IR- introduction

• A plan for a rail system in India was first put forward in 1832. The idea of a railway between Bombay and Thana and beyond was conceived first in 1843.

• Great Indian Peninsula Railway Company incorporated in England by an Act of Parliament on 1st August, 1849. The Railway Company entered into a contract on 17th August, 1849 with the East India Company.

• The first train in India became operational on 22nd December, 1851 and was used for the hauling of construction material in Roorkee.

• A year and a half later, on 16th April, 1853, the first passenger train service was inaugurated between Bori Bunder, Bombay and Thana covering a distance of 34 km (21 miles), barely 28 years after the World’s first train made its successful run between Stockton and Darlington in England in 1825.
Zonal Administrative units

• Southern Railway – formed on 14th April, 1951
• Central Railway - formed on 5th November, 1951
• Western Railway formed on 5th November, 1951
• Eastern Railway formed on 14th April, 1952
• Northern Railway formed on 14th April, 1952
• North Eastern Railway formed on 14th April, 1952
• From 1st August, 1955- Eastern Railway was divided into Eastern Railway and South Eastern Railway.
• From 15th January, 1958- North Eastern Railway was divided into Northeast Frontier Railway and North Eastern Railway.
• From 2nd October, 1966- South Central Railway was formed by carving portions from Central and Southern Railway.
• Thus by creation of three new Railways total nine Zonal Railways were formed.
• 16 Zonal Railways-by formation: NWR, WCR, SWR,NCR, ECoR, SECR, ECR,
Production units/ others

• Chittaranjan Locomotive Works, at Chittaranjan (West Bengal)-opened on 26th January, 1950.

• Locomotive Works at Varanasi-opened opened in 1961.

• Diesel –Loco Modernization Works (formerly known as Diesel Component Works) at Patialala-opened in 1981.

• Rail Wheel Factory (formerly referred to as Wheel & Axle Plant) at Yelahanka (Near Bangalore)-opened in 1984.

• Rail Coach Factory at Kapurthala-opened in 1987.

• Integral Coach Factory; Perambur (Near Chennai)-opened in 1955.

• CORE, RDSO
PSU

- Bahruch Dehej Railway Corp. Ltd.
- Bharat Wagon and Engineering Co. Ltd.
- Braithwaite and Co. Ltd.
- Burn Standard Co. Ltd.
- Container Corporation of India Ltd.
- Dedicated Freight Corridor Corp. Ltd.
- Fresh and Healthy Enterprises Ltd.
- Hussan Mangalore Rail Development Co. Ltd.
- Indian Railways Catering and Tourism Corp. Ltd.
- Indian Railway Finance Corp. Ltd.
- IRCON International Ltd.
- IRCON Infrastructure Ltd.
- Kutch Railway Company Ltd.
- Konkan Railway Corporation
- Mumbai Rail Vikas Corporation.
- Pipava Railway Corporation Ltd.
- Railtel Corporation of India – Telecommunication Networks
- RITES Ltd. –Consulting Division.
- RITES Infrastructure Services Ltd.
- Rail Vikas Nigam Limited
- SAIL RITES Bengal Wagon Industries Ltd.
- Wagon India Ltd.
Administrative Network of IR
Organisation set up of Finance Deptt

- There is one Financial Adviser and Chief Accounts Officer (FA & CAO) under the FC, in each Zonal Railway and Production Units. The F.A. & C.A.O of the Zonal Railways is assisted by Deputy F.A. & C.A.O s and Sr. DFM, SAFA/ ADFM/AFA and other subordinate staff in Division, Workshop & Stores, Traffic Accounts.

- In some Railways separate F.A. & C.A.O also functions for Construction Unit.

- Finance Commissioner in Ministry of Railways is responsible for compilation of accounts and reporting. Finance Commissioner obtains accounts from all accounting units.
Sources of IR

- Gross budgetary support
  - Loans from GoI and others
  - Diesel cess
  - Gross traffic receipts
- Internal Resources
  - Misc. receipts
  - Borrowings through IRFC
  - Funds raised by RVNL
  - Investment through wagon investment scheme
  - Investment through ppp etc.
- Extra budgetary receipts
Rail Budget

• Budget Statement is a statement of estimated receipts and expenditure of the Government of India for the coming years which runs from 1\textsuperscript{st} April to 31\textsuperscript{st} March.

• The Budget Statement has to be laid before the Parliament in respect of every financial year under Article 112 of the Constitution.

• In Railways the above provisions are described under para 301 of Indian Railway Finance code Vol. I
Why a separate Rail Budget

• Finance Commissioner appointed in April 1923 on recommendation of Acworth committee 1921.

• Separation convention (Sept 1924) for separation of Railway Finances from General Finances.

• As Railway Finances have been separated from the General Finance of Central Government, a separate budget is presented for the Railways.

• The financial relationship between the Central Government and the Railways is governed by the recommendations made from time to time by the Railway Convention committee.
Elements of Rail Budget

- A review of the preceding year including the actual receipts and expenditure
- An estimate of receipts and expenditure of the coming years.
- Proposals if any for the meeting the requirements of the coming year.
- Gross receipts: Coaching earning (less refunds), Goods earning (less refunds) & Sundry earning viz: rent, toll, commercial publicity, catering, sale proceeds, interest, maintenance charges on sidings, saloons, postal vehicle.
- Expenditure: revenue & Capital- Loan from General revenue, own resources & borrowings
Earning budget

• Estimates for coaching earning are prepared on the basis of passenger kilometer and average fare per passenger kilometer for each class of passenger.

• Estimates for parcel, goods traffic are made on net tonnee kilometer to be carried and the average yield per NTKM for each commodity.

• In other word estimate is based on past actuals.

• Estimate should be prepared for originated and apportioned earnings in thousands of rupees.

• Budget Estimates are prepared for the 1st 7 months of current year on actual basis and on expectation for rest period of current year under various categories of passenger & goods traffic as well as for sundry earning considering all special features which may affect the earnings in ensuing year.
Expenditure Budget

• Expenditure are of two type:

• Voted expenditure: it is such class of expenditure for which the provisions of fund is made subject to vote of Parliament. These are items proposed to be met from Consolidated Fund of India for which proposals are sent in the form of demands for Grants for vote by the parliament.

• Charged expenditure: it is such class of expenditure for which the president is according the sanction. Pay & allowance etc. which are charged upon the Constitution of Indian comes under this.

• Revenue & Capital expenditure
Thanks