

PRESS RELEASE

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Audit Report on Union Government - Railways Finances Tabled

CAG Audit Report No.10 of 2019 – ‘Union Government (Railways) – Railways Finances’ was tabled in Parliament today. The Report is structured in two Chapters. Chapter I contains audit observations on matters arising from examination of Finance Accounts of Indian Railways for the year **ending 31 March 2018. It focuses on the financial health of the Railways based on various parameters.** Chapter 2 of the Report contains audit observations on the impact of concessions allowed to passengers on Railways earnings and effectiveness of the existing internal control mechanism to check misuse of concessions.

Audit analysis of the Finance Accounts of Indian Railways revealed declining trend of revenue surplus and the share of internal resources in the capital expenditure. The net revenue surplus decreased by 66.10 *per cent* from ₹4,913.00 crore in 2016-17 to ₹1,665.61 crore in 2017-18. The share of internal resources in total capital expenditure also decreased to 3.01 *per cent* in 2017-18. This had resulted in greater dependence on Gross Budgetary Support and Extra Budgetary Resources.

The Operating Ratio of 98.44 *per cent* was the worst in the last ten years. Indian Railways, in fact, would have ended up with a negative balance of ₹5,676.29 crore instead of surplus of ₹1,665.61 crore but for the advance received from NTPC and IRCON. Exclusion of this advance would otherwise have increased the Operating Ratio to 102.66 *per cent*.

The appropriation to Depreciation Reserve Fund decreased significantly by 68 per cent in 2017-18. Under provisioning for depreciation resulted in piling up of ‘throw forward’ of works estimated at ₹1,01,194 crore.

Indian Railways was unable to meet its operational cost of passenger services and other coaching services. Almost 95 *per cent* of the profit from freight traffic was utilized to compensate the loss on operation of passenger and other coaching services. One of contributing factor in this regard has been free and concessional fare tickets/ passes and Privilege Ticket Orders (PTOs) to various beneficiaries.

Review of the impact of concessions allowed to passengers revealed that 89.7 *per cent* of the revenue forgone towards concessions was on account of concession to senior citizens and Privilege Pass/PTO holders. The response to ‘Give Up’ scheme from the senior citizen passengers was not encouraging. The annual rate of growth in terms of number of passengers travelling in AC classes in all the categories of concessions was higher than that of the non-AC classes.

Several instances of misuse of passes and irregular grant of concessions on medical certificates were noticed. Passenger Reservation System lacks adequate validation controls to validate age of freedom fighters and to prevent irregular multiple booking on the same privilege pass.

BSC/SS/TT