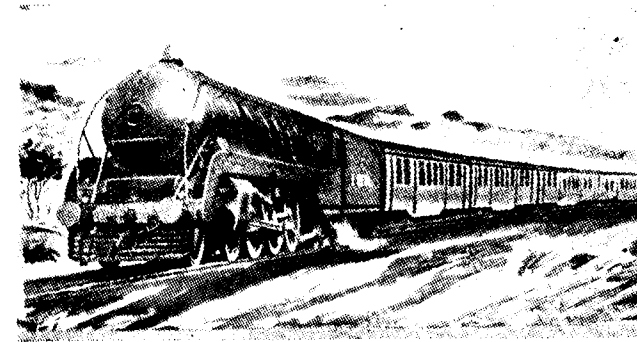
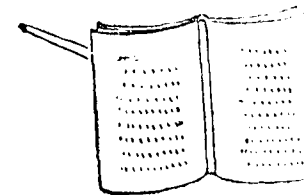


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THE
RAILWAY ACCOUNTANT
A Monthly Journal
devoted to
Railway Accounts, Audit & Finance.

Vol. I

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No. 10

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EDITORIAL NOTICE

The Managing Editor invites contributions to this Journal which is issued on the 15th of every month. Every such contribution for publication must bear the name and address of the Sender, not necessarily for publication, but as a guarantee of good faith. The contributions must be clearly written or typed on one side of the paper only with a margin of at least one inch. Writers who want to be anonymous must also give their addresses in addition to the pseudonym or other identification mark.

Every contribution must reach the Managing Editor by the 25th of a month for inclusion in the next month's Journal. If the writer desires return of any rejected manuscripts, he should specifically state so, enclosing an adequately-stamped and self-addressed envelope.

The Managing Editor does not hold himself responsible for the accuracy of anything published in this Journal or for any opinion expressed by the contributors therein. All communications, contributions, subscriptions, advertisements etc. should be addressed to the Managing Editor, **THE RAILWAY ACCOUNTANT**, 14, Balakrishna Road, Mylapore, Madras 4.

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ACKNOWLEDGMENTS

The following Journals and Magazines have been received since the last issue :

Central Railway Newsletter—Dec. 1954	Chartered Accountant—Dec. 1954
Central Railway Magazine—Dec. 1954	Indian Railway Gazette—Jan. 1955
Eastern Railway Magazine—Dec. 1954	Wednesday Review—Week ending 22-12-1954
North Eastern Railway Magazine—Nov. 1954	Accountants' Journal, New Zealand—Nov. 1954
Western Railway Magazine—Nov. & Dec. 1954	
Southrailnews—Dec. 1954	Australian Accountant—Nov. 1954
Educational Review—Nov. & Dec. 1954	Careers and Courses—Dec. 1954

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Railway Finances

Elsewhere in this Issue is published a summary of the debate in the Parliament on the Railway Finance Convention Committee's Report. In spite of divergence of opinion among the speakers, the official resolution accepting the report was carried without a division.

Regarding the rate of dividend, while some speakers wanted the rate to be lowered, Mr. B. Das, one of the other set of Parliamentarians (and Chairman of the Public Accounts Committee), pleaded for raising it to 4½%. The rate finally accepted was 4%, continued from the last quinquennium. The basis upon which this rate was fixed was that it should represent a fair return to the general tax-payer on his huge investment in the Railway and at the same time give the Railway the rest of the surplus for strengthening its Depreciation Reserve Fund and also for making suitable provision for amenities to passengers and for new development schemes. By making it a fixed rate from year to year, the tax-payer practically became a debenture-holder, while the Railways could have the benefit of any increased revenues—either sudden or forecast. The balances under the various funds of the Railways compare as under :

	(Figures in crores of rupees)	
	At the end of 1951	At the end of current year (anticipated)
Depreciation Reserve Fund	... 122.83	98.16
Revenue Reserve Fund	... 33.72	38.36
Development Fund	... 22.48	13.66

In order to implement the Second Five Year Plan, where the amounts in the Development and Depreciation Reserve Funds are found to be insufficient, the General Finances will necessarily have to come to the rescue of the Railways. The Convention Committee has taken note of this aspect and have accordingly suggested in their report the necessity for General Finances advancing loan for essential purposes at a lower rate, viz., the rate of general borrowing. The contribution to the D. R. F. has also been proposed to be increased by 5 crores annually, (i.e., from Rs. 30 crores to Rs. 35 crores per annum).

The discussions have incidentally pointed to the necessity for a close supervision over the rising expenditure much out of proportion to the increase in receipts

Irregularities in Defence Department

The Auditor General and the Public Accounts Committee have, in their reports, disclosed the manner in which public finances have been mishandled owing to negligence or lack of foresight and vigilance on the part of the officials responsible for their handling. The manner in which large contracts have been entered into with foreign firms without due consideration and advance analysis of the position, calls for special scrutiny and action against those who have brought about heavy losses in the transactions. That the contracts should not have set out in clear terms the duties and responsibilities of each of the parties, is a thing which cannot be easily overlooked. Furthermore, the payment of the entire amount due to a Contractor under an agreement, even long before a portion of the work had been performed, is a very serious thing which calls for severe action. Another feature is that even before the Defence Department made up its mind as to what it required and how it could be got, a contract was entered into and heavy sums were invested which proved later on to be mostly unnecessary and wasteful.

These lapses cannot be put away as only procedural irregularities; but suitable action should be taken not only against those concerned for the heavy loss to the Government finances resulting from such transactions; but also for avoiding recurrence of such cases in future.

S. A. S. (Railways) Examination 1954

The question papers set for the above Examination are generally reported to be easy; but several of the candidates are doubting how this would react on the valuation of the answers. There are, however, certain matters in connection with individual papers which require notice by the Financial Commissioner of Railways, as the authority conducting the examination.

Book-Keeping: The heading given in the syllabus for this paper is "Advanced Commercial Book Keeping". But some of the questions set this year are of a very elementary standard: e.g., Journal entries Question III; Petty Cash Book Question IV; Journal and Ledger Accounts for Bills Question V. Further, all the questions have been picked out from exercises worked out in Bathboi's Double Entry Book Keeping, several Chapters of which have been prescribed for App. II Examination. Three of the questions (as indicated above) appear from these portions. There are no questions on theory. It is felt that the paper is below the required standard.

General Rules and Procedure: Six questions are to be answered out of a total number of 15 set in the paper. These questions cover different subjects, as in the past few years and may be generally accepted as a proper selection. As usual, with the exception of a few questions, all the rest have been repeated from previous years' papers almost verbatim.

Traffic Accounts: In the paper 'With Books', the first question, which is also compulsory in Group A, requires the preparation of a Goods Balance Sheet. But the figures furnished are defective and require Rs. 6,494 on the credit side to balance the two sides. While the gross total is less than Rs. 30,000 the deficit is nearly Rs. 6,500 and it is not a thing which the Examinee can easily reconcile himself to as inherent in the question; but on the other hand, he might have wasted

a good lot of time for reviewing his working to find out where or how he might have erred in closing the balance sheet. Such questions, therefore, do not seem to be proper ones for an Examination. Several of the questions in this paper obviously require long answers and there has been some grumbling among the Examinees that they found time insufficient. This of course is a double-edged weapon and the Examiners can as well turn round and say that the candidates do not know how to write briefly.

In the 'Without Books' Paper, several questions have been repeated from previous years and some of the questions require general answers like 'Discuss', 'Description of procedure' etc. In this paper appears a question on 'Objectionable items of receipts'. This is a term so far not met with and requires to be explained. Such a question could profitably have been kept out of the paper. Another question viz., Question III in Group C, which requires enumeration of important frauds that Station staff can attempt and the checks that would have to be applied to detect them, is so wide that it should definitely have been omitted from the paper; or it should have been modified to cover only certain specific aspects. Another thing that is very peculiar is the inclusion of a question requiring enumeration of the different kinds of risk notes and when they have to be executed; though every one should have known that all risk notes were abolished from January 1950.

Traffic Statistics and Traffic Book: The Questions on Statistics, both in the With Books and Without Books papers, are of a high order and belong to the right type. But this is marred by a half question in the Without Books paper on Joint Stations which, practically for all purposes, is now non-existent. The question on apportionment of interchanged traffic rightly belongs to this paper but has also appeared in the Traffic Accounts (without books) paper. Similarly, the discussion on Received vs. Forwarded basis of checks appears not only in the Traffic Book Paper (with Books), but also in the Station Accounts (without books) paper. In the latter case, as is pointed out later, it is out of place. Question No. 8 in the Traffic Book paper (with books) asking for a complete essay on Traffic Book with Forms and figures is too unwieldly a question and it is an irony that the question should ask for suggestions in regard to simplification after tiring the candidates. Similarly, the question on Railway Materials and their account is repeated not only in Traffic Accounts (without books) paper but also in the Station Accounts (with Books) paper.

Station Accounts: The Papers on Station Accounts set this year do not confine themselves to this subject. Several of the questions go outside the Station Accounts and also require specifically the procedure in the Accounts Office. Obviously, this could not be the intention of the framers of the syllabus. As examples of such deviations, the following are brought to notice:

Station Accounts (With Books) Paper: Q. 3. Checks exercised in the Accounts Office in regard to Station outstandings and further procedure in the Accounts Office.

- Q. 4. Apportionment of foreign traffic.
- Q. 6. T. A. Suspense in Accounts Office.
- Q. 7. Check of outstanding lists in the Accounts Office.
- Q. 8. Detection of Luggage ticket frauds in the Accounts Office.
- Q. 9. Check of T. T. E.'s returns in the Accounts Department.

Thus, out of ten questions set, only four belong to the subject and the other six are beside the portion.

Station Accounts (Without Books). Q. 1. Accounts Office checks on station returns.

- Q. 2. Posting of Traffic Book.
- Q. 3. Control of Station outstandings by Commercial or Accounts Branch.
- Q. 4. Approximate Account Current for earnings.
- Q. 6. Forwarded vs. Received basis of check of goods traffic.
- Q. 7. Accounts Department Checks on resale of tickets.
- Q. 9. Remunerativeness of sidings.
- Q. 10. Check in Cash Office on remittances (part).

Thus in this paper with the exception of 2½ questions, the other 7½ questions are outside the portion.

It is hoped that the Railway Board will look into these inconsistencies and take suitable action to prevent jeopardising the candidates who have appeared for the Inspectors' Group in Traffic Accounts. Steps should also be taken to ensure the non-recurrence of such major deviations from the syllabus in question papers.

Comments on the other Question Papers will follow in due course.

The above remarks indicate very clearly the necessity for a thorough scrutiny of the question papers by the Railway Board before they are accepted as fit for the Examination. Not only would it be useful to reduce the verbatim repetitions from past years, but also repeating the same type in more papers than one in the same group and in the same year. It is not that there is no scope for variety, but obviously there is something else that is the trouble. Possibly several examiners may think the same way in regard to the importance of a topic and each of them may include it in his paper. It is for the Railway Board to scrutinise them and see that the papers are properly framed from every point of view.

The Indian Railway system, now over 101 years old, is State-owned and State-worked (except for 756 miles of narrow gauge of feeder lines owned by private Companies). The system is divided into six zones, the Eastern, Southern, Central, Western, Northern and North-Eastern Railway. The overall control and policy direction for all the Railways is under the Ministry of Railways assisted by the Railway Board. The six Railways cover in all 33,519 miles of track as on 31st March 1953. The total gross earnings of all the Railways for 1953-54 are nearly Rs. 268 crores. The total number of passengers booked during the year 1953-54 are very nearly 1130 millions, and for the first three months of 1954-55, nearly 315 millions had been booked.

The tonnage of goods lifted during 1953-54 was almost the same as in the previous year; viz., nearly 97 millions.

During the first seven months of 1954-55, an average of 28 new Goods wagons per day were brought into service on Indian Railways. Nearly 80% of these stocks (largely broad gauge) was in India. The balance consisting of only MG wagons were imported from foreign countries.

Government Accounting and Budget Execution

The Department of Economic Affairs of the United Nations have published a very useful book with the above caption which gives within a short compass the essence and principles of maintenance of accounts of Governments and controlling the expenditure with reference to budget appropriations. It also gives a brief survey of the procedure obtaining in some selected countries, viz. France, Netherlands, Sweden and U.S.A study of this book will help in understanding the method of Government accounting and budget control obtaining in India and may also indicate the directions in which the existing procedure could be improved. The purpose of this article is to give the reader in a brief compass the more important points which have been dealt with in this publication and to draw a parallel wherever possible with the procedure of Government accounting and control obtaining in India.

In the nature of things, there cannot be a uniform system of Government accounting for all countries. The system will obviously vary with the requirements of individual countries taking into account the difference in the institutional patterns of Government, but any system of Government accounting must have two essential features; Management Accounting and Parliamentary Accounting. The former will concern itself with the efficiency of Administration either taken as a whole or in its various phases, while the latter should deal with the control of expenditure against the moneys granted by the Legislatures.

In France, for instance, the Finance Ministry is maintaining the central control over expenditure. In Netherlands, the General Auditing Court performs the functions of the coordinating body on budget execution. In Sweden, the Administrative departments have a high degree of responsibility in expend-

ing and accounting for the moneys. In the U.S.A., the tendency is towards greater decentralisation of account-keeping, strengthening of the Internal control and broadening of the character of the post-audit.

The accounting principles and procedure are not an end by themselves, but means to an end. The end is obviously the social and economic policies and objectives of the Government. The soundness of the accounting system will be judged by its ability to further these objectives.

The budgeting and accounting must be components of an integrated system of fiscal control. The accounting system must not only provide management at all levels with information necessary for planning and direction, including cost measurements of individual phases of government accounting but should also disclose in full measure the financial results including the measurement of revenue and cost of activities, programmes and organisations. The Government accounts also provide information necessary for the economic analysis and planning of governmental activity in a form useful for both Executive and Legislative purposes. Two considerations must be present in any system of government accounting, viz. Accountability consideration and Management consideration.

By Accountability consideration is meant check of expenditure with reference to the legal liability and also establishing of patterns of control over receipts and expenditure of public funds. Thus parliamentary accounting is an aspect of accountability consideration. The management consideration on the other hand comprises continued measurements and analysis of government programmes and watch over the efficiency with which these are performed; this may relate to aggregate performance of

the Government or of its individual departments or organisations. When it concerns itself with the individual phases of Government activity, the accounting serves as a tool of management. In view of the difference in the scope of these two considerations, the structure of accounting and the classification of expenditure should necessarily be different. For management purposes, the classifications may have to be more elaborate than for parliamentary accounting.

At this point, it may be as well to refer to the difference in the structure of the Railway Appropriation accounts and the Capital and Revenue accounts. The Appropriation accounts are the final accounts required for reporting on the results of Parliamentary accounting. It concerns itself with far less number of sub-heads than the Capital and Revenue accounts, which form part of Administration Report of the individual railways and where the expenditure is analysed under the various detailed and sub-detailed heads of accounts.

Pre-Audit and Post-Audit.

There are two main systems of ensuring accountability viz., Pre-audit and Post-audit.

Under pre-audit, necessary checks are exercised prior to the payment of Government obligation, while under post-audit, the checks are exercised after the obligation has been paid. Although pre-audit and post-audit are recognised systems for check over expenditure, they derive from different concepts of administration and their consequences for budgetary execution are also different.

Pre-audit creates a climate of suspicion between the departments and the accounting agency and may lead to friction. It has, thus, a tendency of reducing the degree of administrative responsibility. Pre-audit is essentially a system of "Over control". Where, however, pre-audit is employed it seems to work most effectively only where it is a part of internal administration. In

France, pre-audit is exercised by an official assigned by the Ministry of Finance to work with each department. This official while working hand-in-hand with the administration is also responsible to the Ministry of Finance. The post-audit of the transactions is conducted by the COUR des COMPTES (similar to the Comptroller and Auditor General of India). In Great Britain, the accounting is enforced by pre-audit which is, however, not administered by the Treasury (Minister of Finance) as in France, but by an Accounting Officer of each Ministry. This officer, however, enjoys a permanent status and is appointed by the Prime Minister. Disbursement is subject to the general control by the Treasury which extends moneys to the Paymaster General. For the purpose of parliamentary control, post-audit is conducted by the Comptroller and Auditor General. In U.S.A. also, pre-audit is being increasingly integrated with the internal administrative controls. Thus, while pre-audit imposed from outside causes friction and might lead to reduction in the administrative responsibility, it has been found by experience of advanced countries to work smoothly where it is part of the internal administrative responsibilities.

In most countries, post-audit is distinguished from closing the accounts. Post-audit is employed for the classification of legality of individual transactions and accuracy of accounts for purposes of reporting to the Legislature. The Agency responsible for the audit under takes the post-audit and reports results directly to the Parliament. The independence of audit is thus secured. In France, post-audit is conducted by COUR des COMPTES which is a semi-official body and enjoys high prestige within the Government.

There are three types of post-audit. The first is what concerns with the verification of the documentation and legality of expenditure. The second type embraces the examination of trans-

actions in relation to the administrative rules and is useful for appraisal of internal administration. The third type which is employed by the Statutory Audit concerns itself with the examination of the effectiveness of the Administration, its efficiency for carrying out programmes or functions committed to it. The third type is useful for efficiency measurements and may also be conducted internally by every administration. This type of post-audit is also conducted by the Statutory Audit externally for purposes of reporting to the Legislative Bodies.

Taking the Indian Railways, pre-audit in a large measure and post-audit in limited spheres are employed side by side internally for securing accountability. The Financial Commissioner of Railways is the head of the Accounts department of the Railways. While he is part of the Railway Board, he is also responsible to the Finance Minister for the financial rectitude of the Railway expenditure.

The external post-audit is conducted by the Director of Railway Audit and his staff deriving authority from the Comptroller and Auditor General for purposes of reporting to the Parliament through the Public Accounts Committee by means of the Audit Report. As it will be sheer duplication for this post-audit to traverse entirely all the transactions already checked by the internal accounting authority, the post-audit by the Director of Railway Audit is conducted in accordance with the modern sampling techniques. It confines itself to percentage check of transactions which should take within its reach important and new types of transactions.

The FA & CAO of each Railway is part of the Railway administration, but he is free to correspond directly with the

Director of Finance (*Accounts*) and the Financial Commissioner on professional matters and also report to them whenever the financial advice tendered by him has not been accepted by the G.M. Even so, it is a matter on which opinions will differ if this arrangement has succeeded in eliminating completely all frictions between the FA & CAO and the heads of departments and has not had the tendency to reduce the departmental responsibility for the admissibility and the documentation of the expenditure incurred by them.

With the advent of Independence, the Parliament and the *Public Accounts Committee* appointed by it have become increasingly insistent on the maintenance of high standards in the expenditure and accounting of public monies. As the Indian Railways with a capital of Rs. 850 crores, are the largest nationalised undertaking, it is necessary to ensure that the Railways' financial and accounting functions are conducted at a level of optimum efficiency so as to achieve the twin objectives of assisting the administration in framing and executing their policies and the Parliament in satisfying itself that the finances are being husbanded most economically and efficiently. It would, therefore, appear that the time is ripe when a detailed investigation into the working of the financial and accounting machinery on the railways is made to see if it is fulfilling its functions without any let or hindrance and in what directions improvement in the basic set up is called for. The goal should be to fit the financial and accounting authority into a pattern of financial control, which should be established so as to permit the maximum freedom to the administration within the limits set by the Parliament.

S. R.

DO YOU KNOW that lemon juice mixed with salt is excellent in removing fruit and rust stains from white garments and linen fabrics?

Decentralisation of Management

The creation of "subordinate organs of management" as a means of decentralisation within the Regions of British Railways is one of the proposals contained in the recent White Paper on railway reorganisation. At headquarters level in the Regions co-ordinating departmental activities and preserving a balance between them is one of the functions of the Chief Regional Manager and his staff, a task made difficult by the size of the headquarters staff, the number of departments, and the volume of business. The lack of formal organisation for positive general management or co-ordination at a lower level than headquarters is thought by some to result in a tendency at meetings where all the parties represent departments for the results to be negative for want of a representative of authority to press the case. In the view of Mr. R. L. Charlesworth, Traffic Costing Officer (Paddington), British Transport Commission, expressed in his article entitled "The Extension of General Management" in the August issue of BRITISH TRANSPORT REVIEW, the Regional organisation suffers from having too many thinking departmentally and too few concerned for the concern as a whole.

The alternative forms of decentralised management seem to him to be the complete form found in the divisional organisation of the German railways and the Area general management of the former L.N.E.R. On the L.N.E.R., however, the areas were reasonably self-contained, being based on the organisations of the constituent railway companies. The difficulties of achieving co-ordination were mitigated by the system of departmental committees designed to co-ordinate the policy and function of each department. Such a system of decentralisation would be difficult to introduce into some of the larger

Regions of British Railways. In the absence of suitable ready-made areas it would probably be desirable, according to Mr. Charlesworth, to use some rather smaller unit of management than the former L.N.E.R. areas. The area of the North Eastern Railway is seen as probably the largest possible unit of efficient management. It was said of the North Eastern Area of the L.N.E.R. that no important centre was so far from headquarters that an officer could not visit it and also spend part of the day in his own office. The size of the units would have to be small enough to allow constant and easy contact between officers, the pre-requisite of effective decentralisation.

A degree of general management at a level below headquarters but without involving the expense and complications of setting up full-scale area managements might be achieved by appointing local managers who would exercise some of the powers of the Chief Regional Manager in a particular area. Mr. Charlesworth defines his sphere of action and lists four objectives in seeking to achieve which the local manager would deal with some matters on his own authority and others by powers delegated either by the C.R.M. or a chief departmental officer. The local manager's function, as he sees it, would be simply to intervene when better co-ordination and quicker decisions could be made at his level.

As the district officer is the highest official whose duties allow him still to be in reasonably close relation with the men "on the ground" and is also the senior representative of management available to most of the public and staff, his powers should be as unrestricted as possible. The effectiveness of the collaboration between him and the local manager would therefore depend largely on the degree of authority delegated to

to each. Mr. Charlesworth does not consider insuperable the difficulties of working out the details of any form of decentralised management, provided no attempt is made to produce a standard pattern. In some districts, where the areas of the departmental officers are co-extensive and there is an obvious common centre, a district manager might be appointed with full responsibility for all departments. The Chief Officer for Scotland of the L.M.S.R. and the present South Wales Area Officer of the Western Region are precedents for the more limited type of decentralised management. The latter officer represents the C.R.M. in that area, and carries out certain delegated functions.

One of the most difficult aspects of decentralisation is that of financial measurement. The problem of finding a means of measuring the results of local management activity is being thoroughly investigated, and if suitable techniques can be evolved, this will radically alter the question. Though the local manager's importance might increase greatly—and Mr. Charlesworth thinks that he might become the co-ordinator of rail and road services—his staff in the earliest stages should be small. By starting with a small experimental organisation, the degree of general management which could be exercised by the local manager could be worked out in practice.

—*Rly. Gazette (London), 29-10-1954.*

Settlement of Provident Fund Dues of Railway Employees.

Employees who have to be settled can be classified under (1) those who proceed on leave preparatory to retirement (2) those whose services are terminated without leave, cases of medical unfitness and removal from service; and (3) cases of death.

The following procedure is usually observed in respect of each of the above categories ;

1. Staff proceeding on leave preparatory to retirement :

Departmental Officers should advise the Accounts Office two months in advance of all cases of retirement under superannuation. Such advice should contain the following particulars :

- Name of the employee
- His P.F. No.,
- Department,
- Station, where employed and date,
- Date on which he is to retire or proceed on leave preparatory to retirement,
- Extent of leave etc.

Such employees as were appointed prior to first June 1937 are eligible to

withdraw up to a maximum of 90% of the amount standing to their credit in their Provident fund when they proceed on leave preparatory to retirement. Such of those as were appointed on or after 1st Jan. 1937 can similarly draw in advance of final settlement their contributions plus interest thereon. In the former case it is necessary that the Departmental Officers should ensure that the balance remaining in the P.F. accounts will be sufficient to meet any Railway Claims. Immediately after the employee proceeds on leave preparatory to retirement, the Departmental Officer should initiate action to ascertain the Railway claims against the retiring employee, especially in the case of one who has been in charge of cash or stores. Where it is not possible to ascertain all the Railway claims before the date of expiry of leave of the employee, the P.F. refund order should not further be delayed but it should be issued subject to the retention of an approximate amount to cover possible Railway claims.

Soon after final termination of the services of an employee, the wages due to him for the last wage-period should be claimed in a supplemental bill and pay-

ment thereof arranged within two days of the termination of service and the paid Pay Bill should be immediately sent on to the Accounts Office to enable the P.F. recovered therein being verified and credited to the P.F. account of the employee. The P.F. Refund order should be prepared and submitted promptly to the Accounts Office. In the case of Traffic staff, such as Station Masters, Parcel clerks, Goods Clerks etc., details of admitted station debits for which they are responsible should be ascertained from the Traffic Accounts Branch promptly and entered for recovery in the refund order. In the case of subordinates of all other departments who dealt with Cash or Stores, similar action should be taken to ascertain admitted dues and for recovery thereof. Under the rules, the payment of P.F. dues should not be postponed for a period in excess of two months after they become due. Should, therefore, the amount recoverable not been ascertained within that period, a sum not exceeding a month's pay of the subscriber may be retained for a further period of one month to cover unforeseen claims. The P.F. dues should be tendered for payment to the party within two months of the due date and the account closed, the amount withheld being credited to Deposit 'F' and refunded after the claims are finally ascertained and adjusted.

2. Staff whose services are terminated without any leave preparatory to termination of service:

In these cases, the wages for the last wage period should be drawn immediately after termination of the services and payment arranged within the time limit prescribed under the Payment of Wages Act and the paid Pay Bill sent to the Accounts Office immediately. Action should also be taken simultaneously to ascertain the Railway claims against the staff. If, however, such claims could not be ascertained within a reasonable time, say about a fortnight from the date of termination of service, the estimated

amount sufficient to meet the claims may be noted for recovery in the refund order and the refund order submitted promptly to the Accounts Office. The Accounts Office should then arrange to close the employee's P.F. Account and arrange for payment retaining the estimated amount under Deposit for meeting Railway claims.

3. Settlement of P.F. dues of deceased employees:

(i) Soon after death is known, particulars of P.F. No. should be advised to the Regional Accounts Officer calling for nomination etc. No undue delay should be allowed between the date of death and the date of calling for particulars of nomination.

(ii) A certificate to the effect that the employee had or had not made or cancelled his declaration during the period of three months preceding his death should be sent, duly signed by a Gazetted Officer when the first call is made for nominee particulars. If, however, no declaration had been executed by the subscriber, a certificate to that effect should also be sent duly signed by a Gazetted Officer.

(iii) Where the deceased subscriber had made no nomination or where the nominee had pre-deceased him, the P.F. amount is payable under the rules to the surviving members of the family of the deceased employee in equal shares. The claimant should be asked to produce a certificate from the village Munsif duly attested by the Tahsildar with his Office seal furnishing particulars of the surviving members of the family together with their relationship to the deceased employee and their ages.

If the widow and minor children are the claimants, the certificate should also indicate if she is the only legally wedded wife of the deceased employee and if she is the own mother and natural guardian of the minor children. Where there is no natural guardian and the amount payable to each minor, after deduction of Government dues, does not exceed Rs. 250, the amount may be paid to a person on

behalf of the minor after requiring him or her to produce a Guardianship certificate from a Court of law, he or she executing an indemnity bond with two permanent Railway employees with at least seven more years of service as sureties, agreeing to indemnify the Railway against any subsequent claim, or any one who produces a certificate from a Magistrate which is Court sealed thereon in support of his claim in regard to Guardianship. Where, however, the amount exceeds Rs. 250, a regular Guardianship Certificate from a competent Court of Law should be obtained.

A death certificate of the pre-deceased nominee should be forwarded to the Accounts Office. If the nominee dies after the employee, an heirship or succession certificate from a competent Court of law should be produced in respect of the nominee's estate.

(iv) When a nomination exists, and a counter-claim is received, the counter-claimant should be addressed by Registered Post with Acknowledgment due, giving him all the facts and asking him to produce a Restraint Order from a competent Court of Law within a month of receipt of the Registered Letter. He should be also told that in the absence of a Restraint Order within the time specified, the payment will be arranged in the normal course to the Nominee, without any further advice. Copies of such letters should be forwarded to the Accounts Office connecting them with previous correspondence. The Accounts Office should also be kept informed of the progress

of the case from time to time, without a reminder. Where no nomination exists and a counter claim is made, the disbursement of P.F. assets to the surviving members of the family should be considered in the same way as previously stated.

(v) Where a nomination exists and the nominee is dependent and the amount exceeds Rs. 5,000, payment should be made only on the production, by the Nominee, of a Probate or Letters of Administration.

The following general instructions have also to be carefully observed.

In all correspondence, the P.F. No. of the subscriber should be quoted. While submitting P.F. Refund Orders, Departmental Officers should fill up the particulars correctly and state whether the employee has taken any temporary advances from the P.F. and if so the balance of such advance outstanding against him. The amount of P.F. subscriptions recovered in the settlement Pay Bill should also be indicated in the Refund Order indicating the Voucher No. and date through which the amount was recovered. Where, the bonus, either in whole or in part, is proposed to be withheld, a certified copy of the General Manager's sanction should be attached thereto. Departmental Officers should take special steps in all cases of retirements or death of employees to see that there is no time lag at any stage before submission of refund orders and also ensure that action is taken for effecting prompt settlement.

(Contributed).

RAILWAYMEN!

Sure, you must be interested in keeping yourselves posted with up-to-date developments in Railway Accounting and Auditing. The best medium for this purpose is the "Railway Accountant." Get a copy immediately and see for yourselves.

Incidentally, you will improve your store of knowledge in respect of the other fields of Accounting and Auditing and see what your brethren in the profession are doing elsewhere.

If you have got the will and the ability to write articles, you may do so and the Managing Editor will thankfully receive them.

If there is any matter of public interest, like activities of Railway Associations or Institutes, you may send these also.

Subscription for the Journal—issued monthly on the 15th—is only Rs. 5/- per half year.

Better late than never.

Subjects of Moment

Losses, Writes-off, Etc.,

The Railway Board have recently issued instructions that the money limit for reporting losses and writes-off and remissions of abandonment of claims to revenue should be increased from Rs. 1,000/- to Rs. 2,000/- with effect from the Appropriation Accounts for 1954-'55. This is in keeping with the orders already issued increasing the money limit in regard to the statement of "defects in budgeting" from Rs. 2,000/- to Rs. 5,000/- with effect from the Appropriation Accounts for 1953-54. It may be recalled that we had suggested that the money limit in respect of "statement of mis-classifications" should also be likewise increased from Rs. 1,000/- to Rs. 5,000/- and it is hoped that orders on this item will also be issued shortly.

Average monthly cost of Posts

In an advance Correction Slip to para 2037-G, the average monthly

cost of the following posts has been laid down:

Scale	Average monthly cost
Class I S.S. (Medical Dept.,)	Rs. 933
Class II (Medical Dept.,)	Rs. 474
Class II (Other than Medical)	Rs. 443

For Class I (Junior Scale) the average monthly cost has already been laid down in para 2037-G for the various Departments.

Recording of Measurements in the Measurement Books

In an advance correction slip to para 1221-E, the Railway Board have laid down that, where measurements could not for sound reasons, be recorded in ink, the entries should be recorded with indelible or special copying pencil so as to render it difficult to tamper with or to make unauthorised additions to or alterations in entries once made.

Notes & Comments

Audit Report on Defence Services 1954

The heavy savings of Rs 25.5 crores on the Defence Budget for the year 52-53 was noted as exhibiting a serious laxity in the preparation of estimates. The Audit Report presented to the Lok Sabha on the 14th Dec. '54, recounts important financial irregularities noticed during the course of the Audit of the Accounts of 52-53 and also of such transactions for 53-54 as have been covered by the current Audit. The report was expected in future to bring to notice the major irregularities relating to the immediately preceding year. It was also proposed to consolidate all Audit observations in one report making Appropriation Accounts

and Commercial Appendix statistical documents. The important innovation in the present Report was that irregularities which had been remedied by Government had been excluded from its scope. This was intended "to enable the Public Accounts Committee to concentrate on major questions of policy and planning to the extent this impinged on the utilisation of the Appropriation and the more important irregularities."

Stores Accounting

Very serious irregularities in the Stores Accounting not only in maintaining proper accounts but also in periodical verification of stocks were brought to notice. These were very

essential not only to prevent waste and leakage of large sums, but also necessary to avoid large resources being immobilised.

There were large arrears in linking the invoices of Stores purchased overseas of the value of £39,29,248/- with their receipts in the Depots in India which were stated to be still unlinked. The Comptroller and Auditor General considers this matter as serious requiring immediate investigation to ensure that all stores purchased overseas have actually arrived in India and taken on charge by the receiving depots.

Works Started Without Estimates

One of the continuing irregularities is that despite standing instructions which have been reaffirmed from time to time, works continue to be undertaken without preparation of estimates and without technical sanction. Further, the speed of execution of many of the works is being impeded by the lack of suitable delegation of authority—both administrative and financial—to officers at various levels. There were instances where indents for stores placed, more particularly overseas, had been cancelled at later stages involving either payment of compensation or acquisition of unrequired stores and equipments. Even in the case of a production unit, established with foreign assistance, at a considerable cost, to manufacture particular types of ammunition, there had been a last-minute revision of requirements, rendering the installed plant and machinery idle. In the case of another factory, a load had yet to be found to make beneficial use of the installation.

Planning should be more realistic to avoid this unnecessary and appreciable dissipation of our limited resources. A greater measure of coordination between the Defence Ministry and the Defence Services should be secured.

Contracts With Foreign Firms

Some of the contracts entered into with foreign firms which came up for strong criticism are as under:

(1) *Machine Tool Prototype Factory.* No agreed list of machinery, equipment and other particulars of expenditures were found detailed in the agreement. Nevertheless about 2.226 crores of rupees were worked out in consideration of payment to the foreign Company, to instal the factory. But the basis of such calculation was not clear.

As regards the actual payment to the company, the report said that in addition to the advance payment of about 42.36 lakhs, due to them, further payments of about 157.95 lakhs were also made "in contravention of the agreement as they were paid to the Company without the forwarding Agents' Receipts." It was however noted that the Company had failed to fulfil the terms of the agreement in regard to training adequately the Indian Personnel and that, therefore, there was need for the Government to retain a few of the foreign Technicians even after 1954.

Though the contract was signed in 1949 and the factory should have gone into full production by May 1951, the factory had so far been able to manufacture only two types of tool grinders, motorised grinders, polishing machines and monodrivers. Meanwhile, the Company have asked for a formal closure of the contract, consequent upon the absence of any agreed schedule of detailed production.

The Report further observed "the uncertainty regarding the production capacity of the factory and the continued employment of the foreign technicians at comparatively high cost to the Government are considered most unsatisfactory."

(2) *Establishment of a fully equipped modern plant for the manufacture of certain latest types of ammunition.*

As per the terms of the contract, the Company was required to establish a fully equipped modern plant of the capacity specified in the agreement and to render supplies and services for the operation of the plant for the first six

months after completion and the date of completion for commencing of full production was 1-4-1951. But so far, no regular and full production has yet been commenced.

The excuse mentioned in this case was that the Defence Services finalised their designs only in March 1952; but even when the production began, there was some difficulty in accepting some of the components which was stated to have been overcome by February 1954.

The regular confusion in regard to the designs coupled with the manufacture of other designs required in other Ordnance Factories has resulted in heavy loss. In fact, the Report adds "the need for payment of a heavy sum of about 10.89 lakhs in indemnifying the Government against all claims and demands of the Company or other persons for infringement of any process, invention or patent to be used in the present undertaking would not have arisen."

(3) A loss of over Rs. 1 lakh was incurred in an Ordnance Factory in its attempt to *manufacture dry batteries*. The loss was due to the purchase of large quantities of raw materials of 28000 batteries without establishing, beforehand, a "trial production" that the Ordnance Factory could manufacture such batteries.

(4) The stock balances in 8 Ordnance factories on 31-3-'53 were about two and a half times more than the consumption during the year 1952-53. It was considered that the stock held was far in excess of the limit based on actual consumption.

Audit Report for the Year 1953-54

Irregularities disclosed in regard to the Indian Industrial Finance Corporation.

1. The powers exercised by the Managing Director were in excess of those delegated to him; the terms and conditions of loans, more particularly the rate of interest chargeable, were varied by the Managing Director even in res-

pect of contemporaneous transactions; loans were granted in many cases where prima facie issue of a share capital or debenture should have been possible having regard to the financial position and the standing of the concern; loans were granted in some other cases where the financial position of the concerns had not justified the risks taken.

While on the one hand the Corporation was working at a loss and Government guarantee was being repeatedly invoked for payment of the minimum dividend, on the other hand, the Corporation had embarked on a scheme costing approximately Rs. 64 lakhs for the construction of Office accommodation, involving a possible loss of six lakhs on account of preliminary action for this purpose.

Growth of administrative expenditure was out of proportion to the business transacted.

When all these irregularities were pointed out, the meeting of the Corporation approved *ex post facto* all these lapses. The Managing Director exercised wide discretionary powers in regard to settlement of detailed terms and conditions in respect of utilisation of loan amounts, personal guarantee of the Managing Agency Agreement, Insurance Arrangement, Appointment of Directors and terms of repayment. These, when finally settled, were not reported by the Managing Director to the executive Committee before execution of the Mortgage Deed and the disbursement of the loan amount. In one case, the Managing Director imposed a number of conditions and terms on his own responsibility even though none was so imposed by the Executive Committee while sanctioning loans. In certain cases, loans were sanctioned by the Executive ignoring the recommendations of the Commerce and Industry Ministry against such sanction.

The Corporation had undertaken responsibilities and decisions which should have been normally submitted to Government for approval.

From its inception to 30-6-'54, the Corporation sanctioned loans to 109 companies aggregating to 20, 73,75,000. But 70 companies actually availed themselves of the loans and the total amount advanced was Rs. 12,88,65,752. The total amount of interest in arrears on 30-6-'54 was Rs. 13,48,841 and the total amount of instalment of principal in default was Rs. 28,85,815.

Cost Accounting

While addressing the Convocation of the Institute of Cost and Works Accountants at Calcutta on the 13th Decr., the Union Minister for Finance, Mr. C. D. Deshmukh, stated that there was an imperative need to establish a sound system of cost accountancy and cost control that was so essential in the National Development programmes of the countries with which the Government is siezed. There existed a wide scope for Cost Accountants in the various Development Programmes of the Government and it was not sufficient to have only high qualifications, but it was more necessary that the Cost Accountants should have personality and training and experience of different kinds of work and must be able to deal ably with Management executives and labour. In short, the Cost Accountant must be a friend, philosopher, and guide of the Management. The Finance Minister declared: "Now that we are *en route* to a welfare State, there should be a proper system of costing works, to prevent wastage of public money."

At the Convocation, the President of the Institute (Mr F.H. Atkinson), stated that the Institute had grown considerably since its inception ten years ago and it always had a high standard of efficiency, of which a low percentage of passes in their examination was evidence. He pleaded for adequate financial assistance and Government support to quicken the pace of training in this Institute and to meet the growing demands for the country's Industrial Development Plans.

High Court's Ruling

In dealing with a writ-petition recently under the Railway Services (Safeguarding of National Security) Rules, His Lordship (Madras High Court) observed that "a charge must be clear, precise and accurate. Further, the proper procedure in a case of this kind would be first to obtain the explanation of the Petitioner and then arrive at a finding whether the charges were proved or not. The question of punishment would arise only after the charges had been proved."

It is presumed that instructions will be or have been issued to all Railway Officers to ensure that the procedure to be observed in charge-sheeting etc., is not only authorised but complete in all respects.

The Human Element in Modern Administration.

"The Human Element in Administration" was the subject of a paper read by Sir John Elliot, Chairman of London Transport at a meeting of the British Railways, Southern Region, Lecture and Debating Society, in October last, reported in the "Railway Gazette" of 15th October 1954. The lecturer's concluding remarks reproduced below are very interesting indeed and are true for all time and at all places.

"For the successful conduct of a great undertaking, there must come, from the top, money, ideas, energy, and honesty of purpose. From the middle must come ambition, emulation, grinding hard work and honest endeavour. From labour must come self-discipline, self-respect and honest hard work. The rewards will be deep satisfaction, fulfilment of purpose, and an uplift of the spirit."

Workmen's Compensation.

An interesting question as to whether the murder of an employee on his way to join duty should be classified as an 'accident' under the Workmen's Compensation Act, was decided by the Bombay High Court recently. In this case, an employee of the Central Railway employed at Kurla (near Bombay), was

fatally stabbed by an unknown person, when the deceased was on his way to duty from the Railway quarters adjoining the station.

The Commissioner for Workmen's Compensation dismissed the claim of the widow of the deceased workman on the ground that this was not a case of death in an "accident arising out of his employment."

The judgment of the Commissioner was, however, reversed by the Bombay High Court. The Chief Justice said: "What is established is that the employee, while in the course of his employment, found himself in a spot where he was assaulted and stabbed to death. He was in the place where he was murdered by reason of his employment. He would have been safely in his bed but for the fact that he had to join duty and had to pass the spot in order to join duty. Therefore, the connection between the employment and the accident is established."

Ordinarily, an accident to an employee while he was on his way from his residence to the workspot would not be considered to come within the purview of the Workmen's Compensation Act, but the circumstances governing this case are rather peculiar in that the workman was provided with residence by his employer, and the incident occurred at midnight at a place which the workman had to pass through to reach his place of work etc., and these appear to have been taken into consideration by the High Court, to give relief to the widow of the deceased workman.

I.A. & A.S., and I.R.A.S.

We understand that a Junior Officer of the I.A. & A.S., is being transferred to the Southern Railway, and some more to other Railways also. The Indian Railway Accounts Service was formed as a

separate entity 25 years ago, and it is not, therefore, clear whether this transfer connotes any change in policy and if it is a forerunner of more transfers from I.A. & A.S., to I.R.A.S. (and probably vice versa also). If this is in pursuance of a change in policy, it would appear that it runs counter to the expressed views of the previous Auditor-General Sri V. Narahari Rao, who wanted Audit and Accounts to be totally bifurcated. We await with interest a statement of policy on this matter from the present Auditor-General and till then it would be premature for us to express our views. But one thing will have to be clearly settled immediately *viz.*, how the seniority of such transferred Officers will be fixed and how they will affect the existing Officers in the I.R.A.S.

Costing on Railways

The course of special lectures on "Workshop costing with special reference to the machine costing process at Chittaranjan" was delivered at the Staff College, Baroda, by Sri K. S. Bhandari, I.R.A.S., Deputy Financial Adviser & Chief Accounts Officer, Chittaranjan Locomotive Works, who had special training in Cost Accounting in England. These lectures are intended for the benefit of Senior Accounts Officers of Railways who have been deputed to the Staff College, Baroda, for the purpose. It is understood that Senior Accounts Officers of individual Railways were also invited to deliver lectures on allied subjects at the Baroda College. Sri A. J. Cunningham, Regional Accounts Officer, Southern Rly., Mysore, submitted a paper on "The History and practice of mechanisation of accounts on Indian Railways with special reference to Stores and Workshops and its relation to simplification and acceleration and efficiency".

A few copies of the booklet "Standard Costing on Railways" by Sri B. G. Balakrishnan are available. Those interested may obtain copies from "The Editor, Railway Accountant, Madras 4" on sending postage stamps to the value of annas 8 to cover incidental expenses.

Railways in Parliament

Summary of Debate on Railway Finance Convention

Sri B. Das, (Chairman, Public Accounts Committee): The Railways should contribute at least 4-1/2% to the General Revenues. He hoped that the new Railway Board had got the nationalist mentality and would economise in every respect.

Dr. A. Krishnaswamy: In assessing the Railway contribution, the Government should consider not merely the direct return but also the indirect return in the form of increased taxes that followed in the wake of their contribution to the Development of the country.

Dr. Lanka Sundaram: Whether Railway Finance was over-capitalised or not should have been found out by the Committee and not decided by the Ry. Board. The rates structure of the Railways was chaotic. The Railway Rates Tribunal should continuously investigate them and not wait for cases to come up before it.

Several members suggested the reduction of the rate of dividend to 3½% or 3¼%.

Mr. Amarnath Vidyalkar: Urged the Railway Minister to set up a Committee to go into the existing system of Railway Accounting and Finance which, at present, was very complicated and cumbersome.

Mr. V. B. Gandhi: Regretted that the Committee had avoided a decision as to whether the Railways should be considered as a public utility undertaking or a commercial concern. He hoped that the next Convention Committee would decide upon this fundamental issue as well as the question whether contribution to the General Revenues was an overriding consideration where Railways were concerned. He urged the appointment of an *ad hoc* Committee to examine the economic working of the Railway.

Mr. U. M. Trivedi: Declared the Railway as a Commercial undertaking.

He felt that the expenditure over Railway Working had gone on increasing and that the workers had begun to think that it was a philanthropic undertaking run for their benefit. In his opinion there would be an additional revenue of 10 crores every year to Railways if misuse of Railway stores was prevented and ticketless travelling was checked.

Mr. P. Subba Rao: Ticketless travel was in the increase and he suggested that a Committee be set up and sent out to study conditions about ticketless travel in other countries.

Mr. H. C. Heda: Increase in provision for amenities should be in relation to the surplus earnings of the Railways.

Mrs. Tharakeswari Sinha: Urged that priority should be given to replacement of out-moded lines over the construction of new lines.

Sri Lal Bahadur Shastri: The Committee's recommendations only streamlined the provisions of 1949 resolution and by extending the principles already recognised by the Convention in 1949 that over-capitalisation of the undertaking should be arrested. The House should appreciate that the Committee's recommendations sought to achieve a balance between the needs of Railways and the needs of general revenues. The Railway Rates Tribunal was a quasi-judicial body and could not go into the entire question of the rates structure as desired by Dr. Lanka Sundaram.

No categorical assurance could be given that the Railway freights and fares would not be increased during the next five years' period but his general desire was not to increase the burden on third class passengers.

The Minister stated further that the Convention Committee wanted to avoid the contingency of raising the freights and fares and therefore recommended that General Finance should advance

loan for development work of the Railways when no surplus was available for this work. The question of refund of fares and freights would arise only when the Railway earnings failed to cover the increase in Railway expenditure that have taken place in the past or are still continuing to take place.

Among the various measures that would be taken to reduce the degree of over-capitalisation were: that the dividend and capital at charge on the new lines would be contributed at lesser rate than the rate of general dividend and the interest on loan advanced by the Finance Ministry for replenishing development of the Railways would also be less.

The Minister rebutted the criticism that the Railway Accounts were not maintained correctly and said that on the other hand the accounting system of

the Railways is as perfect as it can be and the financial structure has been improved from time to time to resist over-capitalisation of the undertaking.

Abolition of I Class accommodation

The Deputy Minister of Railways stated in Parliament on 22-12-'54 that, with effect from the 1st January 1955, part of the first class accommodation in Railways would be abolished and that the remaining portion would be wiped out from 1-4-1955. He also added that withdrawal of first class accommodation would not be dependent on the availability of Air-conditioned coaches.

Abolition of Inter Class

At question time on 22-12-'54, the Railway Minister indicated in the Rajya Sabha that Inter-class on Railways may gradually be abolished.

News & Notes

P. and T. Department Defalcations

The Audit Report of the P. and T. Department for the year 1952-53 revealed that the cases of defalcation or loss during the year were nearly 1,200 involving over Rs. 9 lakhs. It is also reported that this was about the heaviest amount so far recorded. A disquieting feature is that these irregularities have increased in almost all the branches of the Department except Cash Certificate and Insured Articles sections. The amount attributable to Departmental Post Masters and extra-Departmental Agents is nearly Rs. 3.34 lakhs. The greater part of the loss in respect of the Savings Bank transactions occurred in the branches of Sub-Post Offices. The total number of Savings Bank frauds reported to audit was 61, involving nearly Rs. 1,85,000 which showed an increase of over Rs. 88,000 from the past year. Losses

due to write off in the Posts and Telegraphs Revenue during the year amounted to nearly Rs. 1,24,000.

Financial Losses and Irregularities in the Defence Department

We have referred in an earlier issue to the heavy losses incurred in connection with the purchase of Jeeps. The question again came up before the Lok Sabha in December 1954 and the Finance Minister pointed out that there was no reason to doubt the *bona fides* of the Officers concerned and that the Government have, after going through the case carefully, come to the conclusion that there was no need to take any further action on the points raised in the Public Accounts Committee's Report. The Finance Minister also placed a detailed statement before the House, a copy of

which was also previously sent to the Public Accounts Committee. The House was requested to treat the matter as closed.

Irregularities in Commencement of Projects

Cases of irregularities in the commencement of expensive projects either on inadequately worked estimates or total absence of estimates, seem to be still continuing in one Department or the other, in spite of the fact that the Constitution requires that no expenditure shall be incurred unless funds have been specifically allotted for the purpose from out of the Consolidated Fund of India. The Irrigation Department, the Public Works Department, the Posts and Telegraphs Department and the Railway Department, all seem to vie with each other in this type of irregularity. In one instance, an estimate was prepared for over Rs. 600 lakhs in 1946 and later, after a complete technical examination of the project, the estimate was revised to more than twice the amount; and as the work progressed, the estimate increased by another 10%. Under such circumstances, whether a proper estimate of remunerativeness of the work can be made at the time of the original estimate is doubtful. It is thus obvious that stringent measures are called for in order to prepare as correct an estimate as possible at the very beginning, so as to have a true idea of the expenditure on the project and the return expected therefrom. This should be particularly watched in the case of Commercial Departments where the investments on the projects are required to yield adequate revenue, e. g., Electricity Department, Irrigation Department, the Railways etc.

Reorganisation Scheme of British Railways

A White Paper on Railways Reorganisation Scheme presented to the Parliament by the Ministry of Transport and Civil Aviation, has been approved by

the Parliament. The details of the Scheme have been explained in an earlier issue (vide pages 153 to 155, September, 1954 issue).

Scales of Pay of (Statutory) Auditors

It is understood that the scales of pay of Junior and Senior Auditors in the Railway Audit Department have now been unified under one category designated 'Auditors.' The prescribed scales of pay for Junior Auditors and Senior Auditors were Rs. 200—15—350 and Rs. 350—15—380—20—500 respectively and now these have been unified as Rs. 200—15—380—20—500. Those who were officiating as Senior Auditors on 30-9-54 have been allowed to retain their pay in the Senior Auditor's scale on 30-9-54 as substantive pay. This unification is in line with the position of Accountants (and Auditors) of the S.A.S. in the Civil Accounts Offices.

Allocation of Cost of Overbridges

A Railway Overbridge is to be constructed at McNichols Road, Chetput, Madras, in place of the existing level crossing.

The cost of the Bridge on the central portion over the track will be borne by the Railway. The cost of the approaches on both sides, estimated at Rs. 10.66 lakhs, will be borne by the Madras Corporation on a half-grant and half-loan basis from Madras Government.

Approximate Earnings of Government Railways

The following information is extracted from the "Monthly Railway Statistics" for June 1954, published by the Ministry of Railways.

	From 1-4-'54 to 31-7-'54 Lakhs Rs.	From 1-4-'53 to 31-7-'53 Lakhs Rs.
Gross Earnings	93.15	89.63
Passenger	36.08	34.72
Goods	50.08	48.11

The increase in Passenger earnings has been almost entirely from III class

passengers; the reduction in I class having been made up by increase in Air-conditioned and II class traffic.

Frauds in the Office of the Accountant General, Central Revenues

Several frauds starting from July 1944 and spreading over nine years have been detected recently, aggregating to a total of over one and a half lakhs of rupees.

In some cases, double and treble entries have been made for the same bills.

The cashier alleged to be responsible for the fraud is under suspension and the matter is still under Police investigation. The Departmental Staff and Officers whose alleged negligence has made the frauds possible have been charge-sheeted.

Audit Reports on Railways 1954

Provisional Payment Without Sanction

The Audit Report of Railways 1954 containing an account of losses, nugatory Expenditure etc., relating to the Railway Year 1952-53 has disclosed several Provisional Payments made on Railways without sanction and still to be regularised over a long period; the amount involved being over 84 lakhs on 31-3-1953.

Under the rules, provisional payments could be made only for a period not exceeding three months and in exceptionally urgent cases, where a clear sanction was anticipated and on a definite request in writing to that effect accompanied by a statement that sanction had been applied for or would be applied for within a week. But the cases under report were mostly outstanding for a very long period.

Among the other irregularities referred to in the Audit Report are:

1. The delay in the introduction of the Government Rent Rules on the Southern Railway.

2. Continuance of unsanctioned posts on the North Eastern Railway.

3. Over-payment of special pay on the Central Railway.

4. Loss of cancellation of a supply order for "track—keys" on the Central Railway.

5. "Bungling" in accepting contracts for coal handling work in Western Railway; etc.

The Report also refers to the loss of over 62 lakhs on the six Railway collieries controlled by the Chief Mining Engineer.

Perfumed Railway Stations

NAFEN reports that to combat complaints of stuffy air in the Underground Railways of Paris, stations are being sprayed with perfumes when the trains stop. Trains are being fitted, for the purpose, with spraying machines containing different perfumes mixed with disinfectants.

A novel idea indeed for attracting more passengers!

Passenger Amenities on Indian Railways

On the 4th January 1955, Mr. K. B. Mathur, Member, Railway Board, inaugurated at Delhi, a meeting of all the Special Deputy General Managers in charge of passenger amenities on the six zonal Railways to review the progress made in the provision of passenger amenities and to draw up a line of action for the future. Mr. Mathur said that though from the human and the business point of view, it was necessary to make travel, particularly of lower class passengers, more comfortable and attractive, there were practical limitations thereto. Mr. Mathur stated that a certain amount of distinction in the amenities enjoyed by the various classes of passengers was inevitable. He stated further that instructions had been issued that every second class carriage should

be fitted with proper reading lights, shower baths, wash basins, mirrors etc.

Chittaranjan Loco Works

Since it went into production, four years ago, over 180 heavy locos have been turned out and the rate of production per month at present is eight. The town extends over an area of 7 sq. miles and the model houses constructed there accommodate nearly 30,000 people.

Madhopur—Kathua Railway Link

The Railway Board has sanctioned a preliminary engineering and traffic survey for the extension of the broad gauge railway line on the Northern Railway from Madhopur to Kathua via. Lakhanpur.

The new line, when completed is expected to expedite the movement of goods to Jammu and Kashmir State.

Ownership of Prepartition Railway Stores.

After a six-day meeting in the last week of December 1954, between the Indo-Pakistan Stores Committee and the Indo-Pakistan Standing Committee for Railways, led by Sri K. B. Mathur, Transportation Member, Railway Board (India) and Mr. S. M. Hassan, Director General, Pakistan Railways (Pakistan), satisfactory decisions were reached on practically all outstanding matters and an agreement on Indo Pakistan accord was signed. The other aspects settled were:

(1) Receiving claims for compensation filed by members of the public relating to the old Jodhpur Railway and the Haldibari-Siliguri Section of the former Bengal Assam Railway. Claims of Indian Nationals to be met by the Government of India, after verification by the Pakistan Railways, and claims by Pakistan Nationals to be met by the Pakistan Government; necessary account adjustments to be made between the two countries.

(2) Immediate action to be taken for disposal of personnel cases such as trans-

fers of service records, P.F. etc., before 31st March 1955 in the case of deceased or retired employees, and by the end of 1955 in the case of other employees.

Railway Accident Enquiry Review Committee Report.

We referred in an earlier issue to the appointment of a Committee for the Review of Railway accidents. Their report was submitted to the Government late in December 1954, and it is understood that they have made many drastic recommendations in regard to methods of Railway Inspection, Purchase of Stores, action against staff endangering public safety etc. These recommendations have been made on the basis that high standards of maintenance and quality can only be built by competent workmen using good material under helpful and intensive supervision and suggested that to this end tests, checks and quality on the Railways should be strengthened. The report is being considered by the Government.

Ticketless Travel on Indian Railways

A sum of Rs. 15.5 lakhs was realised by the Indian Railways from Ticketless Travellers during the period from 1st January to 31st October 1954 (10 months). This works out to about 0.18% of the Passenger Earnings for ten months.

Director, Finance, (Accounts).

The Finance Branch of the Railway Board has been reorganised and the designation of the Director, Finance (Budget) has been changed as "Director, Finance (Accounts)". The change now made means going back, more or less, to the position existing before 1947 when the description was "Director, Accounts". It may be recalled that in 1947, the Indian Railway Enquiry Committee recommended that Finance and Budget should be associated together.

The Budget will still be under the charge of the Director, Finance

(Accounts) and he will be assisted for Budget Work by the Joint Director, Finance (Budget).

Ry. Board's Press Conference

The Chairman, Railway Board, held a Press Conference at New Delhi on the 5th January 1955 at which the following information was furnished to the Press:

Railway Earnings: The total passenger earnings from 1-4-1954 to 30-11-1954 showed an increase of 1.5 crores over the corresponding period of 1953. The total goods earnings for the same period showed an increase of 2.68 crores over the corresponding period of the previous year. These increases are gross.

Passenger Train Miles: Had increased steadily from 3 to 4 and overcrowding had been greatly eliminated.

A special review in regard to overcrowding had also been recently ordered and the results are awaited.

Classes of Accommodation:

From April 1st 1955, there will be changes in the naming of the passenger classes.

Existing	Proposed	Rates charged
2nd Class	1st Class	Existing 2nd class rates.
Inter	2nd Class	Existing Inter-class rates.

Loading had also increased considerably, being 4.9% on the broad gauge and 5.5% on the M. G. since partition. Simi-

lary, Coal Loading had also considerably improved in collieries.

Movements of Goods:

To speed up long distance goods movements, Express Goods Trains running to fixed schedules had also been introduced on all main track routes viz., Bombay-Shalimar, Bombay-Madras, Bombay-Delhi, Madras-Shalimar and Delhi-Howrah.

A close check was also being made by every Railway on the transit time of traffic moving between certain specific important points both in wagon loads and smalls.

Rolling Stock additions:

During April-October 1954, the following additional stocks were received in replacement of overaged stock:

	B.G.	M.G.	N.G.
Locos	82	45	21
Wagons	4353	3700	—

Ticketless Travel:

An intensive drive has been instituted to check ticketless travelling. As an experimental measure, on each Railway on one selected train, one Travelling Ticket Examiner to two bogies has been posted so as to ensure intensive ticket checking. Railway Officers have also been instructed to make surprise checks with 'flying squads' under their personal supervision. The Parliamentary Secretary to the Minister has also been associating himself in making some of these checks.

Book Review

PRECIS WRITING AND DRAFTING by Sri P. Rama Pisharody, B.Com. 2nd Edition—Published by Messrs. Srinivasa Varadachari and Co. 2/16, Mount Road, Madras 2. Price Rs. 2-8-0.

This book was first issued in 1949 to cover the syllabus on the subject for the Secretarial Course in the High School Classes newly introduced in the Madras State.

The Author has split up his book separately for each of the forms IV, V

and VI individually for Precis-writing and for Drafting. He has given some exercises for practice both in Official correspondence and business letters. Several important phrases or abbreviations used normally in business have been appended with their meanings and are bound to be useful to all. A close study of the book by any student will help him to work out the exercises therein without outside help and give him confidence to attempt more difficult exercises

Personnel

Sri K. V. Kasturi Rangan is now Joint Director, Finance (Expenditure), Shri D. S. Sandilya, who was previously holding this post, having been appointed to a Special Post in connection with the 2nd Five Year Plan.

Mr. H. P. Hira, General Manager, Central Railway is proceeding on leave preparatory to retirement from the 17th January 1955.

Mr. M. N. Chakravarthi, Director, Efficiency Bureau, Railway Board, has been appointed in his place.

Sri S. S. Gore, Deputy C.A.O., Central Railway, has been appointed to officiate as F.A. & C.A.O., on that Railway from 6th November 1954, in place of Sri K. Krishna Rau, retired.

Sri. J. Rama Rao, Dy. C.A.O. Northern Railway was transferred to the Integral

Coach Factory, Perambur, and took charge on 29th Dec. '54. He was deputed to Chittaranjan Locomotive Works for studying methods of costing from 4th November 1954 before taking up duties in the Integral Coach Factory, Perambur.

Sri M. S. Nanjundiah, Senior Accounts Officer, Integral Coach Factory, Perambur, has been transferred in the same capacity to the Ganga Bridge Project.

Sri M. Krishna Rao, officiating Senior Accounts Officer, Central Railway, has been confirmed as an Assistant Accounts Officer from 21st August 1951.

Sri A. Y. Kamath, Senior Accountant, Chittaranjan Locomotive Works, has been appointed to officiate as an Assistant Accounts Officer from the 18th October 1954.

Students' Corner

Topical problems which require elucidation etc., and points requiring discussion may be communicated by Readers and Subscribers to the Managing Editor for necessary action, so as to give their full benefit to all the Students interested in them.

In this issue, more place has been allotted to this section in view of the impending App. II examination. It is hoped that the candidates will derive adequate benefit therefrom.

Mg. Editor.

PRECIS AND DRAFTING

(Continued from page 244)

Drafting

Drafting is the art of preparing a letter, a Circular, Resolution, Notification etc., on certain given data like Office Notes or series of correspondence etc. It is obvious, therefore, that important documents that have to be handled in such communication have to be ascertained and the method of handling them studied.

Usually, in Offices, letters are filed one over the other commencing from the earliest to the latest. Thus in order to get in chronological order an idea of the correspondence, we have to read the file from the bottom. Sometimes, however, files are kept in book form i.e., as the file is opened, the top-most is the earliest letter following on to the latest at the bottom. But this type of filing is rare. The draft should be self-contained and should be clear to the party receiving it without need for referring to any other

letter normally. This, of course, does not mean that where there has already been a lot of correspondence on the subject and the present draft is only a continuation thereof on certain aspects, the whole of what has happened in the past should be repeated. It would be sufficient if the previous papers are linked up to give a succinct and clear idea of the state of the correspondence. We can now proceed to note down the important points that have to be carefully borne in mind by the candidate in attempting a draft in the examination.

1. A draft must be clear in meaning, concise in expression, correct in fact, complete in sense and inoffensive in style (in respect of letters).

2. Both in form and in ideas, there should be consistency, i.e., the use of proper persons, terms etc.

3. Rules of grammar, punctuations, correct spelling etc., should be strictly observed. Redundancy or repetitions of expressions should be avoided.

4. In official letters, particularly, no formality should be omitted or overlooked; and similarly in the case of business letters. Recognised forms of addressing letters should be adopted. It should also be borne in mind that every letter has to appeal to the addressee as deserving of proper consideration and should, therefore, necessarily be couched in good language and neatly written or typed, so as to create a favourable impression on the addressee.

5. Brevity should also be observed, wherever it is possible to do so; but not at the expense of clarity or politeness.

6. As far as possible, active voice should be preferred to passive voice and similarly, direct expressions to indirect ones.

7. The use of obsolete, uncommon or long words should be avoided where ordinary simple words can easily serve the purpose.

8. In the beginning of sentences, normally where figures have to be used, it is better to put them in words rather than in numerals, especially in the case of two digit figures. This instruction does not apply to Bills, Invoices, Cheques etc., where the proper thing to do is to use the numerals primarily to indicate number, amount etc.

9. Contractions should be avoided as far as possible.

10. The use of correct punctuation marks and proper breaking up of words (syllabification) should be carefully observed. Thus, the style together with grammar and everything else go to make up a good draft.

For the purpose of picking out the data for a draft in an Examination hall, the following instructions have to be carefully borne in mind :

1. See what is required: a letter, circular etc. This will decide the *form* in which the draft is to be worded and the substance which it should contain.

2. Read the concluding portion of the notes, where the final orders are issued; mark off indicatively the portions of the other notes referred to therein. It will thus be possible to find out the relevant and important portions while going through the notes and correspondence in the order in which they are given.

3. Read the initial letter or notes and all the other notes in chronological order carefully marking off on the *approved notes* and orders with special reference to the *final approved orders*. It should be remembered that the approving officer need not necessarily approve of any one of the numerous notes put up to him but may pass orders of his own or approve of certain points in a note and supplement them with those of his own. It is, therefore, particularly to be noted that the importance of the draft lies in the reproduction of the approved orders and notes.

4. Mark out the *main note* which will be used for the final draft and

embody into it as the notes are perused all corrections, modifications, additions etc., thereto. It is always advisable to stick to the exact words not only because they embody what exactly is to be communicated but also because they obviate any ambiguity or obscurity of meaning by alteration of the phraseology.

5. Find out if the draft required is an "original" letter or a "reply" letter. The opening para of the former should state the circumstances giving rise to the correspondence; while the opening para of the latter should briefly summarise the letter which is under reply.

6. The form prescribed for addressing official letters should be observed. It should in this connection be borne in mind that several of the forms which were in vogue prior to the change of Constitution in India have now become out of date and should be avoided, e.g. "I beg to state", "I remain your most obedient servant" etc.

7. Particular attention should be paid to paragraphing. Each separate point should be allotted a separate para. The ideas should lead naturally from one to the other and sequence imperceptibly maintained.

To summarise: *Do not overlook spelling, Grammar and Punctuations; observe a rhythm in the construction of sentences; avoid use of slang words and phrases; shun quotations; overcome monotony by use of synonyms and phrases; above all, be clear, brief and to the point and write completely, legibly and neatly.*

The forms that are usually adopted in Government Offices with their brief descriptions are given below :

Notification: A notification is an announcement of some Government order, appointment, leave, transfer etc., in the official Gazette of the Government concerned; similarly in respect of Railways.

Resolution: A resolution is a communication which normally declares the views or intentions of Government or

other public body in regard to a certain matter or decision upon the course of action to be adopted in the disposal of certain classes of cases. Usually all important papers, if any, on the subject are recited in the *Preamble*; followed by a brief narration of the circumstances giving rise to the case and the decision arrived at forming the *Resolution* proper. The order states the names of all the parties to whom copies of the Resolution are to be forwarded for information and guidance or action.

Circular: When a common letter is required to be issued to various offices, it is usually sent as a Circular with a common number but not differing in any other respect (in form or style) from an ordinary letter.

The enclosing Memo forwarding the circular e.g. "Copy forwarded to..." is called an *Endorsement*.

On Railways, there are two types of circulars: one is called the Audit Circular or for the matter of that, any Departmental Circular issued by the Accounts or other Department concerned. The other is called the Joint Circular issued jointly by two or more departments, one of which is usually the Accounts Department: e.g., Accounts and Engineering, Accounts and Traffic, etc. This type is used where the instructions relating to accounts are also accompanied by certain details of an administrative nature. The most common types of circulars are those used by Accounts Offices to Stations and to District Engineering Offices or District Commercial Offices or Heads of Departments; also G.M.'s Circular letters to all Departments. *Joint Circulars* are mostly used by Accounts Office in conjunction with the Commercial Superintendent for the purpose of enforcing certain regulations.

Declaration. When Government wants to declare, proclaim or announce publicly its intention in matters of public interest, it does so by means of a *declaration* and quotes provisions of the law, if any.

In all forms, the Office from which issued, the place, the date, and No. of the reference should be invariably quoted. In official correspondence apart from the regular official letters of a routine nature there are also two other types (a) Demi Official or D.O. and (b) Unofficial or U.O. D.O. letters are intended to draw special *personal* attention of the Officer concerned to enable matters being expedited, though the subject matter is official.

U.O. correspondence is used for transmitting entire files on a subject, wherever necessary, with Office notes in original between one Department and another with a view to obtaining the remarks or opinion of the other Department on the file itself in order to expedite matters and avoid unnecessary red-tapism. This is extensively used where matters have to be discussed openly without reserve and where the Offices are situate in the

same area—generally in the same building.

Memorandum: This is an Official communication mostly used in dealing with subordinates for purposes of eliciting information and for transmitting departmental rulings to them. The same form may be used when the addressee is considered of a lower status than the writer.

Proceedings: This is another variety of official communication which is used by Heads of departments to communicate their orders to their subordinates mostly, and sometimes even despatched with a covering letter. The proceedings will be in the body and in any case, duly numbered. When proceedings are communicated to others, they are made through endorsements *e.g.*, "copy communicated to" or "copy forwarded to" etc.

Book-Keeping — Elementary

(Continued from page 248)

REGISTERS

Purchases Book (Invoice Book)				Sales Book (Day Book)			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
1941				1941			
Apr. 6	To French & Co.	13	800	Apr. 1	By S. Silly & Co.	14	1490
May 5	„ T. Colah	10	1370	15	„ F. Dadabhoy	15	1340
19	„ D. Dayabhai	8	1250	24	„ T. David	16	1730
June 15	„ C. Charles	17	1700	„	„ W. Banker	18	2040
				May 12	„ C. Ibrahim	6	1300
	Goods Purchases a/c	1	5120	June 10	„ Smithson & Co.	19	1200
				June 17	„ Parekh	20	2100
					Goods Sales a/c	1	11200
Bills Receivable Register				Bills Payable Register			
Date	Particulars	L.F.	Amount	Date	Particulars	L.F.	Amount
1941				1941			
Apr. 7	To C. Ebrahim 2 mths a/d (Discounted with Bank on 16th)	6	350	May 27	By French & Co. (1 month a/d)	13	500
June 12	„ Smithson & Co. @ 2 months	19	1200	June 19	„ C. Charles	17	1700
17	„ Parekh	20	2100				
	B/R a/c	2	3650		B/P a/c	3	2200

Note:—For complete forms of these books, see pages 75, 79 & 85 of Batliboi's "Double Entry Book-Keeping."

LEDGER ACCOUNTS

1 Goods a/c							
Dr. Date	Particulars	L. F.	Amount	Date	Particulars	L. F.	Cr. Amount
1941				1941			
April 1	To Balance		9210	April 13	By Cash Sales		160
14	„ Bank		210	19	„ French & Co. returns		300
June 1	„ Bank		1750	June 5	„ Cash Sales		2400
	„ Credit Purchases		5120		„ Credit Sales		11200
	Total Purchases		16290		Total Sales		14060
2 Bad Debts a/c							
April 25	1 (a) To E. Mistry		500		By P. & L. a/c		500
			500				500
3 Bills Collection a/c							
June 12	1 (b) To B/R		1200		By Balance c/d		1200
			1200				1200
4 Bills Receivable a/c							
1941				1941			
April 1	To Balance		6930	April 14	By Bank		2490
	„ Sundry Purchases		3650	16	„ Sales		350
				20	„ Bank		2100
				May 1	„ Cash		2340
				June 12	„ Bills Collections		1200
					„ Balance c/d		2100
							10580
							10580
5 Bills Payable a/c							
1941				1941			
April 21	To Bank		2160	April 1	By Balance		5160
May 23	„ Bank		1600		„ Sundry Purchases		2200
„ 30	„ „		1400				
	„ Balance c/d		2200				
			7360				7360
6 W. Shimoga a/c							
1941				1941			
April 1	To Balance		2870	April 12	By Sight Draft		650
16	To S. D. returned		650	May 25	„ Bank		2880
	„ Cash (Notarial charges)		10				
			3530				3530
7 E. Mistry a/c							
1941				1941			
April 1	To Balance		750	April 25	By Bank		250
				„	„ Bad Debts		500
			750				750

6		C. Ebrahim a/c					
Date	Particulars	L. F.	Amount	Date	Particulars	L. F.	Amount
1941				1941			
April 1	To Balance		670	April 7	By Bank		320
May 12	„ Goods (Sales)		1300	„	„ B/R		350
					„ Balance c/d		1300
			<u>1970</u>				<u>1970</u>
7		Fixtures & Fittings a/c					
1941				1941			
April 1	To Balance		1950		By Balance c/d		1950
			<u>1950</u>				<u>1950</u>
8		D. Dayabhai a/c					
1941				1941			
April 18	To Cash & Discount		630	April 1	By Balance		630
	„ To Balance c/d		1250	May 19	„ Purchases		1250
			<u>1880</u>				<u>1880</u>
9		Furniture Supply Co.					
1941				1941			
May 2	To Bank		500	April 1	By Balance		500
			<u>500</u>				<u>500</u>
10		T. Colah a/c					
1941				1941			
May 21	By Bank & Discount		230	April 1	By Balance		230
	To Balance c/d		1370	May 5	„ Purchases		1370
			<u>1600</u>				<u>1600</u>
11		P. Smith & Co., Loan a/c					
1941				1941			
	To Balance c/d		3000	April 1	By Balance		3000
			<u>3000</u>				<u>3000</u>
12		Capital a/c					
1941				1941			
	To Balance c/d		5700	April 1	By Balance		5700
			<u>5700</u>				<u>5700</u>
13		French & Co. a/c					
1941				1941			
April 19	To Goods returns		300	April 6	By Goods Purchases		800
May 27	„ B/P		500				
			<u>800</u>				<u>800</u>

14		S. Silly & Co.					
Date	Particulars	L. F.	Amount	Date	Particulars	L. F.	Amount
1941				1941			
April 1	To Goods Sales		1490	May 28	By Cash & Discount		1490
			<u>1490</u>				<u>1490</u>
15		F. Dadabhoy a/c					
1941				1941			
April 15	To Goods		1340	April 27	By Cash & Discount		1340
			<u>1340</u>				<u>1340</u>
16		T. David a/c					
1941				1941			
April 24	To Goods		1730		By Balance c/d		1730
			<u>1730</u>				<u>1730</u>
17		C. Charles					
1941				1941			
June 19	To B/P		1700	June 15	By Goods		1700
			<u>1700</u>				<u>1700</u>
18		W. Banker					
1941				1941			
April 24	To Goods		2040		By Balance c/d		2040
			<u>2040</u>				<u>2040</u>
19		Smithson & Co.					
1941				1941			
May 10	To Goods		1200	June 12	By B/R		1200
			<u>1200</u>				<u>1200</u>
20		Parekh a/c					
1941				1941			
June 17	To Goods (Sales)		2100	June 17	By B/R		2100
			<u>2100</u>				<u>2100</u>
21		Advertisement a/c					
1941				1941			
April 27	To Bank		225		By P & L a/c		335
May 31	„ Cash		35				
June 30	„ Bank		75				
			<u>335</u>				<u>335</u>
22		Stationery a/c					
1941				1941			
April 27	To Cash		25		By P & L a/c		25
			<u>25</u>				<u>25</u>

23		Salaries a/c			
Date	Particulars	L. F.	Amount	Date	Particulars
1941				1941	
April 27	To Bank		400		By P & L a/c
May 31	" "		425		
June 30	" "		450		
			<u>1275</u>		
					<u>1275</u>
24		Rent a/c			
1941				1941	
April 27	To Bank		125		By P. & L. a/c
May 31	" "		125		
June 30	" "		125		
			<u>375</u>		
					<u>375</u>
25		Wages a/c (office)			
1941				1941	
April 28	To Cash		45		By P. & L. a/c
May 31	" "		40		
June 30	" "		40		
			<u>125</u>		
					<u>125</u>
26		Cartage a/c			
1941				1941	
April 30	To Cash		75		By P. & L. a/c
June 25	" "		12		
			<u>87</u>		
					<u>87</u>
27		Sundry Expenses a/c			
1941				1941	
May 10	To Cash		30		By P. & L. a/c
			<u>30</u>		
					<u>30</u>
28		Telephone Charges a/c			
1941				1941	
May 15	To Bank		40		By P. & L. a/c
			<u>40</u>		
					<u>40</u>
29		Carriage Inwards a/c			
1941				1941	
May 17	To Bank		70		By P. & L. a/c
June 21	" "		125		
			<u>195</u>		
					<u>195</u>
30		Drawings a/c			
1941				1941	
June 30	To Bank		750		By Balance c/d
			<u>750</u>		
					<u>750</u>

31		Discount a/c	
Date	Particulars	L. F.	Amount
1941			
June 30	By Sundries		100
			100

Discount a/c	
Date	Particulars
1941	
June 30	By Sundries
	„ P. & L. a/c
	35
	65
	100

Trial Balance							
LF	Particulars	Total Dr.	Total Cr.	LF	Particulars	Total Dr.	Total Cr.
	Cash a/c	2820	312	16	T. David	1730	
	Bank a/c	14110	19450	17	C. Charles	1700	1700
1	Goods a/c	16290	14060	18	W. Banker	2040	
1 (a)	Bad Debts	500		19	Smithson & Co.	1200	1200
1 (b)	Bills Collection	1200		20	Parekh	2100	2100
2	Bills Receivable	10580	8480	21	Advertisement	335	
3	Bills Payable	5160	7360	22	Stationery	25	
4	W. Shimoga	3530	3530	23	Salaries	1275	
5	E. Mistry	750	750	24	Rent	375	
6	C. Ebrahim	1970	670	25	Wages	125	
7	Fixtures & Fittings	1950		26	Cartage	87	
8	D. Dayabhai	630	1880	27	Sundry Expenses	30	
9	Furniture Supply Co.	500	500	28	Telephone Charges	40	
10	T. Colah	230	1600	29	Carriage Inwards	195	
11	P. Smith & Co. Loan		3000	30	Drawings	750	
12	Capital		5700	31	Discount	100	35
13	French & Co.	800	800				
14	S. Silly & Co.	1490	1490			75957	75957
15	F. Dadabhoy	1340	1340				

TRADING AND PROFIT & LOSS ACCOUNT

For the Quarter Ending 30th June 1941

		Rs.			Rs.
To Opening Stock		9210	By Sales		14060
„ Purchases		7080	„ Closing Stock		9450
„ Carriage Inwards		195			
„ Gross Profit c/d.		7025			
	Total	<u>23510</u>		Total	<u>23510</u>
To Salaries		1275	By Gross Profit b/d		7025
„ Advertisement		335			
„ Rent		375			
„ Wages (Office)		125			
„ Bad debts	500				
„ Add Reserve for B. Debts.	254	754			
		<u></u>			
„ Stationery		25			
„ Cartage		87			
„ Sundry Expenses		30			
„ Telephone Charges		40			
„ Discount a/c.		65			
„ Depreciation		150			
„ Net Profit		3764			
	Total	<u>7025</u>		Total	<u>7025</u>

THE RAILWAY ACCOUNTANT

Balance Sheet as on 30-6-1941

Central Bank Ltd., Overdraft	5340	Cash	2508
Bills Payable	2200	Bills Receivable	2100
Sundry Creditors		Bills Collection	1200
D. Dayabhai	1250	Stock	9450
T. Colah	1370	Sundry Debtors	
	2620	C. Ebrahim	1300
P. Smith & Co., loan a/c.	3000	T. David	1730
Capital a/c.	5700	W. Banker	2040
Add Net Profits	3764		5070
	9464	Less Reserve for B. D. 5%	254
Less Drawings	750		4816
	8714	Furniture and Fixtures	1950
		Less Depreciation	150
			1800
Total	21874	Total	21874

NOTE

The above Question on Book-keeping was solved by Sri M. Venkatachar, Accountant, Southern Railway, Madras, and we offer our sincere thanks to him therefor. —*Mg. Editor.*

ERRATA

December 1954 Issue

- Page 246 : against June 17, read '2100' instead of '2105'.
 Page 246 : against June 30, read '125' instead of '120'.
 Page 247 : Credit side against April 16, read 'dishonoured' for 'discounted'.
 Page 247 : Credit Side, against April 16, read 'notarial' for 'nominal'.

OBITUARY

We regret to record the passing away of two eminent Railway Accounts and Audit Officers in December 1954.

Mr. V. V. S. Iyer, retired Assistant Accounts Officer, ex. G.I.P. Railway, passed away on 26th December 1954 at his residence in Trichinopoly at the age of 64. He entered service on ex-E.I. Railway and rose to the position of an A.A.O. He served for some time on the ex-G.I.P. Railway. He was reputed for his ability and conscientious work. He was of a charitable disposition and he never hesitated to help the poor. He leaves three sons.

Mr. K. Janakirama Iyer, retired Assistant Audit Officer, Railway Audit, whose demise occurred on 23-12-54 at the age of 64, entered service in the subordinate ranks and rose by dint of his ability to the rank of Assistant Audit Officer. He served both in Trichinopoly and Madras and retired from the Audit Department in April 1945. After retirement, he was Assistant Director, Civil Supplies (Accounts), Bombay, till 1951, after which he served in the Bombay State Transport for a year. The late Mr. Janakirama Iyer was noted for clarity of expression and firmness in Audit.

Note To Subscribers :

Many subscribers have yet to remit the subscription for the further period, even though they have received the Journal for a period later than that covered by their last payment. They will kindly expedite the remittance to avoid the issue of reminders by the Management.

Subscribers who availed of the Students' Concession Rate, are requested to continue their subscription from December 1954 onwards at the *normal* rate.

They are further requested to enlist as many subscribers as possible to extend the operation of the Journal.

As frequent complaints are being sent for non-receipt of copies sent to the Office address, subscribers are advised to give their residential addresses to ensure safe receipt.

Specimen Copies :

Several requests have been received for *free specimen* copies of the Journal. No such free copies are supplied, but in lieu thereof, only the outer wrapper containing particulars of contents etc., of the Journal separately for each month can be supplied to intending subscribers. If, however, a copy of the Journal itself is required, remittance should be made at Rs. 1-8-0 per copy (inclusive of postage) along with the request.

Back Issues :

As already advised in previous issues, only a few copies from May 1954 are now available. Each copy from May to December 1954 can be supplied only at the premium rate of Rs. 1 8-0 inclusive of postage. Those who require such copies should send advance remittance. No correspondence will be entered into on this account, unless adequate postage stamps are enclosed or reply card sent for the purpose.

CAREERS & COURSES

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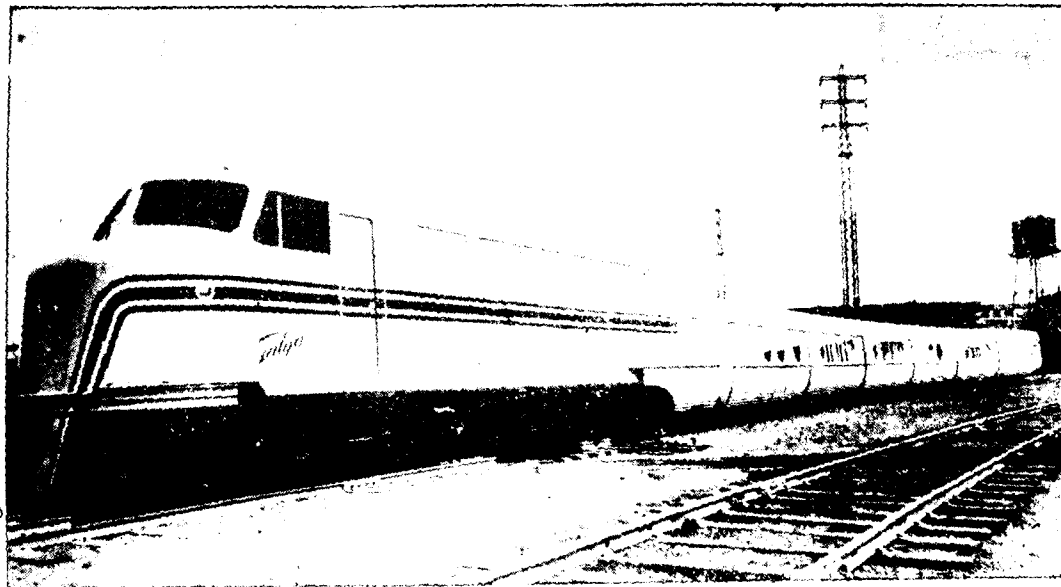
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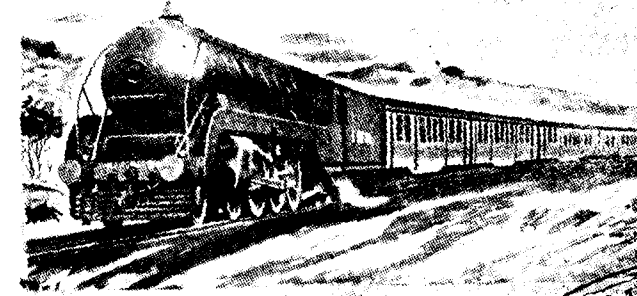
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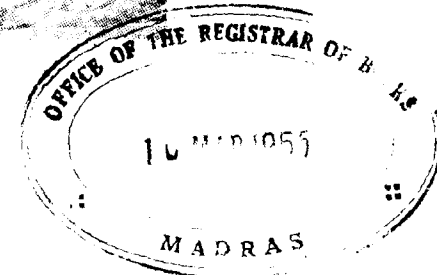
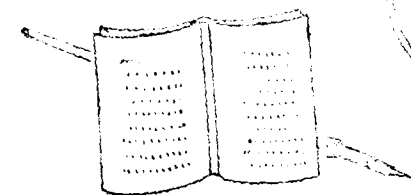
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THE

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A Monthly Journal

devoted to

Railway Accounts, Audit & Finance.

Vol. I

FEBRUARY 1955

No. 11

Edited & Published by :

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EDITORIAL NOTICE

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Manuscripts and photographs, if any, sent therewith, if not accepted for publication, will be returned only if the sender so desires and encloses the usual stamped and self-addressed envelope.

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ACKNOWLEDGMENTS

The following Journals and Magazines have been received since the last issue :

Central Railway Newsletter—Jan. 1955	Southrailnews—Jan. 1955
Central Railway Magazine—Jan. 1955	Indian Railway Gazette—Feb. 1955
Northern Railway Magazine—Jan. 1955	Accountants' Journal, New Zealand— Dec. 1954
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Vol. I

FEBRUARY 1955

No. 11

Reclassification of Passenger Accommodation on Railways ²⁸⁰

The decision to abolish Inter class on Railways, in addition to that of first class which is to be finalised by the 31st March 1955, has led to several further changes.

The first reaction is in respect of Railway Staff who are eligible to travel on Free Passes. The Board's order in this connection issued recently has been summarised elsewhere in this issue. It will be seen therefrom that the classes of travel are being renamed as 1st Class, 2nd Class and 3rd Class, in addition to the Air-conditioned class which was the off-shoot of the abolition of the 1st Class. Besides the above, a distinction as 'Special 1st Class' is also being created. The object of these changes is obviously to continue to preserve for the staff, privileges that they are enjoying at present, but under a new name. While doing so, whether knowingly or unknowingly, the privilege of travelling in Air-Conditioned carriages by payment of difference in fares of the old first class and the air-conditioned class, viz., 3 pies per mile, has been raised to 1/3 the difference between the air-conditioned class and the existing 2nd class fare of 16 pies ; i.e., 14/3 pies per mile. Why this prejudicial change should be made is not clear.

At present, travellers in 2nd Class in night trains are provided with sleeping accommodation. In the new second class, whether such accommodation will be provided and if so, on payment of extra rate or not has to be made clear. In view of the fact that sleeping accommodation has been provided even for third class passengers, it would be reasonable to expect that the same facility would be provided to the revised 2nd class Passengers also.

On all branch lines and on several trains on the main lines, all classes of accommodation are not being provided. Whether the same thing will continue even after 1st April 1955 is yet to be known. If it does, this may add to the inconvenience of some of the Railway staff.

It is not clear as to what is the particular object expected to be gained by renumbering of classes when the parties who were previously entitled to certain amenities continue to enjoy them under a different name. Besides the inevitable expenses incidental to such alterations in re-marking carriages, issue of revised tickets etc., there is also inconvenience both from the public stand-point and from that of the Railway executive staff. It will take a long time to both the public and the booking staff at the various stations to get accustomed to the implications of these changes. On a previous occasion, when the classes were altered from 1st, 2nd and 3rd Class to Class I, Class II and Class III, and their subsequent abolition, several lakhs of rupees were spent in giving effect to those changes. Obviously, several more lakhs of rupees far in excess of those spent may now be required to give effect to the present changes. It is, therefore, very necessary to understand how this colossal expenditure will be financially justified by the authorities.

Another aspect to be considered in this connection is the repercussion on the staff of other Government Departments, whose travelling allowances are regulated by Class accommodation. Whether these departments have been consulted prior to the introduction of these changes is not known to us. But it is certain that these changes imply corresponding alterations in the working rules of all other departments *vis-a-vis* Railway travel, and this again means lot of expenditure and possibly a source of annoyance to many. It is hoped that fuller consideration will be given to the entire subject and not only the necessity but also the efficacy of the proposed changes considered in all aspects, before the changes come into force.

* * * * *

S. A. S. (Railways) Examination 1954

In our Editorial last month on the above subject, we promised to review the Question papers on the other subjects and offer our remarks in due course. We have since been able to peruse these papers set on the General Accounts side and we feel that these papers have generally been of a much better type than those on the Receipts side commented upon last month. We are giving below our views on some of these papers.

Books and Budget. The Paper (*With Books*) contains mainly practical questions and unless the candidate has a detailed knowledge of the subject, it may not be possible for him to satisfy the Examiner. Question X on Revenue Account Current is practical, but the Code does not help the candidate in regard to the form, as it does not contain the latest form, which only those who are actually engaged on that phase of work in the Office can get at.

Q. VI speaks of clearances of Joint Station Expenses. Adjustment of Joint Station expenditure between Government Railways ceased long ago and this question could have been omitted as of no practical interest under the present rules.

In the (*Without Books*) paper, Q. VII practically covers a very wide portion of the Cash Office work and therefore seems to be too long. The question could have been restricted to certain aspects only.

In Q. II, the Examiner wants the candidate to state the relationship of the D. R. F. to D. F. What exactly he has in mind is not clear, since the two funds are absolutely different and serve different purposes.

Establishment. Q. No. IX (*with books*) deals with the Provident Fund assets of a deceased employee. Under the Syllabus in force this year, no question on PF can be included in this paper, but only under General Expenditure.

General Expenditure. The *With Books* paper contains eight questions out of which six have to be selected. The topics dealt with and the material expected are all normal and straight-forward.

The *without Books* paper also contains eight questions out of which six have to be answered. One who has got a practical touch with the subject and has also studied the Codes properly can easily answer these questions. It is, however, to be mentioned that Question 5 on the Capital and Revenue Accounts of residential buildings has already been dealt with in Question III(b) of the Books and Budget (*Without Books*) paper and Question I(a) of General Rules and Procedure paper. Repetition of this question in this paper also does not seem to be justified. In fact it would be a good policy not to repeat the same type of questions in several papers,

particularly where they come under the same group. It is for this purpose that we suggested a review of all the question papers by the Financial Commissioner before finalisation.

Press and Collieries. There was no paper on this subject in the previous year, obviously for want of candidates. Three out of eight questions set in each paper, *With Books* and *Without Books*, deal with the Press, the balance five dealing with Collieries. Since six questions have to be selected, every candidate must pick out at least one on the Press Accounts.

With the transfer of Collieries from the Railway Ministry, this ceases to be of interest to Railway Accounts staff.

Note: We have received from some of our constituents copies of three Memorials sent to the Director of Finance (Budget) on the question papers set for Station Accounts, Advanced Commercial Book Keeping and Books & Budget, for the S. A. S. (Railways) Examination held in December 1954. Our views on the first two papers have already been expressed in the issue for January 1955.

Mg. Editor.

Supply of Indian Railway General Code Vol. I

A TYPICAL DISPOSAL

In January '54, the Manager, Government of India Publications, Delhi, was requested to supply copies of the Railway Accounts Code Part I and the Railway General Code, Vol. I. He replied: "Railway Accounts Code out of stock; Railway General Code out of stock and under reprint". In March 1954, the Manager was requested to register an order for despatch, when ready, of six copies of the General Code, Vol. I. He was, further reminded on the 25th July 1954, to supply the *latest* Edition of this and some other Codes. In response to this, the Manager supplied 3 copies of the General Code—PRB. 83.1 (N)—along with other Books. By then, the later edition had been issued as No. PRB. 112 (N) embodying several correction slips. When the supply of the old copies was discovered after honouring the VP and opening the packet, the Manager was addressed on the 19th August either to replace the old copies with new ones, or to send three copies of the correction slips which had been embodied in the later Edition. A reminder was issued on the 26th Sept. 1954 (in the absence of

a timely reply). Then the Manager advised in Oct. 1954 that correction slips were out of stock. He was thereupon addressed as to why he should not take back the out-of-date copies supplied. No reply has been received therefor, in spite of a reminder dated the 7th November 1954.

The statement made by the Manager originally in January 1954 to the effect that there was no stock must have been incorrect, as he supplied these copies in August '54. In the face of a specific indent for the *latest* edition, supply of old unsaleable copies without the necessary correction slips, is not fair, not only from the commercial standpoint but from the Departmental standpoint also. That justice is due needs no comment.

If the Railway Board are instructing the Publication Branch in regard to the disposal of copies of Codes relating to their Department, they should see that indents for copies of the Railway Codes are justly dealt with, and that customers are not forced to accept out-of-date books.

Relations between Audit and Administration in India

Mr. A. K. Chanda, Comptroller and Auditor General, inaugurated a Session at Calcutta on the 15th January 1955, of the All India Audit and Accounts (Class II) Officers' Association, when he referred to several important policy changes. He stressed the need for reorientation of the attitude of the Audit Department and a readjustment of the relations between Audit and Administration. Central Accounting is proposed to be discontinued and each Ministry and Department of the Government of India will be equipped with an Accounting Organisation subordinate to it, making a start with three Departmental Accounts Offices viz., Supply, Food and Rehabilitation, with effect from the 1st April 1955.

The following are excerpts from his Speech:—

"The first question which has been engaging my anxious consideration is the relations between audit and administration. In all well-recognised democracies, audit is not just tolerated as a necessary evil, but is looked upon as a valued ally which brings to notice, procedural and technical irregularities and lapses on the part of individuals, whether they be errors of judgment, negligence, or acts and intents of dishonesty. The complementary roles of audit and administration are accepted as axiomatic, being essential for toning up the machinery of Government. In the ultimate analysis, Audit and Administration are the components of the machinery of Government. It is only when these components are properly synchronised in operation that optimum results can be obtained. The need for a reorientation of the attitude and a readjustment of the relations between Audit and Administration, has thus assumed paramount importance.

"Not an Inquisition"

"I should, therefore, state here categorically, that Audit is not an inquisition

and its mission is not one of fault-finding. Its purpose is to bring to the notice of the Administration, lacunae in the rules and regulations, irregularities and lapses, and to suggest, wherever possible, ways and means for the execution of plans and projects, with greater expedition, efficiency and economy. It is only to be expected that an efficient administration would immediately take due note of these observations and suggestions and set about toning up its performance. Unfortunately, this is not the position here to-day. Audit queries and objections do not receive the attention they deserve and at the levels appropriate to their character and importance. Naturally, all this leads to a continuation of the irregularities and encourages a feeling of immunity in the minds of dishonest officers. Audit comments which, ultimately, come to be incorporated in the Audit Reports, often based on fragmentary material, relate, under these limitations, mainly, to transactions several years old. Changes in personnel have often, meanwhile, taken place.

"The official witnesses before the Public Accounts Committee, who have had perhaps nothing to do with the irregularities, attempt, therefore, a reconstruction of sequence of events—a difficult enough process—but they also feel that loyalty to their predecessors in office demands a defence of the position, even when this is manifestly untenable. Evidence is adduced before the Public Accounts Committee, which, if it had been produced earlier to Audit, would have led either to the deletion of an objection or to its different presentation. All this creates naturally, an impression in the Public Accounts Committee that the official world is impervious to suggestions of improvement, and is unmindful of the financial interests of the State—slow in movement and soft in administration and discipline.

"The examination of the official witnesses comes, thus, to be conducted against this background. This often proves irritating and distasteful to the witnesses, and, in extreme cases, even creates the impression of their *bona fides* being questioned. As a result, officers at all levels are now disinclined to take responsibility, and there is a growing tendency to reduce every expression of opinion to writing, as a measure of protection. This is not merely time-consuming, but is also resulting in a shift of responsibility to the highest level. This is a most unfortunate development, which can only be arrested and reversed by the adoption of an altogether different approach.

Reorientation Needed

On an objective analysis, I must confess that the attitude of Audit also needs a reorientation. The impression has come to be created that the purpose of Audit is to "show up" the administration. Objections are raised, technical in character, even in respect of schemes and projects which have been executed with competence and expedition. It must be recognised that the purpose of a plan or a project, and the manner in which it is being implemented, are more important than mere technicalities. If the rules and regulations, framed long ago for a different purpose and under a different set of circumstances, prove unsuitable to the requirements of a situation, suggestions should be made for their modification rather than directing criticism against a deviation from these outmoded rules and regulations.

"On this appreciation I have been greatly distressed at the subsisting situation. I became convinced that there should be a new and positive approach which would bring Audit and Administration closer and facilitate concerted action for the eradication of irregularities and malpractices. Accordingly, I discussed this question at a high level at the Centre. A meeting of the Secretaries to the Government of India, thus, came

to be convened, which I attended by invitation. There was a frank exchange of views, and we were able to evolve a new procedure for dealing with audit queries and objections. This provides for personal contacts and discussions at various levels between Audit and Administration, with reference to all the records, to enable an objective appreciation of a situation being reached. In such a scheme, the petty irritants should disappear and only essentials remain. A necessary corollary to this new relationship is a reorientation of the attitudes of mind.

"Audit in India receives massive support from Parliament, the Press and the public. It is imperative, therefore, that Audit should be circumspect in the presentation of its conclusions, more particularly, those that imply moral turpitude. Similarly, Administration should also become more responsible and cease to treat audit comments in an off-hand and somewhat casual manner. In regard to lapses, where dishonest intents are established, strong deterrent action should be taken. The higher the level of the officer, the stronger and firmer the action.

"I have also felt that this arrangement for dealing with current audits will not, by itself, be sufficient and that heroic measures will have to be taken to relieve both Audit and Administrations from the burden of very heavy accumulated arrears of objections. I have, therefore, appointed an Accountant-General on special duty, to work under personal directions, to review in co-operation with the Ministries of the Government of India, all outstanding objections. This, I hope, will lead to the resolution of an unsatisfactory situation and will enable all concerned to give their undivided attention to current tasks. I have also addressed the Chief Ministers of the States and the Accountants-General, with the request that similar arrangements might be set in train in the States' fields also.

Separation of Audit

"The second question is the separation of Audit from Accounts. Here again, there seems to be considerable misunderstanding and misgivings in the minds of the responsible State Governments and even of my colleagues in the Department. While the principle that these two somewhat incompatible functions should not vest in the same authority finds general acceptance, this acceptance is tempered by many reservations in many quarters. It has been suggested that it would be sufficient if the organisation of the Accountants-General were to be transferred to the administrative control of the Finance Ministry. This will certainly meet the principle mentioned and absolve the Audit Department of the odium of criticism of irregularities, defalcations, etc., in its accounts component. I consider that separation, if it is to produce substantial and positive results, will necessitate a radical structural change in the accounting organisation. It is proposed, therefore, to discontinue Central Accounting and to equip each Ministry and Department with Accounting Organisations subordinate to it. It would also be necessary to simplify the present accounting arrangements and discontinue Exchange Accounts which are, in the main, responsible for the enormous accumulations in the Suspense Accounts, the incompleteness of accounts and the delay in their closure. Each departmental Accounting Officer would be provided with cheque books, operating on credits voted as appropriations by the Parliament for all transactions relating to his charge.

Parliamentary Control

"The first and foremost advantage of the plan of separation will be to make Parliamentary control over appropriations effective and real. It is common knowledge that supplementary demands are presented, on the one hand, to the House to cover expenditure already incurred in excess over voted appropria-

tions, and there are situations, on the other, in which the savings in the grants themselves turn out to be larger than the supplementary votes obtained. Parliamentary control over appropriations thus loses its meaning and purpose.

"The accountability of the Executive to the Parliament is the basis of a democratic form of Government. The fulfilment of this basic conception has been secured in the U. K. by the Audit and Exchequer Act of 1866, which conferred on the Comptroller and Auditor-General the authority to grant to the Treasury from time to time, on their request, credits out of the Consolidated Fund into which all revenue is paid, if he was satisfied of their correctness. This is an important provision by which Parliament makes certain that the Executive Government cannot obtain any advances which have not been duly approved by the House of Commons.

"As a counter-part to this overall statutory responsibility of the Comptroller and Auditor-General, the conception of Accounting Officer has been evolved in the U. K., to secure departmental control over appropriations made to it. The constitution of the permanent heads of Departments as the Accounting Officers has been stated to be the foundation of the financial system of the country so far as departmental control over expenditure is concerned." The designation denotes the relation in which these officers stand towards Parliament as "responsible for the financial administration of the grant for the service under the control of their Departments." It also avoided ascribing to them a character which appropriately belongs only to persons possessing a technical knowledge of book-keeping and accounts.

"It is the duty of an Accounting Officer to see that no expenditure is incurred in excess of the total sum authorised by Parliament to be spent on any vote; neither is it within his competence to incur any expenditure on any sub-

head of the vote in excess of the grants provided for the sub-head in the estimates, even though there may be savings on other sub-heads of the vote and the expenditure is within the powers delegated to the Department.

"It will be evident that central accounting controlled by an authority outside the Administration can neither secure Parliamentary accountability of the Executive in the vital field of supplies, nor bring home to the Heads of Departments their responsibility towards Parliament. Unless we can reorient the machinery of control, Parliament will be reduced to the position of a Registering Authority of executive decisions. Our Constitution re-designated the office I hold, as the Comptroller and Auditor-General, as it was recognised that the functioning of a Comptroller-General was indispensable in the enforcement of Parliamentary control. The designation of Comptroller-General has, under the present state of affairs, become an honorary prefix without any function. If I am to ensure on behalf of the Parliament that governmental expenditure is kept within the funds appropriated—department and votewise—the departmentalisation of accounts is inescapable.

Formulation of Budgets

"I should now recount certain other considerations which dictate the adoption of this plan. At the stage of formulation of budgets, every democratic government is faced, sometime or other, with the problem of availability of resources in relation to the competing demands of the various activities of Government. Priorities have, therefore, to be determined and the resources rationed. The purpose of this arrangement is to obtain the maximum beneficial utilisation of available funds. We are on the threshold of an industrial and social revolution. It is imperative, therefore, that the allocation of funds should be based on a realistic assessment of the needs and the spending capacity of the Departments. Prestige of Depart-

ments or Governments or other similar considerations, should not be allowed to intervene. Even when the estimates have been framed with meticulous care, unforeseen circumstances will continue to intervene sometimes to upset calculations. When such a situation develops, diversion of funds by re-appropriation, where permissible, or through supplementary demands has to be resorted to. This is rendered possible on a realistic basis, only when the accounting machine is capable of presenting an up-to-date financial picture at any point of time. This is not possible under centralised accounting, and lapses in the voted appropriation occur with tiresome regularity.

"Departmental accounts will give flexibility to the transfer of resources even in the course of an accounting year, and thus assist a more beneficial utilisation of the voted appropriation to a fuller extent of availability. The manner in which the assessment, initially, of funds required was made, and later utilised on the approved projects, would also provide an index for assessing the competence of the Secretaries and Departmental Chief concerned. This will enable Government to make necessary administrative changes. This system will also equip all the Secretaries with a mechanism for watching the progress of schemes within their sphere of responsibility. I expect to make a start with three departmental Accounts Offices, namely, Supply, Food and Rehabilitation, with effect from the 1st April, 1955.

Financial Control

"There now remains the question of financial control and adjustments in the authority and functions of the Finance and Administrative Departments. For historical reasons, there still exists excessive concentration of authority and centralisation of functions in the Government of India. Under British rule, this was necessary for the main purpose of retaining control and power. In justifi-

cation of this statement that the excessive concentration of authority was a necessary concomitant of an alien rule, I should, perhaps, refer to the evolution of a decentralised form of administration in Britain over the same period. I can do no better than to quote from the Conventional Treasury Letter which is issued in appointing Accounting Officers.

"The basic conception underlying the Treasury Financial procedure and organisation is that due regard can never be paid to financial considerations if finance and administration are divorced, and finance is kept separate from other factors which enter into policy decisions. Finance is thus regarded as an essential element in the consideration of all policy questions from the outset; and the administrative Head of the Department must make sure, as a prerequisite of efficient and economical administration, that financial considerations are taken into account at all stages by his Department in framing and reaching decisions of policy, and in their execution." It is on this basic conception that the permanent Head of a Department has been made the Accounting Officer. He alone is in a position to answer for the efficient and economic conduct of his Department as a whole. It is with the departmentalisation of accounts in the U. K. that financial control in the day-to-day administration of the Department came to be automatically delegated to the permanent Heads of Departments.

"An Accounting Officer has thus two separate functions to perform. The first function relates to his responsibility for the proper conduct of the financial business of his Department and to the traditional duties. The second function which has been a gradual development is his responsibility for securing a most efficient and economic administration of his Department. The Treasury Letter referred to above, also reaffirms that while the advice of the Treasury can be sought on major questions of policy or

any other points of doubt, it does not absolve the Accounting Officer from his formal responsibility as such and his accountability continues to be undiminished by consultation with the Treasury.

"In India, quite apart from the character of the Government, under an alien Government, its functions were also so limited in scope and character in the past that they lent themselves to effective central direction. We are striving to-day to build a new India based on social justice and economic progress in which the State must inevitably play an increasingly important role in inducing and undertaking measures to this end. On the one hand, the administrative machinery must necessarily be adapted and adjusted to fulfil these varying tasks; on the other, there must be a nationwide diffusion of initiatives and responsibility to produce effective and abiding results. Consideration has, therefore, to be given to the extent to which decentralisation of authority is possible, under existing conditions to accelerate the execution of plans and programmes.

"Certain adjustments in the internal structure of administrative Ministries and in their relations with the Finance Ministry, are necessary to equip the operating Ministries better, to fulfil their executive functions. The very purpose of adjustments at the Ministry level would, however, be defeated unless the process of delegation provides the executive officers at all levels with authority appropriate to their status and responsibilities. The Heads of Departments and other executive officers feel frustrated and hampered now as there has not been sufficient delegation of authority. Even in the exercise of delegated powers there is too much interference in their work, which undermines their authority and, therefore, effectiveness.

Delegation of Authority

"It is axiomatic that, if the execution of plans and programmes are to proceed according to schedule, there should be

appropriate delegation of authority with reference to the scope of the projects. In the case of bigger projects, the delegation should be accompanied by the provision of internal financial advice and accounting organisation. In the case of existing delegations, a review should be immediately undertaken (a) to take account of the loss of the purchasing power of the rupee and (b) the increased workload which had devolved upon these officers.

"A scheme of providing internal financial advice and accounting should be extended over as wide a field as possible and is necessary. The time-consuming vertical movement, up and down, of files dealing with projects and sanctions will thus be appreciably reduced. Every officer with delegated financial powers should prepare a monthly schedule of sanctions for submission to the authority immediately superior to him. This would provide for a regular scrutiny of sanctions. In any event, there is the independent audit authority to bring to notice any abuse or misuse of delegated authority. Where the delegated powers have not been properly exercised, these might be suitably adjusted in individual cases. Other corrective measures should also be taken where necessary.

"The absence of appropriate and adequate delegated authority is coming to be reflected in the volume and nature of audit objections. Wherever officers take the initiative and exceed their authority in the interests of their work, audit is compelled to raise objections. The settlement of these objections set in train an interminable triangular correspondence between Administration, Finance and Audit, usually at a low level. Meanwhile objections accumulate, files grow, and the time of responsible officers wasted in the pursuit of trivial questions. Audit comes also to be pilloried as being petty and irritating. The extent to which concentration of authority has gone, will perhaps be appreciated if I were to

recount my recent experience while reviewing the audit objections outstanding against our Embassies abroad. I was perplexed at the nature of the objections, relating as they did to petty matters, which should be well within the competence of the Heads of the Missions to settle. I discovered that it was beyond the power of an Ambassador even to get the broken leg of his dining table repaired without authority from Delhi. Is it any wonder, therefore, that audit objections are numerous in volume and some, petty in character? While realising the absurdity of the situation, audit is unable to accept a charge which is not covered by appropriate sanction. It will be readily conceded that in such a situation, the main purpose of audit is being defeated and its effectiveness impaired as it is compelled to dissipate its energy and resources in the scrutiny and pursuit of matters of little consequence.

"If an overall assessment of the waste of man-power and resources attributable to this concentration of authority were to be attempted, it would indeed present a staggering picture. It would also establish that, even in terms of money, any small savings secured by a system of checks and counter-checks at various levels by executive, administrative and financial authorities have been more than counter-balanced by heavier expenditure on overheads whenever there has been a hold-up.

"Lastly, I understand that the decision to reorganise the Department, more particularly to disintegrate the central accounting machine, has created a feeling of insecurity and uncertainty in the minds of the personnel of the Department. It has even been suggested that I am presiding over the liquidation of the Department. But it is better to accept gracefully the position that in certain circumstances, not only is this restriction necessary for the evolution of a better understanding with the organisations and the individuals concerned, but is also imperative for the fulfilment

(e) Salary, allowances and pension payable to or in respect of the Comptroller and Auditor General of India;

(f) any sums required to satisfy any judgment, decree or award of any court or arbitral tribunal;

(g) any other expenditure declared by this Constitution or by Parliament by law to be so charged.

Though the items *charged* to Consolidated Fund are not subject to vote, yet the House of the People are not precluded from discussing the expenditure.

In making an attempt to keep all relevant Receipts and Disbursements pertaining to *Consolidated Fund* under that Fund, the Railway Board in their letter No. 50-ACII/1/7-1 dated 21-4-1951 have decided that a separate account of the Consolidated Fund should be maintained, for the present *on a pro forma basis* and should contain within itself, the following transactions.

(a) Capital and Revenue Heads according to the list of major and minor heads of accounts; and

(b) Q. Loans and Advances by the Central Government.

A *Contingency Fund* has been established by Parliament by law as provided for in Article 267 of the Constitution. Its Administration vests in the Finance Department. The object of this Fund is to enable Government to meet unforeseen expenditure pending its authorisation by Parliament by law; thus this Fund is in the nature of an Imprest.

As already stated, the *Public Account* is utilised for keeping an account of receipts and disbursements such as Deposits, Service Funds, Remittances etc., which do not form part of the Consolidated Fund. The main divisions of this account are;

(i) Debt and Deposit heads except Debt Heads pertaining to Consolidated Fund.

(ii) Remittance Heads.

Thus appropriations from Depreciation Reserve Fund, the Railway Revenue

Reserve Fund and the Development Fund form part of the Public Account. However, appropriations from these funds, though initially exhibited as disbursements from the Consolidated Fund are subsequently adjusted by transferring the entries under Public Account. The object of exhibiting such transactions first in the Consolidated Fund is to bring the transactions relating to these under the purview of the vote of Parliament, though these are actually in the nature of transactions pertaining to Public Account.

The following are certain important aspects and conceptions in respect of the Railway Budgetary system:

(i) The revenue expenditure should be such as to leave a proper margin for Appropriation to Depreciation Reserve Fund, for Development Fund, to meet the interest charges on Capital and to provide adequately for Railway Revenue Reserve.

(ii) The main grounds on account of which Railway Budget has been separated are;

(a) The Railway Board and the Railway Administrations should be free from political influence;

(b) The Railways should be free to devote to Railway Development Fund their surplus profits after contribution to the State; and

(c) The Railways are a commercial undertaking and this conception continues even in the Welfare State.

(iii) The Railway Revenues, i.e., Receipts are not subject to the vote of the Parliament. It is only expenditure or appropriation from Revenue that is subjected to vote (except, of course, items *chargeable* to Consolidated Fund).

(iv) Expenditure relating to Capital Demands is also subject to vote as this relates to disbursements from Consolidated Fund.

(v) For purposes of voting by Parliament, only *gross* amounts of expenditure are taken into account. Credits and recoveries of specified categories that

have to be deducted from such expenditure will, however, have to be shown in the estimates for purposes of proper accounting.

(vi) When estimates are prepared, the persons preparing them should keep close to the actual expenditure. Parliament is interested to see that more money is not taken from the sources available than is absolutely necessary for the requirements of services. Similarly, requirements should not be underestimated; as it is often the result of lack of effort in finding out actual needs which are inescapable and inevitable.

(vii) Budget is prepared for every financial year and Revised Estimates are

prepared from time to time to accord with the latest requirements and to obtain supplementary grants if additional funds are required or to surrender savings, if any.

(viii) Parliament fixes Grants only for utilisation in the Financial year concerned and not for subsequent years. Any unexpended amount at the end of the year automatically lapses. This is what is meant by the *Rule of lapse*.

(ix) The form of *Account* does not strictly conform to the form of *Estimates*. For purposes of estimating, however, various heads of accounts are grouped to correspond to the form of estimates.

(To be Continued)

Rectification of Errors in Accounts

In "The Chartered Accountant" for December 1954, in an article on ERRORS AND THEIR CORRECTION IN ACCOUNTS, by H. S. Kulshrestha, M. Com., a plea is put forward for dealing with errors in nominal accounts relating to previous years, by segregating them and not including them in the relevant nominal accounts, such as repairs etc. In other words, the correction of errors relating to the Revenue Accounts for a previous year should not be made in the accounts of the succeeding year by crediting or debiting the concerned detailed Revenue Account, but by dealing with it separately, directly into the final Profit and Loss Account etc. It may be of interest to note in this connection that, so far as Railway Accounts are concerned, this aspect has received its due attention as will be seen from the following extract of Para 807 of the Indian Government Railway Code for the Accounts Department, (Part I). Sub Para 3 (a) is relevant to the point at issue.

"807. *Rectification of Mistakes in Accounts Disclosed by Audit.* If the audit scrutiny discloses any inaccuracy in the accounts compiled by the Accounts Officer, the following procedure, which is

equally applicable to mistakes detected in internal check, should be adopted.

1) If the accounts of the year have not been finally closed, the mistake should be rectified through the accounts of the month in hand.

2) Mistakes and misclassifications noticed, after the March accounts have been closed, should be rectified *before* the Capital and Revenue Accounts and Finance Accounts are prepared, and intimated to the Railway Board either through a revised account or through corrections to accounts already submitted.

3) Mistakes and misclassifications noticed after the submission of the Capital and Revenue and Finance Accounts should be dealt with in accordance with the following rules:—

(a) No correction need be made, if the item properly belongs to one revenue or service head but is wrongly classified under another, a suitable note against the original entry being sufficient. If, however, the error affects the revenue or expenditure of another railway, or a branch line company or another Government department or a *capital* head outside the Revenue Account or a *debt* or *remittance* head, it must be corrected,

(b) If corrections or transfers affect capital major heads, unless they affect the accounts of different Governments or represent readjustment of less important misclassifications of a previous year, they should usually be effected by altering the progressive figure of capital outlay without financial adjustment, i.e., without passing the debit and credit entries through the accounts of the year's financial transactions. This would prevent unnecessary inflation of the current year's accounts and the voting of grants of doubtful propriety which the inclusion of the correcting entries in the current accounts would otherwise involve.

(c) If the error affects a *debt or remittance head*, the procedure should be as follows:

(i) *Item taken to one debt or remittance head instead of another*—the correction should be made by transferring it from the one to the other.

(ii) *Item credited to a debt or remittance head instead of a revenue head or debited to a debt or remittance head instead of to a service head*—the correction should be made by transferring it to the head under which it should originally appear.

(iii) *Item credited or debited to a revenue head instead of to a debt or remittance head*—the correction should be made by *minus* crediting or *minus* debiting the revenue head and crediting or debiting the proper head."

In regard to adjustments in the Revenue accounts of mistakes relating to previous years, it may be more appropriate if the credits or debits are segregated in the year of adjustment and explained in footnotes.

Items of credits which would be treated as reduction of expenditure if received in the same year are however even under the existing rules of Railway Accounting treated as "Receipts proper" and not credited to the expenditure heads in the subsequent year i.e., year of adjustment. Apart from the above, the credits in certain cases being outside the scope of Demands for grants, only the gross expenditure is noted and the actual gross expenditure compared with the grant on Railways and this is necessary to ensure Parliamentary Control of expenditure. Perhaps a similar procedure may be desirable in large business undertakings for managerial or top level control.

"B"

Principles of Railway Charging

[That a reorientation should be given to the existing principles of Railway rate-making, by giving adequate weight to social and national considerations instead of basing the rates merely on costs or what the Traffic can bear, has been forcibly emphasised by Mr. C. E. R. Sherrington in a paper read by him recently at the London University. That his views are particularly appropriate at the present juncture to Indian conditions goes without saying. —*Editor, Rly. Accountant.*]

That British Railways have more freedom in charging powers than that accorded to any other major railway system was claimed as a probability by Mr. C. E. R. Sherrington in a paper on "Railway Services as a Function of National Production" read recently as part of a London University extra-mural course on "Our Railway Heritage." He maintains that the fundamental eco-

nomie function of a railway system is to provide the maximum service to the community and to industry in terms of movement of people and traffic and by so doing to support the economic and social development of the area which it serves. Wealth, measured in terms of social satisfaction and standard of living, depends, he says, on the free exchange of commodities so that climatic or other

natural advantages may be given their full effect. In his view, the theory that it is not the duty of a railway to provide for every kind of service in all areas is anti-social.

The principles which should act as guidance are the utmost freedom of movement and exchange of goods. The volume of that movement depends directly on the cost of movement. To reap the full advantage of varied climatic conditions and to obtain maximum social benefit every endeavour should be made to lower movement costs. This can be done only by improved management and operating efficiency and elimination of political barriers. Transport charges and the pattern of national production are inseparable, Mr. Sherrington believes, and, as many heavy traffics are still, in practice, tied to rail movement, it is essential for the national welfare that such traffic is called upon to carry more than its fair share of railway gross receipts. It has become fashionable, he says, to criticise the long-accepted principle of charging what the traffic will bear and to push aside the theories of charging connected with the teaching of Arthur Hadley in America and Sir William Acworth in Britain. Close study of their writings, in his opinion, serves to stress the accuracy of the guidance they offered. He suggests that the position may be clarified by pointing out that a maximum charge cannot, in effect, be more than the traffic will bear, as the traffic would then cease to flow. There is no suggestion by Hadley or Acworth that traffic should be carried for less than its cost. The direct cost should be covered, and, provided that it can be calculated, should set the minimum. Loadability is important and has been recognised as such since the earliest railway days, but it is not more than one factor among many. The real trouble lies with assessment of operating costs, which vary with such factors as the volume of traffic handled.

It was the aim of most railway management to increase traffics in every

possible way so as to spread the overheads or indirect costs, and there is nothing, in Mr. Sherrington's judgment, to prove that the old policy was seriously at fault. There would seem to be an element of danger in placing too much reliance on costs which are bound to be, to some extent, empirical. An analysis of a typical freight train load in Britain, including the nine empty wagons in the total of 32 wagons, brings out the difficulty of costing the profitability of each wagon load, each ton, and each consignment. An extensive and detailed costing system was developed in Germany in the late 1920s. It was a brilliantly conceived work, he says, but it had to be abandoned because its own cost was out of proportions to the potential advantages obtained. Even although certain traffic is carried, for a time, at charges which do not permit any significant allocation to overheads, or indirect costs there may be valid reasons for such a policy. He cites as an example the development of a new industry or the sustaining of an old one which might otherwise go out of business with dire results to a local area. So far as a transport service can preserve a business in production, without loss to itself, its own advantage will be served by doing so. Readjustment from the old to new may take time, and during that time the purchasing power of the community concerned will be lowered and the potential revenue from passenger traffic will fall.

Railway charges, Mr. Sherrington points out, enter into the cost of almost everything we use or buy and the level of these charges, in the long run, depends on the efficiency of management and operation, which, in turn, is dependent on the goodwill of the staff towards the public and the management. The narrow view of pure commercial profit should not be allowed to outweigh social and national considerations.

From the RAILWAY GAZETTE
dated 17-12-'54.

Subjects of Moment

Efficiency Bar Examination for Class II Officers promoted to Class I Service

The Government of India have decided that Class II Officers who were initially promoted to Class I (prior to the introduction of Class II service on 1-9-1948) and were allowed to progress beyond the Efficiency Bar stage in the junior scale prior to 1-9-1948 and were brought to Class II on the introduction of Class II service on the ex. S.I. and ex. M.S.M. Railways, as well as those Class II officers who have crossed both the efficiency bars in the Class II service should not on promotion to Class I, be required to sit for the efficiency bar examination in Class I.

Changes in Classification of Accounts

In the Accounts of 1954-55, a new section viz., "NA-Inter-State Debt Settlements" will be opened within the Consolidated Fund of India or of a State with the following major heads closing to "Government" in the Ledger.

- (i) India and Pakistan
- (ii) India and Burma
- (iii) Madras and Andhra
- (iv) Madras and Mysore

With effect from the Accounts for 1955-56, the existing sections "N-Public Debt" to "V-Cash Balance" are rearranged with new guide letters as under:

Consolidated Fund

- N—Public Debt
- O—Loans and Advances by the Central Government
- P—Loans and Advances by State Governments
- Q—Inter State Debt Settlements

Public Account

- R—Unfunded Debt
- S—Deposits and Advances

- T—Remittances
- U—Transfer of Cash between England and India
- V—Reserve Bank Deposits
- W—Cash Balance.

Lives of Wasting Assests

The Railway Board have decided that the classes and lives of Electrical assets shown against serial Nos. 18, 20 to 24 and 28 to 48 in the list under Para 706-G should be deleted and substituted by the following:

Class of Asset	Average life in years
(i) Overhead Power Lines	60
(ii) Overhead traction lines excluding contact wires	60
(iii) Underground Cables	30
(iv) Contact wires	35
(v) Electrical Power Plant (excluding oil engine driven)	25
(vi) Electric plant above 25 h.p. or 25 k.w.	25
(vii) Block token instruments	25
(viii) Electric power plant—oil engine driven	15
(ix) Telephone and Tele-Communication equipment including wireless	13

Note:—Nothing has been stated in the above in regard to the following:

- (a) Electric fans.
- (b) Internal wiring of buildings.

It is presumed that these will also be dealt with in due course.

Mg. Editor.

New Rules of Allocation

In pursuance of the recommendations of the Railway Convention Committee, 1954, as approved by Parliament, the following changes in the basis of allocation of railway expenditure will be brought into force with effect from 1st April 1955.

1. *Works-in Progress.*

The "works in progress" on 1-4-55 will continue to be allocated in accordance with the existing rules.

2. New Lines.

The cost of construction of all new lines when decided to be constructed, whether remunerative or unremunerative, shall be debited to Capital from the very beginning. A separate Profit & Loss Account will have to be maintained for each such new line.

3. Strategic Lines.

In order to correctly assess the financial results of working of strategic lines, a separate account of the working of each strategic line should be maintained by the Railways and submitted to the Railway Board at the end of each financial year.

4. Replacement of Assets created out of Development Fund.

The cost of replacement of assets created out of Development Fund shall be charged to the Depreciation Reserve Fund.

5. Enlarged scope of Development Fund.

(i) The scope of the Development Fund (Passenger Amenities) has been widened to provide also amenities for all 'Users of Railway transport'. This will henceforth include *inter alia* all amenities such as improvements to goods sheds, loading and unloading platforms, waiting sheds for the trading public, etc.

(ii) Residential Buildings.

The cost of construction of residential buildings for class III Railway Staff above the New Minor Works limit of Rs. 25,000/- shall be debited to the Development Fund (D. F. II), instead of to Capital.

6. Unremunerative Operating Improvement Works.

The entire expenditure on unremunerative operating improvement works costing more than Rs. 3 lakhs each should be charged to the Development Fund (D. F. III) instead of being split up between 'Open Line Works (Revenue)' and 'Development Fund' as hitherto.

7. For the purposes of these rules a return of 5% on the estimated cost should be the criterion of remunerativeness, after making due allowance for depreciation, operation and maintenance charges.

Allocation—Improvement of Dynamos

The Railway Board have decided that the cost of material for improvement of existing dynamos should be treated as a passenger amenity work and charged to D. F. (I).

Grant of House Rent Allowance without Reference to the Place of Residence

The Railway Board have decided that the concession of granting house rent allowance without reference to the place of residence, will remain in force upto the 31st December 1955.

Grant of House Rent Allowance to Employees Sharing Accommodation with another Government Servant

The Railway Board have decided that the grant of house rent allowance to a Government Servant sharing accommodation with another Government servant owing to scarcity of housing accommodation, whose remuneration exceeds Rs. 250/- per mensem, will remain in force upto 31st December 55.

Changes in Pass Rules

Consequent upon the abolition of Inter class on Railways, the following changes in Pass rules will come into force from 1st April 1955.—

(i) (a) Officers, Class I and II, will be entitled to special first class, which will

be the present second class, with two servants and 3 maunds luggage per adult.

(b) Officers and their families as well as Retired officers travelling on post-retirement passes, may travel in air-conditioned whether on duty or on leave, on payment of one-third of difference between the revised first class (present 2nd class) and the air-conditioned accommodation, provided distance to be travelled exceeds 200 miles.

(c) The concession to officers to travel air-conditioned is tentative and liable to revision.

(d) Officers of administrative rank will be entitled to travel in air-conditioned coaches on duty whether travelling alone or with families.

(ii) Employees at present entitled to second class passes will get first class, with one servant and 1½ maunds luggage per adult.

(iii) Employees entitled to Inter class will get 2nd class, with one maund luggage only and no servant.

(iv) There will be no changes in respect of Class III pass-holders.

Clerks opting as Stock Verifiers

The Railway Board have decided in connection with the Clerks who opted for promotion as Stock Verifiers and derived advantages of minimum pay benefits extended in the Board's orders of January 1954 as under :

(1) They should not be considered for promotion to posts of Sub Heads or Clerks Class I.

(2) If an officiating Stock Verifier reverts to his substantive post of Clerk Class II in the normal course for want of vacancy, he may be promoted to officiate as Clerk Class I in his turn *without prejudice* to the option exercised by him for the Stock Verifiers' cadre, till such time as he can again be promoted as Stock Verifier.

(3) Such of the Stock Verifiers as qualify in S. A. S. (Railways) Examination in any group, will be eligible for promotion in that Group.

Filling up by Direct Recruitment of Posts Reserved for Qualified hands due to Shortage of such hands

As an *ad hoc* measure, the Railway Board have authorised Railways, on which there is shortage of qualified hands for filling vacancies (which can only be filled in by staff qualified in the Departmental Examinations), to fill them up by resorting to direct recruitment. (This applies to posts filled by App. II qualified staff).

The Board should, however, be advised the extent of shortage in each category to which direct recruitment is required.

[In this connection, attention is invited to page 213 of the "Railway Accountant" of November 1954.

Monthly Account-Current

The Railway Board have decided that, if there are any "minus" figures in the monthly Accounts Current (Capital and Revenue) in the column "Amount to date", full details as to how such "minus" figures arise, should be furnished in a footnote in the Account current.

Fixing Seniority of Integrated Railway Staff

On page 126 of this Journal, the orders of the Railway Board on this subject were summarised. The Board have since issued more detailed orders prescribing the procedure for holding selections and they are as under :

1. On receipt of the results of App. III-A—S.A.S. (Railways)—Examination, each Railway Administration will immediately hold a selection test of the candidates declared successful along with any eligible ex. Company or ex. State

Railway staff, who may be asked to appear before the Selection Board in accordance with the procedure previously laid down by the Board.

2. The Selection Board will determine in the case of the Ex. Company or Ex. State Railway staff their suitability for promotion as Accountants or Inspectors before placing them on the panel. Seniority will next be fixed up by this Selection Board, taking into account all such staff along with those who have qualified by passing App. III A Examination for promotion as Junior Accountants or Inspectors. The Selection Board then only assigns suitable places to each such candidate in order of merit. The staff placed on the panel in any year will rank senior to those empanelled in subsequent years.

3. The above decision will apply to candidates who passed the App. III A Examination held in December 1954 onwards and to such Ex. Company staff as have not already been selected

4. The relative seniority of the staff who have passed the App. III A Examination in 1953 or earlier and Ex. Company's staff who have already been selected in 1953 and previous years will remain undisturbed.

Decentralisation of the head - 'U' Reserve Bank Deposits (Central) - Central Accounts Office - Reserve Bank

At present all adjustments by the Railways with other Government

Departments, made through the Reserve Bank, are adjusted through the Accountant General, Central Revenues, who passes on the debits or credits to the concerned State Accountant General. As the readers are aware, complete separation of audit and accounts on the civil side is being arranged by the Comptroller and Auditor General of India. As a first step, the separation is being given effect to in three Ministries. Exchange and Settlement accounts as such should eventually cease and as a preliminary towards complete elimination of exchange accounts, it has been decided that transactions between Railways and other Government departments need not be routed through the A. G., C. R., from the accounts for January 1955. Accordingly, a copy of the Advice of Clearance now being sent to the A. G., C. R. (Form A. 1421), by the F. A. & C. A. O.s of Railways will not be sent to him in future, but will be sent to the State Accountant General concerned or other Accounts Officers. The advice should be marked (Central) after the name of the State Accountant General, and it will be for the State Accountant General etc., to make the necessary adjustment directly with the Reserve Bank (instead of through the A. G., C. R. as at present).

CORRECTION

Page 260—(Issue for January 1955): Col. 1.

Line 12—For Rs. 2000 and Rs. 5000, read Rs. 20,000 and Rs. 50,000.

Members of the Railway Accountancy Profession :

If you have realised the advantages of this Journal, you can give it a tangible shape by becoming a regular subscriber if you are not already one; and if you are already a subscriber, by taking as solemn vow to add at least one subscriber every month. Is this too much to expect in the interests of the profession which gives you your living?

Notes & Comments

Railway Research

The Railway Testing and Research Centre, Lucknow has been doing very good work during the last two years of its existence in various fields like buildings, tracks, locomotive testing, soil mechanics, fuel consumption, coupling gear in carriages and wagons etc.

The Accounts Department is prominent by its omission in the Field of Research. It is not that the Railway Accounting System is perfect and does not lend itself to any research. On the other hand, there is so much to be done in view of the integration of Railways and the need for greater Financial and Executive controls. Would the Board take up the question, if not already done, and have an Advisory Body of experts to constantly review the procedure etc. and adopt not only a uniform method for all Railways, but also one which will be fool-proof? Standardisation of forms, simplification of procedure, effective counter-checks, avoidance of redundancy etc., are some of the very important aspects which have got to be tackled. Piecemeal revision without proper appreciation of the various repercussions will never be of any use; but on the other hand may be more harmful if at all.

Flood Damage to Assam Link Line.

Approximately Rs. 12,11,400 were spent on temporary repairs done to bridges and Rs. 11,77,300 on temporary repairs to the lines on the Assam Link Railway Line damaged due to floods. Approximately Rs. 73,00,000 are expected to be spent on permanent restoration work.

"Southrailnews"

(God's ways are mysterious. How quickly and suddenly He can upset the Budget by enforcing without demur, expenditure of lakhs and lakhs of rupees to restore Railway connections!)

(Mg. Editor.)

Advisory Committee to Government for Railway Equipment.

As indicated by the Railway Minister in his Budget Speech last year, a Committee with Shri G. B. Kotak as Chairman, has been set up to advise the Government on the more intensive utilisation of the indigenous capacity for Railway equipment, particularly for the manufacture of special types of wagons, narrow gauge locomotives and other stocks and fittings used on Railways which are still imported.

The terms of reference of this Committee specifically cover the following and include self sufficiency in the production of Railway equipment, to the maximum extent possible.

(1) to locate idle capacity in India for the manufacture of railway equipment and rolling stock which are at present imported; and

(2) to suggest ways and means to expand the existing plants and/or setting up new industries in India, producing items of Railway equipment and rolling stock which at present cannot be manufactured with the existing resources.

The Members of the Committee comprise two Members of the Parliament, two General Managers (of Hindustan Motors Limited and Burn and Company Limited), the Chairman of the All India Manufacturers' Organisation, The Chief Mechanical Engineer of the Eastern Railway, the Chairman of the Workshops Reviewing Committee, and the Industrial Adviser (Engineering) to the Central Government.

Mr. N. N. Tandon, Works Manager, Eastern Railway, is the Secretary to the Committee.

[The omission of a Finance Officer in the above Committee is significant.

Managing Editor]

Pay Scale of Assistant Accounts Officers.

The prescribed scale of pay in the Railway for Assistant Accounts Officers, Gazetted Services Class II), is Rupees 275-25-500 EB/30-650 EB — 30 — 800, while in the Civil Audit and Accounts Offices, and in Railway Audit Offices, the prescribed scale of pay for officers of the same category (i. e., Assistant Accounts Officers and Assistant Audit Officers) is Rs. 500-30-800. It is anomalous that a lower grade has been laid down for Railway Accounts Officers (Class II) and this is also overlapping with the scale of pay of the lower post viz., Senior Accountants. It would be in the interests of efficiency of Railway Accounting Organisation if the scale of pay of Assistant Accounts Officers of the Railway is also brought on into line with those on the Civil and Railway Audit sides.

Delegation of Powers.

The enhanced delegation of powers in respect of works etc. to General Managers of Railways has been sanctioned from 1st April 1954, but it has been accompanied by a rider that the powers as per the old schedule should continue to operate even on and after 1-4-1954 in respect of works, which were in progress on 1-4-1954. This rider is completely opposed to the orthodox principles of delegation of powers under which the delegated powers could be exercised in all cases from a given date whether in respect of new proposals or in respect of 'works in progress' on the crucial date. There does not appear to be any valid reason or necessity for such a rider for this particular delegation. On the other hand, as everybody connected with the exercise of powers and with the watching of such exercise of powers will admit, it would be cumbersome and anomalous to operate on the revised delegation with the rider in respect of works in progress.

For instance, a new work costing say

Rs. 2.5 lakhs could be sanctioned by the General Manager under the revised delegation provided the total commitments as well as the provision in the budget for works costing over Rs. 1 lakh each are not exceeded, even though the work may not have been itemised in the budget or the cost of the work is shown as only, say Rs. 1.5 lakhs in the programme and the excess is Rs. 1 lakh or about 67%; while if it were the case of a 'work in progress' on 1-4-54, the excess that could be sanctioned by the General Manager will be only 20% over the original estimated cost as shown in the Programme.

It is high time that the Railway Board issued orders cancelling the rider to the delegation of powers.

S. A. S. (Railways) Examination.

In the syllabus for the S. A. S. (Railways) Examination laid down in Appendix III of the Indian Railway Code for the Accounts Department, "Student's Complete Commercial Book-keeping, Accounting and Banking" by Arthur Fieldhouse, is recommended for study for the compulsory subject "Advanced Commercial Book-keeping." This book is, no doubt, good in itself, but there are other modern books both English and Indian, such as Carter's "Advanced Accounts," Batliboi's "Advanced Accounts" etc. which would be more appropriate for the syllabus.

The Railway Board may consider the desirability of prescribing the above two books for study for this examination. In fact, the previous years' question papers were mostly based on Carter's and Batliboi's Books.

It may be noted in this connection, that in the case of Appendix II Examination, Chapters I to XII and XVI of Batliboi's "Double-Entry Book-keeping," have been prescribed.

News & Notes

Incentive bonus scheme in Railway Workshops.

The Government of India have introduced an 'incentive bonus scheme' in the machine section of the Chittaranjan Locomotive Works. The scheme which will be extended throughout the Works during the course of the current year, is expected to increase the overall output by about 15 to 20 per cent. Under the scheme each workman who turns out more than the stipulated amount of work (in terms of units) is entitled to an extra payment on a piece-rate basis.

New Sleeper-Renewing Machine

The high cost of labour and necessity for economy in permanent way maintenance have combined to produce many mechanical aids of outstanding merit available to the maintenance engineer. We have in mind the mechanical tamper, ballast cleaner, various forms of relaying plant, rail-welding and building up, road-bed grouting and a multitude of portable and workshop tools. The latest addition to the list is the Tie Master, a diesel- (—or petrol—) hydraulic machine designed and produced in the U. S. A. It is manned by an operator and two labourers and is capable of removing an old sleeper from the track, preparing the ballast bed for a new one and putting it in place in 30 Seconds. It is claimed that one of these railmounted machines changed 40,000 sleepers at an average rate of one a minute, including the loading and lashing into bundles of the serviceable released sleepers. It has the advantage of not fouling adjacent tracks and is said to reduce the cost of sleeper-renewal work to one quarter of that entailed by any other method.

Improvements to Railways in India.

The three-man Indian Railway Delegation headed by Sri S. Vasist, which toured Europe and studied the working

of Railways there in the various countries last year, has laid down a basic principle that any amenity provided for passengers on payment of a charge should be made available to every such passenger irrespective of the class in which he travels.

The Delegation has further stated that passenger amenities must continue to be provided until all stations have attained a certain minimum standard in the matter of waiting room facilities, lighting, protection against inclement weather, provision of drinking water, sanitation etc.

The Delegation's Report is in 4 parts: the first deals exclusively with the Soviet Railways; the second with other European Railways in Italy, Austria, Sweden, Denmark, Western Germany, France, Britain and Switzerland; the third contains the Delegation's observations and recommendations; and the fourth contains a few appendices.

On the Soviet Railways, the movement of large quantities of traffic is given priority and passenger amenities are very limited except at large terminal or junction stations, where the amenities are impressive and even spectacular. On the British Railways there are only two classes of passenger traffic, while all other European Railways have three. On the Soviet Railways, there are no classes as such, but there are five different types of accommodation for which five different charges are quoted. The International Railway Conference in Europe recently decided that with effect from January 1956, there should be only two classes, abolishing first class in its present form. The Delegation naturally feels proud that India has set the pace in this direction. The standards now adopted for the new III class coaches in India "compare favourably with the accommodation provided on European Railways and the sitting accommodation

on the Soviet Railways." The delegation has suggested running of fully vestibuled Janatha trains composed entirely of the new design coaches.

The problem of overcrowding—particularly in the suburban trains during the peak hours exists everywhere and can be partially remedied by reducing the minimum headway with improved signalling arrangements throughout the suburban sections.

The delegation recommends the use of mechanical ticket printing machines for heavy suburban traffic stations.

On all passenger trains in Russia, radio receivers are provided in all compartments connected with the Radio Room on the train. Passengers are entertained with music and are also educated on safety methods, use of amenities at stations and on trains and generally on civic responsibility.

In regard to catering, the Delegation suggests its being entrusted to a Company composed of the Railways and private enterprise to a limited extent. The Delegation has on the lines of Soviet Railways suggested a comprehensive system of planning at various levels. The Delegation further recommends staff training, a system of incentives in Railway workshops and Factories, scheduled timings for running of goods trains, partner-pooling of locomotives, improved signalling techniques etc.

[Note: It is learnt that a scheme for launching a programme of social education on the Indian Railways for the benefit of passengers as well as the Railway, is being considered by the Railway Board. The object of educative publicity contemplated by the Railway Board is to explain to the people what amenities Railways provide for them and how to use them best. The need for co-operation of the travelling public in the maintenance of cleanliness of Platforms and trains, and orderliness on the Platforms and during travel, will also be included in the educative scheme.

An Incentive Bonus Scheme has also been introduced in Chittaranjan loco Workshops: *vide* news item *ante*.]

Railway Accidents Enquiry Review Committee

The Report submitted by the above Committee to the Government in December last suggests the drastic step of abolishing the Government Railway Inspectorate; but this suggestion is not likely to be accepted by the Government. The Committee has recommended that the Inspectorate's functions of inspections of safety standards and ensuring minimum passenger amenities should be entrusted to a section in the Railway Ministry working directly under the Railway Minister. While enquiries into minor Railway Accidents should be also held by the Railways, major Railway Accidents should be enquired into by Judicial authorities assisted by competent technical assessors as is the practice in respect of Air and Road accidents. This would give satisfaction to the public and would also be welcomed by the Railway Administration.

Train Examination in its various aspects is at present the weakest link in the safety chain on Railways. There should therefore be high standards of train examination at suitable intervals. The Committee also stresses the need for swift penalty for negligence by staff as a deterrent for offences against safety, distinguishing between offences endangering public safety and/or property and other offences.

The Committee is also understood to have reported that the present practice of centralising the provisioning of stores for railways, particularly stores for workshops, was handicapping the railways in their efforts to provide additional carrying capacity and safe operation and quick progress of railway projects. The Committee has stated that it would not be possible to make good progress while supplies of materials were short and uncertain. This output of

railway workshops, sheds etc., could be substantially increased without any additional equipment, staff or overtime or multi-shift working, if necessary stores could be supplied in time. The Committee has expressed the view that the present system of procurement of stores was responsible for the bottleneck on railways.

If the Government is not, however, willing to entrust to the railways, themselves, the responsibility of purchasing their stores, then the railways should at least be permitted to carry appreciably large stocks of stores in the depots of their consuming agencies, increasing the present balances suitably to avoid holding up essential production. "Chronic shortages of materials have an important bearing on safety factors both in maintenance and operation," the Committee is understood to have reported.

While, no doubt, safety promotion could be best achieved through increased efficiency in all aspects of servicing, repairs and internal checks and supervisions, the travelling public would psychologically feel satisfied only by providing a machinery, linked to the Railway Board's offices laying down standards, specifications, manufacturing and repair codes, to carry out surprise checks and tests on works in progress in railway workshops.

A Transfer Party

A pleasant tea party was got up on the 10th January 1955 by the Accounts Officers of the Southern Railway and the Integral Coach Factory to felicitate Sri M. S. Nanjundiah, I.R.A.S., Senior Accounts Officer, Integral Coach Factory, Perambur, on his transfer to the Ganga Bridge Project.

* * * *

DO YOU KNOW THAT

- (i) a lemon can help to make ordinary paper bags impervious to grease?
- (ii) a lemon can be used to clot blood very quickly?

Appendix II-A Examination

The next Appendix II Examination, according to the new syllabus, will be held on the following days on all the Railways. This is the first time this Examination is held on an all-India basis.

Monday—28th February 1955: Book Keeping.

Tuesday—1st March 1955: Precis Writing and Drafting.

Wednesday—2nd March 1955: General Rules and Procedure.

Thursday—3rd March 1955: Optional Subjects. Expenditure, Establishment, etc.

Railway Accountant Included in Experts' Team

A team of four British consultants, who have been invited to investigate the organisation of Rhodesia Railways includes Mr. F. A. Dudge, Assistant Accountant, Western Region, British Railways.

* * * *

Wasting and Non-Wasting Assets

In the twenties and thirties, great importance was being laid on the distinction between "wasting" and "non-wasting" assets in booking expenditure. Not a day passed when some query or other relating to this matter in actual application was raised and answered (or not answered). One such query raised by an enthusiastic Junior Engineer was: "Is whitewashing a wasting asset?" Immediately came the answer from the Head of his Department "Obviously, it is a wasting asset, because it requires renewal!" Needless to say, neither the query nor the answer was referred to the Accounts Department, who would have first raised the issue whether whitewashing was an "asset" at all!

Railway Statistics

Approximate Gross Earnings for November 1954

(In crores of Rupees.)

Earnings	November 1953 (Actuals)	October 1954 (Approximate)	November 1954	Increase (+) or decrease (-) as compared with the preceding month.	
				Amount	Per cent.
Coaching	8.67	9.53	9.49	-0.04	-0.42
Goods	11.37	12.62	13.10	+0.48	+3.80
Other	0.45	0.33	0.35	+0.02	+6.06
Total	20.49	22.48	22.94	+0.46	+2.05

Approximate Gross Earnings from 1st April 1954 to 30th November 1954

	1953-'54 [Actuals]	1954-'55 (Actuals upto Oct. 1954 plus approximate for Nov. 1954)	Increase [+] or decrease [-] as compared with the previous year.	
			Amount	Per cent.
Coaching	77.73	80.04	+2.31	+2.97
Goods	94.43	97.11	+2.68	+2.84
Other	2.63	2.91	+0.28	+10.6
Total	174.79	180.06	+5.27	+3.02

Tons Lifted and Wagons Loaded During November 1954

	No. of tons lifted			No. of wagons loaded		
	Oct. '54	Nov. '54	Plus or minus %	Oct. '54	Nov. '54	Plus or minus %
Broad Gauge	6283000	6285000	plus 0.03	363084	386772	plus 6.52
Metre Gauge	1561000	1610000	plus 3.14	209336	217826	plus 4.06

Tons Lifted and Wagons Loaded from 1st April to 30th November 1954

	No. of tons lifted			No. of wagons loaded		
	1953-54	1954-55	Plus or minus %	1953-54	1954-55	Plus or minus %
Broad Gauge	49019000	49013000	minus 0.01	2785651	2938892	plus 5.50
Metre Gauge	12669000	12383000	minus 2.26	1595859	1627098	plus 1.96

The decrease in the 'tons lifted' and the increase in the 'wagons loaded' indicate a certain amount of non-revenue traffic or a want of proper loading or even deficiency in the loads offered.

Readers' Forum

[This section of the Journal is intended to afford readers suitable opportunity for bringing to light their doubts, difficulties, intricate points etc. with a view to their clarification; and also as a Forum for expressing their views in regard to topical matters of importance, with a view to elucidating the practice or procedure on other Railways or even authoritative opinions. The Editor would be glad if greater use is made of this section of the Journal, by Readers and Subscribers.]

Mg. Editor.

I (a) Cases have been revealed where private parties have been selling tickets and there is no adequate check to bring home such cases as soon as they occur.

(b) Tickets issued are brought back from the destination and re-issued again and again. This becomes possible due to collusion between the staff of the stations and the running staff, who are working under the same administration. What steps should be taken to prevent leakage of revenue and fraud at the above stations?

S. Sohanlal.

[The introduction of a check of tickets by the Accounts Department by surprise visits through a picked set of plain clothes T. T. Es has been suggested as a possible method. We do not agree that this will effectively overcome the possibility of collusions as it is not really the department that matters, but the human nature and the status of the staff. Unless the

morale of the public undergoes a radical change and they co-operate with the administration, the evil of travelling on tickets, once used or on other irregular tickets, cannot be effectively curbed.]

Mg. Editor

II The Railway board prescribed Departmental Examinations for promotion in the Accounts Department of the ex-Jodhpur Railway in 1950. The Railway Administration, in January 1951, formed lengthy panels for selections and even exemptions were granted in contravention of the Railway Board's orders of 9.4.1952; and even after the cancellation of the existing panels by the Railway Board on 14th April 1952. Is there any machinery to set right such irregularities committed by the Railway Administration?

S. Sohanlal.

Personnel

Railway Board

Mr. A. J. Cunningham, I.R.A.S., Regional Accounts Officer, Southern Railway, Mysore, has been transferred to the Railway Board as Deputy Director, Finance, (Accounts).

Mr. Y. Krishan, I.R.A.S., Deputy Director, Finance and Mr. Y. T. Shah, I.R.A.S., Deputy Director, Finance (Exp. II) have been transferred temporarily to the I.A. and A.S.

Southern Railway

Mr. T. C. Krishnan, I.A.A.S., of the Accountant General's Office, Hyderabad, has been temporarily transferred to the I.R.A.S. and posted as Senior Accounts Officer, Southern Railway, Regional Accounts Office, Tiruchirapalli.

Mr. H. Ramamoorthy, I.R.A.S., Senior Accounts Officer, Southern Railway, Golden Rock, has been appointed as Regional Accounts Officer, Mysore, on the same Railway.

Mr. D. A. Padmanabiah, Assistant Accounts Officer, Southern Railway, Madras, was granted leave for a month from 15th December 1954.

Mr. S. Ramamurthi, Asst. Accounts Officer, Southern Railway, Madras, has been granted 30 Days' leave from 15th January 1955.

* * * *

Western Railway

Shri D. P. Malhotra, Senior Inspector of Stores Accounts, Bhavnagar Para is promoted to officiate as Asst. Accounts Officer, Class II (W & S) Bhavnagar Para with effect from 2-11-1954 vice Shri A. V. Poullose, Junior Accounts Officer.

Shri A. V. Poullose, Junior Accounts Officer (W & S), Bhavnagar Para is transferred and appointed to hold the charge of the current duties of Regional Accounts Officer, Bombay Central, with effect from the 8th November 1954.

* * * *

Central Railway

Sri D. C. Vevaina, Officiating Deputy Chief Accounts Officer (General) posted as Officiating Deputy Chief Accounts

Officer (Finance) from the 11th December 1954.

Shri A. T. M. Yusufuddin, Senior Accounts Officer appointed to officiate as Deputy Chief Accounts Officer (General) from 11th December 1954.

Shri S. C. Guha, Officiating Senior Accounts Officer, Secunderabad, retired from service from 8th December 1954.

Mr. V. Soumyamurthi, Assistant Audit Officer, Central Railway, Bombay, has been transferred in the same capacity to Deputy Chief Auditor's Office, Southern Railway, Mysore.

* * * *

Eastern Railway

Sri B. N. Chatteraj is posted as Offg. Senior A. F. A. vice Sri G. L. Bhatia.

Sri G. S. Subramania Iyer is posted as A.A.O. (TA)/KG vice Sri B. N. Chatteraj.

Sri N. G. Ramachandran is posted as Assistant A.O. Pre-partition, Sealdah vice Sri G. S. Subramania Iyer.

Janab M. A. Ashruff is posted as D.C.A.O., GRC, vice Sri D. U. Rao.

Shri T. P. Bhattacharjee is posted as Senior Accounts Officer, R.C.A.O., GRC, vice Janab Ashruff.

Students' Corner

This section is intended to deal with problems useful to Students of Railway Accounts, or for the matter of that even General Accounts, and as such, useful notes on important aspects are brought together here. Questions of a typical nature already set in previous years are also answered here. Readers and Subscribers are requested to write to the Editor any points upon which they would require elucidation, so that full benefit may be afforded to all Students interested in them.

Mg. Editor.

Q. Discuss the advantages and disadvantages of having a full-fledged Open-line, Store-accounting System on big constructions.

Ans. The main advantage of having a full-fledged Open Line Stores Accounting system on big constructions is that, so far as the account of stores is concerned, the Engineers will be relieved of a great amount of responsibility and additional work involved in having to

account for large quantities of Stores received for the construction. This will enable the Engineers to give concentrated attention to the execution of works so that the work of construction will be speeded up. This will also at the same time ensure an efficient control over the Stores received for the construction. Another point is that the Stores can be drawn in small quantities as and when

required for individual sub-works. Stock verification can be made without disturbance to the progress of works. Even for ordering of Stores, chasing of purchase orders etc., the Stores Department attached to the Construction will do this and this will relieve the Engineers not a little of the administrative work involved thereby. The maintenance of Material-at-site account, charged off to works would to some extent, provide the necessary control; but when large quantities are received as would be in the case of big constructions, the maintenance of such accounts, as part of the works account may be cumbersome and even confusing to some extent. This will be avoided if these are dealt with separately under "Stores suspense" by the Stores Department, attached to the Construction.

The disadvantages are that the adoption of the Open Line Stores accounting system in full with the operation of the head "Stores suspense" would be cumbersome involving extra staff. It is also possible that, on account of the bifurcation, the Engineering Department and the Stores Department may not get on quite well in cases of urgency, i.e., when materials are urgently required for the work, and the Stores subordinate might be expecting orders from his own superior in certain cases.

Taking the overall position, however, the advantages of a full-fledged open line Stores accounting system would far outweigh the disadvantages, and the small difficulties on account of the bifurcation cannot be considered to be insurmountable.

Q. What is hoped to be achieved by :—

(i) Standardisation of specifications and nomenclature

(ii) Establishing Zonal Purchase Organisation

(iii) Provision for Funds only on the debit side of the Stores suspense heads.

Ans: (i) By standardization of specifications and nomenclature, the number

of items in stock could be reduced, and the quantities of stocks to be carried of individual items after such standardization (which would result in one item being sufficient against two or more items in stock), would also be less, resulting in reduction in Stores balances, thereby releasing locked up capital to some extent. Other incidental advantages are less storage space, reduction in clerical work on account of the decrease in the number of items to be dealt with, avoiding surpluses and over-stocks of stocks of several items etc.

(ii) Establishing Zonal Purchase Organisation:—The main object is to speed up the procurement of Stores, but the powers of the Zonal Organisation should be limited to a suitable financial limit, say Rs. 50,000/-. Ordering through a Central Purchase Organisation results in delays, which could be avoided by Zonal Organisations to some extent, and economic rates could temporarily be secured even in the Zonal organisation. Inspection by Indentors where necessary would also be facilitated due to nearness to the Supplier. Freight also could be saved in certain cases owing to the nearness of the despatching stations to the places of consumption. Items involving large amounts, as also those which could be procured only at centres of production in a particular area at favourable rates should, of course, be excluded from the Zonal Organisation.

(iii) Provision of funds only on the debit side of the Stores Suspense heads: The object here is to ensure that the credits are not utilised by the Administration for incurring expenditure on the purchase of Stocks. Under the old system of voting of *net* grants under this head, it was possible for larger amounts of purchase being made by increasing the issues. The new procedure is to give effect to effective financial control by Parliament over expenditure by Railways.

Note to Subscribers :

Many subscribers have yet to remit the subscription for the further period, even though they have received the Journal for a period later than that covered by their last payment. They will kindly expedite the remittance to avoid the issue of reminders by the Management.

Subscribers who availed of the Students' Concession Rate, are requested to continue their subscription from December 1954 onwards at the *normal* rate.

They are further requested to enlist as many subscribers as possible to extend the operation of the Journal.

As frequent complaints are being sent for non-receipt of copies sent to the Office address, subscribers are advised to give their residential addresses to ensure safe receipt.

Specimen Copies :

Several requests have been received for *free specimen* copies of the Journal. No such free copies are supplied, but in lieu thereof, only the outer wrapper containing particulars of contents etc., of the Journal separately for each month can be supplied to intending subscribers. If, however, a copy of the Journal itself is required, remittance should be made at Rs. 1-8-0 per copy inclusive of postage along with the request.

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Stray complaints of non-receipt of Journals posted on the due dates correctly to the addresses recorded with us, continue to come in from Subscribers. Our responsibility ceases with the certification of posting made at this end. Subscribers are, therefore, requested to tighten up correct delivery at their end by lodging protests with the postal authorities or otherwise.

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Duplicate copies of the Journal, if desired by any subscriber can be supplied only on receipt of a remittance in advance of Rs. 1-1-0 (inclusive of postage.)

Special Rate to Group Subscribers

Requests are being received from several people who have realised the benefits of the Journal, for reduced rates of subscription on the lines of the Students' Concession Rate allowed last year. We feel, as circularised by us before, that the concession rate was not utilised in the spirit in which it was offered and the Management found itself unable to justify the reduction in view of the very poor response from subscribers. In order, however, to afford the maximum benefit to really interested members of the Profession, especially the poorly paid staff, the following concessional rate is offered with effect from the Issue for February 1955; and the offer will be open, for receipt of subscriptions, till the *5th April 1955*.

Subscribers in groups of not less than twelve, will be allowed a reduced annual subscription of Rs. 8/- as against the normal Rs. 10/-; i.e., the sum of Rs. 96/ will be the *minimum* subscription due under this concessional rate and will have to be remitted strictly *in advance*. Neither payment in instalments nor reduction in the number of subscribers is permissible under this concession. The year for this concession is only *from February 1955 to January 1956*.

Special Concession to Appendix II Candidates

Specially for the benefit of the candidates appearing this year for Appendix II Examination, which is to be held from the 28th February onwards, Notes have been furnished on Precise and Drafting and Book-Keeping in the Students' Corner of the Issues for November 1954, December 1954 and January 1955. In order to enable these candidates to obtain the benefit of the notes contained therein, these three copies will be available to them at a specially reduced rate of Rs. 2 per set, strictly *payable in advance*, if they furnish evidence from the Sub-Head or Accountant of their Section to the effect that they are candidates for the ensuing Examination. This offer will hold good till the 20th February 1955 for receipt of subscriptions, which should be clearly marked as "Appendix II CR".

REGD. NO. M 6479

Old Copies for Sale

A few copies of the Journal from May onwards are available for sale. Those who desire to possess them may now enrol themselves as Subscribers from May 1954 to March 1955 at a concessional rate of Rs. 11.

Individual copies (more than a month old) can be had on payment in advance of Re. 1/8/- inclusive of postage. *Mg. Editor.*

Important Concessions

In commemoration of the completion of five years after the declaration of the Indian Republic, several of my publications, useful for candidates appearing for Appendix II, S. A. S. (Railways) and S. R. A. S. Examinations have been offered at specially reduced rates till the 31st March 1955. These rates will be applicable only if the Books ordered cost more than Rs. 5/- and the full amount of the books, together with the postage and registration charges therefor, are sent in advance directly by the parties to me.

In addition, further special concession has also been allowed to the subscribers of THE RAILWAY ACCOUNTANT, viz., those who are already subscribers to the above Journal or who enrol themselves before the 31st March 1955, with advance subscription for the full year will be eligible to obtain books worth Rs. 11/- against a payment of Rs. 10/- only. For fuller details, those interested may furnish their requirements to the undersigned and ascertain the amount to be remitted in advance. Copies of the Price List in connection with this reduction sale, specially marked "RDS 55" have already been circulated to the various Railway Accounts and Audit Offices.

L. V. GOPALAN.

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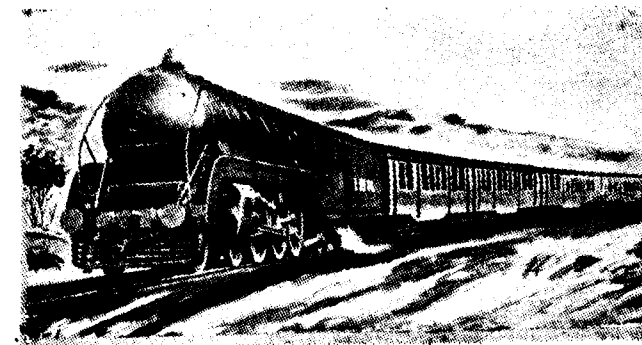
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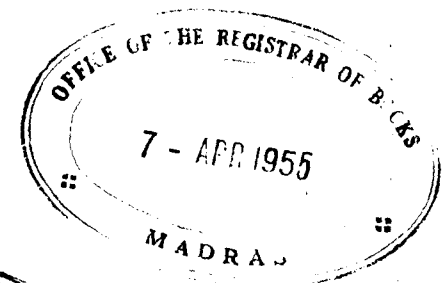
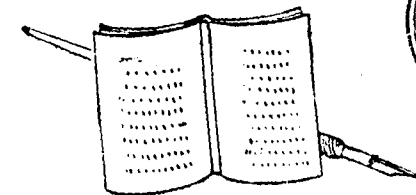
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EDITORIAL NOTICE

Contributions are invited to this Journal on matters pertaining to Accountancy, more particularly of Railways. Every such contribution must be signed as a guarantee of good faith, even if not intended for publication.

Manuscripts and photographs, if any, sent therewith, if not accepted for publication, will be returned only if the sender so desires and encloses the usual stamped and self-addressed envelope.

All contributions should be addressed to the undersigned so as to reach him not later than the 28th of a month for inclusion in the next month's Journal, which is published on the 15th of every month.

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ACKNOWLEDGMENTS

The following Journals and Magazines have been received since the last issue

Central Railway Newsletter	Southrailnews—Feb. 1955
Central Railway Magazine—Feb. 1955	Indian Railway Gazette—March 1955
Northern Railway Magazine—Feb. 1955	Accountants' Journal, New Zealand—Jan. 1955
North Eastern Railway Magazine—Jan. 1955	
Western Railway Magazine	Australian Accountant—Jan. 1955
Chartered Accountant—Jan. 1955	Careers & Courses—Jan. to March 1955
Eastern Railway Magazine—Jan. 1955	Wednesday Review—W. E. 2-3-'55

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Railway Budget for 1955-56

The Railway Budget presented to Parliament on the 22nd February 1955 by Sri Lal Bahadur Sastri, Minister for Railways, shows the satisfactory position of the Indian Railways and signs of improvement. The decline in passenger earnings during 1950-51 and 51-52 has been arrested, while earnings from goods traffic have continued steadily to expand. The net surplus after payment of dividend to General Revenues and meeting the Depreciation Reserve Fund in addition to the normal working expenses is estimated for 55-56 to be 7.14 crores, as against 5.14 budgetted for in 54-55 (increased in the Revised Estimates for the period to 6.57) and as against the actuals of 2.56 for 53-54. This net surplus is proposed to be used to build up the Railway Reserve Fund for possible future contingencies. To what extent this anticipation would be modified by subsequent concessions wrested from the Minister by Parliament by reduction of the proposed increased rates for short distance traffic is yet to be seen, though generally it has been estimated at Rs. 1 crore.

One of the important bases upon which the Budget has been compiled is the new convention for the separation of Railway Finances from the General Finances, which was reviewed by a Committee set up for the purpose and whose recommendations have been accepted by Government. We have already referred to these changes in our issue for December 51 on pages 230 & 231. Several big works are expected to be undertaken and creation of several high-salaried posts has also been announced. To what extent these will affect the budget anticipation, it is too early to surmise. The Railway Ministry has come in for a lot of criticism in regard to its shortcomings from the general public and from Parliament Members. The Minister, therefore, has struck a sad note on the subject, and as stated by him, a word of cheer now and again for the good things that have been turned out by the Railways would be an encouragement to strive for improvement.

The introduction of the telescopic fares in lieu of the existing flat fares may be said to have generally pleased the public, though there were differences in regard to the quantum and "legs". The proposed increase in the lower stages is not considerable from the individual's point of view, but the accumulated effect thereof is substantial. There are, however, one or two points which require to be pointed out in this connection. The increase in the Second Class maximum rates from 16 to 18 pies per mile and similarly in the Air conditioned class rates from 30 to 34 pies per mile upto 300 miles and 32 thereafter, do not seem to be justified or warranted. In fact, they seem to indicate a certain preferential treatment for third class passenger traffic, since apart from not showing any increased amenities in the higher classes, the inconveniences that may arise in future by travel in these classes may also be marked.

It is no doubt true that the rates structure is a complicated one and changes therein have to be made with an eye on their effect as much on the national

economy as on Railway Revenues. It is more so in the case of freight traffic on merchandise. There has been a great demand for the entire overhaul of this structure and the appointment of a specially qualified Committee for this purpose. The Minister has stated that the advisability of appointing such a Committee is under consideration. In this connection, we would draw the attention of the Board to the recent revision of the rates structure in the U. K. referred to at pages 324 & 325 of this Issue.

That the revision in the rates proposed in the Budget would not have the unstinted support of the Parliament was possibly anticipated by the Minister as is evidenced by his readiness to agree to certain changes, in his concluding speech on the general discussion of the Railway Budget, mostly confined to a demand for not increasing the III Class fares (as proposed by the Minister), apart from the usual complaints etc.

It is a matter of great satisfaction that the Minister expects that the Railways may be able to carry out the full effect of the First Five Year Plan, of course on the assumption that the deliveries of locos, rolling stock and passenger coaches are maintained to programme. About the Second Five Year Plan, the Minister is not able to give much detail, as the entire scheme is under discussion with the various Railway Administrations and it would take some time before they are finalised.

Another notable feature is the Minister's desire to meet the situations as they arise by appointment of Committees to go into the questions and report to him for further action. It is, however, not very clear whether such innumerable Committees would not be a handicap rather than an advantage.

In regard to improvements in details of working etc., one fact stands out very prominently, viz., the entire exclusion of the association of accounting and financial experts with the Committees. The omission is particularly noticeable in the case of Efficiency Bureaus where, though a lot of research is said to have been made, and results obtained in operational and maintenance standards, the action taken for maintenance of cost accounts etc., has not come in prominently for check-up. On the eve of great changes and heavy development in Railway working, involving hundreds of crores of rupees, Financial and Accounting aspects require due consideration.

There has also been a lot of criticism about the efficiency of working of the Regrouped Railways. The Efficiency Bureau is reported to have examined the various aspects of performance of these Railways and assured the Minister that there is a fairly good standard of efficiency. But to the man on the spot, many defects stand before him boldly. Arrears have become the order of the day, and orders and clarifications abound. Simplicity and uniformity have to be sought and the confusion that so often sets in has to be stemmed. It is thus imperative that a very representative body of senior Officers of all Departments including Accounts should go into the detailed working of each Department and solve all the troubles that have arisen, and also arrange to prevent further troubles and difficulties in working.

Another aspect we should like to touch upon is the facility for training of Accounting Personnel, especially of the subordinate ranks. This is practically lacking at present in spite of the paper assurances that are often made in this direction. Real and substantial action is urgently called for on a properly planned basis.

NOTE: The replies of the Minister and others are held over to the next issue. *Mg. Editor.*

Railway Budget for 1955-56

The Railway Budget was presented to the Lok Sabha on the 22nd February 1955 by Shri. Lal Bahadur Shastri, Railway Minister. The following are summaries and important extracts therefrom :

RAILWAY BUDGET AT A GLANCE

(Rupees in crores)

	Actuals 1953-54	Budget 1954-55	Revised Estimate 1954-55	Budget 1955-56
Gross Traffic Receipts	274.29	273.25	282.80	292.50
Working Expenses	201.75	194.53	202.95	206.80
Net Miscellaneous Expenditure	5.62	8.08	8.32	7.49
Appropriation to Depreciation Reserve Fund	30.00	30.00	30.00	35.00
TOTAL	237.37	232.61	241.27	249.29
Net Railway Revenues	36.92	40.64	41.53	43.21
Dividend to General Revenues	34.36	35.50	34.96	36.07
Net Surplus	2.56	5.14	6.57	7.14

Telescopic Basis of Railway Fare Structure.

Presenting the Railway Budget for 1955-56 in the Lok Sabha on 22nd Feb. '55, the Railway Minister, Sri Lal Bahadur Shastri, announced a re-adjustment of second, inter and third class passenger fares on the basis of a telescopic structure of three "legs", under which long-distance passengers performing journeys of 301 miles or more would be given relief, while on short distances upto 150 miles fares would be slightly enhanced. There would be no change in the middle "leg" of 151 to 300 miles. Fares for the air-conditioned class would be raised in two "legs".

He said that he did not expect any substantial increase in passenger receipts as a result of this re-adjustment.

However, he added, with the ever-increasing commitments of the Railways, he could hardly overlook the need for improving their financial resources. The

Railway Minister then proceeded to announce certain adjustments in freight rates, the main features of which are a reduction in the freight charges for food-grains and fertilisers, a revision of the existing telescopic scales in regard to other goods traffic, and an increase in rates for traffic moving in "smalls".

Sri Lal Bahadur Shastri disclosed that the net revenue surplus for the year 1955-56 would amount to Rs. 7.14 crores, as against the revised estimates of Rs. 6.57 crores for the current year.

"We have no doubt", declared Sri Lal Bahadur Shastri, "that the Railways would be able to spend the total amount of Rs. 400 crores allotted to them by the end of the first Five-Year Plan." He said if the deliveries of rolling stock ordered from abroad were maintained according to schedule, the Railway expenditure during the Plan period may even go up to Rs. 418 crores.

Besides several new lines for the construction of which the budget made provision, there would be new surveys or old surveys would be brought up-to-date in respect of 1,300 miles of lines. There was also provision for nearly 900 miles of doubling of heavily-worked sections. "I am asking the Railways to take preliminary steps from now on so that actual construction work might start from the beginning of the Second Five-Year Plan", the Minister said.

As an alternative to doubling, the possibilities of developing parallel routes, which would open up new areas, was also being investigated.

Railway Working During 1954-55.

The decline in passenger traffic noticed since 1950-51 had been arrested and the current year had shown an upward trend. There has been a significant improvement in goods traffic. There has also been an increase in other earnings.

The higher level of traffic has been reflected in increased expenditure, the revised estimate of ordinary working expenses being higher by Rs. 8.45 crores compared to the original estimate.

The surplus for the current year was now estimated to be Rs. 6.57 crores, against the budget estimate of Rs. 5.14 crores.

The Railway Minister referred at some length to the revised Convention for the separation of Railway finance from general finance during the next five years, and said that the budget estimates for 1955-56 had been prepared in accordance with the provisions of the revised Convention.

Fare & Freight Adjustments.

The Minister stated:

"When passenger fares were standardised all over the country in 1948, the flat rate basis replaced the telescopic fares which had obtained on many of our

Railways. The changes affected adversely long distance passengers in our country of considerable distances. The effects became even more pronounced after the enhancement of fares in 1951. In my view the time has now come to reintroduce the telescopic basis of fares which should afford some relief to this category of passengers. This will mean a judicious re-adjustment of fares if there is to be no decrease in railway earnings. The revision I propose is on the basis of a telescopic fare structure of three legs, the first up to 150 miles, the second from 151 to 300 miles and the third 301 miles and over.

9. The main features of the proposals are that the existing basic fares in respect of the Second, Inter and Third classes are retained unchanged for the second leg. The fares for journeys in the third leg of 301 miles and over have been reduced while the fares applicable to the first leg, namely, 1 to 150 miles have been slightly enhanced. As regards Air-Conditioned accommodation, the increase is somewhat greater than in the case of the other classes. The present rate of 30 pies per mile is proposed to be increased to 34 pies per mile for the first 300 miles and to 32 pies per mile thereafter. I have, however, decided that the extra charge of Rs. 5 per night for the supply of bedding should be discontinued.

10. The effect of these changes should not cause any concern. Taking the Third Class, for example, the increase in respect of fares for the first leg is, in many cases likely to be offset by the existing rule for rounding off of fares. The actual increase in the fares for journeys up to 49 miles will not in any case exceed one anna and for journeys not exceeding 300 miles the maximum increase will be only four annas. On the other hand, the long distance passenger gets relief. The third class passenger travelling from Delhi to Madras will, for instance, pay Rs. 5/5/- less than at present.

The proposals regarding passengers fares are:—

	Existing (flat rates per mile)	Proposed Telescopic scales	
		Miles	Rate per mile
Air-Conditioned ...	30 pies	1—300	34 pies
		301 and over	32 "
Second ...	16 pies	1—150	18 "
		151—300	16 "
		301 and over	15 "
Inter ...	Mail/Express 10½ pies	1—150	Mail/Exp. 11 "
			Ordinary 9½ "
	Ordinary 9 pies	151—300	Mail/Exp. 10½ "
			Ordinary 9 "
		301 & over	Mail/Exp. 9½ "
			Ordinary 8½ "
Third ...	Mail/Express 6 pies	1—150	Mail/Exp. 6½ "
			Ordinary 5½ "
	Ordinary 5 pies	151—300	Mail/Exp. 6 "
			Ordinary 5 "
		301 & over	Mail/Exp. 5 "
			Ordinary 4½ "

These changes will come into effect from the 1st April 1955. Hon'ble Members are of course already aware that with effect from that date, the present Second and Inter classes will be known as First and Second respectively.

I do not expect any substantial increase in passenger receipts as a result of these adjustments, designed largely to afford some relief to long distance travellers. But the need for improving the financial resources of the Railway undertaking can hardly be overlooked. The Convention Committee of 1954 who examined the financial prospects of the Railway Undertaking reached the conclusion that if Railways were to continue to pay the dividend at the rate of 4 per cent. during the next quinquennium, there would, on the basis of the present rates and fares, be a shortfall of about Rs. 31 crores after meeting all working expenses and after providing adequate contribution to the Depreciation Reserve

Fund. A part only of this will be covered by the moratorium permitted under the revised Convention on the dividend payable in respect of the new lines.

11. In the circumstances, I have had to consider the questions of effecting certain modifications in freight rates. After trying to balance the needs of the country's economy as a whole and the needs of the Railways with their ever increasing commitments, I have decided to make the following adjustments.

12. The steady drop in the price of food-grains increases proportionately the incidence of freight in the selling price of grain, particularly in the case of movements to deficit areas situated at considerable distances from the surplus regions. I propose to reduce the wagon load scale of grains and pulses by 0.02 pie per mile or 7 per cent. for distances ranging from 301 to 600 miles and by 0.01 pie per mile or about 5½ per cent. for

distances beyond 600 miles. The maximum freight is fixed at Rs. 1/13/- per maund, the freight charged for approximately 1500 miles, so that the haulage beyond that distance will bear no charge. Movement of grains and pulses from Bhatinda in Pepsu to Tuticorin in South India, to give an example, will, under this proposal, pay a freight of only Rs. 1/13/- per maund against the present rate of Rs. 2/5/- per maund. This will involve a reduction in earnings to the tune of Rs. 1.25 crores a year.

13. I am also extending the same special treatment to fertilisers which are also important from the point of view of the agriculturist. I propose to reduce the 'wagon load scale' for chemical manure, Division B, by 0.02 pie per mile or 6½ per cent, for distances from 101 to 400 miles and by 0.03 pie per mile 13 or per cent, for distances beyond 400 miles. In this case also the maximum freight is being fixed at Rs. 1/14/- per maund representing the freight charged for approximately 1500 miles. Fertilisers from Sindri under these rates, for example, will move to Trivandrum at Rs. 1/14/- per maund as compared with the present Rs. 2/3/11 per maund and to Rajkot at Rs. 1/10/2 per maund as compared to the present rate of Rs. 1/12/11 per maund. This reduction will cost the Railways about Rs. 20 lakhs a year.

14. As regards the 'class rates', under the telescopic scales introduced in 1948, the drop with increase in distance is very limited. The rate for 700 miles for a commodity in class 2, for instance, is 6½ times the rate for a hundred miles. After considering the matter, I have come to the conclusion that the requisite stimulus for long distance traffic in the interest of trade and industry can be secured only by a revision of the present telescopic scales. This is proposed to be achieved by an upward adjustment of the freight in the first leg of 300 miles and a downward adjustment in the 3rd leg of 601 miles and over. While these

changes will, no doubt, bring some additional revenue they will afford the trading public a better taper of telescopic scales.

15. The actual proposal is to reduce the freight for distances beyond 600 miles by 15 per cent. and to increase the rate for the first 300 miles by 10 per cent. leaving the intermediate leg of 301 to 600 miles unaltered. Although this will involve some increase in freight for distances upto 850 miles, the increase on most commodities in common use will not exceed about half a pie per seer while for distances beyond 850 miles there will be a progressive and substantial reduction. To take an example, at random, the reduction for a commodity in Class 6 beyond 1500 miles would be 4½ annas per maund.

16. The legs of the telescope in the present 'wagon load scales' are not uniform. 'Wagon load scales' which apply to commodities of very low value provide by their short initial legs necessary stimulus for their movement over long distances. It is not proposed to disturb them. The remaining wagon load scales, which do not conform to the legs of the class rates, are, however, proposed to be brought into line with the latter. For salt and jaggery, the rates for the second leg will, however, simultaneously be reduced by .03 pies and .08 pies per mile respectively, so that over certain mileages there is a reduction in freight and over no mileages is there any increase.

17. I should also refer to the problem that has in recent months come up in connection with the increased movement of "Smalls" traffic. The number of wagons utilised for the movement of "smalls" on railways is about 15 per cent. of the total excluding coal wagons, which is entirely disproportionate to the volume of traffic carried. It is commonly accepted that the cost of the movement of "smalls" to the Railways is substanti-

ally more on account of the greater wagon utilisation, relatively larger number of handlings involved in their transport and greater incidence of compensation claims. It is necessary, therefore, to discourage uneconomical movement of commodities in "smalls" where they can be induced to move in larger units or wagon loads. It is proposed to levy a surcharge of 12½ per cent. on the freight for all consignments weighing less than 20 maunds and to increase the minimum freight for such consignments from Re. 1 to Rs. 1/8/- per consignment. I expect that, as a result, we should be able to achieve better utilization of transportation capacity.

Budget Estimates for 1955-56.

18. I shall now proceed to the Budget Estimates for 1955-56, taking into account the effect of the proposals I have just referred to as well as the effect of the normal increase in traffic which the Railways can hope for during the next year. The overall Gross Traffic Receipts for 1955-56 are estimated at Rs. 292.50 crores against the Revised Estimate of Rs. 282.80 crores for the current year. The estimate of passenger earnings has been placed at Rs. 104.50 crores, an increase of Rs. 2.7 crores over the Revised Estimate. The increase is anticipated on the basis of the current trends of traffic and as a result of the efforts of the Railways to increase their capacity to deal with additional traffic and, to a small extent, on account of the adjustments in fares I have referred to. Similarly the normal increase in goods traffic which can be anticipated in the light of the trend noticeable during the current year, together with the effect of the proposed adjustments in freight rates, is expected to contribute to an improvement of about Rs. 7.90 crores over the Revised Estimate. Goods earnings for 1955-56 accordingly have been placed at Rs. 163.90 crores. These increases, however, are expected to be counterbalanced by a reduction of about a crore under other coaching earnings.

19. The Budget Estimate of Ordinary Working Expenses for 1955-56 has been placed at Rs. 206.59 crores, that is, Rs. 3.83 crores more than the Revised Estimate for the current year. The factors that have contributed to the increase are the annual increments to staff, additional staff required consequent on anticipated increase in traffic, increased charges on maintenance and repairs for additional stock and absence of credit on account of the restoration of dismantled lines.

20. The provision for contribution to the Depreciation Reserve Fund has been made at Rs. 35 crores in accordance with the revised Convention and that for payment of dividend to General Revenues at Rs. 36.07 crores. After making payment to worked lines of about Rs. 21 lakhs and Miscellaneous Expenditure of Rs. 7.49 crores, the net surplus expected to accrue in 1955-56 is anticipated to be Rs. 7.14 crores, as against the Revised Estimate of Rs. 6.57 crores for the current year. This is proposed to be credited to the Railway Revenue Reserve Fund so as to be available for payment of contribution to General Revenues in the later years of the quinquennium.

Expenditure on Works, Rolling Stock, etc.

21. As regards the estimate for Works, Machinery and Rolling-Stock, including that for Open Line Revenue Works, the expenditure during the current year is expected to be in line with that estimated in the Budget. The Revised Estimate for the year is being placed at Rs. 95.60 crores against the Budget estimate of Rs. 95 crores.

22. The Budget Estimate for Works, Machinery and Rolling-Stock etc. for 1955-56 has been placed at Rs. 126.68 crores, representing an increase of Rs. 31.08 crores over the Revised Estimate for the current year. The amount provided for works including new constructions and open line works is Rs. 45.01 crores. The provision for rolling-stock is Rs. 76.54 crores and that for machinery

Rs. 3.39 crores. A sum of Rs. 1.74 crores is included for investment in road services. The provision made under rolling-stock is inclusive of a sum of Rs. 14.98 crores payable on delivery of locomotives and other rolling-stock expected during 1955-56 under the United States Technical Co-operation Mission programme and the Colombo Plan. The distribution of the total Budget Estimates under Capital, Depreciation Fund, Development Fund and Open Line Revenue Works follows the procedure laid down by the Revised Convention.

23. The provision for rolling-stock during the Budget year is considerably higher than the provision made during the current year. A substantial portion of it is due to the liquidation of liabilities which will have to be met in respect of the commitments made in the preceding years. During 1955-56 we expect to receive 170 locomotives from indigenous sources—120 broad gauge locomotives from Chittaranjan Locomotive Works and 50 metre gauge locomotives from Tata Locomotive and Engineering Co. Ltd.—and 425 broad gauge, 171 metre gauge and 8 narrow gauge locomotives from abroad against deliveries of 263 broad gauge, 124 metre gauge and 31 narrow gauge locomotives expected during the current year. There is a similar increase under other rolling-stock as well. As against the receipt of 1,062 coaches, 8,200 broad gauge and 5,500 metre gauge wagons during the current year we hope to receive during 1955-56, 1,340 fully furnished coaches manufactured in H.A.L. and railway workshops, 7,600 broad gauge and 4,400 metre gauge wagons manufactured by the wagon builders in India and 12,000 broad and metre gauge wagons from abroad.

24. During the Plan period 1951-52 to 1955-56, the railways would have received, from foreign and indigenous sources together, nearly 1,015 broad gauge, 591 metre gauge and 96 narrow gauge locomotives, about 33,500 broad gauge

wagons, 29,000 metre gauge wagons and about 4,900 coaches.

New Constructions.

25. Our rate of progress in the construction of new lines has been encouraging and I am glad to say that the Railways have executed these works with efficiency and often ahead of the target date.

x x x

35. We have been able to restore completely ten out of the twelve dismantled lines, the restoration of which was approved by the Central Board of Transport.

Line Capacity Works.

36. I mentioned last year about the special steps taken to increase the line capacity on congested sections of railways to meet the needs of the current and the anticipated increase in traffic. A provision of Rs. 6.1 crores has been made for line capacity works in the Budget for 1955-56 as against Rs. 2.1 crores in 1953-54 and Rs. 3.3 crores in 1954-55. I may indicate the position with regard to the works, I referred to in my last Budget speech. The Siliguri-Alipur Duar section of the Assam Rail Link is nearing completion. Bezwada-Madras section of the Southern Railway on which a sum of Rs. 4 crores is being spent, including the remodelling of Bezwada yard and the conversion of Gudur-Renigunta section from Metre gauge to Broad gauge has been taken in hand and a crore has been provided for these works in the Budget year. The Central India Coalfields, Katni-Marwara and Raichur-Arkonam section and the doubling of Anara-Jaychandipahar-Burnpur and Sini-Gomharria sections are in progress.

x x x

39. A provision of more than Rs. 4 crores has been made for the construction of staff quarters during 1955-56 as in the current financial year. The total provision under staff quarters and other staff amenities amounts to Rs. 5.33 crores. The substantial contribution towards staff

housing problems made by the Railways will be clear from the fact that during the three years 1952-55 Railways would have completed more than 24,000 quarters and provision has been made for the construction of nearly 10,000 quarters in 1955-56.

40. The usual provision of Rs. 3 crores for passenger amenity works has been included in the estimates for 1955-56. As during the past year, greater emphasis is being laid on improvements in medium and small sized stations.

Five Year Plan.

41. During the first four years of the first Five Year Plan the Railways would have incurred an expenditure of nearly Rs. 291 crores, and provision has been made to spend Rs. 126.68 crores in 1955-56.

x x x

Out of the total estimated expenditure of Rs. 418 crores, we have been able to find about Rs. 266 crores from current railway revenues, the balance of Rs. 152 crores being financed by General Revenues.

42. A Planning Cell has been recently set up in the Railway Board's Office and placed under the charge of a special officer. Senior technical officers have also been attached to the Board. Their main task will be to formulate the Railways' Second Five Year Plan and give the necessary guidance to the Railways. Progress reports will be carefully studied with a view to eliminating impediments to the rapid progressing of the Plan. Necessary material is being collected in consultation with other Ministries concerned and the Planning Commission for drawing up the Railways' Second Five Year Plan. Instructions have also been issued to the General Managers of the Railways to set up similar units on their systems.

43. It is as yet premature to refer to our ideas regarding the rail transport aspect of the Second Five Year Plan as they are still in the consideration stage. The

programme has to be carefully laid out in consultation with the Planning Commission as well as Governments of the various States. A few States have yet to send us their proposals. The programme has to be planned on a big scale not only to meet the needs of our developmental economy but also to open up new areas which so far have remained without rail transport facilities.

It is obvious that in order to meet satisfactorily the overall transport requirements of the country, whether in respect of goods or passengers, it is essential to plan for adequate expansion not only of the Railways but also of other forms of surface transport, namely, the road, inland water and sea. Railways cannot and will not lag behind developments in other sectors of the economy. I may also assure the House that they are keenly alive to their great responsibilities and are determined to play their role as the spearhead amongst the instruments of transportation in the country.

44. Needless to say, it is essential to promote maximum co-ordination among the various means of transport and this matter is already engaging the attention of the Transport Ministry which has constituted a Study Group. Railways are also represented on it. As the Study Group might take some time to produce its report, I have considered it desirable to examine one of the aspects shortly. I refer to the possibility of co-ordination between the Railways and the coastal shipping in order to promote the development of the latter on sound lines. I intend setting up shortly a Committee in order to examine certain specific suggestions that have been put forward. The Committee will also undertake a comprehensive examination of the comparative costs of operation on competitive routes by rail and by sea and advise on the steps to be taken to promote transportation by coastal shipping of commodities which are specially suited to this type of transport.

45. Although our plans for new constructions may yet take some time to be finalized, I am asking the Railways to take preliminary steps from now on so that actual construction work might start from the beginning of the Second Five Year Plan. Accordingly, as already stated, a number of surveys will be undertaken during 1955-56 of new lines and doubling of existing lines and also a number of earlier survey reports will be brought up-to-date. Provision made in the Budget covers new surveys or bringing old surveys up-to-date in respect of about 1,300 miles of new lines and nearly 900 miles of doubling of heavily worked sections. As an alternative to doubling, investigations as to the possibilities of developing parallel routes which might open up new areas are also being made.

Transportation Position.

46. The passenger train miles on the Broad Gauge during the first six months of 1954-55 increased from 31.7 million during the corresponding period of 1953-54 to 32.3 million. On the metre gauge the increase has been from 18.7 million to 19.1 million train miles. In the field of goods transportation the improvement has been even more pronounced. Goods train miles on the Broad Gauge have risen from 25.4 million during the first six months of 1953-54 to 26.7 million during the corresponding period of the current year, an increase of 5.12 per cent. On the metre gauge the train mileage over the same period has increased from 9.9 million to 10.1 million. Wagon loadings are on the increase. The average daily coal loadings during April—December 1954 have risen by 190 wagons in the Bengal and Bihar Coalfields and by 230 wagons taking all the coalfields together. Coal movements beyond Moghalsarai have registered an increase of 99 wagons per day as compared with last year. Transshipments have been improved, and the movement of goods has been speeded up. The revenue-earning tonnage lifted

during the first nine months of the year has recorded an overall increase of about 2.6 per cent. over the corresponding figure of the previous year.

47. With a view to speeding up long distance goods movement, Express Goods Trains have been introduced on all the main trunk routes running to fixed schedules as publicly notified. I am fully conscious of the leeway yet to be made up, particularly in regard to the difficulties in movement over certain sections. I have already explained to the House the steps proposed to be taken for meeting these difficulties.

48. The Efficiency Bureau to which I made a reference in my Budget speech last year has studied a number of problems during the year. Apart from the steps indicated by it towards the more economic use of wagons, its suggestions regarding the speeding up of goods trains and the rationalised use of the facilities available at certain transshipment points and of new routes to ensure minimum detentions to wagons have resulted in an appreciable improvement. I propose to extend the activities of the Bureau to cover other important aspects of railway working.

Accidents.

49. Figures go to show that the number of accidents on Railways is going down, though unfortunately we had one of the worst accidents near Hyderabad in September last. Quite a few of those which occurred in the current year were on account of non-observance of the normal safety rules. The human element is liable to err but all mechanical and other devices must be provided to minimise the incidence of such errors. The system of interlocking or other necessary safety devices will have to be extended over the whole of the Railways in accordance with a scheduled programme. I have, therefore, decided to set apart at least one crore each year for this work and the execution of these works would be given very high priority.

Towards Self-Sufficiency in Railway Equipment and Supplies.

50. The implementation of the policy of self-sufficiency in the matter of rolling stock has progressed satisfactorily. Already a total of 200 locomotives has been turned out by the Chittaranjan Locomotive Works. During the current financial year, the Works will have turned out 98 locomotives as against 64 in the preceding year. This is equivalent to a production of 120 average-sized locomotives which was the target for the Works. The production capacity of the Works is now being increased to 200 locomotives. The Telco have also been advised to increase their production from 50 to 75 metre gauge locomotives and I think they should even be prepared to raise it to 100.

51. The programme of building of, and the procurement of machinery and plant for, the Perambur Integral Coach Factory is proceeding according to schedule, and the Factory is expected to go into production in the course of the Budget year, the phasing of annual production being from 20 coach shells in 1955-56 to 350 in 1959-60. When full production is attained in this factory, we would have reached a land-mark in the programme of self-sufficiency in coaching stock. The manufacture of coaches in Railway Workshops is also being stepped up and the possibility of a further increase is being examined by the Workshop Reviewing Committee recently set up who have already submitted an interim report. The question of the indigenous manufacture of electric multiple coaches is also under consideration.

Wagon building is mostly confined to the private sector. We gave the wagon builders an assurance some time ago of our willingness to purchase 12,000 wagons a year for five years. Railways would be prepared to increase the orders placed with them if they show evidence of capacity to produce more. This should

go far towards enabling Indian firms to prepare their plans ahead and increase their production capacity. I would refer in this connection to the shortage of special type wagons which are likely to be required in the country. I hope that the wagon building firms would consider the manufacture of such stock also.

As regards the manufacture of parts and components now being imported, although some progress has been made, much still remains to be done. I have recently appointed a Committee, with Shri G. B. Kotak as Chairman, to go into this problem and submit its recommendations early.

Passenger Amenities.

52. The policy of the Railways in regard to the provision of amenities on the trains and at the stations, I am glad to say, has been generally welcomed in the country. The House should be aware of the appointment of an officer on each Railway with the status of a Deputy General Manager to deal with matters relating to the provision of amenities and facilities to the public generally. I look forward to a substantial improvement in the standard of amenities so provided and in the maintenance of proper cleanliness at stations and in carriages as a result of outdoor inspections and other activities of these officers.

53. I shall not detail the various items of amenities sought to be provided, as most of them are known to the House. I would, however, like to refer to a few important ones.

The introduction of sleeping accommodation for third class passengers and the abolition of the distinction which used to prevail between different classes of passengers in the matter of the use of dining cars, retiring rooms, exits, etc., has been greatly appreciated. New "Sleeping" coaches are being built with more conveniently designed berths, better lighting arrangements and an additional wash basin.

A new type of Retiring rooms would be provided at important stations, the charges for which would be low but with all the usual conveniences.

The possibility of running a vestibuled Third class Janata rake, in order to assess its advantages, is also being examined. This would help to reduce overcrowding in individual compartments, and also minimise ticketless travelling.

A concentrated drive will be made to provide raised platforms wherever necessary. This work would be taken up first where voluntary labour is forthcoming. The Railways would welcome such voluntary co-operation and be prepared to supplement it by their own contribution.

The question of overcrowding in third class has still to be tackled over certain sections. The increased supply of coaches and locomotives should go a long way towards giving relief. Among the important steps proposed to be taken are the use of Diesel rail cars over short distances and increase in the number of shuttle trains. Diesel rail-cars have already arrived and are being allotted to those Railways that need them most.

In order to tackle the excessive overcrowding during peak hours in the suburban services at Bombay, Calcutta and Madras, I have decided to set up a small Committee to investigate the problem and suggest remedial action.

Catering.

54. A Committee was appointed under the Chairmanship of the Deputy Minister, Shri O. V. Alagesan, to examine all aspects of catering and to devise appropriate measures for effecting all-round improvement in the catering arrangements on Railways. One of the important recommendations of the Committee was to the effect that Railways with no departmental catering should start with an experimental departmental service. In the matter of inspecting catering establishments with a view to ensuring proper

quality and service, I have suggested to the Railway Board that they should arrange for non-officials to be associated in a suitable manner. Regarding the "standard menu" recommended by the Committee, I have asked for an examination to be made as to whether it would be feasible to evolve a standard menu on the basis of regional tastes and requirements so that the maximum number of people in all parts of the country could be satisfied. I have also suggested that priority should be given to the replacement and re-equipping of dining cars. The vending contracts have to be specially attended to, as they cater to the largest number of passengers. I should, therefore, like to encourage the sale of food packets containing puries, etc., of good quality. Healthy, simple snacks should be supplied and the standard of quality and the price to be charged for these packets should be settled carefully so that they are within the reach of all classes of passengers.

Compensation Claims

55. The improvement referred to in my Budget Speech last year regarding disposal of compensation claims for goods lost or damaged has been maintained. There has also been a decrease in the amount paid from Rs. 3.19 crores in 1952-53 to Rs. 2.89 crores in 1953-54. This reduction is due to the various preventive measures adopted by the Railways. Attention is being concentrated on the liquidation of old cases.

Railway Security Organisation

56. I had referred in my last year's Budget speech to the appointment of a Security Adviser to the Railway Board and the proposal to appoint officers of the rank of Deputy Inspector General of Police in the Security Organisation of each of the Railways in order to bring about an improvement in the existing organisation and security arrangements, and that arrangements were being made for the training of staff to make the Railway Security Force a really efficient

organisation. All these proposals are being implemented. Since prevention of losses due to thefts is essentially a question of law and order, it is considered that speedy and effective results will be achieved if the Security Force is vested with powers to arrest, search and investigate and a part of it is properly armed. This matter is under examination. For the present, the Watch and Ward Organisation on the Railways does not appear to be equal to the task entrusted to it and it cannot be relegated to a position of inferiority as compared with other agencies which are more or less given charge of the same type of work. This Force is being reorganised and it is proposed to give it additional powers and status to increase its effectiveness. The advisability of having a suitable cadre, in which the officers and staff might look for higher posts and promotions, is under consideration.

Khadi

57. I am glad to report that the Railways have taken keen interest in encouraging the use of Khadi to which I made a special reference in my speech last year. The list of articles for which Khadi cloth can advantageously be substituted has been increased and the Khadi Board has been supplied with a list of mill manufactured items in order to enable it to select a few varieties of cloth for which Khadi substitutes could be developed and manufactured to meet the railways' requirements. I hope it will be possible to use Khadi cloth in lieu of the mill made variety for the supply of uniforms to Class IV staff which represents by far the largest proportion of the demand by Railways. This would mean taking up large quantities of khadi which, I hope, will be forthcoming.

Regrouping

58. The policy decision of my distinguished predecessor, the late Shri Gopalswamiji, in the matter of regrouping of the railways was a step in the right

direction. The integration of a motley group of Railways of varying sizes was inevitable, not only in the best interests of railway administration but also in the larger and wider interests of the country as well. I think it is time that we accepted that as a settled fact. We have, of course, to recognise that more and more work will fall on the Railways as their development progresses. During the Budget debates last year, I had stated that I would entrust the examination of various aspects of performance of the regrouped Railways to the Efficiency Bureau which had just then been set up. The Bureau's examination confirms that the work load of the Zonal Railways, after Regrouping, has increased and in certain cases has become quite heavy. I am, however, glad to say that in spite of this load, Railways have maintained a fairly good standard of efficiency. The work load aspect, however, is a matter which will need to be kept under continuous and careful review. In a developing economy, the organisational set-up of the Railways cannot obviously remain static, and I can assure the House that it shall always be my endeavour to ensure that they are so organised as to be in a position to provide adequate transport and to maintain a high standard of efficiency.

Committee on Freight Structure

59. The present freight structure has been a subject matter of some controversy and there has been a persistent demand for its review and re-examination. In the present budget proposals I have not touched the problem in its wider context and have merely confined myself to making certain limited adjustments in rates and fares. But in order to examine the problem in its various aspects, I am considering the advisability of appointing a Committee to go into it.

New Concessions in Fares

60. We have been following in recent years a liberal policy of giving concessions, particularly in connection with

travel for educational purposes and other nation building activities. The financial effect of these concessions is partially reflected in the fact that the average amount earned per passenger during 1953-54 has decreased from 5.22 pies to 5.17 pies per mile. The concessions generally available for students have been extended to those who have completed their school or university education and ceased to be on the rolls of their respective institutions up to a period of three months after their examinations. In the case of students' special trains the minimum charges prescribed for ordinary special trains will not be levied as it has been found that students and educational institutions cannot ordinarily afford to pay these charges. The usual minimum charges for such special trains are therefore, being waived when the party is not less than 400.

I propose also that the same concession should be extended to parties of kisans sponsored by State Governments.

The concessional round-tour tickets available for students travelling in parties of not less than four have been extended to teachers of primary and secondary schools.

Those undertaking journeys to National Extension Service Centres for giving voluntary service or returning home after giving such service have been granted the usual concessions.

In case of excursion and pilgrimage special trains for distances of 1,500 miles or over, fares have been prescribed at three-fourths of the ordinary rate and charges for detention of the stock en route have been waived for the first 12 hours of day-light at each halting station.

I also propose to re-introduce for the first time since the War, holiday return tickets at concessional fares for the next Dussehra and Diwali festivals.

The necessity for a reduction in the charge for platform tickets has been referred to on a number of occasions on the

floor of both the Houses. I propose to reduce this charge from two annas to one anna with effect from 1st April, 1955.

Staff Matters.

61. *Ex-States' Railway Officers.*—The fitting in of the officers of the *ex-State* Railways into the seniority lists of the Railways established after regrouping in 1951 and 1952 has, as the House will appreciate, presented a number of difficulties. The formulation of a uniform rule in the circumstances is difficult and no solution can obviously be entirely free from criticism. The matter has, however, been reviewed recently and orders are being issued which I hope will be acceptable to all the interests concerned.

62. *Class II Service.*—Reference has been made on more than one occasion to the promotion of officers of the Class II Service to the Class I Service. The quota reserved for promotion vacancies in the Class I Service is now being fully implemented. I may tell the House that against a quota including arrears during the last four years totalling 91 vacancies, 80 promotions have already been ordered, 11 being under consideration with the Union Public Service Commission. According to the Railway Board's revised procedure, the promotion vacancies will be filled simultaneously with, or shortly after, the filling up of the direct vacancies. The selection of about 35 Class II officers for promotion to the Class I Service *pari passu* with direct recruitment now in progress has already been taken in hand.

63. *Combined Seniority Lists.*—The combined seniority lists of staff on the re-grouped railway systems are either complete or nearing completion and the completed lists are being published. Thereafter, the representations submitted by the staff or by Unions will be considered. It is possible that minor variations of the general principles that have been prescribed in consultation with organised labour for the fixation of seniority may have to be adopted in different areas to suit the

special conditions existing there. It is proposed, therefore, in consultation with the Federation and the Unions concerned, to permit the respective Railway Administrations to adopt such minor variations as will ensure that any anomalies arising from the application of the rules are reduced to the minimum in each area. The understanding will be that the decisions taken by each zonal Railway Administration in consultation with organised labour on a system will be treated as final.

64. *Selection Posts.*—As mentioned in my budget speech last year, all posts in the grade of Rs. 200—300 and above are now treated as selection posts, as also certain specific categories in the grade of Rs. 150—225 which involve supervision and a degree of personal responsibility. I have given further thought to the matter and consider that there is need for greater flexibility in the drawing of a dividing line between selection and non-selection posts. I am suggesting to the Railway Board that a detailed list of posts should be drawn up in consultation with organised labour.

65. *Ad hoc Tribunal.*—Hon'ble Members would recall the appointment of an *ad hoc* Tribunal to dispose of certain matters on which the Railway Board and the Railway Federation were unable to come to an agreement. The sittings of the Tribunal are likely to commence shortly. I have thought it proper to consider referring to this Tribunal any unresolved issues of importance that may have accumulated in the interim. It is proposed to settle the list of additional items, if any, after discussion with the National Federation of Indian Railwaymen.

66. *Staff Benefit Fund.*—I have under consideration a proposal to raise the contribution from Railway Revenues to the Staff Benefit Fund, in order to afford greater scope to the Administrations concerned to spend money on the objectives of the Fund. These are to give

educational assistance when no such assistance is admissible under the normal rules, to provide facilities for recreation and amusement for the staff and their children, to relieve distress amongst the members or *ex-members* of the staff or their families to the extent to which such relief cannot be provided for under the normal rules, and to assist schemes for sickness or maternity benefits to the families of the staff. I hope to take a final decision shortly.

67. *Railway Colonies, etc.*—I would make a brief reference to the policy we intend to pursue in regard to railway colonies. Except at the larger centres, railway colonies have grown up in a haphazard manner without a planned lay-out providing for recreation centres, parks, etc. Railway Administrations have now been directed to pay greater attention to this matter, particularly in view of the fact that we are attempting speedy construction of a very large number of staff quarters. It would indeed be desirable if these are built in the form of a number of sizeable colonies.

68. Amongst the staff amenities we have under consideration is the opening of rest homes for the staff at suitable hill stations or seaside resorts or other pleasant surroundings where they can spend their holidays inexpensively and in reasonable comfort.

69. *Medical facilities, staff training etc.*—The provision of adequate medical facilities for Railway employees has been engaging my constant attention and I do not want to take the time of the House in dilating upon this subject. I have, however, felt for some time the urgent need of central and co-ordinated direction from the Railway Board of the Medical Services on the Railways. Consideration is, therefore, at present being given by the Railway Board to the matter of appointing a Special Officer to ensure speedy examination of the various reports for the improvement of medical facilities, to plan for the future expansion.

sion of such facilities and to progress action on the decisions taken.

70. The training and education of workers in every branch of the Railways is a matter to which I have always attached much importance. New training institutions are being opened and the old ones enlarged to train up all new recruits before they are appointed to posts for which prior training is necessary. Similarly, refresher courses will also be provided for those who are already in service. They should be made familiar with the latest technique and developments so that they could keep up a high standard of efficiency.

Labour Relations.

71. I am happy to say that the best of relations have been maintained by the Administration with the workers and the Federation throughout the year. There is commendable unity prevailing amongst railwaymen. I wish that this sense of unity will be carefully preserved. This will enable them to forge ahead and make their accredited Federation stronger still. Sometimes personal differences or other factors create difficulties, but it is hoped the leaders would be able to overcome them. I have no doubt that this unity has made the Federation really more effective and helped in producing better results.

Problems between labour and management there will always be. Indeed, it is a natural and never-ending process. But, both the Federation and the Railway Administration should have a living faith in the common cause, namely, the country's progress and prosperity. I would appeal to all concerned to make a success of the Negotiating Machinery we have recently set up. For my part I am prepared to help in solving difficulties that come in the way of the satisfactory working of the Machinery, and I shall take concrete steps in this regard immediately in consultation with the Federation.

x x x

74. Howsoever well equipped the Railways may otherwise be, their efficient working depends mainly on those who actually run them. If they are not up to the required standard, if they have not caught the spirit of the times and if they do not basically believe in the democratic approach, Railways would lose dynamism and not have served their full purpose. I need not therefore remind railwaymen, officers and workers alike, of their continued obligation to maintain and foster the development of the highest ideals of service to their countrymen in the performance of their duties."

x x x

Railway Freight Charges Scheme in Britain

The British Transport Commission has prepared a draft of the Railway Freight Maximum Charges Scheme.

The Maximum Charges Scheme will reflect in general terms the new principles of charging to be applied to the actual commercial rates. The weight of a consignment and its loadability, the tapering of charges as distance increases, and the fact that the smallest unit of haulage costs is the wagon must all be

taken into account. This is quite unlike the former charging system with its elaborate classification of goods to enable charges to be made by value on the principle of "what the traffic will bear." No account was taken of handling costs, the differences between one route and another, one transit and another, and the casual as opposed to the regular provider of traffic. That system was based on a monopoly no longer in existence

and it has been undermined by various rating devices until the traffic passing at standard rates has become a small proportion of the whole.

The new system is based on the cost of actually carrying a particular consignment or group of consignments and on "what the market will bear," the "market" in this case being the competitive transport market instead of the market for the goods. The Maximum Charges Scheme must therefore set the limit high enough to allow of the maximum flexibility below the rates laid down.

The new commercial outlook implies that the trader who wishes to send re-

gular traffic in convenient quantities over a regularly served route will find his transport costs lower than his competitor who sends mixed consignments in random lots to remote places. This brings railway policy much nearer to that of the road haulier, who takes into account the size of vehicle he can use and its running costs, together with the possibility of a back-load from the destination. Perhaps the most interesting effect of the system will be on the trader who now carries his trunk loads in his own "C" licenced vehicles, leaving the awkward odds and ends to be dealt with by public transport—usually rail.

Railway Gazette, London 24-12-54.

Preparation of Estimates, Voting of Grants and Execution Against Allotments

BY SRI T. S. SUBRAMANIAN, M.A., I.R.A.S., Dy. F.A., W. Rly., Bombay.

(Continued from page 293 of the issue for February 1955)

The responsibility for the preparation of estimates devolves on the spending departments and the Accounts Office renders assistance in scrutiny, consolidation and compilation of the estimates in the form in which they are prescribed to be sent. In certain Railways the estimates submitted by the units are discussed in meetings with the Officers in charge of the Units by the representative of the Accounts Department. The ultimate responsibility of correct budgeting is upon the General Manager.

2. Let me first take up the estimates in respect of Demands, other than Demands relating to Works, which are Demands 12A, 12B, 15, 16, 17 and 18. Revised estimates for the current year and Budget Estimates of the following year have to be prepared for these demands containing explanations for variations between the actuals of the previous year and the Revised Estimates of the current year, between the Budget Estimates of the

current year; and between the Budget estimates of the following year and the Revised Estimates of the current year.

3. So far as Demands relating to works are concerned, namely, Demands 12A, 12B, 15, 16, 17 and 18, Budget Estimates are not prepared as indicated in the previous para for other Demands. On the other hand, Programmes are prepared namely the Works Programme, the Rolling Stock Programme and the Plant and Machinery Programme. It is on the basis of these Programmes that the Railway Board prepare Budget Estimates of the year concerned for these Demands. So far as Revised Estimates relating to these Demands are concerned, they are prepared in the same way as has been described in the previous para for other Demands, and reasons for variations are furnished between Budget and Revised Estimates only.

4. The authority to prepare the Budget Estimates, as already stated, is the

Executive. Each Unit of the Executive Department has to gauge its requirements for the expenditure of the unit under his control, with reference to the trend of expenditure for past periods, taking into account factors which would involve excess or reduction for the future months or the future year concerned. Thus, in fixing the requirements for the Revised Estimates for 1954-55, they should be based on the actuals of the year 1953-54 and the trend of expenditure for the first few months of the year 1954-55, taking into account factors not appearing in this trend which would be reflected in the coming months of the year and eliminating factors which have appeared in the trend, but which will not affect the remaining months. After fixing this amount, explanations for variations between the Budget Grant and Revised Estimate for 1954-55 should be framed. Explanations for variations between Actuals for 1953-54 and Revised estimates for 1954-55 should also be prepared. In the same way the requirements for the year 1955-56, should be estimated on the basis of the Revised Estimates for 1954-55 taking into account factors which will call for excess and factors which would result in saving. After fixing the Budget Estimate for 1955-56 explanations for variations between the Budget Estimates for 1955-56 and the Revised Estimates for 1954-55 should be framed.

5. The assessment of requirements by each spending unit should be a continuous process in relation to the allotment given to that unit and with the help of all the latest facts and circumstances known. Each unit should be in a position to gauge in a satisfactory manner the requirements for the current year at any given time. This should be the ideal condition but unfortunately such a condition very rarely exists.

6. The programmes and the estimates prepared reach the Railway Board on the due dates and the Railway Board,

after the necessary scrutiny, prepares the Book of Demands with explanatory notes for variations. In February, every year, the Railway Budget is presented to the Parliament. The Railway Budget containing the Revised Estimates for the current financial year and the Budget Estimates for the following financial year is presented to Parliament for their vote.

7. As discussion on Budget may be carried out after the close of the financial year and as it is not legal to incur any expenditure unless the estimates are voted for by Parliament, a procedure has been adopted by which *votes on account* are taken, when such a contingency arises. As it is necessary to make provision before the beginning of a financial year and in advance of complete parliamentary sanction for making such provisions, a special estimate is presented called 'Vote on Account', which provides a total amount estimated to cover the needs of the Railway for the requisite period of 4 or 5 months before complete provision will have been made.

8. In respect of the Revised Estimates for the current financial year, supplementary estimates are prepared and submitted to Parliament towards the end of the financial year concerned so that any excess over the original estimate may be covered by vote of Parliament.

9. The Final Grant for a financial year as ratified by the Supplementary grant of Parliament, where necessary, and as fixed by the Railway Board under powers of their reappropriation is advised to the Railways concerned for each sub-head of demand and the Railways in turn should, before the year closes, reappropriate the allotments which are within the powers of the G. M. to accord with the latest requirements.

* * * *

11. In this connection, I may also point out that the Budget Estimates, as approved by the Legislature, and the

allotments as fixed on the basis of these approved estimates are reviewed first during the financial year in August by the various railways in order to see whether any modifications are necessary in the allotments fixed by the Railway Board and to enable them to place before the Legislature an estimate of additional grant, if any, required for all Railways. This review is called the August Review. This review is of special significance in as much as it takes into account the actual expenditure of the previous year which is known by August. The Revised Estimates, mentioned elsewhere, are sent along after the submission of the August Review, i.e., towards the end of the calendar year. The Revised estimates are followed by applications for Final Modifications which should reach the Railway Board not later than the first of March. However, important changes subsequently required should reach the Railway Board before the 20th of March.

12. While reviewing the Appropriation Accounts of the year, the Public Accounts Committee is usually faced with a number of cases of excesses over voted grants. The constitutional position in this connection should be fully understood by the Departmental Officers if excesses are to be avoided over the voted grants. It is as follows. According to Article 114 (3) of the Constitution, no money shall be withdrawn from the Consolidated Fund of India except under Appropriations made by law, passed in accordance with the provisions of this Article. Such excesses are, therefore, unauthorised and steps have to be taken by the Executive to keep the expenditure well within the provision and to obtain funds in time so as to avoid such excesses. The question naturally arises as to what happens when an actual excess over the voted grant is noticed by the Public Accounts Committee. In such a case after the Committee is satisfied about the circumstances leading to the excess, it recommends that the excess be regularis-

ed by Parliament in the manner prescribed in Article 115 of the Constitution.

13. After the accounts of the financial year are closed, a set of accounts under the various grants and sub heads of Grants are prepared called "the Appropriation Accounts". The object of preparing these accounts is to find out how money, as voted by Parliament, is spent, as to whether the process of budgeting had been correct or not and what irregularities have been committed. The main accounts compare the difference between the Original Grant and the Final Grant and the difference between Final Grant and Actual expenditure, under the various sub heads of Grants. Several Statements have to be appended to these accounts to show generally the financial picture of the railway and its working from the financial point of view. The accounts and these statements are prepared for presentation to the Public Accounts Committee and are scrutinised by Statutory Audit of each Railway in respect of the accounts of the Railway concerned and by Director of Railway Audit so far as the consolidated Appropriation Accounts of Railways are concerned. Comments are made by Audit when certain irregularities have to be spotlighted, which, if correct, are accepted by the Railway Department."

x x x

After analysing the various sub and detailed heads of all the Demands for Grants used by Railways, Mr. Subramanian gave a sketch of the control of expenditure as on the Western Railway. He said: "The process of controlling expenditure would be also the process of effectively watching the behaviour of expenditure relating to the Grants as a result of which it would be possible to assess the requirements at the time of August Review, Revised Estimates, Final Modifications etc., in a proper manner.

Expenditure is watched in relation to the Grants through the monthly Financial Review wherein the approximate

expenditure to the end of a period is compared to the proportionate Budget Grant and reasons for variations are brought out. Regarding the expenditure on works relating to Grants, effective control is only possible if we know the reasons for delay in works etc. Mostly works could not be started owing to non-receipt of materials or the late receipt of materials. I have explained elsewhere how an effort is made on the Western Railway to watch the expenditure in relation to Budget provision on works through Control Cards and the Progress Report on works submitted by the Officers in charge of the Budgetary Units. Furthermore, efforts are being made on the Western Railway to keep in the Stores Department separate records for indents placed for each work and to watch the progress of A. Ts placed on these indents and the delivery of materials. If the proposed scheme is implemented, it would be possible to have a better control over the Works Grants.

The lecture would not be complete if no mention is made about the estimates of Gross Traffic Receipts of a Railway. As already pointed out, the Receipts are not subject to vote by Parliament. However, the estimates of Gross Traffic Receipts are supplied to the Railway Board and also exhibited in the Explanatory Memorandum by the Railway Board. The estimated Gross Receipts are required to be submitted in the form prescribed in the Code and should give particulars under Coaching Earnings, Goods Earnings, Sundry other Earnings

and Suspense. In framing the estimate of earnings from Coaching Traffic, the earnings from upper and lower class passengers should be estimated on the basis of passenger miles and the average fare per passenger mile for upper and third classes separately. The earnings from parcels traffic should be estimated in the same way as would later be described for Goods Traffic. The Earnings from Coaching Traffic, other passenger and Parcel Traffic may be estimated on the basis of a ratio of the earnings from passenger traffic to be determined with reference to the previous actuals. So far as the estimate of earnings from Goods Traffic is concerned, the Railway Administrations should list the commodities which from past experience can be said to yield the most of the Railway's Revenue and the estimate should be based on the ton miles to be carried of such commodities and the average rate per ton mile for the carriage of each commodity. The earnings from the rest of the commodities should be assessed in a lump sum, based on the trend of past years and factors contributing to the change in condition in the future. The Chief Commercial Superintendent of a Railway should prepare these estimates and if the Commercial Department can feel the pulse of the economic trend of the country, it would be possible to fix the estimates of Gross Receipts fairly well. In estimating the Gross Receipts, opening of new lines for traffic and steps taken to step up Goods Traffic should also be kept in view."

Financial Control in U. K.

It may be mentioned here that the financial system in India was largely modelled on that obtaining in the U. K. The latter, however, made considerable strides ahead of the former, especially after 1920, whereas the Indian system largely remained stagnant for political and

other reasons. At the beginning of this century, the general view was that both taxation and expenditure should be kept as low as possible. When the late Lloyd George became Chancellor of the Exchequer, he began to introduce, a few years prior to the outbreak of World War I,

many social reforms as a result of which the officials at the Treasury began to look at things more liberally and became more concerned with ensuring the most prudent and economical spending of money on approved projects. The control was exercised in the matter of estimates, the budget, the need for Treasury authority before any new service or branch of expenditure could be started, or for any increase in staffs or pay. Until 1920, the post of Accounting Officer in each Department—that is, the Officer who had supreme authority and responsibility under Ministers for financial questions—had usually been held by a Finance Officer. This was normally an officer who had specialised in finance but did not occupy one of the highest posts in the Department. The Finance Officers of Departments were regarded somewhat in the nature of outposts of the Treasury. It was this system that was introduced in the Government of India and that system continues even today.

In the U. K., after 1920, some changes were introduced, according to which the post of Accounting Officer in each Department came to be held by the Permanent Secretary, who retained, of course, a Principal Finance Officer on his staff. This practice, whereby the Permanent Secretary is also the Accounting Officer, is now so well accepted a feature of the British financial system that it is now considered as a normal affair in that country. The essence of the arrangement is that it ensures that responsibility for policy, and for the financial consequences of that policy, go hand in hand. In other words, the idea was that economy was not something to be imposed on other departments by a Treasury acting as the "single-handed champion of solvency keeping ceaseless vigil on the buccaneering proclivities of the Permanent Heads of Departments", but rather that "the

Heads of Departments should work together as a team in the pursuit of economy in every branch and every detail of the public service." The Treasury no longer assumed "a peculiar righteousness and a corresponding omniscience". Indeed, Departments began to recognise that, although it was the duty of Treasury staff to criticise, such criticism was a useful and necessary ingredient in the making of plans; it might even be wise on occasions to consult the Treasury informally before there was any need to seek formal Treasury sanction.

World War II brought considerable changes particularly in the economic sphere when overall planning began to dominate every kind of human activity. In regard to the control of expenditure, the trend in the U. K. has definitely been established away from meticulous control of detail in favour of greater delegation to departments, combined with the use of methods which will enable the Treasury to satisfy itself that the standards of prudent housekeeping are being observed. As matters stand at present, departments are encouraged to do their own business properly and economically with as little interference as possible. At the same time, the British Treasury has always the right to call a halt when the Department enthusiast shows signs of getting out of hand. This is being done by a system of audit to see that allotted budget sums are being spent prudently.

(Taken from *Commerce* dated 22nd January 55)

Note: See pages 284-290 of the issue for February '55 on "Relations Between Audit and Administration in India" detailing the Financial Control in India. The Comptroller and Auditor General of the Government of India has been attempting to introduce the British procedure of Financial (Treasury) control in India.

Mg: Editor.

Subjects of Moment

The following are some of the Railway Board's important recent orders :—

Delegation of Powers

The Regional Deputy Heads of Departments on Railways can exercise all the powers specifically delegated to the Divisional Superintendents under the various rules in the Indian Railway Codes.

[Railway Board's letter F(E) 54/PW-7/(3) dated 5-1-1955].

Lawyers' Fees

When fees claimed by Lawyers for conducting Railway cases are in excess of or on a basis different from the scale fixed by the High Court, the matter must be referred to the Railway Board (by the Railway Administration) for orders.

[Board's letter No. F(X) II-54/LL/1 dated 7-2-1955].

Dearness Pay & Awards

Dearness Pay should be taken into account for the purpose of calculating awards under extra-ordinary pension rules in respect of Railway Servants injured or killed on or after the 15th July 1952.

[Board's letter No. E(S)54 DA1(2) dated 20-12-1954].

Compensatory Allowance

Until further orders, non-gazetted Railway Staff employed at Simla and Summer Hill should be granted compensatory allowance (hitherto called Summer and Winter Allowance) at the prescribed rates. This is effective from the 1st July 1952.

[Board's letter No. R(E)48 AL/4/(8) dated 31-1-1955].

P. F. Advances

The benefit of granting advances from the Provident Fund, equivalent to three months' emoluments is extended to Ex-Company Railway staff to meet expenses

in connection the marriages of their children.

[Board's letter No. F(E)54/P.F-6-2 dated 7-2-1955].

Wording of Government Orders

Railway Administrations should see that Government Orders involving financial implications should be worded in clear and precise terms and should not be vague and ambiguous, thus making them susceptible to different interpretations by subordinate authorities.

[Board's letter No. F(X)I-54/SA 2/1 dated 14-12-1954].

Note.—Many of the Railway Board's orders themselves sin in this respect and remedy should start from there.

Mg. Editor.

Gratuitous Medical Treatment to Railway Servants' Dependents

The Railway Board have advised the Railways that at places where no medical facilities exist for treatment at Hospitals and Dispensaries maintained by Government or by Local or Public bodies, Railway Servants' Parents, minor brothers and sisters, residing with him and wholly dependent on him may be permitted to receive gratuitous attendance and treatment as out-patients at Railway Dispensaries or Hospitals located in that place.

[Board's letter No. E 54-ME 1/43/3 dated 8-2-1955].

Grant of Special Contribution to Provident Fund/Gratuity

The Railway Board have advised the Railways that the yardstick laid down in their letter No. 51-TG 6-2 dated the 10th May 1952 regarding the maximum special contribution/gratuity that may be sanctioned in case of non-gazetted staff with more than three serious offences, unauthorised absence, removal from service for criminal acts, neglects of duty, inefficiency etc., is only for the guidance of the Controlling Officer

(General Manager) in sanctioning special contribution to Provident Fund/Gratuity to employees and it is *not mandatory*. The actual action to be taken must be decided by the controlling authority on the merits of each case.

[Board's letter No. E-54 PG 6-8 dated 31-1-1955].

Revenue Abstract J.

On page 209 of the Issue for November 1954, reference has been made to the opening of a new Abstract J in the Revenue Classification to record expenditure on the Signal and Telecommunication Department on Railways with effect from 1-4-1955. Consequently, several allocation heads under Abstracts A and H require deletion as under:

Abstract A: A1112 1123 1132

A2251 2252

A4802

Abstract H: H2311 2312 2313 2311A 2312A

2321 2322 2331 2332

H3310 3311 3321 3322

3331 3332 3333 3334

H43 0 4311-A, 4320

4330 4340

Full details of the various Sub-Heads, Detailed Heads and Sub Detailed heads to be opened under Abstract J together with the Explanatory Notes for the allocations are furnished in Board's letter No. 52/W/216/11 dated 14th Oct., 1954.

Allocation of Stipend to Students etc.

The Board have decided, with a view to uniformity, that the cost of Railway Training School and Pay and allowances of non Gazetted trainees should be booked under Abstract G, Demand No. 9-A—Working expenses—Labour Welfare, while the expenditure on Pay and allowances of Gazetted staff, under training, should be charged to the respective Departmental Abstracts under Demand No. 4—Working Expenses—Administration. Revised Detailed and Sub Detailed heads under Sub-Head G 1600-A “Cost of staff training” as also Demand No. 9 A or 4, as the case may be, which should come into force from 1st April 1955 are shown in Board's letter No. 54-AC II/3/1 dated the 20th Oct., 1954.

Expenditure on Staff Training College, Baroda, will continue to be charged to “15-D Miscellaneous Railway Expenditure” under Demand No. 3 “Miscellaneous Expenditure” as hitherto.

The Board have further clarified that cost of training of non-gazetted staff should be provided for under the detailed heads “III Education” under Demand No. 9-A, the pay and allowances etc., of special class apprentices being included under “XI Other General Departments and Miscellaneous Expenses” under Demand No. 4.

[Board's Letter No. 54-B—4120 dated 22-10-1954.]

SCHEDULE OF POWERS

The powers of General Manager for entering into contracts on construction of new lines sanctioned by competent authority have been raised from 5 lakhs to Rs. 10 lakhs for each Contract. This certainly removes an existing anomaly in that, for open line, the General

Managers have powers upto Rs. 10 lakhs in respect of each contract, while for new constructions, the powers were limited to Rs. 5 lakhs in this respect, the same as for an independent Engineer-in-Chief.

THE RAILWAY ACCOUNTANT

“To tax and to please, no more than to love and to be wise, is not given to man” said the famous Edmund Burke, two centuries ago. With a slight change, this dictum is applicable with full force to the Railway Accountant of today. “To object and to please, no more than to love and to be wise, is not given to the Railway Accountant.”

Workmen's Compensation—Course of Employment

On pages 263 and 264 of the issue for January 1955, a decision of the Bombay High Court was summarised as to what constitutes an *accident while on duty*. Another interesting case has been recently brought to light, where an employee, proceeding to his workspot in a lorry provided by the employer, in the absence of any other suitable mode of conveyance at the place, and who sustained injuries during such journey, was declared to have sustained them *in the course of his employment*. The High Court observed that though normally for purposes of Workmen's Compensation a man's employment does not generally begin until he has reached the place where he has to work and does not continue after he has left it, there are circumstances which should be taken into consideration as to the extent to which this should be really applied. In the case of *Richards V Morris (1915 1 K B 221)* it was held that an accident which had occurred while the employee was in a boat supplied by the employer on his way home arose *out of and well in the course of his employment*. It was the only boat available for the employee to use on a trip which was provided for in the Agreement of service.

The question naturally arises as to the liability of the Railway for accidents occurring, while in transit, to employees, living at mofussil stations and allowed the benefit of residential passes from and to their residence to and from their place of business. The Railway Board may well take legal advice in the matter of liability of the Railway Administration in such cases under the Workmen's Compensation Act. In this connection, it may be remembered that there is a rule that the Railway does not undertake any liability on account of injuries or accidents to *pass-holders*, while travelling on passes. How far this will be upheld by a Court is also a point for consideration. * * *

Cost of Manufacture of Locomotives

It is now reported that the Chittaranjan Locomotive Workshops are selling the locomotives they manufacture, to Indian Railways, at less than the cost of imported ones, and that the price charged is also less than the all-in cost of the manufacture. This policy—particularly selling at below cost to the Railways—is not quite understandable. It is explained that the Chittaranjan Workshops are doing this deliberately in the expectation that, in the long run, this would entail no loss. This does not appear to be a satisfactory explanation. If the Chittaranjan Workshops are treated as a separate entity in the role of an independent manufacturer for supply of locomotives to Railways, then the loss entailed by them from year to year will have to be detailed and suitably explained to the Parliament. If and when such losses are wiped off, when the cost of production is brought down and is less than the market price charged, then it will be time enough for gratification; but till then the Parliament is entitled to be specially informed of the true position (financial and otherwise) of the Chittaranjan Workshops from year to year. It may be recalled that in the article on "Development Expenditure in Railway Manufacturing Workshops" which appeared in the Issue of May 54 (page 35) of the "Railway Accountant", the treatment in accounts of development expenditure in the Chittaranjan shops is discussed. * * *

New Rules of Allocation

The new rules of allocation, effective from 1st April 1955, are generally to be welcomed. The charging of the cost of the unremunerative branch lines to Capital (on which not the dividend at 4% but only interest at borrowing rates will be chargeable) instead of Development Fund, is, in our view, reasonable. The charging of the cost of renewals of assets provided out of Development Fund to Depreciation Fund is in keeping with

accounting principles and to some extent complies with the suggestion made by us (see pages 195 to 197 in the issue for November 54). The splitting of the cost of work between OLWR and Development Fund (upto Rs. 3 lakhs charged to O. L. W. R. and the excess over Rs. 3 lakhs to Development Fund) has been rightly abolished; but it is a pity that the ubiquitous head O. L. W. R. has still been retained to record the expenditure on New Minor Works etc. We daresay that there is no Railway Accountant or Auditor (except perhaps those in authority in the Railway Board) who would have regretted the abolition of this "corn" in the scheme of accounting classification. We shall have more to say on some other aspects of the new rules of allocation, but before doing so, we would be very glad to receive, for publication, the views of Railway Accountants and Auditors. * * *

I. A. A. S. & I. R. A. S.

In page 264 of our issue for January 55, reference was made to the interchange of Officers between I. A. A. S. and I. R. A. S., as a temporary measure in pursuance of a policy decision made by Mr. A. K. Chanda, Comptroller and Auditor General of India; but the details underlying this important policy have not been made known. It is understood that there is a great depletion of sufficiently senior men in the I. A. and A. S.

Cadre to man senior positions requiring mature experience, while there is no such depletion in the I. R. A. S. But this surely is not a reason for the interchange which is not likely to be of any good to Railways, nor to the Civil Accounts Side. Before the I. A. A. S. Officers transferred to the Railways pick up the intricacies of Railway accounting, they will be transferred back to the Civil side. The same will be the case in respect of I. R. A. S. Officers transferred to Civil side, though here it may be stated that, by virtue of their experience, the Civil side will be benefited by such transfers. If the I. A. & A. S. requires Senior Officers, we suggest that brilliant Audit and Accounts Officers of the Class II service should be promoted to the I. A. & A. S. (as was done during the War). Everywhere it is acknowledged that Assistant Accounts Officers and Assistant Audit Officers (Class II) in the Audit and Accounts Offices generally are the backbone of the Indian Audit Department, and it would be insulting the Indian intelligence to say that brilliant and competent men are not to be found among such officers to man the Senior posts in the I. A. & A. S. There certainly is no reasonable ground for the policy of exchange between I. A. A. S. and I. R. A. S. The plight in the I. A. A. S. is so great that an officer from the Air Force has been transferred to the I. A. A. S. (as Deputy Accountant General, Hyderabad!)

News and Notes

Our Prospects

During the recent visit to Delhi of the Managing Editor of this Journal, interviews were granted to him by the Financial Commissioner, Railways and the Director, Finance (Accounts), Railway Board, at which several problems regarding improvements to the Journal were discussed. The Officers gave a patient hearing and assured sympathetic consideration. * * *

Proceedings of Class II Officers' Federation at Delhi

At the meeting of the Association held at Delhi on the 22nd February 1955, Srimathi Tarkeswari Sinha, M. P. was elected President. It was urged that temporary Class II Officers' posts which had been running for over three years should be made permanent; it was also demanded that Class II Officers, whether officiating or permanent, should be considered for pro-

motion to Senior Scale posts along with Junior Class I directly recruited Officers on the basis of the total length of service in the Gazetted cadre and not as at present with low weightage.

Travel Concessions on Railways

The Railway Minister in his Budget Speech on the 22nd February 1955 announced the extension of the existing travel concessions in various directions like reintroduction of "Dasara" and "Diwali" Holiday Return Tickets, introduction of Travel concessions to "Kisans" moving in parties, opening different concessions to teachers and National Extension Workers; and several extensions of existing concessions for Students beyond completion of their School or College career.

NRUCC Meeting

At the meeting of the National Railway Users' Consultative Council held at Delhi on the 12th February, it was stated that during 1954 alone, 136 Additional trains had been introduced and run of 112 trains extended in order to combat overcrowding on Railways. The Railway Board were also considering the results of a review of the study of overcrowding undertaken recently by the Railways with a view to taking further proper action.

The Council also considered the problem of reducing the burden of claims on the Railways arising from thefts, pilferage or loss of goods entrusted to the Railways and also ways and means to expedite disposal of claims by Railway Administrations.

Stores Purchases

During the year 1953-54, the Indian Government Railways Purchased Stores valued at 90.03 crores of rupees, of which the value of indigenous materials amounted to Rs. 64.43 crores. Stores worth Rs. 12.17 crores were imported direct, while Rs. 13.43 worth of foreign

stores were purchased through Agents in India.

The value of railway equipment and Stores ordered by Railways during the year amounted to Rs. 105.86 crores, of which Rs. 48.19 crores worth of stores were ordered directly by the railways. Railway equipment and stores worth Rs. 27.52 crores were ordered by the Railway Board, while orders for stores worth Rs. 28.93 crores were placed through the Ministry of Works, Housing and Supply. The balance of the orders were placed through other Ministries.

Sleeping Accommodation in 3rd Class

The Railway Board have decided that the surcharge of Rs. 3/- per night fixed for sleeping accommodation in 3rd Class on certain trains should not be refunded under any circumstances.

Satyamurthinagar Railway Line

The Parliamentary Secretary to the Railway Minister, Mr. Shah Nawaz Khan, told Mr. Veeraswamy in the Lok Sabha that a sum of Rs. three lakhs had been spent approximately on the construction of a new railway line to "Satyamurthi Nagar" at Avadi. The earnings on account of the passengers who travelled on this line was Rs. 1,21,563/-, while the earnings on all additional traffic moved from Madras Egmore and Madras Central Stations attributable to the Congress session was estimated at Rs. seven lakhs.

"Train" at Banquet

At 'Jaivilas' in Gwalior, a silver train ran round a 50-yards long dining table in the main palace of the Maharaja, carrying drinks and chocolates, at a banquet given in honour of the Yugoslav President by the Rajpramukh of Madhya Bharat. Controlled by an electric switch at a corner of the table, the train stopped before each guest, who picked the "goods" he liked.

M.P.'s in Sleeping Cars

Members of Parliament holding Identity-cum-Railway Passes are allowed under Railway Board's orders of 6th January 1955, to travel in third Class sleeping cars without payment of the extra charges of Rs. 3/- per night.

Issue of Ration-lapsed quotas

The Board have recently authorised Officers to issue quotas to opt-in staff in connection with lapsed quotas, if they are satisfied that the non-issue was not due to the Railway Employee's fault.

Officers' Training

The Railway Board have advised the Principal, Railway Staff College, Baroda that more detailed training in Establishment and General Administrative subjects should be imparted to T.T. & C.D. and I R.S.E. Probationers during the second phase of their training.

Finalisation of Accident Cases

The Board have recently addressed all Railway Administrations to see that train accident cases do not remain un-finalised for more than three months.

Anti-Corruption in Hyderabad

In his Address to the Assembly, the Nizam of Hyderabad disclosed that his Government proposed to establish an Anti-Corruption Department under the Home Minister with select Investigating Staff, whose task it would be to investigate as promptly as possible into complaints of corruption. Simultaneously, Committees would be established at District Headquarters with the Collector as Chairman and with two non-official members, who would educate public opinion and transmit to the Central Committee at Hyderabad all information regarding corruption amongst officials, including complaints of individual cases of bribery.

Fire and heat-proof Resistant

A claim has now been made for the discovery of a resistant to fire and heat, which is also impervious to electric shock and impenetrable to X-rays. The treatment consists of a combination of several Herbal juices smeared all over the body. It is anticipated that this composition may also protect man against Atomic radiation.

The discovery is attributed to a thirty-three-year-old Indian Doctor, Swami Narayananand Saraswathi, who was formerly a House Surgeon in a Madras Hospital, and who became a "Sanyasi" in 1947 and toured Japan in 1951, and who has not yet given up his serious research into the mysteries of Science.

App. II A Examination 1955

The Examination which we announced on page 304 of the February Issue of this Journal to be held on the 28th February 1955 and onwards has been postponed to take place from the 14th to 17th March 1955.

Rolling Stock for Southern Railway

35 Steel Shells for M.G. III Class coaches arrived at Madras Harbour from Belgium on the 2nd March 1955. These will be sent to the Golden Rock Workshops for interior furnishing and provision of electrical equipment before they are put on line.

A consignment of 3 Locos arrived at Madras Harbour on 28-2-'55 from West Germany.

Improvements to Railway Travel

The Southern Railway Authorities have deputed Senior Officers of the Railway to check all the Mail, Express and Passenger trains from the Central and Egmore Stations to important junctions with a view to effect all round improvements.

Railway Statistics

Approximate Gross Earnings for December 1954.

(In Crores of Rupees.)

Earnings	December 1953 (Actuals)	November 1954 (Approximates)	December 1954	Increase (+) or decrease (-) as compared with the preceding month.	
				Amount	Percent.
Coaching	9.49	9.49	9.60	+0.11	+1.16
Goods	12.20	13.10	13.92	+0.82	+6.26
Other	0.42	0.35	0.39	+0.04	+11.4
	22.11	22.94	23.91	+0.97	+4.23

Approximate Gross Earnings from 1st April 1954 to 31st December 1954.

	1953-'54 Actuals	1954-'55 (Actuals upto Nov. 1954 plus approximate for Dec. 1954)	Increase [+] or Decrease [-] as compared with the previous year.	
			Amount	Per cent.
	Rs.	Rs.	Rs.	
Coaching	87.22	89.57	+2.35	+2.69
Goods	106.63	112.10	+5.47	+5.13
Other	3.05	3.60	+0.55	+18.0
Total	196.90	205.27	+8.37	+4.25

Tons Lifted Wagons Loaded During December 1954.

	No. of tons lifted.			No. of wagons loaded.		
	Nov. '54	Dec. '54	+ or - %	Nov. '54	Dec. '54	+ or - %
Broad Gauge	6,285,000	6,735,000	+ 7.16	386,772	408,678	+ 5.66
Metre Gauge	1,610,000	1,934,000	+ 20.1	217,826	247,039	+ 13.4

Tons Lifted and Wagons Loaded from 1st April to 31st December 1954.

	No. of ton lifted.			No. of wagons loaded.		
	1953-54	1954-55	+ or - %	1953-54	1954-55	+ or - %
Broad Gauge	55,196,000	55,667,000	+ 0.85	3,162,547	3,347,570	+ 5.85
Metre Gauge	14,462,000	14,325,000	- 0.95	1,830,965	1,874,137	+ 2.36

Retirement of an A. A. O.

The Accounts Officers of the Southern Railway gave a party on the 8th March 1955, to Sri S. Ramaswamy Iyengar, Assistant Accounts Officer, who has proceeded on leave preparatory to retirement. Opportunity was also taken to accord a welcome to the new Financial Adviser and Chief Accounts Officer, Sri M. R. Swaminathan, transferred from the Western Railway.

Railways in Parliament

A three-day debate on the Railway Budget was conducted in the Lok Sabha on the 2nd, 3rd & 4th March 1955.

The trend of the speeches showed that there was general satisfaction over the steady improvement registered by the Railway Administrations. A warm tribute to the magnificent service rendered by the Railway workers was paid by the former Labour Minister SRI V. V. GIRI who, for the first time, spoke in the Sabha, as a Private Member. Mr. Giri complimented the millions of workers who discharged their duties "loyally and with a sense of responsibility". He was very happy that the two Railway Federations had merged and he hoped that despite reports of rift they would continue to work together. Mr. Giri further observed that workers and employers were Partners of the Industry, the former being the dominant Partners. He urged that they should be enabled to play a more dominant role in the administration of the Railways. He reiterated his views that all disputes between employees and the Government should be settled by direct negotiations in spite of resorting to compulsory adjudication.

ASHOK MEHTA, P. S. Leader, also urged that a share in the control and management of the Administration should be vested in the hands of the Workers, so that they may discharge their tasks more loyally and efficiently.

Though catering arrangements and continued overcrowding in trains were the subjects of criticism by many speakers, there was uniform praise for the Railway Minister and his Officers for "having done a magnificent job". More than one speaker admitted that travel by trains was more comfortable now than what it was a decade ago.

DR. RAM SUBHAG SINGH: Retention of various classes in the Railways

was not in keeping with the spirit of the socialistic pattern of society. There should be one class at least for some time. The introduction of telescopic rates in railway fares and freights would adversely affect the bulk of the people, specially peasants, who were short distance passengers. The working expenses and the efficiency of the Railways were not maintaining the same ratio, till about two or three years ago.

ASHOK MEHTA : (P. S. P.): The transport and godown facilities provided by the Railways were not keeping pace with the increase in production and had to be improved at least half as fast as the general increase in production. The increase in operational ratio made it appear as if the law of Diminishing Returns had taken place in the Railway Administration. The proposed telescopic rate was "a clever camouflage" of the Railway Minister. He wanted better treatment to Labour.

BHAGWAT JHA AZAD: Whatever increase they got in passenger and goods traffic had been nullified by increased working expenses. Development of transport facilities were not commensurate with the country's developing economy.

MRS. ANASUYABAI KALE suggested that fares of all classes except the 3rd Class be increased by 25% in order to make up the deficit and the proposed telescopic rates be given up. She wanted more passenger trains including daily Janata express service on different routes and a double line between Gorakhpur and Nagpur to solve the problem of overcrowding.

V. G. DESHPANDE criticised increased fares for short distance travel.

MRS. LILA PAL CHOUDHURY: The Railways should primarily be treated as a public utility concern rather than as

a dividend giving concern. She pleaded for a revision of the freight structure so as to facilitate transport of the production of Cottage and Small scale industries as they could not afford to move in bulk.

R. P. NEVATIA hoped that the Minister would give some relief to people who travelled very short distances, say within a 50-mile radius. He urged that the amount of Rs. 3 crores for passenger amenities should be at least doubled.

MRS. TARKESWARI SINHA: It is a welcome thing that a sum of Rs. 1 crore has been set apart for strengthening the safety devices in trains. She urged taking over by State of the Light Railways in spite of any financial disabilities that may result therefrom.

MR U. M. TRIVEDI: The Railway Medical Departments were "reeking with corruption" and he wanted the situation to be remedied. He urged the use of automatic vacuum brake pipes for MG trains.

TRIDIB CHAUDHURY: How far has the zonal regrouping of the Railways been helpful in raising the efficiency of the Railways?

GANPATRAM: If Railways employed scheduled castes people as Watermen at Stations, it would end untouchability. More attention should be paid towards the grievances of Class III and IV employees regarding allowances and housing facilities. He also wanted improvement in the pay scale of Train Examiners.

K. M. VALLATHARAS suggested the appointment of a Commission like the Transport Commission in the U.K. to go into the question of co-ordination of all the four means of transport—rail, road, air and sea—so that the efficiency of all of them might improve simultaneously. He wanted a review of the present Railway regrouping to find out whether it was efficient or economic.

MRS. JAYASHRI RAIJI: The Railways should not be made a vehicle for tax collection. Effective measures should be taken to put a stop to theft on trains. She wanted a change in the rules regarding compensation for goods lost or damaged in transit so as to expedite settlement of claims.

G. D. SOMANI: The whole outlook of the Railway Board towards the Second Five Year Plan should be reorientated so as to increase transport facilities proportionate to the increase in production. He urged an examination of the basis of the rates structures obtaining in other countries to evolve a suitable structure in India towards assisting the general public, trade and industry. He suggested the appointment of a Committee including the Representatives of Trade and Industry, to go into the matter.

FRANK ANTHONY: There was wastage in wagon capacity both on the metre and broad gauges. More stringent measures have to be taken both at the loading and unloading points to reduce claims. Wagons should also be made water-proof. Regrouping had resulted in deterioration in operational efficiency and a decline in efficiency in the handling of staff problems like leave, promotions, increments etc.

B. K. DAS: Fares for short distance travels should not be increased. Sleeping arrangements should be made in the proposed Second Class. Eventually there should be only two classes—the upper and lower—in the Indian Railways.

K. ANANDAN NAMBIAR: Made the following three complaints:

Increased fares and freights;

Growing inefficiency in the regrouped railways and more accidents taking heavy toll of lives;

Unsatisfactory relationship with the Labour.

There is a serious case for reconsideration of regrouping and increasing the number of zones. There is a clear case to revise the pay structure of Class III and IV employees. Rent free quarters to Essential Line staff & preference to sons and daughters of Railwaymen in recruitment have been withdrawn after Independence.

(To be continued)

Short Distance Travel Concessions

In deference to the wishes of the Members of the Lok Sabha, the Railway Minister announced in the Lok Sabha on the 4th March, that the increase in fares for short distance travels would not apply to journeys by ordinary passenger trains within a zone of 50 miles.

The implications of the above announcement are as under:

In view of the fact that more than 650 million people are travelling in 3rd class ordinary trains upto a distance of 50 miles, all these will be exempted from the extra payment proposed in the Budget, and consequently, the Budget would be affected to the extent of about one crore of rupees. Thus the proposed increase in fares on suburban trains

within that range will not come off. It is also likely that as a result of this, overcrowding on mail and express trains may be reduced.

Under the revised proposal, therefore, passengers travelling by ordinary trains between 50 and 105 miles may have to pay one anna more than at present, and those travelling 110 to 160 miles two annas more and those travelling 160 to 300 miles 3 annas more. But on account of rounding off rules, the increase might even be less in several instances. For distances over 300 miles, the maximum increase will be Re. 0-4-0 which will gradually come down as the telescopic reduction takes effect.

In respect of Mail and Express trains, proposals in the budget continue.

Surcharge on Goods Traffic

The Minister stated further that in regard to consignments weighing less than 20 maunds, the surcharge on freight would be only 6½% (in lieu of the 12½% announced in his budget speech); and that the minimum freight on such consignments would continue to be Re. 1 as at present instead of Rs. 1-8-0 proposed in the Budget Speech.

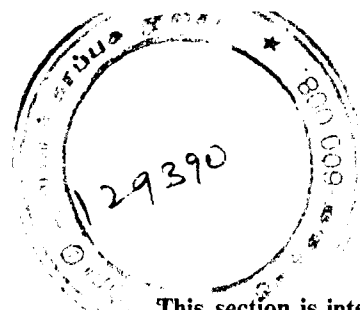
Readers' Forum

[This section of the Journal is intended to afford readers suitable opportunity for bringing to light their doubts, difficulties, intricate points etc. with a view to their clarification; and also as a Forum for expressing their views in regard to topical matters of importance, with a view to elucidating the practice or procedure on other Railways or even authoritative opinions. The Editor would be glad if greater use is made of this section of the Journal, by Readers and Subscribers.]

Mg. Editor.

Certain assets are, it is understood, obtained by Indian Railways from foreign countries (U.S.A. etc.), free of cost, under the Foreign Aid Administration or other international schemes. It is not, however, clear whether the cost which is debited to the Railway is taken as "Revenue Receipts" by the Government of India (other than Railway Accounts). If this is so, it will not be a

correct procedure. The amount involved should, it is submitted, be debited to the asset heads (Capital etc.) and credited to a separate Fund head in Railway Accounts. The amount should not also be included in the capital-at-charge for calculating and paying the dividend payable by the Railways to the General Revenues. Will any reader who is aware of the orders in regard to this, enlighten us?



Students' Corner

This section is intended to deal with problems useful to Students of Railway Accounts, or for the matter of that even General Accounts, and as such, useful notes on important aspects are brought together here. Questions of a typical nature already set in previous years are also answered here. Readers and Subscribers are requested to write to the Editor any points upon which they would require elucidation, so that full benefit may be afforded to all Students interested in them.

Mg. Editor.

The following question has been posed for discussion by those actually on the job.

Travelling Allowance to T. T. Es.

The following is the roster of work of a T. T. E.

1st day Dept.	20 hours	
2nd day Arr.	6 hours	1 day.
2nd day Dept.	20 hours	
3rd day Arr.	6 hours	1 day.
3rd day Dept.	20 hours	
4th day Arr.	6 hours	1 day.
4th day Dept.	20 hours	
5th day Arr.	6 hours	1 day.
5th day Dept.	20 hours	
6th day Arr.	6 hours	1 day.
Weekly rest		
7th day Dept.	20 hours	

It is stated by a certain Railway Accounts Office that Travelling Allowance is due only for three days viz., 2nd 4th and 6th days and not admissible for third and fifth. The reasons are, however, not furnished.

The rule applicable in such a case is "The Employee who leaves his HQ. at 17 hours and returns thereto after 1 a.m. on the subsequent day is eligible for daily allowance for one day irrespective of whether the employee was absent from HQ. or not for eight hours in a calendar day."

The non-admissibility, therefore, for the 3rd and 5th day may be explained.

Mg. Editor.

Personnel

Sri K. Srinivasan has assumed charge as Public Relations Officer, Southern Railway, Madras, with effect from 1-3-1955 vice Sri T. S. Parthasarathy, who is proceeding to the United Nations Railway Training Centre at Lahore to attend the third operating course

Sri R. Ramaswamy Aiyar, Financial Adviser and Chief Accounts Officer, Southern Railway, handed over charge to Sri M. R. Swaminathan on Tuesday the 22nd February 1955.

Sri B. G. Balakrishnan, Asst. Accounts Officer (Finance) Southern Railway, Madras, proceeded on leave for 43 days from the 18th February 1955.

Sri S. Ramamurthi, Asst. Accounts Officer, Southern Railway, returned from leave and relieved Sri B. G. Balakrishnan.

Sri B. Nagesa Rao, Senior Accountant, Regional Accounts Office, Southern Railway, Mysore, has been transferred as Asst. Accounts Officer, Ganga Bridge Project.

Sri S. Ramaswamy Iyengar, Assistant Accounts Officer, Southern Railway, Madras, went on L.P.R. from the 9th March 1955.

Sri S. Madhusamy, Senior Accountant, was promoted to officiate as Assistant Accounts Officer, Southern Railway, with effect from the same date.

Note to Subscribers :

Many subscribers have yet to remit the subscription for the further period, even though they have received the Journal for a period later than that covered by their last payment. They will kindly expedite the remittance to avoid the issue of reminders by the Management.

Subscribers who availed of the Students' Concession Rate, are requested to continue their subscription from December 1954 onwards at the normal rate.

They are further requested to enlist as many subscribers as possible to extend the operation of the Journal.

Important Concessions

In commemoration of the completion of five years after the declaration of the Indian Republic, several of my publications, useful for candidates appearing for Appendix II, S. A. S. (Railways) and S. R. A. S. Examinations have been offered at specially reduced rates till the 31st March 1955.* These rates will be applicable only if the Books ordered cost more than Rs. 5/- and the full amount of the books, together with the postage and registration charges therefor, are sent in advance directly by the parties to me.

In addition, further, special concession has also been allowed to the subscribers of THE RAILWAY ACCOUNTANT, viz., those who are already subscribers to the above Journal or who enrol themselves before the 5th April, 1955, with advance subscription for the full year, will be eligible to obtain books worth Rs. 11/- against a payment of Rs. 10/- only. For fuller details, those interested may furnish their requirements to the undersigned and ascertain the amount to be remitted in advance. Copies of the Price List in connection with this reduction sale, specially marked "RDS 55" have already been circulated to the various Railway Accounts and Audit Offices.

L. V. GOPALAN.

* Extended up to 20th April 1955.

Special Rate to Group Subscribers

Requests are being received from several people who have realised the benefits of the Journal, for reduced rates of subscription on the lines of the Students' Concession Rate allowed last year. We feel, as circularised by us before, that the concession rate was not utilised in the spirit in which it was offered and the Management found itself unable to justify the reduction in view of the very poor response from subscribers. In order, however, to afford the maximum benefit to really interested members of the Profession, especially the poorly paid staff, the following concessional rate is offered with effect from the Issue for February 1955; and the offer will be open, for receipt of subscriptions, till the 5th April 1955.

Subscribers in groups of not less than twelve, will be allowed a reduced annual subscription of Rs. 8/- as against the normal Rs. 10/-; i.e., the sum of Rs. 96/ will be the minimum subscription due under this concessional rate and will have to be remitted strictly in advance. Neither payment in instalments nor reduction in the number of subscribers is permissible under this concession. The year for this concession is only from February 1955 to January 1956.

Popular Handbook on Railways

A popular handbook entitled "Indian Railways—1953-54" has just been published by the Ministry of Railways, presenting in a readable style the different aspects of railway working during the last financial year.

The publication, which is available from the Manager of Government Publications, Delhi, is intended to provide the general public a popular account of the operations of India's largest nationalised undertaking. Besides the factual matter, the volume contains 27 graphs and charts and 21 statistical tables, indicating the progress made in railway finances, operational performance and other data on the different aspects of railway working over a period of 16 years.

Old Copies for Sale

A few copies of the Journal from May 1954 onwards are available for sale. Those who desire to possess them may now get the copies from May 1954 to March 1955 at a concessional rate of Rs. 11, by remitting the sum in advance.

Individual copies (more than a month old) can be had on payment *in advance* of Re. 1/2/- inclusive of postage. *Mg. Editor.*

An Announcement & an Appeal

With the Publication of this Issue, the RAILWAY ACCOUNTANT will have completed one year of its existence. The next number for April 55 will therefore, be the Anniversary Number and it is very desirable that we should make it as comprehensive and attractive as possible. Subscribers are, therefore, requested to co-operate in this effort and to send articles or materials for other sections of the Journal as quickly as possible, before the 28th inst. Where articles can be illustrated, photos or blocks may also be sent.

The subscriptions of many of the subscribers expire with this Issue for March 1955. It would be in keeping with the Celebration of the Anniversary that all such subscribers remit the subscriptions for the 2nd year as quickly as possible, before the 5th April 55. They are also requested to add, as their quota, at least one or two new subscribers, so that the increase in the list might be considerable.

The attention of non-subscribers may also be drawn to the special rate offered to *group subscribers of not less than 12* for the Journals from February 55 to January 1956. Detailed conditions therefor have been given on the inside of this wrapper. Development of the scheme with the sincere co-operation of the subscribers would enable the Journal to serve its avowed purpose of taking to the maximum number the advantages of knowledge at a cheaper rate.

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