

723

723-
33

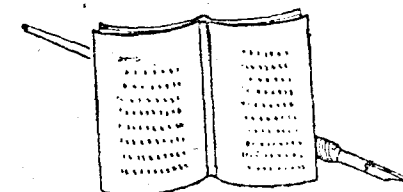
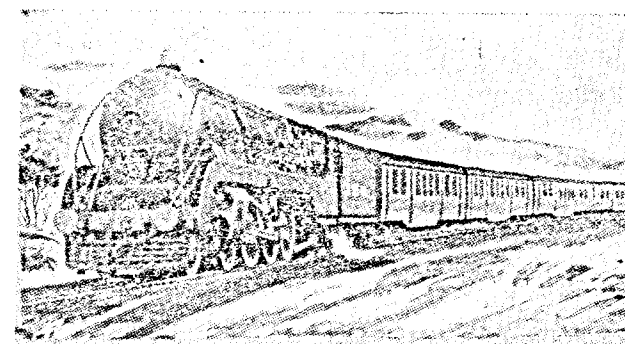
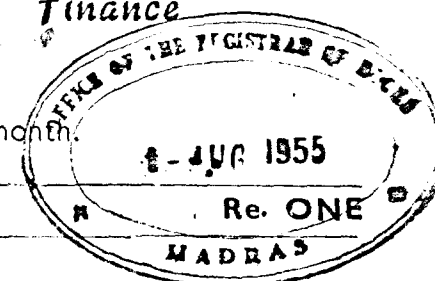
THE
RAILWAY ACCOUNTANT

*A Monthly Journal devoted to
Railway Accounts, Audit & Finance*

Published on the 15th of every month.

Vol. II No. 4

JULY 1955



3L
X415:8Fm2, N54
N55.2.4
194387

Edited & Published by:
L. V. GOPALAN, B.A., B.L.
Reid. A. A. O., M. S. M. Ry.

14, Balakrishna Road,

Mylapore, Madras-4

Subscription : Payable in Advance : Annual Rs. Ten. Half-yearly Rs. Five.
For Groups of Twelve Subscribers Annual Rs. 96
For Libraries, Institutes, etc. : „ Rs. 9.

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.

The Managing Editor does not hold himself responsible for the accuracy of the news supplied by correspondents or for opinions expressed by Contributors.

Remittances may be made by M.Os., Indian Postal Orders or Cheques. In the case of outstation cheques, annexes should be added for clearing charges.

All communications, contributions, subscriptions, advertisements etc., should be addressed to

The Managing Editor,
"The Railway Accountant"
14, Balakrishna Road, Mylapore,
MADRAS-4.

CONTENTS

	PAGE
EDITORIAL :	
SUSPENCE ACCOUNTS	103
CONTRIBUTIONS :	
THE RAILWAY EARNINGS BALANCE SHEET	105
SIMPLIFICATION OF RAILWAY ACCOUNTING	107
COMMERCIALISM ON RAILWAYS— SOME FEATURES OF RATING POLICY	108
EFFICIENCY AUDIT	112
RAILWAY FREIGHT STRUCTURE	114
SUBJECTS OF MOMENT	117
NEWS, NOTES & COMMENTS	123
PERSONNEL	129
READERS' FORUM	130
STUDENTS' CORNER	131
S. A. S. (Rys.) EXAM. 1954 (Sub-Editorial)	134

ACKNOWLEDGMENTS

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

Central Railway Newsletter—June 1955	Indian Railway Gazette—July 1955
Central Railway Magazine—June 1955	Accountants' Journal, New Zealand—
Northern Railway Magazine—June 1955	Australian Accountant—May 1955
North Eastern Railway Magazine—April 1955	Careers & Courses—July 1955
Western Railway Magazine—May 1955	Wednesday Review—W. E. 6-7-1955
Chartered Accountant—June 1955	Railway Herald—W. E. 27-6-1955
Eastern Railway Magazine—	Monthly Railway Statistics—
Southrailnews—June 1955	(Rly. Board)—Jan. 1955
	Educational Review—June 1955



THE RAILWAY ACCOUNTANT

(A Monthly Journal devoted to Railway Accounts, Audit and Finance)

14, BALAKRISHNA ROAD, MADRAS-4.

Vol. II

JULY 1955

No. 4.

Suspense Accounts

Railway Accountants of the older generation will easily recall with what amount of care the original debits or credits to the different heads of Suspense Accounts were allowed to be booked and with what zeal and anxiety their prompt clearance was watched. In Commercial houses, the booking of any amount under Suspense is viewed generally with suspicion, even though it is known at the outset that the use of the Suspense Account in the particular cases, is not only unavoidable but also legitimate. The operation of Suspense Accounts, while legitimate for many purposes, also at the same time provides scope for frauds and other irregularities. This is no less so in the case of Railways.

The outstanding amounts under the different heads of Suspense Accounts in the Railways have swelled to huge proportions, particularly during the War and the succeeding years, and it has been found to be a Herculean task to clear the amounts and adjust them to the proper heads of accounts. The reasons for this difficulty are not far to seek. In War years particularly from 1942, and in the post-War years till very recently, adequate staff had not been given for this phase of important accounting work. Secondly, there has also been general deterioration in efficiency on the part of new staff, who had not been given sufficient training before they were asked to take up their regular work in regard to Suspense Accounts. Supervisory staff were pressed with a large volume of work in other directions and could not devote attention to this matter. Last but not least in importance, is the want of the appropriate initial records and other correspondence on the basis of which the amounts were originally booked to Suspense, particularly during the War years. Of late, however, special staff have been appointed on the several railways and vigorous efforts are being made to clear the outstandings with the aid of the records available.

The Railway Board are alive to the importance and necessity of clearing the Suspense stabes as early as possible, and have in fact issued a number of directives to the Railways, to give special attention to this matter, and have even suggested the appointment of special staff for the purpose. Methods by which quick clearance can be effected have also been devised (e.g., taking up items of magnitude in the first instance, the senior staff being asked to take up large and old outstanding items, arranging discussion with the departments where necessary, separation of current work from arrears, etc.)

That the importance of this matter is not under-rated by the Parliament, is evidenced by the severe expressions used by them in reviewing the position in regard to the outstandings under Suspense. It will be seen from the following

extract of the summary of the main recommendations of the Public Accounts Committee that they attach more importance in regard to Parliamentary Financial Control even in regard to the possible abuses of Suspense Accounts, but the latter is equally important from the point of view of financial prudence with regard to the expenditure of Public monies.

"The Committee reaffirm the views which have been expressed by them on a number of occasions in the past that it is highly undesirable that large sums should be lying under 'Suspense' and not charged to the proper heads of accounts. They observe that such a procedure if followed indiscriminately will vitiate parliamentary financial control, which the Committee desire should be zealously safeguarded by the spending departments."

Each head under Suspense stands on a footing of its own and has its own peculiar features: e. g., take the case of large unlinked credit balances under 'Purchases'. This really represents sundry creditors for whom payments used to be made for supplies already made to and received by the Railway. If an item under this head, particularly of some magnitude, is outstanding for a long period, it would be more or less obvious that the payments would have been made already and debited to some account (perhaps Purchases) separately without linking it to the credit under Purchases, as it is difficult to imagine that any amount will rest without being paid for the supplies made by them. Therefore, the primary thing would be to, first of all, make a vigorous attempt to link the credits under 'Purchases' with the corresponding debits for 'Purchases' booked separately. The debits under 'Purchases' without being linked to the corresponding credits, however, would form a source of great anxiety because these represent payments made to the firms but without any record as to the receipt of the supply. This is particularly so in the case of advance payments made (either 90% or full) on the basis of Railway Receipts. While it may ordinarily be expected that the payments made might be supported by credits under 'Purchases' for the materials already received and taken to stock, it will not disclose cases where either the supply has not been received by the Railway or having been received, has not been brought to the Books at all.

The debits under Miscellaneous Advances may also represent cases where recoveries will have to be effected from outsiders or other Government Departments or even from employees. The credits under Deposits may at first sight be deemed to be innocuous and if details are not available, they could be transferred to Earnings; but here also the question of a corresponding amount lying at debit of Miscellaneous Advances might arise and require linking up. Irregular balances under any of the Heads surely form a headache and have to be tackled with patience by reference to the original records or where they are not available, with the contemporary records from the concerned Offices. London Stores and London invoices have also to be tackled similarly, though in these cases the documents that are required might not have been received from the High Commissioner for India in London.

It is hoped that very early steps will be taken by the Railways to segregate current items from old ones, say prior to the date of Regrouping, and install machinery for the purpose of dealing with arrears separately.

The Railway Earnings Balance Sheet

The balance sheet is generally defined as a statement prepared from the Books of a concern (or person) showing the debit and credit balances thereof, after the trading, and profit and loss accounts have been prepared at the end of each trading or financial period and setting forth the various assets and liabilities of the concern as at that date. It is sometimes also described as a classified summary of debit and credit balances existing in the Ledger after the profit and loss account has been constructed. The Balance Sheet should, therefore, furnish information on the following four important points:

- Nature and cost of the assets,
- Nature and extent of the liabilities,
- Whether the firm is solvent, or
- Whether the firm is overtrading, i.e., whether the firm is able to pay its dues in full and whether the total debits due to creditors is greater than liquid assets or otherwise.

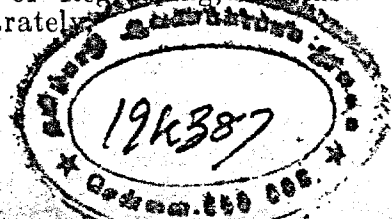
The above explanation of a Commercial Balance Sheet does not absolutely fit in with a Station Balance Sheet on the Railways. This Balance Sheet is really the personal account of the Head of a Station, which is the accounting unit for traffic receipts. This head, known as the Station Master, is acting as the Representative of the Commercial Department and is responsible for the proper collection of the Railway Revenues, concurrent remittance of such receipts and proper maintenance of accurate records for such transactions. These transactions are entirely within the knowledge of the Station Staff and there is no audit representative on the spot to verify each such transaction as and when it occurs. There is, therefore, necessity to create such records at the station and to send such returns as necessary to the Accounts Office for verification of the *bona fides* of such records or returns locally or in the Central Accounts Office. Thus, the Station Master maintains Registers,

Cash Books etc., which are analogous to what is called in Commercial Book keeping as Ledger Accounts, Cash Book etc. The question of profit and loss does not arise so far as the Station is concerned. Nor is there any question of assets and liabilities at that stage. Hence the Station Balance Sheet is not on all fours with a Commercial Balance Sheet. It is not even a receipts and expenditure account as it records only collections and their remittances, working out to unremitted balances. Thus the term Balance Sheet used for this record kept at the station is not strictly correct from the view point of Commercial Book-keeping. The only way, however, it can be justified to a certain extent is by understanding that it records on the debit side the liabilities of the Station Master in regard to his collections, whether actually made or due to be made, and his discharge of such liabilities on the credit side by showing remittances made in the shape of cash or vouchers, leading up to the balance which he is held responsible to clear, each item of such balance being susceptible of verification.

For purposes of convenience and in order to help in the correct classification of receipts, two balance sheets are maintained at the station, one the Coaching Balance Sheet, to record all the Coaching transactions, which receipts are allocated to Abstract X; and the other Goods Balance Sheet recording all goods (other than coaching) transactions and which are allocable to Abstract Y. Sundry earnings which are creditable to Abstract Z are included either in the Coaching Balance Sheet or in the Goods Balance Sheet according to where they are collected.

There are certain points which should be borne in mind by the Student in connection with the preparation of this Balance Sheet. These arise from the fact that all accrued earnings have to be provided for in the balance sheet in order

X415:86m2 (Continued on Page 134)



to fix the responsibility of the Station Master for their collection and remittance in due course. Further, there are certain cases in which Demands and Collections occur simultaneously, while in certain other cases, the Demands and Collections occur at different stages. Thus, in the case of parcels and goods traffic, collections are made on Inwards to Pay transactions only at the time of delivery which may take place sometime after receipt of the goods and which may, therefore, fall in a period of account which is different from that in which the transaction is brought to book initially. This, therefore, is one important item of the balances of liabilities of the S. M. There is also another type viz., audit debits raised against the S. M. for errors discovered in the course of audit of accounts rendered by the Station to the Accounts Office. These debits have to be taken to debit by the Station as and when error sheets are received, irrespective of when the amounts pertaining thereto are remitted. This aspect therefore provides another item in the balances of the Station fixing the S. M.'s liability. Not an uncommon item of such a liability is the short remittance by Station of the daily collections. Such an item when pointed out, may or may not be made good by the S. M. immediately. In the latter case an outstanding will arise.

There are also other cases where irregularities in accountals would have occurred: e.g., whether an Inwards To Pay transaction not relating to the Station has been taken into account or where goods relating to an item taken to account has been diverted elsewhere, and consequently the delivery of such goods cannot be effected at the originally booked receiving station.

The above details of Balances of a Station Balance Sheet show how different they are from the ordinary Commercial Balance Sheet, though the underlying principle of liability of the S. M. for the clearance of such balances provides the connecting link.

It is, therefore, a point for consideration whether the name of this return from the Station to the Accounts Office cannot be changed so as to indicate its true contents. It looks as if it may be better described as "Station Collections Statement" or "The Station Master's Monthly Account".

Another point that requires mention in this connection is the procedure adopted for recording items falling under what is called the SPECIAL CREDITS. The Traffic Code at present provides for these special credit items like refund of overcharges, rebookings to Lost Property Office or elsewhere, remission orders, credit advices etc., to be shown on the Credit side as extra items of credit-vide: para 1238-T. This method of showing these special credits on the credit side does not fit in with the present idea of the Station Balance Sheet, since it is not a remittance, but is a reduction from the amount to be remitted and therefore correctly represents reduction in Demand. As all the Demand items are shown only on the debit side of the Station Balance Sheet, the entry of these special credit items as *minus* entries on the debit side of this account would be a correct solution.

There is yet another account in respect of the traffic earnings and that is called the Accounts Office Balance Sheet, prepared in the Accounts Office after audit of all vouchers received from the Stations and their inclusion in the Bills against the Departments etc., for purposes of recovery. The term "Balance Sheet" applied to this account does not again seem to represent correctly what purpose the account is intended to serve. It is not a *Balance Sheet* of the Accounts Office unless we stretch its meaning so as to indicate that it records items, for the recovery of which the Accounts Office is responsible, just like the Station Master for Station Collections. A more indicative term for this account would be "Bills Receivable Account".

In view of the revision of the Commercial Department Code, now on hand

in the Office of the Railway Board, it is hoped that the above suggestions will be considered on their merits and action taken suitably.

L. V. G.

[This subject has been dealt with previously at page 52 of the Issue for May 1954, where the alternative names suggested were Station Account Current or Monthly Station Account.]

Editor, *Railway Accountant*.]

Simplification of Railway Accounting

Your leader under the above heading in the June issue of the journal is none too early. The organisation of the entire Indian Railway system into six zones was carried out some years ago and the simplification of accounting, unification of forms, and co-ordination of procedure should, by this time, have been carried out to a considerable extent. Apparently this has not been done as your leader indicates; but an outsider has no means of knowing how far this has been done. What was done some thirty years ago may here be narrated as an interesting piece of news.

When the Oudh and Rohilkhand Railway was merged in the East Indian Railway, the two constituent systems had their own forms for the accounting of traffic. And the accounting of Coaching traffic for the two systems was done at Lucknow and that of Goods traffic at Howrah (Calcutta). The principal Accounts Officer at Lucknow took the matter in hand and, working away at it an hour a day with the assistance of the Travelling Inspector of Accounts and an Inspector of each of the systems examined every one of the station forms in use, brought them into line and devised a single form for use throughout the Railway administration and reported the matter to the Head of the Accounts Administration at Calcutta for further action.

The present position is more complicated; for example, the Southern Railway is composed of three old Railway Admini-

strations and so on. For each zone to take up this matter would be a waste of time and energy. What is necessary is that a single experienced Officer should be required to take up this work with the required complement of subordinate staff. This is the only way in which results can be achieved expeditiously.

It may not be inappropriate to mention here that over sixty years ago, Mr. R. G. Macdonald, an Officer of the Railway Accounts Department, did corresponding work as required at that time. The position is now simpler, as there are no longer Company-worked Railways, nor (Indian) State-managed Railways and so on. And whatever conclusions are now arrived at must be capable of universal application.

The above suggestion, particularly relating to Accounts, is no less applicable to the other Departments of Railway Administrations. In short, what is now required is a standardisation of forms in use on Railways and the publication thereof in parts as each gets ready.

The work is necessary but not spectacular; and consequently may not attract the attention of the top authorities.

K. V. IYER,

C. A. A. Retd., ex-M. S.M. Ry.

[There is already an Officer on special duty for forms standardisation, attached to the Rly. Board. What progress of work has been achieved by this officer is not known.]

—Ed., *Rly. Accountant*]

Commercialism on Railways — Some Features of Rating Policy

BY J. E. CASTELLINO.

(The following is an extract from the article published under the above caption in the Western Railway Magazine at pages 83, 84, 149 and 151 and is reproduced by kind courtesy of the Magazine.

Since the Government of India have appointed a Railway Freight Structure Committee, particulars of which appear elsewhere in this Issue, the ideas contained in the following paper will be found to be of great and timely interest to the readers, it is hoped.

Editor, Railway Accountant).

Strictly, if the railways are to be run as commercial undertakings, there can be no place in the budget for a contribution to General Revenues. Government, of course, is entitled to obtain, on its investment of Rs. 800 crores on railways, a fair adequate return. Commercialism demands that this should be treated in the nature of bank charges for advances and the railways cannot be considered solvent unless this amount is regularly paid. It is equally apparent that, as in commercial enterprises, adequate provision should be made for maintenance, for depreciation, and for future development. These are, however, high policies in which "politics" may be involved. What is our interest is a practical study of rating problems.

Does commercialism justify the same level of charges, throughout this vast country? At once a cat is cast among the pigeons. If cost of operation and if value of service are the twin guiding principles of rating, how can there be, in a country of vastly varying geographical features and staggering stages of economic development, any uniformity in the scale of charges? There are sections where passenger traffic predominates; there are sections where coal makes almost the whole contribution; there are hill-sections and riverbasins; there are railways in the vicinity of the

coalfields; there are areas where the traffic is in one direction, for one part of the year, and in the other direction, at another period. In fine, there is an endless variety of traffic requirements and of operational costs. How, in the sacred name of economics, can a fixed scale of charges be justified?

PASSENGER TRAFFIC

Equally assailable is the practice in respect of passenger traffic. To the pocket of an upper class traveller, it makes not the slightest difference whether he enjoys the luxury of a berth at night or suffers the indignity of sharing it with others, during the day; the price of his ticket is the same! Quite patently, the value-of-service principle is violated. But is the sanctity of the cost-of-service principle honoured? Surely, it cannot be argued that it costs the railways the same, whether a berth is used to accommodate one person or three. The railways, all over the world, realise the economic need for discriminating between the day and the night traveller; for a "sleeper," an additional fee is payable. Even in this country such a practice is becoming recognised. The third class passenger can now stretch his tired limbs in comparative comfort by paying a surcharge for sleeping accommodation.

In another direction, the law of supply and demand is violated, even though, in a sense, it is honoured. A fixed charge for a special train, to be run at any time of the year and at any period of trading activity, is an economic anomaly; it ignores all considerations of seasonal demands, traffic peaks, track availability, staff requirements and such factors which considerably affect costs of service. It is accepted that concessions offer rich dividends when capacity is

idle: the "day" and "half-day" excursion specials are evidences of commercial policy, properly applied. But how can a predetermined charge for a special train be justified? In a sense, however, economic justice is obtained even in this country; the applicant for a special train does not obtain his requirements, at times of brisk traffic. But this is a left-handed compliment to the rules of commercialism.

Here, then, is the core of the perennial complaint, loudly but incorrectly voiced by the people—incorrectly because the specific instances do not always justify it. Not for a day have the railways of India been really worked on strictly commercial lines. The procedure in Government offices casts a restraining influence; the fear of undue discrimination infuses caution; the rules of accounting kill the exercise of initiative; the whole set-up renders impossible individual decisions, suited to the needs of the moment. Is there no escape from this octopus of official procedure? Cannot modern scientific development provide some lubricant for Governmental machinery? Is the heavy hand of bureaucracy allergic to antiseptic elbow grease?

To deny free but restrained play of economic forces is to invite disaster. Progressively, Governments have been compelled to apply commercial principles to, and adopt trade practices in, the operation of transport services. For example, shipping corporations have wide powers to vary the charges for the cargo, in accordance not only with the trend of traffic but even with the requirements of a particular ship. Similarly, in air transport, off-season fares are part and parcel of the schedule. For charter services—which correspond to special trains—the charges vary according to the law of supply and demand: it would be fantastic to expect them to be fixed and unalterable. In principle, therefore, even as a matter of procedure in Government Departments, there is nothing to prevent

railway administrations from adopting ordinary commercial methods in the fixing of rates and fares. Why then, is the schedule of charges so rigid? How has it come to be so uniform?

It would be unfair to attribute this state of affairs to the usual forces which affect affairs of State! Before the railways of India came under the aegis of Government, they were privately managed. True, during those days, there was a measure of freedom. As recent as 1942, the basis of fares varied: the then East Indian Railway carried a third class passenger for two pies a mile! The erstwhile Assam Bengal Railway had an exceptional classification for its two monopolies, jute and tea! There were different scales of charges for coal, depending on the location of the coalfields. All these "peaks and valleys" have been flattened out by the steamroller of uniformity. Is this economically justified? Does this system reflect adequately the twin principles of railway rating? Can the claim that railways are commercial concerns be properly sustained?

If due regard is to be paid to costs of operations, then, in a country which is a Continent, charges can never be uniform. If the value of service principle has any validity, then the price of transport must vary with the stage of economic development of an area. If the plea of average costs is made, then the inflated mileage principle—which happily still obtains—stands condemned. If the need for stability of charges is stressed, then "commercialism" is a misnomer. It becomes evident that some drastic re-thinking is absolutely necessary—both in the interests of the country's trade and commerce and of its largest undertaking!

There are various directions in which, without undue risk (which incidentally is the *sine qua non* of all commercial activity), the principles of trade and commerce can find application. Within

the steel framework of a maximum and a minimum, variations should be permitted, so that charges are co-related to the important factors of supply and demand at any particular time and in any particular region. Very simply, sleeping accommodation must be subject to a fee; excursion specials should be run at prices suited to the season and related to the costs: seasonal demands and one-way traffic must be made not only to meet the full costs of operation plus overheads, but also to contribute handsomely to profits and surplus. As a corollary, off-season movements and return loads must be carried at concessional rates; and so on. These "economic principles" have been rarely, if ever at all, observed on Indian Railways.

ANOTHER ASPECT OF RATING

There is one other aspect of rating which appears to have been completely shut out from the view of commercial officers. Is not an engine-run a good yard-stick for measuring costs? Alternatively, can it not be considered correct to measure efficiency in terms of trips between marshalling yards and transshipment junctions? In other words, must not scientific rating be closely related to the unalterable features of operation, namely, the fixed run between one engine shed and another, or between one marshalling yard and another, or between a station and a tranship point?

It is strange that this fruitful avenue should have remained entirely unexplored for such a long period. In a sense, however, the railway systems, in more developed parts of the world, appear to have been propelled into that direction: witness the emphasis on express train-loads, between rail-head distributing centres. But economic thought has not been devoted to this very important aspect of railway rating. Mere distance is, therefore, no index to costs. Once a scale is determined—so much per maund per mile, according to the ordinary rules and practice of classification, the charges must perforce be related, firstly, to the

"economic zone" between two operational points, that is, marshalling yards, and, secondly, to the "uneconomic" distance, which does not conform to the pattern of train working. For example, if the distance of the haul is 300 miles, and if the run between two marshalling yards is 250 miles, then the correct and scientific charge would be made up of X —for 250 miles—plus $X/5$ for 50 miles, plus Y , Y being a surcharge for the uneconomic haulage of 50 miles. If the haul is of 200 miles, the charge would be X for 250 miles minus $X/5$ plus Z , the cost of the uneconomic haulage. There would be endless variations, but scientific calculation of freight charges cannot obviously afford to ignore the geographical and operational factors. Mathematicians will certainly express this formula in better terms, but the idea is clear: mere distance cannot determine the correct charges; it is location of "exchange" points—engine sheds, marshalling yards, etc.—which must influence rating.

Nowhere in the world has scientific attention been focussed on this important factor. The railway's all-pervading role has, to some extent, been modified to the provision of carriage between rail-heads of distribution, where road or river transport has considerably affected costs of operating short-distance services. By the inevitable process of competitive attrition, distribution between large towns has come to be the economic sphere of operation, best suited to the railway. Theoretically, however, this conception has not been rationalised; the core of this practice has not been analysed. On the plane of economic thought, the most appropriate yardstick for measuring costs and for determining economic zones cannot but be provided by the geographical features of railway operation—the points where engines are changed, trains marshalled, crew relieved, transshipment effected,—so that there is begun a completely fresh unit of operation.

SCOPE IMMENSE

What a concept! Here, a "flying saucer" is flung upon the calm waters of rating complacency: what ripples will it cause? The plea is for a reorientation of policies, for a more realistic approach to the problem of costs. The thesis is that "commercialism," on railways is in its infancy; it needs to be developed. The scope is immense. Every day there is a change in the supply-and-demand position; do the railways react to it? Every week, there is a variation in traffic trends; are the railways empowered to vary their charges accordingly? Every month, there is a different ebb-and-flow; is advantage taken of the situation? It is not unusual for empties to be moved to an inter-change point—for inter-railway requirements—when, with a little foresight and initiative, economical use could be made. Are the Rates Officers even kept informed of the direction of traffic? Does the Commercial Department ever take into account track capacity or wagon availability, when considering requests for special rates? Has the concept of "the economic run" found thought, let alone acceptance?

There are, of course, the traditional arguments against indiscriminate use of powers to vary rates and fares; there is the specious plea of the many advantages of fixity of charges, not only over months but over years; there is the claim of equal treatment to every trader, irrespective of the zone of his activities! there is even the economic argument of the "average cost." But what does all this really add up to? Would any economist seriously suggest that, on the railways of Europe, a uniform basis of charge would be scientific, or at any rate, advantageous both to trade and industry as well as to the railways? Are railway managements so devoid of commercial sense that ordinary trading principles mean nothing? What becomes of the principle of joint costs, or to the mechanism of pricing "main" and "bye" products, in relation to empty running of trains, flow of emp-

ties, light engine miles, availability of paths, and such other recognised features of railway operation? Is the Railway Rates Tribunal a mere symbol of authority, not an effective check on abuse of powers?

BULK CARRIAGE

If, elsewhere in the world, by the pressure of competitive forces, the railways' sphere of influence has been restricted to major movements from one important trade centre to another, if it is increasingly becoming recognised that the most economical haul for railways is bulk carriage from one rail-head to another, if, in future, goods trains will run in whole-train loads as express services between important distribution centres, obviously theory must begin to take account of practice. The elimination of branch line services is another indication of the same economic tendency; long-distance bulk movement is the traffic for the railway.

While the term "bulk traffic" needs no further explanation, it is necessary to discuss the concept of long-distance traffic. Mere length of total haul, irrespective of the number and complexity of intermediate halts, can have no significance in an analysis of costs. Just as an economical run for a motor vehicle consists in a fairly uninterrupted movement on top gear over a period of time, so also, on the rails, wagon-miles, and engine-miles and train-miles per day, are the important figures, as they affect costs and indicate efficiency. The rolling stock must roll; then only is its economic purpose fulfilled and expense kept down. If there is a long stoppage at a marshalling yard, or a loco shed, or a transshipment point, then obviously costs begin to mount, as "unproductiveness" comes into play. Thus, the most economical run is that between two such operating centres; hence, also, the economic significance of this unit of measurement, and its relationship to the problem of scientific charges.

These are novel considerations, almost revolutionary in their consequences and

if this conception of rating has any validity, then some wholesale re-organisation is inevitable, if not in the manner of determining the maxima and the minima, at least in the day-to-day translation of these rating principles into practice. The usual programme for "hurrying up slowly" need no longer cause any anxiety; economic forces will galvanise Government into action. Nor need there be any fears on the administrative plane; where all are blind, the leader must stumble; Timidity will be in evidence, but to-day discretion is being exercised by railway officers, on various matters, and, with decentralisation of authority, must come greater assumption of responsibility. Against the danger of abuse of power, there is already adequate provision; the utility of the Railway Rates Tribunal can best be tested by permitting railway administrations to show *due* preference to a particular person or a particular type of traffic or particular movement of goods—it is undue preference which invites mischief under Section 42 of the Indian Railways Act—within the four corners of "Commercialism." In fact, set rules and fixed charges are strange bed-fellows for commercialism, and rubber-stamp decisions are a denial of progress.

NASCENT INDUSTRIES

Long long ago, "commercialism" was defined as earning 17 annas when previously only 16 annas of revenue was obtained. To take full advantage of the market situation is the function of the

entrepreneur; enterprise has otherwise no meaning. Railway managements may not fully exploit the economic possibilities by holding a pistol to the community, but they must be empowered to serve the country in the best possible manner—a function that cannot be fulfilled under existing rules of procedure and present methods of operation. If nascent industries deserve help by way of concessional rates, then an extra levy from more established concerns is unassailable. If during an economic blizzard, some protection is justified, then at times of brisk trade—and this also embraces seasonal movements of an inelastic nature—freight charges must fully reflect the value of service principles.

More and more, Governments are compelled to incline to the view that, when an enterprise is run by the State—be it a bank, a fertiliser factory, a steel-plant, a pharmaceutical concern or an air service—commercial principles cannot be jettisoned without serious risk of inefficiency. The railways of India are the largest single undertaking in the country; in a sense, the most potent instrument of progress. Can "commercialism" be absent from the railway policy? In the past, monopolistic conditions prevailed; at present, there are heavy restrictions on Road Transport; what is the future to be? More than mere lip-service to the commercial factors of rating will be necessary, if the railways are to fulfil their role in the country's economy.

Efficiency Audit

BY H. W. HARRIS.

(The following extracts from an article appearing in the "Australian Accountant" April 55, will be read with interest by Railway Accountants in India.

Ed. Rly. Accountant.)

Now I come to a phase of the internal audit which is sometimes called, an

efficiency audit but which is better described as a 'methods or systems' audit. It is the investigation of the methods or systems used to carry on the business of the organisation. In the narrow sense, it refers to the methods and systems used in the accountant's office, but if we are

to accept the broader concept of the internal audit that I have endeavoured to outline, then I think that we must also extend our understanding of the methods or systems audit. There seems to be little purpose in investigating a function unless we also investigate the manner in which it is carried out, and the method used to operate it.

Turning briefly to the more technical subject of audit methods, I would like to refer to a matter which has received a good deal of attention in America, namely, the application of statistical methods to sampling or test-checking. Some accountants still discount the idea that test-checking can be based on mathematical formulae, but I think that they are guided by prejudice rather than reason.

Whenever the volume of items to be audited is such as to make a complete audit impossible or impracticable, the auditor must resort to sampling. This frequently happens in some of the extensive continuous audits carried on in some Government departments. In most cases, a method of random spot-checking has been devised which would appear to be quite satisfactory.

It is hard to see why the introduction of more scientific methods of spot or test-checking should not be even more satisfactory.

For internal auditors, and others who are interested, I would like to mention a simplified method of statistical estimation by means of the "Poisson Distribution" or to give it its full title "Poisson's Exponential Binomial Limit - Individual and Cumulative Terms." This method which is easily understood, eliminates the necessity for long and difficult statistical calculations by the auditor and permits a rapid and simple test of the samples used to prove their suitability or otherwise.

Finally, the problem of human relations and the part they play in every

human enterprise, is being strongly emphasised to internal auditors.

Industrial leaders are becoming increasingly conscious of the influence of good human relations upon costs and profits. Output, or turnover, can be materially affected by the state of mind of the staff. In other words, good human relations spell goodwill in any business. Likewise, the maintenance of harmony and understanding between the internal auditor and the remainder of the staff is vital to the success of the audit.

Auditors are generally looked upon as sleuths obsessed with the idea that evil abounds on every side. Both external and internal auditors enjoy this doubtful reputation, though internal auditors are the greater sufferers by it, due to the fact that they are in continuous and close contact with those who are subject to audit criticism.

This state of affairs is most unfortunate because of its effect on working conditions within the organisation and is generally unwarranted because it is ill-founded. But it is largely due to the attitude of the auditors themselves, and the manner in which they approach their job.

Writers in England and America are today all stressing the need for auditors to approach their work with care and consideration for the feelings of the people they are investigating. They point out that good human relations stem from the golden rule that employees prize their dignity as much as they do their pay, and that employees who are fairly treated are much easier to work with.

The good internal auditor is the one who can:

1. Control his own emotions;
2. Think objectively at all times;
3. Appreciate and respect the other man's point of view;

4. Put his own point of view in a manner that will convince the other of its merits;

5. Put any necessary request firmly, without offending.

The Auditor is an investigator, not a bloodhound, and he must convince others of that truth. By so doing he will create that atmosphere of willing cooperation which is so necessary to the successful accomplishment of his task.

And lastly, when reporting to management, he must report objectively without

prejudice, basing his statements on properly established facts or reasoned opinions. He must be ready to withdraw a statement when he subsequently finds that it does not meet the situation.

I should like to conclude by quoting from Internal Auditing, a text-book by Bigg and Davies: "The internal auditor should always remember that his office gives him power over the reputation of others. That power carries with it responsibility for integrity in reporting."

By courtesy of Australian Accountant.

Railway Freight Structure

A Press Communique has been issued announcing the Personnel of the Committee appointed to review the existing freight structure for transport by goods trains in all its aspects in the light of developmental economy and to give ample opportunity to the interests concerned to explain their point of view. This was pursuant to the Railway Minister's announcement during the recent Budget discussions. This Committee has also been entrusted with the enquiry into the liability of Railways as carriers of goods, likely effect of any changes proposed in the existing law on the claims position and consequent adjustments required in freight rates to meet any additional commitments.

The Committee is also required to review the question of the constitution, jurisdiction and procedural rules of the Railway Rates Tribunal, which is linked with the freight structure.

The Personnel of the Committee is as under:

Chairman: Sri A. Ramaswami Mudaliar, M.P.

Members: Sri T. N. Singh, M.P. Sri D. K. Borooch. Sri I. S. Puri, Ex. F. C., Railways. Sri V. B. Bhandarkar, Ex.

Member, Railway Board, Sri L. K. Jha, Joint Secretary, Ministry of Commerce and Industry, Sri A. K. Basu, General Manager, Eastern Railway.

The terms of reference of the Committee are:

(i) To review the present railway freight rate structure in all its aspects and to suggest what modifications should be made, bearing in mind the needs of a developmental economy and the necessity for maintaining the financial stability of the Railways;

(ii) To examine whether the statutory provisions dealing with the responsibility of railways as carriers need any, and if so, what modification, and in the light of the modification proposed whether any adjustment in freight rates is warranted; and

(iii) To examine what changes, if any, are needed in the existing constitution, jurisdiction and rules of procedure of the Railway Rates Tribunal, so that the Tribunal might be a more effective and expeditious instrument for adjudication of Railway Freight matters at a reasonable cost to the litigant.

The Committee is expected to make recommendations on the above matters.

The Committee is expected to review generally the principles of classification and suggest such changes in the overall structure as may be considered necessary in view of the developments which have taken place and are expected in the field of trade, commerce and industry and to suggest appropriate methods for dealing with such questions as may arise later in regard to classification. If the interests concerned allege anomalies and ask for adjustments, the Committee may also go into the classification of individual items. The Government have further amplified the Communique with the following Statement:

RAILWAY FREIGHT STRUCTURE COMMITTEE—BACKGROUND

The appointment of a Railway Freight Structure Committee is the first step in a scientific examination of a highly complicated issue which, in the future, will have a direct bearing on the nation's economy.

The Committee's personnel is an indication of the importance which the Ministry of Railways attaches to the subject of a sound freight structure policy which will help in the growth of the country's economy on proper lines.

The Committee's major task is to make recommendations in regard to a railway freight structure policy which subserves the interests of a developmental economy and at the same time ensures financial stability for the railways. Any mal-adjustment in the scale of rates and charges for the carriage of goods traffic may, on the one hand, seriously hamper the growth of trade and industry, and on the other adversely affect the financial position of the Indian railways, who derive the major portion of their revenues from such traffic. (The annual goods freight earnings are in the neighbourhood of Rs. 150 crores).

Urgency is lent to the review which the Committee has been asked to undertake by the substantial variations in the

country's economic activity in the recent past and by the far-reaching developments expected on the economic front under the second Five Year Plan.

EARLIER ATTEMPTS

The present freight rates structure of the Indian Railways was introduced with effect from October 1, 1948 after a protracted investigation for over four years by a departmental committee. This investigation was undertaken in response to a public demand for the simplification and rationalisation of the previous rates structure which had been rendered very complicated under multiple ownership of railways.

The scale of charges, under the previous rates structure, varied from railway to railway, not only for conveyance, but also for services at terminals and transshipment points. Even when the same scale was applicable on two contiguous railways, the charges had to be calculated separately for the distance over each. Against 16 Standard Class Rates, exceptional rates ran into hundreds of thousands. Some of these rates which were quoted by individual railways to attract traffic to their respective routes involved uneconomic haulage over circuitous routes.

THE 1948 REVISION

The 1948 revision mainly aimed at simplification and rationalisation of the rates structure *inter alia* by standardization of charges over the newly nationalised Indian railways. Routing of traffic by the shortest route to the maximum extent possible was enforced. Telescopic rates on a continuous mileage basis irrespective of railway boundaries were introduced for the first time, the unit charge declining with increase in distance.

LIABILITY AS GOODS CARRIERS

The Railway Freight Structure Committee has also been asked to examine the question whether the statutory provisions dealing with the responsibility of rail-

ways as carriers need any modifications and whether any adjustment in freight rates is warranted by these modifications.

At present the responsibility of the Indian Railways for loss, destruction or deterioration of goods tendered for carriage by rail is that of a "bailee" as against the greater responsibility of a common carrier imposed on railways in the United Kingdom and certain other industrially advanced countries. It has been pressed by organised trade and industry that an examination of the question is necessary, whether the relevant conditions in the country have not materially altered to justify a change in the responsibility of railways as carriers of goods so as to approximate it to that of a common carrier.

Complaints have also been made that a change in the provisions of Section 77 of the Indian Railway Act is necessary as the Section is unnecessarily restrictive. Under this section a claim for compensation for loss, destruction or deterioration of goods is not payable, unless a notice of the claim is given in writing within 6 months from the date of delivery of the goods for carriage by rail. Railway Administrations already have instructions not to urge the technical plea of non-compliance with the provisions of this section under certain circumstances, but possibly a change in the statutory provisions would provide a more satisfactory solution of the problem.

TELCO WORKS—Railway Target Reached

The Tata Locomotive & Engineering Company reports steady improvement in output, which is indicative of the rapidly increasing tempo of efficiency in the factory.

2. For the past four consecutive months, the actual output of locomotives was five per month, against the target of four units per month required to fulfil the Company's commitments to the Government of India.

3. The output of boilers, which has been maintained steadily upto schedule, exceeded the target of eight units per month in April and May.

4. The output of Diesel truck and bus chassis has also mounted upto over two hundred units per month.

5. For the year ending June 30, 1955—the first year since the end of the development stage for locomotives—the Company's output of locomotives was 50 units, which exactly fulfils the Company's commitment under its Agreement with the Government of India.

RATES TRIBUNAL

A separate term of reference of the Committee relates to the Railway Rates Tribunal. This examination has been entrusted to the Committee in view of the persistent demand made by trade and industry for simplification of the procedure for conduct of cases before the Tribunal so as to ensure more expeditious disposal of such cases and also to reduce the cost involved to the parties.

The recent decisions of the Tribunal have also revealed certain ambiguities in the provisions of the Railway Act in regard to the jurisdiction of the Tribunal in respect of certain rates matters, so that such points were taken on appeal to the High Courts on written petitions. For example, there was the question whether the Tribunal have or have not the power to order the provision of a wagon load scale for a commodity for which one exists at present. There was also the question from which date the decisions of the Tribunal should take effect and whether retrospective effect was contemplated by the statute. Such lacunae or ambiguities involve unnecessary litigation between the railways and the interests concerned so that it will be a definite advantage if the Committee examined the question whether any change in the provisions of the Railway Act is called for to simplify matters and to make the intentions of Parliament clear beyond doubt.

Subjects of Moment

Security Deposit from Staff entrusted with Cash or Stores

Para 2053-G prescribes that Security Deposits should be obtained from staff entrusted with custody of cash or stores, particularly cashiers, pay-clerks and store keepers while, for other staff discretion is given to the General Manager. The Code rule reads as under :—

"Cashiers, Pay Masters, Pay Clerks, Sub-Store-keepers and Depot Store-keepers holding direct charge of stores, whether appointed permanently or temporarily, must furnish security, the amount being regulated according to circumstances and to local custom in each case under the sanction of the General Manager in consultation with the Financial Adviser and Chief Accounts Officer. Other subordinates entrusted with the custody of cash or stores may be required to furnish security in such manner as may be decided by the General Manager in consultation with the Financial Adviser and Chief Accounts Officer in each case."

The Railway Board have now decided that in the case of Commercial Staff, a security deposit of Rs. 300 should be taken, the number of instalments for recovery of these amounts being fixed by the Railway Administration at its discretion. In regard to Ticket Collectors and Travelling Ticket Examiners, it has been decided that no security deposit is required.

So far as permanent employees already in service, who have not been required to furnish a security deposit under the old rules are concerned, it has been decided that they should be exempted from depositing such security. This exemption will not, however, apply to Cashiers, Pay Masters and Pay Clerks.

Monthly Financial Reviews

[In partial modification of the instructions contained in paras 817 and 828-G]

The preparation of financial reviews in the months in which the August Review of budget, Revised Estimates for the year and the First and the Final Modifications are prepared, involves duplication of work, and is, therefore, redundant. Further, the financial reviews which require the actuals for the months of February and March also do not serve any useful purpose as these actuals re-arranged under the detailed heads of Budget for the purpose of the Reviews are available only after the close of the year when expenditure can no longer be controlled. The Board have therefore decided that the number of financial reviews may be reduced as explained below :

2. Since actual expenditure re-arranged under the detailed heads of the Budget is available only by the end of the second following month the first Review of the year can be prepared only towards the end of June or beginning of July with the actuals for April and approximates for May. Since, however, the August Review of the Budget based on actuals for April and May and approximates for June and July, is required to be submitted to the Railway Board by the middle of August, it would already be under preparation by Railways in July. So it has been decided that the August Review will be the first Review of the year. Similarly, the preparation of a Review in the month of November in addition to the Revised Estimates and of Reviews in the months of February and March in addition to the First Modification and the Final Modification due to be prepared for the Board in these months will not be necessary. On this basis, in addition to the August review, the Revised Estimates and First and Final Modification, the Review in respect of Working Expenses Grants may be prepared, one late in September with actuals up to July and approximates for August, a second in October with actuals upto August

and approximates for September, a third in December, with actuals upto October and approximates for November and a fourth in January with the actuals upto November and approximates for December.

3. In regard to reviews of works expenditure, the Code provides that expenditure need be reviewed only once in two months until August; and from September to March the review should be monthly. For the reasons stated above, the Board consider that Reviews in respect of works grants may be prepared in September, October and January based on the actuals upto the end of the second preceding months and approximates for the preceding month. The Board consider that any more Reviews in the earlier part of the year are not likely to be useful, specially as the bulk of expenditure on works and rolling stock is booked in the last few months of the year.

4. It will be appreciated that this reduction in the frequency of reviews is to avoid duplication and infructuous work without any relaxation of control over expenditure and the Board trust that better attention will now be given to their preparation to make them more realistic and effective for control of expenditure.

Arrangements will have to be made for using approximates for the preceding month on the reviews as the time lag is too long between actuals and the time when they are ready for review. For the review to be useful and effective the approximates for the previous month should also be taken into account.

Ry. Bd.'s No. 55-B-4069 of 2-6-1955.

Departmental Catering on Railways

Trainees of A. I. W. C. F. Organisation to be Absorbed

R. B. No. 1026-TG/55/IR/28 dated 16th May 1955, circulates to the Railways a copy of letter received by the Board from Shrimati Lilavati Munshi, President

All India Women's Organisation, and desires the Railway administrations that they should consider the feasibility of absorbing trainees from College of Catering and Institutional Management at Bombay, in the catering establishment on their railways while implementing the decisions communicated in the Board's letter of 8th December 1954, in regard to introduction of departmental catering on railways.

Uniform Committee

Anent to R. B. orders on setting up of a committee to look into the policy for supply of uniforms etc., to railway staff and standardizing rules for all Indian Railways, the Board, under its No. E-55 C01/31/3 dated 9th May 1955 has approved the nomination of Shri S. Choudhury, Deputy Controller of Stores, Northern Railway, as Convenor of the Committee.

The Committee is required to submit its report to the Board in about 3 months time. The officers will perform the work of the Committee in addition to their normal duties and will draw T.A. according to the rules.

List of Amenities for Passengers and other Railway Users

1. Water supply at stations including not only general water supply arrangements which are used for providing water for passengers and carriages and in stations, parcel offices and goods shed premises but also overhead watering arrangements and purification plants installed for Railway users, water coolers, electric or otherwise, water trollies etc.

2. Provision of Retiring rooms and waiting accommodation including reinforced cement concrete and other types of benches at stations, parcel offices, goods sheds etc., including extensions or improvements to existing waiting arrangements.

3. Refreshment Rooms and Vendors' stalls of all descriptions at stations,

parcel offices, goods sheds etc., except those which the vendors are required by contract to provide at their own cost.

4. Provision of improvement of latrines at stations, parcel offices, goods shed etc.

5. Extending, raising, widening, surfacing, covering or other improvements including provision of seats, hedges, shade trees etc., on platforms at stations, parcel offices and goods sheds etc.

6. Provision of new overbridges or subways and extensions, improvements and covering of existing overbridges or subways within station premises to connect platforms or offices at stations, parcel offices, goods sheds etc.

7. Provision of improvement of approaches and circulating areas at stations, parcel offices, goods sheds etc., including improved lighting, tonga-car-taxi-cycle-rickshaw stands, sheds for bullock and other carts, water troughs etc.

8. Provision of bathing facilities at stations.

9. Improvement to existing carriages such as provision of fans, improved lighting and lavatories, generating equipment, refrigerators in dining cars, special insulation in roofs, bigger water tanks in carriages, better fittings etc.

10. Improved lighting and provision of fans on platforms or in waiting halls and sheds or vendors' stalls at stations, parcel offices, goods sheds etc.

11. Washable aprons on passenger platform lines.

12. Opening of new flag stations or conversion of halts into flag stations, as a passenger facility where there is no financial justification.

13. Provision of fire-fighting arrangements or equipment at stations, parcel offices, goods sheds etc.

14. Provision of coal dumps with/without paved floors at transshipment points.

15. Exhibition of sheet time tables in glass fronted frames at stations.

16. Works under all the above heads provided in connection with Melas and required for periods exceeding six months.

*Note:—*Works of this nature required for periods less than six months will be treated as temporary and charged to ordinary Revenue under paragraph 937-G.

17. Any other works considered essential for meeting the requirements of railway users at any station, e.g., better siting or improvements or additions to Booking Offices, Parcel or Goods Delivery Windows, Provision of Information Offices or Kiosks, improved arrangements for dealing with luggage, self printing or ticket issuing machines, provision of public announcement systems etc.

18. Conversion of Narrow Gauge Lines into Metre or Broad Gauge ones when made at the special request of the public.

[The above is a list of items falling under the enlarged Scope of Development Fund, approved by the Ry. Board and taking effect from 1-4-'55.

(Railway Board's No. F (Spl.)—54/FCC-21 dated 13-6-'55).

Editor, Railway Accountant.]

Demands for Grants

It has been decided by the Railway Board that the provision for "Labour" under Workshop Manufacture Suspense (Demand No. 16) should be made for the "Net" amount as in the case of "Demands Payable".

[Railway Board's No. 52-B 4257 of the 2nd June 1955.]

Counting of a day on which a workshop employee performs duty for part time for grant of annual increment

The Railway Board have decided that the day on which an employee working

in a Railway Workshop performs duty for part time either on account of his late attendance or because of his early departure and receives only proportionate wages should count for the purpose of the grant of annual increment to him.

Payment of overtime on dearness pay to Running Staff

It has been decided by the Railway Board that dearness pay corresponding to the basic pay, and the personal pay, if any, drawn by an employee, should be taken into account for the purpose of calculating overtime.

Allocation of Expenditure

The Railway Board have decided that all new works of fitting of A.V.B. equipment (automatic vacuum brake) to wagons, forming part of an yearly programme, should be allocated to O.L.W.R. if it does not exceed Rs. 3 lakhs and to D.F. if it exceeds Rs. 3 lakhs. This will have effect from 1st April 1955, but no readjustment in respect of expenditure against estimates sanctioned prior to 1st April 1955 should be made.

Compensation Claims

In order to prevent encashment of forged Pay Orders for fictitious compensation claims, it has been decided that pay orders should be issued only to destination stations and that, where payments are requested by the parties at

stations other than the destination station, payment should be arranged by money orders through the Accounts Office. The issuing of pay orders *only to destination stations*, precludes the possibility of frauds of the type mentioned above. Where payments are requested by the parties at stations other than the destination stations and the same are arranged by money order, a measure of further precaution should be taken by simultaneously notifying the fact to the destination station also, who should be required to give necessary remarks against the relevant entries in the Delivery Book to guard against any erroneous or duplicate payments arising in connection with the same consignment.

Standard 1st Class or Unit Repairs

The 1st class or unit repair is arrived at by a 'point' system under which every part of an engine that is repaired is allowed a specified percentage allowance. The maximum total percentage allowance for repairs to an engine and tender (or tank-engine) is taken 60 per cent, and to a boiler 40 per cent. In the case of a superheater conversion 8 extra points are allowed subject to a maximum allowance of 68 points per engine and tender, but if no alterations to frames are required, only 5 extra points are allowed subject to a maximum allowance of 65 points for engine and tender. The 1st class or unit repair consists of 100 percentage allowance. This is again reduced to a standard on the basis of the tractive effort of 20,000 lbs. per engine by the formula—

Total percentage allowance for work done on engines despatched during the month from workshops after repairs

Average tractive effort in lbs. of all engines despatched during the month from workshop after repairs

100

20,000

This method is used to obtain a correct appreciation of the comparative quantum of work done in respect of repair to Locos in the workshops, for different periods in the same workshop (and for work done in the different workshops). One engine may require very light repairs, whereas another might involve repairs to a larger number of major parts. The No. of engines repaired during a month, will not, therefore provide a correct idea of the quantity of work done and thus it cannot, by itself, be a measure of comparison of performance from period to period or between one shop and another. The "points" system described above, adjusted further with reference to the tractive effort of the engines repaired has been devised to provide appropriate data of measurement of performance in the workshops in regard to repairs to Locos.

Promotion of ex-State Railways' Stock Verifiers

It has been decided by the Railway Board that the ex-State Railways' staff holding posts of Stock Verifiers in the grade Rs. 150-225 may be promoted to the grade Rs. 200-300 without being required to pass the Appendix II-A examination, provided they are declared fit by a duly constituted Selection Board to hold the post in the latter grade.

Advance Correction Slips

Establishment Code, Vol. I.

Rule 1720-R. I.—In the existing Rule—Delete the words ".....and no action shall be taken on an appeal submitted otherwise" at the end of the Rule.

Appendix XXV - R (Vol. I).—Insert the following as items 72 and 73 in the Government of India's decision in this Appendix under Rule 731 (1)-R (Exception):—

"72. The Medical Ward (T.B.) attached to the R.G. Kar Medical College Hospital Calcutta.

"73" The T. B. Hospital, Uditnarayanpur (near Bhawani-patna, Orissa)."

Rule 1702 - R I.

Delete the words *including stoppage at an efficiency bar in sub-clause (4) of this rule.*

Read 1702 - R I.

Insert the following as Note 6 under the Rule.

"Note 6. Stopping of a non-gazetted railway servant *at an efficiency bar* in the time scale of his pay on the ground of his unfitness to cross the bar does not amount to withholding of increment or promotion within the meaning of sub-clause (4) of this Rule.

Rule 1717 - R. I.

Insert the following as note to subpara (a) of this Rule, viz.,

Note :- A non-gazetted railway servant shall also have a right of appeal to the authority next above the one stopping him at an efficiency bar in the time scale of pay on the ground of his unfitness to cross the bar, even though this is not a penalty under Rule 1702.

Establishment Code, Vol. II

Appendix XXXII - R. II (page 226). Substitute the following for the existing item (2) in columns 4 and 5 against Serial No. 11 as introduced: by Board's letter No. F(E)52/HO/(2) dated 12-6-1952.

"(2) General Managers. — Full power upto a maximum of Rs. 500 in each case in the case of a Gazetted Railway Servant undertaking the work as an arbitrator in a dispute in which the Railway Administration is a party and upto Rs. 500/- in a year in each individual case for broadcasting from the stations of the All India Radio.

Appendix XXXVII-R. II (page 239). Insert another item (iii) under Column 5 against Serial No. 2.

"(iii) Upto Rs. 750 in the case of a Gazetted Railway Servant undertaking the work as an arbitrator in a dispute in

which the Railway Administration is a party".

General Code, Vol. II

Appendix VII-G. II (page 84). Put a comma in place of a full stop at the end of item (4) and add the following:—

"or exceeding Rs. 750 for undertaking the work as an arbitrator in a dispute in which the Railway Administration is a party."

Appendix VII-G. II (page 85). Insert the following between the words "All India Radio" and "upto" occurring in Note (6) under item (1):—

"or for undertaking the work as arbitrator in a dispute in which the Railway Administration is a party."

* * *

Opening of a New Minor Head—15-I-D.

New Minor Works costing not more than Rs. 25,000/- (other than Passenger amenities) are, under the rules of allocation, to be allocated to 15-I—Open Line Works Revenue. Under this, there are the following minor heads:

- A Staff Welfare Works
- B Staff quarters
- C Unremunerative operating improvements.

Unremunerative operating improvements, the cost of which does not exceed Rs. 3 lakhs are classified under 'C' above, while staff amenities and quarters upto Rs. 25,000 are allocated to A & B above. In the absence of a separate head of account for other New Minor Works such as provision of furniture to an Office, remunerative siding, etc., the cost of such work was being allocated to 15-I-C Unremunerative Operating Improvements—which, of course, is inappropriate, particularly in the case of remunerative works costing not more than Rs. 25,000/- each. This anomaly has now been removed by the Railway Board by opening a new minor head D under 15-I (i.e. 15-I-D. Other Works) with effect from 1-4-1955.

The explanatory note (47) in App. XI-A has also been recast as under by an advance Correction Slip:

"This head will record the expenditure on works for providing amenities for staff (including staff quarters) costing not more than Rs. 25,000 each, unremunerative operating improvements costing not more than Rs. 3 lakhs each, and all other works falling within the 'new minor works' limit, excepting those relating to provision of amenities for all 'users of railway transport'. For this purpose a work will be considered as remunerative if it directly earns extra revenue or saves expenditure which is sufficient, after meeting service charges on account of repairs and maintenance, operation and depreciation to give a net return of 5% on its estimated cost, including the cost of land".

* * *

Refrigerators

The Railway Board have ruled that *Refrigerators* should not be provided in Railway quarters, at the cost of the Railway, nor should additions to, or replacement of, existing ones be made. This is in accordance with the existing rules (para 1913-E). In respect of refrigerators previously provided in quarters, a scale of rent according to the size and capacity of the refrigerator has been laid down by the Railway Board for adoption on a uniform basis on all the Railways.

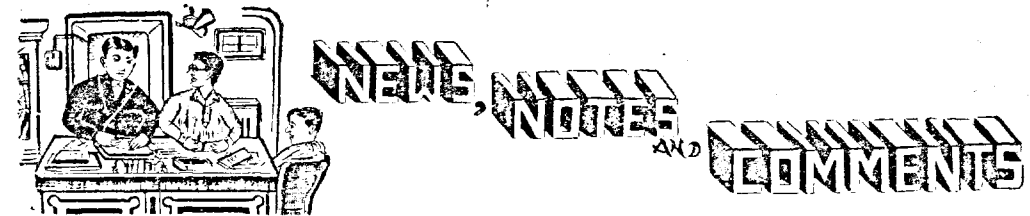
* * *

Rent for Overstayal

It has been decided by the Railway Board that, in cases of overstayal in Railway quarters, beyond the permitted periods, by the Railway Staff, rent should be charged at *twice* the assessed rent of the quarter or 10% of the emoluments of the employee concerned, whichever is higher.

(The above has presumably reference to cases of employees retaining quarters while on leave or after transfer or possibly after termination of services on account of resignation,

(Continued on page 123)



Creation of 7th zone on Indian Railways

Mr. Lal Bahadur Shastri, Union Minister for Railways, told Pressmed at New Delhi on the 16th June, that the Eastern Railway would be divided into two zones with both Headquarters located at Calcutta, with effect from the 1st August 1955. He said that the administrative machinery on the Eastern Railway was considerably strained and with the prospective development, he was convinced that the work load would become unmanageable. In order that the big developments envisaged are planned and executed with speed, economy and efficiency and without any set back to the day-to-day operational output, it was necessary that this division should be made.

The new zone would be called the South-Eastern Zone and will be the same as the old B. N. Rly., and the two new Steel Plants will be located on this section. The old East Indian Railway, now comprised in the Eastern Railway, would continue as the Eastern Railway.

The Railway Minister indicated that there would be progressive introduction of divisionalisation in the Administration in the Railways instead of the regional pattern to ensure better coordination.

The Eastern Zone will have 2295 miles while the South Eastern zone will have 4300 miles. There will be two General Managers and the Heads of the Departments will also change.

(Continued from page 122)

retirement etc., beyond the permitted period. For quarters occupied by heirs of deceased employees beyond the allowed period of two months, the rate prescribed is only 7½ per cent per annum—vide para 1923-E. It is not clear if this rate will also be revised as above.

Editor, Rly. Accountant.)

* * *

Remission and Refund of Demurrage and Wharfage Charges—Powers

The powers delegated to the Heads of Departments and lower authorities in regard to write off/waival of wharfage and demurrage have not been uniform on all the Railways, the extent of delegation depending upon the requirements of each Railway. The Railway Board have now decided in consultation with the Committee of Interchange that the powers of the lower authorities on the different Railways in this respect should be uniform and have therefore laid

down the following limits for the different authorities:

Authority to whom the Power is to be delegated.	Extent of delegation	
	Wharfage upto Rs.	Demurrage upto Rs.
Heads of Department	5000	5000
Dy. Heads of Departments, Regional and Divisional Superintendents	2000	2000
Senior Scale Officers	750	250
Junior Scale Officers	200	Nil

The lower powers for demurrage as compared with those for wharfage for Senior Scale and Junior Scale Officers are significant and indicative of the importance attached to the quick release of wagons and wagon turn-round generally, under the present conditions.

Explaining the reasons for the formation of the new zone, Sri Shastri, stated that the composite work load as assessed by the Efficiency Bureau, assuming the old G. I. P. figures at 100, works out to

Western Railway	98
North Eastern Railway	109
Northern Railway	118
Central Railway	118
Southern Railway	127
Eastern Railway	215

The Eastern Railway, which has the heaviest workload, handled about 48% of the originating tonnage and just over 33% of the wagons loaded and ton miles of Indian Railways. Passenger Train miles and passenger miles are also heaviest, being 23.1% and 19.3% respectively, of the total.

The impact of the vast development envisaged in the Second Five Year Plan will be considerable on Railway Transport. During the Second Plan period, the increase anticipated in goods traffic will be 50% and in passenger train miles about 30%. Three new steel factories each producing about 1 million tons of steel per annum will be set up besides the development of the two existing ones. A number of ancillary developments must inevitably follow these bigger ones. Such a rapid rise in traffic will naturally require considerable expansion of train facilities. The main brunt of these developments will fall on the Eastern Railway which serves an area rich in mineral resources and therefore the Development of Heavy Industries has been mainly concentrated in its jurisdiction. The increase in traffic on this Railway will be about 75% over the tonnage handled by it at present. As the workload is thus likely to become unmanageable, it has become necessary to divide the Eastern Railway into two workable units. The appropriate time for any major organisational changes is obviously the slack traffic season which commences from July, so that the new administrative set up of the two zones

can get in harness well before the commencement of the next busy season.

Railways & Coastal Shipping

In para 44 of the Railway Minister's Budget speech for 55-56 it has been stated that it was proposed to set up a Committee to consider the possibilities of coordination between the Railways and Coastal Shipping. This Committee was also intended to undertake a comprehensive examination of the comparative cost of operation 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. Such a committee has been now appointed by the Union Government and one of the terms of reference to it is the examination of reasonableness of the freight charged by Coastal Shipping with reference to the cost of operation.

In this connection, Mr. G. Runga Raju, a retired D. T. S. of the Southern Railway, has passed certain remarks which are published in "The Hindu" of the 18th June 1955 and they are reproduced hereunder by Courtesy for the information of those interested in the subject:

"Port charges, payable by a steamer are a sizeable amount as compared with running costs and both are included in the cost of operation, along with others, such as interest on capital, depreciation, etc. The freight charges levied on the merchandise are based primarily on them with a margin for profit. Reduction may be possible in the port charges as well as in the running costs and so far as the former are concerned, elimination of overlapping of services and rationalisation of the administrative machinery of ports will tend to react favourably on steamer freights. One of the obvious means in respect of the former is to extend the services of the Zonal Railways to these ports, rendering superfluous the small uneconomic units of transportation, owned and maintained by

them. This arrangement will also benefit trade in the saving of terminal costs to a certain extent.

Proceeding a step further, the direct administration of the ports may be taken over by the Zonal Railways, as at Vizagapatam and Marmugao, with a view to rationalising it for effecting a closer coordination in operational arrangements between the Railways and the Coastal Steamers. This will also benefit overseas traffic. After all, the efficient working of ports is fundamentally a transportation job and even under the British regime, the Heads of Port Trusts were experienced Engineers or Railwaymen.

This issue, quite germane to the enquiry, will, it is hoped, be taken up by the Committee, as flowing from the terms of reference though it is not specifically mentioned in them."

New Railway Links

The Railway Minister recently announced at Dharwar that the proposal for a new Railway Line from Alnavar in North Kanara Dist to Talaguppa via Ellapur, Sirsi and Sitapur, would be surveyed. He also stated that Kumta would be connected with Bhatkal with a fully bridged and surfaced road. The Minister also mentioned several other proposals put before him during his tour and stated that every proposal had to be examined in connection with the second Five Year Plan.

Regarding Road Development, the Central Government had taken over the responsibility for construction and maintenance of National Highways. In addition, the Central Government had also sanctioned last year Rs. 10 crores to be distributed among the States for opening roads in inaccessible areas where at present there was neither rail nor road communication and for completing missing links and bridges on some important Interstate roads. He also mentioned that the demand for an all-weather road bet-

ween Sirsi and Jog Falls would be examined in detail as part of the State High Way of the Bombay Government. He hinted that there was possibility of the Central Government meeting half of the cost of improvement.

Surveys for 124-Mile Rail Line in Bihar

The Railway Board has sanctioned a preliminary engineering survey, a final location survey and a traffic survey for a 124-mile long broad gauge line in Bihar, between Barkakana and Birmittapur via Ranchi.

The line will be useful for carrying through coal trains for the new steel plants at Rourkela and Bhilai, and for carrying iron ore in the other direction for the third steel plant. This line is expected to open up largely new country which at present is without rail facilities and has considerable development potentialities.

The surveys, which will be carried out by the Eastern Railway, are to be known as Barkakana-Birmittapur Preliminary Engineering, Final Location and Traffic Surveys.

Four New Rail Surveys in Steel Plant Area

Four new surveys intended to serve the needs of the new steel plant at Rourkela, in Orissa, have been sanctioned by the Railway Board, and have to be carried out by the Eastern Railway. They are:

- (1) A final location survey for a 23-mile broad gauge line from Rourkela to Patasai;
- (2) A final location survey for a 14-mile broad gauge siding from Patasai to the Taldih ore area;
- (3) A preliminary engineering survey for a 11-mile broad gauge line from Patasai to Dumaro; and
- (4) A preliminary engineering survey for a five-mile broad gauge siding from Dumaro to the site of the ore.

194357

The total cost of the surveys is estimated at nearly Rs. 89,000. When completed, the new lines will connect the iron ore and manganese mines of Messrs Hindustan Steel Limited with their new steel plant at Rourkela.

New Broad Gauge Lines

The Union Minister for Railways, while inaugurating the Deccan Railway Conference held at Sangli on the 29th June 1955 stated that the demand for conversion of the Poona-Hubli metre gauge line into a Broad gauge line would be sympathetically considered; and also assured that the Metre Gauge between Poona and Miraj and the narrow gauge between Miraj and Pandharpur would be soon converted into broad gauge lines.

Production of Steel Expansion plan for Bhadravathi Works

A scheme for the expansion of steel output from 25000 tons to 1 lakh of tons at the Government-owned Bhadravathi Iron and Steel Works at a cost of about Rs. 12 crores is being given final touches in the light of the American Experts' Report in this connection. This proposal has already been approved by the Planning Commission.

Railway Equipment Exhibition at Bombay

As a part of the self-sufficiency drive of the Indian Railways in the production of Railway Stores, the second Exhibition of Railway equipments was opened at the Central Railway's Victoria Terminus on the 17th June by the Chief Minister, Bombay Government. The first Exhibition was opened at Madras on the 1st June.

The showroom displays Railway Stores ranging from carriage fittings, electrical switches, signalling equipment, pneumatic machines and intricate steel and electric loco parts.

The General Manager, Central Railway, Mr. M. N. Chakravarti, while wel-

coming the guests stated that the second Five Year Plan of the Railways envisaged tremendous progress on many fronts and they would, therefore, have to face the problem of procuring stores for the schemes of expansion. In order, therefore, to reduce the drain on the country's valuable foreign exchange, and to eliminate delays and also to make India self-sufficient, it was most essential that the imports should be reduced.

Mr. Morarji Desai stated that Indian Engineers and Technicians were second to none and were capable of producing goods of the highest standards, but they needed an incentive to show their skill. The Railways were now offering them a big field in which they could prove their skill. It must be remembered that the Railways could not accept anything that did not conform rigidly to the standards, as otherwise accidents would happen.

Improvements to First Class Compartments in Railways

It is learnt that within the next few months, all First Class Compartments throughout the country will undergo a thorough check-up to keep passenger amenities upto the required schedule.

Railway authorities have been requested to ensure that separate reading lights are provided. The longitudinal (length-wise) berths will have pull-out seats while the transverse (across the compartments) will have bed-cum-back rests. All the old commodes will either be thoroughly repaired or replaced. Instructions have already been issued that watertaps, flushing arrangements, wash basins, lights, fans, doors, latches and bolts should be checked up immediately.

Railway Wagons for India from U.K.

It has been announced that the Indian Railways have placed an order with the Pressed Steel Company of Oxford for Railway Wagons worth nearly two and a quarter million pounds. The supplies

will be made in about a year. The Wagons are to be assembled in India.

Railway Corruption Enquiry Committee

It is learnt that the Report of the Railway Corruption Enquiry Committee has been completed and contains recommendations on various topics such as creation of more railway zones to make supervision more effective; abolition of "regions" now existing in some railways and to have instead "divisions" which will give better facilities for effective supervision; the formation of a Central Coordinating body of police; a Central Tribunal to avoid delay in determining disputes involving railway employees in place of arrangements now in existence on each railway the insistence of a declaration from Railway employees as to their properties annually as in the case of other Central Government servants and due recognition for merit by way of promotion.

The report is to be given to the Ministry of Railways by about the 9th July 1955. For consideration of the various recommendations, and to enable implementation of accepted ones, it is likely that the Railway Board may open a separate sub-branch with skeleton staff.

It is learnt that during the course of investigation the Committee came across numerous instances of corruption involving, in some cases, even very senior people. Cases of bribery, nepotism, misuse of concessions and giving of monopoly contracts for supplies are reported to be numerous.

Earnings of Indian Railways

The earnings from the Indian Railways during April 1955 were 25.48 crores i.e., 2.65 crores more than those of April 1954. The increase is mainly due to goods traffic which records an increase of 2.31 crores and has contributed to increased economic activity in the country.

Railway Amenities

At the meeting held on the 18th June 1955 of the Regional Rly. Users' Consultative Committee of the Madras Region, Southern Railway, some of the amenities approved of were:

Provision of retiring rooms with modern amenities at Renigunta after remodelling of the station, installation of a P. & T. Telephone there, vegetarian refreshment room at Gudivada, separate booking window for ladies for at Bezvada acceptance of Sender's weight for consignments of Tea chests tendered for booking etc.

Provision of refreshment trollies, installation of water coolers, cloak room facilities at new stations, foot overbridges, electrification of stations etc., were also some of the other types of amenities approved of.

Separation of Accounts from Audit

Consequent on the separation of accounts from audit in respect of the late office of the Accountant General, Food, Rehabilitation and Supply, New Delhi, the Office of the Deputy Accountant-General, Production, Commerce and Industry, New Delhi started functioning from 1-4-55 with head-quarters at Akbar Road, New Delhi, and Branch Offices at Bombay and Calcutta under the charges of Assistant Accounts Officers, Production, Commerce and Industry, Bombay/Calcutta.

Government Accounting

That the Institute of Chartered Accountants of India is moving with the times is evidenced by the fact that "Government system of Accounting" has now been included in the syllabus of the final examination of the Chartered Accountants, effective from 1st July 1956.

The Book "An Introduction to Indian Government Accounts and Audit" (Second Edition-Reprint) published under

the Authority of the Comptroller and Auditor General of India, has been prescribed for the purpose for study by the students.

Metric System of Weights & Measures

The Standing Committee for the Metric System of Weights and Measures held its first meeting at Delhi on June 22, 1955.

The Committee is expected to have exploratory discussions on the ways and means of bringing about a smooth change-over to the Metric System with the cooperation of State Governments. The framing of suitable legislations for the introduction of the Metric system and publicity measures will also be considered by the Committee.

The response from the State Governments to the proposal has been encouraging. It may be remembered that during the last session of the Parliament, the Minister for Commerce and Industry, Mr. T. T. Krishnamachari, announced in the Lok Sabha that phasing of the programme for the introduction of the system had been left to a Committee which would consider the type of legislation to be introduced for the purpose.

The Committee, of which the Deputy Minister for Commerce and Industry, Mr. Nityanand Kanungo, is the Chairman, includes Mr. S. L. Kumar of the Ministry of Railways.

While the introduction of the Metric system of Weights and Measures will be welcome as conducive to simplification of accounting in commerce and industry generally, the benefit of such a system to Railway accounting and statistics cannot be under-rated; indeed, some reduction in expenditure on staff etc. may also result by the adoption of such a measure. Of course, allied with this is also the proposed decimalisation of coinage in regard to which a final decision does not appear to have been reached by the Government of India.

Nationalisation of the Imperial Bank of India

The Imperial Bank of India Nationalisation Bill has been passed by both the Houses of Parliament, and the nationalised Bank, which will be called the State Bank of India, has begun to function as such, from 1st July 1955. All the shares in the Imperial Bank of India held by the Public will be acquired by the Government on payment of compensation. The Reserve Bank of India will, naturally, have control over the State Bank of India as it will subscribe to 55% of its paid-up capital. For the balance, it is stated that the existing shareholders of the Imperial Bank of India might be given preferential allotment.

The Headquarters of the new Bank are at Bombay. It took over from the Imperial Bank its (I.B.) entire undertaking within the country. The Branches of the State Bank of India in foreign countries would similarly take over the work of the ex-Imperial Bank there.

The Board of Directors is widely representative of Industry, Commerce and the Cooperative movement, with a distinguished Chairman, Dr. John Mathai, a former Finance Minister of the Government of India.

Party to Mr. M. B. Jagannathan

A delightful party was arranged in "Dasaprakash" Madras on the 21st June 1955 by the Officers of the Southern Railway to meet Mr. M. B. Jagannathan, Senior Accounts Officer, Perambur, who has been transferred to the Chittaranjan Loco Works. Sri S. Ramaswami of the Mechanical Department and Sri S. Natarajan (A. A. O.) spoke on the occasion. Mr. Jagannathan replied suitably.

Railways in U. S. A.

In the early 1830's, the railways began to spread their tracks across the United States. The migrants from many nations, including Ireland, China, Germany, and Italy, helped span the continent with

steel rails. The discovery of gold in California quickened the process.

The greatest event in the development of railways in the United States was the linking up of the East and West by rail. In the rugged mountain State of Utah in 1869, at Promontory Point, took place the historic meeting of the Union Pacific Railroad from the East and the Central Pacific from the West. For the first time the distance of 3,000 miles separating the two coasts was bridged by overland route. With this link, the great West was finally opened up for settlement.

Today, most U. S. communities are served by one or more railway systems

and the large cities have electric street, inter-urban, subway or "elevated" railways.

"American Reporter"

Ticketless Travel on Railways

Attention of Readers is drawn to pages 33 to 39 of the Southrailnews for May 1955, wherein an excellent article on "Ticketless Travel and how to eradicate it" appears under the penmanship of Sri K. Srinivasan. Certain amendments to the above have been indicated at pages 75 & 76 of the same Magazine for June 55.

Personnel

Mr. A. K. Basu, (at present) General Manager, Eastern Railway, is to take over as Member of the Railway Freight Structure Enquiry Committee.

Mr. S. Sarangapani (at present officiating as Engineer-in-Chief of the Calcutta Electrification Project) is appointed as General Manager of the Eastern Rly.

Mr. N. C. Kapoor, at present Chief Operating Superintendent, Eastern Railway, is appointed General Manager of South-Eastern Rly. (newly created) with effect from 1st August 1955.

Mr. A. C. Mukherjee, Offg. Dy. G. M. (Amenities), Central Ry., posted as Offg. Dy. G. M. (Planning) from 11-4-1955.

Mr. S. P. Ranganadham, posted as Statistical Officer, Central Ry., from 21-4-55.

Mr. R. Srinivasa Murthi, I.A. & A.S., took over charge as Chief Auditor, Central Railway, on 20-4-1955, relieving Mr. H. B. Bhar.

Shri S. N. Mathur, Offg. Senior Accounts Officer, Northern Railway, has been appointed to officiate as Deputy Chief Accounts Officer, Eastern Railway, with effect from 16-4-55.

Sri M. B. Jagannathan, Officiating Senior Accounts Officer W/S Branch, Perambur, was relieved on the afternoon of 14th June 1955 on transfer to Chittaranjan Loco Works, Chittaranjan.

Sri B. Madhavan, Junior Accounts Officer, is entrusted with the current duties of the Senior Scale Post of Workshop and Stores Accounts Officer (Southern Railway) with effect from the afternoon of 14th June 1955.

Sri S. Madhusamy, Officiating Senior Accountant, is promoted to officiate as Asst. Accounts Officer, Southern Railway, with effect from 14th June 1955, afternoon.

Sri R. Muthuraman (Senior Accountant), Southern Railway, has been promoted to officiate as Asst. Accounts Officer, Madras.

Shri G. S. A. Saldanha, Senior Scale Officer in the Transport Department of Southern Railway, has been appointed as the Secretary of the Railway Freight Structure Committee. Mr. Saldanha was previously Senior Officer (Rates) in the Commercial Dept.

Readers' Forum

I shall feel obliged if you will kindly give clarification of the under-noted doubt in the application of Code Rules.

"Amount of Cash held over by the Station Master erroneously over-paid in the last month at the time of remitting the Station Cash", where this item will appear in the Balance sheet.

Kindly read para 508T with 2406 T and a note given below the para 1236-T.

Para 508 T lays down that if the deficiency in cash was paid by the Booking Clerk from his private cash and the remarks to this effect were recorded in the Daily Trains Cash Book as also in the cash remittance note, the refunds will be allowed by the Accounts Office on application made by the Booking Clerk. It is further supported by the provision made in para 2506T that for such overpayments credit balance will be shown by the Accounts Office in the Advice of Internal check but the Station Master is not authorised to deduct this credit balance. This can however be authorised by the Travelling Inspector of Station Accounts by initialling this entry in the balance sheet next for issue.

Note below para 1236T is altogether different as it allows such deductions from the station cash in the balance sheet next to be issued by full particulars being shown in the Balance Sheet by the persons who made good the deficiency from private cash subject to the remarks recorded in the Daily Trains Cash book and C. R. Note.

It is, therefore, requested to kindly give the correct implication of note below para 1236T and the procedure in vogue.

Hansraj Kumar-Gandhidham, Cutch.

Note: At the time of withholding cash previously overpaid, only the net amount of the cash collections for the day would be remitted and hence on the credit side the acknowledgement would be only for the net amount. In the Note under para 1236T, deduction of such amount overpaid in the previous month has

been permitted under certain conditions. These conditions must also be read with the remarks contained in the last part of para 2406-T, where it is stated that Station Masters are not entitled of their own accord to deduct overpayments but permitted to do so on the authority of the T. I. A. in writing. Thus withholding of cash by Station Masters of cash over-paid in the previous month without any authority from the T. I. A., or the Accounts Office is irregular and is not permitted.

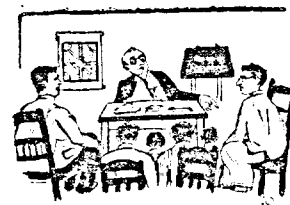
Editor, R. A.

One of the examinees for App. III-A Examination, Sri Badrinarayan Mathur, Ajmer, has suggested that the month of November in which the Examination is now held annually is not suitable to the examinees, who usually prefer the winter season for their study, such season starting in October and lasting till about January or February. This season, he states would give ample opportunity for study and preparation. Neither the summer season nor the rainy season is suitable for study for long hours. He therefore suggests that, on the analogy of the examinations conducted by the Universities, Schools and Colleges, the App. III A Examination may also be conducted in February or March, every year, the results being declared not later than the end of June.

[We see no reason why the examination should be held only in November, unless it be that the Budget Season is from December till about the end of February. But whether it is likely to seriously affect the working in the Examination Section of the Railway Board's Office is a point which the Board has to take into consideration. The suggestion is, therefore, one which has to be decided by the Board by considering all aspects of the matter.]

In regard to the publication of results, it would certainly be better that some sort of an ulterior time limit should be fixed conventionally by the Board so that there may not be delay in their publication.

Editor, Rly. Accountant.]



STUDENTS' CORNER

Terms Used in Railway Accounts

We meet with certain terms in the course of study of the Codes in various places. But the same term denotes different things according to the context. A few of such instances are brought out in this note to show the reader how the context is important in understanding the exact significance of the term used in any particular place:

Account Current: This term, when used in connection with traffic earnings, indicates the summary results of the ledger account of each foreign railway; i.e., the net results of the division sheets exchanged with foreign railways for Coaching and for Goods traffic, both outwards and inwards, will be presented in this Account Current, showing the debit or credit to the foreign railway and working out the final result, debit or credit, as the case may be.

The term Account Current, when applied in relation to the monthly accounts of Railways sent to the Railway Board, refers to the extracts of the Ledgers maintained in the Books Section of the Central Accounts Office of each railway, separately for Capital and Revenue transactions. This form is absolutely different from the form of the Traffic Account Current referred to previously.

Again, the term Account Current is sometimes used in connection with the monthly accounts of Stores Transactions and is called the Stores Account Current. Similarly, in connection with the monthly accounts of Workshop Manufacture Suspense, we may have another account current.

In business houses, the account current is a Statement rendered periodically to their customers etc., giving a copy of the ledger account of the person for the

period, showing also the balance and interest charged, (when this is the practice).

Balance Sheet: When applied to Traffic collections at Stations, the term Balance Sheet represents the accounts of the S. M. showing the amounts of collections for which the S. M. is responsible and showing, on the opposite side of this account, amounts that have been remitted by him in clearance of that account, and showing the balance which is the liability which the S. M. has yet to discharge on that account.

The same term, when applied in the Accounts Office in connection with the Balance Sheet, implies the Accounts showing the amounts of vouchers realised on account of transactions for which the Accounts Office is responsible on account of Bills or otherwise.

In connection with the annual accounts of the Railway, the term Balance Sheet is also used. Here, it indicates the assets and liabilities of the Railway system on the last day of the year, showing in respect of Collieries, for instance, the capital invested on the various types of assets like land, buildings, plant, equipment etc., under accepted allocation heads, and liabilities on account of bills payable, purchases, deposits, etc. In the case of the General Railway Balance Sheet, however, assets and liabilities are shown as fixed and floating assets, cash, sundry debtors etc., also sundry creditors, miscellaneous deposits, demands payable, balances in the various funds etc. Balance of this account closes to Government.

In business, the Balance Sheet is a Statement of Assets and Profits and Capital and Liabilities on a given date.

Thus, it is obvious that the term Balance Sheet has more or less a commercial shape only in connection with the annual Balance Sheet, but not so in the case of the accounts of traffic earnings either at the Station or at the Accounts Office.

Advice of Internal check: This is a term that is used at least in two different places; one in connection with the results of the scrutiny of the Station Balance sheet in the Accounts Office and the other as an Advice sent to the Executive Engineer monthly after the check on the monthly Accounts of a Construction Division. The former is described in para 2358-A and compares the closing balance as shown by the Station with that arrived at by the Accounts Office as a result of the check of the various documents and Station Returns. The difference between the two balances is supported by details working up to it. These consist of error sheets issued against the station for undercharges and credit advices issued to the Station for debits withdrawn or other incorrect accountals.

The Advice sent to construction Executive Engineer is described in para 1535-E and points out the reasons for the alterations found necessary as a result of the accounts Office check of the vouchers, schedules etc. Items of expenditure held under objection under the headings "Want of Estimates or allotments," "Excess over Estimates or allotments" and "miscellaneous," also accompany the advice. This advice is in the form of a letter to the Executive Engineer showing the net amount of expenditure passed by the Accounts Office. Full details are given in the form of an accompanying Memorandum, referring to the items of the Accounts Current submitted by the Executive Engineer and providing columns for noting when and how the alteration is finally adjusted by the Division.

Thus though the guiding principles for these two cases are the same, the forms adopted are different.

Instances of such nature can be developed and the student can make a comparative study of such terms that he comes across in the course of his detailed study of the various codes.

"G".

Appropriation Accounts

Statement of Defects in Budgeting

This Statement is prepared in two parts: (a) one showing defects in estimating, noticed during the year and (b) another showing expenditure classified in the budget differently from the Accounts.

In regard to (b), the question has often arisen whether an alteration in classification of expenditure during the year, on account of orders or rules issued during the year itself, *and not due to any mistake or fault on the part of the Railway Administration* should be reported to the Public Accounts Committee through this Statement appended to the Appropriation Accounts. That such items should not be included in the statement, appears reasonable, though, according to the strict wording of the Code Rule (641-G) no differentiation has been made between changes due to a correction of the mistake by the Railway Administration and those due to new orders or rules issued by the Railway Board after the Budget had been finalised (and for which the Railway is not responsible). This view has since been upheld by the Railway Board and they have directed that the Statement (part (b) referred to above) should *exclude* all cases, in which, under the present rules of allocation, the original provision is made *correctly* under a particular Demand head, but is transferred to another Demand head in accordance with the change in allocation decided upon subsequently.

Lien

Under 2008-R II, it is now possible for the lien of an employee being suspended

under certain circumstances, another employee appointed provisionally substantively in his place and his lien also suspended and a third employee appointed provisionally substantively in like manner, and there is no limit to the number of such provisionally substantive appointments against the same post, the lien being suspended one after the other. On the ground that this gives an unintended benefit to employees and is directly opposed to the fundamental principle that only one person should have a lien on a provisionally substantive post, the Railway Board have ruled that the benefit of appointment in a provisionally substantive capacity to a post can be given to only one employee. To give effect to this, an advance correction slip has been issued by the Railway Board to Note (2) under 2008-R II.

S. A. S. (RAILWAYS) EXAMINATION 1954

STATION ACCOUNTS

(With Books)

(Continued from page 102)

7. Do you think that check of Outstanding lists sent by stations to the Accounts office, serves any useful purpose? What loopholes will be there for frauds if check by the Inspectors is cut out?

8. How are frauds perpetrated in connection with luggage traffic by the following processes, detected by the Accounts office?

- by quoting fictitious numbers of passenger tickets in the luggage tickets and permitting free allowance thereon,
- by quoting numbers of tickets actually issued but quoting identical ticket references on luggage tickets for two different parties,
- by quoting references to tickets actually issued but on which no luggage was really booked.

9. What are the checks devolving on the Accounts Department in respect of T. T. E's Returns? How are cases of misuse of ticket books and of misappropriation of government money by showing in Station Returns amounts less than actually collected, detected? Are there any loopholes in the present procedure?

10. On some railways the T.T.Es are attached to certain particular stations, and undercharges detected in respect of T. T. Es Returns, are raised against the stations. On other railways the undercharges are simply advised to the Executive and no error sheets are issued. Which is a better and more practicable procedure and why?

(Without Books)

Candidates are to answer FIVE questions each of which carries twenty marks.

1. What are the checks laid down in the Accounts office to ensure that the total amount of traffic for which a station is accountable, has been accounted for in the Returns?

2. How is Traffic Book posted? What are the different parts thereof and how are the entries made therein?

3. Should the control of Station Outstandings devolve on the Commercial or Accounts branch? What are the respective merits and demerits under each procedure?
4. What is an Approximate Account Current for Earnings? How is it compiled? How is it distinguished from 'Approximate Gross Earnings' of a Railway?
5. What are the different categories of transactions for which overcharge sheets are prepared? In what cases is certification necessary by Traffic Authorities and why?
6. What are your views regarding check of goods traffic on 'forwarded' vs. 'received' basis? How is the check carried under each and which one would you prefer for detection of irregularities?
7. How do the checks by the Accounts Department detect cases of reselling of used tickets? Have you any measures to suggest for covering loopholes?
8. What checks exist to ensure against misuse of warrants issued by Government departments? How will cases of unauthorised issue out of books not yet brought into use, be detected?
9. What are siding charges? How is remunerativeness of sidings judged by the Accounts Department?
10. Describe the procedure of sending cash remittance from stations to the Cash office. What checks are exercised in that office and how is it ensured that amount as sent by the stations, reaches the Cash office intact?

(Continued from page 104)

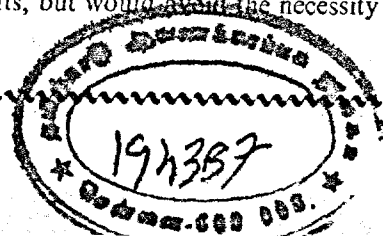
S. A. S. Railways (Examination) 1954

In our Issue of May 1955, we published a full list of the successful candidates in the above examination.

Out of the total number that gave their names, nearly 130 withdrew finally in 1954 and a similar number in 1953. The number of Passes was only 86 out of 620 in 1953, while it was 130 out of 805 in 1954; this gives a percentage of nearly 14 and 16 respectively.

The failures on individual Railways ranges from 81 to 88% in 1954. This indicates need for greater rigour in permitting staff to take this examination; and also perhaps the want of adequate departmental facilities to the candidates in their studies.

We feel that it would be worthwhile to go all-out for ensuring a decent percentage of passes at least in future not only by providing adequate training facilities—as is done on the Civil Side of Government (A.G.'s Offices)—but also by scrutinising the list of applications strictly so as to allow only those having a fair chance of success to appear for the Examination. This would not only save the hardships of the students, but would avoid the necessity for protests and representations by them.



Special Intimation to Subscribers

It is a matter of some importance to note that the usefulness of the Journal has been voluntarily accepted by many of the past readers and subscribers, who have been communicating their views individually. Addition of new subscribers, though at a slow rate, is ample testimony of the above views. But we are nowhere near the target and the extent of untapped sources is still very large. It is hoped that those who have received benefit will induce their friends, who are non-subscribers, to enrol themselves speedily. Such a service will be helpful mutually to both. Each subscriber may try to secure at least two additions a month.

Another way in which subscribers can be of great assistance is not to delay renewing their subscriptions until they are reminded about it. As previously advised, the address wrapper of every subscriber shows the last month up to which his subscription runs and this should enable the subscriber to automatically renew his subscription for a further period sometime before the next issue of the Journal is due to be despatched—say not later than the 5th of that month.

Yet another way in which the subscribers can help the Journal is by contributing articles now and again on subjects which will be of interest or importance or which raise questions of doubt or controversy. This would enable discussion being raised on them so that more light may be thrown on the subject by experienced people elsewhere.

Subscribers are requested to note that the rate of Re. one for the current issue applies only to those delivered personally or to those posted on the due date, viz., 15th of the month. Mofussil indents after that date will have to include the ordinary postage of 2 as. per copy, i.e., the rate will be Rs. 1-2-0 per copy.

Concession to Students

As a very special case, the conditions of Group Subscriptions have been relaxed in the case of bona fide Examinees, so as to allow them to form groups of four, instead of 12, and thus remit in advance the annual subscription of Rs. 32/- only, for the year July 1955 to June 1956. No alterations in this arrangement or in the original conditions are allowed. This offer is open only upto 10th August 1955.

Old Copies

A few bound copies of THE RAILWAY ACCOUNTANT, Vol. I, from May 1954 to March 1955 are available at Rs. 12 per volume, (inclusive of postage) to be sent in advance with the order. The offer is subject to stock being available at the time of receipt of the order. There are, in addition, stray copies of the issues from July 1954 onwards, each of which can be supplied at Rs. 1-2 inclusive of ordinary postage. All orders for copies should be accompanied by necessary remittance. An extra Re. 0-6-0 should also be included in the remittance, if the copies are required to be sent by Registered post.

Missing Copies

Very stray complaints are still received about copies of Journals not having reached the destinations. Subscribers are again advised that every care is being taken at this end for the prompt and correct despatch of the Journals on the 15th of every month and they should, after providing for the transit time and, if possible, an extra grace day, immediately seek remedy with the local postal authorities in case of non-receipt. It often happens that the Journal, if addressed to Office, is received there alright, but not delivered to the party concerned. Such subscribers are requested to furnish their residential addresses so as to avoid the possibility of the Journals being withheld from them by interested friends.

CAREERS & COURSES

(All-India Educational Monthly)

Every month you are served with a compact review of the News, Short Biographies of Men in News, Advances in Science, Topics on Literature, Economics, Politics, History, Psychology, Art, Intelligence Tests, General Knowledge including Everyday Science, A Career For You, Book Reviews etc. etc.

Write for a specimen copy enclosing a Re. 1 stamp

Subscription Rates:

Annual Rs. 9/- Single Copy Re. 1/-
Best Medium for publicity all over India

For further particulars, write to:

CAREERS & COURSES

94, BAIRD ROAD, P.B. 319, NEW DELHI

THE EDUCATIONAL REVIEW

(Established 1895.)

Every School, College & Library

Should Subscribe

Annual Subscription Rs. 5/- only

Hon. Editor:

SRI A. N. PARASURAM, M.A.

Assistant Editor:

SRI M. C. KRISHNAN

Publisher:

SRI M. R. SAMPATKUMARAN, M.A.

16, Sunkuwar St., Triplicane

MADRAS 5.

THE WINNERS

The most unique and dependable work with a mathematical, astronomical and astrological basis for spotting out the winners in Racing 1954 Model—enlarged and neatly Stencilled, 170 pp. foolscap size with 75 charts and 300 examples. Every chapter very lucidly written even for the novice to master the methods—highly praised by the purchasers—Rs. 300.

N. K. P., Malaya. "It is the best...Worth more than ten times its price."

Dr. T. F., Colombo.—"You have contributed something original and very useful to the millions interested in Racing and for generations to come. Most of the other fabulously priced systems are nonsensical trash compared to your work."

Full literature and opinions posted free

(V. P. Ps are allowed to foreign countries.)

Dr. Bh. SATYANARAYANA RAO,

Author,

Circlepet, MASULIPATAM, (S. India).

S. A. S. (RAILWAYS) EXAMINATION

The following books are now ready for sale.

Compulsory subjects:

Questions and answers
1954 - No. 470 Rs. 2 0 0
Answers only 1954 - 470A Rs. 1 14 0

Questions only 1947 to 54:

Books and Budget - 252F -
Part II Rs. 1 4 0
Receipts Accounts - 233F -
Part II Rs. 3 0 0
General Expenditure -
257F - Part II Rs. 1 4 0
Construction - 256F - Part II Rs. 1 0 0
Establishment - 253F - Part II Rs. 1 4 0
Workshop - 255F - Part II Rs. 1 0 0
Stores - 254F - Part II Rs. 1 0 0
Controller of Stores Office
Procedure 258F - Part II Rs. 1 0 0

Railway Statistics

(1954 Edition) - No. 297 Rs. 3 8 0
1954 answers for Receipts Accounts, Books and Budget and General Expenditure will be issued within the next two months, one after another.

L. V. GOPALAN,

14, Balakrishna Road, Madras-4.