safety works.

The supplementary provisions of ₹ 96.40 crore was obtained under charged appropriations (Grant No.16-Capital & RSF) during 2015-16 for payment in satisfaction of court decrees and arbitration awards, which were made into rule of the court, not anticipated earlier. However, the assessment of supplementary provisions under voted and charged appropriations were not realistic as there were savings in expenditure of ₹ 14,696.87 crore and ₹ 32.54 crore in voted and charged appropriations, respectively.

2.4 Surrenders

Savings in a grant or appropriation are required to be surrendered as soon as these are foreseen without waiting for the end of financial year. There were surrenders in a number of cases as shown in the Table 2.7:

Table 2.7 : Surrenders under various Grants

(₹ in crore)

Grant No.	Voted/ Charged (V/C)	Original	Supplementary	Actual expenditure	Net variation Excess (+)/ (Savings) ²⁸ (-)	Surrender ²⁹
1	V	302.84	0	278.61	-24.23	12.83
2	V	905.31	0	980.94	+75.63	75.42
3	V	6992.79	0	6189.68	-803.11	707.79
4	V	11657.55	0	10887.13	-770.42	653.90
5	V	5464.56	0	5273.00	-191.56	120.72
6	V	12545.12	0	11951.97	-593.15	467.98
7	V	7238.18	0	6253.96	-984.22	797.08
8	V	11387.93	0	10400.67	-987.26	854.27
9	V	22124.02	0	20540.44	-1583.58	1379.51
10	V	30295.84	0	26066.60	-4229.24	4162.47
11	V	5861.45	0	5316.67	-544.78	465.45
12	V	6220.07	0	5734.04	-486.03	354.01
13	V	34574.38	0	31927.84	-2646.54	65.73
14	V	57125.71	0	50665.97	-6459.74	5663.31
15	V	10810.74	0	8722.51	-2088.23	2315.30
16 (Capital)	V	91561.86	0.0001	78841.64	-12720.22	13985.18
16 (Railway Funds)	V	20294.80	0	18377.08	-1917.72	1710.08
16(RSF)	V	1645.78	1015.59	2602.44	-58.92	0.0018

It is evident from the above table; in Grant No. 15 and 16-Capital the amount surrendered exceeded the savings. In grant Grant No. 2 the amount was surrendered despite the excess expenditure incurred under this grant.

2.5 Budgetary Control by Spending Units

Budget Estimates are usually calculated by IR after taking into account zonal railways requirements which are analysed and moderated Re-appropriation of funds is done through Final Modification Statement³⁰ (FMS). Rule 519 of Finance Code, Volume-I provides that control of expenditure should be done through preparation in advance of estimates of the expenditure to be incurred, the allotment of fund through budget grants for the year on the basis of these estimates and continuous and concurrent review of the expenditure as incurred against the details of the estimates and against the sanctioned grants, so that revisions of estimates or re-appropriations of funds are arranged for at the earliest possible point of time.

Rules³¹ provide that Zonal Railways should furnish the statements showing the additional allotments required (both voted and charged) or surrenders to be made, during the current financial year under each head of appropriation, as prescribed in the budget orders, and requiring the sanction of the President. Based on the

²⁸ 'Savings' represent the difference between the sanctioned grant and actual expenditure.

²⁹ 'Surrender' represents the difference between 'Sanctioned Grant' and 'Final Grant'.

³⁰ 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.

³¹ Paras 385 and 386 of Finance Code-Volume-I

statements received from the zonal railways, Railway Board prepares a Final Modification Statement.

Audit reviewed all the 196 cases of re-appropriations relating to Grant Accounts Nos. 3 to 13 of zonal railways. Summary of railway-wise grant accounts is given in **Appendix-2.2**.

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

- It was seen that in 54 cases, the actual expenditure exceeded the final grant.
- In 37 cases, the actual expenditure even exceeded the sanctioned grants implying that surrender was not required in those cases.
- In 16 cases, zonal railways received additional funds through re-appropriation at the fag end of the year though the actual expenditure was less than the sanctioned grant.

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

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

- **Capital**-budgetary support advanced by general budget of Government of India,
- **Railway Funds**-internal resources kept under three different reserves³², and
- **Railway Safety Fund**-financed by Railways' share of diesel cess from Central Road Fund.

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

Segment wise allocation and expenditure is given in table 2.8 below:

Table 2.8 Segment wise Expenditure under Grant No. 16

<i>(₹ in crore)</i>					
Particulars	Original Provision	Supplementary provision	Total sanctioned provisions	Actual Expenditure	Saving (-)/ Excess (+)
Voted					
Capital	91,561.86	0.0001	91,561.86	78,841.64	-12,720.22
Railway Funds	20,294.81	0.00	20,294.81	18,377.08	-1,917.73
Railway Safety Fund	1,645.78	1,015.59	2,661.37	2,602.45	-58.92
Total Voted	113,502.45	1,015.59	114,518.04	99,821.17	-14,696.87
Charged					
Capital	107.31	96.36	203.67	172.46	-31.21
Railway Funds	4.92	0.00	4.92	3.63	-1.29
Railway Safety Fund	0.13	0.04	0.17	0.14	-0.03
Total Charged	112.36	96.40	208.76	176.23	-32.53

³² Reserve Funds were Depreciation Reserve Fund (DRF), Development Fund (DF) and Capital Fund (CF).

➤ Capital

In 2015-16, provision of ₹ 91,765.53 crore was made for acquisition and construction of assets/rolling stocks etc. There was a net saving of ₹ 12,751.43 crore, against the sanctioned provision, in this segment of the grant. Reasons for savings are discussed in Para 2.2.2- Savings against budget provision.

➤ Railway Funds

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

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

All these funds are financed from the internal resources of IR either by charging to 'Working Expenses' (DRF) or from 'Net Revenue Surplus' (DF and CF). Thus, performance of IR and availability of balances in the fund accounts impacts planning of expenditure under this segment of the grant. Source-wise break-up of sanctioned allocation and expenditure under Railway Funds is tabulated in Table 2.9.

Table-2.9 - Component of Railway Funds

(₹ in crore)

Particulars	Original Provision	Supplementary provision	Total sanctioned provisions	Actual Expenditure	Saving (-)/ Excess (+)
Voted					
Depreciation Reserve Fund	10,002.10	0.00	10,002.10	9,120.96	(-) 881.14
Development Fund	3,999.70	0.00	3,999.70	2,931.39	(-) 1,068.31
Capital Fund	6,293.00	0.00	6,293.00	6,324.74	(+) 31.74
Total Voted	20,294.80	0.00	20,294.80	18,377.08	(-) 1,917.72
Charged					
Depreciation Reserve Fund	1.63	0.00	1.63	1.85	(+) 0.22
Development Fund	3.29	0.00	3.29	1.77	(-) 1.52
Capital Fund	0.00	0.00	0.00	0.00	0.00
Total Charged	4.92	0.00	4.92	3.62	(-) 1.30
Grand Total -Voted and Charged	20,299.72	0.00	20,299.72	18,380.70	(-) 1,919.02

Analysis of this segment of grant revealed that there were net savings of ₹ 1,919.02 crore (9.45 per cent of the sanctioned grant).

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

- **DRF**-There was net savings of ₹ 881.14 crore constituting 8.81 *per cent* of the sanctioned provisions.
- **DF**- There were savings of ₹ 1,608.31 crore constituting 26.71 *per cent* of the sanctioned provisions.
- **CF**-There were excess expenditure (Voted grant) of ₹ 31.74 crore constituting 0.50 *per cent* of the sanctioned provision.

• **Railway Safety Fund**

This source of capital expenditure is funded by IR's share of diesel cess in Central Road Fund. Available fund is utilized for road safety works like manning of un-manned railway crossing and construction of road over/under bridges. There were savings of ₹ 58.92 crore against sanctioned grant of ₹ 2,661.37 crore constituting 2.21 *per cent* during 2015-16.

2.6.1 Withdrawal/Utilization of Funds

The Table 2.10 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 2.10-Appropriation to Railway Funds and withdrawal there from during the last three years ended 31 March 2016

(₹ in crore)

Fund	Particulars	2013-14	2014-15	2015-16
DRF	Appropriation to Fund(BE)	7,700.00	7,050.00	8,100.00
	Appropriation to Fund(Actual)	8,100.00	7,975.00	5,800.00
	Excess (+)/Short (-) appropriation	400.00	925.00	(-)2,300.00
	Expenditure/withdrawal from fund	7,119.91	7,286.93	7,588.95
DF	Appropriation to Fund(BE)	3,550.00	300.00	5,750.00
	Appropriation to Fund(Actual)	3,075.00	1,374.94	1,219.74
	Excess (+)/Short (-) appropriation	(-) 475.00	1,074.94	(-) 4,530.26
	Expenditure/withdrawal from fund	2,561.43	2,611.07	2,931.62
CF	Appropriation to Fund (BE)	5,433.80	5,662.74	7,615.71
	Appropriation to Fund (Actual)	500.00	6,233.36	5,798.24
	Excess (+)/Short (-) appropriation	(-) 4,933.80	570.62	(-)1,817.47
	Expenditure/withdrawal from fund	0	5,449.24	6,324.74
Total (Railway Funds)	Appropriation to Fund (BE)	16,683.80	13,012.74	21,465.71
	Appropriation to Fund (Actual)	11,675.00	15,583.30	12,817.98
	Excess (+)/Short (-) appropriation	(-) 5,008.80	2,570.56	(-) 8,647.73
	Expenditure/withdrawal from fund	9,681.34	15,347.24	16,845.31

From the above, it can be seen that the appropriation to the funds was not made under DF as per budget provision. During 2015-16, there was a short appropriation under this segment of capital expenditure by 78.79 *per cent* of Budget Provision.

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 the extent the working expenses could bear. During 2015-16, the appropriation of fund under DRF, however, decreased by 28.40 *per cent* of Budget provision.

In CF, which was created to meet the expenditure on leased assets there was short provision by 23.86 *per cent* of Budget provision.

2.7 Excess /savings beyond the prescribed limit

A large number of instances of excess/savings beyond the prescribed limits³³ were noticed. Central Railway (05 cases), Eastern Railway (14 cases), East Central Railway (14 cases), East Coast Railway (04 cases), North Central (07 cases), Northeast Frontier Railway (26 cases), Northern Railway (68 cases), North Western Railway (26 cases), Southern (25 cases), South Eastern (11 cases), South Central Railway (27 cases) South East Central Railway (10 cases), South Western Railway (51 cases), Western (09 cases), West Central (25 cases), Rail Wheel Factory (07 cases), CORE/ALD (02 cases), Integral Coach Factory (08 cases), CLW (07 cases) and Metro Rail Project/Chennai (01 case) were the railways/units having cases with significant excess/savings beyond the prescribed limits. A few such instances are given in Table 2.11.

Table 2.11 - Cases of Excess/Savings beyond the prescribed limits

Zonal Railway	Grant No./Name (Voted)	Minor Head/Plan Head	Excess/ Short Provision	₹ in crore	Percentage w.r.t Final Grant
NCR	12-Miscellaneous Working Expenses	100-Security	Excess	19.44	8.08
NCR	13-Provident Fund, Pension and other Retirement Benefits	100-Superannuation and Retiring Pension	Excess	552.88	18.12
NCR	13-Provident Fund, Pension and other Retirement Benefits	400-Family Pension	Excess	134.54	13.24
NCR	16-DF	4200-Workshop including production unit	Excess	8.32	30.62
NWR	12-Miscellaneous Working Expenses	100-Security	Excess	19.66	16.25
NWR	16-Capital	1500-Doubling	Short	68.39	63.81
SEC	16-Capital	1500-Doubling	Short	271.68	26123
SWR	03- Working Expenses – General Superintendence and Services	300-Personnel Management	Short	6.66	18.41
SWR	05- Working Expenses – Repairs and Maintenance of Motive Power	300-Diesel Locomotive	Short	17.59	10.36
SWR	07- Working Expenses – Repairs and Maintenance of Plant and Equipment	800-Other Plant and Equipment-general and Traffic Deptt.	Short	8.79	60.30
SWR	10- Working Expenses – Operating Expenses-Fuel	200-Diesel Traction	Short	195.46	14.60
WR	13- Provident Fund, Pension and other Retirement Benefits	800-Contribution to PF	Excess	9.77	10.07
WR	16-DRF	5300-Passenger amenities	Excess	1.95	25.53
WCR	02-Mioscellaneous Expenditure (General)	Survey	Excess	0.74	71.84

³³Paragraph 409 and 410 of Indian Railway Financial Code (Volume-I) prescribed limit for permissible variations which is 5 per cent or ₹ 50 lakh whichever is less and for Grant No.16 it is 10 per cent or ₹100 lakh whichever is less.

WCR	05-Repair and Maintenance-Motive Power	300-Diesel Locomotives	Excess	11.32	5.71
WCR	11- Working Expenses – Staff Welfare and Amenities	500-Residential and Welfare Buildings- Repair and Maintenance	Excess	8.84	11.90
WCR	16-Capital	2100-Rolling Stock	Short	23.22	443.21
WCR	16-DRF	2100- Rolling Stock	Short	128.25	4971.22

IR need to fine tune its projections.

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 2015-16-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.

MoR has not taken corrective action on the cases of misclassification and mistakes in accounts pointed out during the year 2014-15. Audit conducted an analytical review on the cases of the Misclassification and mistakes occurred during the year 2010-11 to 2014-15 (five years) and the corrective action taken thereupon by the MoR. The detailed report on the Misclassification and mistakes in Railways accounts and action taken by MoR is elaborated in **Chapter 3** of this Report.

Some instances of misclassification of expenditure and receipts in the Accounts of the Zonal Railways during 2015-16 are mentioned below:

- **Mis-classification between Revenue expenditure and Capital expenditure**
 - (i) In NR, an expenditure amounting to ₹ 1.17 crore towards freight charges of ballast was debited to Revenue Grant No. 4- Working Expenses (Repair and Maintenance of Permanent Way and Works) instead of Capital Grant No. 16-Capital.
 - (ii) In NR, an expenditure of ₹ 0.66 crore towards expenditure on Close Users Group (CUG) phone bills of Railway Officers was debited to Grants 16-DRF instead of Revenue Grant No. 7 - Working Expenses-Repair and Maintenance of Plant and Equipment.
 - (iii) In NCR, an expenditure of ₹ 17.87 crore towards payment of interest and refund of lease cost of land to Developer was debited to Capital (Plan Head 1100) instead of Revenue Grant No. 12 (Misc. Working Expenses).

- (iv) In SR, an expenditure of ₹ 1.96 crore towards (salary and allowances of work charged post ₹ 1.31 crore and cost of ballast - ₹ 0.65 crore for improvement and strengthening of Bridges) was debited to the Revenue Grant No. 04-Repair and Maintenance instead of Capital Grant No. 16.
- (v) In SCR, an amount of ₹ 0.46 crore towards cost of replacement of copper cadmium catenary wire with new one was debited to the Revenue Grant No. 07-Repair and Maintenance of Plant and Equipment instead of Capital Grant No. 16-DRF.
- (vi) In SCR, an expenditure of ₹ 0.35 crore towards cost of completion of un-finished quarters was debited to the Revenue Grant No. 11-Staff Welfare and Amenities instead of Capital Grant No. 16-DRF.

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

- (i) In CR, an expenditure of ₹ 1.92 crore towards ex-gratia compensation paid in respect of deceased railway employees was debited to the Revenue Grant No. 12-Miscellaneous Working Expenses instead of Revenue Grants No. 13-Provident Fund, Pension and other Retirement Benefits.
- (ii) In ER, an expenditure of ₹ 1.94 crore towards pay and allowances was debited to Revenue Grant No. 07- Repair and Maintenance of Plant and Equipment instead of Revenue Grant No. 11- Staff Welfare and Amenities.
- (iii) In ECR, an expenditure of ₹ 0.34 crore towards mechanical coach cleaning work at carriage and wagon depot at Saharsa was debited to Revenue Grant No. 06-Repair and Maintenance of Carriage and Wagons instead of Revenue Grant No. 08-Operating Expenses-Rolling Stock and Equipment.
- (iv) In NR, an expenditure of ₹ 4.79 crore towards pay and allowances of gate keepers was debited to the Revenue Grant No. 04-Repair and Maintenance of Permanent Way and Works instead of Revenue Grant No. 09-Operating Expenses -Traffic.
- (v) In NR, an expenditure of ₹ 4.78 crore towards mechanical coach cleaning work was debited to the Revenue Grant No. 06-Repair and Maintenance of Carriage and Wagon instead of Revenue Grant No. 08-Operating Expenses-Rolling Stock and Equipment.
- (vi) In NR, an expenditure of ₹ 2.46 crore towards HSD Oil used in Generator Cars was debited to the Revenue Grant No. 10-Operating Expenses –Fuel instead of Revenue Grant No. 08-Operating Expenses-Rolling Stock and Equipment.
- (vii) In NCR, an amount of ₹ 0.46 crore towards salary and allowances of training staff was debited to Revenue Grant No. 12-Miscellaneous Working Expenses instead of Revenue Grants No.03-General Superintendence and Services.

- (viii) In SCR, an amount of ₹ 0.07 crore towards Pay and allowances of Medical Officer was debited to Revenue Grant No. 06-Repair and Maintenance of Carriage and Wagon instead of Revenue Grants No. 11- Staff Welfare and Amenities.
- (ix) In SECR, an amount of ₹ 1.29 crore towards Pay and allowances of Trainees and Trade Apprentices of all department except medical was debited to Revenue Grant No. 08- Operating Expenses-Rolling Stock and Equipment instead of Revenue Grants No. 12- Miscellaneous Working Expenses.
- (x) In WR, an amount of ₹ 2.20 crore towards wages of gate keepers in Ratlam Division was debited to Revenue Grant No. 04- Repair and Maintenance of Permanent Way and Works instead of Revenue Grant No. 09-Operating Expenses -Traffic.

- **Mis-classification of expenditure under Capital Grant**

- (i) In CR, an expenditure of ₹ 8.16 crore towards capital cost of accident damaged electric loco was debited to Capital Grant No. 16-DRF instead of Capital Grant No. 16 - Capital.
- (ii) In NR, an expenditure of ₹ 0.77 crore towards setting up of Departmental Mechanised Laundry for washing Linen at Varanasi was debited to Capital Grant No. 16-DRF instead of 16-DF.
- (iii) In SR, an expenditure of ₹ 1.84 crore towards cost of ballast procured and utilised in gauge conversion work was debited to the Grant No.16-Capital instead of Grant No. 16-DRF.
- (iv) In SR, an expenditure of ₹ 23.23 crore towards cost of land was debited to Capital Grant No. 16-DRF and DF instead of 16-Capital.
- (v) In SCR, an expenditure of ₹ 0.76 crore towards three-Phase Power Supply and Flood light arrangement for track machine siding was debited to the Capital Grant No. 16-DRF (Track Renewal) instead of 16-DF (other electrical works 3600).
- (vi) In SCR, an expenditure of ₹ 0.98 crore towards up-gradation of running rooms was debited to the Capital Grant No. 16-DRF (other specified works 6400) instead of 16-DF (other specified works 6400).
- (vii) In SER, an expenditure of ₹ 0.56 crore towards cost of new quarters was debited to the Capital Grant No. 16-DRF instead of 16-Capital.
- (viii) In WR, an expenditure of ₹ 96.73 crore towards cost of new B.G. Line between Patan and Bhildi was debited to the Capital Grant No. 16-Capital-Gauge Conversion (1400) instead of 16-Capital-New Lines (1100).

- **Mis-classification of receipts**

- (i) In WCR, an amount of ₹ 0.59 crore relating to commission charges was debited to the Earnings Abstract X-Coaching instead of Revenue Grant No. 09-Operating Expenses-Traffic.

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

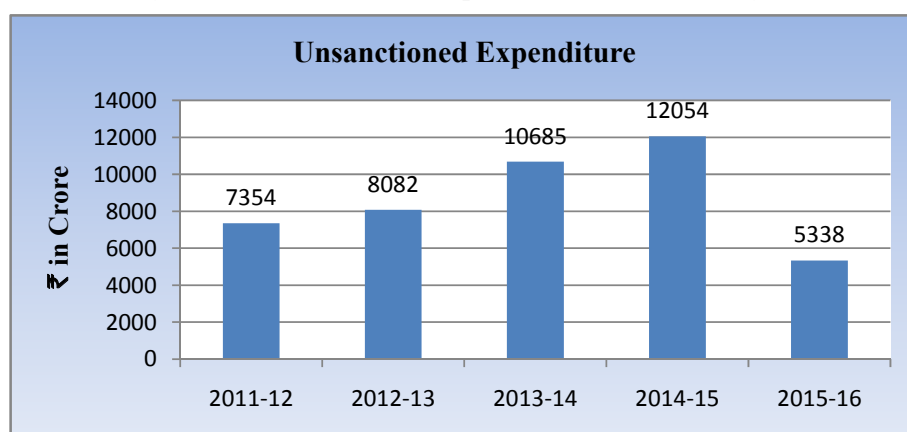
MoR in its reply stated that the PAC’s recommendations are noted for strict compliance. Apart from fixing responsibility for lapses at suitable levels MoR is committed for computerisation at various accounting activities to bring about efficiency and expediency in its functioning. It shall always remain the endeavour of MoR to avoid misclassification/mistakes altogether. Despite PAC’s remarks on misclassification, the instances of misclassification were noticed during 2015-16, too. Further, MoR in its ATN on Chapter 2 of the Audit Report No. 19 of 2014 mentioned that instructions have been reiterated to the Zonal Railways for strengthening/tightening the system and sensitize the staff to avoid misclassifications while booking expenditure, besides enforcing accountability for correctness of allocation of expenditure.

Despite issue of repeated instructions by the MoR, instances of misclassification have been continuing. Implementation of the instructions needs to be ensured by MoR.

2.9 Unsanctioned Expenditure

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

Diagram-2.3 Unsanctioned Expenditure (cumulative figures)



The unsanctioned expenditure, number of the items involved and percentage against total expenditure during the year from 2011-12 to 2015-16 are given in table 2.12

Table 2.12-Cases of Unsanctioned Expenditure

(₹ in crore)

Year	Total Expenditure	Unsanctioned Expenditure		Percentage of total expenditure
		No. of Items involved	Amount involved	
2011-12	191997	3243	7354	3.87
2012-13	226339	3324	8082	3.57
2013-14	253939	3078	10685	4.21
2014-15	285133	3744	12054	4.23
2015-16	301316	3567	5338	1.77

A review of such expenditure held under objection disclosed an increasing trend from 2011-12 to 2014-15 with increase in number of items. However, in comparison to the previous year, during 2015-16 the number of items has been reduced by 177 items and amount reduced by 55.71 per cent. Unsanctioned expenditure as of 31 March 2016, included ₹ 395 crore (7.40 per cent of total unsanctioned expenditure) related to 1941 items which were more than two years old.

2.10 Conclusions

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

During 2015-16, Ministry of Railways against the sanctioned grant³⁴ of ₹ 3,38,368.80 crore in respect of 15 Revenue Grants and one Capital Grant, incurred an expenditure of ₹ 3,01,316.19 crore thereby registering a net savings of ₹ 37,052.61 crore. An analysis of grant-wise expenditure revealed that the net saving of ₹ 37,052.61 crore was a result of savings of ₹ 37,128.48 crore under fourteen revenue grants, three segments of capital grant, five revenue appropriation and three segments of capital appropriation, adjusted by an excess of ₹ 75.87 crore in one revenue grant and five revenue appropriations.

The savings in the Revenue Grants and Capital Grant indicate that the core activities, creations of assets, value addition for which the funds were demanded through Demands for Grants were not done and the desired benefits could not be achieved by the Railways. At the same time, incurring of excess expenditure over the sanctioned grants indicates that the unauthorised expenditure was incurred.

Instances of excess expenditure, surrender of funds, misclassification of expenditure from Revenue Grant to Capital Grant and *vice versa*, charged expenditure to voted expenditure, one revenue grant to another, unsanctioned expenditure etc. have regularly been pointed out by Audit.

The Public Accounts Committee (PAC) expressed their displeasure over consistent and unauthorised excess expenditure by the Ministry of Railways. PAC also recommended the Ministry of Railways to review and overhaul their existing mechanism for estimation of budgetary requirements. MoR has taken initiatives on repeated recommendations of the PAC. The excess expenditure has been decreased to a great extent during 2015-16 as compared to the excess expenditure incurred in last two years by the Ministry of Railways.

The cases of misclassification of expenditure have been a regular feature in the accounts of IR (details are reviewed for the last five years in Chapter 3). The PAC observed that a large number of cases of misclassification of expenditure under various Grants/Appropriations operated by Ministry of Railways have turned out to be a recurring phenomenon. The Committee recommended that the existing budgetary mechanism in Railways needs to be revamped to overcome systemic lacunae/loopholes and progressive elimination of misclassification syndrome and responsibility fixed on the persons responsible for the apparent lapses.

However, the instances of misclassification of expenditure by the spending units were still being noticed.

2.11 Recommendations

- ***Ministry of Railways should impress upon the budget controlling authorities for regular monitoring of the flow of expenditure and budget allotment and take prompt action for seeking additional funds/surrender of funds allotted.***

³⁴ Sum of Original and Supplementary Grants

- *Ministry of Railways may adopt effective measures for integrating the field accounting units with the Railway Board Accounts in a common format through IT Modules (IPAS) as the same has not been fully implemented.*
- *The unsanctioned expenditure should be controlled; administration should ensure all unsanctioned expenditure is regularised on priority.*

Chapter 3 Mis-classification and Mistakes in Accounting and Followup Action

3.1 Introduction

The financial transactions of Indian Railways (IR) are broadly classified as Revenue Expenditure (Policy Formulation and Services, Ordinary Working Expenses (OWE), Appropriation to Funds and Dividend Payable to General Revenues), Capital Expenditure (Works Expenditure) and Earnings. The classification of expenditure into sub-major Heads with a separate Abstract for each sub-major Head is detailed in the table below:

Table 3.1: Classification of Revenue and Capital Expenditure

Group	Grant No.	Nomenclature of the Demand
Revenue Expenditure		
Policy Formulation and Services Common to all Railways	1	Railway Board
	2	Miscellaneous Expenditure (General)
Ordinary Working Expenses		
General Superintendence and Services on Railways	3	General Superintendence and Services on Railways (Abstract A)
Repairs and Maintenance	4	Repairs and Maintenance of Permanent Way and Works (Abstract B)
	5	Repairs and Maintenance of Motive Power (Abstract C)
	6	Repairs and Maintenance of Carriages and Wagons. (Abstract D)
	7	Repairs and Maintenance of plant and Equipment (Abstract E)
Operation	8	Operating Expenses-Rolling Stock and Equipment. (Abstract F)
	9.	Operating Expenses-Traffic (Abstract G)
	10.	Operating Expenses-Fuel (Abstract H)
Staff Welfare, Miscellaneous and Retirement Benefits	11.	Staff Welfare and Amenities.(Abstract J)
	12	Miscellaneous Working Expenses. (Abstract K, N)
	13.	Provident Fund, Pension and other Retirement Benefits (Abstract L)
Appropriation to Railway Funds	14.	Appropriation to Funds (Abstract M)
Payment of Dividend to General Revenues	15.	Dividend to General Revenues, Repayment of loans taken from General Revenues and Amortization of over Capitalization.
Capital Expenditure		
Capital and other Works Expenditure	16.	Assets-Acquisition, Construction and Replacement

Source: Indian Railway Financial Code Volume – II.

The various sources of funds to meet capital expenditure are Capital, Depreciation Reserve Fund (DRF), Capital Fund (CF), Development Fund (DF) and Railway Safety Fund (RSF). Capital expenditure, irrespective of the source of finance, is booked under Demand No.16-Assets-Acquisition, Construction and Replacement. There are 33 Plan Heads for classification of capital/works expenditure.

In addition, certain debt, deposit, suspense and remittance heads such as Provident Fund, Indian Railway Deposits, and Accounts with P&T, Defense and States, Remittances into Bank and Cheques and Bills are also operated in the books of accounts of Railways.

The earnings of Railways are classified under three sub major Heads with a separate Abstract for each sub major Head is shown in the table below:

Table 3.2: Classification of Earnings

Abstract	Nature of Earnings
Abstract 'X'	Earnings from Coaching Traffic
Abstract 'Y'	Earnings from Goods Traffic
Abstract 'Z'	Sundry Other Earnings

Source: Indian Railway Financial Code (Vol.II)

3.1.1 Observations of Public Accounts Committee on Misclassifications and mistakes in accounting

'Misclassification' refers to an income or expenditure classified under the wrong head of account. Mistakes in accounting include non-accounting of transactions, incorrect accounting of transactions, belated adjustments in the Accounts and operation of unauthorised heads of accounts, etc.

The Public Accounts Committee (PAC) in its various Reports³⁵ has expressed concern over large number of irregularities occurring in the Accounts of the Railways. The PAC in its Reports had observed the following:

- The budgetary mechanism of Railways needs to be revamped to overcome systemic lacunae/loopholes for progressive elimination of misclassification syndrome.
- In view of the perfunctory manner in which the Accounts are maintained, the Ministry of Railways (MR) should ensure proper upkeep and maintenance of Books of Accounts so that the propensity for misclassification/wrong booking of expenditure are detected in time and rectified accordingly.
- Ministry of Railways should devise a mechanism to seriously address the issue to bring down the cases of misclassifications as they indicate not

³⁵ 20th Report of PAC (2000-01), 31st Report of PAC (2001-02), 35th Report of PAC (2001-02), 45th Report of PAC (2002-03), 15th and 19th Reports of PAC (2014-15).

only apparent inadequacies in the accounting system but also glaring lapses on the part of accounting officials.

- The gravity of lapses (Misclassification, fictitious adjustment, adjustment of amounts to unrelated works, irregular adjustment of credits, non-adjustment of debits etc.) becomes more pronounced when viewed in the context of similar lapses which had also occurred in past.
- Persistent misclassification of expenditure is endemic of system failure which indicates Ministry of Railway's failure to even eliminate basic mistakes such as misclassification of expenditure.
- 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.
- The PAC urged to make optimal utilization of e-governance.
- Ministry of Railways should strengthen its internal control mechanism further since large instances of misclassification of expenditure reflect ineffective internal control which defeats the objectives of authenticity and transparency in accounting and budgeting.

3.1.2 Audit Objectives

A review of misclassification and mistakes in accounting was conducted with the following objectives to assess:

- (i) The nature and trend of misclassification in the Accounts of Railways and the reasons for their recurrence.
- (ii) Follow up action taken by Railways to rectify the misclassifications and mistakes in Accounts and the impact of non-rectification of errors on financial statements and key indicators.

3.1.3 Audit Scope and Methodology

The study covered a period of five years from 2010-11 to 2014-15. It involved the examination of records of misclassification and mistakes for inclusion in Annexure-J maintained at Zonal Railway and Divisional Railway Headquarters with attached field units.

3.1.4 Audit Criteria

The criteria for this review were derived from the relevant rules and provisions contained in Indian Railway Code for the Accounts Department (Part I), Indian Railway Financial Code – (Volume I and Volume II), guidelines and orders issued by Railway Board, PAC Reports and Action Taken Notes of the Ministry of Railways.

Audit Findings**3.2 Previous Trend**

Misclassification and other important mistakes in accounting of earnings and expenditure are included in the Annexure J³⁶ to Appropriation Accounts of each financial year. During the review period 560 cases of misclassifications and mistakes in accounts worth ₹ 3,548.95 crore were pointed out by Audit which were accepted and included in Printed Detailed Appropriation Accounts - Part II as 'Annexure J' by Ministry of Railways. The year wise details of the cases are shown in the table below:

Table 3.3-Year-wise position of Misclassification and mistakes

Year	Misclassification		Mistakes in Accounting		Total	
	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
2010-11	48	54.03	40	328.75	88	382.78
2011-12	63	34.90	28	243.57	91	278.47
2012-13	79	45.89	66	999.29	145	1045.16
2013-14	80	47.98	81	875.45	161	923.43
2014-15	56	36.71	19	882.40	75	919.11
Total	326	219.51	234	3329.44	560	3548.95

Source: Part-II -Detailed Appropriation Accounts- Annexure 'J'

Scrutiny of records further revealed that out of 560 cases of ₹ 3,548.95 crore, 426 cases amounting to ₹ 3,031.36 crore pertained to six Zonal Railways³⁷ which indicated the absence of adequate system to obviate recurrence of misclassifications to ensure effective budgetary control. Ministry of Railways could not tackle the problem of misclassification effectively despite the PAC having expressed their serious concern from time to time over the large number of cases of misclassifications occurring while preparation of accounts.

3.3 Nature of Misclassification

Broadly, Misclassification of expenditure in Railway Accounts and Mistakes in accounting is of following types:

- Misclassification while sanctioning budget.
- Misclassification while booking of expenditure.
- Difference in perception with respect to interpretation of classification.
- Non implementation of changes in accounting classification, notified by Railway Board.
- Others miscellaneous mistakes in accounting.

³⁶ Statement of important misclassification and other mistakes.

³⁷ SCR-138 cases- ₹ 290.52 crore, NR-126 cases- ₹ 283.73 crore, SR-64 cases- ₹ 304.82 crore, NCR-51 cases- ₹ 73.61 crore, SWR-45 cases- ₹ 1,461.68 crore and NFR-2 cases- ₹ 617.00 crore.

3.3.1 Misclassifications while sanctioning budget

Para 717 of the Indian Railway Financial Code (Volume I) provides that land taken up permanently, whether for Capital, Development Fund or Revenue purposes of the Railway is to be charged irrespective of the cost to “Capital”.

In SCR and NR, provision and allotment of funds for Acquisition of land was made under Development Fund and Capital Fund as detailed below:

South Central Railway: Land acquisition at Tirupati (Pink Book- PB) (PB-522-2011-12 PB-539-2012-13 & PB-615- 2013-14).

Northern Railway: Land acquisition for development of freight terminal at Holambi (PB-86-2014-15).

Scrutiny of records further revealed that in Annexure-G of the year 2014-15 Expenditure towards acquisition of land was booked under other sources of funds instead under ‘Capital’ only. The Railway wise details are shown in the table below:

Table 3.4-Railway-wise booking of land cost under DRF, DF & RSF

Railway	DRF		DF		RSF	
	Plan Head	Amount (₹ in crore)	Plan Head	Amount (₹ in crore)	Plan Head	Amount (₹ in crore)
ER			1600	0.62		
ECR	3100	0.22				
SR	3200	1.76	4100 & 5300	0.05	3000	0.02
SWR			4200	0.03		
WCR			1600	11.72		
Total		1.98		12.42		0.02

Para 711 of Indian Railway Financial Code (Volume I) stipulates that the cost of works relating to amenities for passengers and other railway users, new labour welfare works including additions to existing works, un-remunerative works for improvement of operational efficiency including additions to existing works falling in the lists in the Note (2) (A), (B), (C) is to be charged to Development Fund.

A test check of item wise works sanctioned through Works, Machinery and Rolling Stock Programme of Railways (Pink Book-2014-15) revealed that provision and allotment of funds is made under different sources of finance viz. Capital, Capital Fund, Depreciation Reserve Fund and Development Fund for the same nature of works based on the proposals sent by various Zonal Railways without adhering to the Allocation Rules provided in Financial Code (Volume I). Some instances are summarised in **Appendix 3.1**.

Even after computerisation of sanctions through Indian Railways Projects Sanctions and Management (IRPSM) and Railway Budget System (RBS through Virtual Private Network) due attention is not given to allocation

rules while processing of works for according online sanctions for inclusion in the Works, Machinery and Rolling Stock Programme of Railways (Pink Book) resulting in basic mistakes in classification.

3.3.2 Misclassifications while booking of expenditure

Para 217 of Indian Railway Code for Accounts Department, Volume I stipulates that the primary responsibility for the allocation of receipts and expenditure rests with the concerned Departmental Officers. The Accounts Department is responsible for ensuring that allocation shown on the initial document is correct.

During the review 64 cases of persistent misclassification of expenditure worth ₹ 53.47 crore were pointed out by Audit and accepted by Ministry of Railways. **(Annexure - 1)**

Similar natures of misclassification that have been repeated year after year are detailed in **Appendix 3.2**.

As per Para 303 of the Indian Railway Financial Code Volume I, any sums required to satisfy any judgement, decree by court or awards by Arbitration is to be treated as Charged Expenditure. In contravention payment of Arbitration Awards, Compensation paid in Accident cases at the instance of Court and enhanced compensation for land acquisition on the basis of Court decree were booked as Voted Expenditure instead of Charged Expenditure. Scrutiny of records revealed ten cases of misclassification involving ₹ 0.95 crore between Voted and Charged expenditure in five zones³⁸ and CORE/Allahabad. **(Annexure - 2)**

In 12 Zonal Railways³⁹, CLW and CORE (Allahabad) 193 cases involving ₹ 337.75 crore due to misclassification and incorrect exhibition of expenditure between one revenue grant and another revenue grant, revenue grants to capital grant and vice versa, one segment and another segment (Capital, CF, DF, DRF, RSF) of capital grant which could have been avoided by Railway Administration after proper scrutiny of initial documents. **(Annexure – 3)**

The impact of wrong booking on dividend and subsidy: There was excess subsidy claim of ₹ 12.27 crore and short payment of dividend of ₹ 11.83 crore in ER, NR and SR.

³⁸ SR-3 (₹ 0.25 crore), SCR-2 (₹ 0.06 crore), NCR-1 (₹ 0.06 crore), SWR-2 (₹ 0.42 crore), WCR-1 (₹ 0.14 crore) & CORE/ALD-1 (₹ 0.02 crore).

³⁹ CR-1 (₹ 0.01 crore), ER-13 (₹ 128.35 crore), NR-45 (₹ 17.66 crore), SR-16 (₹ 20.51 crore), SCR-44 (₹ 19.81 crore), WR-8 (₹ 5.59 crore), ECR-3 (₹ 0.37 crore), ECOR-6 (₹ 7.76 crore), NCR-15 (₹ 4.52 crore), NWR-19 (₹ 30.49 crore), SECR-2 (₹ 0.12 crore), SWR-18 (₹ 88.71 crore), CLW-2 (₹ 1.34 crore), RE-1 (₹ 12.51 crore).

In ECOR an excess claim of subsidy of ₹ 1.08 crore in the year 2013-14 due to wrong treatment of capital invested against un-remunerative branch lines and irregular inclusion of capital invested towards Sambalpur –Talcher lines after moratorium period under Works in Progress category was in contravention to the Railway Convention Committee recommendations.

Categorical instructions were issued to the FA&CAOs by Railway Board in January 2011, January 2012 and June 2014 to streamline the system to preclude repetition of similar nature of misclassification year after year, but no such mechanism has been put in place to avoid recurrence and many a times cases are being repeated in subsequent years also indicating that adequate attention is not given to proper maintenance of accounts.

3.3.3 Difference in perception with respect to interpretation of classification.

Railway Board (April 2013) emphasized that cases arising due to varying interpretation of classification between Railway Administration and Audit must be identified and remedial action taken in consultation with Board's Office, if necessary to avoid such incidences of misclassification in future.

During the certification of Appropriation Accounts from 2010-11 to 2014-15, 14 cases worth ₹ 95.22 crore were deferred by three Zonal Railways⁴⁰ Administration in absence of guidelines/correction to the allocation rules from Railway Board even though *prima facie* Railways agreed with the contention of audit. (Annexure 4)

3.3.4 Non-implementation of changes in accounting classification notified by the Railway Board

Scrutiny of records revealed instances of mis-classification and mistakes due to the non-implementation of changes in accounting classification notified by the Railway Board as discussed below:

1. Four Zonal Railways⁴¹ has not followed the instructions on Advance Correction Slip issued by Railway Board duly advising changes to various sub-heads under Minor Head-800 under Grant No. 7. In ECR expenditure on cleaning and removal of garbage at stations was to be booked under Grant No. 9 – Detailed Head – 291 instead of Grant No. 9 – Detailed Head – 299. In two Zonal Railways⁴² Closed User Group (CUG) and bandwidth charges were to be booked in Grant No. 7 whereas this expenditure was booked in respective revenue grants.

Thus, Ministry of Railways failed in institutionalising effective mechanism to ensure implementation of changes in accounting classification.

⁴⁰ ECR-1(₹ 0.60 crore), SCR-12 (₹ 93.58 crore), and NCR-1 (₹ 1.04 crore).

⁴¹ SR, SCR, WR and ECR.

⁴² SR and WR.

3.3.5 Other Miscellaneous Mistakes in Accounting

The Public Accounts Committee in its 3rd report opined that the gravity of lapses (fictitious adjustments, adjustment of amounts to unrelated works, irregular adjustment of credits, non adjustment of debits etc) becomes more pronounced when viewed in context of similar lapses which had also occurred in past.

In 11 Zonal Railways⁴³ 66 cases of irregular adjustments involving money value of ₹ 1,431.05 crore were pointed out by audit and accepted by Railways. A few instances of important cases of mistakes in accounting are indicated in *Appendix 3.3*.

PAC in their 31st Report (2001-2002) stated that such accounting irregularities indicate negligence and callous attitude on the part of the authorities entrusted with responsibility of maintenance of accounts in the Railways. Ministry of Railway (October 2012) communicated to all Zonal Railways that Audit has observed that despite being pointed out by audit and Public Accounts Committee repeatedly, adequate attention was not paid at various levels to eliminate such misclassifications.

Despite issue of instructions to all Zonal Railways every year, there was no improvement in the position and similar nature of mistakes are being repeated year after year. **(Annexure 5)**

3.4 Failure of Internal check mechanism

In May 2011 and September 2011, Railway Board conveyed distress at the lack of proper action at pre-audit and post audit stages to take corrective action for rectification of mistakes before closure of annual accounts and stressed the need for pre-audit and post audit internal checks drive on classification of transaction and computerization on the incidence of misclassification.

However, during the period of review, it was observed that instances of glaring errors which could have been detected by the Accounts Department through internal check and rectified before closure of Final Accounts for the financial year escaped un-noticed. A few instances of important cases are mentioned in *Appendix 3.4*.

3.5 Monitoring mechanism for rectification of misclassification before closure of Accounts

Railway Board (May 2011) devised a monitoring mechanism for watching the remedial action/rectification of misclassification and mistakes before the

⁴³ CR-4 (₹ 37.71 crore), ER-4 (₹ 11.45 crore), NR-17 (₹ 150.53 crore), NFR-2 (₹ 617.00 crore), SR-20 (₹ 244.12 crore), SER-1 (₹ 21.71 crore), SCR 9 (₹ 102.34 crore), WR-1 (₹ 7.31 crore), ECoR-1 (₹ 2.88 crore), SWR-6 (₹ 230.57 crore), WCR- 1 (₹ 5.43 crore).

closure of Annual Accounts. The following action is required to be taken by Zonal Railways:

- Misclassification and mistakes pointed out have to be reviewed at FA&CAO level every month.
- A quarterly Review Report on misclassifications and mistakes has to be sent so as to reach the office of Railway Board within 10 days at the end of each quarter.

Review of the records revealed the following:

- Though monthly review of the expenditure was done, quarterly Review Report was not furnished to the Railway Board by any of the Zonal Railways.
- Suitable instructions to prevent recurrence of misclassifications / mistakes in accounting were issued in nine Zonal Railways⁴⁴.
- Responsibility was not been fixed in any of the Zonal Railways against the staff concerned in respect of misclassifications/mistakes included in Annexure-J.

3.6 Introduction of Financial Management Information System (FMIS)

Railway Board (February 2015) instructed all Zonal Railways and Production Units to ensure necessary validations and checks in the FMIS over similar nature of misclassification / mistakes being repeated year after year.

Audit observed that expenditure was shown as incurred under inoperative departments, minor / sub / detailed heads and primary units.

- Budget provision is made towards Primary Unit 10-Kilometrage Allowance under Grant No.3, 4, 5, 7, 10 and 12 and expenditure is booked accordingly. However, this Primary Unit is not available in the IT Application of Budgeting against the above Grants. (*SCR-2012-13 and 2013-14*).
- Operation of non-existing Minor Heads / Sub Heads / Primary Units and operation of Department '00' and exhibition of the same in the Appropriation Accounts under other Minor Heads / Sub Heads / Primary Units. (*SCR-2012-13 and 2013-14, SR-14-15*).
- As per Explanatory Note under Abstract 'F' of Indian Railway Financial Code (Volume II), the cost of electrical energy generated or purchased is first booked under Grant No.8-620. Finally, the expenditure is to be allocated to final detailed heads and the expenditure under sub head 620 should be reduced to 'Zero'. Thus, the computer application should by

⁴⁴ (*ECR, ECOR, NFR, SER, WR, WCR, SR, SCR and NR*).

default not accept expenditure under the sub head 620 at the end of the year. SCR and NWR reported that no such arrangement exists to ensure that the amount under the Sub head 620 is 'Zero' at the end of the financial year.

- Four Zonal Railways (*ER, ECR, SR and SER*) and one Production unit (*RWF/Yellhanka*) reported that there was lack of necessary validations and checks in the computerised environment (FMIS).
- FMIS was not introduced by CORE/Allahabad and it was stated that the same has been forwarded to CRIS for required information.

Thus, validation controls in FMIS to prevent misclassification/mistake in accounts were weak.

3.7 Follow up action by Railways to rectify the misclassifications and impact thereof
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Para 922 of Indian Railway Financial Code (Volume I) envisage the procedure to be adopted in the rectification of misclassification and mistakes noticed after the submission of Capital and Revenue Accounts and Finance Accounts. If any inaccuracy in the Accounts, compiled by the Accounts Branch, is noticed by Audit, the mistakes detected have to be rectified as per the procedure given below:

- No correction need to be made if the item belongs to one revenue or service head but is wrongly classified under another, a note under original entry is sufficient.
- Mistakes which affect Capital Major Heads should be affected by altering the progressive figure of Capital outlay through Transfer without Financial Adjustment (TWFA) to prevent unnecessary inflation of Current year's Accounts.
- If error affects a debt, deposit or remittance head, corrections should be made by transferring to the correct head of Account under which it should originally appear.

If the rectification of the misclassification or mistake leads to an excess over a Grant or Grants voted by the Parliament or an appropriation sanctioned by the President or to a considerable change in the dividend payable during the year to General Revenues, the orders of the Financial Commissioner (Railways) must be first obtained.

3.7.1 Follow up action with respect to Capital Major Heads

The errors affecting the Capital head must be corrected by altering the progressive figure of Capital outlay through TWFA to prevent unnecessary inflation of Current year's Accounts.

A review of the records revealed that there were cases of mis-classification/mistakes relating to Capital Major Heads, which were not rectified through TWFA as envisaged in the Indian Railway Financial Code (Volume I).

A. Impact of booking of expenditure to Capital instead of Revenue Grant

In eight Zonal Railways⁴⁵ 22 cases of wrong booking of revenue expenditure to Grant No.16-Capital involving money value of ₹ 15.96 crore were noticed which resulted in:

- **Avoidable payment of Dividend** amounting to ₹ 2.14 crore.
- **Profit and Loss Account:** Understatement of Working expenses to the extent of ₹ 15.96 crore and excess dividend of ₹ 2.14 crore on the debit side of Profit and Loss Account.
- **Block Account and Balance Sheet:** Overstatement of value of Assets to the extent of ₹ 15.96 crore without actual acquisition under Capital in the Block Account and incorrect depiction of Capital investment and Assets in Balance Sheet. (Annexure 6)

B. Impact of booking of expenditure to DRF instead of Revenue Grant

In four Zonal Railways⁴⁶ 14 cases involving money value of ₹ 20.26 crore due to wrong booking of revenue expenditure to Grant No.16-DRF resulted in:

- **Loss of Interest on DRF Balances** to the extent of ₹ 3.30 crore
- **Final Account Current: On Receipt side** - Sequence Number shown in Account Current (Sq. No.) 23100-Interest on Fund balance and **On Outgoing side** Sq.No.86700-Deposit with Reserve Bank of India to the tune of ₹ 3.30 crore and Schedule No.11-Transactions adjusted under Bank Deposit.
- **Debt Head Report:** Understatement of fund balances under DRF amounting to ₹ 20.26 crore plus ₹ 3.30 crore due to excess withdrawals on account of wrong booking of expenditure and less interest thereof.
- **Profit and Loss Account:** Understatement of Working expenses to the extent of ₹ 20.26 crore (on the debit side) resulting in increase of surplus.
- **Block Account:** Overstatement of expenditure under DRF amounting to ₹ 20.26 crore in the Block Account.
- **Balance Sheet:** Incorrect depiction of fund balances under DRF to the tune of ₹ 20.26 crore plus interest on DRF amounting to ₹ 3.30 crore (on

⁴⁵ NR-2 (₹ 2.02 crore), (, SR- 5, (₹ 8.52crore), SER-3(₹ 0.73 crore),, SCR-2, (₹ 0.44 crore), NCR-1, (₹ 0.32 crore), NWR-2, (₹ 0.02 crore), SECR-2, (₹ 0.04 crore), SWR-5(₹ 3.87 crore),

⁴⁶ NR-9(₹ 14.27 crore), SCR-3, (₹ 0.92 crore) WR-1, (₹ 0.11 crore)& NCR-1(₹ 4.96 crore).

the Liabilities Side) and incorrect depiction of Capital investment and Asset value on both sides of Balance Sheet. (Annexure 7)

C. Impact of booking of expenditure to Revenue Grants instead of booking to Capital, DRF and DF

- **Excess payment of dividend:** In SR there was excess booking of expenditure of ₹ 1.94 crore under Capital. In four Zonal Railways⁴⁷ 8 cases involving money value of ₹ 7.99 crore due to short booking of expenditure resulted in net excess payment of dividend to the tune of ₹ 0.05 crore.
- **Incorrect calculation of Interest on DRF Balances:** In three Zonal Railways⁴⁸ five cases of excess booking of expenditure amounting to ₹ 13.82 crore under DRF were noticed due to wrong classification. In five Zonal Railways⁴⁹ 25 cases worth ₹ 31.45 crore of short booking of expenditure were noticed. This has resulted in net excess interest on DRF to the tune of ₹ 1.92 crore.
- **Impact on Final Account Current: On Receipt side** Sq.No.23100-More Interest on Fund balance **and On Outgoing side** Sq.No.86700-Deposit with Reserve Bank of India to the tune of ₹ 1.92 crore and Schedule No.11-Transactions adjusted under Bank Deposits was reflected.
- **Impact on Dividend Statement:** Excess dividend amounting to ₹ 0.05 crore was paid to general revenues.
- **Impact on Debt Head Report:** Due to short exhibition of withdrawals on account of wrong booking of expenditure amounting to ₹ 17.63 crore, the balance under DRF was overstated.
- **Impact on Profit and Loss Account:** The working expenses were overstated by ₹ 32.36 crore and excess dividend of ₹ 0.05 crore was paid to general revenues.
- **Impact on Block Account:** The expenditure under DRF and DF in the Block Account to the extent of ₹ 17.63 crore and ₹ 8.59 crore respectively were understated.
- **Impact on Balance Sheet:** The balance under DRF amounting to ₹ 17.63 crore and DF amounting to ₹ 8.59 crore on the Liabilities Side was depicted incorrectly. (Annexure 8)

D. Impact of booking of expenditure to Capital instead of booking to DRF/ DF

⁴⁷ NR-2(₹ 0.14 crore), SR-1, (₹ 6.86 crore), SCR-3(₹ 0.12 crore) & NWR-2. (₹ 0.87 crore).

⁴⁸ SR-2(₹ 10.84 crore), ECOR-1- (₹ 2.46 crore) & NCR-2 (₹ 0.52 crore)

⁴⁹ NR-13, (₹ 27.19 crore), SR-2(₹ 1.33 crore), SCR-6(₹ 0.67 crore), NCR-3(₹ 2.18 crore) & NWR-1(₹ 0.08 crore),

- **Avoidable Payment of Dividend:** In six Zonal Railways⁵⁰ the expenditure incurred was wrongly booked under Capital instead of DF in 11 cases involving ₹ 6.38 crore which resulted in excess payment of dividend of ₹ 1.21 crore.
- **On Debt Head Report:** Balance under DRF and DF amounting to ₹ 84.82 crore and ₹ 6.38 crore respectively was overstated due to wrong booking of expenditure.
- **On Profit and Loss Account:** The expenditure on the debit side of Profit and Loss Account was overstated due to excess dividend amounting to ₹ 1.21 crore paid to general revenues.
- **On Block Account:** The expenditure under DRF and DF shown in the Block Account was understated.
- **On Balance Sheet:** The balance under DRF and DF on the Liabilities Side and value of block assets shown on both the sides of Balance Sheet were depicted incorrectly. (Annexure 9)

3.7.2 Impact of booking of expenditure to DRF instead of DF

- Loss of interest on DRF:** In seven Zonal Railways⁵¹ expenditure was wrongly booked under DRF instead of DF in 20 cases amounting to ₹ 15.78 crore, resulting in loss of interest to the tune of ₹ 2.36 crore. Similarly in five Zonal Railways⁵² ten cases amounting to ₹ 2.19 crore expenditure was short booked under DRF resulting in excess interest to the tune of ₹ 0.37 crore. Hence the net loss of interest on DRF was ₹ 1.99 crore.
- On Final Account Current: On Receipt side** Sq.No.23100- Loss of Interest on Fund balance **and On Outgoing side** Sq.No.86700-Deposit with Reserve Bank of India to the tune of ₹ 1.99 crore and the balances in Bank Deposits shown in Schedule No.11-Transactions adjusted under Bank Deposits were reflected.
- On Debt Head Report:** The balance under DRF amounting to ₹ 21.34 crore plus interest of ₹ 1.99 crore and balance under DF amounting to ₹ 0.09 crore on account of wrong booking of expenditure were understated.
- Impact on Final Accounts:**
 - Block Account:** Expenditure under DRF in the Block Account amounting to ₹ 21.34 crore was overstated.

⁵⁰ NR-2 (₹ 0.40 crore), SCR-2 (₹ 0.78 crore), WR-1 (₹ 3.43 crore), ECOR-1 (₹ 0.37 crore), NCR-4 (₹ 0.72 crore), SWR-1 (₹ 0.68 crore).

⁵¹ ER-1, (₹ 1.44 crore), NR-4 (₹ 3.67 crore), SR-1 (₹ 2.83 crore), SCR-7 (₹ 7.42 crore), ECOR-3 (₹ 0.19 crore), NCR-3 (₹ 0.17 crore) & SWR-1 (₹ 0.06 crore)

⁵² NR-3 (₹ 0.67 crore), SCR-2 (₹ 0.68 crore) ECOR-1 (₹ 0.17 crore), NCR-3 (₹ 0.47 crore) & SWR-1 (₹ 0.20 crore)

- (ii) **Block Account:** Expenditure under DF in the Block Account amounting to ₹ 0.09 crore was overstated.
- (iii) **Balance Sheet:** Balance under DRF and DF on the Liabilities Side and value of block assets shown on both the sides of Balance Sheet were depicted incorrectly. (Annexure 10)

3.8 Follow up action with respect to Earnings, Deposit and Suspense Heads

As per para 922 of Indian Railway Financial Code (Volume I) if error affects a debt, deposit or remittance head, corrections should be made by transferring to the correct head of Account under which it should originally appear. However if the other head is Revenue grant or Earnings there is no scope for rectification as Revenue Accounting heads or Earnings are closed for the financial year.

During the review it is revealed that in seven Zonal Railways⁵³ and one Production unit no rectification was carried out in the books of Accounts in 12 cases amounting to ₹ 418.79 crore resulting in:

- ❖ Overstatement of earnings and consequent improvement in Operating Ratio. Few Important cases are:
 - i. In East coast Railway an advance of ₹ 2.45 crore in the year 2010-11 for works was credited as Earnings instead of Deposit Works. (Operating Ratio-0.01 per cent).
 - ii. In Northern Railway an irregular transfer of deposits worth ₹ 13.04 crore in the year 2010-11 & realization of mobilization advance to earnings worth ₹ 1.85 crore in the year 2011-12. (Operating Ratio-0.15 per cent in 2010-11).
 - iii. In Central Railway Service Tax collected on Wharfage and Demurrage Charges (₹ 13.56 crore in the year 2012-13 & ₹ 4.32 crore in the year 2013-14) was not remitted. (Operating Ratio-0.13 per cent-2012-13 & 0.04 per cent in 2013-14).
 - iv. In South Western Railway the unrealized under charges when matter was subjudice irregularly credited to earnings (Operating Ratio-7.93 per cent-2014-15).
- ❖ Overstatement of earnings in Profit and Loss Account resulting in more surplus to the extent of ₹ 402.15 crore being projected than actually earned.
- ❖ Incorrect depiction of balance under Indian Railway Deposits in the Debt Head Report and on the Liabilities Side of the Balance Sheet ₹ 34.23 crore.

⁵³ NCR-1(₹0.02 crore), SR- 1 (₹0.17 crore), ECOR-1 (₹ 2.45 crore), CR-2 (₹17.88 crore), SWR-1 (₹ 367.72 crore), NR-2 (₹14.89 crore, SCR-3 (₹0.86 crore) and ICF - 1 (₹14.80 crore)

- ❖ Incorrect depiction of balance under Miscellaneous Advances (Capital) [MAC] in Block Account to the tune of ₹ 1.85 crore.
- ❖ Incorrect depiction of amount under Traffic Suspense on the Asset side of Balance Sheet to the extent of ₹ 367.72 crore. (Annexure 11)

3.9 Follow up action with respect to erroneous booking of Debits and Credits to Deposit Head instead of Final Heads (Revenue Grants and Capital Grant)

The rectification of error can be done through operation of TWFA in case of Deposit heads and Capital Heads only. As Revenue Expenditure is closed for the financial year there is no scope of rectification of errors relating to Revenue Grants.

In nine Zonal Railways⁵⁴ 25 cases, despite wrong booking of expenditure amounting to ₹ 161.81 crore, no rectification has been carried out in the books of accounts as there relate either to Revenue expenditure or Earnings. One important case was CENVAT credits kept under Indian Railway Deposits instead of bifurcating to the respective revenue grants as Credits, effecting the key financial indicator i.e. Operating Ratio to the extent of 0.51 per cent in ECOR in the year 2014-15.

There were 6 cases involving money value of ₹ 36.64 crore due to wrong booking of expenditure to Indian Railway Deposit instead of Capital.

In SWR, cost of Pre-Stressed Concrete (PSC) sleepers worth ₹ 1.96 crore and subordinate debt amounting to ₹ 9.00 crore booked to Deposits similarly in NR, SR and WR expenditure relating works involving ₹ 25.04 crore also booked to Deposits.

There was wrong booking of expenditure to Capital Grant instead of Indian Railway Deposits in 5 cases involving ₹ 724.79 crore.

In SWR, expenditure amounting to ₹ 665.17 crore was booked to Capital Grant in addition to Railway Share. In ICF there was delay in adjustment of expenditure on POH of Wagons to outsiders resulting in excess expenditure under WMS worth ₹ 59.33 crore and there was a case of Cost of replacement of OFC cable worth ₹ 0.29 crore on NCR.

The impact of non-rectification led to:

- (i) Excess Payment of dividend of ₹ 5.53 crore and short payment of dividend of ₹ 1.46 crore thus resulting in net excess payment of dividend to the tune of ₹ 4.07 crore.
- (ii) **Final Account Current and Debt Head Report:** Incorrect depiction of expenditure under Indian Railway Deposits, Capital etc. and balances under Indian Railway Deposits in Debt Head Report and Balance Sheet.

⁵⁴ ER-2(₹ 40.70 crore), NR-1(₹ 3.63 crore), SR-2(₹ 6.26 crore), SCR -6 (₹ 37.04 crore), WR-2 (₹ 0.40 crore), ECoR – 6 (₹ 67.82 crore), NCR -2 (₹ 2.31 crore), NWR-3(₹ 3.31 crore), SWR-1(₹ 0.34 crore).

- (iii) **Block Account:** Incorrect depiction of expenditure incurred on acquisition of assets in the Block Account. (Annexure 12)

3.10 Follow up action with respect to erroneous booking in Revenue Grants

The mistakes noticed before closure of Capital and Revenue Accounts are to be rectified through journal voucher. Mistakes noticed after closure of Capital and Revenue Accounts, a suitable note against the original entry is sufficient.

The ZRs are not adhering to the codal provisions and no suitable note against the original entry is being kept on record and made in the Grant Accounts.

In Five ZRs⁵⁵ Capital and Revenue Accounts are not being prepared.

Generally, the Zonal Railways furnish a 'NIL' statement of misclassification. Thus Railway Administration is not conducting the necessary exercise of verification of booking of expenditure in the books of Accounts with the initial vouchers as envisaged in the Codes and brings out the cases in the list of misclassifications.

The mistakes and misclassification pointed out during the check of Final Account Current for March are being rectified by the Zonal Railway through Correction Slips to the Final Account Current. The misclassifications and mistakes noticed during certification of Appropriation Accounts are appended to the Appropriation Accounts as Annexure-J-Statement of Mis-classification and Important Mistakes in Accounting.

3.11 Conclusion

Though the Public Accounts Committee in its various reports has expressed serious concern over large number of misclassification occurring in the Accounts of Railways and despite repeated assurances given by the Ministry of Railways in their Action Taken Notes that necessary remedial measures have been taken to ensure that misclassification is curbed, numerous instances of misclassification are still being noticed by Audit. The Ministry of Railways has issued circulars/letters to Zonal Railways. However, the Zonal Railways are yet to strictly follow the procedure envisaged in the Codes for rectification of errors pointed out during the course of certification of Appropriation Accounts.

3.12 Recommendations

Following measures are suggested to avoid misclassification and mistakes in accounting to enforce financial discipline:


- *Effective co-ordination between Executive Departments and Accounts to detect and rectify the mistakes before the end of*

⁵⁵ NEFR, SR, SCR, ECR & WCR,

financial year and to take effective measures so as to keep stringent check on misclassifications in accounting needs to be established.

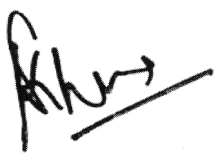
- *Internal Audit should identify the thrust areas where misclassifications are committed and fine tune the internal control mechanism suitably.*
- *Compendium of common/likely mistakes should be prepared and circulated for guidance of staff. A checklist for guidance of staff in view of audit observations should be prepared so that mistakes are not committed year after year.*

New Delhi
Dated: 26 December 2016


(NAND KISHORE)
Deputy Comptroller and Auditor General

Countersigned

New Delhi
Dated: 26 December 2016


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Glossary of Terms

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

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

<i>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>
<i>PAC</i>	<i>Public Accounts Committee</i>
<i>RDSO</i>	<i>Research, Designs & Standard Organization</i>
<i>RITES</i>	<i>Rail India Technical and Economic Services</i>
<i>RSP</i>	<i>Rolling Stock Programme</i>

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

Fund	Description
Depreciation Reserve Fund	The opening balance in this fund account as on 1 April 2015 was ₹ 1,777.12 crore. Appropriation to this fund is met out of the revenues earned by IR. This fund receives interest at the rate of dividend payable to general revenues. This fund is meant for replacement and renewal of over-aged assets. An amount of ₹ 5,800 crore (including ₹ 200 crore for Production Units) was appropriated to this fund. The fund closed at ₹ 32.78 crore at the end of 2015-16 by expending an amount of ₹ 7,588.95 crore on replacement and renewal of assets. Appropriation to DRF was less than budgeted provision by 28.40 <i>per cent</i> .
Pension Fund	The opening balance in this fund account as on 1 April 2015 was ₹ 1,360.36 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 2015-16 was more than the withdrawals. The available balance under the fund at the close of the year was ₹ 5,657.30 crore as on 31 March 2016. Appropriation to Pension Fund was less than budgeted provision by 1.13 <i>per cent</i> .
Development Fund	The fund account as on April 1, 2015 stood at ₹ 2,013.12 crore. Appropriation to this fund is met as a first charge on revenue surplus available with IR after meeting out the total working expenditure and dividend. In 2015-16, revenue surplus to the tune of ₹ 1,219.74 crore was appropriated to this fund. Capital expenditure amounting to ₹ 2,931.62 crore was incurred out of this fund during 2015-16. The fund closed at ₹ 390.39 crore at the end of 2015-16. Appropriation to Development Fund was less than budgeted provision by 78.79 <i>per cent</i> .
Capital Fund	The fund account as on April 1, 2015 stood at ₹ 1,388.90 crore. Appropriation to this fund is also met from revenue surplus available with IR after meeting out the total working expenditure and dividend. In 2015-16, revenue surplus to the tune of ₹ 5,798.24 crore was appropriated to this fund. Capital expenditure amounting to ₹ 6,324.74 crore was incurred out of this fund during 2015-16. The fund closed at ₹ 907.43 crore at the end of 2015-16. Appropriation to Capital fund was less than budgeted provision by 23.86 <i>per cent</i> .
Railway Safety Fund	The opening balance in this fund account as on April 1, 2015 was ₹ 97.15 crore. An amount of ₹ 2,600.60 crore was utilized in 2015-16 as against an amount of ₹ 2,518.97 crore credited to this fund. The fund account closed at ₹ 15.52 crore at the end of 2015-16.
Debt Service Fund	The fund was opened in year 2013-14 for making repayment of loans and debt servicing i.e. loans taken by the Ministry of Railways from World Bank and other multilateral agencies, supplement payment of pay and allowances and pension due to implementation of recommendations of Pay Commission. The opening balance in this fund account as on April 1, 2015 was ₹ 236.08 crore. An amount of ₹ 3,487.98 crore was appropriated to this fund in 2015-16. No expenditure was incurred from this fund during the year 2015-16. The fund closed at ₹ 3,803.26 crore as on 31 March 2016. Appropriation to Debt Service Fund was more than budgeted provision by 287.55 <i>per cent</i> .

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

Appendix-2.1- Appropriation Accounts 2015-16
(Refer Para No.2.1)

(In units of ₹)

Number and name of the Grant/ Appropriation		Original Grant/ Appropriation	Supplementary	Final Grant/ Appropriation	Actual Expenditure	Excess (+)/ Savings (-)
1	Revenue – Railway Board					
	Voted	3028400000	0	3028400000	2786093552	-242306448
2	Revenue – Miscellaneous Expenditure (General)					
	Charged	21100000	0	21100000	21100000	0
	Voted	9053132000	0	9053132000	9809425767	756293767
3	Revenue – Working Expenses – General Superintendence and Services					
	Charged	11630000	14413000	26043000	27078362	1035362
	Voted	69927948000	0	69927948000	61896820897	-8031127103
4	Revenue – Working Expenses – Repairs and Maintenance of Permanent Way and Works					
	Charged	3861000	6681000	10542000	10584943	42943
	Voted	116575485000	0	116575485000	108871290919	-7704194081
5	Revenue – Working Expenses – Repairs and Maintenance of Motive Power					
	Charged	0	78000	78000	77622	-378
	Voted	54645619000	0	54645619000	52729975158	-1915643842
6	Revenue - Working Expenses – Repairs and Maintenance of Carriages and Wagons					
	Charged	0	221000	221000	221158	158
	Voted	125451169000	0	125451169000	119519671217	-5931497783
7	Revenue - Working Expenses – Repairs and Maintenance of Plant and Equipment					
	Charged	315000	0	315000	0	-315000
	Voted	72381846000	0	72381846000	62539645078	-9842200922
8	Revenue - Working Expenses – Operating Expenses – Rolling Stock and Equipment					
	Charged	0	2366000	2366000	2365398	-602
	Voted	113879309000	0	113879309000	104006670708	-9872638292

9	Revenue - Working Expenses – Operating Expenses – Traffic					
	<i>Charged</i>	<i>13200000</i>	<i>0</i>	<i>13200000</i>	<i>10273226</i>	<i>-2926774</i>
	Voted	221240241000	0	221240241000	205404383629	-15835857371
10	Revenue - Working Expenses – Operating Expenses - Fuel					
	<i>Charged</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	Voted	302958373000	0	302958373000	260666014029	-42292358971
11	Revenue – Working Expenses – Staff Welfare and Amenities					
	<i>Charged</i>	<i>0</i>	<i>57000</i>	<i>57000</i>	<i>57200</i>	<i>200</i>
	Voted	58614485000	0	58614485000	53166658486	-5447826514
12	Revenue - Working Expenses – Miscellaneous Working Expenses					
	<i>Charged</i>	<i>1110762000</i>	<i>163606000</i>	<i>1274368000</i>	<i>1208089200</i>	<i>-66278800</i>
	Voted	62200722000	0	62200722000	57340355286	-4860366713
13	Revenue - Working Expenses – Provident Fund, Pension and Other Retirement Benefits					
	<i>Charged</i>	<i>5160000</i>	<i>1520000</i>	<i>6680000</i>	<i>8005381</i>	<i>1325381</i>
	Voted	345743814000	0	345743814000	319278350569	-2646543431
14	Revenue - Appropriation to Funds – Depreciation Reserve Fund, Development Fund, Pension Fund, Capital Fund, Debt Service Fund					
	Voted	5712571000000	0	5712571000000	506659674840	-64597425160
15	Dividend to General Revenues, Repayment of Loans taken from General Revenues and Amortisation of Over-Capitalisation					
	Voted	108107400000	0	108107400000	87225078530	-20882321470
16	Assets – Acquisition, Construction and Replacement - Other Expenditure – Capital					
	<i>Charged</i>	<i>1073106000</i>	<i>963587000</i>	<i>2036693000</i>	<i>1724617935</i>	<i>-312075065</i>
	Voted	915618615000	1000	915618616000	788416409845	-126960230143
	Assets – Acquisition, Construction and Replacement – Other Expenditure – Railway Safety Fund					
	<i>Charged</i>	<i>1300000</i>	<i>408000</i>	<i>1708000</i>	<i>1362215</i>	<i>-345785</i>
	Voted	16457784000	10155892000	26613676000	26024439379	-589236621

	Assets – Acquisition, Construction and Replacement - Other Expenditure – Railway Funds					
	<i>Charged</i>	<i>49243000</i>	<i>0</i>	<i>49243000</i>	<i>36260294</i>	<i>-12982706</i>
	Voted	202948061000	0	202948061000	183770824425	-19177236575
	Grand Total					
	<i>Charged</i>	<i>22896770000</i>	<i>1152937000</i>	<i>3442614000</i>	<i>3050092934</i>	<i>-392521066</i>
	Voted	3370089503000	10155893000	3380245396000	3010111782314	-370133613686
	Grand Total	3372379180000	11308830000	3383688010000	3013161875248	-370526134752

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

(₹ in thousands)

Grant No.	Railway /Unit	Voted (V)	Original (O)	Supplementary (S)	Residual	Final Grant (F)	Actual Expenditure (A)	Variation (A-F)	Net Variation (A-O-S)
	1	2	3	4	5	6	7	8	9
3	CR	V	349147	0	-18517	330630	330075	-555	-19072
3	ER	V	365847	0	57847	423694	419583	-4111	53736
3	EC	V	266482	0	31774	298256	303077	4821	36595
3	ECO	V	161928	0	23625	185553	186248	695	24320
3	NR	V	423912	0	-3927	419985	486806	66821	62894
3	NC	V	268708	0	-40589	228119	215595	-12524	-53113
3	N.E.	V	264106	0	-40523	223583	224595	1012	-39511
3	N.F.	V	223769	0	-15185	208584	208494	-90	-15275
3	NW	V	469639	0	9544	479183	468774	-10409	-865
3	SR	V	373703	0	-17851	355852	348115	-7737	-25588
3	S.C.	V	321263	0	-34587	286676	280147	-6529	-41116
3	S.E.	V	235265	0	-24994	210271	213240	2969	-22025
3	SEC	V	138208	0	2083	140291	140291	0	2083
3	SW	V	145498	0	-19222	126276	138259	11983	-7239
3	WR	V	492191	0	-44910	447281	439634	-7647	-52557
3	WC	V	262573	0	19902	282475	289649	7174	27076
3	METRO	V	39533	0	-7633	31900	30456	-1444	-9077
4	C.R	V	8967401	0	-181321	8786080	8789165	3085	-178236
4	E.R	V	6340400	0	54471	6394871	6218554	-176317	-121846
4	E.C.	V	7788000	0	-1007557	6780443	6817398	36955	-970602
4	E.CO.	V	7236139	0	-796248	6439891	6192350	-247541	-1043789
4	N.R	V	12801720	0	-994387	11807333	11511247	-296086	-1290473
4	N.C.	V	7467118	0	-411532	7055586	6875494	-180092	-591624
4	N.E	V	4391810	0	-350992	4040818	4060232	19414	-331578
4	N.F	V	7505900	0	-484232	7021668	7020631	-1037	-485269
4	N.W.	V	5179891	0	-506264	4673627	4593029	-80598	-586862
4	S.R	V	7078000	0	266030	7344030	7398337	54307	320337
4	S.C	V	11506029	0	-853734	10652295	10667909	15614	-838120
4	S.E	V	6344200	0	525314	6869514	6860919	-8595	516719
4	S.E.C.	V	4322766	0	-213334	4109432	4118708	9276	-204058
4	S.W.	V	3749700	0	-63147	3686553	3583149	-103404	-166551
4	W.R	V	9337711	0	-872654	8465057	8544573	79516	-793138
4	W.C.	V	6281000	0	-607892	5673108	5386245	-286863	-894755
4	METRO	V	277700	0	-41511	236189	233351	-2838	-44349
5	C.R	V	4887218	0	-482382	4404836	4397444	-7392	-489774
5	E.R	V	4046351	0	427709	4474060	4480446	6386	434095
5	E.C.	V	3299000	0	1042145	4341145	4394935	53790	1095935
5	E.CO.	V	2291515	0	28300	2319815	2197436	-122379	-94079
5	N.R	V	7003749	0	-1371319	5632430	5541309	-91121	-1462440
5	N.C.	V	2616963	0	-141368	2475595	2465205	-10390	-151758
5	N.E	V	1522200	0	-65998	1456202	1397151	-59051	-125049

5	N.F	V	2185600	0	22589	2208189	2140393	-67796	-45207
5	N.W.	V	1900511	0	-290985	1609526	1550334	-59192	-350177
5	S.R	V	3950900	0	58122	4009022	3998579	-10443	47679
5	S.C	V	5191960	0	-634880	4557080	4464043	-93037	-727917
5	S.E	V	3931200	0	16600	3947800	4022303	74503	91103
5	S.E.C.	V	1590393	0	54657	1645050	1640023	-5027	49630
5	S.W.	V	1788488	0	-117308	1671180	1619977	-51203	-168511
5	W.R	V	3711926	0	126075	3838001	3850250	12249	138324
5	W.C.	V	4727645	0	120874	4848519	4570148	-278371	-157497
5	METRO	V	0	0	0	0	0	0	0
6	CR	V	11602119	0	-891533	10710586	10705334	-5252	-896785
6	ER	V	15114559	0	28861	15143420	14903821	-239599	-210738
6	EC	V	7924700	0	-508620	7416080	7553696	137616	-371004
6	ECO	V	5129136	0	347987	5477123	5323466	-153657	194330
6	NR	V	15858017	0	-1658673	14199344	13902217	-297127	-1955800
6	NC	V	3452325	0	290736	3743061	3797672	54611	345347
6	N.E.	V	4072435	0	-283520	3788915	3618779	-170136	-453656
6	N.F.	V	5953400	0	-238580	5714820	5695578	-19242	-257822
6	NW	V	4175166	0	125721	4300887	4109212	-191675	-65954
6	SR	V	10373900	0	-327103	10046797	10000904	-45893	-372996
6	S.C.	V	9055061	0	-582979	8472082	8257855	-214227	-797206
6	S.E.	V	9487900	0	-237700	9250200	9267136	16936	-220764
6	SEC	V	3322440	0	911471	4233911	4234118	207	911678
6	SW	V	4737801	0	-112422	4625379	4442471	-182908	-295330
6	WR	V	10687635	0	-1040867	9646768	9521864	-124904	-1165771
6	WC	V	3979975	0	-392748	3587227	3777022	189795	-202953
6	METRO	V	524600	0	-109812	414788	407669	-7119	-116931
7	CR	V	6318371	0	-563866	5754505	5508330	-246175	-810041
7	ER	V	5948240	0	-485479	5462761	5336918	-125843	-611322
7	EC	V	6111588	0	-1350994	4760594	4845276	84682	-1266312
7	ECO	V	3137068	0	-211791	2925277	2927866	2589	-209202
7	NR	V	7642712	0	-517692	7125020	6709785	-415235	-932927
7	NC	V	5196719	0	-725160	4471559	4270052	-201507	-926667
7	N.E.	V	2412191	0	-42637	2369554	2328574	-40980	-83617
7	N.F.	V	2923500	0	-468406	2455094	2453612	-1482	-469888
7	NW	V	2694807	0	-411393	2283414	2180784	-102630	-514023
7	SR	V	5236763	0	-437263	4799500	4433742	-365758	-803021
7	S.C.	V	5971715	0	-755517	5216198	5018716	-197482	-952999
7	S.E.	V	4019400	0	-139000	3880400	3880339	-61	-139061
7	SEC	V	2246477	0	-105014	2141463	2071174	-70289	-175303
7	SW	V	1353953	0	17940	1371893	1273054	-98839	-80899
7	WR	V	6610100	0	-1116039	5494061	5403799	-90262	-1206301
7	WC	V	4127042	0	-605317	3521725	3525211	3486	-601831
7	METRO	V	431200	0	-53238	377962	372413	-5549	-58787
8	CR	V	11254202	0	-504020	10750182	10538911	-211271	-715291
8	ER	V	9355500	0	-1523514	7831986	7754295	-77691	-1601205
8	EC	V	7737482	0	-596969	7140513	7047068	-93445	-690414
8	ECO	V	5450945	0	-837509	4613436	4485901	-127535	-965044
8	NR	V	15286496	0	-1920182	13366314	13215065	-151249	-2071431

8	NC	V	6110435	0	-257436	5852999	5877699	24700	-232736
8	N.E.	V	3157255	0	154980	3312235	3245601	-66634	88346
8	N.F.	V	3772000	0	-194936	3577064	3591398	14334	-180602
8	NW	V	4244444	0	-415691	3828753	3705021	-123732	-539423
8	SR	V	6899600	0	11900	6911500	6939065	27565	39465
8	S.C.	V	8815688	0	-865546	7950142	7750054	-200088	-1065634
8	S.E.	V	7389500	0	136963	7526463	7579556	53093	190056
8	SEC	V	5122953	0	155727	5278680	5276053	-2627	153100
8	SW	V	3399720	0	-230157	3169563	3108507	-61056	-291213
8	WR	V	9863300	0	-880700	8982600	8929554	-53046	-933746
8	WC	V	5346192	0	-732692	4613500	4352389	-261111	-993803
8	METRO	V	673597	0	-42724	630873	603784	-27089	-69813
9	CR	V	18714545	0	-1002754	17711791	17521013	-190778	-1193532
9	ER	V	10025900	0	-748145	9277755	8882487	-395268	-1143413
9	EC	V	19272000	0	-1506810	17765190	17785719	20529	-1486281
9	ECO	V	13036041	0	292767	13328808	13229194	-99614	193153
9	NR	V	28661000	0	-2245415	26415585	26115037	-300548	-2545963
9	NC	V	19018200	0	89414	19107614	19393038	285424	374838
9	N.E.	V	7994200	0	-670520	7323680	7314611	-9069	-679589
9	N.F.	V	6261700	0	-728244	5533456	5542508	9052	-719192
9	NW	V	8304650	0	570694	8875344	9369109	493765	1064459
9	SR	V	13322900	0	-1621586	11701314	11563850	-137464	-1759050
9	S.C.	V	19214265	0	-1335630	17878635	17485583	-393052	-1728682
9	S.E.	V	8448400	0	-1221724	7226676	6494720	-731956	-1953680
9	SEC	V	14264420	0	-88291	14176129	14359571	183442	95151
9	SW	V	7109420	0	-866310	6243110	6195488	-47622	-913932
9	WR	V	17040600	0	-2712454	14328146	14301035	-27111	-2739565
9	WC	V	10197900	0	3219	10201119	9499168	-701951	-698732
9	METRO	V	354100	0	-3302	350798	352252	1454	-1848
10	CR	V	30181300	0	-5062734	25118566	25288531	169965	-4892769
10	ER	V	14775012	0	-1740012	13035000	12953908	-81092	-1821104
10	EC	V	16684800	0	-1175252	15509548	15287546	-222002	-1397254
10	ECO	V	15999889	0	-1242900	14756989	14853915	96926	-1145974
10	NR	V	31369200	0	-5481584	25887616	25958940	71324	-5410260
10	NC	V	18395915	0	-2996240	15399675	14876625	-523050	-3519290
10	N.E.	V	11292157	0	-247999	11044158	10960371	-83787	-331786
10	N.F.	V	11292157	0	-247999	11044158	10960371	-83787	-331786
10	NW	V	18972700	0	-3915417	15057283	14723227	-334056	-4249473
10	SR	V	18925300	0	-2855300	16070000	15973195	-96805	-2952105
10	S.C.	V	31171200	0	-4314625	26856575	26234520	-622055	-4936680
10	S.E.	V	13980600	0	-1172200	12808400	12968556	160156	-1012044
10	SEC	V	10952600	0	-252600	10700000	10699207	-793	-253393
10	SW	V	13864000	0	-2007689	11856311	11937939	81628	-1926061
10	WR	V	26371700	0	-4027413	22344287	22026520	-317767	-4345180
10	WC	V	14291100	0	-676564	13614536	14658501	1043965	367401
10	METRO	V	470500	0	-5500	465000	461416	-3584	-9084
11	CR	V	4840664	0	-327529	4513135	4384773	-128362	-455891
11	ER	V	4349290	0	-225456	4123834	4122886	-948	-226404
11	EC	V	2719200	0	-450551	2268649	2361403	92754	-357797

11	ECO	V	2701422	0	-299722	2401700	2401603	-97	-299819
11	NR	V	7091500	0	-763663	6327837	6100047	-227790	-991453
11	NC	V	2307000	0	-122716	2184284	2213991	29707	-93009
11	N.E.	V	2369477	0	-124033	2245444	2261539	16095	-107938
11	N.F.	V	4043500	0	-171418	3872082	3873463	1381	-170037
11	NW	V	2252540	0	-138117	2114423	2109271	-5152	-143269
11	SR	V	4641300	0	-298300	4343000	4292108	-50892	-349192
11	S.C.	V	5745900	0	-594970	5150930	4921061	-229869	-824839
11	S.E.	V	3877800	0	-259000	3618800	3584028	-34772	-293772
11	SEC	V	2154888	0	312	2155200	2154617	-583	-271
11	SW	V	1790370	0	-43700	1746670	1734018	-12652	-56352
11	WR	V	5352200	0	-912323	4439877	4480795	40918	-871405
11	WC	V	2273734	0	89008	2362742	2080472	-282270	-193262
11	METRO	V	103700	0	-12329	91371	90583	-788	-13117
12	CR	V	4729467	0	-211282	4518185	4607561	89376	-121906
12	ER	V	6920004	0	77676	6997680	6712235	-285445	-207769
12	EC	V	3942950	0	-895104	3047846	2987143	-60703	-955807
12	ECO	V	2278530	0	-860753	1417777	1447462	29685	-831068
12	NR	V	11303913	0	697245	12001158	12152802	151644	848889
12	NC	V	3694254	0	-278200	3416054	3110857	-305197	-583397
12	N.E.	V	2454489	0	116305	2570794	2461942	-108852	7453
12	N.F.	V	3233900	0	-755873	2478027	2376295	-101732	-857605
12	NW	V	1778146	0	-45158	1732988	1507090	-225898	-271056
12	SR	V	3918500	0	-208936	3709564	3674118	-35446	-244382
12	S.C.	V	4243432	0	-289078	3954354	3639010	-315344	-604422
12	S.E.	V	3877800	0	-259000	3618800	3584028	-34772	-293772
12	SEC	V	901267	0	68733	970000	1203135	233135	301868
12	SW	V	2492040	0	-594430	1897610	1904190	6580	-587850
12	WR	V	4945707	0	-436822	4508885	3934418	-574467	-1011289
12	WC	V	1364276	0	90432	1454708	1602312	147604	238036
12	METRO	V	246200	0	51263	297463	302753	5290	56553
13	CR	V	36815400	0	-1925729	34889671	31960347	-2929324	-4855053
13	ER	V	40698000	0	-1851290	38846710	37627606	-1219104	-3070394
13	EC	V	20998000	0	1763100	22761100	22624923	-136177	1626923
13	ECO	V	7364228	0	-490128	6874100	6538049	-336051	-826179
13	NR	V	31390884	0	1007472	32398356	29026240	-3372116	-2364644
13	NC	V	47619400	0	-224717	47394683	41449539	-5945144	-6169861
13	N.E.	V	6496270	0	637300	7133570	6398444	-735126	-97826
13	N.F.	V	11934000	0	-140900	11793100	10590086	-1203014	-1343914
13	NW	V	18600000	0	1078936	19678936	15987885	-3691051	-2612115
13	SR	V	29848600	0	1404790	31253390	30758701	-494689	910101
13	S.C.	V	26727795	0	-1387709	25340086	25131157	-208929	-1596638
13	S.E.	V	14314840	0	-507041	13807799	12561375	-1246424	-1753465
13	SEC	V	6207600	0	444835	6652435	5953036	-699399	-254564
13	SW	V	9650498	0	20195	9670693	8585821	-1084872	-1064677
13	WR	V	18483544	0	-159919	18323625	17692178	-631447	-791366
13	WC	V	15815700	0	-128669	15687031	13911803	-1775228	-1903897
13	METRO	V	200400	0	29900	230300	254143	23843	53743
13	CLW	V	809200	0	-93690	715510	698813	-16697	-110387

13	DLW	V	438700	0	-99719	338981	276284	-62697	-162416
13	ICF	V	510650	0	-43917	466733	460688	-6045	-49962
13	RWF	V	97900	0	12187	110087	110048	-39	12148
13	DMW	V	98300	0	-20771	77529	76465	-1064	-21835
13	RCF	V	241200	0	10973	252173	249659	-2514	8459
13	IRISET	V	52905	0	-4115	48790	46458	-2332	-6447
13	RSC/ BRC	V	18800	0	4300	23100	21289	-1811	2489
13	AUDIT	V	311000	0	7000	318000	287314	-30686	-23686

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

Appendix 3.1
Statement showing Misclassification while sanctioning Budget
(Refer Para 3.3.1)

I. Plan Head-1600-Traffic Facilities, Yard remodeling and others.

3rd running line (686 m capacity each): NER [PB-26, 41 - DF(3), PB-31 to 33, 38 & 40 – Capital], ECR-[PB-59 to 61 & 80 - DF(3)], ECOR [PB-60 -Capital], NCR [PB-34 - DF(3)]
 Additional loop Lines: SCR [PB-56 & 67 - Capital, PB-39 & 79 - DF(3)], SER [PB-43 - DF(1)], WR [PB-47, 59 & 66 – Capital], ECR [PB-49 - DF(4), PB-82 - DF(3) & PB-89 & 92 – Capital], ECOR [PB-29 – Capital], NCR [PB-35 - DF(3)] SECR [PB-19, 35 & 46 - DF(3), PB-47, 55, 57, 63 & 64 –Capital], SWR [PB-38 & 57 - DF(3)]

Standard III interlocking, central panel, multi aspect colour lighting signalling and block proving by axle counters: NWR [PB-32 & 33 - DF(3) and PB-34-Capital]

New Crossing Station: NEFR [PB-43-DF(3)], SCR [PB-53, 63, 64, 65 & 72 - Capital], SER [PB-48 - DF(3)], WR [PB-30 - DF(3)], ECR [PB-51 - DF(3), PB-70 - Capital], ECOR-[PB-42 - Capital], SWR [PB-43 & 48- Capital, PB-56-DF(3)]

II. Plan Head-3300-Signalling and Telecommunication.

Replacement of conventional signal lamps by light emitting diode signal: CR [PB-326-DF(4), PB-327-DRF], ECR [PB-527-DF(4)], WCR [PB-482-DF(4), PB-492-DRF]

Replacement of lever frames by solid state interlocking: ECR [PB-542-DF(4), PB-544-DRF].

Replacement of signalling gears with electronic interlocking: NR [PB-637, 640 & 705 - DRF, PB-646 - DF(4)], NCR [PB-374 - Capital and EBR].

Block Proving by axle counters: SER [PB-339&359-DF(4)], SWR (PB-278,279,282,283,288-DF(4) PB-280-DRF).

III. Plan Head-3600- Other Electrical Works

Direct Metering of Railway Quarters: CR [PB-339,340&343-DRF, PB-341-Capital].

IV. Plan Head-5200- Amenities for Staff.

Major improvement/Extensive repairs to Staff Quarters: CR [PB-434, 441 & 446 - DF(2) PB-444 - DRF], ER [PB-551-DF(2)], SR [PB-675-DRF], SCR [PB-540 - DRF, PB-542 - DF(2)], ECOR [PB-475 - DF(2)], SECR [PB-379 - DF(2), PB-383 – DRF].

Improvement to Water Supply: WR [PB-475 - DF(2), PB-476-DRF] .

V. Plan Head-5300- Passenger Amenities.

Raising and extension of Plat forms: ECR [PB-678 – DF (1), PB-679 – DRF], SR [PB-709 – DRF] .

Washable aprons: NCR [PB-508 – DRF], NEFR [PB-300 – DRF].

Appendix 3.2
Statement showing Misclassification while booking of expenditure
(Refer Para 3.3.2)

1. 'Pay and Allowances of staff on Training' and 'Stipend to apprentice' were booked directly to the respective departmental Grant instead of Grant No.12-Misc. Working Expenses (CR, NR, SR, SCR, SER, ECR, NWR, SWR and SECR).
2. Pay and allowances of Engineering Gate Keeper at Level Crossing gates beyond station limits were booked to Grant No.4-Repair and Maintenance of Permanent Way and Works instead of Grant No.9-Operating Expenses-Traffic (NR, SER and WR).
3. Cost of Mechanized Coach Cleaning, On-Board Coach Cleaning, and Maintenance of Linen & Bed roll contracts was booked under Grant No.6-Repair and Maintenance of Carriage and Wagons and 9-Operating Expenses-Traffic instead of Grant No.8 - Operating Expense-Rolling Stock and Equipment (SCR SER and SWR).
4. Pay and allowances of Work Charged establishment were booked as Revenue expenditure under Grant No.4-Repair and Maintenance of Permanent Way and Works instead of the respective Works under Capital Grant No.16. (NR, SR, SCR and NCR).
5. Cost of hiring of Vehicles were booked under Grant No.7-Repair and Maintenance of Plant and Equipment instead of under respective Grants (ECOR and SCR)
6. Leave salary contributions were credited to Grant No. 13 instead of crediting to Misc. Receipts. (CR, SR and ECoR).
7. Maintenance of electrical assets booked under Grant No.5-Repairs and maintenance of Locos instead of Grant No.7-Repairs and Maintenance of Plant and Equipment (SCR).
8. Workmen Compensation Act payments and Ex-gratia payments were booked under Grant No. 13 instead of Grant No. 12.(SR).
9. Ex-gratia payments for deceased employees were booked under Grant No. 12 instead of Grant No. 13 (NR and SWR).
10. Expenditure pertaining to extension improvement and additional accommodation to running rooms booked as Traffic Facility Works instead of Other Specified Works (SCR).

Appendix 3.3
Statement showing other mistakes in Accounting
(Refer Para 3.3.5)

Booking of liquidated damages as either earnings or reduction in expenditure instead of as 'Miscellaneous Receipts.' (ECOR-₹ 1.13 crore in 2011-12 & SCR -₹ 1.03 crore in 2012-13).

1. Expenditure debited to Deposit Works instead of Railway Works under Grant No.16 (SWR-₹ 1.95 crore in 2010-11, WR-₹ 4.34 crore in 2010-11 & ₹ 1.09 crore in 2013-14, and NR -₹ 20.09 crore in 2014-15).
2. Expenditure in excess of Railway share booked under Grant No.16-Works instead of transferring the amount to Deposit Works. (SWR- ₹ 44.81 crore in 2012-13 and ₹ 338.89 crore in 2013-14)
3. Sub-ordinate debt credited to Deposit works instead of Grant No. 16-7300- MAC (SWR- ₹ 9 00 crore in 2012-13).
4. Delay in adjustment of expenditure on POH of Wagons to outsiders resulting in excess expenditure under WMS (ICF-₹ 59.32 crore in 2013-14).
5. Acceptance of forced debit (NR-₹ 51.23 crore in 2010-11, SR-₹ 38.72 crore in 2013-14), Acceptance of debit without actual transfer/receipt of material (CR ₹ 12.24 crore in 2010-11, SR-₹ 1.92 crore in 2011-12, ₹ 21.00 crore in 2012-13, ₹ 8.55 in 2013-14, and WR- ₹ 7.31 crore in 2010-11-), Belated adjustment (NR-₹ 3.52 crore in 2013-14, SR- ₹ 17.33 crore in 2012-13, ₹ 13.05 crore in 2013-14 and SER-₹ 21.71 crore in 2013-14) and non-acceptance of debits in spite of receipt of material (WCR-₹ 5.43 crore in 2011-12).
6. Credits on account of scrap value booked to Revenue Grants instead of Works Grants. (SR-₹ 10.85 crore in 2012-13, ECoR -₹ 2.46 crore in 2013-14 and NCR ₹.0.52 crore in 2013-14)
7. Operation of non existing head "Odd Renewals" under Works Grant and booking of credits to the heads without proper debits (SCR-₹ 23.67 crore in 2010-11 and ₹ 72.50 crore in 2011-12).
8. Non accountal of Punitive Charges, trip and shunting charges resulting in understatement of Earnings. (SCR -₹ 1.39 crore in 2012-13)
9. Wrong booking of expenditure under Commercial lines instead of Strategic lines (NFR- ₹ 610.59 crore in 2012-13)
10. Incorrect transfer of booking of expenditure relating to Passenger Amenity Works from DF to DRF (NR, ER and SCR).
11. Booking of expenditure under Suspense Heads (Misc. Advance-Revenue (MA-R)/Misc. Advance-Capital (MA-C)) instead of to Final Heads- Grant No. 3 to 16. (NR, SCR, ECR, SR, and CLW/Chittaranjan).
12. ER pointed out that there was overstatement of dividend and subsidy to the tune of ₹ 1.92 crore due to non adjustment of incorrect claim of subsidy on Branch line (2011-12).

Appendix 3.4 Statement showing Failure of Internal Check Mechanism (Refer Para 3.4)	
I.	Expenditure pertaining to Plan Head-1100-New Lines booked under Plan Head-1500-Doublings (ER-₹ 5.99 crore in 2010-11 and NR-₹ 1.28 crore in 2011-12).
II.	Amount received as advance for works from M/s Damodar Port Co. credited to Earnings instead of keeping under Indian Railway Deposits. (ECOR-₹ 2.45 crore in 2010-11).
III.	Expenditure towards maintenance of OFC cable booked under Grant No.16-Railway Safety Fund instead of Grant No.7 (NR-₹ 1.12 crore in 2010-11)
IV.	Expenditure relating to Plan Head-1400-Gauge Conversion booked under Plan Head-1100-New Lines (ER-₹ 83.67 crore in 2011-12)
V.	Expenditure relating to salaries of loco pilots (running staff) booked to Grant No. 6 instead of Grant No. 8 (SR- ₹ 3.39 crore in 2011-12).
VI.	Recovery of Mobilization Advance credited to Earnings instead of minus debiting MA-C (NR-₹ 1.85 crore in 2011-12).
VII.	Booking of fuel cost under Grant No.16-Traffic Facility Works instead of Grant No.16-Stores Suspense (SCR-₹ 1.68 crore in 2012-13)
VIII.	Excess credits afforded under New Plan Head -3700 (SCR-₹ 1.19 crore) and Excess credit to New Line Project instead of Gauge Conversion Project (SWR-₹ 2.60 crore) in 2012-13.
IX.	Booking of pay and allowances of Open Line Officers under Grant No. 16-Capital instead of Grant No.3 (SWR-₹ 1.32 crore in 2013-14).
X.	Booking of cost of sleepers to unrelated works like Through Ballast Renewals and Through Weld Renewals. (SCR-₹ 4.42 crore in 2013-14).
XI.	Booking of expenditure relating to Pay and allowances of maintenance staff engaged in Permanent Way Works under Grant No.9- instead of Grant No. 4 (NR-₹ 1.15 crore in 2014-15).
XII.	Expenditure on Road Safety works (Plan Head 2900-RSF) booked under Gauge Conversion Works (Plan Head-1400-Capital). (SR- ₹ 6.65 crore in 2014-15).

Annexure – 1 (Refer Para 3.3.2)

Statement showing persistent misclassification in Revenue Grants due to failure of internal check mechanism											
Railway	Brief narration of the case	Classification		2010-11 Amount (in ₹)	2011-12 Amount (in ₹)	2012-13 Amount (in ₹)	2013-14 Amount (in ₹)	2014-15 Amount (in ₹)	Summary		
		Wrong	Correct						cases	Amount (in ₹)	
ECoR	Cost of Hiring of Vehicles	7	3&12	10193724	2951821				2	13145545	
SCR	Cost of Hiring of Vehicles	7	3				152280	368010	2	520290	
SER	Pay and allowances of staff of stores department undergoing training	3	12	333038					1	333038	
SCR	Stipend amounts booked to regular repairs and maintenance charges	7&9	12		156900				1	156900	
NR	Pay and allowances of staff of training school and stipend paid to staff deputed for training/apprentice	4&6	12		4195184	2790595		3285279	3	10271058	
NR	Expenditure towards Stipend paid to apprentices booked as Repairs and Maintenance of Plant and Equipment	7&9	12		1285999	308290			2	1594289	
SER	Pay and allowances of staff of training institute booked under General Administrative services	3&4	12			321200			1	321200	
SWR	Cost of training booked as repairs and maintenance of C&W	6	12			69660			1	69660	
NWR	Pay and allowances of instructor in Traffic Training School and DTC	9 & 4	12			6351999			1	6351999	
ECR	Pay and allowances of staff of DTTC/PTRU booked as maintenance expenditure	7&8	12			785441			1	785441	
CR	Pay and allowances of staff of training institute booked under General Administrative services	3	12				13662024		1	13662024	
NR	Pay and allowances of staff during refresher courses booked under maintenance and operating expenses	4,6&8	12				789852		1	789852	
NCR	Salary and allowances of staff of training institute and apprentice staff	4&5	12				1190769		1	1190769	
SR	Pay and allowances of Apprentice technician, Trainee Jes Artisans and CMAs during induction training	5&7	12				1320466		1	1320466	

SECR	Pay and allowances of trainee of electrical deptt of Nagpur booked under operating expenses	4,6&8	12							3100000	1363663	2	4463663
SCR	Pay and allowances of staff under training and Pay and allowances of Principal /DTC/KZJ	9&5	12								1259540	1	1259540
SER	Pay and allowances of official sent on training for refresher course	4	12								23854	1	23854
NR	Pay and allowances of Engineering gate Keeper at Level Crossing gates beyond station limits	4	9	23763724	33831789	11294378	789694				1278710	5	70958295
WR	Pay and allowances of Engineering gate Keeper at Level Crossing gates beyond station limits	4	9			32000000						1	32000000
SER	Pay and allowances of Engineering gate Keeper at Level Crossing gates beyond station limits	4	9				9932132				15918526	2	25850658
SCR	Cost of Mechanized Coach cleaning	9&6	8	12934650	9581733						6565705	3	29082088
SER	Cost of Mechanized Coach cleaning	6	8								60842108	1	60842108
SCR	Cost of maintenance of Linen	9 & 6	8		972963	576236						2	1549199
SWR	Expenditure on Bed Roll contracts booked to operating expenses-traffic	9	8				67928890					1	67928890
SR	Pay and allowances of work charged post booked as revenue expenditure	3&11	16-Capital	715160	3391348							2	4106508
NCR	Salary of work charged post booked under revenue grants	3&4	16-DRF		10241716							1	10241716
NR	Pay and allowances of Work Charged posts	3	16-Capital & DRF			248193					941304	2	1189497
SCR	Pay and allowances of Work Charged establishment booked as Revenue expenditure	4, 7&12	16-DRF			761341						1	761341
NCR	pay and allowances of employees working in IRPMU booked under revenue expenditure	7	16-DRF				466975					1	466975
CR	Leave salary contribution received credited to Grant No.13 instead of Misc Receipts	13	Misc Receipts			387832						1	387832

ECOR	Leave salary contribution received credited to Grant No.13 instead of Misc Receipts	13	Misc Receipts		663145				1	663145
SR	Leave salary contribution	9&13	Misc. Receipts				806518		1	806518
SCR	Maintenance of electrical assets booked under Repairs and maintenance of locos	5	7		1844206	577065	319788		3	2741059
NR	Revenue expenditure relating to cost of fuel wrongly booked to Suspense Head Misc advances	12-MAR	10	122178453			8697774		2	130876227
NR	Pay and Allowances of Trolleyman	7	4		2199621	6562720	5094307	1518965	4	15375613
SR	WCA payments and Ex-gratia payments	13	12				1054790	2566060	2	3620850
SWR	Exgratia compensation paid to deceased railway employees	12	13				2500000	6409645	2	8909645
NR	Exgratia compensation paid to deceased railway employees	12	13					75000	1	75000
SCR	Expenditure pertaining to extension improvement and additional accommodation to running rooms booked as Traffic Facility Works	16-1600	16-6400			5769000	4265000		2	10034000
	Total				71316425	68416118	122071259	102416369	64	534726752
Source	Part II Detailed Appropriation Accounts-Annexure J									

Annexure – 2 (Refer Para 3.3.2)											
Statement showing persistent misclassification between Voted and Charged expenditure due to failure of internal check mechanism											
Railway	Brief narration of the case	Classification		2010-11 Amount (in ₹)	2011-12 Amount (in ₹)	2012-13 Amount (in ₹)	2013-14 Amount (in ₹)	2014-15 Amount (in ₹)	Summary		
		Wrong	Correct						cases	Amount (in ₹)	
SCR	Payment of arbitration awards booked as voted expenditure	Voted -G.No.11	Charged-G.No.11	424415					1	424415	
SR	Payment of arbitration awards booked as voted expenditure	Voted -G.No.16-Capital	Charged-G.No.16-Capital	141908					1	141908	
SR	Payment of arbitration awards booked as voted expenditure	Voted -G.No.7	Charged-G.No.7		981281				1	981281	
RE/ALD	Enhanced compensation paid towards land acquisition and arrears payment to staff on the orders of CAT/Chennai booked as Voted expenditure instead of Charged expenditure	Voted -G.No.16	Charged-G.No.16			266169			1	266169	
SWR	Compensation payment in Accident cases made at the instance of judgement of High Court booked as Voted Expenditure	Voted -G.No.12	Charged-G.No.12		3577769		599948		2	4177717	
NCR	Payment of arbitration awards booked as voted expenditure	Voted -G.No.7&11	Charged-G.No.7&11				636934		1	636934	
SR	Charged expenditure booked as Voted expenditure	Voted -G.No.9,13&16	Charged -G.No.9,13&16				1330032		1	1330032	
SCR	Payment of arbitration awards booked as voted expenditure	Voted -G.No.4	Charged-G.No.4				128932		1	128932	
WCR	Amount of arbitration award booked as Voted expenditure	Voted -G.No.4	Charged-G.No.4	0			1397501		1	1397501	
	Total			566323	4559050	266169	4093347	0	10	9484889	
Source	Part II Detailed Appropriation Accounts-Annexure J										

Annexure – 3 (Refer Para 3.3.2)

Statement showing misclassification of expenditure due to inaccurate recording of the classification in the initial documents												
Railway	Brief particulars of the case	Classification		2010-11 Amount (in ₹)	2011-12 Amount (in ₹)	2012-13 Amount (in ₹)	2013-14 Amount (in ₹)	2014-15 Amount (in ₹)	Year	case	Summary	
		Wrong	Correct									
ER	Expenditure pertaining to New Lines booked under Doubling	16-1500	16-1100	59997000								
ER	Expenditure on procurement of hardware for rollout PMS	9-281		4078000								
NR	Electrical charges of RPF Academy and Indian Railway Institutes of Transport Management booked as revenue expenditure of railways	7&8	2	13827639								
NR	Cost of store for train lighting booked as operating expenses	8	6	225700								
NR	Cost of foreign deputation of commercial officer booked under staff welfare expenditure	11	8	80119								
NR	Cost of HSD Oil booked as operating expenses Rolling Stock instead of operating expenses - Fuel	8	10	4453237								
NR	Provision of UTS counters booked under Staff Welfare expenditure	11	12	5087729								
NR	Maintenance Charges of OFC equipment booked as Capital Expenditure under Safety Fund	16-SF	7	11222510								
NR	Cost of signalling material procured for regular maintenance booked under Grant No.16	16-DF	7	1857445								
NR	Repair and Colour wash of station building booked under Grant No.16-Safety Fund	16-SF	4	8487424								
NR	Provision of lifting barrier and heavy repairs to road surface at LCs booked to renewal works	16-DRF	16-RSF	2128209								
NR	Cost of wheel lathe booked to Misc Suspense under Grant No.16	Misc Suspense	16	34604727								
NCR	Minus debit towards replacement of 102 units of quarters booked under Capital	16-Capital	16-DRF	359994								
NWR	Pay and allowances of Claims Organisation	3	12	9834432								
NWR	Gauge conversion expenditure booked under Safety Fund	16-RSF	16-Capital	1863655								
SR	Excess debit raised for POH of track machine			327288								

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NR	Procurement of Bus for RPSF/DBSI booked as Operating Expenses	8	12						1093969											
NR	Cost of utility van booked under Grant No.3	3	7						42850											
NR	Cost of lubricating and other stores on diesel locomotives in sheds booked under Repairs and Maintenance instead of Operating Expenses	5	8						618233											
NCR	Expenditure on freight and P.way material booked under Grant No.6	6	4						2192707											
NWR	Contractual payment for repair of patient relative room in railway hospital booked as Repairs to P.Way	4	11						283939											
SR	Salaries of running staff like loco pilots chief crew controllers	6	8						33900000											
SR	Pay and allowances of Motor van drivers booked to Grant No.4	4	7						315241											
SCR	Expenditure relating to Staff quarters booked to Grant No.4	4	11						274350											
SCR	Pay and allowances of gazetted officers booked to Grant No.9	9	3						542603											
SCR	Pay and allowances of catering staff	9	12						5537155											
SECR	Open line Engineering works booked under Grant No.16-DF	16-DF	4						988235											
NR	Contractual payment in connection with track works booked under Safety Fund	16-SF	16-DRF						88143											
NR	Cost of panel interlocking work booked to Safety Fund	16-SF	16-DF						583051											
NR																				
ER	Expenditure pertaining to Gauge Conversion booked under New Lines	16-1100	16-1400						836769000											
NR	Cost of R.S.compressor booked under PH-4100 M&P instead of PH-4200-Workshops	16-4100	16-4200						638370											
NR	Cost of sleeper/PVC sleepers utilised in New line project booked under Doubling	16-1500	16-1100						12824750											
NCR	Expenditure on renovation on embankment pitching & pier scour wrongly booked to PH-3100 instead of PH-3200	16-DRF-3100	16-DRF-3200						6545947											
SR	Cost of materials utilised for Signal Works booked as expenditure under Doubling	16-1500	16-3300						16628357											

SCR	Cost of maintenance of landscape, croton beds etc. Booked to Operating Expenses-Traffic	9	4					1707225					
SCR	Expenditure on maintenance of station cleanliness and collection of Garbage to Grant No.11	11	9					1544733					
SCR	Cost of water supply to staff quarters booked under Grant no.4	4	11					6142309					
SCR	Expenditure relating to reimbursement of tuition fee	12	11					169100					
SCR	Non adjustment of electrical energy charges	Sub Head-620 Grant No. 8	11					4870000					
SR	Amount realized from disposal of assets	DF & RSF	DRF					372200					
SCR	Cost of renovation to station building shown as Traffic Facility Works	16-1600	16-5300					6652010					
SCR	Irregular booking of credits realised to the Newly introduced Plan Head	16-3700	16-3600					11893720					
SCR	Irregular booking of expenditure of relating to Rail Grinding Machine siding as Traffic Facility works	16-1600	16-3300					2112000					
SWR	Cost of training abroad of GM booked under Grant No.12	12	3					505602					
SWR	Cost of maintenance of lawn and flower bed at loco shed	5	4					231211					
SWR	Cost of supply of water to staff quarters and stations	4	11					304950					
SWR	Cost of removal of garbage at railway quarters	9	11					180014					
WR	Cost of repairs to staff and petrol cost booked under regular grant	3	7					366336					
WR	Cost of hiring of vehicles	12&7	3					519527					
WR	Expenditure on members of Standing Committee and RCC on study tour	3	12					2485815					
WR	Irregular booking of expenditure relating to recruitment of Group D staff	3	12					50000000					
SWR	Cost of upgrading of tennis court	16-DF	12					1734124					
ER	Cost of HSD oil used for special exhibition trains	10	8					349742					

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ER	Difference between Debit to Grant No.6&7 and Credit under WMS	6&7	16-WMS							
SCR	Expenditure incurred on P&T rentals booked under inoperative department"00", "020""060", "080"						117377079			
SCR	Booking of expenditure under inoperative sub head and allocation of funds at FG stage						527329			
SCR	Booking of expenditure relating to reimbursement of tuition fee under old primary unit						205000			
SCR	Irregular operation of Passenger Insurance at Divisional accounts office	PU-13	PU-25				256000			
NR	Repairs and Maintenance of Service buildings booked under Grant Noo.11	12-N suspens e	12-N- PIS				250900			850821720
NR	Expenditure incurred on founder day by Oak Grove School	11	4				1472586			
NR	Cost of running repairs and maintenance	12	6				500000			
NR	Cost of repairs to trolley of wagon and cost of repair and maintenance of C&W	12	6				73536			
NR	Cost of AMC of submersible pumps and cost of air-conditioning and rewiring for better illumination of PF	8	6				3439674			
NR	Cost of water cooler booked under Misc Working Expenses	11	7				1485526			
NR	Cost of piston and ring set booked to Grant No.7	12	7				971449			
NR	Cost of batteries and other railway material	7	12				84118			
NCR	Salary and allowances of employees working for Railway Diesel Installation booked under repair and operating grants	10	5				565517			
NCR	Cost of gold plated Medal	6&8	10				4612237			
NCR	Cost of compressed oxygen gas for maintenance and upkeep of sickline booked under operating and staff amenity grants	3	12				4819029			
NWR	Honorarium paid to staff for election work of Railway union booked under repairs and maintenance of locos	8&11	6				221115			
NWR	Reimbursement of tuition fee and hospitality expenditure booked under repairs and operating expenses	5	3				41330			
NWR		7,8&9	12				150708			

NWR	Expenditure on water supply to service buildings and staff quarters booked under Misc working expenses	12	4&11						18007842				
NWR	Items purchase to maintenance of service building	3	4						10000				
SCR	Cost of removal of thorny bushes in Railway Yard	11	4						190864				
SCR	Salary of Principal of CETS	4	12						765227				
SCR	Expenditure relating to maintenance of VHF LED display system in trains treated as Works expenditure	16-DF-3300	6						594768				
SCR	Cost of providing and fixing retro reflective informatory and directional sign boards (tri-lingual) for approaches at station	16-SF-2900	16-DF-5300						778303				
SCR	Irregular booking of water supply expenditure to Grant No.11 due to non bifurcation	11	4&9						2111200				
SCR	Irregular booking of Kilometrage allowance under various without budget provision	4,5,6,7,10&12	8&9						4824200				
SCR	Expenditure on boom locking arrangements for manned LCs	16-SF-3000	16-SF-2900						1632409				
SCR	Expenditure on construction of Officers/Sub ordinate rest office booked as Staff Amenity works	16-5200	16-6400						1948000				
SCR	Expenditure relating to S&T arrangement booked as Traffic Facility Works	16-1600	16-3300						307000				
SCR	Cost of staff of CPOH depot dealing with Repairs and Maintenance of Track Machines	4	7						29089430				
SWR	Track Machine Usage Charges	7	4						17676040				
WR	Expenses incurred on misc items booked under repairs and maintenance of P&E	7	3						88708				
WR	Cost of hiring of ambulance booked as repairs and maintenance of P&E	7	11						950950				
SR	Wrong account of credit for AC Locomotive								7435000				
NCR	Expenditure on purchase of copper catenaries wire booked under DRF-3700-TRD	16-DRF-3700	16-DRF-3600						11403881				
NCR	Wrong booking of expenditure under PH-1500-Doubling	16	16						5321735				

NCR	Cost of scrap rails minus debited to doubling work instead of credit under CRRM	16- Minus debit	16-CRRM debit							3409250					
SWR	Expenditure booked under bdige works instead of track renewal works	16-3200	16-3100							1326922					
ER	Earnings from wharfrage and storage	Y-812	Y-813							20389061					
ER	Booking of expenditure as minus debit instead of credit towards recovery from outside parties under Grant No. 6	Minus debit	Credits or Recoveries							36100857					
ER	Fee collected under RTI Act and Fee collected by RCT in separate heads but allocated to the head Z-652	Z-652								57448237					
ER	Expenditure booked under detailed head 631 due to absence of proper head of allocation									78839539					
ER	Discrepancy in booking of loco fuel									7047446					
ER	Old balance not transferred to new format of insurance and pension fund (CGEIS)									42881000					
ECOR	Twice credit of the sale value of the scrap in Grant No. 5									1569740					
ECOR	Non-clearance of the amount of debits kept under suspense head (MAR) towards claims cases resulted in accumulation of balances									61840577					
ECOR	Wrong treatment of capital investment against un remunerative branch lines resulting in excess claim of subsidy									10855508					
ECOR	Exhibition of loss in Annexure-H under Grant No. 16 without taking write off sanction									1271556					
NWR	Non-booking of expenditure of family welfare scheme	11	MH-002210							70032					
NWR	Non-accounting of income tax under MH-0020	MH-0021	MH-0020							3126232					
NWR	Transfer Divn S&C BKN for credit the SURP-HmH GC									73653789			2013-14	46	521402128
NR	Cost of computers purchased for workshop	7	3									236176			
NR	Cost of staff of Signalling Department	3	7									2353896			
NR	STBS commission charges for sale of tickets	3 & 12	9									493125			
NR	Pay and allowances of maintenance staff engaged for P.Way Works	9	4									11529890			

NR	Pay and allowances of staff working in Catering Department	9	12							540207				
NR	Cost of maintenance and renewal of P. Way	11	4							313128				
NCR	Cost of PoH of coaches	8	6							996152				
SR	Pay and allowances of mechanical staff and coach cleaning staff	12&6	8							1479440				
SR	Pay and allowances of Mechanical and Electrical Diesel Shed	3	5&6							7123427				
SR	CUG charges	3,4,,5,8,9, 11 & 12	7							4064523				
SR	Pay and Allowances of S&T Department	3,4,5 & 9	7							1862364				
SR	Pay and allowances of Catering Staff and expenditure towards training	9,5 & 3	12							1136172				
SCR	Cost of repairs to running room and house keeping of track machine rest room	11	4							1847854				
SCR	Expenditure incurred on HSD oil supply to track machines	6	7							1284983				
SCR	Expenditure on Lubricant Oil consumption for BG Locos	6	8							365523				
SCR	Expenditure on counseling to road users by deploying UMLC counselors	4	9							234036				
SCR	Cost of purchase of PC and Multifunctional Machine for Chief Crew Controller	7	3							438512				
SCR	Expenditure incurred for purchase of PC and Multi functional Machine for Chief Crew Controller (Rs. 154227) and Debit raised for Missing fittings of coaches (Rs. 63986)	7	6							218213				
SCR	Expenditure incurred on purchase of Fogging machine for MS (Medical)	7	11							195798				
SECR	Pay and allowances of staff of Mechanical Department	12	6							164943				
SCR	Supply and installation of LED TV and cost of repairs to drainage line and staff quarters roof	16-SF	3							958467				
SCR	Expenditure on repairs to office flooring, toilets and compound wall and stores office	16-DF	4							2130000				
SCR	Expenditure on purchase of PC for RPF office	16-DF	12							78204				

Annexure - 4 (Refer Para 3.3.3)

Statement showing difference perception with respect to varying interpretation of classification									
Railway	Brief narration of the case	Classification		2010-11	2011-12	2012-13	2013-14	2014-15	Impact
		Wrong	Correct						
ECR	Cost of Security of Electric Loco shed	5	12		6008000				Administrative cost included in Repair Cost results in increase in unit cost of POH
SCR	Non apportionment of earnings to M/S.Krishna Patnam Port Trust due to non finalisation of O&M agreement	Earnings			413530415				Overstatement of earnings in the year of booking and understatement of earnings in the year of adjustment
SCR	Non apportionment of realization of maintenance cost from M/S.Krishna Patnam Port Trust to Revenue heads resulting in overstatement of expenditure	Earnings	Revenue grants		167826012				Overstatement of earnings Overstatement of Working expenses
SCR	Cost of HSD oil issued to Power Car of Garibrath and Durantho as Repairs to Carriages and Wagons	6	8			56026546			Operating expenses included in Repair Cost results in increase in unit cost of POH
SCR	Cost of HSD oil issued to Rail Grinding Machines	7	4			5609333			
SCR	Cost of Security of Electric Loco shed	5	12			237712			Administrative cost included in Repair Cost results in increase in unit cost of POH
SCR	Expenditure on supply and maintenance of fire extinguishers	5&7	12			1656318	1554222		Incorrect expenditure under the grant in current year resulting in wrong projection of BE/RE for subsequent year.
SCR	Accountal of previous years Bills receivable amounts from outsiders shown as Reduction in expenditure	Minus expenditure under Revenue Grants	Abstract-Z-Sundry Earnings			200900000			Incorrect expenditure under the grant in current year resulting in wrong projection of BE/RE for subsequent year.

SCR	Cost of staff recovered from sidings relating to earlier years adjusted as reduction in expenditure	Minus expenditure under Revenue Grants	Abstract-Z- Sundry Earnings			45900000				Incorrect expenditure under the grant in current year resulting in wrong projection of BE/RE for subsequent year.
SCR	Realisation of cost of land from State Govt shown as reduction in expenditure instead of as Misc Receipts	Minus expenditure under Grant No.16-PH--6400	Misc Receipts under Capital			9842677				Incorrect exhibition of expenditure in Block Account
NCR	Non booking of RMC freight apportionment received from other Railways	NA	Abstract-Y-Goods Earnings				10424334			Under statement of Earnings
SCR	Excess recovery due to inclusion of Capital Recovery factor in the unit charges for Track Machine usage resulting in reduction in working expenses	7	Misc Receipts				30951242			
SCR	Expenditure towards supply, installation and maintenance of centralized gas pipe lines in pantry cars	8	6				1699636			Incorrect expenditure under the grant in current year resulting in wrong projection of BE/RE for subsequent year.
	Total			0	587364427	320172586	44629434	0		
	Grand Total							952166447		
	Total Cases			0	3	7	4	0		14
Source	Part II Detailed Appropriation Accounts-Annexure J									

Annexure – 5 (Refer Para 3.3.5)

Statement showing cases of fictitious /Irregular adjustment of transactions										
Railway	Brief particulars of the case	Classification		2010-11 Amount (in ₹)	2011-12 Amount (in ₹)	2012-13 Amount (in ₹)	2013-14 Amount (in ₹)	2014-15 Amount (in ₹)	Impact	
		Wrong	Correct							
CR	Incorrect/Forced acceptance of debit for P.W.material without physical movement of material	16-1500		122394198					Over statement of expenditure	
ER	Booking of expenditure under Minor Head 400	12-400		40607844					Over statement of expenditure	
ER	Forced debit under Grant No.16-PH-5300 & PH-6400	16-5300 16-6400		3981000					Over statement of expenditure	
NR	Forced/Fictitious adjustment towards POH on Passenger Coaching Vehicle	16-WMS	6	390000000					Understatement of expenditure to avoid excess over budget provision	
NR	Cost of P.Way materials issued from Track Depot booked under Engg Stores imprest instead of Track Renewal works	16-Suspense	16-DRF-3100	215580456					Understatement of expenditure to avoid excess over budget provision	
NF	Recoveries of pay and allowance booked as credit or recovery instead of minus debits	4,5,6,7,8 (Credit)	4,5,6,7,8 (minus debit)	64128058						
SR	Non booking of expenditure on Accident compensation claims		12	108576496					Understatement of expenditure to avoid excess over budget provision	
WR	Wrong acceptance of debit without receiving material	16-S&C	16	73100000					Over statement of expenditure	
SCR	Wrong booking of world class station under surveys	2-A	2-F	7663000						
SCR	Operation of non existing head under Works Grant and booking of credits to the heads without proper debits	Odd Renewals	16-Works	236700000	725000000				Over statement of expenditure	
SCR	Non accountal of Punitive Charges resulting in understatement of Earnings		Y-Goods earnings	2499871					Understatement earnings	
SWR	Non exhibition of investment in non government undertaking HMRDC			111100000					Over statement of expenditure	
SWR	Wrong booking of consultancy charges for development of world class station under surveys	2-A	2-F	395000						

SWR	Cost of diesel electric loco components booked to Suspense	12-MAR	5		79231				Under statement of expenditure
NR	Debit towards supply of powerpack assembly cylinders without physical receipt	5			1368906				Over statement of expenditure
NR	Cost of uniforms issued to different departments not allocated to relevant departments	MAC			1116047				Under statement of expenditure
SCR	Non inclusion of expenditure in Grant No.12 as purchases (Catering)		12		9800664				Under statement of expenditure
SR	Booking of expenditure without actual receipt of material under Grant No.16	16-Capital 16-DF			19200000				Over statement of expenditure
SCR	Non accountal of trip and shunting charges of March resulting in understatement of Earnings		Y-Goods earnings		11400540				Understatement of earnings
SCR	Interest on the amount of New Pension Scheme Kept under Deposits without linking to amount already transferred to Trustee Bank	Deposit	Trustee Bank		22321560				Overstatement of balances under Indian Railway Deposits
ER	Non adjustment of incorrect claim of subsidy on branch lines leading to overstatement of Dividend and subsidy in P&L account	Dividend Subsidy	Subsidy Dividend		19200000				
ECOR	Non adjustment of discrepancy in provisional interest credited to Provident Fund and actual credit to subscriber accounts	RBD	RBD		28758440				
SR	Non clearance of New Pension Scheme balances	MAR-PF			5217658	874098	2588585		
WCR	Debit of rails were not accepted by executive inspite of receipt of material	16	16		54332386				Understatement of expenditure to avoid excess over budget provision
NR	Fictitious booking through transfer transaction against various estimates	16-5300	NA			11749984			
SR	Belated adjustment of transfer of debits to units					173344251	66145242		Over statement of expenditure
SR	Irregular booking of expenditure relating to cost of rails under GC work						387181099		Over statement of expenditure
SR	Accountal of Cost of material without physical receipt	16	16			210030392	85494150		Over statement of expenditure in Block account and Grant No.16

SR	Non adjustment of cost of materials transferred to Divisions							4376625	33995147		
SR	Belated accountal of cost of stores received in previous year								7218187		
SR	Belated adjustment of Debits towards POH of Locos and conversion of bobby wagons	16-WMS	5&6						23227698	Overstatement of Capital expenditure leading to payment of excess dividend	
SER	Non adjustment of cost of materials transferred to Divisions/Railways								217064610		
SCR	Irregular charging of freight at higher class of charge and non allowing of 30% concession and levy of development surcharge resulted in overstatement of expenditure under the project	Earnings	16-Capital						4566987	Overstatement of Capital expenditure leading to payment of excess dividend	
SCR	Non transfer of expenditure on printing of time table to south western and southern railways								3408575		
NR	Belated accountal of freight charges, cost of material , debit for track machines	16	16						2630319		
NR	Non adjustment of sale of P.Way material to RWF	16-3100	Earnings						24406148		
NR	Non adjustment of sale of P.Way material to Other units								35251264		
NR	Adjustment memo for issue of material for general maintenance prepared but not accepted								1608402		
SR	Non accountal of adjustment mema								12088129		
SR	Incorrect booking of Welfare cess and penalty charges							4598266	674214		
NR	Cost of maintenance of staff quarters pertaining to 2012-13 adjusted in 2013-14								16461724		
NR	Non-adjustment of cost of P. way material issued to RWF/YnK								9345383		
NR	Belated adjustment of freight charges								36015		
NR	Belated adjustment of material received								65000		
ER	Undischarged liability not shown under Demands payable							50664000			

SR	Non-clearance of balances under MAR						654577849					
CR	Forced booking of expenditure on ceremonial occasions to ordinary revenue	4	16-Capital				4994075					
NR	Non-raising of debits to construction organization						1043740					
NFR	Wrong booking of expenditure under commercial lines instead of strategic lines						6105935000					
SR	Excess booking of expenditure under GC works						11115000					
SR	Booking of expenditure on rails indented for one project under another project						630658845					
SWR	Cost of rails allocated to DRF without debiting to the work						3021534					
NR	Belated adjustment of amount drawn for prize distribution							344000				
NR	Cost of P-way material received from track depot	16-DRF	Stores Suspense							478248936		
NR	Booking of expenditure under Capital-Doubling Works without physical receipt of material	16-1500								316091416		
SWR	Expenditure incurred by construction unit for creation of assets has not been included in the block account statement								2027500000			
SWR	Amount deposited in the court towards 50% of enhanced land compensation booked to different works								163600000			
CR	Earnings received from military traffic not exhibited under Head Y-300		Y-Goods earnings						71748681			
CR	Amount of earnings received on account of RMC not booked under Head Y-500		Y-Goods earnings						177980000			
	Total Amount (Year wise)						7866983659	897795432	1376725923	3374629559	794340352	
	Grand Total										14310474925	
	Total Cases (Yearwise)							12	13	25	2	66
Source	Part II Detailed Appropriation Accounts-Annexure J											

Annexure - 6 (Refer Para 3.7.1.A)														
Statement showing misclassification of revenue expenditure under Capital														
Railway	Brief Narration of the case	Classification		2010-11	2011-12	2012-13	2013-14	2014-15	Avoidable dividend payment on Capital at the rates at which Dividend was calculated in that financial year					
		Wrong	Correct						Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	2010-11
SR	Cost of Special Works and ballast for Open Line Works booked as cost of construction	16-Capital	4	5400347					Amount (in ₹)		Amount (in ₹)	270017	270017	270017
SR	Cost of fuel issued to Locos shown as Capital expenditure	16-Capital	10	40518242					Amount (in ₹)		Amount (in ₹)	2025912	2025912	2025912
SER	Open line Engineering Works booked under Grant No.16-Capital	16-Capital	4	1738280					Amount (in ₹)		Amount (in ₹)	86914	86914	86914
SECR	Cost of hospital equipment booked as Gauge Conversion expenditure	16-Capital	11	87919					Amount (in ₹)		Amount (in ₹)	4396	4396	4396
NCR	Cost of Training of staff booked as Capital Expenditure	16-Capital	12		3174000				Amount (in ₹)		Amount (in ₹)	158700	158700	158700
SWR	Cost of maintenance of track	16-Capital	4		3463075				Amount (in ₹)		Amount (in ₹)	173154	173154	173154
SECR	Cost of open line engg works booked under capital works	16-Capital	4		322899				Amount (in ₹)		Amount (in ₹)	16145	16145	16145
SWR	Cost of maintenance of track	16-Capital	4			3738240			Amount (in ₹)		Amount (in ₹)	186912	186912	186912
NR	Cost of repairs to paths, doors and windows in Bridge Workshop	16-Capital	4			781795			Amount (in ₹)		Amount (in ₹)	39090	39090	39090

NR	Cost of repair works to flooring and cleaning desalting water way etc booked as Capital expenditure	16-Capital	4						19425372								388507	971269	971269
SWR	Cost of repairs to Staff Quarters on Open Line booked as construction cost in Capital Expenditure	16-Capital	11						16801469								336029	840073	840073
SR	Stipend of Trainees booked as Capital Expenditure under the project	16-Capital	12						1480383								29608	74019	74019
SR	Stipend of Trainees booked as Capital Expenditure under the project	16-Capital	12										2041596					51040	102079.8
NWR	Salaries of Officer working in the workshop dealing with repairs of coaches	16-Capital	3 & 4										135316					3383	6766
NWR	Cash Award to staff	16-Capital	2										65000					1625	3250
SR	Open line Engineering Works booked under Grant No.16-Capital-Construction	16-Capital	4										35667853					891696	1783393
SER	Cost of maintenance of track partially opened for traffic	16-Capital	4										4693199					117330	234660
SCR	Cost of maintenance of track partially opened for traffic	16-Capital	4										4048039					101201	202402
SWR	Pay and allowances of Open Line Organization staff booked as Work charged posts in Capital Expenditure	16-Capital	3										13182250					329556	659112.5

[illegible]

Annexure - 7 (Refer Para 3.7.1.B)

Statement showing misclassification of revenue expenditure under DRF

Railway	Brief Narration of the case	Classification		2010-11	2011-12	2012-13	2013-14	2014-15	Loss of interest on DRF Balances at the rates stipulated by Railway Board for that financial year				
		Wrong	Correct	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	2010-11	2011-12	2012-13	2013-14	2014-15
NR	Contractual Payment in connection with Misc. Track works instead of Suspense	16-DRF	12	20330215					609906	1016511	813209	1016511	1016511
NR	Payment of Trade tax of land under Grant No.16 as replacement and renewal cost	16-DRF	12	77515909					2325477	3875795	3100636	3875795	3875795.45
NR	Cost of loading and stacking P.Way material booked as Track Renewal works	16-DRF	4	6983447					209503	349172	279338	349172	349172
WR	Revenue expenditure booked as Capital expenditure	16-DRF	6	1112282					33368	55614	44491	55614	55614
NR	Cost of unservicable tiebar/steel sleepers booked to 16-DRF	16-DRF	16-Surplus	1255393					37662	62770	50216	62770	62770
NR	Cost of working of ballast cleaning machine and ballast for recoupment shown as Track replacement works under Grant No.16 instead of Revenue	16-DRF-3100	4		23085200					577130	923408	1154260	1154260
NR	Cost of manning of unmanned level crossing booked under DRF	16-DRF	16-SF		243735					6093	9749	12187	12187
NR	Cost of rails booked under Track replacement works though utilised for day to day revenue maintenance	16-DRF	4			9955890					199118	497795	497795
NR	Cost of P.way non-stock items	16-DRF	4			366106					7322	18305	18305

SCR	Repairs to Officers Club booked as replacement cost under Grant No.16 instead of booking as Revenue expenditure	16-DRF	11					3390088								67802	169504	169504
NCR	Booking of expenditure under Track Renewal work without details	16-DRF-3100															1240580	2481160
NR	CUG telephone bills booked as replacement cost of Track under Grant No.16	16-DRF-3100	7															73041
SCR	Cost of improvement to leaky roof of service buildings and provision of ramps for physically handicapped persons	16-DRF	4															72902
SCR	Cost of repairs to Bridges booked as replacement cost instead of revenue repairs expenditure	16-DRF	4															72641
	Total				107197246	23328935	13712084										5495289	8452493
	Grand Total																	9911657
	Total cases																	
			10-11		3215917	5359862	4287890											
			11-12			583223	933157											
			12-13				274242											
			13-14															
			14-15		0	0	0	0										
			Total		3215917	5943086	5495289											
Source	Part II Detailed Appropriation Accounts-Annexure J																	

Annexure – 8 (Refer Para 3.7.1.C)

Statement showing misclassification of expenditure between Revenue and Works Grant No.16(Capital,DRF,DF)

Railway	Brief Narration of the case	Classification		2010-11	2011-12	2012-13	2013-14	2014-15	Under/Over statement of amount under Capital for the period under review	Under statement of amount under DRF for the period under review	Under statement of amount under DF for the period under review
		Wrong	Correct	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)
NR	Procurement of machinery booked as revenue expenditure under Grant No.6	6	16-Capital	1017505					1017505		
NR	Cost of acquisition of Diesel Loco booked as revenue maintenance expenditure	5	16-DRF-2100	16422302						16422302	
NR	Cost of Sleepers, ballast, P.Way material , Engine hire charges and freight charges on stone ballastsutilized in Track Renewals shown as Revenue maintenance expenditure	4	16-DRF-3100	19650786						19650786	
NR	Sports facilities to Railway men booked as revenue expenditure	8	16-DF	50801604							50801604
NR	Cost of information kiosks booked as revenue maintenance expenditure	7	16-DF	524658							524658
NR	Cost of Sleepers, ballast, P.Way material , Engine hire charges and freight charges on stone ballast utilized in Track Renewals shown as Revenue maintenance expenditure	4	16-DRF-3100		31651576					31651576	
NR	Cost of material for passenger platform shelter/FOB booked as Revenue maintenance expenditure	4	16-DRF-5300		14167883					14167883	

NR	Cost of PRC sleepers utilised for Track Renewals shown as Revenue maintenance expenditure	9	16-DRF-3100		5483519					5483519		
NCR	Freight Charges on Permanent way material shown as Repair cost of Wagons under Revenue	6	16-DRF-3100		6907502					6907502		
SCR	Expenditure on cost of replacement of staff quarters booked as revenue maintenance expenditure	11	16-DRF		976848					976848		
SR	Realization of Credits on condemned Rolling Stock shown as reduction of expenditure under Revenue instead of Capital	6 (Minus expenditure)	16-Capital-2100-Credits		19428000				-	19428000		
SCR	Cost of construction of quarters and development works booked under Repairs and Maintenance of P.Way	4	16-Capital		238472				238472			
SCR	Cost of construction of quarters and development works booked under Repairs and Maintenance of P.Way	4	16-DF		1129534							1129534
SCR	Expenditure on cost of replacement of staff quarters booked as revenue maintenance expenditure	11	16-DF		2437413							2437413
SCR	Procurement of mechanized laundry	8	16-DF		1347946							1347946
ECOR	Cost of erection of boundary wall booked as repairs and maintenance of P.way	4	16-DF		575767							575767
NR	Cost of Sleepers, ballast, P.Way material, Engine hire charges and freight charges on stone ballast utilised in Track Renewals shown as Revenue maintenance expenditure	4	16-DRF-3100					4909911		4909911		

NR	Cost of rehabilitated engine blocks, fuel efficient power pack etc shown as Revenue maintenance expenditure	5	16-DRF-2100				19973160			19973160		
NR	Cost of rails	6	16-DRF				2049097			2049097		
SCR	Cost of Points & Crossings booked as revenue maintenance expenditure	4	16-DRF				2246872			2246872		
NR	Cost of Traction Motor	6	16-DRF-2100				4100000			4100000		
SR	Credits realised from assets shown in Revenue grants as minus expenditure	3&6	16-DRF-Credits				100670000			- 100670000		
SR	Sale of scrap credited to Revenue expenditure	5	16-DRF-Credits				7756000			-7756000		
NWR	General oncost on POH of coaches	12	16-Capital-WMS				839040			839040		
NR	Cost of procurement of engine control panel	6	16-Capital				391650			391650		
NR	Cost of provision of running room	11	16-DF				1524973					1524973
NR	Cost of Sleepers, ballast, P.Way material, Engine hire charges and freight charges on stone ballast utilised in Track Renewals shown as Revenue maintenance expenditure	4	16-DRF-3100					25224255		25224255		
NCR	Cost of materials procured for track works booked under revenue expenditure	4	16-DRF-3100					2732359		2732359		
NWR	Pay and allowances of Sr.DME/FI booked under general management expenses	3	16-DRF					798456		798456		
SR	Cost of ballast issued for Capital Works (Gauge Conversion) shown as Revenue Expenditure	4	16-DRF-1400					11693651		11693651		

NR	Belated adjustment of Debits towards Track Machine Usage	4	16-DRF-3100					120145798			120145798	
SCR	Freight Charges on Permanent way material utilised for Track Renewal works shown as Revenue maintenance expenditure	4	16-DRF-3100					1728002			1728002	
SCR	Pay and allowances of Work Charged establishment booked as Revenue expenditure	7&12	16-DRF					652514			652514	
ECOR	Sale value of scrap credited to Grant No.5 as a reduction in expenditure	5	16-DRF-Credits					24595497			-24595497	
NCR	Cost of scrap pertaining to CTR/TRR work credited to revenue grant	4	16-DRF-Credits					3425484			-3425484	
NCR	Cost of scrap of wagon open body 8-wheeler complete with one axle	6	16-DRF-Credits					1781566			-1781566	
SCR	Erroneous booking of expenditure relating to stock items under revenue grant	3	16-Capital					91247		91247		
NWR	Cost of P.way staff engaged in GC work booked under revenue grant	4	16-Capital					7876349		7876349		
SCR	Cost of residuary works relating to CAT Walk pit line shown as Revenue maintenance expenditure	4	16-DF					3668881				3668881
SCR	Procurement of mechanized laundry	8	16-DF					898631				898631
NR	Cost of Sleepers, ballast, P.Way material, Engine hire charges and freight charges on stone ballast utilised in Track Renewals shown as Revenue maintenance expenditure	4	16-DRF-3100						7957852	7957852		
NR	Cost of advertisement of CTR work	4	16-DRF						194721	194721	194721	

NCR	Cost of equipment booked as Revenue expenditure	7	16-DRF							12124003		12124003	
SR	Engine hire charges (Ballast) and establishment charges (work charged posts)	3 & 4	16-DRF							1594750		1594750	
SCR	Expenditure on manufacture and supply of CMS crossings	4	16-DRF							547498		547498	
SCR	Cost of rewiring of control office in connection with renovation of controlling office	7	16-DRF							568496		568496	
SR	Incorrect booking of expenditure under Misc advances Revenue	12	16-Capital-7100							68627448		68627448	
SCR	Expenditure on Grooved Rubber Sole Plates	4	16-Cap DRF							861984		861984	
SCR	Cost of provision of bye pass line with traction distribution booked as revenue repairs to P.Way	4	16-DF-1600							1633943		1633943	
SCR	Expenditure on Improvement to circulating area, lighting arrangement in waiting hall and garden lighting booked as revenue repairs of equipment	7	16-DF							3817437		3817437	
SCR	Cost of provision of toilet facilities	4	16-DF							551783		551783	
SWR	Improvement and strengthening of bridges booked as revenue expenditure	4	16-DF							10694221		10694221	
ECOR	Expenditure relating to improvement to Type-II quarters	4&11	16-DF							6320973		6320973	
	Total									115495109		176273264	85927764
Source	Part II Detailed Appropriation Accounts-Annexure J												

Annexure – 9 (Refer Para 3.7.1.D)

Statement showing Misclassification of expenditure between Capital and Internal Sources (DRF&DF)														
Railway	Brief Narration of the case	Classification		2010-11	2011-12	2012-13	2013-14	2014-15	Avoidable dividend payment on Capital at the rates at which Dividend was calculated in that financial year					
									2010-11	2011-12	2012-13	2013-14	2014-15	
		Wrong	Correct	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	
NR	Expenditure relating to Passenger Amenities	16 - Capital	16-DF	1941857						58256	97093	77674	97093	97093
NCR	Supply of PVC wire,ETW, provision of Loops etc and KFW work	16- Capital	16-DF	4703314						141099	235166	188133	235166	235166
SCR	Expenditure on replacement of Staff Quarters	16- Capital	16-DRF	3265919						97978	163296	130637	163296	163296
SWR	Expenditure incurred for sub way work debited to Capital instead of DF	16- Capital	16-DF	6803720						204112	340186	272149	340186	340186
SWR	Track Renewal works funded debited to Capital during 2009-10 not rectified	16- Capital	16-DRF	838600000						25158000	41930000	33544000	41930000	41930000
WR	Signalling cable irregularly allocated to Capital instead of DF without transfer of material	16 - Capital	16-DF	34309928						1029298	1715496	1372397	1715496	1715496
ECR	Cost of replacement of Mechanical detector with electrical detector booked to Capital	16 - Capital	16-DRF		149000						3725	5960	7450	7450
NR	Cost of Plat form shelter booked to Capital	16 - Capital	16-DF		2051000						51275	82040	102550	102550
NCR	Cost of providing additional look at Stations booked to Capital	16 - Capital	16-DF		886921						22173	35477	44346	44346
SCR	Expenditure pertaining to staff quarters on	16- Capital	16-DRF		395000						9875	15800	19750	19750

Annexure - 10 (Refer Para 3.7.2)													
Statement showing Misclassification of expenditure between Internal Sources i.e. DRF&DF and DRF & DFand Capital													
Railway	Brief Narration of the case	Classification		2010-11	2011-12	2012-13	2013-14	2014-15	Understate ment of amount under Capital	Overstate me nt of amount under DRF	Understate ment of amount under DF	Under statement of dividend /subsidy	calculati on of interest on DRF
		Wrong	Correct	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)	Amount (in ₹)
ER	Transfer of funds from DF to DRF	16-DRF-5200	16-DF-5200	14435000						-14435000	14435000		
NR	Expenditure relating to Passenger Amenities booked as replacement & renewal works under DRF	16 -DRF	16-DF	4231995						-4231995	4231995		
SCR	Incorrect booking of Expenditure on replacement of electrical rewiring and corroded pipeline as developmental works	16-DF	16-DRF	6584618						6584618	-6584618		
SWR	Replacement of parcel lifts booked under DF	16-DF	16-DRF	2000880						2000880	-2000880		
SCR	Construction of staff quarters under replacement expenditure	16-DRF	16-Capital	1196204					1196204	-1196204			

ECOR	Cost of additional accommodation in rest house at VSKP	16-DRF	16-DF							494386	-494386	494386		
NR	Cost of amenities staff booked to track renewal works	16-DRF	16-DF							654241	-654241	654241		
NR	Cost of Signalling and OFC Communication s works booked as replacement cost under DRF	16 -DRF	16-DF							31387343	-31387343	31387343		
SCR	Incorrect booking of Expenditure on Passenger Amenities works under DRF as replacement works	16-DRF	16-DF							41062655	-41062655	41062655		
SWR	Expenditure on passenger amenities works and sand humps and trap switches booked to DRF	16-DRF	16-DF							583018	-583018	583018		
NR	Cost of construction of RRI work booked to DF instead of DRF	16-DF	16-DRF							5000000	5000000	-5000000		
NR	Track Renewal works booked to DF instead of DRF	16-DF	16-DRF							562792	562792	-562792		

NCR	Cost of improvement to earth system at sub stations booked under DF	16-DF	16-DRF		609000					609000	-609000		
NCR	Cost of raising and resurfacing of platform booked to DF	16-DF	16-DRF		2578000					2578000	-2578000		
NCR	Expenditure on Construction of Quarters booked as replacement cost under DRF	16-DRF	16-Capital		5424453					5424453	-5424453		
ECOR	Cost of platform shelter	16-DRF	16-DF			670058				-670058	670058		
NR	Cost of hire and haulage cahrges of crane for replacement of FOB	16-DRF	16-DF			475791				-475791	475791		
NCR	Cost of replacement of signaling gears	16-DRF	16-DF			698254				-698254	698254		
NCR	Cost of expansion of IRTM Training Centre/Allahabad	16-DRF	16-DF			227967				-227967	227967		
SCR	Incorrect booking of Expenditure on Passenger Amenities works under DRF as replacement works	16-DRF	16-DF			20157000				-20157000	20157000		
SCR	Cost of improvements to platforms and construction of canteen	16-DRF	16-DF			1190391				-1190391	1190391		

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SR	Expenditure on improvement to running rooms, circulating area and extension of platform booked under DRF as replacement cost	16-DRF	16-DF						28301090	-28301090	28301090		
SCR	Expenditure incurred on strengthening of bridges	16-DRF	16-DF						952304	-952304	952304		
SCR	Expenditure on new pit line as per camtech design	16-DF	16-DRF						227315	227315	-227315		
	Total			28448697	88355888	50682666	194477348	30230497	212510757	-213408364	897607		
Source	Part II Detailed Appropriation Accounts-Annexure J												

Annexure - 11 (Refer Para 3.8)									
Statement showing Overstatement of earnings due to misclassification between Earnings and Deposits/Suspense									
Railway	Brief Narration of the case	Classification		2010-11 Amount (in ₹)	2011-12 Amount (in ₹)	2012-13 Amount (in ₹)	2013-14 Amount (in ₹)	2014-15 Amount (in ₹)	
		Wrong	Correct						
ECoR	Amount received from M/S.Damodar Port Co in advance for works credited to Earnings	Earnings	Deposit	24466893					
NR	Irregular adjustment through transfer of amounts from Deposit to Earnings	Earnings	Deposit	130388714					
NR	Realization of Mobilization Advance credited to Earnings	Earnings	MAC		18525078				
CR	Service Tax collected on freight and demurrage not remitted	Earnings	0044 Service Tax			135600000	43205064		
NCR	Amount received as Service Tax booked under Goods earnings	Earnings	0044 Service Tax				242901		
SR	Irregular booking of earnings to suspense Heads	Suspense	Earnings			1651566			
SCR	Amount deposited by a firm	Sundry earnings	Indian Railway Deposits			107600			
SCR	Irregular allocation of expenditure to Deposits instead of keeping the amount under suspense	Deposit-X	MAR-X			206328			
ICF	Non-clearance of balances under Suspense Heads						147999166		
SCR	Overhead charges, profit departmental charges on the deposit works of cement siding and hire charges recovered from construction unit for supply of steel cribs	Deposit-X	Earnings					8257485	
SWR	Unrealized undercharges (when matter is in the court of law) included in Abstract-Y-Goods Earnings	Earnings	Traffic Suspense					3677225923	
	Total			154855607	18525078	137565494	191447131	3685483408	
	Grand total							4187876718	
	Total cases			2	1	4	3	2	
	Grand total							12	
Source	Part II Detailed Appropriation Accounts-Annexure J								

Annexure-12 (Refer Para 3.9)									
Statement showing misclassification between Revenue Grants& Earnings/ Misc Receipts etc and Indian Railway Deposits and Capital Expenditure									
Railway	Brief Narration of the case	Classification		2010-11 Amount (in ₹)	2011-12 Amount (in ₹)	2012-13 Amount (in ₹)	2013-14 Amount (in ₹)	2014-15 Amount (in ₹)	
		Wrong	Correct						
SCR	Accountal of liquidated damages as reduction in expenditure	Revenue Grants	Misc Receipts	462962					
SWR	Cost of PSC sleepers booked to Deposits instead of 16-RSF	Deposit	16-RSF	19576964					
WR	Expenditure pertaining to Doubling work debited to Deposit Works resulting in less expenditure under Works Grant	Indian Railway Deposits	Grant No.16-1500	43461875					
SWR	Subordinate debt credited to Deposit instead of MAC	Indian Railway Deposits	Grant No.16-7300-MAC			90000000			
SR	Erroneous booking of works expenditure under Deposits resulting in less expenditure under Works Grant	Indian Railway Deposits	16				1388196		
WR	Expenditure debitable to Grant No.16-DRF/DF booked toDeposit work	Deposit works	16-DRF & 16-DF				10948314		
NR	Expenditure debited to Deposit Works instead of Final Head	Indian Railway Deposits	16					200984704	
ECoR	Amount of CENVAT credit kept under Indian Railway Deposits instead of bifurcating to the respective grants as Credits	Indian Railway Deposits	Revenue Grants					649272452	
SWR	Excess expenditure over and above Railway Share booked to New Line Project instead of debiting to Deposit Works	16-1100-New lines	Deposit Works			448100000	3388862000		
SWR	Booking of expenditure to Railway Final Heads inspite of availability of funds under GOK and GOAP	16-1100-New lines	Deposit Works					2814800000	
ICF	Delay in adjustment of expenditure on POH of Wagons to outsiders resulting in excess expenditure under WMS	16-WMS	Deposit Works				593291087		

NCR	Cost of replacement of OFC cable booked to Capital	16-Capital	Deposits-Works			2927000		
ER	Non creation of fund for provision of cushion charges at 7% on catering bills and irregular account of cushion charges with other earnings	Earnings-Z- Sundry Earnings	Indian Railway Deposits				406809068	
ECOR	RTI fees credited to sundry earnings instead of Major Head 0070-Other Administrative services	Z-Sundry earnings	MH-0070	20983				
SR	Sale value of Scrap and waste paper shown as credits under Revenue Expenditure resulting in reduction in working expenses	5-Credits & 9- Credits	Earnings	38000756				
SR	Contributions to New Pension scheme kept under Deposit without transfer to Trustee Naml and Contribution kept under MAR without transfer to final heads	Deposit MAR	Trustee Bank	24603335				
WR	Sales tax ,legal fee and penalty booked under Grant No.12	12	Misc Deposit	40000				
ECOR	Pay and allowances relating to work charged post to revenue instead of deposit works	4	Deposit Works		365595			
ECOR	Irregular account of penalty accrued as reduction in expenditure		Misc Receipts		179643			
NR	Debit towards earning from goods traffic booked to Grant No.10 instead of Abstract-y-Goods earnings	10	Abstract-Y-Goods earnings		36279442			
ECOR	Accountal of liquidated damages as Earnings instead of Misc Receipts	Sundry Earnings	Misc Receipts		11333646			
SCR	Booking of liquidated damages recovered from suppliers	Stores suspense--16-7100	Misc. Receipts			10038637		
SCR	Railway Material ConsignmentTransportation cost shown as Revenue earnings	Earnings	Credits under Revenue grants			339688885		
NCR	Interest on the amount of New Pension Scheme Kept under Deposits without linking to amount already transferred to Trustee Bank	Deposit	Trustee Bank			21996174		

ER	Collection of Salex tax shown as Earnings on credit side of P&L Account	Earnings	Deposits			160062		
NWR	Fee collected under RTI Act	Earnings	MH-0070				93165	
SCR	Non adjustment of recovery of service charges included in unit cost of electricity supplied to outsiders to Earnings	Credit under Grant No.8	Earnings				19200000	
SCR	Interest earned on deposit with the SEB shown as reduction in expenditure	Grant No. 8	Earnings				199235	
NWR	Liquidated damages as a penalty for non-supply of medicines	Deposit-X	MH-1001				36446	
SWR	Flagging of train expenditure	MAR-X	3				3370656	
WR	Expenditure incurred on pay and allowances of staff working in Survey Department	Deposit works	2				3933000	
NWR	Incorrect booking paid contractual payments of modernization of workshop under Deposit unpaid wages	Deposit unpaid wages	16				32925397	
ECOR	Halt commission debited to Station Earnings instead of Revenue Grant	Earnings	9					17148259
SCR	Hire charges recovered from contractors	16-Capital & 16-SF	Misc. Receipts					768742
NCR	Expenditure towards repairs of private vehicle wagons done by workshop	6	Deposit Miscellaneous					1128960
	Total			126166875	48158326	912910758	4461056564	3684103117
	Grand total							9232395640
	Total cases			7	4	7	12	6
	Grand total							36
Source	Part II Detailed Appropriation Accounts-Annexure J							

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