Message of the Financial Commissioner /Indian Railways

Indian Railways, being a Government Department, maintains its finance accounts under Cash Based Government Accounting in the form and format mandated by CGA and C&AG. Over the decades, Cash based Government Accounting has met the objectives of correct accountal of receipts and payments, appropriation accounts and Government budgeting requirements. In the contemporary times, there is an enhanced need for multi sourced Finance, to cater to the rapid expansion of rail network and capacity augmentation. Indian Railways is exploring various avenues to harness non-conventional sources of finance such as Institutional Financing, FDI, PPP, etc. This option mandates that IR's annual accounts are compiled as per Generally Accepted Accounting Principles (GAAP) for improved financial reporting for the benefit of various stakeholders.

Under Accounting Reform Project, IR has taken up pilot study for introduction of accrual accounting at a few units. For all India roll out of accrual based accounting, it is imperative that Asset Register of various railway units is reconstructed within a definite time line as per formats and norms already circulated. In order to inculcate cost consciousness amongst all Railway functionaries and effect cost control in every conceivable area of Railway operation, it is planned to introduce Activity Based Unit Costing (ABUC) and Outcome Budgeting covering Revenue and Capital Expenditure of Railway Units. Under the modified accounting system, micro accounting sub modules shall be strengthened to ensure proper internal check and control on use of scarce resources. Introduction of accrual accounting, performance costing and outcome budgeting in all Zonal Railways constitutes a daunting challenge and requires commitment and diligence on the part of each railwayman. Training courses on Accrual, Cost and Management Accounting are being formulated to develop necessary skill sets and knowledge base among railway officials. I am confident that our officers and officials shall live up to this great challenge and script another success story in change management.