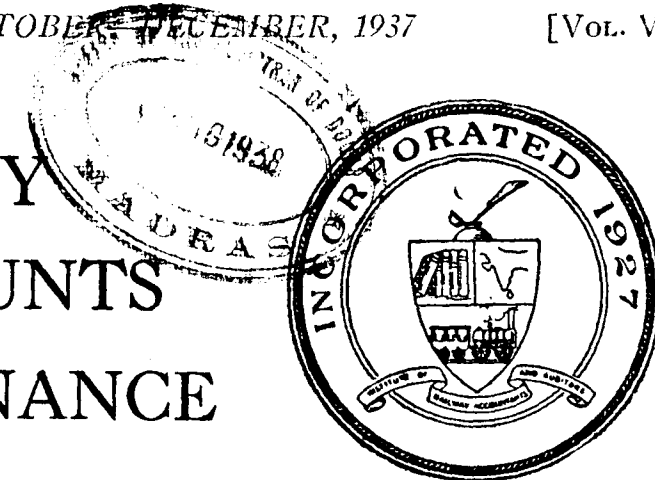


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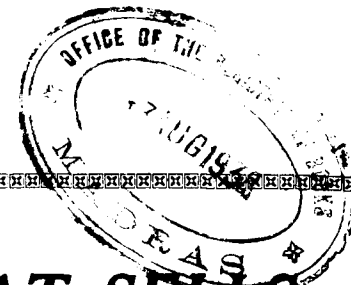
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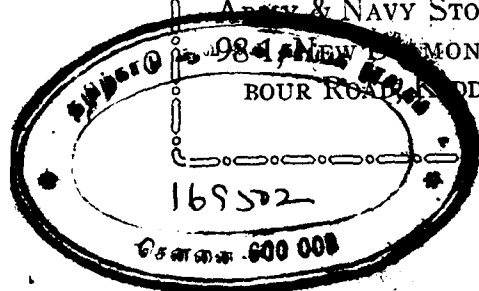
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POSSIBILITIES OF STATISTICAL SCIENCE¹

By Professor R. A. Fisher, Sc.D., F.R.S.

In the original sense of the word 'Statistics' was the science of Statecraft; to the political arithmetician of the eighteenth century, its function was to be the eyes and ears of the central government. It could tell the Prince how many able-bodied men he might mobilise, how many would be needed for the essentials of civil life; how numerous or how wealthy, were sectarian minorities who might resent some contemplated change in the laws of property, or of marriage; what was the taxable capacity of a province, his own, or his neighbours'.

This aspect of statistical information seems to have been long neglected in England, and we should have to look as far as Italy for a centralized statistical service capable of ensuring that Il Duce is the best informed potentate in Europe. It is certain that the power which such knowledge gives, like the power of lethal wapons, may be abused. On the other hand it is in the public interest that statesmen responsible for political decisions should be able, so clearly as is possible to foresee the consequences of their public actions.

In democratic countries the emphasis has long fallen upon the important task of providing public information. This function of official statistics is of value both for the aid it gives to private enterprise to use its initiative wisely, and for allowing public opinion an opportunity, at least, of acquiring such a knowledge of quantitative facts as will enable it to pursue aims which are not only worthy, or desirable, but are also within the bounds of practical possibility. It enables public opinion, *if it will*, to size up its own problems. The Socratic dictum "know thyself" is applicable even more to peoples than to individuals.

Statistical work is also largely employed as a means to internal efficiency in each great department of Government. I need not stress this aspect of official statistics, which is not I believe

¹ Indian Statistical Conference Presidential Address delivered at the held at Calcutta on January 7, 1938.

commonly neglected; save to point out that here also the official service requires a supply of men, who, if they are to be competent should have at least some specialised statistical training.

More recently, the great centres of scientific research have discovered that statistical science has a vital part to play in all quantitative problems. I will later give some account of this development, which has revolutionized the technical methods of statistics, and has greatly extended the public functions it can fulfil. Heads of research institutions in all countries are feeling the advantage of having as right-hand men statisticians technically capable of drawing up a research programme or of applying to a projected research a rational and objective criticism.

I have formed an opinion, which, be it right or wrong, I should like you to bear in mind throughout this address, that statistics in England has suffered severely from the wide separation, due to our long political history, which has grown up between official and academic statistics; or, to speak functionally, between the duties of collection, enumeration, tabulation and publication, which absorb the time of official statisticians, and the duty of study, analysis and interpretation which falls to the lot of the mathematical or theoretical statisticians. A body such as the Royal Statistical Society does something to bridge this gap.

How wide the gap may seem may be illustrated by some witty comments made by A. L. Bowley in criticism of the presentation of official data. He was moved to draft an ideal footnote, which might find a place in any government publication. I cannot recall his exact words but the following is an attempt to recapture the spirit of his criticism.

(a) The terms used in the headings and margins of the table are all employed in a technical sense, known only to officers who compiled it, and which they are unable for official reasons to divulge.

(b) The sub-divisions of the table and the region to which it refers have been changed since the last return published.

(c) Before tabulation the data have been subjected to numerous adjustments, allowances and other corrections, of a kind to vitiate any tests of significance which the reader may be tempted to apply to them.

The academic mind, as we know, is sometimes capable of assuming an aggressive attitude. The official mind, on the contrary, is, and has to be, expert in the art of self defence. If half of Bowley's indictment is true, it will always be easy, when analytic methods are rashly applied to official material, to show how frequently the material falsifies the assumptions made in the course of analysis; to sneer at the celebration of the calculations employed, or at the refinements which have been introduced, always without emphasizing the obvious fact that the more imperfectly the work of compilation has been done the more elaborate and difficult must be the task of extracting objective information. My point here is that in developing her statistical services India might learn from the difficulties which England had encountered, and somehow contrive neither to allow official statisticians to be blinded by ignorance of method, nor to allow academic statisticians to be sterilized by lack of responsible experience.

So recently as twenty years ago the task of the statistician, faced with an accumulated mass of observational data, was understood to consist in the calculations of certain average values; by that time also it had become usual to employ the quantities of the second degree, squares and products, to elicit from the data what are known as "probable errors", regarded as appropriate to the average values obtained. In putting the matter in this way I mean a wide interpretation to be given to the term average for these are of many different kinds and any large body of data will yield an immense variety of them. Which to choose must depend partly on what sort of information it is desired to obtain, and this part is not properly a statistical question. But expert statistical knowledge was recognized to be necessary for a comprehension of the arithmetical processes sufficient to ensure that they were appropriate to the meanings to be placed on them. This narrow measure of responsibility was, however, enlarged by the fact that all extensive bodies of data are liable to contain information on points which were not in view when they were collected; to recognize such information, and to find the means of eliciting it was the most stimulating part of the statisticians' task.

As an illustration I may point to the widespread and important type of data known as time-series. Such as are provided by annual figures of births, deaths, exports, prices and the whole range of vital and commercial statistics, the proper treatment of

which has been a classical problem to all who are interested in national or sociological questions. Data of the same kind are amassed by meteorologists, and arise when agricultural experimentation is carried out continuously on the same land. In studying such data as this at Rothamsted for it was found that a series of averages, using weights determined by position in the sequence, would provide, *first*, the linear trend representing the greater part of soil deterioration, *next*, a few terms representing other slow changes ascribable to changes in variety, cultural practice and intensity of weed infestation, and *finally*, a residuum of more rapid fluctuations dominated by the variation of the weather from season to season. Moreover, the separation effected in this was such as to allow the year to year fluctuation to be studied in relation to meteorological causes, just as if the series were not affected at all by the large slow changes actually present.

The classical theory of errors due to the great German mathematician Gauss had shown how the interpretation of such estimates could be aided by taking account of the whole body of discrepancies. The residue of unexplained variation provided, in fact, the material for the calculation of probable errors, or in more modern usage of Standard errors. In 1908 the late W. S. Gossett, whose untimely death last year still casts a shadow on our discussions, wrote under the pseudonym of "Student" a paper, little appreciated at the time, which opened the door to a refinement of exactitude of which the theory of errors had hitherto seemed incapable. The concept of standard error is in fact insufficiently exact for application without reserve to the small samples of observations which the experimenter can command. Nevertheless, it was shown possible in an important range of cases to develop rigorously exact tests of significance from which the concept of standard error may be entirely eliminated. That the importance of *Student's* suggestion was not at once recognized illustrates all too clearly how ignorant academic statisticians were of the important decisions which experimental scientists, like Statesmen, must take, always on the basis of a limited knowledge of fact. Biological research, however, throughout the world bristled with problems which only exact tests adapted to a very wide variety of logical situations had come into existence. In a few years more they were in general use among experimentalists. The period which followed has

shown the somewhat ludicrous spectacle of entomologists, foresters, plant physiologists and others with no trace of mathematical pretensions, applying freely and with understanding in their daily work mathematical refinements, which most official statisticians could not understand, and which too many teachers in mathematical departments were unable to expound.

The development of exact test of significance had been based on the mathematical solutions of a number of what are known as *problems of distribution*. The solutions found were not very difficult mathematically. Certainly they were not beyond the power of the great series of mathematicians who, from the time of Laplace, have given their minds to the theory of probability. Had these minds been put into direct contact with the problems which beset the Laboratory worker we cannot doubt that they would have solved them some sixty years earlier. I want to insist on the important moral that responsibility for the teaching of statistical methods in our universities must be entrusted, certainly to highly trained mathematicians, but only to such mathematicians as have had sufficiently prolonged experience of practical research, and of responsibility for drawing conclusions from actual data, upon which practical action is to be taken. Mathematical acuteness alone is not enough. My revered teacher, Prof. Whitehead of Cambridge, used to say in one of his courses: "The essence of applied mathematics is to know what to ignore." And when I read current publications in mathematical statistics I am continually and forcibly reminded of the wisdom of this remark.

The solution of problems of distribution, although stimulated by the practical needs of chemists and biologists, had at once important mathematical consequences. For, if the statistician asks himself, as he ought, "What is my best method of averaging or combining the data before me," so as to elicit information on some definite issue, it is evident that he must be guided by the magnitude, and the nature of the sampling errors to which different estimates are liable. This, in a few words, is the genesis of the theory of estimation. In this theory we discuss what advantages each of innumerable possible estimates possesses, and what procedure will enable us to combine these advantages in our estimates. For the moment, I want to note only the consequences of the progress so far made in this field as they affect the future of statistical research, and the position and responsibilities of the statistician.

A few years ago no statistician who had completed his work on an extensive mass of data could feel any rational assurance that some other statistician, using the same data, could not by some new method calculate estimates much more precise than his own. In these circumstances it was natural that if his results were actually rather precise he should display them with some satisfaction, if not he might in his chagrin even suppress them. High correlations, and strongly significant comparisons were displayed with considerable pride, for they seemed to indicate not merely that the data were good, but that they had been brilliantly handled. But now, observe the change, so soon as any young graduate who has mastered the theory can lay down the equations for the most efficient estimates possible, the whole tone of the subject has been altered. The statistician is no longer an alchemist expected to produce gold from any worthless material offered him. He is more like a chemist capable of assaying exactly how much of value it contains, and capable also of extracting this amount, and no more. In these circumstances it would be foolish to commend a statistician because his results are precise, or to reprove because they are not. If he is competent in his craft, the value of the result follows solely from the value of the material given him. It contains so much information and no more. His job is only to produce what it contains.

The mathematical measurement of quantity of information has another and more fruitful consequence. If we want more than has been found to be present we are no longer tempted to harass the statistician to work miracles. On the contrary, since he can evaluate the material, we may require him to explain what was wrong with the data that more did not come of it. What supplementary information which could also have been collected would have been worth collecting? At what points could the material be most profitably amplified? In what respects also has the labour of collection been unprofitable? So that our resources may be employed in future where the yield is highest. Get the statistician to redesign the enquiry, and to justify his new plan by the methods of costing accountancy. Here the door is opened on work very well worth doing indeed. Immensely laborious calculations on inferior data may increase the yield from 95 to 100 per cent. A gain of 5 per cent of a perhaps small total. A competent overhauling of the process of

collection, or of the experimental design, may often increase the yield ten or twelve fold, for the same cost in time and labour. To consult the statistician after an experiment is finished is often merely to ask him to conduct a *post mortem* examination. He can perhaps say what the experiment died of. To utilise this kind of experience he must be induced to use his imagination, and to foresee in advance the difficulties and uncertainties with which, if they are not foreseen, his investigations will be beset.

I have tried to show that India, in the construction of her national organization, has a great opportunity to utilise the newly discovered possibilities of Statistical Science.

THE ETHICS OF ESTABLISHMENT.¹

It is necessary in the first instance to define the title of our subject. By "Establishment" we mean the men and women who in return for a salary expend the energy, mental and manual, which together with the energy derived from coal and oil, consumed in the boilers of locomotives and power houses, and used in the form of steam and electricity, make the miracle of modern transport possible.

By "Ethics" we mean moral standards, which together with the standards of safety, strength, speed and comfort, combine to form the structure of our Railway. Like the structures of our homes we have become familiar with the Railway structure through common use, but it is in fact a great and intricate mass of machinery without which the country could not be governed. One of the corner stones of modern civilisation is transport and the supreme method of transport is the Railway.

We may confidently claim that the most interesting of all the component parts forming this Railway, is the human material. The first Railway was the product of the human brain and we know that the cause must always take precedence of the effect. Therefore we may say that wonderful as are our engines and other machinery, intricate as our electrical and mechanical signalling systems may be, strong as our bridges and permanent way may be, all would be so much lumber without that uncertain, frail, faulty, yet ever persistent human factor which we call "Establishment" or "Personnel". It follows, that from an administrative point of view staff questions are of major importance. A keen, efficient, co-operating staff is the essential spirit without which all the elaborate plant of the Railway will be like the body of a sick man unable to fulfil its functions.

It is a matter for the deepest regret that some Railway employees who are in touch with the public are considered corrupt. It may be thought that there is no harm in taking a small present for services rendered. There is all the harm in it when it is forbidden by the Administration, when it has become a public scandal and has earned the horrible name of bribery. The

¹The text of a Lecture delivered at the Fourth Conference of the M. & S. M. Railway Local Association of the Institute on December 4, 1937.

public may not be blameless in this matter, as some are always ready to pay money in return for real or imagined favours. It is known that Railways are not the only hot beds of corruption, it is a universal plague due to the love of money. But this should not prevent us from taking every opportunity of protesting against it. Perhaps the most forcible protest is hands that are constantly clean. At this stage, I should like to quote from a letter sent by the General Manager of one of the great English Railways when he recently succeeded to the management:—

"Sometimes I wonder if we do not tend to lose sight of the object of our daily work; put briefly, it is to run our railway so efficiently that it may pay for our employment and may produce a reasonable return to our partners the stock-holders, who have by supplying the money needful for building, equipping, extending and improving the railway, provided the means for that employment, such a return indeed as will attract and justify them in supplying more money as and when required for further improvements and extensions, so enabling more workers to earn a livelihood.

"To enable this to be done we have each and all to work for the marketing of our commodity—Transport—and if we sell better transport and make it increasingly attractive to the public, our business will expand and we will all benefit from the prosperity of our line.

"But be it always remembered we are servants of the public and must give them efficient, reliable and safe transport, for after long experience the public take for granted our reliability and safety—we must never fail them or break faith with our predecessors who have built up the magnificent record that the Southern Railway holds.

"Let us, therefore, all be mindful of this record and make even more effective service to the public our goal, and in our endeavour to attain it, let us all work together with enthusiasm and energy, let us aim at greater and yet greater efficiency, let us be tactful, industrious and cheerful, let us make a daily effort to find new customers and to do nothing to lose existing ones—let us readily give a hand to a fellow-worker who needs help or encouragement, remembering that we can get no more out of life than we put into it."

The Accountant's part in the work of the Establishment is most important, especially in view of the communal ratios which affect recruitment, and also the financial implications involved in the correct payment of wages, gratuities, provident fund amounts, leave allowances, etc. Every employee represents a field in which the Accountant must work skilfully, if under-payments, over-payments and late payments are to be avoided. The Ethics of Accountancy demand a just balance, and accurate weights, based on the information forwarded by Departments.

To underpay is to rob the poor man of his dues. To overpay is to be guilty of a breach of trust. To late-pay is to risk penalties under the Payment of Wages Act. Therefore it may be said that, in the realm of accountancy as in all other realms, the path of rectitude is a narrow path in which all must work warily, if they would walk at all.

With the best of intentions, however, the Accountant may be a party to unethical behaviour, as he is primarily concerned with numbers which may or may not be ethical.

2 plus 2=4 is an exact statement.

That 2 carpenters *plus* 2 blacksmiths make 4 employees is a statement none will dispute, but that 2 carpenters and 2 blacksmiths make four efficient workmen is a statement beyond the Accountant's sphere. It may be true or untrue. We can only hope it may be true.

2 carpenters *plus* 2 blacksmiths may equal 2 employees who are efficient, and who, therefore, are morally entitled to their wages, and two employees who are so inefficient that they do not earn more than half the sum they receive. But the Accountant pays them an equal wage and so is, however, unwillingly a party to an unethical transaction.

We hear the expression in some quarters "the bogey of efficiency". That is to say, it is suggested that efficiency is an unreality brought out on occasions to serve unworthy ends, such as inadequate communal representation. Efficiency is no bogey. It may safely be asserted in the cold light of experience that if all the members of the Establishment of this Railway were efficient, the administration would be revolutionised. By "Efficient" we mean a man who honestly and thoroughly does his work, judged by the standards of normal intelligence, strength and skill. It is incorrect to imagine that fewer employees would then be required. Much waste could be eliminated and it would be possible to do more and better work. For instance, if a third class carriage could be built in half the time, with half the present labour, it would be possible to provide improved accommodation which would result in more people travelling and, therefore, a demand for more 3rd class carriages.

From immemorial times the labourer has considered himself to be worthy of more than his hire. It must be agreed that in the distant past employers of labour on a large scale

have been shortsighted and hard-hearted and have not scrupled to pay low wages in order to obtain large profits. It is, however, easy for the employee to complain about the capitalist grinding the faces of the poor, but the same employee who would consider himself a fool if he did not buy in the cheapest market which is open to him. And how vehemently he complains if he has not received the quality and quantity which he considers his due from the local shopkeeper. He may be asked if he pays for service rendered to him as he desires to be paid. The golden rule "Do unto others as you would that others should do to you" must be applied not only to the employer's payments but also to the employee's outturn.

It is safe to say that Indian Railways are model employers and have for many years set an example which some other employers have followed. Judging by the innumerable applications for employment received by all departments, the M. & S. M. Railway is evidently an earthly paradise. But like the Paradise of old, it does not lack its serpent, the agitator who to further his own selfish ends, tempts the foolish by his wiles and turns Paradise into Hell. From representations which are made by the unscrupulous, it would appear that Railway Administrations are composed of heartless wretches who, indifferent to the welfare of the workers, are only concerned with huge profits. How different is the actual state of affairs! The most illiterate coolie is regarded as a man who is contributing his share to the working of the Railway. He has the right of appeal to the Agent himself. When he is sick there is skilled medical aid at hand. When he wishes to attend functions, there is leave with pay and travelling concessions. When in special need there is the Staff Benefit Fund. Many employees are provided with clothing and houses free, in addition to an attractive pay. Schools are provided for the children, and Institutes for leisure hours. For thousands there is Provident Fund and Gratuity to ensure a comfortable old age. Is it any wonder that so many applicants are sent away empty?

We hear sometimes a reference made to the ethics of profit-sharing. That is to say, some firms give to their employees over and above their wages, a proportion of the profits earned every year. It is an excellent system and it is to be regretted that it is not universally adopted. It may be enquired why it is not accepted on our Railway. The answer is that it is in effect that

the various amenities in the form of passes, leave with pay and medical attendance represent a share of the profits of the undertaking of much greater value than a distribution of a few rupees. They have their advantage over some profit-sharing schemes and that is, in the lean years when profits are low or non-existent, the amenities continue to be enjoyed.

An ethical system has three constituents which may be considered in closing. They are firstly, *lawes*, secondly *rewards* and thirdly *penalties*. Now it is well-known that the Rules of Establishment for Indian Railways are comparable with the sand of the seashore for number, and comparable with the seven seas for their depth and variety. It is easy to be critical of something which has been built as occasion demanded, without original design. The underlying principle has been to lay down a just, logical procedure to ensure fair and equal treatment for all. Therefore, however much we may deplore the intricate maze in which some of us must frequently walk, we may derive what comfort we can from the assurance that—

"The good needs fear no law,
It is his safety, and bad man's awe."

The Wedgwood Committee in their report, para 81, made some interesting remarks in this connection as follows:—

Excessive Regulation.—Our enquiries have shown that there is a very strong feeling among all the railway administrations against the alleged multiplication of the rules and regulations imposed upon the railways. It has been represented to us that an unduly large proportion of the time of Agents and other high administrative officers is absorbed in dealing with criticisms and correspondence arising out of the application of these regulations; that, in consequence, they are tied to their offices and unable to attend to more important matters that call for their attention outside.

The evidence we received tends to show that the volume and complexity of the regulations, and of the correspondence arising out of them, are on the increase; we are frankly apprehensive that unless some steps are promptly taken to clear up the situation and arrest the evil the energy and initiative so necessary for an efficient railway administration will be dissipated and lost in the friction of what may be called inter-departmental correspondence. Excessive regulation is a defect of all large organisations, but in a bureaucratic State-like India it is a vice which must be combated at all costs if any measure of efficiency is to survive.

The regulations complained of generally relate to the following subjects:—

- (a) Salaries, promotion, leave, etc.
- (b) Discipline and appeals,
- (c) Accounts and audit procedure,

The first two items are similar in character. They touch the personal and financial interests of the staff at every point. A code of rules on such matters is absolutely necessary in order to secure uniformity and preserve a sense of justice in any large organisation. These rules should be absolutely observed and no exception should be made. If this is recognised, a vast amount of correspondence and irritation can be avoided. Agents of both the state-managed and the privately-managed lines should realise the necessity of a code of regulations, and should appreciate the advantage of a rigid interpretation. The "discretion" for which so many of them pleaded would in our opinion only lead to confusion and spread a suspicion of injustice.

On the other hand, the rules should be overhauled so that authority is decentralised to the utmost possible extent, and a serious effort should be made to simplify them. They should not be complicated to cover hard cases, or to provide against occasional misunderstandings. Lastly they should be codified so that the rules affecting any particular case can be turned up with the least possible loss of time.

As a matter of organisation every Agent should have a Deputy (with subordinate staff) whose responsibility it should be to keep himself posted on every detail of the regulations and of the precedents that bear on any particular case. It should not be necessary for the Agent to burden himself with knowledge of this kind or take anything more than a formal share in the correspondence which inevitably arises. In cases of difference of opinion it should be open to the Deputy Agent to discuss the matter personally with the Establishment Member of the Board or with his subordinates."

It may be noted in passing that those hyper-critics who have displayed their ignorance in such sweeping assertions as "The Wedgwood Report is fit only for the wastepaper basket" have not understood it, partly because they have read it with eyes blinded by prejudice and partly because they are not railway men. For instance, the Committee propose that each Class I Railway should have a Deputy Agent, Establishment, who should confine himself to staff matters and who should relieve the Agent of much of the responsibility for details. That, of course, does not mean, as some have supposed, the appointment of another Deputy, but rather the re-organisation of the existing Deputy's responsibilities.

We may conclude that, although the laws represented by our rules, could with advantage be remodelled, they are not often unjust, and that speaking generally they fulfil their purpose of ensuring equal and just treatment.

All law presupposes penalties. If we break the laws of nature we suffer pain which may be a warning as well as a

retribution. It is unfortunately necessary for pains and penalties to be inflicted upon those who will not obey. It is not disobedience of intricate rules which results in punishment but rather the breaking of well-known and simple rules. It is not so much ignorance as folly, taking the gambler's chance and paying the gambler's price. It is evident that the severe punishments of discharge or dismissal are only applied when an offence has been exceptionally grave or the sum of lesser offences has been great. A study of our service records is a study in patience and faith and hope. We are entitled to ask the question "Why continue to employ a disobedient or inefficient man when there are obedient and efficient men, able and willing to do the work? It is an unpleasant task to deprive a man of the means of earning daily bread for himself and his household, but the responsibility is on the employee's shoulders. Warning, entreaty, minor punishment, having all failed, he invites the disaster which overtakes him.

We turn with relief from this unpleasant subject to the pleasant subject of Rewards. It is probable that much good work goes without a special reward. "All for love and nothing for reward" cries Spenser in the *Fairie Queen*, but it is natural that we should expect a reward for outstanding work. It may be thought that there is a lack of rewards on this railway, but no lack of blame. It may be so, but some of us believe that sooner or later the man who takes a pride in his work, who puts his heart into it, however commonplace and monotonous it may be, who is always ready to do a little more for his superior, will not fail of the reward of promotion. Outstanding men are always in the minority, and frequently when vacancies occur, the difficulty is to find the man qualified by experience and character to fill it. Everybody wants promotion, but few are prepared to pay the price and earn it.

In conclusion, if I may give my advice (which is the fruit of thirty years of experience on four different railways), to those of you who have most of your life's work ahead of you, I would say, give pride of place to your daily work, count it as a friend whose company is to be cultivated and enjoyed. Our working days are our happiest days, and all too soon they will come to an end and we shall find ourselves signing our last letter, closing our final accounts and giving place to those who must follow in our steps.

A. C. ROSE.

REVIEWS AND OFFICIAL PAPERS

English Railways: By Vernon Sommerfield. (London: Messrs. Thomas Nelson & Sons Ltd., 1937, Pp. xx+362, Price, 7/6).

This is an interesting book on the origins and growth of the English Railways. Mr. Sommerfield distinguishes five distinct phases in the career of the English Railways: first, the quarter century from 1825 to 1850 when the main framework was built up; the next fifty years up to 1900 a period of gradual development; between 1900-1914 which witnessed the swing to modernity in the locomotive department and the vast improvement in every detail of passenger comfort in addition to the beginnings of main line electrification; 1914—1923 and the succeeding years. Mr. Sommerfield has attempted to deal with "incidents and aspects in preference to attempting to appraise a detailed chronological record."

Besides providing entertaining reading on the historical developments of the English Railways he has offered certain views on the most recent phase of the British railway organisation. The author maintains that no case has ever been made out for the grouping of the railways of Great Britain. The expectations entertained as regards standard revenue have as it is now well-known never materialised. Mr. Sommerfield finds here an example of the tendency of existing governments to confuse magnitude with merit. It is, however, recognised that amalgamation has, in fact, enabled the railway industry to meet the world economic depression more successfully. The author refers to the creditable record on the whole of the British railways after their amalgamation. Electrification has gone ahead, standardisation of equipment the largest single potential economy, reorganisation of shops, the improved financial position of the Scottish railways, attainment of higher speeds, reduction of fares, all these offer eloquent testimony as to the achievements of the four group lines during the last fifteen years. Mr. Sommerfield puts forward a proposal towards drastic writing down of capital unless the standard revenue is likely to be realised within the next few years. There is, of course, a certain influential

section of opinion in England which would look for a rearrangement of the capital structure so as to bring it in conformity with estimated future earning capacity.

The book is profusely illustrated with photographs, graphs and plans.

OFFICIAL PAPERS

SUMMARY OF AUSTRALIAN STATISTICS OF TRANSPORT AND COMMUNICATION

The Transport and Communication Bulletin No. 27 contains the latest figures as regards the working of the Australian Railways. The gross Revenue for the year ended 30th June 1936 showed an increase from £40.107 million in 1935 to £41.302 million. The passenger journeys amounted to 368.196 millions, and the freight carried to 31.149 million tons. The total Working Expenses amounted to £29.768 million or slightly over £1 million as compared to the previous year. The Operating Ratio was 72.07 during the year under review which represents a slight advance on the previous year. The Net Earnings were £11.534 millions against £11.472 millions in 1934-35. The Net Receipts were insufficient to pay the interest on expenditure from loans on construction and equipment which totalled £13.182 millions. The Net loss during the year was £1.648 millions.

NOTES AND MEMORANDA.

I. R. C. A. CONFERENCE

The Indian Railway Conference Association met on October 16, 1937. The proceedings opened with an address by Sir Maurice Brayshay. As the principal item of interest was the Report by the Railway Enquiry Committee a detailed reference was made to certain of their observations. Referring to their criticism on the subject of excessive rolling stock Sir Maurice advocated an attitude of caution in view of the improvement during the current financial year in both the goods traffic and the mela and special traffic early in 1938. He also intimated that the demand for stock is formulated three years ahead of the date on which the stock will be due. He endorsed the recommendation as regards the adoption of welding in strengthening and prolonging the useful life of old girders which he stated indicated "possibilities of quite large financial import." Instancing a case he referred to the girders on a subsidiary line unequal to present loads which were programmed for renewal at a cost of Rs. 10 lakhs which it was found possible to strengthen by welding at a cost of less than Rs. 1 lakh which would improve it and give a further estimated life of 20 years and strength adequate for the period. As regards the simplification of the goods tariff he mentioned the efforts of the Conference to securing improvement by assimilation of schedules by neighbouring railways and elimination of unnecessary exceptions dead rates anomalies etc. The best course in his opinion would be to follow a group system. Various other aspects such as the road rail co-ordination, improvement of service to the public by speeding up services and increased facilities, the condition of lavatories, the supply of correct information on railway matters were referred to in the course of the speech. He forecasted the probability of an increase in railway expenditure on account of the higher prices of materials and stores in view of the armament programmes in various countries.

The Honourable Sir Zahid Sultan Ahmed the then Member for Railways commended to the attention of the Conference the recommendations of the Wedgwood Report in chapters VII, VIII and XII. It was reported on the conclusion of the conference that a great deal of valuable work was completed and special mention was made of a safety manual to be issued by the conference the unanimous decision to undertake with the objective of the general adoption of station rate registers.

JOB ANALYSIS ECONOMIES.

The extent of economies effected by the Job Analysis organisation of the different railways through their investigations on administrative organisation intensive use of locomotives, reduction in charges, saving in shed maintenance, painting of structures, improved routing of traffic, better utilisation of scrap and methods for increasing earnings and many others is shown below:

Railways.	1933-34		1934-35		1935-36		Totals.	
	Cost of Job analysis or-ganisation.	Savings effected.	Cost of Job analysis or-ganisation.	Savings effected.	Cost of Job analysis or-ganisation.	Savings effected.	Cost.	Savings.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian.	77,691	7,01,128	92,884	18,14,544	1,13,541	5,82,459	2,84,116	30,98,131
Great Indian Peninsula.	56,680	4,15,090	64,000	2,04,246	53,574	2,04,859	1,74,254	8,24,105
North Western	32,000	12,66,749	46,006	12,37,376	56,729	7,22,202	1,34,735	32,26,327
Eastern Bengal.	63,000	2,14,864	65,995	1,29,508	29,134	41,600	1,55,129	3,85,972
Bombay, Baroda & Central India.	58,789	3,52,862	35,300	11,41,596	3,643	2,25,682	97,732	17,20,140
Madras and Southern Mahratta.	8,750	45,220	17,632	1,14,000	4,920	2,56,000	31,302	4,15,220
South Indian.	19,580	27,400	2,180	25,000	221	8,463	21,981	60,863
Burma	7,500	25,871	26,615	73,352	—	77,591	34,115	1,76,814
Assam Bengal.	12,825	1,31,755	8,208	12,659	1,490	*	22,523	1,44,414
Bengal Nagpur.	..	..	..	..	17,575	13,68,493	17,575	13,68,493
Totals.	3,36,815	31,80,849	3,58,820	47,52,281	2,77,827	34,87,349	9,73,462	1,14,20,479

*Figures not available.

THE INDIAN STATISTICAL CONFERENCE

The first session of the Indian Statistical Conference was opened on Friday the 7th of January 1938 with addresses from His Excellency the Governor of Bengal and Mr. Shyamaprasad Mookerjee, Vice-Chancellor of the Calcutta University.

The Conference was organised by the Indian Statistical Institute. Mr. Mookerjee in the course of his interesting speech referred to the knowledge of and references to detailed statistics in ancient and mediæval India. He mentioned the organisation of official statistics by the Government of India and the great possibilities of the application of analytical methods in economic and social matters.

Professor Ronald Aylmer Fisher, Sc.D., F.R.S., Galton Professor in the University of London, was the General President of the session and his address is reproduced elsewhere. A number of interesting papers on various aspects of theoretical and applied statistics were read and discussed during the succeeding days.

AGRICULTURAL MARKETING AND TRANSPORT CHARGES

Mr. A. M. Livingstone of the Agricultural Council of Research read a paper on "Recent Progress of Agricultural Marketing Work in India" at the Agricultural section of the Indian Science Congress. In the course of his remarks he referred to the subject of transport charges in relation to marketing of agricultural commodities. He observed: "Freight constitutes a large part of the cost of distribution to distant markets and any reduction which can be made by the railways would assist producers."

Sellers themselves could save a good deal on the railway transport of produce which is not fit to put on the market. Reference has already been made to the fact that several lakhs of rupees are spent every year in transporting dirt, a good deal of which is deliberately added as an adulterant in grain and oilseeds. Somewhere about 15 per cent. of the oranges put on rail are not fit to send to a distant market though some might be sold for immediate local consumption. Experience at the experimental grading stations shows that after eliminating these throw-outs the remaining 85 per cent. makes a much higher total price apart from the fact that 15 per cent. has been saved on railway freight by not transporting the low quality produce. From 4 per cent. to 6 per cent. of eggs are stale, cracked or otherwise unfit for market before they are put on rail and should be disposed of to local bakers or otherwise. Such obvious economies in freight require to be demonstrated to producers by local marketing staffs.

It is well known that when produce has to pass over two separate railway lines the rate becomes relatively higher and railway companies might well give more attention to devising suitable through rates. The rates and charges on raw material and on the manufactured product are in many cases the same although the latter is as a rule much higher in value. The question of introducing owners' risk rates on certain primary products, e.g., unmanufactured tobacco, requires consideration. It would be difficult perhaps to get a general flat rate reduction in railway freights, but the

multiplication of special rates in certain circumstances would apparently be a paying proposition not only for producers but for the railways themselves. Special rates on wheat from the Punjab to Calcutta and also to Karachi for export have stimulated traffic. So far as cattle are concerned a concessional rate of 0-2-9 per wagon per mile in 1937 resulted in 64 wagons being despatched from Sanjagi Fair as against 6 in the previous year. Similarly a 25 per cent. reduction on the return freight on dry she-buffaloes from Bombay to Mehsana district has increased the number of wagons from 42 in 1934 to 363 in 1936.

These are mainly matters within the competence of individual administrations and it is the business of the local marketing staffs to supply the commercial branch of the railway concerned with information obtained in the course of their survey work regarding suitable centres to or from which reduced rates might be put into practice. As a result of such discussions reduced rates have been put into operation between various people.

L.M.S. SCHOOL OF TRANSPORT.

The Foundation Stone of the New London Midland and Scottish School of Transport at Osmaston Park, Derby, reports the *Modern Transport* was laid on September 22, by Sir Josiah Stamp. Mr. G. L. Darbyshire, Chief Officer for Labour and Establishment, who presided explained the unique feature of the school in the history of the British railways. It is expected to be completed by next May and will accommodate 50 students with facilities for recreation as well as training without any expense to themselves. Sir Josiah Stamp in the course of an address said: "In recent years it has become a commonplace that education is a continuing process, and that we must extend its opportunities for professional men of all ranks. Mr. H. G. Wells, recently viewing the immense responsibility of teachers, said they must be kept up-to-date, and urged what are called refresher courses. We know also of the post-graduate medical school, where medical men in practice can return from time to time to get in touch with the latest knowledge in a field larger than their own limited practical scope. Following on these lines the L.M.S. directors are emboldened to try a great new experiment, so that alongside the investment of new capital in transport, the human side shall be continually kept abreast of the best methods in the service of the public. Transport is a widely scattered service, and one frequently comes across places where new ideas have been put into practice with great success, and old difficulties met in new ways. Those who happen to be in the neighbourhood and come into contact are influenced and slowly promulgate their new knowledge, but with the limited range of mobility in individuals the majority cannot come into touch with it, and it may be many years before they come, by the slow percolation of ideas, within its influence. There is no school, save that of experience, to teach railwaymen how to use the latest methods, or to learn from science and engineering, and experience may depend upon locality and opportunity. It has been said that experience is a 'wasteful nurse, and learning ready made by the L.M.S. in the general educational process of disseminating information by films and other means, has emboldened them to this

larger scheme, so that the best be not the monopoly of the few, but be put at the service of all.

"Advance in method arises in various ways: First, a man of more than average enterprise and ingenuity may experiment and elaborate new methods with great success. These cannot be carried by word of mouth, but need personal contact for conviction, and that is difficult to obtain for the many on a wide scale. Second, a particular place may be overwhelmed, and break down with new problems, so that a desperate effort must be made to get over these troubles, and these have called for ingenuity and experiment and brought out results of value to everyone. Third, there is a constant flow of new ideas from other industries by direct application or by ingenious adaptation. Fourth, other people in other countries may have done the troublesome part of experimentation, leaving us to garner the fruits. But in whatever way an advantageous method has arisen, it is desirable to give prompt and wide access to it. We are fortunate on the L.M.S. in having a zealous staff, but the best goods agent even in Derby may well have something to learn from the best goods agent in Ross and Cromarty; and if we go outside the L.M.S. and find the worst railwayman in all the world he will have his uses in showing us how not to do it!

"We propose to proceed on the principle 'let such teach others who themselves excel.' But I have no doubt that when men come from all quarters a clash of ideas on the practical application of a general principle must, in itself, promote an even better practice for the succeeding course. For in the enthusiasm of novelty, an idea may be too easily generalised, and its limitations not realised. Every generalisation is a theft from the truth. The school will therefore not be a mere transmitter of ideas, but a clearing house also.

"It is hoped that the school, as an institution, will provide yet another bond between the departments and the widely scattered districts in enabling them to understand each other and to contribute to the success of the whole in a way that only personal intercourse can establish. A signature or an initial have been known for years—when the man behind it appears—it takes on a new kindness. So that although there may not be an 'old school tie,' there will be, at any rate, the equally tangible, though invisible, tie of the closer bond for work together for the common end."

LENGTH OF TRAINS

The subject of the length of trains has been greatly debated in the United States at the present time. A bill was passed by the United States during the last session of Congress which would arbitrarily limit to 70 cars the length of freight trains operated in interstate Commerce. This bill, S.69, was transmitted to the House of Representatives and is now before the House Committee on Interstate and Foreign Commerce for consideration and report. The bill has been defended as a safety measure. The Transportation and Communication Department, Chamber of Commerce of the United States have brought out a report indicating some of the errors and assumptions underlying the bill. It is shown that instead of promoting safety the bill when becomes law would greatly increase accident hazards to both railroad employees and the public; and that

instead of involving little added expense to the railways and being in the interests of efficiency, it would entail great expense and would impair the efficiency of the huge main-line movement of fuels, raw materials, manufactured goods, and from and orchard products which underlies the economy of production and distribution, and the continuance of low prices to consumers.

Examining the safety aspects the Committee next discuss the trends in recent years as to the length of freight trains, the trends in accidents to train service employees, passengers and highway users at grade crossings, and the progress and prospects in reduction of railroad accident hazards.

AVERAGE LENGTH OF FREIGHT TRAINS AND FATALITIES IN TYPES OF RAILROAD ACCIDENTS.

Year	Average number of cars per train*	Accidents			
		To road freight conductors and brake men in train Service accidents involving sudden starts, stops jerks or surges.	To train personnel in train accidents involving air-brake applications or failure of car equipment**	To train personnel in all types of train and train service accidents.	To train personnel and the public in rail-highway grade crossing accidents.
1922	38.4	14	15	719	1810
1923	39.9	12	7	937	2268
1924	41.7	10	7	672	2149
1925	43.8	11	9	722	2206
1926	45.2	8	4	723	2491
1927	46.5	10	2	669	2371
1928	48.1	6	5	538	2568
1929	48.6	7	9	614	2485
1930	48.9	6	7	443	2020
1931	47.9	5	2	303	1811
1932	44.8	4	2	278	1525
1933	45.8	3	0	268	1511
1934	46.2	3	3	281	1554
1935	46.2	3	2	282	1680
1936	46.4	3	4	365	1786
Increase from 1922-24 to 1934-1936 ... 15.6%		Decrease from 1922-1924 to 1934-1936 75% 69% 60%			" 19%

*These figures are composite averages, including through trains, which are predominantly long, and local and branch-line trains, which are predominantly short. As shown elsewhere, approximately half of the total railroad freight movement is in trains of more than 70 cars.

**Includes switching and passenger-train personnel.

"During this fifteen-year period the number of motor vehicles in the United States increased from 12,238,375 to 28,221,291."

The figures quoted show that the average was steadily increasing from 1922 to 1930, the first year of the depression. The drop in 1931 and 1932 coincides with the sharp drop in traffic during these years. Since 1932 there has been a gradual increase in average freight-train lengths.

During the same period when train lengths were substantially increasing there were remarkable reductions in accidents to train personnel and passengers, and particularly in those types of accidents which proponents of the train-length bill have claimed to bear a relationship to length of train. Train accidents, are those in which there is more than \$150 damage to railroad property, while train-service accidents are those in which the damage, if any, to railroad property is not more than \$150. The latter far outnumber the former. Each group is subdivided into a large number of detailed causes. If longer trains were conducive accidents, we should expect to find an increasing accident rate from 1922 to 1930, when train lengths were increasing steadily, and little improvement since then. The Table shows that this has not been the case. On the contrary, there has been a noteworthy and consistent decrease in railroad accidents except those occurring at grade crossings, where the rate has been affected by the enormous increase in highway travel. The facts regarding each type of accident shown in the table will now be discussed.

Surge and Shock Accidents.—Emphasis is placed by proponents of the trainlength bill on hazards to train-service personnel from surge and shock due to slack action in trains. The official records of the Interstate Commerce Commission, however, show that serious accidents of this character, such as result in fatalities, are relatively few, and there is no indication that they are peculiar to long trains. The Commission's reports reveal two groups of accidents involving fatalities to train-service personnel which are either directly attributed to surge and shock or which appear likely to involve that cause of accident. Each group shows a consistent reduction in the past fifteen years from an average of 10 to 12 in the first three years to an average of three in the last three years of the period. It is worthy of special notice that, according to the Commission's record, all three of the fatalities to road freight conductors or brakemen reported in 1936 as directly due to surge and shock, shown in Table occurred on trains of less than 20 cars.

In fact, there is no indication whatever that the accidents listed were due to length of train. On the contrary, the remarkable reductions achieved in the periods while train lengths were increasing indicate that long trains are not inconsistent with great improvement in safety in so far as concerns such accidents.

Accidents to Train Personnel.—The total number of fatalities to train personnel in all types of train and train-service accidents are many times more numerous than those involving surge and shock. Many of these accidents are affected by the number of trains run and would be increased by enactment of the train-length bill, because of the added number of trains that would be required on the rails. Some of the hazards would be increased in direct proportion to the added number of trains, and others even more. For example, on a single-track railroad, a reduction of 50 per

cent. in the length of trains would double the number of trains run and would quadruple the number of meeting of trains. There has been a pronounced decrease in the total fatalities to train personnel, but they are still many times the aggregate of the possible surge and shock accidents shown. Even if all of the latter could be eliminated by train-length limitation (and there is no indication that this would be the case), any such saving would be overshadowed by the increase that would follow in the other types of accidents.

Accidents to Passengers.—The situation is similar with respect to casualties to passengers. There is no indication whatever that such casualties would be reduced by limitation of freight-train lengths, whereas, on the other hand, it is obvious that added hazards to passengers would be created by an additional number of freight trains on the rails. Despite the remarkable reduction in fatalities to passengers in train accidents from an average of 63 per annum for the years 1922-1924 to an average of less than 7 per annum for the years 1934-36, the number of such fatalities still exceeds the total of surge and shock accidents to conductors and brakemen. The increased hazards to passengers as well as the increased hazards to train personnel that would result from multiplication of freight trains must be taken into account as a reason against the adoption of the train-length bill.

Grade-Crossing Accidents.—A still more serious reason against train-length limitation is found in the situation as to rail-high-way-grade crossing accidents. Fatalities in such accidents in the past three years have averaged more than five times as numerous as the total to all train personnel, as shown in the same table, and still averaged nearly three hundred times as many as the aggregate of the possible surge and shock accidents. Any substantial increase in number of trains moving over crossings would proportionately increase the hazard of collisions with highway vehicles, and would certainly result in additional crossing fatalities far beyond the total number due to surge and shock, whether in long or short trains. While attention is being concentrated upon the most dangerous crossings, many still remain and will remain for years to come, even with the most active prosecution of the grade-crossing programme, including both crossing elimination and protection of crossings by the most modern devices which have been widely installed during the past 15 years. Meanwhile, traffic on the highways at grade crossings is constantly increasing, and the grade-crossing hazard will undoubtedly far over-shadow the hazards of all other types of railroad accidents for a long time to come.

Total Effect of Train-Length limit of Accidents.—The foregoing analysis of Interstate Commerce Commission statistics shows the fallacy of the claims made for the bill in the interest of safety. The unsupported claim that the bill might eliminate a very few casualties is vastly outweighed by the certainty that it would greatly increase the total of casualties to trainmen, to passengers and to travellers upon the highways.

Accident Reduction Methods.—Notwithstanding the notable improvement which has taken place, the railroad accident situation should not be regarded with complacency. On the contrary, all accident reduction

measures should and must be continued. In this connection it must be borne in mind that during the period of increasing train lengths there was consistent improvement in locomotive and car design, track, signals and details of equipment, including adoption of safety devices of many kinds. The railroads are still behind in their programmes for replacements, which were forced almost to a standstill when railroad traffic and earnings reached the low point of the depression. However, any arbitrary increases in expense such as those involved in the train-length bill would further delay replacement and betterment programmes—in other words, they would tend to defeat the purpose of continuous improvement of track and equipment standards.

Economic Aspects.—The economic aspects, however, are also very serious and require careful consideration, as adoption of the bill would inevitably result in higher transportation costs and inferior service, to the detriment of all concerned—the general public, the shippers, the railroads and their employees. The consequences in increased costs of railroad transportation would be far more serious than is generally realized. Estimates that have been quoted in the press cover only the expense of running the additional trains. To this should be added the hidden but probably still greater annual costs which would be involved in the wasteful operation of short trains with power and facilities designed for longer trains—and also there would be a large capital outlay for much additional plant and equipment. The added costs could be met, if at all, only by higher freight rates.

Importance of Long Trains.—The latest available figures, for the year 1934, show that 44.7 per cent. of the total railway freight traffic, measured by car-miles, was moved in trains of more than 70 cars. Furthermore, if the undoubtedly heavier loading of cars on the longer trains were taken into account, it would appear that more than half of the total rail freight movement, expressed in ton-miles, is performed in trains exceeding 70 cars in length. While most branch line trains are less than 70 cars in length and would not be affected by the bill, a large proportion of the through trains on the main trunk lines would be affected. There are relatively few short through trains on many such lines, and, if the long trains were required to be cut down to 70 cars, the excess cars would generally have to be handled by making up additional trains with obviously great increase in costs. The most profitable part of railroad operations, which enables the railroads to maintain service on their whole systems, lies largely in the long hauls of heavy freight trains on their main lines. A large percentage of the branch lines are not in themselves profitable, but their maintenance is economically justified as feeders to the main lines, and they are of inestimable value to the communities they serve. To limit the length of trains on the main lines, therefore, is to strike at the heart of the opportunity of the railroads to continue the large-scale low-cost transportation service in which they far surpass any other railroads in the world and upon which has built up the great mass production and distribution of goods in the United States, to the benefit of both producers and consumers.

Cost of Train-Length Limitation.—Considering, first, the out-of-pocket cost, the 70-car limit would necessitate a large number of additional trains. Each additional train would require an additional crew. The net result would be a large increase in the number of employees in train service. The total increase in wages, together with the additional cost of locomotive fuel, lubricants and water, cost of additional locomotive repairs and other costs of like nature, is estimated at much more than a hundred million dollars per year. Secondly, the increased number of trains would necessitate large immediate capital expenditures. Additional locomotives would be required even if present powerful locomotives designed for long trains were kept in wasteful service to haul the shorter trains. More trains would require more passing sidings, additional main tracks and new or extended signal systems. Many classification yards designed to handle expeditiously a definite number of long trains would have to be redesigned, with more tracks, to handle the larger number of shorter trains. In some cases remodelling of existing yards would not be feasible and new yards would have to be built in other locations. These additions and changes of plant and equipment would necessitate very large capital expenditures, the annual charges on which would have to be met from earnings. But to these two obvious items must be added a third type of expense. This would result from operation of the shorter trains with locomotives designed to handle much heavier trains; maintenance of long sidings and heavier structures built to accommodate longer trains and heavier equipment; and impairment of operating efficiency and economy which has been developed through use of longer trains. To limit trains to 70 cars would be to return in many respects to equipment standards and operating methods of 1922 or earlier. Taking all three of these types of expenses into consideration, while no exact estimate is possible, it is apparent that the cost to the railroads and the public of a 70-car length limit would be several hundred million dollars per year.

Effect on Freight Rates.—The large increase in railway operating expenses resulting from recent rises in wages and higher costs of materials have already brought about an increase in freight rates and an application for another blanket increase. The great direct and indirect additions to railway costs which train-length limitation would impose would further aggravate the situation. There is, of course, a limit beyond which rates cannot be raised without diverting traffic to other carriers or suppressing it altogether, and this fact emphasizes the unwisdom of the train-length bill from the viewpoint of the public, the shippers, the railroads and their employees.

Responsibility of Management.—As has been shown, the use of longer trains is desirable from both safety and economic viewpoints. Obviously, however, the most effective length of train varies according to the volume and character of traffic, and the physical characteristics of different railroads and different parts of the same railroad. Such a restriction as is proposed in the train-length bill would apply to level and maintain territories alike, and on types of traffic which need not be handled so expedi-

tiously, as well as those requiring speedy movement. It would be a universal hindrance to low-cost, efficient movement of long trains of loaded cars containing classes of traffic not requiring exceedingly fast schedules, and similarly it would bar economical movement of long trains of empty cars, which are practicable in almost every type of territory.

Determination of train lengths best suited for particular conditions is thus a technical operating problem, and is a proper function of railroad management. There should be no legislative interference with the effective discharge by management of this phase of its responsibility for furnishing the public with the best and most economical transportation.

PRODUCTIVITY, HOURS AND COMPENSATION OF RAILROAD LABOUR.

Mr. Witt Bowden of the U. S. Bureau of Labour and Statistics in an interesting article in the Month Labour Review, observes that there was in recent years a continued increase in the productivity of railway labour. The productivity in terms of average output per man hour worked in 1936 was 32.8 per cent. greater than 1926 and 80.9 per cent. greater than in 1916. The ultimate product of railroad labour in terms of services rendered to patrons of the railroads is measured in revenue traffic units. These are a combination of revenue ton miles (tons of revenue freight times miles per hour) and revenue passenger miles (number of passengers times miles per passenger). The amount of revenue traffic in 1936 was 25.9 per cent. less than in 1926 and 12.2 per cent. less than in 1916. Measured by the amount of revenue traffic per man hour, the large increase in labour productivity is an important indication of the extent and importance of technological changes in recent years.

There was a decline in the amount of traffic handled by railroads owing to general decline in business and the development of competing modes of transportation, and the passenger traffic was hit most severely. In 1920 the high point of passenger traffic was reached with 47,000,000,000 revenue passenger miles, while in 1926 it was only 35,478,000,000. In 1932 passenger traffic was less than one half (47.8 per cent.) of the 1926 volume and in 1936 only 63.2 per cent. of the 1926 volume. There was also a decline in freight traffic, though somewhat less seriously, between 1926 and 1932 and made a larger gain between 1932 and 1936. The number of revenue ton miles in 1932 was little more than one half (52.7 per cent.) of the number in 1926 and in 1936 it was 76.4 per cent. of 1926. The combined volume of passenger and freight business in terms of revenue traffic units conforms much more closely to revenue ton miles than to revenue passenger miles.

There has been a decline in the average number of employees since 1916. Total man hours worked in 1936 were 51.5 per cent. lower than in 1916 and 44.2 per cent. lower than in 1926. The number of revenue traffic units in 1936 was 12.2 per cent. less than in 1916 and 25.9 per

cent. less than in 1926. Between 1916 and 1936 average man-hour output increased 80·9 per cent. and between 1926 and 1936, 32·8 per cent.

CO-ORDINATION OF EAST AFRICAN TRANSPORT.

The subject of the co-ordination and regulation of rail, road, aerial and waterborne transport in Kenya and Uganda has received considerable attention during recent years and appears to have been satisfactorily dealt with by two legislative measures, the Colonial Air Navigation (Application of Acts) Order, 1937, and the Transport Licensing Ordinance, 1937. The evolution of legislation has been described in the Bulletin No. 21 of the General Manager of the Kenya and Uganda Railways and Harbours.

According to the first measure the governor has power subject to the approval of the Secretary of State for the Colonies to make regulations regarding the licensing of Air Transport for the carriage of goods for hire or reward, all provisions affecting air transport being deleted. The main principle of the Transport Licensing Ordinance is that henceforward no person shall convey passenger or goods for hire or reward by means of any motor vehicle or ship without a license authorising him to do so. The licences for goods vehicles have been grouped as public carriers licences and the private carriers licences corresponding to the (*a*, *b*, and *c*) type of licences in force in England. As regards the passenger carrying vehicles a road service licence will be issued and for ships an inland water transport licence. Provision has also been made to licence a dual purpose vehicle known in the ordinance as a public service vehicle which will be licensed when and where necessary to carry both passengers and goods. A licensing authority has been established to whom all applications for licences will be made. The Licensing Authority has vested in it certain distinction with regard to the grant or otherwise of licences but in exercising its discretion "it shall have regard primarily to the public interest including the interest or interests of persons requiring, as well as of those of persons providing, facilities for transport." In this connection "public interest" is defined as meaning "the interests and convenience of the inhabitants of the Colony as a whole". The interests of inland water and goods carrying transporters have been protected as far as is reasonably possible. Provisions have also been made for appeals against a decision of the Licensing Authority and for the grant of an exclusive license to operate vehicles or ships.

The Government of Uganda enacted the Traffic Ordinance, 1937 on the model of the Road Traffic Act of 1930 of England. It deals with construction and equipment of motor vehicles, registration and licensing thereof; driving permits and driving offences and general conditions relating to the use of vehicles on roads, compulsory insurance and other matters. A Traffic Control Board is to be constituted which will also advise the governor on all matters affecting traffic on roads and consider applications for licences for public service vehicles. A person requiring a licence to operate public service vehicle must therefore make application to the Traffic Control Board, submit certain particulars regarding the vehicles, routes over which it is proposed the service shall be run, fares to be charged and other details. The

Board after hearing objections and having regard to the public interest may or may not grant a licence or may grant a licence subject to such conditions as it deems proper to impose. The Government of Uganda has also passed a bill to provide for the licensing of inland water transport on the lines of the Kenya Ordinance.

The Tanganyika Government in October last passed the Transport Ordinance, 1937 which is largely based on the bill attached to the Report of the Kenya Committee with such differences as are necessary to conform to local conditions. The main principles are nevertheless the same and transport is to be regulated by licensing in the public interest. One divergence from the Kenya legislation is that for goods carrying licence there are only two types of licences namely, a public carrier's licence and the private carrier's licence.

It should be mentioned that the main questions of transport policy as such policy may affect Kenya, Uganda and Tanganyika territory are decided by the East African Transport Policy Board. This Board consists of the Governors of the three territories who are advised by the respective Directors of Public Works, the General Manager of the Kenya and Uganda Railway and the General Manager of the Tanganyika Railways and Ports services. The enactment of the legislation already mentioned owes a great deal to the co-operative effort of this Board. It is no small achievement that the three governments have been enabled to bring in similar legislation at about the same time. There can be no doubt from the experience of other countries that the action which has been taken will be the means of putting transport as a whole on a satisfactory basis and will assist to provide sound economic and efficient services.

AIR-CONDITIONING.

The problems of air-conditioning as a regular feature on the railway passenger services are many-sided. It has been largely adopted in the United States where it is reported that 10,000 coaches have been fitted up with air conditioning equipment. In Australia also the railways have spent considerable sums of money on it and arranged to equip many vehicles. It has not gained much ground on the Continent and only one or two English railways have dabbled in it. The only two countries outside of Europe, America and Australia in the tropical or semi-tropical regions who have adopted it in any form have been South Africa, and India very recently. Air-conditioning is rather expensive. The cost of equipping one full saloon is estimated at £1,800 and the extra weight which is a bad feature is about 4½ tons. There is also a demand for extra power which is obtained from an axle driven generator or from extra cell boxes or an extra large engine tandem. The air-conditioning itself might either be partial or complete. When there are very high temperatures it is very difficult to fix the temperature inside the coaches. It is considered medically not advisable to bring passengers from one temperature to another where the difference is greater than 17 degrees. In hot weather air must be cooled de-humidified and in cold weather it is cleaned and heated. As the problem in India for the greater part of the year and of the country as a whole will be towards

cooling during hot days it will be interesting to consider the experience of other countries. It is stated that in America about 36 per cent. of the types of equipment are ice-refrigerated, *i.e.*, the air is drawn in over ice. It has been estimated that it takes 275 lbs. of ice on the average per hour, that would mean in a normal day a call for over 3½ tons of ice for the 24 hours per vehicle. On a bad day it might extend to double that amount. Ice refrigeration was only the beginning of air-conditioning and it has now proceeded to the electric or the axle-driven generator for refrigeration. During the discussions at the South African Conference, referred to in an earlier issue, it emerged that the very expensiveness of air-conditioning stood much in the way. In order to do the complete job the cost would go up to £3,000 per car. Secondly, once air-conditioned cars are put into service the railway would more or less be compelled to go on with them, *i.e.*, from a railway point of view it must be looked upon as a permanent liability or increase in the maintenance. Thirdly, where speeds are not really high the disadvantages of opening a window is not so great and people who travel would want to have their heads out of the windows. The principal reason why in America air-conditioning has made such a great advance is on account of the very severe competition from road motor transport and the comforts which the road vehicles offer. Fourthly, taking into consideration the power absorbed by the axle driven generator and the increased weight of the equipment, an eight-car train weighing 35 tons per car, *i.e.*, 280 tons for the train will have to be increased by over 50 tons with air-conditioning.

QUEENSLAND TRANSPORT.

According to the recommendations of a Royal Commission on Transport a State Transport Board embracing the Commissioners of Railways, the Roads and Police should be replaced by a Transport Authority consisting of three independent persons whose only qualifications stipulated are their own ability to weigh evidence. Subject to the control of this authority a Commissioner for Railways is empowered to enter into contracts with existing road interests for the transport of goods and passengers over recognised routes on roads which would be fixed by the Transport Authority. The object is to have a state railway monopoly. Wide powers are given to the Transport Authority which will be responsible to the Minister for Transport and is expected to watch developments in aviation.

CHANGES IN ACCOUNTING PROCEDURE, FORM AND OF ACCOUNTS CLASSIFICATION.

The Review of the Appropriation Accounts of Railways in India refers to two changes in Accounting procedure to which special attention has been drawn. There are other minor changes in form and classification.

I. *Changes in form.*—(i) In the Depreciation Fund account appended to the Appropriation Accounts instead of details showing the opening and closing balance with transactions for the year in respect of each class of

asset, the transactions and the balances have been shown for each individual railway as a whole; this is due to the change in the method of calculation of the amount of appropriation to the depreciation reserve.

(ii) In the demands for grants:—

(a) Annexure C to Demand No. 5-B.—Maintenance and Supply of Locomotive Power—Showing expenditure of the Accounts Officer Railway Collieries, has been omitted;

(b) Annexures A and B to Demand No. 7.—Appropriation to Depreciation Fund showing details of contribution by assets and railways have been discontinued.

II. *Changes in classification.*—(i) Certain items of recoveries (such as cost of tender forms, charges for printing work done in railway press for railway institutes, sports clubs, etc., sale price of stores bulletins, commission charges for terminal tax collection and for work for outside bodies and Government Departments, conservancy charges, from Postal and Police Departments and Maintenance charges on sidings, saloons, approach roads and oil installations, etc.), previously taken in reduction of expenditure have been classified as receipts.

(ii) Receipts from sale proceeds of unclaimed and damaged goods after apportioning the railway dues for freight and demurrage have been treated as earnings instead of as reduction of expenditure, any repayment thereof being treated as "Refunds".

(iii) Grants received from Local Governments for Railway Schools which were previously taken in reduction of expenditure have been so taken if received before the close of the financial year, otherwise as earnings.

(iv) Unpaid amounts of gratuity have been credited to the head of account to which the payment was initially chargeable instead of to "Deposits—Unpaid Wages".

(v) Amounts of net earnings payable to owners of worked lines have been credited monthly instead of once at the end of the year, under "Deposits", against which head subsequent payments are to be charged.

(vi) Half monthly payments under the Workmen's Compensation Act during the absence on leave of an employee temporarily disabled in the performance of his duties have been debited to Abstract G.—Miscellaneous Expenses instead of the head to which pay was debited.

(vii) Charges for inspection on stores levied by the Indian Stores Department have been included in the cost of stores instead of being separately debited to working expenses under Abstract G.

(viii) Charges on account of wages of drivers, cost of fuel and other expenses in connection with Rail Motors have been classified under "Abstract C.—Maintenance and supply of carriage and wagon stock" instead of under "Abstract B.—Maintenance and supply of Locomotive power".

(ix) Non-voted expenditure relating to revenue, in connection with the revenue expenditure on earthquake damages and Hardinge Bridge protection works met from Depreciation Reserve Fund in the first instance

has been booked directly under Working Expenses, the voted portion only being booked under Depreciation Reserve Fund.

(x) Expenditure on river training works unconnected with bridges has been classified under head III-1 (a) Formation-earth work instead of under head III-2 (c) Bridge work—Miscellaneous.

(xi) Expenditure on "Station Machinery" and "Maintenance Signalling and Interlocking works" has been booked under the sub-head "A-112—Equipment" instead of under "A II-1 Structural Works".

(xii) Cost and Maintenance charges of typewriters and other office appliances required for the use of the Railway Accounts Department have been booked as contingent expenditure of the Department instead of under the sub-head "F II 2 (a)—Equipment—Furniture and Office Appliances."

(xiii) Expenditure incurred on the recruitment examinations held by the Railway Accounts Department has been booked as expenses of that Department and the fees realised have been credited as "Miscellaneous Earnings".

(xiv) The heading "Exchange on payment of Provident Fund Deposits in Sterling" introduced in connection with the institution of the Sterling branch of Provident Fund (*vide* item 6 of the review for the year 1934-35) has been omitted as it has been decided to adjust the variations in exchange on this account finally under Working Expenses.

(xv) The new head "(b) Staff Benefit Fund investment account" opened last year under section "P.—Deposits and Advances not bearing interest" (*vide* item 7 of Annexure A to the review for 1934-35) has been abolished owing to such investment being considered outside the scope of the accounts of the Railway Department.

(xvi) Renewals and replacements expenditure of the Shencottah-Quilon Section (British portion) of the Travancore railways has been charged to "Depreciation Reserve Fund" instead of to "Repairs and maintenance" to which it was previously debited.

(xvii) The railway freight charges for the conveyance of Government Treasure instead of being adjusted by debit to Remittance head "Civil Department", are with effect from 1st April, 1935, debited to the Suspense head "Accounts with the Reserve Bank" under Section "P.—Deposits and Advances not bearing interest".

TRANSPORT CO-ORDINATION.

The British Transport Advisory Council consisting of representatives of Transport, labour and trading interests constituted under the Road and Rail Traffic Act, 1933; has, according to the *Modern Transport*; succeeded in the clarifying the problems of co-ordination and taking it to a further stage. The Council set up a sub-Committee of sixteen of their number to examine the question of "Service and Rates". The Council desired the Committee's investigations to provide a preliminary ground work to enable them to judge the extent to which it may be possible to formulate practical principles upon which co-ordination can be achieved and developed. The

Committee's Report which was presented to the Minister of Transport in October last, was characterised, to quote the Council's words, by "a pleasing degree of unanimity amongst hitherto conflicting interests in transport".

The Committee concluded: that to avoid overlapping of services and uneconomic competition, it is desirable to establish as great a degree of co-ordination as possible so as to ensure that each form of transport is used to the greatest national advantage, that the best line of approach is to aim at securing for traders adequate alternative facilities, on fair competitive basis, that there should be an unfettered right on the part of the trader to select the form of transport which he approves and which is most convenient and economic for his purpose.

As a preliminary to further progress, the internal organisation of the road transport industry and stabilisation of wages, working conditions and rates have to be achieved. On the controversial subject of rates, the Committee hold the view that opportunity should be afforded for the road hauliers to build up a rates structure for their industry. Far from supporting the idea of a cast-iron system of rates, they favour an elastic road rates structure which should be capable of adjustment by simple and quick procedure. To secure these results the Committee recommended:—

(a) *Area Rates Committee*.—That statutory rates committee, consisting of representatives of the industry, be set up in each traffic area. The exact method for the appointment of the committees should be a matter for discussion between the Minister and the industry. These committees should agree rates for their own areas. Where services extend beyond one area, the committees of the areas concerned should jointly agree the rates.

(b) *Area Rates Officers*.—In view of the very wide field to be covered, area rates officers, whose areas should correspond with those of the existing traffic commissioners, should be appointed by the Minister of Transport. It should be the business of the area rates officers to approve, with or without modification, schedules of agreed rates put before them by the rates committee in their area; also, failing agreement, to fix a schedule of rates which they consider appropriate. Where rates have been agreed between two or more area committees the rates should be approved by the area rates officers concerned sitting jointly.

(c) *Road Rates Tribunal*.—Finally, a Road Rates Tribunal for the whole country should be set up, consisting of a representative of the road industry, a representative of traders and an independent chairman. It should be the duty of the tribunal to deal with matters affecting more than one area, where the area rates committees have been unable to reach agreement; and to hear appeals from the decisions of the area rates officers; its decision on matters of rates, charges and conditions of carriage should be final.

The Sub-Committee recommend that measures should be taken to ensure publication of road rates and prevent discrimination or undue preference.

With your permission, Gentlemen, I now declare this Conference open."

Mr. Jervis next requested Mr. A. C. Rose to give his lecture on "The Ethics of Establishment" which is printed elsewhere in this issue. Messrs. K. V. Iyer and A. E. W. Jervis emphasised the importance of the points brought out by Mr. Rose.

The members were treated to light refreshments after which a group photo was taken. The meeting again reassembled to hear a lecture by Mr. J. Gold on "The Principles of Welding."

The following additional papers were also read:

Mr. T. P. Ramakrishnan—"The Payment of Wages Act and its After-math."

Mr. V. Chinnaswami—"The effect of Revision of Abstract A on the Control of Revenue Expenditure."

Mr. S. Kumaraswami Chetty—"Rating of Railway Stores Issue."

Mr. P. R. Thirumalai Ayyangar—"The Gift of Gratuity."

Mr. M. D. Srinivasan—"Some Aspects of Economy on Indian Railways."

The meeting concluded on the 6th December with a speech from the Chair.

SUPPLEMENT TO JOURNAL.

We have pleasure in inviting the attention of our readers to the issue of No. 4 of the Supplement to 'Railway Accounts and Finance.'

We take this opportunity of expressing our thanks to the Railway Board for their continued co-operation without which a venture of this kind could never have taken shape.

With this Supplement is also issued a consolidated index for the four numbers 1-4 which we hope will facilitate reference.

One copy of the Supplement is sent free to every member or subscriber. A limited number of additional copies of the Supplement are available at a price of Re. 1.

RAILWAY STATISTICS

TABLE I.—TEN DAYS APPROXIMATE GROSS EARNINGS OF ALL STATE-OWNED RAILWAYS.

Period	1936 (In lakhs of rupees)	1937 (In lakhs of rupees)
Ten days ending 10th November	.. 249	236
Ten days ending 20th November	.. 242	262
Ten days ending 30th November	.. 268	260
Ten days ending 10th December	.. 278	254
Ten days ending 20th December	.. 280	267
Eleven days ending 31st December	.. 328	310

TABLE II.—MONTHLY PROGRESS OF WORKING EXPENSES OF THE PRINCIPAL STATE-OWNED RAILWAYS.

Railway.	Up to October		Up to November	
	1936	1937	1936	1937
A. B.	.. 64	66	71	74
B. N.	.. 311	319	348	358
B. B. & C. I.	.. 318	326	360	364
E. B.	.. 217	215	245	245
E. I.	.. 554	577	627	659
G. I. P.	.. 388	384	438	439
M. & S. M.	.. 205	215	230	236
N. W.	.. 526	540	601	613
S. I.	.. 160	154	184	179
Tirhoot & Lucknow	.. 46	48	51	54
Bareilly				
Other railways	.. 14	14	15	15
Total	.. 2803	2858	3170	3236

INSTITUTE NEWS.

M. & S. M. RAILWAY LOCAL ASSOCIATION.

ANNUAL MEETING.

The Fourth Annual Meeting of the M. & S. M. Railway Local Association was held on Saturday, December 4, 1937 at the Meeting Hall of the M. & S. M. Railway Joint Offices with Mr. A. E. W. Jervis, President of the Association in the Chair. Amongst those present were:—

Mr. K. V. Iyer, President of the Institute.

Mr. C. H. C. Bowen, Chief Engineer.

Mr. J. Gold, Works Manager, Engineering Workshops.

Mr. Jervis opened the proceedings of the meeting with the following speech:—

"It is my privilege to-day to welcome you here as it was my privilege to do so in 1934.

As a Local Association we came into being just a little over 5 years ago and this is the Third Conference which we are now holding.

We had no conference last year while that of the Local Association was merged with the Conference of the Parent Body in 1935, as you know, and it was held in Madras.

A perusal of our Agenda paper must cause us considerable gratification because it was obvious that considerable interest is being evinced in the objects and aims for which this Association stands. We have, you will see, some eight subjects of varying categories, but all of considerable interest and utility to us and the profession to which we belong.

To those who are about to expound their theses to us on this diversity of subjects, I desire to express my grateful thanks, and I have no hesitation in saying that whatever they have to say to us to-day will afford us interest and food both for thought and discussion.

I do not propose to detain you longer than I can help, but I feel I must refer to two or three matters that impend on our immediate horizon.

I allude, Gentlemen, to the Retrocession of the Mysore State Sections of line from the M. & S. M. Railway Administration. This is a matter of primary domestic concern to us, and as you must all know, the retrocession is to be brought about at midnight on the 31st of this month. It would take much of your time if I entered into details. I do not propose doing that here and now but the underlying processes and arrangements are well advanced by now and it is the finality of things that remains to be achieved in its appointed time.

Again, there is the new contract between the Secretary of State for India and the M. & S. M. Railway Administration which comes into force from the 1st January 1938. There are certain interesting features of variation embodied in the new contract when compared with the provisions of the existing contract, and these will repay consideration and study.

Then again, Gentlemen, we have before us the revised Capital and Revenue Classifications. These are to come into effect from 1-4-1938, and we have been engaged, in consultation with the various departments, in a considered study of the implications of both sets of these revisions.

The general feeling, as far as I have been able to sense it, appears to be that the revisions in the Revenue Classification aim at a somewhat closer co-ordination of expenditure with the feature of Railway operation to which it pertains.

Apart from the innumerable minor changes which the revised classification has necessitated, the most important change is the provision of a separate abstract for the Electrical Department. That this was necessary can hardly be disputed, in view of the rapidly growing importance of that department.

There appears also to be the feeling that the revised classification tends to vitiate the comparison of expenditure from year to year. Whilst I am in agreement with such a view to a certain extent, it seems difficult to substantiate it in respect of the vast majority of the changes implied in the revised classifications. Because after all if we are enabled to distinguish to what particular head or detailed head of accounts a particular class of expenditure is now being allocated and to what particular head it is to be allocated in the revised order of things, it then becomes generally possible both to co-relate and compare like expenditure under the two varying processes of allocation. That a great deal of clerical work will have to be expended on the preparation of comparative statements of expenditure, I do not deny.

Beyond this very superficial allusion to these matters, I do not propose to detain you, though I assure you I could occupy a great deal of your time were I to enter into a more detailed discussion of these papers.

Their more detailed treatment I must defer to some future meeting of this association, when it is hoped there will be every opportunity afforded us of a considered study and discussion of each subject.

Supplement to Railway Accounts and Finance

CURRENT PERIODICALS.

Railway Age, 1937, Vol. 103—

Rough handling to go under the Microscope, p. 447; *Economic Life of Locomotives*, James R. Macken, p. 483; *Mileage Progression Study*, I.C.C. Analyst, p. 491; *Car Men's Responsibility for Freight Loss and Damage*, W. L. Ennis, p. 522; *Do Shippers want a Unified Rail System*, J. P. Haynes, p. 525; *Railway Payments to Public for Incidentals loom large*, p. 534; *The Diesel in Railroad Service*, p. 636; *How business views Rate Increase*, p. 647; *"New Patterns in Industry"*, David B. Robertson, p. 720; *"Cost"—But is it Cost Accounting*, John Q. Citizen, p. 727; *Sinking Fund hit as "Unsound Panacea"*, p. 733; *Trade thrives when Rails prosper*, W. M. Jaffers, p. 758; *What the Motor Carrier Bureau is accomplishing*, J. G. Scott, p. 767; *Rail "Share" of Traffic down since 1923-25*, p. 876; *Buying Survey yields data on Railway Needs*, p. 877; *Unusual Rail-Highway Co-ordination*, p. 920.

Modern Transport, 1937—

October 2.—*The Problem of Railway Joint Lines*, p. 8.
October 23.—*Transport Facilities in France*, J. Wymer, p. 5.
October 30.—*Work of the Ministry of Transport*, A. T. V. Robinson, p. 4; *Railway Companies as Road Users*, Sir W. V. Wood, p. 9.
November 6.—*Economies of Workmen's Fares*, p. 13.
November 13.—*Railway Operating Practice*, V. M. Barrington Wood, p. 9. *One Hundred Years of Road Transport*, Sir Maxwell Hicks, p. 19.

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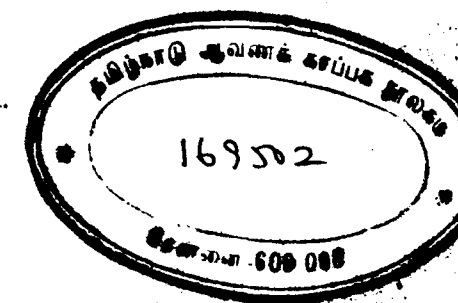
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Note to reader:—

Pagination is continued from the 1st issue of the Supplement, 1934.

TABLE 3.
PROGRESS OF UP-TO-DATE EARNINGS OF ALL THE PRINCIPAL STATE-OWNED RAILWAYS
(IN LAKHS OF RUPEES).

Railway.	Total earnings for the period (ten eleven days) ending.					
	November 10th	November 20th	November 30th	December 10th	December 20th	December 31st.
A.B.	98	103	109	114	118	124
B.N.	104	109	114	119	123	129
B.B. & C.I.	491	510	534	561	582	602
E.B.	555	580	606	632	658	686
E.I.	655	683	718	755	792	836
G.I.P.	701	734	767	800	833	871
M. & S.M.	331	349	366	384	401	420
N.W.	338	357	374	393	410	429
S.I.	1120	1171	1225	1278	1332	1395
Tirhoot and Bareilly	1246	1306	1362	1423	1480	1545
Other Railways	711	745	786	831	879	939
	738	773	809	845	883	931
	394	410	429	448	469	495
	402	420	438	455	474	497
	919	972	1024	1078	1134	1199
	973	1021	1069	1120	1169	1226
	316	328	340	353	367	383
	328	341	354	365	381	399
	115	120	126	132	138	145
	127	133	139	144	150	156
	28	29	31	32	34	36
	31	32	34	35	37	39
Total..	5178	5420	5688	5966	6246	6574
	5543	5806	6066	6331	6598	6908

TABLE IV.—COMPARATIVE STATEMENT SHOWING THE PROGRESS OF UP-TO-DATE WAGON LOADINGS
OF CLASS I RAILWAYS.

Commodity.	Period ended.					
	November 10th	November 20th	November 30th	December 10th	December 20th	December 30th
Coal and Coke	613,731	637,075	663,200	692,253	719,170	771,710
Grain and Pulses	668,449	700,056	729,890	762,443	793,566	831,481
Oil-seeds	421,064	437,260	456,522	476,315	497,277	528,177
Cotton	437,780	456,862	475,128	492,839	510,724	532,579
Miscellaneous Smalls	117,429	123,612	132,622	143,748	157,188	173,488
Miscellaneous full wagons	106,297	112,280	119,071	126,648	135,192	146,834
Home Line Stores and Materials	87,717	93,312	100,737	101,486	118,969	130,151
	71,583	76,815	82,118	87,579	93,745	100,839
	990,500	1,036,537	1,085,240	1,136,246	1,183,271	1,241,650
	1,041,676	1,090,705	1,139,482	1,187,566	1,235,502	1,289,524
	1,406,507	1,472,651	1,547,809	1,633,122	1,714,584	1,832,215
	1,529,753	1,601,959	1,675,544	1,749,161	1,830,188	1,925,027
	221,745	231,164	240,127	249,795	258,992	273,457
	256,211	267,733	279,804	291,446	303,138	316,367

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Allocation of Works Expenditure—Alterations in Procedure.

No. 1095-F, dated 5th November, 1936.

With the approval of the Secretary of State for India, the Government of India have decided to make certain alterations in the procedure in regard to the allocation of works expenditure.

With effect from the accounts of 1936-37, the following procedure will be adopted:—

- (a) when an asset is replaced, the full cost of replacement by a like asset, or the original cost, whichever is greater, should be charged to the depreciation fund and the balance, if any, to capital;
- (b) when an asset is abandoned and is not intended to be replaced, the original cost should in all cases be debited to the depreciation fund and credited to capital;
- (c) this procedure will apply to all assets whether they are technically described as wasting or non-wasting assets and whether as units or not;
- (d) Credits realised from the disposal of assets will be taken in reduction of expenditure from the depreciation reserve fund and will not affect Revenue as at present. These credits should not be shown under individual works in the programme. It is not intended that the spending powers of railways should be affected by variations in the amount of actual credits realised as compared with amounts estimated in the budget. The total of such credits will be shown as a separate item in reduction of the total expenditure under Demand No. 12 in the programme of the railway concerned;
- (e) in other respects the present rules will remain unchanged, *e.g.*, when the difference chargeable to capital is not more than the limit for new minor works, the charge will continue to go to revenue.

A full statement of the reasons underlying these decisions will be found in Section VI of the Financial Commissioner's Review of the Appropriation Accounts of Railways in India for 1934-35.

Allocation of Works Expenditure—New Rules.

No. 1095-F, dated 3rd December, 1936.

With reference to letter No. 1095-F, dated the 5th November, 1936, the following further instructions were issued:

- (a) 'Until further orders, the "full cost of replacement by a like asset" should, for the purpose of paragraph 2 (a) of this office letter above referred to, be taken to mean the cost calculated by applying the formulæ, which were used to determine the measure of substantial improvement in replacements before the Depreciation fund rules were introduced. That is, the cost

of replacement by a like asset will be the cost of the new asset which replaces the old one *minus* the cost of improvement arrived at by the application of the relevant formulae. Where no formulae have been prescribed, the full cost of replacement by a like asset should be estimated.

(b) The principle, now introduced, of debiting the Depreciation Reserve fund with the cost of replacing it by a like asset or the original cost of the replaced asset, whichever is greater need not be applied to works in progress on 1st April, 1936. The allocation of the expenditure of such works as between Capital and Depreciation fund as already made in the relative estimates should stand. But the allocation between Capital and Depreciation fund of estimates of all works started after 1st April, 1936, should be revised in accordance with the new rules.

(c) Credits realised from the disposal of assets should, from 1st April, 1936, be taken in reduction of expenditure from the Depreciation Reserve Fund in respect of all works, whether they were started before or after 1st April, 1936.

(d) Expenditure on renewals and replacements in respect of all works, whether they were in progress on 1st April, 1936, or were started after that date, which under the rules in force prior to the issue of this office letter No. 1095-F, dated the 5th November, 1936, was chargeable to ordinary working expenses should, as from 1st April, 1936, be charged to the Depreciation Reserve Fund. Those orders apply not only to renewals of non-wasting assets and non-units of wasting assets on the main lines and those worked lines for which a depreciation fund was maintained but also to works of renewal and replacement on worked lines for which no Depreciation fund was maintained, such as Durbar, foreign and provincial lines.

The revised estimates for 1936-37 and the budget estimates for 1937-38 prepared in accordance with the revised rules of allocation should be submitted on the due dates, but if the effects of the alterations referred to in (a) and (b) above in the revised estimates for 1936-37 cannot be worked out in time, they may be intimated subsequently, not later, however, than 7th January, 1937.

Application of Section 5 (1) of the Provident Funds Act, 1925, to Nominations made under Rules regulating the various Provident Funds.

No. 8660-F, dated 18th January, 1937.

The Government of India, Finance Department letter No. F. 22 (30)-R. II/36, dated 5th January, 1937.

Section 5 (1) of the Provident Funds Act, 1925.

The following questions have been raised with regard to the application of Section 5 (1) of the Provident Funds Act, 1925, to nominations made under rules regulating the various Provident Funds:—

(1) Whether the provision in rule 26 of the State Railway Provident Fund Rules to the effect that on the marriage or re-marriage of a subscriber who is not a Hindu, Mohammiadan, Buddhist or other

person exempted from the operation of the Indian Succession Act, any nomination already made by him shall forthwith become null and void, is ineffective as contravening Section 5 (1) of the Provident Funds Act.

(2) Whether a nomination made under one set of rules of a Provident Fund would become invalid under a later set of rules, if not revised as required by the later set of rules.

As it is necessary that the correct position with regard to nominations made under Section 5 (1) of the Provident Funds Act should be explained it is stated that the position is that Section 5 (1) does not itself provide for nominations to be made, and that it does not by itself create any right in favour of the nominee. It merely gives protection and force to a nomination made in accordance with the rules of a Provident Fund. If, therefore, a rule exists in any Provident Fund Rules rendering nominations invalid on marriage or remarriage, nominations (even if valid when made) will become ineffective if subscribers marry or remarry and will not be nominations to which the protection of Section 5 (1) of the Act could extend. There is thus no question of any provision such as that referred to at paragraph 1 (1) above being in conflict with the Act.

As regards the question in paragraph 1 (2) above, a nomination under Section 5 (1) of the Act must also not only be in accordance with the rules (as they may stand when it is made), but it must continue to be in accordance with the rules (as they may stand, amended or altered, from time to time). The words 'duly made in accordance with the rules of the Fund' occurring in the section are significant, and in view of these words the position is that a nomination once made in accordance with the rules might lose its validity, if the rules are subsequently altered or amended. A nomination made under one set of rules may thus become invalid under another set of rules if not revised as required by the later set of rules and so loses the benefit of Section 5 (1) of the Act.

Adjustment of Amounts irregularly credited to State Railways Provident Fund.

No. 084-F, dated 22nd January, 1937.

It has been brought to the notice of the Railway Board that when excess amounts are credited to the Provident Fund owing to emoluments being drawn in excess of the correct rate, it has been the practice to regularise the excess payment of emoluments by waiving recovery under sanction of the competent authority, but no action is taken to re-adjust the amounts wrongly credited to the Provident Fund as subscription, bonus and interest. This practice is not supported by the rules and the Railway Board desire that in all cases where subscriptions to Provident Fund have been irregularly recovered or where the subscription is made on emoluments in excess of those strictly admissible under the rules, bonus and interest thereon should be written back in full at the earliest opportunity when such an irregularity is noticed and subscription and if necessary interest thereon refunded to the employee concerned.

The Government of India have considered whether it would be admissible under the Provident Fund Rules to adjust the subscriptions wrongly recovered against the amounts overpaid as emoluments, the recovery of which is generally waived. They have come to the conclusion that such adjustment is not covered by the rules. But they consider that it will not involve any

hardship on the employee concerned if recovery of the amount overpaid is not waived to the extent of the amount which is being refunded to him from the Provident Fund. It is requested that when ordering the waiving of recovery of overpayments in such cases in future recovery should be waived only of such portion of the overpayments as is not covered by the amount that is being refunded from the Provident Fund.

It is not proposed to include these orders in the revised Provident Fund Rules which will as far as possible be restricted to statutory rules only.

Payment of Gratuity and State Railway Provident Fund Moneys to persons on behalf of Minors in cases in which no Guardian of the minors exists.

No. 9108-F, dated 26th January, 1937.

With reference to letter No. 858-E/o/III, dated the 4th December, 1936, from Agent, N.W. Railway the sanction of the Governor-General in Council was communicated to the limit of Rs. 100, laid down in the Board's letter No. 9108-F, dated the 21st March, 1935, being raised to Rs. 250.

Contingent charges on State Railways.

No. 8010-F, dated 8th February, 1937.

The sanction of the Governor-General in Council has been accorded to the introduction of the following rules governing contingent expenditure on State-managed Railways which will, in due course, be incorporated in the Railway Account Code:

ACCOUNTS OF EXPENDITURE.

Contingent Charges.

1. The rules in this Chapter apply primarily to charges booked under the head 'contingencies' but other miscellaneous expense like rents, rates, taxes and advertisement charges, etc., and miscellaneous supplies and services like furniture, clothing, etc., which are all booked under sub-heads other than contingencies, are also subject to the rules in this chapter except in so far as they are governed by any special rules.

2. Contingent charges are charges of a miscellaneous character which are incidental to the management of an office, have no direct relation to the technical working of a department or to the performance of a service and are generally of the same character in all offices and departments, *e.g.*, purchase of stationery, typewriters, book, periodicals, furniture, etc., rents, telephone charges, hot weather establishment and other charges, etc.

3. No pay or travelling allowances of any kind and no additions to pay may be charged as contingent expenditure, Fixed allowances of all kinds should be taken along with pay.

Exceptions.—The following charges may be treated as contingent expenditure, if not otherwise classified under special rules:—

(a) hot weather establishment;

(b) coolies, carpenters, etc., engaged on daily wages elsewhere than in a workshop;

(c) conveyance charges (*see* rule 18 of the Annexure).

4. The contingent charges, may be broadly divided into two classes, *viz.*, ordinary and special contingencies. Special contingencies include charges

regulated by scales such as liveries to inferior servants, bills which require the countersigning of the Head of the Department; such as, taxi hire charges of officers and unusual charges that require the special sanction of a superior authority: such as, entertainment expenses on special occasions. Charges coming under each of these classes may be recurring or non-recurring.

Note.—The expression 'Head of Department' occurring in this rule includes the Divisional Superintendent on a Railway where the divisional organisation exists.

5. Except where definite orders exist to the contrary, no higher sanction than that of the head of the office or the officer-in-charge of the district or division, as the case may be, is required for incurring any expenditure on account of ordinary contingencies so long as the allotment for the purpose placed at the disposal of the officer incurring the expenditure and his general financial powers have not been exceeded. As regards special contingencies, for the charges that are regulated by scales no superior sanction is necessary for expenditure within the prescribed scale provided the conditions above are satisfied; charges requiring the counter-signature of the Head of the Department should not be incurred before such counter-signature has been obtained and unusual charges cannot be incurred except with the previous sanction of a superior authority, *e.g.*, the Agent or the Railway Board, even if the expenditure can be met out of the allotment for the purpose at the disposal of the authority incurring such expenditure.

Note.—For expenditure in their own office the Railway Board can sanction special contingent expenditure of a non-recurring nature up to a limit of Rs. 1,000 in each case.

6. No charge which binds Government beyond a single payment may be incurred without the sanction of the Agent of the Railway in respect of expenditure for which powers have been delegated to him and without the sanction of the Government of India in other cases.

Exceptions.—(a) All officers authorised to draw contingent bills may incur recurring contingent charges up to Rs. 10 per mensem up to six months' duration, subject only to the existence of the necessary allotment and to any restriction which the competent authority may impose.

Note 1.—This rule does not apply to payments made to staff mentioned in para. 3.

Note 2.—For contingencies of their own offices the Railway Board and the Controller of Railway Accounts can sanction recurring charges in each case up to a limit of Rs. 200 a year.

Note 3.—In the case of rents, rates and taxes of buildings occupied by offices the Agents have full power which can be delegated by them to heads of departments including Divisional Superintendents.

7. Contingent charges are disbursed in the following ways:—

(a) Payment by the officer incurring the expenditure out of a permanent imprest or advance allowed to him.

Agents and Heads of Departments may sanction permanent advances for subordinate offices under their control up to the amount certified by Accounts officers. The amount should not be larger than is absolutely essential. Applications for new advances or revision of existing ones should be sent to the sanctioning authority through the Accounts Officer. At the time of transfer of charge, and on the 15th April every year, holders of

permanent advances should send an acknowledgment to the Accounts Officer concerned.

- (b) Payment by the Accounts Office direct to the supplier, on the authority of the officer competent to incur the expenditure and on receipt of proof of supply. In such cases the firm's bill and receipt should be sent in original to the Accounts Office.
- (c) Payment by the head of the office on receipt of money from the Accounts Office.

No money should be obtained from the Accounts Office unless it is required for immediate disbursement, and adjustment bills supported by necessary vouchers and payee's receipts should be sent to the Accounts Office immediately after disbursement.

- (d) Book adjustment by the Accounts Office when supplies have been made by another department of the railway, a department of a Provincial Government or of the Government of India provided the charges have been acknowledged by the officer concerned.

In such cases the Rules of adjustment prescribed by the supplying departments should be followed. If any such rules prescribe cash payment, the procedure will be as in (b) above. For supplies from the Railway Stores or other Railway Departments the rules on the subject should be followed.

Note.—For obtaining service postage stamps the procedure laid down in Article 98, Civil Accounts Code, Vol. I and any other subsidiary instructions given by the Civil Accountants-General should be followed.

8. On railways where the divisional organisation prevails the head of a department and the Divisional Superintendent who are given a separate grant under contingencies will exercise the necessary control over expenditure with the help of the allocation registers maintained in the accounts office. In the case of other railways such control will be exercised by the officers to whom such a grant may be given through the registers of expenditure maintained by them.

9. Bills should be prepared separately for ordinary and special contingencies. In regard to periodical charges and scale regulated contingencies it should be stated when the charges were last incurred to enable the Accounts Officer to see that the expenditure has not been incurred before the expiry of the prescribed period. The sanction of competent authority should be quoted in the cases in which superior sanction is necessary for incurring expenditure. All contingent bills containing charges for miscellaneous supplies should bear a certificate that the articles have been received in good condition and entered in the stock account.

Note.—The limit below which vouchers need not be forwarded to the Accounts Office in support of the contingent bill should be fixed in consultation with the Agent, but all vouchers which are not submitted to the Accounts Office should be defaced and cancelled in such a way that they cannot be used again in support of claims against the railway. All vouchers for Rs. 25 or more must be submitted to the Accounts Office in support of the payment.

10. The drawing officer is expected to exercise the same vigilance over contingent expenditure as a person of ordinary prudence would exercise in spending his own money. He should further see that the vouchers are in proper form, have been receipted by the proper person and have been so made

out that a second claim against the railway for the same charge is impossible, that the expenditure is absolutely necessary for the efficient management of the office or the performance of the service to which it relates that the rates are not uneconomical, that the sanction of higher authority is not required under the financial restrictions laid down in any rules or orders issued by competent authority and, where necessary, the requisite sanction is obtained and quoted in the bill in support of the charge and that adequate budget provision exists to cover the expenditure involved.

11. In addition to the usual checks applied to vouchers generally the accounts office should see—

- (a) That each class of contingent expenditure is a proper charge against the grant concerned, has received the necessary sanction and is incurred by the authority competent to incur it.
- (b) That necessary vouchers and certificates have been submitted.
- (c) That no canon of financial propriety is infringed.
- (d) That the rates are reasonable.
- (e) That in the case of scale-regulated contingencies the prescribed scale is not exceeded and supplies of articles, *e.g.*, liveries have been made only after the prescribed period.
- (f) That the flow of expenditure is not too rapid and the appropriation is not exceeded.

The internal check against appropriation will be exercised by the accounts office through the allocation registers. In addition to the allocation registers a register should be maintained for each office for recording periodical contingencies so that duplicate claims for the same period are not passed.

12. An inventory should be kept of all articles which are not of a perishable nature, *e.g.*, furniture, clocks, carpets, typewriters, safes, etc., and a certificate should be recorded once a year by a responsible official that the articles have been verified by actual count and found correct. The inventory will also form the basis of check by the accounts inspecting staff.

Miscellaneous rules relating to contingent expenditure on Railways will be found in the Annexure.

ANNEXURE.

MISCELLANEOUS RULES RELATING TO CONTINGENT CHARGES IN RAILWAY OFFICES.

Hot Weather Establishment.

Expenditure on Hot Weather Establishment and fittings may be incurred by heads of departments [as defined in Supplementary Rule 2 (10)] subject to any instructions which may be issued from time to time by the Government of India, provided that the rates of pay are not in excess of those sanctioned by the Agent of the railway for similar staff in the locality.

Liveries and Warm Clothing.

2. (a) Provision for clothing and other articles for inferior servants employed in the office of the Railway Board and subordinate and attached offices located at Simla and Delhi, is regulated by the rules prescribed in Government of India, Home Department Office Memoranda, No. F. 1183/Public, dated 5th October, 1923, No. F. 291/24/Public, dated 18th October, 1924, and No. F. 291/24/Public, dated 18th December, 1924, as amended from time to time. The scale provided therein is inclusive of the

charges on account of tassels, kamarbands and cross belts, but it does not include railway freight on cloth, etc., for liveries, which may be met in addition to the prescribed scale from the contingent grant.

(b) Provision for uniforms and warm clothing to subordinates (superior and inferior) employed on open lines of railways, is regulated by the Dress Regulations issued by the Railway Board, together with such modifications as may have been made therein by the Agent of the railway under the authority delegated to him.

(c) Inferior servants in offices other than those covered by clauses (a) and (b) above may be supplied liveries by heads of offices, on the scale and subject to the conditions prescribed by the Agent of the railway for similar open line staff located at the place.

(d) Subject to any special orders of the Railway Board or the Agent, as the case may be, watchmen, guards and other inferior servants who are not entitled to uniforms but whose duties, in the opinion of the head of the department render the supply of warm clothing necessary, may be provided with such clothing costing Rs. 7-8 a year or Rs. 15 every second year, and with a blanket costing Rs. 28 every year.

(e) The charges must be brought together in the contingent bill in such a manner as to enable the accounts office to see that the total cost is within the limit prescribed, and that the rules have been observed.

(f) Charges for clothing and other articles for supply to inferior servants should be supported by a certificate to the effect that the incumbents of the appointments held by the inferior servants, for whom clothing, etc., are charged, have not been supplied with them during previous months (according to the prescribed life of the clothing, etc., charged for). Full details as to the number of clothing or other articles and the rate at which paid for, should also be stated in the bill.

POSTAL AND TELEGRAM CHARGES.

Postal Charges.

3. (a) Payment for value payable parcels can be passed as ordinary contingent charges. Payment for postal commissions on remittances by money order should ordinarily be borne by the payee, but unavoidable charges on this account may be passed against contingencies, under the orders of the head of the office.

(b) No charges shall be entered in any contingent bill for any postage labels other than service postage labels, except in the case of postage stamps required for letters or other articles to be sent to foreign countries other than British possessions.

Telegram charges.

4. (a) Telegraphic messages between offices both of which can be served by the Railway Telegraph Department should be sent through Railway Telegraph Offices. Such messages, if on public service, are carried free.

(b) If telegrams have to be despatched on public service from Government Telegraph Offices because the despatching or the receiving office cannot be conveniently served by the Railway Telegraph Office, service postage stamps only should be used in payment of such telegrams.

(c) If any officer is compelled to send a telegram from a Government Telegraph Office at a time when he is temporarily without service stamps he

should pay for it in cash and the receipt granted to him will state the value of the telegram. The value of such telegrams as are paid for in cash may subsequently be recovered from Government a certificate signed by the head of the office that the telegram was sent on State Service, and that cash payment was unavoidable, being attached to the voucher concerned.

5. State messages may be classed as "express" or "ordinary" at the discretion of the sender, and the following general principles are prescribed for the guidance of the officer who should also bear in mind the necessity for keeping expenditure as low as possible:—

(a) A telegram should not be sent where a letter would serve the same purpose equally well.

(b) Express letters are required to receive the same attention in the office where they are received as telegrams. They should, therefore, be sent instead of telegrams wherever possible.

(c) State telegrams should as a rule be sent in the "ordinary" class.

(d) Messages should be classed as express—

(i) in cases of great emergency;

(ii) in cases where the despatching officer knows that the line is blocked and considers his message sufficiently important to take precedence over ordinary traffic.

(e) State telegrams should, except when extreme precision is important, be expressed in as few words as possible; and mere auxiliary and connective words which can obviously be filled in by the receiver should be omitted.

STATIONERY AND PRINTING STORES.

(Including rubber stamps).

6. The conditions under which stationery and printing stores may be purchased locally, and the financial limits on the powers of officers to purchase such stores locally are laid down in the rules for the supply of stationery and printing stores for the public service, issued from time to time by the Government of India in the Department of Industries and Labour. Articles the supply of which for public use is not permitted by those rules cannot be purchased elsewhere, and charged to contingencies.

Fountain pens and other costly articles of stationery should not be purchased at public expense.

Other stores.

7. The head of an office, except that of an office not attached to any particular railway, must obtain all stores by an indent on the Controller of Stores of the Railway, unless he has been permitted to obtain them himself by the Agent of the railway.

Typewriters, Calculating Machines, etc.

8. Officers should obtain typewriters, duplicators, calculating machines, and other similar machines required for the public service, through the Controller of Printing, Stationery and Stamps, with the previous sanction of the head of the department or the agent of the railway, as may be necessary under the rule. The supply of an approved typewriter only may be authorised by the sanctioning authority. No calculating machine of a new type may be obtained for an accounts office without the approval of the

Controller of Railway Accounts. No calculating machine for accounts work in any other office on the railway may be obtained without the sanction of the Agent and without the concurrence of the Chief Accounts Officer, who is responsible for seeing that if the machine is introduced, he will still get the initial accounts in the form he requires. If calculating machines are required for any other office, the approval of the Government of India should be obtained.

9. Typewriters, duplicators, etc., which cannot be repaired locally should be sent carefully packed to the Controller who will arrange for the necessary repairs the cost of which will be paid direct by the officer concerned or his accounts officer. No machine can be rejected as worn out or unfit for use until it has been condemned by the Controller who, if he finds it in such a condition as to render further repairs unprofitable, may authorise the purchase of a new typewriter in place of the one condemned.

10. Typewriters required by Commissions, Committees and Boards of Enquiries should be obtained from the Deputy Controller, Stationery and Stamps, Calcutta, on hire. That officer will make a monthly charge for the machine supplied. After the Commission, etc., is dissolved the machine should be returned to the Central Stationery Office, Calcutta. In no circumstances should new machines be purchased direct for Commissions, etc., and a reasonable time must be allowed to the Central Stationery Office, Calcutta, to make the necessary arrangements for the supply of the machines.

Printing and Binding.

11. (a) All railways have generally their own printing presses and printing and binding work of all offices attached to a railway should be done there, the character of printing and binding for each class of publication being determined in accordance with rules locally in force. The Railway Clearing Accounts Office will have its printing and binding work done at a Railway Press.

Note.—The Burma Railways have no Press of their own and all the printing work is given out to private presses on contract after inviting tenders.

(b) Printing and binding work of other offices should be done according to the rules for printing and binding issued by the Controller of Printing, Stationery and Stamps, under the authority of the Government of India.

(c) Offices the cost of whose printing and binding work does not ordinarily exceed Rs. 50 should have such work done locally at private presses, and charge it to their appropriation for contingencies, provided that expenditure on any single item does not exceed Rs. 20, and the total expenditure for the whole year does not exceed Rs. 50.

Note.—For printing, stationery, typewriters and forms, please also see the rules contained in Section VII of the State Railway Open Line Code, Volume III.

Publications Official.

12. (a) Official publications issued in India by the Railway Department will be supplied free to railway offices in accordance with any general distribution sanctioned by the Railway Board in respect of such issues.

Other official publications will be obtained from the Central Publication Branch on payment by officers authorised by the Agent of the railway, if employed under him, and by the Government of India in other cases.

(b) Official publications (other than parliamentary papers) published in England should be procured by the head of the railway requiring them for their own use and for the use of the officers subordinate to them, by indents forwarded to the address of the Assistant Under Secretary of State for India; the head of account to which the cost is chargeable, being specified in the requisition.

Note.—The following are not to be considered official publications:—

Act of Parliament (except Military Acts, which the Secretary of State will supply).

London Gazette.

War Office Army List.

British Postal Guide.

British Code List.

Royal Navy List.

Mercantile Navy List.

(c) Parliamentary papers required for Departments will be supplied as published by the Secretary of State to the Home Department of the Government of India under the terms of his despatch No. 5, dated the 13th January, 1876. All communications regarding their distribution should be made to the Secretary to the Government of India in the Home Department.

(d) For maps supplied by the Survey Department separate rules have been issued by the Director-General of Surveys.

Non-official.

13. (a) Books and newspapers or other periodical publications whether published in or out of India, shall not be purchased, or subscribed for, at the public expense by any public officer, without the previous sanction of the head of the railway or authorities subordinate to him to whom powers in this behalf have been delegated.

(b) All officers to whom the power to purchase books and newspapers or other publications has been delegated, *viz.*, heads of the railway and lower authorities to whom powers may have been delegated by the former, should make their own arrangement direct with the agent or publishers, for the supply of such newspapers, periodicals and books as may be required for their use and for the use of officers subordinate to them.

(c) The sanction for the supply should be communicated to the accounts officer who will check the charges in the same way as other items of recurring contingent expenditure.

(d) Payments in the United Kingdom for supplies received from out of India should be arranged for through the High Commissioner for India.

Petty Recurring Charges.

14. Heads of offices may make small monthly payments to inferior servants for supplying drinking water, dusting offices, etc., or for acting as night durwans, provided that—

(a) the payments are of a purely contingent character, are drawn on contingent bills, and may be withdrawn at any time at the discretion of the head of the office,

(b) the allowance will not count for leave salary, pension, provident-fund or gratuity,

(c) for servants already in permanent employ in receipt of a monthly rate of pay, the payments must not exceed the sum of Rs. 2 a month in any one case; and the head of the office must, in sanctioning such payments, record his reason therefor, and must satisfy himself—

- (i) that the work to be done is really necessary;
- (ii) that it is outside the regular duties of an inferior servant on the permanent establishment;
- (iii) that the grant of the extra allowance to any such inferior servant is distinctly more economical than the employment of fresh agency.

15. Heads of offices may make small monthly payments to dufftries for making paste, ink, etc.

16. The payment of the charges of the nature described above, when in excess of the limits laid down, requires the sanction of the Agent of the railway, if the office is attached to a railway and that of the Government of India in other cases.

17. Small charges, the amount of which may be determined by the head of the office, may be incurred for the washing of towels, and the purchase of towels, soap and other closet requisites for the use of officers.

Conveyance Charges.

18. Conveyance charges may be treated as contingent expenditure in the following cases:—

- (a) Tram or bus hire to subordinates for attending office on Sundays and other holidays.

Note.—In places where there are no tram or bus services other suitable conveyance may be allowed only when subordinates are called to office from their homes without notice.

- (b) District officers may sanction, when necessary, *bona fide* charges on account of conveyance hire incurred by subordinates in the performance of their duty, in addition to any travelling allowance that may be admissible under the rules, subject to the following conditions:—

- (i) That the concession is limited to subordinate staff when visiting offices at a considerable distance from each other or from the Railway station or for attending Court as a witness on behalf of Government.

- (ii) That the amount does not exceed the charges which would be payable for the ordinary means of conveyance available in the locality suitable to the position of the subordinate concerned.

Interest on Provident Fund deposits.

No. 5610-F, dated 2nd March, 1937.

In continuation of letter No. 3610-F, dated 28th February, 1936, the following copy of the Government of India, Finance Department Resolution No. F-30 (2) R-II/36, dated 11th February, 1937, was communicated:—

Finance Department.

Resolution.

In their Resolution No. F-37-V.R. II, dated the 6th December, 1930, the Government of India published an explanation of the method approved by His Majesty's Secretary of State for India in Council, for the calculation of the rate of interest on certain Funds. It is announced for general information that the rate of interest on deposits and also on balances at the credit of subscribers to the General Provident and other similar funds on the 31st March, 1937, as determined by the approved method is 4 per cent. and that this rate will be in force during the financial year beginning on the 1st April, 1937. The funds concerned are:—

1. The General Provident Fund.
2. The Civil Engineer's Provident Fund.
3. The Finance Department Provident Fund.
4. The Police Department Provident Fund.
5. The Geological Survey Department Provident Fund.
6. The Opium Department Provident Fund.
7. The Forest Department Provident Fund.
8. The Contributory Provident Fund (India).
9. The Civil Veterinary Department Provident Fund.
10. The Madras Military Assistant Surgeons Provident Fund.
11. The Indian Civil Service Provident Fund.
12. The Indian Ordinance Department Provident Fund.
13. The Special Provident Funds on bonus or Contributory terms.
14. The Indian Civil Service (Non-European Members) Provident Fund.

It is intended that the same rate of interest (4 per cent.) should also apply, with effect from the same date, to compulsory subscriptions and contributions and to the balances at credit of the subscribers on the 31st March, 1937, in respect of the State Railway Provident Funds of the Assam Bengal, Bombay, Baroda and Central India, Burma, Bengal Nagpur, Madras and Southern Mahratta and South Indian Railways whose provident fund securities have been taken over by Government.

Disbursement of gratuities to persons on behalf of minors in cases where no natural guardian of the minors exists.

No. 9108-F, dated 12th March, 1937.

With reference to letter No. AE 660/1, dated the 28th January, 1937, from the Agent, E. I. Railway, the Railway Board replied that in their opinion it is very important that it is ensured that a gratuity payable to a minor child (in the absence of a natural guardian) goes to the right person, i.e., to one who will use it for the benefit of the minor. The Board agree that it is not necessary in all cases to insist on a legal certificate, but it is essential that adequate evidence is produced that the person to whom payment is made is the *de facto* guardian. But, to waive all monetary limits might tend to facilitate frauds where substantial sums are involved and the Board are, therefore, unable to agree to the Agents' suggestion. They, however, consider that, in the case of gratuities the limit of Rs. 250 laid down in this office letter No. 9108-F, dated the 26th January, 1937, can safely be raised to Rs. 500. The sanction of the Governor-General in Council was accorded to this.

Powers of Agents of State-managed Railways.

No. 9911-F, dated 29th April, 1937.

The following should be substituted for the contents of the column 'Particulars of the power' in Railway Board's letter No. 99---F, dated the 7th August, 1936:—

"Grant of leave to staff other than Gazetted Officers with leave salary equal to average or half average pay and to workshop and other employees on daily rates with leave salary equal to full or half wages, when temporarily absent for medical treatment in consequence of accidents or injuries met with in the execution of their duties (item 22 of the schedule).

Powers of the Boards of Directors of State-owned Company-managed Railways.

No. 9911-F, dated 29th April, 1937.

The following should be substituted for the contents of the column 'Particulars of the power' in Railway Board's letter No. 9911-F, dated the 10th August, 1936:—

"Grant of leave to staff other than Gazetted Officers with leave salary equal to full or average or half average pay and to workshop and other employees on daily rates with leave salary equal to full or half wages, when temporarily absent for medical treatment in consequence of accidents or injuries met with in the execution of their duties (item 16 of the schedule).

Adjustment of Amounts irregularly credited to State Railway Provident Fund.

No. 084-F, dated 20th May, 1937.

In para. 1 of this office letter No. 084-F, dated the 2nd January, 1937, for the words "if necessary" the following may be substituted:—

"Except in cases where interest is not allowed under rule 20-A of the State Railway Provident Fund Rules."

No. 5920-F, dated 24th June, 1937.

In exercise of the powers conferred by Section 241 of the Government of India Act, 1935, the Central Government have decided that the following amendment shall be made in the State Railway Provident Fund Rules in their application to Railway Servants who are under their rule making control, namely:—

At the end of Rule 22 of said Rules and before Note 1 thereunder add the following Proviso:—

"Provided that a subscriber appointed on or after the 1st June, 1937, shall not be permitted to withdraw more than the amount of his own subscriptions *plus* the interest accrued thereon."

Fees received by Railway employees from outside sources.

No. 8836-F, dated 29th June, 1937.

With reference to the letter No. 237-E|3, dated the 15th June, 1937, of the Agent, E. B. Railway, the Board agree with the view held by the Chief Accounts Officer that the funds of Station Committees, although financed from grants from Railway revenues, cease to be such, once the grants are made. Payments from station committee funds to railway servants are

therefore, fees as defined in Fundamental Rule 9 (6-A), and subject to the provisions of Supplementary Rule 12.

Powers of the Boards of Directors of State-owned Company-managed Railways.

Copy of letter No. 2670/G/16-19, dated 5/8th June, 1937, from the Agent, Bengal & North-Western Railway, to the Secretary, Railway Board.

With reference to Railway Board's letter No. 9911-F, dated 29th April, 1937, it is presumed that the Schedule of Powers to which the Railway Board's letter No. 9911-F, dated 29th April, 1937, refers, appears to have been superseded by the Schedule received with letter No. Code 52/36, dated 2nd October, 1936.

In the circumstances it is requested that matters be made clear as to the intention of the letter under reference.

No. 9911-F, dated 5th July, 1937.

With reference to the letter No. 2670/G/16-19, dated the 8th June, 1937, from the B. & N. W. Railway it was stated that the Schedule of Powers accompanying Railway Board's letter No. Code 52-36, dated the 2nd October, 1936, is a Schedule of Financial Powers, relating only to *financial* matters and supersedes the previous schedule only in such matters and not in administrative matters relating to appointments, promotions, grant of leave, transfers, etc., in regard to which the items in the previous schedule continue to be in force.

Rate of contribution towards leave salary in respect of staff loaned to another railway of Government Department.

No. 0191-F, dated 14th July, 1937.

With reference to the letter No. E. 175-37, dated the 3rd July, 1937, from the Agent, B. B. & C. I. Railway, it was stated that in respect of State Railway Officers and Subordinate Staff subject to the new State Railway Leave Rules promulgated with Railway Department resolution No. 8373-E, dated the 20th February, 1930, a system of recovery from borrowing Governments of contribution for leave salary at the rates laid down for foreign service contributions in Appendix II-A, in Volume II of the Posts and Telegraphs Compilation of the Fundamental and Supplementary Rules, Second Edition (Revised) has been laid down by the Government of India for a period of five years from the date of the introduction of the new rules, or until the date of introduction of the revised rates of leave salary contributions, whichever is earlier.

Rate of Contribution towards Leave Salary in respect of inferior establishment engaged on behalf of other Government departments or public bodies.

With reference to letter No. 567/9-3, dated the 25th January, 1937, from the Agent, Burma Railways, the Governor-General in Council, has been pleased to decide that contribution on account of leave salary, in respect of inferior servants governed by the New State Railway Leave Rules who are engaged on behalf of other Government departments or public bodies, should be recovered at the rate of 5 per cent. of pay.

Allocation of Works Expenditure.

No. 1095-F, dated 17th July, 1937.

It has been finally decided that, in future, the procedure laid down in paragraph 1 (a) of this office letter No. 1095-F, dated the 3rd December, 1936,

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regarding the calculation of the "full cost of replacement by a like asset" should be adopted permanently.

No. 5920-F, dated 22nd July, 1937.

The following Resolution by the Secretary of State for India is published for general information:—

In exercise of the powers conferred by sub-Section (1) of Section 250 read with Section 247 of the Government of India Act, 1935, the Secretary of State, with the concurrence of his Advisers, hereby makes the following amendment to the State Railway Provident Fund Rules made by the Secretary of State in Council under Section 96-B of the Government of India Act and directs that the amendment shall have effect from 24th June, 1937.

At the end of sub-paragraph (i) of paragraph (b) of Rule 54 of the said Rules the following shall be added, namely:—

"Provided that if the amount exceeds Rs. 5,000 and the nominee is not a dependant, it shall be payable only on production of Probate or Letters of Administration."

Liability of Provident Fund Deposits to Estate Duty in Great Britain.

No. 0106-F, dated 23rd July, 1937.

Government of India, Finance Department endorsement No. F. 23-(6)-R11/36, dated the 3rd February, 1937.

Copy of letter No. F. 2583-37, dated 19th May, 1937, from the India Office to the Secretary, Government of India, Finance Department.

As a consequence of Section 24 of the Finance Act, 1936, the Provident Fund deposits of a contributor, domiciled in Great Britain who dies after 15th July, 1936, will be liable to estate duty whether or not his power of disposition is limited.

The Board of Inland Revenue stated that the existing law has been changed in important respects by Section 24 of the Finance Act, 1936, prior to the enactment of that section, the liability of deposits with Indian Provident Funds was mainly governed by two factors, namely:—

- The domicile of the contributor at the time of his death, and
- Whether or not his power of disposition was restricted.

If the contributor died domiciled outside Great Britain there was no liability to British Death Duties. If he died domiciled within Great Britain, British Estate Duty was payable only if and so far as his power of nomination or disposition was unrestricted.

In the case of persons dying after the commencement of the Finance Act, 1936, i.e., after the 15th July, 1936, the domicile factor alone of the two factors abovementioned is material in determining whether British Estate Duty is leviable. If the domicile was not within Great Britain, then as before, no liability for British Death Duties arises. If, however, the contributor dies domiciled in Great Britain that fact is sufficient to bring his Provident Fund deposit within the charge of British Estate Duty and the fact that the contributor's power of disposition is restricted no longer takes the deposit outside the charge of duty.

The following tabular statement sets out the present position of such funds:—

PROVIDENT FUNDS ADMINISTERED IN INDIA.

Liability of Death Duties in Great Britain of the deposits of a member dying domiciled in Great Britain.
(No duty is leviable in Great Britain if the Member dies domiciled elsewhere).

Type of fund.	Person entitled on the Death.	Whether British Estate Duty payable.	
		Death before 16th July, 1936.	Death on or after 16th July, 1936.
Those in which the rules prescribe that— (a) a subscriber must nominate a dependant if one exists. (b) in the absence of a valid nomination the deposits must be paid to a dependant. (c) if there is no dependant the subscriber may nominate whom he pleases.	(a) Nominated dependant	No	Yes
	(b) Dependand taking in default of nomination.	No	Yes
	(c) Other persons.	Yes	Yes
Those in which the rules prescribe that— (a) Rs. 5,000 or the amount at credit, whichever is less, shall be paid to the surviving widow or children, in the absence of a written declaration by the subscriber to the contrary. (b) subject thereto the deposits are payable to the subscribers' legal personal representatives e.g. The Indian Civil Service Provident Fund.	(a) widow or children.	No	Yes
	(b) legal personal representatives.	Yes	Yes
	(c) legal personal representatives.	Yes	Yes
Those in which the rules prescribe that— (a) a subscriber may nominate whom he pleases. (b) if there is no nomination the amount due is payable to a dependant, if one exists e.g. The State Railway Provident Funds.	(a) Nominee.	Yes	Yes
	(b) Dependand, there being no nomination.	No	Yes
	(c) legal personal representatives.	Yes	Yes

N.B.—Where British Estate Duty is payable, British Legacy Duty may also be payable.

Allocation of expenditure on replacements and renewals of Ballast.

No. 1095-F|XXII|C, dated 26th July, 1937.

The Railway Board are tentatively of the opinion that all expenditure on ballast which is not chargeable to Capital should, without any distinction, be debited to repairs and maintenance and no portion of the expenditure on ballast renewals should under any circumstances be allocated to replacements chargeable to the Depreciation Reserve Fund. Before issuing final orders on the subject, they would like to know the modification which this principle would necessitate in the grants under Repairs and Maintenance and Depreciation Fund in the current year's budget.

Adjustment of amounts irregularly credited to the State Railway Provident Fund.

No. 084-F dated 5th August, 1937.

In continuation of office letter No. 084-F, dated the 22nd January, 1937, the orders contained in para. 1 thereof, as subsequently amended should apply to all cases outstanding on or detected after that date. Cases which had been finally settled prior to 22nd January, 1937, need not be reopened.

The intention of the instructions in paragraph 2 of the letter is that in all orders passed after 22nd January, 1937, waiving recovery of over-payments the amount waived should be only such portion of the over payments as is not covered by the amount that is being refunded from the Provident Fund.

Depreciation of detailed estimates.

No. 6205-F, dated 5th August, 1937.

Referring to letter No. 6205-F, dated 30th July, 1930, as some misapprehension seemed to prevail regarding the manner in which detailed estimates for subworks are to be prepared after the abstract estimate of a project has been duly sanctioned by the competent authority, the following further instructions of the Railway Board were issued to make the position clear.

The Board consider that in the case of open line projects the essential requirements to be met are that works must not be started till (i) an estimate for the whole work has been prepared in sufficient detail to enable the competent authority to make sure that the total estimate sanctioned by the higher authority is not likely to be appreciably exceeded, and (ii) a detailed estimate has been prepared for each subwork (i.e., distinct unit of work which is sufficiently large or important to be kept distinct for purpose of accounts) which it is proposed to commence. So long as these essential conditions are satisfied the Board do not think it necessary to insist that detailed estimates for all sub-works that go to comprise any one item of the abstract estimate sanctioned by higher authority should be ready before any particular sub-work is started. It is left to the discretion of the Agent progressively to prepare and sanction detailed estimates for such sub-works as are to be carried out against the sanctioned abstract estimate provided he is satisfied that the sum of such detailed estimates as are sanctioned by him will not cause an excess over the total amount of the abstract estimate sanctioned by the Railway Board beyond the limits laid down in paragraph 27 of the revised schedule of powers circulated under Railway Board's letter No. Code|52-36, dated the 2nd October, 1936.

Settlement of Provident Fund dues.

Copy of letter No. A. E. 268|3, dated the 10th June, 1937 from the Agent, East Indian Railway, to the Secretary, Railway Board.

In his letter No. 406-CRA|ADM, dated the 15th January, 1931, to the Director, Railway Clearing Accounts Office, the Controller of Railway Accounts ruled that in the case of a deceased Hindu employee when there was no guardian appointed by Court, the payment of his Provident Fund dues might be made to his widow on behalf of her minor children. These orders were based on the Finance Department letter No. F|17-VIII-R|II-30, dated the 24th October, 1930, which also lays down that the ruling is to apply in the case of a Hindu widow only.

2. In a recent case of a deceased Mohammedan employee who left behind a widow and minor children, the minors' share of the provident fund money which exceeds Rs. 250 each could not be disbursed without the production of a guardianship certificate.

3. The Railway Vakil has, however, pointed out that as in the case of Hindus, a widow is the natural guardian of her minor children, in the case of Mohammedans, a grandfather is the natural guardian of his grandchildren under the Mohammedan Law and the payment of the minors' share of the provident fund dues should therefore be made to the grandfather in the case of Mohammedans.

4. Under the existing procedure, the production of a guardianship certificate from a Court is always insisted on in such cases of non-Hindu deceased members of the provident fund.

5. Will the Board consider the question of amending the orders contained in the Government of India Finance Department and Controller of Railway Accounts letters referred to, to admit of payments of minors' shares of the provident fund dues of a deceased Mohammedan employee being made to their natural guardian.

No. 9108-F, dated 9th August, 1937.

The Railway Board held that the views expressed by the East Indian Railway Vakil *vide* para. 3 of letter under reply are correct and that action may be taken as suggested by him.

Interpretation of Art. 455, C.S.R. read with the note to Art. 827-C.S.R. as regards the date of retirement.

No. 9758-F, dated 18th August, 1937.

Copy of the Government of India, Finance Department letter No. F-6 (37) R. II|37, dated 24th July, 1937.

As a doubt has arisen as regards the date from which retirement should take effect under Article 455 read with the note to Article 827-A, Civil Service Regulations, in the case of an officer who is invalided from service, the Government of India have decided that retirement should take effect from the date of the Board's report in all such cases in the future.

Amendments issued to F.R. 81 and the New State Railway Leave Rules.

No. 9727-F, dated 23rd August, 1937.

The proviso to sub-Clause (ii) of Clause (b) of F.R. 81, referred to in the correspondence, has been amended in respect of Railway Servants under the rule-making control of the Governor-General in Council, in Railway

Department Notification No. 9714-F[F.R. 20 Railway, dated the 24th June, 1937, and similar amendments in the New State Railway Leave Rules were made in Railway Department Notification No. 9707-F, dated the 3rd March, 1937.

These amendments should, therefore, govern all leave which commences after the dates of the Notifications referred to even though it may have been sanctioned before those dates under the relevant rules.

Copy of letter No. 1885/33-c, dated the 9th April, 1937 from the Government of Bombay to the Finance Department, Government of India.

FUNDAMENTAL RULES: AMENDMENTS.

By direction of His Excellency the Governor of Bombay a question was addressed as to the interpretation of Clause (b) of Fundamental Rule 81 as recently modified by the Government of India, Finance Department, Notification No. F-7 (47) R. I. 35, dated the 11th June, 1936.

2. (i) The effect of the amendment to the proviso to sub-Clause (ii) of Clause (b) of Fundamental Rule 81 is to make the grant of leave on average pay on medical certificate inadmissible, if such leave is sought preparatory to retirement. It is presumed, however, that the amended proviso is not retrospective in its effect, and will not, therefore, affect sanctions to leave on average pay on medical certificate preparatory to retirement, which were accorded before the date of this amendment.

(ii) Another question which arises is whether in the case of an Officer who is granted leave on average pay on medical certificate, any modification in the orders granting the leave will become necessary, should he decide later to retire at the end of that leave or of an extension of that leave. If the answer to the question is in the affirmative, it might be necessary to require officers, subject to ordinary leave rules, who apply for leave on average pay on medical certificate, to give an undertaking that they will refund overpayments, if any, if they subsequently decide to retire at the end of the leave or of an extension of that leave.

The amendment to Fundamental Rule 81 (b) published in the Government of India Notification mentioned above has been incorporated in Bombay Civil Services Rule No. 736, and it is desirable to maintain uniformity as far as possible in the interpretation of the two sets of rules. I am accordingly directed to enquire what are rulings of the Government of India on these two matters in respect of the amendment which has been made in Fundamental Rule 81.

Copy of letter No. F. 7 (47)-R. I/35, dated the 10th August, 1937, from the Finance Department, Government of India, to the Secretary to the Government of Bombay, Finance Department.

AMENDMENTS ISSUED TO FUNDAMENTAL RULE 81.

With reference to letter No. 1885/33-C, dated the 9th April, 1937, on the subject noted above as the proviso to sub-Clause (ii) of Clause (b) of Fundamental Rule 81, as amended in the Finance Department Notification No. F. 7 (47)-R. I/35, dated the 11th June, 1936, has effect from the 12th May, 1936, it should govern all leave which commences after that date, even though such leave may have been sanctioned before that date.

With regard to the points raised in paragraph 2 (ii) it was stated that when average pay is drawn by virtue of a medical certificate under the

proviso to sub-Clause (ii) of Clause (b) of Fundamental Rule 81, it is reasonable that Government should have the opportunity to recover the difference between average pay and half average pay for the period in excess of 4 months. The Central Government, therefore, consider that an undertaking to this effect should be taken from those officers who take advantage of the proviso referred to above, but the question whether the officer concerned should be called upon to refund the amount drawn in excess as leave-salary should be decided on the merits of each case, i.e., if the retirement is voluntary, refund should be enforced, but if the retirement is compulsorily thrust upon an officer by reason of ill-health incapacitating him for further service, no refund should be taken.

Adjustment of amounts irregularly credited to the State Railway Provident Fund.

No. 084-F, dated 27th August, 1937.

With reference to this Department letter No. 084-F, dated the 22nd January, 1937, the orders contained therein regarding the refund of interests on excess subscriptions do not differentiate between excess credits due to:

- (i) wrong fixation of pay, and,
- (ii) irregular membership.

Except in cases where interest is not allowed under Rule 20-A of the State Railway Provident Fund Rules, the Agent is competent to sanction the payment of interest in both cases to all staff including the Accounts Department.

As regards the cases of overpayments where the amounts involved are small and the period of overpayment is very long, in accordance with the instructions contained in paragraph 1 of Board's letter No. 084-F, dated the 22nd January, 1937, as modified by their letter No. 084-F, dated the 20th May, 1937, it is necessary to calculate interest on excess subscriptions. The calculation of interest on excess contribution and its excess bonus on the basis of some simple method should not involve much clerical labour. In this connection the Railway Board consider that the recasting of the Provident Fund Accounts of the employees concerned should not be undertaken. Simple interest at the prescribed rates on the total overpayment for half the period will yield approximately accurate results. The Board are of opinion that this method should be adopted. As regards the head of Account to which the interest should be credited orders will follow.

Nomination under the State Railway Provident Fund Rules.

No. 0409-F, dated 1st October, 1937.

With reference to letter No. 21518-U/392, dated the 26th July, 1937, from the Agent, G.I.P. Railway, the words "person or persons" occurring in Rule 26 of the State Railway Provident Fund Rules do not exclude for the purposes of these Rules either an "Incorporated Bank" or "the Public Trustee".

It may, however, be pointed out that nominations in favour of persons other than dependants will not have the protection afforded by Section 3 (2) of the Provident Fund Act and that Section 5 (1) of the Provident Fund Act confers an absolute right on the nominee and that right cannot be qualified by trusteeship, i.e., the trustee would acquire an absolute right in the accumulated sum.

Treatment of leave granted under Supplementary Rule 233 (a) and the third sentence of the Note below Article 827-A, Civil Service Regulations, as leave on medical certificate.

No. 9727-F, dated 18th October, 1937.

The decision of the Government of India Finance Department in letter No. 7 (61)-R.I.37, dated the 30th September, 1937, to all Provincial and Minor Local Governments, will apply also to leave granted to railway servants under the New State Railway Leave Rules in parallel circumstances.

Copy of letter No. F-7 (61) R.I.37, dated the 30th September, 1937, from E. Birdgnell Esquire, Under-Secretary to the Government of India, Finance Department, Simla, to All Provincial and Minor Local Governments.

Subject:—Treatment of the leave granted under Supplementary Rule 233 (a) and the third sentence of the Note below Article 827-A, Civil Service Regulations, as leave on medical certificate.

The Central Government have been pleased to decide that in the case of an officer who is granted leave under Supplementary Rule 233 (a) or under the 3rd sentence of the Note below Article 827-A, Civil Service Regulations, and who subsequently returns to duty, the leave should be treated as leave on medical certificate for purposes of the proviso to Fundamental Rule 81 (b) (ii) and Article 319 or 327, Civil Service Regulations, respectively.

Nomination under the State Railway Provident Fund Rules.

No. 0409-F, dated 29th October, 1937.

In continuation of this office letter No. 0409-F, dated the 1st October, 1937, the Government of India have had the legal position further examined with reference to the persons who could be nominated as beneficiaries under the State Railway Provident Fund Rules, and they are advised that both under the Government of India Act, read with the Interpretation Act, and the Provident Fund Act read with the General Clauses Act, the words "person or persons" occurring in Rule 26 of the State Railway Provident Fund Rules would include any corporation or incorporated body of persons. A nomination in favour of an office bearer of an incorporated body (as distinguished from that body itself) or a nomination in favour of a non-registered body of persons or any office bearer thereof would, however, not be valid as rule 26 of the Railway Provident Fund Rules requires a person to be particularised, and should, therefore, not be accepted.

Reconditioning of Assets.

No. 0418-F, dated 9th November, 1937.

Referring to paragraphs 32 and 33 of the Report of the Indian Railway Enquiry Committee the Railway Board consider it important that, before sanctioning the replacement of assets, Railway Administrations should examine critically whether it would not be possible to avoid or, at least, postpone such replacements by adopting methods of 'reconditioning', at a cost that could be justified financially. In all such cases, the total cost of reconditioning an asset should be charged to "Ordinary Repairs and Maintenance" in the same way as the cost of other repair work. But detailed estimates should be prepared for all such works the cost of which exceeds Rs. 20,000.

In all cases in which it is considered necessary to replace an asset instead of reconditioning it, it should be shown, on the lines indicated in the annexure, that an average annual cost of service of the new asset is less than that of the old asset after reconditioning.

ANNEXURE.

The "average annual cost of service of an asset" is the sum of—

- (a) the average annual expenditure that would be incurred in connection with the upkeep, operation, maintenance and repairs of the asset,
- (b) the necessary annual payment to a sinking fund, and
- (c) the annual interest charges.

The following example is intended to illustrate the method of financial justification to be employed, when it has to be decided whether, say, a locomotive is to be replaced or reconditioned, with the data given below:—

	Rs.
Estimated second-hand cost of the old locomotive	.. 10,000
Cost of the new locomotive	.. 150,000
Cost of reconditioning old locomotive	.. 25,000
Rate of interest	6 per cent.
Life of reconditioned locomotive 6 years.	
Life of new locomotive 35 years.	
Scrap value of reconditioned locomotive, at end of 6 years	.. 6,000
Scrap value of new locomotive, at the end of 35 years	.. 10,000
Average annual maintenance, operation, and repair charges of reconditioned locomotive	.. 10,000
Average annual maintenance, operation, and repair charges of new locomotive	.. 8,000

The average annual cost of service of the reconditioned locomotive works out as shown below:—

	Rs.
Cost of maintenance, operation, repairs, etc.	.. 10,000
Interest at 6 per cent. on Rs. 35,000 (10,000 + 25,000)	.. 2,100
Sinking fund payment— (Table—6 years and 6 per cent.=.1434) (35,000=6,000)— (29,000×.1434=4158)	.. 4,158
Total.	.. 16,258

	Rs.
The average annual cost of the new locomotive would be:—	
Cost of maintenance, operation, repairs, etc.,	.. 8,000
Interest at 6 per cent. on Rs. 1,50,000	.. 9,000
Sinking Fund payment— (Table—35 years and 6 per cent. .0090: (1,50,000— 10,000)=1,40,000×.0090=1260)	.. 1,260
Total.	.. 18,260

It follows from the above figures that, with the data assumed, it is cheaper to recondition the old locomotive instead of replacing it by a new one.

of his intention to reside after retirement in a country where the rupee is legal tender. It is only when he desires that payment should be made to him in Sterling that he must satisfy Government of his intention to reside after retirement in a country where the rupee is not legal tender.

Settlement of Provident Fund dues.

No. 9108-F, dated 15th December, 1937.

With reference to letter No. 9053|E|35-2, dated 20|22nd November, 1937, from Agent, B. & N.-W. Railway, the Railway Board stated that in the case of a Mohammadan, the paternal and not the maternal grandfather is the natural guardian of minor children. As regards a Hindu who has left more than one widow, with minor children, each widow will be the natural guardian of her own children.

Copy of letter No. 9053|E|35-2, dated 20th|22nd November, 1937, from the Agent, Bengal and North-Western Railway, Gorakhpur to the Secretary, Railway Board, New Delhi.

SETTLEMENT OF PROVIDENT FUND DUES.

In accordance with Railway Board's letter No. 9108-F, dated 9th August, 1937, Provident Fund bequeathed by a depositor to his minor children, may, if he is dead, be paid on their behalf as follows:
Hindus.—

To the widow as the natural guardian of her minor children.

Mohammadans.—

To the grandfather of the minor children.

The Railway Board's orders, however, have not taken into consideration the difficulty that presents itself when a Hindu has married more than once and both his wives are alive, and there are minor children by both. It would appear that each widow is the natural guardian of her children, but it is not clear whether such a case could be dealt with under the Railway Board's orders.

Further more, in the case of a Mohammadan, the Railway Board do not state which grandfather is the natural guardian of the minor children, the paternal or the maternal or both, and whether in the case of the decease of one of the grandfathers, the other becomes the natural guardian.

Will the Railway Board kindly clear up the above points?

Payment of Provident Fund moneys when the services of a subscriber have been terminated and he has died before receiving his Provident Fund money.

No. 9797-F, dated 31st December, 1937.

With reference to the letter No. A. E. 844|156|IV, dated the 5th July, 1937, from the Agent, S. I. Railway, the Government of India are advised that under the Provident Fund Rules of that railway (which are analogous to State Railway Provident Fund Rules) as they stand, the Provident Fund assets of a subscriber, who dies after retirement but before receiving his Provident Fund money, form part of his estate and will be payable to his heirs irrespective of any nomination and the provisions of the Act as to dependents. In order to overcome this difficulty the Railway Board have

in the revised State Railway Provident Fund Rules, which are expected to issue shortly, worded the relevant rule as under:—

“On the death of a subscriber before the amount standing to his credit has become payable, or where the amount has become payable, before payment has been made—

- (i) if a nomination made by the subscriber in accordance with Rule.....subsists, the amount standing to his credit in the Fund, or the part thereof to which the nomination relates, shall, subject to the other provisions of these rules, be payable in accordance with such nomination:

Provided that if the amount exceeds Rs. 5,000 and the nominee is not a dependent, it shall be payable only on production of probate or letters of administration.

- (ii) if no nomination subsists or if nomination relates only to a part of the amount standing to his credit in the Fund, the whole amount or the part thereof to which the nomination does not relate, as the case may be, shall subject to the other provisions of these rules, become payable to the members of his family in equal shares:

Provided that no share shall be payable to—

- (1) sons who have attained legal majority,
- (2) sons of a deceased son who have attained legal majority,
- (3) married daughters whose husbands are alive,
- (4) married daughters of a deceased son whose husbands are alive,

if there is any member of the family other than those specified in Clauses (1), (2), (3) and (4):

Provided further, that the widow or widows and the child or children of a deceased son shall receive between them in equal parts only the share which that son would have received if he had survived the subscriber, and if, in a case, where had he survived the subscriber, he would have been excluded from a share under Clause (1) of the first proviso, he had not been so excluded.

Service counting for pension after the date of the medical board's report in the case of an officer invalided from service.

No. 9758-F, dated 31st December, 1937.

Copy of the Government of India, Finance Department letter No. F. 6 (70)-R-II|37, dated the 1st December, 1937.

A case has recently been brought to the notice of the Central Government in which an officer, after submitting a medical certificate of invalidment, was retained in service for about two months, under the provision of Article 455, Civil Service Regulations, and thereafter granted six months' leave, under the Note below Article 827-A, and the question has arisen whether it is permissible to grant both these concessions to an officer who has submitted a medical certificate of incapacity for further service.

The Central Government consider that the object of both these concessions is the same, *viz.*, to permit a small period from the date of the medical board's report to reckon for pension, and that it is permissible to employ both the Articles. They have, however, decided that in a case where both the concessions are granted, the combined effect should be that not more than six months' service from the date of the medical certificate is reckoned for pension.

Notification.

No. 9758 F/S.S.R./II Ry., dated 23rd November, 1937.

In exercise of the powers conferred by Clause (a) of sub-Section (2) of Section 241 of the Government of India Act, 1935, the Central Government is pleased to direct that the following amendments shall be made in the Civil Service Regulations, in their application to Railway servants under its rule-making control namely:—

(1) For Article 426 of the said Regulations and the note thereunder the following shall be substituted, namely:—

"426.—If a pensionable railway servant is selected for discharge owing to the abolition of a permanent post, he shall, unless he is appointed to another post the conditions of which are deemed by the authority competent to discharge him to be at least equal to those of his own, have the option—

- (a) of taking any compensation, pension or gratuity to which he may be entitled for the service he has already rendered or
- (b) of accepting another appointment or transfer to another establishment even on a lower pay, if offered, and continuing to count his previous service for pension".

(2) Articles 427, 437, 439 and 517 of the said Regulations shall be omitted.

(3) For Clause (a) of Article 514 of the said Regulations the following shall be substituted, namely:—

- (a) An officer who has obtained a compensation pension, if re-employed may retain his pension in addition to his pay, provided that if he is re-employed in a post paid from railway revenues, the pension shall remain wholly or partly in abeyance if the sum of the pension and the initial pay on re-employment exceeds his substantive pay at the time of his discharge, that is, a Railway servant can draw so much of pension only as will make his initial pay plus pension equal to his substantive pay at the time of his discharge. Once the amount of the pension has been fixed in conformity with the above condition the Railway servant shall be entitled to receive the benefits of increments in his new scale or promotion to another scale or post without a further corresponding reduction in pension; nor shall the amount of pension so fixed be varied during leave. In the case, however, of a pensioner re-employed in either a permanent or a temporary appointment, for *bona fide* temporary duty lasting for not more than a year, the Central Government or, where the re-employment is on a State-managed railway and in a non-Gazetted post, the Agent may allow pension to be drawn in whole or in part even though the sum total of pay and pension exceeds his substantive pay at the time of his discharge.

These amendments shall have effect and shall be deemed always to have had effect as though they had been made on the 9th June, 1937.

Sterling Branch of Provident Fund.

No. 6887-F/XII, dated 26th November, 1937.

With reference to letter No. 769-E/396/i, dated the 2nd September, 1937, from the Agent, N.-W. Railway, the Governor-General in Council is pleased to decide that in the case of Railway servants whose domicile is in dispute the election to join the Sterling Branch of the Railway Provident Fund should be made by them within 30 days of the intimation to them of the decision accepting their domicile as non-Asiatic.

Allocation of the Cost of Renewal of Rails.

No. 9772-F, dated 27th November, 1937.

It has come to the notice of the Railway Board that no uniform procedure is being followed on Company-managed Railways in the matter of allocating the cost of replacement of rails (a) when rails, which were second hand when originally put in, are replaced by new ones, (b) when rails, which were new when originally put in, are replaced by second hand ones, and (c) when rails, which were second hand when originally put in, are replaced by second hand rails again. Certain railways make the allocation merely on the cost basis, that is, debit to capital the excess, if any, of the cost of the rails put in over the cost of the rails taken out, while other railways make the allocation on the cost basis or on the weight basis, whichever gives less debit to capital. After giving full consideration to the subject, the Railway Board have come to the conclusion that the following rule should be followed:—

In cases falling under (a) above, capital should be debited (i) with the cost of improvement as determined by applying the formulæ given in paragraph 47 (10) of the State Railway Engineering Code (now embodied as paragraph 7-A of Appendix 9 of the Railway Account Code, Volume I) and (2) with the excess of the full first hand cost of the replaced rails at the time they were originally put into the line over the actual cost then debited to capital of the second hand rails, provided that the sum of these two debits shall never exceed the excess of the cost of the new rails put in at the time of replacement over the original cost, or the present cost, of the replaced rails, whichever is greater. In the other two cases, the capital should be debited with the cost of improvement, as determined by applying the formula given in paragraph 47 (10) of the State Railway Engineering Code, provided the debit shall never exceed the excess of the cost of the new rails over the original cost of the replaced rails. In general, a charge to capital will be permissible only when there is a substantial improvement.

If the Boards of Directors of the Company-managed Railway have no objection, the procedure outlined is recommended to be adopted.

Railway Services (Provident Funds) (Sterling Accounts) Rules, 1934.

No. 6887-F/XIII/A, dated 13th December, 1937.

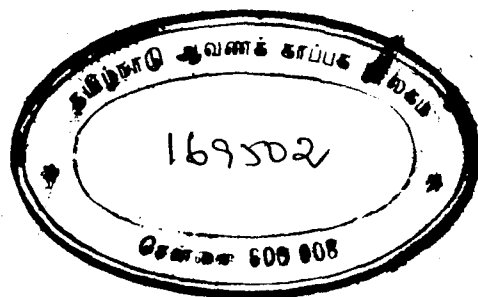
When a subscriber to the State Railway Provident Fund, who has elected to be governed by the Railway Services (Provident Funds) (Sterling Accounts) Rules, 1934, desires under Rule 11 (1) (ii) of those rules to be paid in rupees in India, it is not necessary for him to satisfy Government

Liability of the Postal Department in respect of charges for special repairs to buildings built by Railways for that Department.

No. 1315-W, dated 28th June, 1937.

In continuation of letter No. 1315-W, dated the 26th April, 1935, it has been decided by the Governor-General in Council that when any buildings specially built for the Postal Department are damaged or destroyed by earthquake, fire, erosion of the sea or other unforeseen circumstances, the cost of the special repairs or renewals necessitated thereby will be met by the Postal Department which uses the buildings, and will not be held to be covered by the ordinary rent charges. The Postal Department's liability for the cost of renewal of a *destroyed* building will, however, be limited to the depreciated value of the building at the time of its destruction, calculated under the method indicated in Railway Board's letter No. 1315-W, dated 26th April, 1935.

The credit to be afforded to the Postal Department in respect of recovered materials will be the net proceeds, i.e., after deducting salvaging expenses, and cost of carriage, if any.



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Revision of rate of interest and maintenance charged by Railway Administrations to Government Departments for buildings specifically provided for them out of Railway funds.

No. 932-W, dated 10th October, 1936.

The Railway Board have had under consideration the question of revision of the percentage charged for interest and maintenance in the rates laid down in their circular letter No. 18-W/23, dated the 9th April, 1923, for buildings specifically provided for the other departments of Government and constructed out of railway funds. After consultation with important Railway Administrations and Local Governments, the Board have come to the following conclusions:

(i) Rents charged by Railway Administrations to all Government Departments will be on a uniform basis, except as in paragraph 2 below.

(ii) The rate of interest will be the rate charged by the Government of India on advances to the Provincial Loans Fund. (This rate is intimated to the Local Governments every year, and if there is any delay in its intimation, the rate of the previous year may be adopted for the purpose of calculating the amounts to be charged for.) The rate of interest to be adopted in the case of a building is the rate in force on the date on which the construction of the building was completed.

(iii) There will be only two classes of buildings, *viz.*, pucca (permanent) and kutchra (temporary).

(iv) (a) Uniform rates of 3% and 7½% respectively on account of maintenance of permanent and temporary buildings will be adopted to cover maintenance and depreciation. These should be calculated on the capital cost of buildings, including the cost of land, but excluding electrical installations. The capital cost of buildings for the purpose of calculating both interest and maintenance includes the usual supervision and storage charges.

(b) These rates do not include municipal and other taxes in the nature of house or property tax. The actual charges on account of such taxes will be paid by the occupying department of Government in addition to the percentage payable as rent. Occupiers' taxes are payable direct to the local authorities concerned by the occupying department.

(v) Electrical installations will continue to be treated independently and the existing rate for maintenance, etc., will remain unchanged for the present.

(vi) The buildings will be replaced or renewed out of railway funds when the occasion arises, but the charges for interest and maintenance after such replacements or renewals will be re-calculated on the book values of the new buildings, the original transaction in each case being considered as having been finally closed, on the assumption that the Railway Administration has recovered the whole of the capital cost of the original building through the provision for depreciation included in the rates prescribed in sub-paragraph (iv) (a) above.

The Railway Board have also decided that the Assam Bengal and Eastern Bengal Railway Administrations should charge rent on the capital cost of purely temporary buildings at the rate of 15% and 25% respectively.

These orders will have effect from 1st April, 1936.

Attention is also drawn to Railway Board's letter No. 5464-F, dated 6th June, 1936, dealing with recovery of rent in respect of railway residential accommodation in occupation of officers of Central Government Departments and Provincial Governments.

Revision of rate of interest and maintenance charged by Railway Administrations to Government Departments for buildings specifically provided for them out of Railway funds.

No. 932-W, dated 26th May, 1937.

In continuation of Railway Board's letter No. 932-W, dated 10th October, 1936, the following alteration may be made in para. 1, item (ii) thereof:—

Omit the sentence within brackets commencing with 'This rate is' and ending with 'charged for' and insert 'The latest rate for the Provincial Loan Fund should apply until further orders' in lieu thereof.

It is added that the question of fixing the rate to be charged to the Federal Railway Authority is under consideration.

Completion Reports.

No. 1444-W, dated 10th April, 1937.

In continuation of this office circular letter No. 1444-W, dated the 10th February, 1936, the attention of the Public Accounts Committee was drawn to a number of instances of works expenditure held under audit objection for want of sanction pending the submission of completion reports and have requested Government to remedy the present unsatisfactory state of affairs in this regard.

On an examination of the question, the Railway Board understand that the main cause of delay in the preparation of completion reports is with respect to the adjustment of credits for released materials as the present practice is to wait for their actual disposal before closing the accounts of the works. To avoid delay, the Railway Board desire that the Works concerned should be afforded credit on the value of released materials on the basis of estimates by the Stores Department in consultation with the Engineer Officers.

In this connection attention is invited to paragraph 305 of the State Railway Code for the Engineering Department, and to suggest that the procedure outlined in that paragraph should be adopted when there is a dispute between the contractor and the railway. That is, if the contractor's claim is not finally settled within a reasonable time, whatever the railway considers as legitimately due to the contractor should be adjusted by debit to the work and credit to 'Deposits' and the account of the work finally closed. When the contractor is subsequently paid finally and the amount paid to him differs from that in credit in Deposits, necessary adjustments should be made by opening the accounts of the work and preparing a revised completion report. The Railway Board trust that the adoption of this procedure will result in completion reports being submitted much earlier than is the case at present.

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