

ICAI to help Indian Railways move to accrual accounting system

Apex body of chartered accountants ICAI is closely working with Indian Railways to help migrate its accounting system to the more transparent "accrual" format.

Under the accrual basis, revenues and expenses are reported in an income statement during the period when that particular transaction happens. This would provide a better indication of the particular entity's financial position.

At present, Indian Railways follow the cash system of accounting.

With regard to migrating to the accrual accounting system, the Institute of Chartered Accountants of India (ICAI) has already submitted a detailed proposal to the Indian Railways.

"Discussions with the Indian Railways are at an advanced stage with respect to a pilot project on the implementation of accrual system of accounting addressing the costing aspects at its production unit," ICAI President Manoj Fadnis has said.

The apex body had taken up the agenda of accounting reforms in the Indian Railways in the beginning of this year.

In his July letter to members, Fadnis said that Indian Railways had undertaken a pilot project at its Ajmer Division and Workshop, helping them in migration from cash to accrual system of accounting, which is underway.

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