

RAILWAY BUDGET

Introduction

Article 112 (1) provides that the President shall, in respect of every financial year, cause to be laid on the table of both the Houses of Parliament a statement of estimated annual receipts and expenditure. This is called the Annual Budget. The Hon'ble Minister for Railways presents the Railway Budget in Parliament during the month of February in advance of the General Budget. The financial forecasts in the budget serve as a useful tool of management and to enable better appreciation, Performance Budgeting has been introduced. This seeks to present budget in terms of important functions and activities. Every spending and earning authority gives figures, but the Accounts Branch does scrutiny and compilation. The budget estimate should, as far as possible, be accurate.

Elements of Railway Budget

The Budget contain-

- A review of the preceding year including the actual receipts and expenditure;
- An estimate of Receipts and Expenditure of the coming year.
- Proposals, if any, for meeting the requirements of the coming year.

Gross Receipts

- Coaching Earnings. (Less refunds).
- Goods Earnings (less refunds).
- Sundry other Earnings viz. Telegraph, Rent, Toll, Commercial publicity, Catering, Sale Proceeds, Interest, Maintenance charges on account of sidings, Saloons, Postal Vehicles etc.

Expenditure

The expenditures are of two types viz.

- Charged expenditure- Pay, Allowances etc. which are charged upon the Consolidated Fund of India as sanctioned by the President.
- Voted expenditure- Items proposed to be met from the consolidated Fund of India for which proposals are sent in the form of Demands for Grants for vote by Parliament.

Demands For Grants

| Sl.No | Activity | D.No | Details |
|-------|--|------|--|
| 1 | Policy formulation common to all Railways. | 1 | Railway Board. |
| | | 2 | Misc. Expenditure. |
| 2 | General Superintendence and Service. | 3 | General Superintendence and Managements. |
| 3 | Repairs and Maintenance. | 4 | Permanent Way and Works. |
| | | 5 | Motive Power. |
| | | 6 | Carriage and Wagon. |
| | | 7 | Plants and Equipment. |
| 4 | Operating expenses. | 8 | Rolling Stock. |
| | | 9 | Traffic. |

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| | | 10 | Fuel. |
| 5 | Staff Welfare, Retirement Benefits & Miscellaneous. | 11 | Staff Welfare, Miscellaneous Working expenses. |
| | | 12 | PF, Pension. |
| | | 13 | Retirement benefits. |
| 6 | Railway Funds and payment to General Revenues. | 14 | Appropriation to DRF and Pension Fund. |
| | | 15 | Dividend to General Revenues & Repayment of Loans. |
| 7 | Works. | 16 | New lines, Doubling, Gauge Conversion, Rolling stock, Track Renewals, Bridge works, Traffic facilities, S & T Works, M & P, staff Quarters etc. |

NOTE: Demand 1 to 15 pertains to Revenue Demand 16 pertains to Capital.

Appropriation Bill

After the Demands for Grants are voted by parliament, Appropriation bill is introduced to provide for appropriation of money required to meet the expenditures. When this bill is passed, Railway Board through Budget Order makes allotments to each unit.

Reappropriation

Reappropriation means transfer of funds originally assigned to a specific object to supplement funds to another object. Railway Board have full powers to transfer funds from one sub-head to another within a Grant but not from one Grant to another in respect of Voted and Charged expenditure. But transfer between Voted and Charged expenditure is not permissible. In respect of Demand No.16 Reappropriation is totally not admissible.

Budget Reviews

The purpose of Budget review is-

- To review the progress of expenditure with Budget grant.
- To estimate the actual requirements for the remaining period of the year and modify requirements to meet the needs.
- To enable the Railway Board for redistribution of funds among Railways.

Factors that contribute to revision of requirements are-

- Inflationary trend in price levels of materials and labour affecting contracts and other expenditure.
- Change in the scope of work necessitating preparation of supplementary estimate.

In Railway the Budget reviews are done in three stages viz.

- August Review in August.
- Revised Estimate (including Budget Estimate).
- Final Modification in February.

Consolidated Fund of India and Contingency Fund

All earnings and expenditures forms part of Consolidated fund of India. Unforeseen expenditures like protection of life and property, restoration of lines due to accidents etc. is met from the Contingency Fund held by the President and Post facto sanction of Parliament is obtained to recoup Contingency fund.

Demands and Grants

Proposals sent in the form of Demands for Grants for voting by Parliament to meet expenditures from the Consolidated fund of India are known as Demands and when the demands are granted by Parliament, it is known as Grants.

Allotment

When Demands for Grants are voted by Parliament and charged expenditure is sanctioned by the President appropriation bill is passed. When Board allots the money to subordinates it is known as allotment.

Budget Order

Railway Board communicates the allotment through an order, which is called as Budget Order.

Conclusion

The Budget is a statement of estimated receipts and expenditure. To make it realistic for achieving the targets, functions and activities a close monitoring is called for.