

**OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

**New Delhi**

**12th August, 2025**

**Audit Report No. 9 of 2025 of Ministry of Railways (Railway Finances) Presented in Parliament**

Audit Report No. 09 of 2025 – ‘Union Government, Ministry of Railways– (Railways Finances)’ was laid on the table of both Houses of Parliament here today. This Report provides an analytical review of the Finances and Accounts of the Indian Railways (IR) and is based on the audited accounts for the year ended March, 2023.

The Report is structured in five chapters. Chapter 1 (State of Finances) of the Report focuses on the financial health of Indian Railways with reference to the previous year, as well as the overall trends based on various parameters such as earnings, expenditure, reserves, operational efficiency etc. Chapter 2 (Appropriation Accounts) of the Report contains the summary and comments on the Appropriation Accounts of IR for the year ended March 2023. Chapter 3 (Financial Performance of Public Sector Enterprises of IR) of the Report contains financial overview of Public Sector Enterprises under the administrative control of Ministry of Railways for the year ended March, 2023. Chapter 4 (Review of Budgetary and Accounting Controls in Accounts Department of NWR, SECR and SWR) of the Report contains audit observations on Review of ‘Budgetary and Accounting Controls in Accounts Department of NWR, SECR and SWR’ for the year 2020-21 to 2022-23. Chapter 5 (Audit of Workshop Manufacture Suspense Account in Indian Railways) of this Report contains audit observations on matters arising from examination of Workshop Manufacture Suspense (WMS) Accounts and related records of all 80 workshops across 16 Zones of Indian Railways.

Major points in the Audit Report No. 9 of 2025 - Union Government Ministry of Railways (Railway Finances) are given below:

**Chapter 1: State of Finances**

- During 2022-23, the total expenditure of Ministry of Railways (MoR) was ₹ 4,41,642.66 crore (11.34 per cent more than previous year) which comprised of ₹ 2,03,983.08 crore (7.21 per cent more than previous year) of Capital expenditure and ₹ 2,37,659.58 crore (15.15 per cent more than previous year) of

Revenue expenditure. MoR incurred around 72.22 per cent of the total working expenses on staff cost, pension payments and lease hire charges on rolling stock.

**(Para 1.1 & 1.4.1)**

- Gross Traffic receipts during 2022-23 was ₹ 2,39,982.56 reflecting an increase of 25.51% over the previous year (2021-22). The increase in total receipts was mainly on account of increase in passenger earnings, other coaching earnings and freight earnings. Transportation of coal constituted 50.42 per cent of freight earnings.

**(Para 1.1 & 1.2.3(a))**

- There was a net surplus of ₹ 2,517.38 crore in 2022-23 as compared to net deficit of ₹15,024.58 crore during the previous year. The Operating Ratio (OR) was 98.10 per cent in 2022-23 against 107.39 per cent in 2021-22. Indian Railways generated net surplus during 2022-23 as compared to net deficit in 2021-22.

**(Para 1.1)**

- The loss on operation of passenger and other coaching services decreased as compared to the previous year. The loss of ₹ 5,257.07 crore in passenger operations was left uncovered during 2022-23. The profit from freight traffic was utilised to cross-subsidise the loss on operation of passenger and other coaching services.

**(Para 1.3)**

- Under-provisioning for depreciation resulted in piling up of 'throw forward' (renewal and replacement of over-aged assets) works estimated at ₹ 31,852.60 crore up to 2022-23.

**(Para 1.7.1)**

## **Chapter 2: Appropriation Accounts**

- MoR incurred additional expenditure of ₹13,615.30 crore in excess of the sanctioned budget of ₹ 1,09,197.19 crore under Revenue Grant (3002-03).

**(Para 2.2.1)**

- There were savings of ₹ 44,593.06 crore in 8 cases (under Revenue Grant 3002-03 and Capital Grants-5002-03) where the savings was more than ₹100 crore in each case during the year 2022-23.

(Para 2.2.2)

- In spite of supplementary provisions of ₹ 950.80 crore obtained under charged (Capital Grant 5002-03- ₹ 882.00 crore and Revenue Grant 3002-03 (08)- ₹ 68.80 crore) on account of more payments than anticipated in satisfaction of court decrees, there was excess expenditure of ₹ 205.04 crore (Capital Grant 5002-03- ₹ 196.45 crore and Revenue Grant 3002-03 (08) - ₹ 8.59 crore).

(Para 2.5)

- In spite of supplementary demand of ₹ 13,340.95 (Capital Grant 5002-03- ₹ 12,000.01 crore and Revenue Grant 3002-03 (08) - ₹ 1,340.94 crore) taken under 'Voted' as additional budgetary support, there was excess expenditure of ₹ 12,248.83 crore (Capital Grant 5002-03- ₹ 5,005.65 crore and Revenue Grant 3002-03 (08) - ₹ 7,243.18 crore).

(Para 2.5)

- There were cases of misclassification of expenditure between Revenue to Capital Grant and vice-versa, Voted to Charged and vice-versa and other mistakes like Revenue to Revenue Grants (among Sub Major Heads), Capital to Capital Grants (among Railway Funds) and Revenue Grants to Earnings.

(Para 2.7)

- Unsanctioned expenditure of ₹ 6,483.71 crore involving 1932 cases was incurred by MoR, which was 1.05 *per cent* of total expenditure during the year 2022-23.

(Para 2.8)

### **Chapter 3: Financial Performance of Public Sector Enterprises of IR**

- The investment of equity and loans in Railway Public Sector Enterprises as on March 2023 was ₹ 5,38,869.02 crore which comprised of paid-up capital of ₹ 61,351.33 crore and long-term loans of ₹ 4,77,517.69 crore. The Government of India contributed ₹ 49,027.29 crore (79.91 *per cent*) in the paid-up share capital of Railway Public Sector Enterprises. The remaining paid-up share capital of ₹ 12,324.04 crore was contributed by Financial Institutions

(5.05 *per cent*), Central Government Companies (5.03 *per cent*) and State Government/State Government companies (10.01 *per cent*).

**(Para 3.2.1)**

- The net profit of the Railway Public Sector Enterprises had shown an increasing trend and had increased from ₹ 6,146.29 crore in 2018-19 to ₹ 12,056.61 crore in 2022-23.

**(Para 3.2.1)**

- Out of total 45 Railway Public Sector Enterprises, 33 Railway Public Sector Enterprises earned profit (₹ 12,145.97 crore) during 2022-23 which included 12 Railway Companies, 10 Subsidiaries, 5 JVs and 6 SPVs. Out of 33 profit earning Railway Public Sector Enterprises, only seven Railway Public Sector Enterprises (six Railway Companies, one subsidiary) had declared dividend as stipulated in DIPAM instructions of May 2016 which provided that every CPSE would pay a minimum dividend of 30 *per cent* of Profit after Tax or five *per cent* of net worth whichever is higher.

**(Para 3.2.1, 3.3.1, 3.3.3.1 & 3.3.3.2)**

#### **Chapter 4: Review of Budgetary and Accounting Controls in Accounts Department of NWR, SECR and SWR**

- The Electrical Department of Construction organisation of NWR raised a demand of ₹ 5 crore for Revised Estimate of 2022-23 against Ratlam-Dungarpur via Banswara New Line Project frozen in September 2019, the demand of which was cleared by Accounts Department of North Western Railway (NWR) as well as Railway Board (RB) and funds were allotted to a frozen project.

**(Para 4.9.2)**

- Upto March 2023, North Western Railway (NWR) and South Western Railway (SWR) incurred expenditure of ₹ 3,142.49 crore against four works completed but not closed. The expenditure exceeded the revised sanctioned estimate by ₹ 743.70 crore (31 *per cent*).

**(Para 4.10.1)**

- The last quarter expenditure against Grants (total of ₹ 5,819 crore) was in the range of 33.26 *per cent* and 100 *per cent* of the expenditure on the Grants for the year (total of ₹ 12,257 crore) in 61 instances affecting 11 Grants.

**(Para 4.10.3)**

- In NWR, the productivity tests of seven projects completed during the period 2011-12 to 2016-17 which were due between 2020-21 and 2022-23 had not been conducted as on date of audit (July 2023). Thus, the achievement against anticipated earnings/savings in working expenses when the proposals for the projects were embarked upon, could not be assessed.

**(Para 4.11.2)**

- An amount of ₹ 542.54 crore towards Earnest Money Deposit/Security Deposit was wrongly booked in incorrect accounting heads leading to overstatement/understatement in the respective heads of accounts in North Western Railway (NWR), South East Central Railway (SECR), SWR and Rail Wheel Factory, Yelahanka (RWF/YNK).

**(Para 4.11.4)**

- During 2020-21 to 2022-23, an amount of ₹ 68.30 crore pertaining to Income Tax deductions from payments to companies by NWR, SECR and SWR was wrongly booked in Major Head (MH) 0021 instead of MH 0020 resulting in misclassification of revenue leading to over/understatement of the respective heads. No corrective action has been taken in spite of the issue being reported in Para 1.12 of CAG Report No. 37 of 2016 and Para 1.11 of CAG Report No. 1 of 2018.

**(Para 4.11.6)**

- In NWR, SECR, SWR and RWF/YNK, the overall outstanding stock sheets of 283 as on 01 April 2020 had increased by 13 *per cent* to 321 as on 31 March 2023. The financial impact of the 127 outstanding stock sheets in SECR could not be determined as the same was not made available to Audit. The total money value of the remaining 194 outstanding stock sheets was ₹ 14.70 crore, involving shortages/excesses of stores.

**(Para 4.11.7)**

- The amount of ₹ 48.78 crore of Bills Recoverable as on 01 April 2020 in NWR, SECR, SWR and RWF/YNK increased by 527 *per cent* to ₹ 306 crore as on 31 March 2023.

**(Para 4.11.8)**

## **Chapter 5: Audit of Workshop Manufacture Suspense (WMS) Account in Indian Railways**

- In 34 workshops, credits to WMS Account amounting to ₹ 3,606.22 crore was done on estimates and not actuals thereby resulting in inaccurate debit to Profit & Loss (P&L) Account and Balance Sheet due to non-maintenance of Workshop General Register and/or Outturn Statements.

**(Para 5.7.1.2)**

- In 16 workshops, total working hours in a week was less than stipulated 48 hours. Lesser working hours per week resulted in excess debit of ₹ 139.29 crore in WMS Account as well as to P&L Account during 2022-23. In 24 workshops, total available man-hours (as per gate-attendance hours) was more than cumulative man-hours booked to all work orders by 77.48 lakhs man-hour. This resulted in excess debit of ₹ 192.75 crore to P&L Account and Balance Sheet without utilisation of such substantial available man-hours. In 67 workshops, Government contribution of NPS to the extent of ₹ 358.84 crore was directly booked to final heads without routing through WMS, which resulted in deflated cost of work done.

**(Para 5.8.1.2, 5.8.1.3 & 5.8.1.4)**

- Raw Material Work Order (RMWO) should be opened by workshops for booking of raw material drawn from stores. RMWO was not maintained in 58 workshops (72.50 *per cent*) wherein debit of stores to WMS Account was ₹5,719.65 crore. Out of these, 17 workshops wherein debit of stores to WMS Account was ₹1,890.49 crore did not maintain record of stores lying in the sub-store.

**(Para 5.8.2)**

- The apportioned on-cost (overhead) charges exceeded the actual on-cost charges beyond the stipulated five *per cent* by ₹ 90.33 crore in 12 workshops resulting in excess credit to WMS. The apportioned on-cost charges fell short of the actual on-cost charges by more than five *per cent* in 18 workshops resulting in less credit of ₹ 364.30 crore to WMS.

**(Para 5.8.3.1 & 5.8.3.2)**

- Inefficient balance of ₹ 193.12 crore (₹ 181.36 crore + ₹ 3.28 crore + ₹ 8.48 crore) had accumulated in WMS Account Closing Balance of 12 workshops resulting in less debit to P&L Account and understatement of

expenditure. There was credit item of ₹ 201.12 crore in WMS Account balance in 16 workshops resulting in excess debit to P&L Account.

**(Para 5.8.3.2, 5.8.3.3 & 5.8.6)**

- In seven workshops, old items were awaiting acceptance at the end of 2022-23 (oldest item being since 2010). In three of these workshops, identified old items awaiting acceptance amounted to ₹ 12.75 crore.

**(Para 5.8.6)**

- In 31 workshops, the percentage of WMS Account balances with respect to WMS Account credits exceeded the stipulated percentage which resulted in less debit of ₹465.03 crore to P&L Account and accumulation of WMS Account closing balance.

**(Para 5.8.7)**

- Short acceptance of Transfer Certificates amounting to ₹ 75.23 crore in transfer transactions accumulated in the WMS Account closing balance of seven workshops resulting in understatement of expenditure by the same amount.

**(Para 5.8.9)**

- Against the stipulated 10 *per cent* ceiling, the percentage of on-cost charges to total cost was in the range of 10.12 *per cent* to 46.48 *per cent* in various activities carried out in 28 Mechanical Workshops. Such high percentage of on-cost charges resulted in excess debit of ₹ 612.47 crore to P&L Account.

**(Para 5.8.10)**