

**GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

No. 2018/Stat(CA)/Misc./PCS/2

New Delhi, dated 10.07.2019

The PFA,  
All Zonal Railways.

Sub: Modified report on Performance Costing System for Railways.

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As you are aware, under Indian Railway Accounting Reforms Project, ICWAI Management Accounting Research Foundation (ICWAI-MARF) has been engaged for pilot project to up-grade the existing Fully Distributed Costing System to Performance Costing System with following broad objectives:

- I. Quality Cost Information: By way of evolving better distribution of Joint Costs to augment the quality of cost information and ensure precision to cost configuration.
- II. Ensuring Smooth flow of cost information by introduction of better data capturing methodology and improving processing frequency to provide support for strategic business decision making.
- III. Introduction of Cost Control mechanism by generating useful Cost statements for Managers and developing methodology for cost analysis.

Performance Costing System is aimed to link the cost and performance of the activities to determine the cost different lines of business, lines of service and assess the revenue & profitability thereof. Target outcome of the project is to have a costing system capable to derive the cost services and profitability for each type of passenger train/passenger service, freight train/commodities etc.

The consultant has submitted a modified report on Performance Costing system for Railways on the basis of pilot study on Performance Costing over Delhi Division of Northern Railway.

It is requested that the same may be examined and your considered views/suggestions thereon may be sent to this office within 15 days, so that the same could be advised to the consultant for consideration and improvement of the report. A copy of the report is mailed on official email id.



(Tripti Gurha)  
Executive Director/Stat & Econ  
Railway Board