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THE
RAILWAY ACCOUNTANT

A Monthly Journal devoted to
Railway Accounts, Audit & Finance

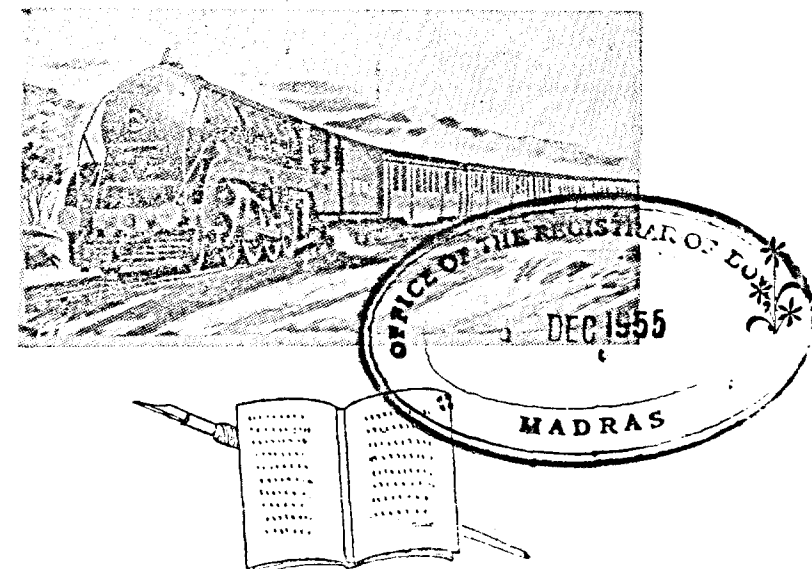
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Contributions are invited to this Journal on matters pertaining to Accountancy, more particularly of Railways. Every such contribution must be signed as a guarantee of good faith, even if not intended for publication.

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

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

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Central Railway Newsletter—October 1955	Indian Railway Gazette—November 1955
Central Railway Magazine—September 1955	Accountants' Journal, New Zealand 1955
Northern Railway Magazine—1955	Australian Accountant—September 1955
North Eastern Railway Magazine—August '55	Careers & Courses—November 1955
Western Railway Magazine—September 1955	Wednesday Review—W. E. 2-11-1955
Chartered Accountant—October 1955	Railway Herald—W. E. 7-11-1955
Southrailnews—1955	Monthly Railway Statistics—(Rly. Board)
	Educational Review—October 1955

App. III Exam. 1954. Answers for the papers on Books & Budget & General Expenditure are now on sale.



THE RAILWAY ACCOUNTANT

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

14, BALAKRISHNA ROAD, MADRAS - 4.

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Simplification of Railway Accounting Procedure

Railway Accounts are admittedly of a very specialised nature and require careful handling. The basic principles upon which these accounts have been constructed in the past have taken into consideration the existence of various conflicting interests on account of differences in ownership and also due to local circumstances. Further, most of the transactions originate at thousands of places, and are handled by different grades of subordinate staff. Hence the structure of accounts should inevitably provide for adequate scrutiny as to the correctness and completeness of the record of all such transactions in the various books of accounts. Similarly, the receipt of returns in the Central Accounts Office has to be watched with care so as to ensure their correctness and completeness and the materials in the returns themselves should be thoroughly scrutinised so as to afford sufficient guarantee that they can be accepted as being a full and correct record of all the transactions concerning the Railways at the various places. In addition, it has also to be seen that every service rendered has been properly paid for by the public and that the valuation of such service has been correctly made; also, the expenditure incurred is in the interests of the tax-payer, who is, at present, the capitalist of the Railway Undertaking. Thus, prudential care has to be exercised on every item of expenditure which should be fully justified from one or the other stand-point. The work should be either one creating an asset for purposes of earning more revenue or saving in expenditure, or it should be one required for improving the operational processes or one providing amenities to staff or the travelling public.

The various legislative enactments like the Constitution of India, the Indian Railways Act, the Payment of Wages Act, the Hours of Employment Regulations, etc., have also to be kept in view in the structure of Railway Accounts. It is thus obvious that the accounting procedure is not a *static* item, but *dynamic* in the sense that it has to take into consideration the changes in functions as they occur.

Taking for instance one important aspect, viz., acquisition of all major Railways in India by the Government and their integration into seven zonal railways, the question of apportionment of collections made by one railway for traffic transported over two or more contiguous railways is one that may be reviewed. The apportionment of such earnings between the several railways should be based upon as simple a procedure as possible although there may be certain variations in the actual amount allocable to them; but so far as the entire Railways are concerned, it makes no change but gives the correct figure. Hence, the simplified procedure would be to distribute the earnings on continuous mileage system. So far as *goods traffic* is concerned, this division, on mileage basis is effected to a very great extent. In respect of *passenger traffic*, however, the calculated fares of mileages were being utilised for purposes of apportionment. But no consideration

was paid to the fact that it was a telescopic rate and therefore the basis of division should be slightly modified. In fact, in the very early stages of company-management, the traffic was distributed on the basis of fares published in the Junction Fare Lists which gave the amount due to each Railway and the sum total for all the Railways involved was entered on the ticket and collected from the Public. There was thus no possibility of a Railway not getting its due proportion. The procedure that has been outlined for this purpose in regard to passenger traffic as published at page 184 of the RAILWAY ACCOUNTANT for September 1955 does not offer any simplification but only a rectification of the error committed in practice by some Railways. It is certainly desirable that apportionment of traffic in all aspects of earnings should be thoroughly reviewed and a system evolved by which the work involved would be reduced to the minimum extent without losing efficiency in such distribution.

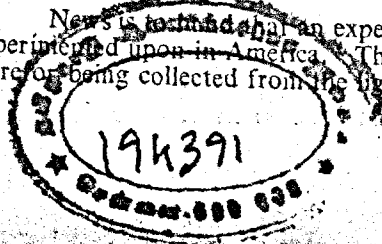
Another aspect in which the simplification has been missed is in the rules regarding allocation of expenditure. In spite of rules and regulations issued from time to time, doubts still continue to arise; the process of distribution and re-distribution continues; and more abstracts are being introduced, and thus the work of allocation goes on increasing. Nevertheless, the operation of the *suspense accounts* in the case of doubtful allocation, also continues to a greater and greater extent and such increase of entries in the suspense registers naturally brings about more work; and non-clearance of such items currently creates more trouble and accumulation of work.

Yet another aspect is the difficulty in the original organisation and handling of accounts records maintained at the various stages and their combination at the central offices. Of particular interest is the Provident Fund Account which has come in for a lot of criticism at every stage; and the means to be adopted for ensuring accuracy and expedition have yet to be established.

There are many more instances of this kind and we feel that it is very necessary that just as there are Research Bureaus appointed for consideration of defects noticed in Departments like Operation, Mechanical, Commercial etc., there should also be set up, by the Railway Board, a Central Research Institute for completely reviewing the Accounts procedures in force on all Railways and trying to evolve a simplified system for observance at various stages like the Regions or the Centre or the Railway Board. Such an organisation is urgently called for and we have referred to this need on previous occasions. We earnestly hope that this subject will receive due consideration, especially in view of the fact that great development of Railways is now on the anvil; and before things get out of hand, the Accounts department should also be thoroughly over-hauled and reorganised. No doubt there are Conferences of F.A. & C.A.Os of all Railways under the auspices of the Railway Board from time to time, but these tackle subjects only piece-meal. What we plead for is a work in entirety, regarding all aspects right up from the initial stages till their presentation to the Parliament.

Sunlight Worked Radio

New is technology, an experimental Radio Receiving set powered by Sunlight is being experimented upon in America. The set resembles the conventional table radio, the power there being collected from the light from the Sun.



Insurance of Stores ordered by the Government of India

Under the existing arrangements, stores ordered by the Government of India including Railways or its Purchasing Organisations are not commercially insured against marine or other risks, when the ownership of such stores vests in Government, unless special instructions to the contrary are issued. Most of the stores procured from abroad through the Stores Purchasing Organisations are, therefore, not commercially insured against marine risk.

The Government of India have decided that, where in any special case commercial insurance is required to be effected, in regard to Stores purchased by the India Stores Department, London, and the India Supply Mission, Washington, such insurance should be placed with the Indian Insurance Companies' Association Pool who will quote premium rates giving an undertaking that the rates are not higher than those of other Insurance Companies. The Pool will issue policies to the indentors concerned in respect of such stores as are required to be insured. The Pool will submit their premium bills to the indenting departments concerned and settle their claims etc., in the normal way. The premium payable to the Pool would be paid in rupees. In order, however, to ensure that the rates quoted by the Pool are always the lowest and that the certificates are correct, the India Store Department, London, and India Supply Mission, Washington will, once in a quarter, call for quotations of premium rates for some of the consignments, particularly those entailing payment of high premium, from foreign insurance companies and the Pool, and place the business with the lowest tenderer whether it is the Pool or any other insurer. The above periodical checkups of premium rates will ensure Pool's rates being maintained at the lowest level and the object in organising the Pool will also be achieved. Cases where Pool's rates are not the lowest

should be reported to the Controller of Insurance, Government of India, Simla.

This fact that an insurance-cover has been obtained for a particular consignment together with a certificate to the effect that the insurance was specifically required by the indentor will be intimated by the India Store Department/India Supply Mission immediately after shipment, to the indenting department, the Director of Supplies and Disposals, Bombay/Calcutta and Deputy Director of Supplies and Disposals, Madras, as the case may be, and the consignees and D. G. S. & D, New Delhi also, so as to reach them at least a week or ten days before the arrival of the vessel concerned. They will also intimate to the indenting department the premium rates quoted by the Pool in a prescribed form. On receipt of this report from the India Store Department, London/India Supply Mission, Washington, and the bill for the amount of premium from the Insurance Pool, the indenting department will arrange to settle the bill in terms of the policy, under intimation to the I. S. D., London and I. S. M., Washington.

On receipt of the insurance advices, the Director of Supplies and Disposals, Bombay/Calcutta and Dy. Director of Supplies and Disposals, Madras, or the consignee, will immediately notify any damages or losses noted on these consignments to the nearest representative of the Pool so that their representative can examine these damages and losses. The consignments involved should not be opened or disturbed except in the presence of the Pool's representative or on authority from the Pool that their representative does not wish to attend the survey. Any claim regarding losses or damages should be settled directly by the consignees or indentors with the Indian Insurance Companies Association Pool, under advice to the Directorate General

of Supplies and Disposals, New Delhi, and the Directors/Dy. Director of Supplies and Disposals at the ports.

The above procedure will *mutatis mutandis* apply to cases where insurance of imported consignments on rail while in transit is effected by the Directors/

Deputy Director of Supplies and Disposals at the ports at the request of the consignees. The consignees concerned will pay the Pool's bills direct under intimation to the Director/Deputy Director of Supplies and Disposals concerned.

— (Contributed).

Element of Chance in Law

This was the subject of a lecture recently delivered under the auspices of the Madras Bar Council, when Mr. Justice A. S. P. Ayyar presided.

Two senior advocates spoke on the occasion.

One said that law was referred to as a Drama in which the Personae were three in number, the judge, the lawyer and the client. Law itself, he said, was a gamble and success or failure depended on many factors, including the element of chance. A young practitioner might have many chances which would help him to come to the top but when once he got there, he must make use of the opportunity and equip himself to meet the situation. Every one should completely depend upon chances, but should, however, be prepared to work hard and face any situation that may arise.

Another senior Advocate defined the dictionary meanings of chance viz., risk and opportunity, which was common to the practitioners of law. Even with the element of chance in his favour, he said that no lawyer can aspire to be successful unless he was possessed of skill or scientific approach to the case and also adaptability. Every lawyer should try to captivate the eyes and ears of the judge and for this purpose a certain amount of tact and adjustability was necessary,

apart from a thorough mastery of the facts and law points of the case.

Mr. Justice A. S. P. Ayyar stated: as in the field of law and as in other walks of life, chance played not a little part. It helped an accused person convicted of murder and sentenced to death. The chance of a judge hearing the case, death of an important and only witness or death of a clever lawyer engaged by the other side were chances helping people to win or lose their cases. Sometimes judges take different views at different times on the same subject and this was also an element of chance favouring some.

The element of chance is no less an important factor in official life and particularly in the case of deserving officials. However much an official may be duly qualified, opportunities must come for his capacity being recognised and also for rewarding such capacity. The superior officer who has to review his work must also be considerate and broad-minded. This again is another element of chance.

We can multiply incidents to show that chance, meaning opportunities, does play a very important part even in Railways in the Administrative or technical or other aspects.

— (Contributed)

British Railways Productivity Council

The British Railways Productivity Council, which was established recently by agreement between the British Transport Commission, the Railway Trades Unions and the Confederation of Shipbuilding & Engineering Unions, held its inaugural meeting in London on July 20 1955 under the Chairmanship of Mr. J.C. L. Train, a Member of the Commission.

Subjects discussed by the Council included procedure and future plans (including visits of the Council to productivity projects in the Railway Regions); a general review of productivity on British Railways with particular reference to the modernisation and re-equipment plan; and the activities of productivity committees in the Regions. It was also reported that a joint sub-committee, comprising four representatives of the Commission and four of the trade unions, which has been set up to review the existing agreement for joint consultation on British Railways, would hold its first meeting this week.

The next meeting of the Productivity Council will be held in September. The Council is to present half-yearly reports of progress made throughout the railway industry, for the information of the Commission, the Area Boards and the Trades Unions.

TERMS OF REFERENCE

As already announced, the agreed terms of reference of the Council are:

(a) To initiate proposals of general concern and application, for increasing efficiency, including the best use of manpower; to advise the Commission (and through it the area boards) and the trade unions, as to appropriate ways and means whereby such proposals may be applied to the best advantage.

(b) To consider and to advise on matters referred to it concerning the modernisation and reequipment plan.

(c) To review from time to time the working of the machinery for joint consultation at all levels of British Railways and to advise as to what steps are considered necessary to ensure that the machinery is effectively used.

(d) To consider and to advise as to effective methods of publicising amongst the staff the objectives and the achievements of the Commission.

(e) To advise the Commission as to the possibilities of utilising the services of, and advice from, outside bodies or persons such as the British Productivity Council, the British Institute of Management and suitable outside consultants; also to advise as to the formation of representative teams to visit transport installations abroad and appropriate industries at home.

(f) The Council to present half-yearly reports of progress made throughout the railway industry for the information of the Commission, the area boards and the trades unions. The Chairman of the commission to advise the appropriate Ministers as he considers necessary.

The functions of the council will not extend to the negotiation or settlement of terms and conditions of employment which are normally dealt with through the machinery of negotiation established for this purpose, but this will not preclude the Council from suggesting the examination, through the machinery of negotiation, of any conditions of service which may warrant review.

The setting up of the Council is not intended to prejudice the operation of existing arrangements for consultation, and action at lower levels.

— (The Railway Gazette, London).

Speaking under the auspices of the Institute of Public Administration, Patna University, Mr. Deshmukh, Union Finance Minister, said that in his official capacity he had to see to it that every rupee, voted by the Legislature, was rightly spent; & this would not be possible without an efficient system of public administration. He stated further: "a public servant must have a soul. There must be a lively appreciation of duties and responsibilities and the mental attitude to stall important measures—the attitude to resist any change—must go."

FALL IN EFFICIENCY

The attainment of independence, Mr. Deshmukh said, gave an altogether new content to the role of public administrators. Previously, the country was mostly ruled by foreign administrators, though there was some Indianisation of the public services. After freedom, the foreign administrators went away and there was a general watering down of efficiency due to accelerated promotions. The question of economic development of the country came up and planning was taken up. A gradual socialisation of Government also set in and the Avadi Congress resolution was the outcome. All this took place within the framework of constitutional parliamentary democracy. The bureaucracy was subordinated to the chosen representatives of the people. Thus, a complete change was brought about in the control exercised over public administration. There was devolution of authority.

The state of affairs, Mr. Deshmukh said, necessitated a review of the whole situation. The qualitative difficulties were there due to accelerated promotions. Ensuring a proper mixture of talents—of the administrator and the expert—was also a problem. He felt he must express his anxiety whether the prevailing system of education would secure the kind of talent required for carrying out the development plans successfully. India did not lack in the right kind of

talent. But, that talent had to be educated or drawn out. Here, the present educational system was failing. With a change in the system of education this difficulty might be obviated. But certain other factors also would have to be attended to for improving public administration. Diversified training would be required for the new services. A purposeful survey of the country's requirements of personnel was very important from the point of view of planning, he added.

RED TAPE AND CAREERISM

Mr. Deshmukh said that private enterprise had a way of doing things which had not been possible due to red tape. He thought red tape and routine sprang largely from the nature of public administration itself because there was public accountability. Due to the Government's goal of socialisation, it could not create big disparities in salaries to draw talent for the public services, whereas private enterprise did not have that difficulty. It none the less created a dilemma for the Government. He felt that many people who entered the public services were motivated by a spirit of service and not merely because of security. This missionary spirit in the public services because of its social significance should be encouraged.

Mr. Deshmukh deprecated careerism in the services, which prompted men to secure promotion to higher and higher posts irrespective of merits through intrigue and seeking protection of influential men. The attitude of the legislators was also sometimes not helpful. While many public servants did their duties to the best of their ability, some legislators tended to be more censorious than was necessary. This resulted in creating a class of file pushers who shirked their responsibility.

The defects in public administrations were of sufficient importance to merit serious attention, Mr. Deshmukh said. To remedy the defects he suggested:

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(1) There should be an effective system of supervision. Fifteen per cent of the public servants were very good, 15 per cent very bad and the rest were a plastic mass, who could be moulded into shape through proper supervision and leadership. (2) A human touch in the relationship of the Ministers and the public servants. Public servants should be encouraged to say what they actually felt. (3) Constant statistical examination of performance. It should be investigated

to what extent public servants were falling short of improvement aimed at.

The success of a public servant, he said, should depend not only on his own efforts but also on his capacity to stimulate non-officials to work for the success of public utility scheme. The public servant's calibre should be judged by the extent to which he could maximise public co-operation in social and welfare projects.

Control of Expenditure in Relation to Quantity of Work done

The object of control of expenditure in relation to performance is evidently to ensure that the quantum of work done actually justifies the expenditure incurred. Quantitative units will, therefore, have to be devised for the several heads under which expenditure is incurred on the Railways. By its very nature, expenditure on certain heads such as Administration (staff salaries etc.) does not lend itself to control with reference to any quantitative standards of work. It is only in regard to the bulk of the operating expenses (including fuel) that the quantity of work done expressed in suitable quantitative units could be compared with the expenditure incurred. But even here this may not be possible under a number of heads of expenditure where the expenditure is more of a fixed character not varying with the output.

The number of train miles operated may be an overall standard for judging whether the expenditure incurred is justified by the performance. For this purpose, a standard will have to be built up by the technical experts and vetted by 'Finance', as to the total number of train miles that could be operated for the budgetted expenditure for each month. If the number of train miles operated falls short of the standard for the same expenditure, it may indicate that there has been some slackness. But the train mile unit may not be an all-conclusive

standard for the purpose of judging the expenditure in relation to performance, since so many other factors such as necessary detentions at stations etc., involving no mileage but extra time in working, may also come into play.

It may be possible to devise quantitative units for a number of heads of expenditure which lend themselves to this treatment. What exactly these units should be, will have to be decided by technical officers in consultation with 'Finance'. It may be mentioned, in this connection, that it may be possible to devise such units even under certain administrative heads of expenditure. For example, in the case of expenditure on salaries of staff of Claims Branch, it may be possible to lay down a target of so many cases per month.

We may now consider in more detail each individual Demand (Grant) of expenditure.

DEMAND NO. 4 is out and out a head of expenditure which has to be treated as fixed expenditure and it does not appear that this Grant should be taken up for the purpose of control of expenditure in relation to performance, except to a limited extent as indicated in the previous para. For this purpose, the portion of the expenditure that is susceptible of such control should be segregated and the corresponding quantitative units of

performance also ascertained each month, the specific quantitative unit being prescribed in advance. If special staff had been appointed for a specific purpose, for example, for clearing so many items of arrears of correspondence, such sanctions can be taken up for comparison of expenditure and actual performance in relation to the standards fixed originally.

In regard to DEMAND NO. 5—WORKING EXPENSES, REPAIRS & MAINTENANCE, the units mentioned in Statement 30 of Rly. Board's Annual Report for the different heads may appropriately be taken as quantitative units for the purpose in hand.

In regard to the maintenance of locomotives, carriages and wagons, the number of P. O. Hs and I. O. Hs to be done per month can be (and in fact is) fixed for each shop together with the amounts for the same and actual performance compared monthly. The "points" system of repairs can, of course, be used with advantage in this connection. Similar comparison can be made in regard to Electric Traction services also. In regard to the Engineering Works under Abstract A, the units of performance can, perhaps, be devised only under certain items such as, for instance, the number of points and crossings to be attended to every year and number actually done by the maintenance staff.

In regard to DEMAND NO. 6—WORKING EXPENSES—OPERATING STAFF, though the description of the Demand savours of variable expenditure, it will be seen that in actual practice, the staff are more or less permanent and do not vary with the number of train miles etc. Under "Loco power" and "Traffic" it may be possible to devise suitable units such as engine miles and ton miles respectively, but for passenger traffic, the passenger mile unit may not be quite appropriate. Another comparison of performance in connection with this demand would be that with the gross earnings. But as the gross earnings comprise of various elements, any change in the composition

such as increase in traffic of high-rated commodities with a decrease in low-rated commodities, though giving a higher revenue, may not necessarily involve extra transportation work. Viewed from this stand-point, the relation between earnings and expenditure may be only a general one while a comparison of performance unit (engine miles etc.) might be more useful for purposes of control and administration.

In regard to DEMAND NO. 7—WORKING EXPENSES—OPERATION—FUEL, almost the entire expenditure may be brought under control with reference to performance; but as the quantity of fuel used varies with the different gauges and kinds of performance (such as light engine, mixed trains, passenger trains etc.), a detailed control with reference to performance necessitates the breaking down of the provision (and expenditure) under this head under the different controllable units under each gauge. One point that may be noted here is that the actual financial cost on this account may not be very material under the present circumstances in which the basic cost of coal is controlled and the freight and other charges are a natural corollary (the source from which the coal is received and the agency by which it is carried will differentiate this). The quantities recorded should, therefore, be taken up for control while, of course, the cost incurred could be verified, so as to ensure that the quantities that are shown as having been used are correct.

DEMAND NO. 8—WORKING EXPENSES—OTHER THAN STAFF & FUEL, is also a part of Operating Expenditure, but it does not appear that the expenditure under this head can be controlled with reference to performance, because the nature of the expenditure under this head (Stationery, forms and tickets, handling of goods, compensation claims etc.) is not susceptible of being converted into specific quantity units. However, the total expenditure

can be taken into account for purposes of comparison of expenditure in relation to total train miles operated.

DEMAND NO. 9—WORKING EXPENSES—Miscellaneous, deals with contribution to Provident Fund, gratuities and special contribution to Provident Fund, expenditure on health and welfare services, loss on grainshops etc. This does not lend itself to control in relation to performance. The same remarks apply to Demand No. 9-A—Working Expenses—Labour Welfare.

In regard to WORKS GRANTS—12-A, 12-B, 15 TO 18, the detailed control in relation to performance should be exercised with reference to each work that has been sanctioned, preferably in regard to the works over a lakh each, while in regard to works of smaller magnitude, a

review in total might be considered adequate. The financial reviews and progress reports that are submitted for the schemes provide a measure of control in regard to quantitative performance, but instead of merely furnishing percentages of progress, it may be desirable to lay down that the number of quantitative units should be mentioned in regard to cash expenditure (for example, the number of track miles laid, number of quarters of the particular type completed etc.) Of course, it may not be feasible to lay a hard and fast rule for the purpose and the quantitative units to be prescribed under different heads should be revised or adjusted according to the needs and circumstances governing each case in the light of experience gained.

B. G. B.

X-ray Analogue

Dr. C. V. Raman, President of the Indian Academy of Sciences, Bangalore, announced in Oct. last a discovery made at his Institute of a new phenomenon which he termed as "The X-ray analogue" of the well-known Raman effect observed with ordinary lights.

He described this effect as under, in a lecture delivered to the Academy :

"When a pencil of X-radiation traverses a crystal, it excites the infra red or heat vibration of the atomic layers in the crystal and is itself reflected in the process in specific direction but with a change of frequency. Such reflection appears in directions which might be the same but are usually different from the direction in which the X-ray beam would be reflected by the atomic layers at rest."

Dr. Raman continued that this effect was a natural consequence of the views on the nature of atomic movements in crystals according to which the atoms in a crystal have a specific set of charac-

teristic vibration frequencies, in common, and can oscillate in perfect step with each other. As a consequence of this situation, the X-rays scattered by the electron clouds moving with the atoms, can, despite such movements, reinforce each other in specific returns and give rise to reflection of X-Rays analogous to those which the atomic layers at rest can give. But there is now a change of frequency of the reflected X-ray beams. Of particular interest is the fact that the atomic vibrations are excited by the X-rays even when they are of such high frequencies that they are not thermally excited to any sensible extent. In this respect, the X-ray phenomenon is analogous to the optical Raman effect observed on crystals. But there is this important difference between them—that the mechanism of the X-ray phenomenon is much more closely akin to that responsible for the absorption of long waves of heat radiation in their passage through a crystal.

Nov. '55

Irregularities in Contracts

The Public Accounts Committee have made some very drastic comments in regard to the establishment of a Machine Tool Prototype Factory by the Defence Department of the Government of India and have pointed out in detail some of the avoidable irregularities. These irregularities which are set down below are likely to be guidances to the Officers of the Railway Department also, who have to handle foreign contracts.

1. Payment of advances of several lakhs of rupees to a foreign firm in contravention of the terms of the agreement without the Forwarding Agent's Receipt.

2. Provision in the contract for the foreign company to exercise full discretion in the matter of purchase of stores without stipulating that such purchases should be made in a competitive field or observance of other conditions which were essential in any purchase activity.

3. Failure on the part of the Ministry to exercise any check on the reasonableness or otherwise of the prices at which purchases were made by the Foreign Company in spite of a provision to that effect in the contracts. They merely relied on the Certificate of the Company's Auditors.

4. The Company had failed to train adequately Indian personnel as agreed upon (13 foreign technicians are still continuing in service).

5. Absence of an agreed schedule of detailed production programme as part of the agreement, thus resulting in the Company's demand for a formal closure of the contract before establishing beyond doubt that the factory could go into full production.

The Public Accounts Committee felt that the above made it demonstrably clear that the whole project had been

planned in an unrealistic manner and executed perfunctorily. Indecision at every stage and frequent changes in designing resulted in the chequered progress of the project. There was also undue haste in concluding the agreement with the foreign firm for the setting up of this plant, though the Ministry was not ready at its end with the necessary buildings. The Committee therefore suggested that the Ministry should evolve a suitable procedure in consultation with the High Commissioner for India in U.K. whereby it would be possible to ensure that in respect of all purchases for which payments were made abroad, stores had actually been received in India and had been taken on charge by the receiving depots. Every effort should also be made to tighten up the procedure for control by the Services Headquarters over receipt and accounting of such stores.

Purchase of Stores: The following remarks made by the Public Accounts Committee in respect of the purchases of the Defence Ministry are likely to be of value for the guidance of all purchasing Officers to whatever Department they may belong, including the Railways.

The Committee has adversely commented on the repeated failure of the Inspecting staff of the Indian Supply Department, London, to carry out the proper inspection of goods purchased from abroad before their shipment to India and have recommended strong punitive action against reckless disregard of these primary duties. The Committee is averse to any recognised procuring agency being bypassed without any justification unless extreme urgency is proved to necessitate a deviation from the established procedure. They do not also approve of any order being placed with any unapproved firm.

Subjects of Moment

Officiating Arrangements in Place of Territorial Army Personnel on Annual Training

Officiating arrangements may be made where this is inescapable by promoting Officers and staff, and substitutes employed, by recruiting men in the lowest category in place of Territorial Army personnel of Railway Territorial Army Units released for Annual Training of approximately one month continuously. The Territorial Army Personnel may continue to retain their Railway Quarters during such period, but they should be posted back to their original Railway Headquarters on return from training.

(R.B. E54 ML3/7/3 dated 15-9-55 to the G.M., N.E. Railway).

Scale of allotment to Class IV Staff to Officers

In order to arrive at a uniform basis of allotment of Class IV staff (Bungalow Peons and Office Peons) for Officers on different Railways and also to lay down the scale of Class IV staff in this connection, the Board have called for the following information from the Railways:—

(i) Existing scale of Class IV staff attached to Officers in different grades;

(ii) Railways' recommendations in view of the Finance Ministry's Memo dated the 22nd December 1947;

(iii) Comparison with the scale sanctioned by State Governments.

(R.B.No. E55 Misc/25/3 dated the 8th September 1955).

Advance on Transfer

Permanent Railway Servants officiating in higher posts may be allowed, on transfer, an advance of pay to the extent of the pay they are drawing immediately before transfer or pay that they will be

entitled to after transfer, whichever is less.

(R.B.No. F(E)55/ADV5/(2) dated 5th September 1955).

Advance on Deputation Outside India

Railway Servants proceeding on deputation outside India may be granted advance of pay, subject to the following conditions:

(i) Period of deputation is not less than one month;

(ii) Amount of advance is limited to one month's pay of the Officer and is recovered in not more than three monthly instalments; &

(iii) In case of temporary Government servants, a surety from a permanent Railway Servant is obtained before the advance is recommended.

(R.B.No. F(E)55/ADV5/(1) dated the 5th September 1955).

Payment of Running Allowance to Apprentice Firemen

Apprentice Firemen when they proceed on line as part of their training should be paid mileage allowance under Rule VII (i) of the Rules applicable to running staff, i.e., mileage as for half the actual miles run or travelled.

Running allowance in case of those deputed to work on foot-plate will continue to be governed by Board letter dated the 6th January 54.

(R.B.No. E(S)55 RS/12 dated the 13th September 1955).

Employment of Dependents of Railway Servants in Foreign Missions in India

The intention of wives and dependents of Government Servants who take up employment with foreign Missions in India should be intimated in advance to the Government for consideration by

Ministry of Home Affairs whether the acceptance of such employment would be open to any objection; and if so, to prohibit such employment. Ordinarily, where a Government servant is handling work of a secret nature or where such employment is not otherwise considered desirable, the proposed employment of the dependant should be prohibited.

(R.B.No. E55 RGS-16 dated the 13th September 1955).

Counting of Leave Period in Officiating Service for Increment

In partial modification of para 1(b) of O.M.No. F(E)52-RC3(1) dated the 20th May 1952, it has been decided that Rule No. 2022 (FR26) (c)-R in regard to reckoning of service for increment that officiating and temporary servants in higher post will also include the period of leave on average or privilege upto a maximum of four months or 120 days as the case may be, provided it is certified by the appointing authority that the railway servant should have actually officiated in the higher post, but for his proceeding on leave from the higher post. These orders to take effect from the 19th April 1952.

(R.B.No. F(E)52/RC-3(1) dated the 8th August 1955).

Equality of Two Scales in Pay Fixation

For the purpose of fixation of pay, on revision of the prescribed scale, the Railway Board have decided that with effect from the 30th August 1955, two scales 160-220 and 150-225 should be treated as equal.

(R. B. No. E(S)54 CPC/152 dated the 30th August 1955).

Head Controllers' Posts as non-Selection Posts

Subject to review after receipt of final recommendations on Selection and Non Selection posts, the posts of Head Controllers in the scale of 260-350 in the Headquarters Office of the Western Railway are treated as non-selection

posts, while the post of Section Controller in P. S. Rs. 200-300 will continue to be treated as selection post.

(R. B. No. E54 P. M. 1/13-3 dated 7th September 1955).

Catering Supervision Committees

For better inspection of catering arrangements, the Board desire that small Committees should be constituted on every railway. The Committee should consist of non-official members of Railway Zonal Committees and members of other well-known important social Service organisations. Such Committee should consist of 3 to 5 members with a majority of ladies under the Chairmanship of the C.C.S. The Committee should be associated with the supervision of catering arrangements both departmental and non-departmental and may occasionally undertake tours of Inspection etc. for the purpose.

(R.B.No. 1374-TG-55 dated the 12th September 1955).

Contracts for Works

The Railway Board have decided that, as the high rates for labour and material prevailing in 1951 still continue and the position remains unchanged, their orders of 1951 regarding increase of monetary limit for submission of copies of all Contracts and Agreements to Accounts Officer as laid down in Para 1121 E, may be continued as a temporary measure for a further period of 3 years upto 31-3-1957.

Allocation of Stipend to Students, Cost of Railway Training Schools, etc.

Railway Board have decided as under, w.e.f. 1st April 1955 :—

I. Expenditure on Staff Training College, Baroda. 15-D: Miscellaneous Railway Expenditure.

(Demand No. 3: Misc: Expenditure).

II. (a) Cost of training of non-gazetted Staff.

Demand No. 9-A—III. Education.

(b) Pay & allowance, etc., of Special Class Apprentices.

(Demand No. 4—XI. Other General Departments and Miscellaneous Expenses.)

Demand No. 9-A — Working Expenses — Labour Welfare. (Abstract G.)

(b) Pay & allowances of gazetted trainees.

Demand No. 4 — Working Expenses — Administration. (Respective Departmental Abstracts).

Revenue Abstract G.

Sub-Heads	Detailed Heads	Sub-detailed Heads
1600-A : Cost of Staff Training	1610-A : Cost of training of Staff	1611-A : Cost of staff training schools. (P) [Demand No. 9-A].
		1612-A : Pay or stipend of non-gazetted staff under training in Rly. training schools. [Demand No. 9-A]. (Q)
		1613-A : Wages and allowances paid to non-gazetted staff on refresher courses conducted in Rly. Training Schools. [Demand No. 9-A].
		1614-A : Pay, Stipend & allowances of non-gazetted staff receiving training outside Rly. Training Schools. [Demand No. 9-A].
		1615-A : Other charges. (R) [Demand No. 9-A].
		1616-A : Cost of training abroad of non-gazetted Rly. personnel. [Demand No. 9-A].
	1620-A : Special Class Apprentices training expenses	1621-A : Special Class Apprentices' training expenses. [Demand No. 4].
	1630-A : Expenses of Trade Test Panel	1631-A : Establishment charges. [Demand No. 9-A].
		1632-A : Other charges. [Demand No. 9-A].

Notes : (P)—This should include pay and cost of instructors, messing charges, up-keep, etc. of Railway Training Schools.

(Q)—This should cover stipend and pay and allowances of trainees of all departments under training in Ry. Training Schools. Further sub-detailed heads for the various departments may be opened by the Railways locally, if necessary.

(R)—This should include remuneration paid to any institution for training of non-gazetted Ry. staff.

Ry. Board's nos. 54 AC II/3/1 of 20-10-54 and 54-B-4120 of 22-10-54.

Cashing of officers' private cheques from Railway Earnings

It is a cardinal principle of treasury accounting that receipts should not be utilised for departmental expenditure or for withdrawals for any purpose except in special circumstances. The circumstances under which this can be done have been detailed in paras 1405-G and 1406-G. The acceptance of private cheques at stations also comes under the general category of withdrawal of cash from Railway receipts. The private cheques of the

Gazetted Officers of the Railway are authorised to be cashed either at the Railway Stations or at the Cash Office, in accordance with the local rules to be prescribed by the individual Railway Administrations. Local limitations have no doubt been laid down in the past by individual Railways. The Railway Board have since laid down uniform limitations for being observed by Railways in this respect. The limitations are as follow:—

	Maximum per cheque	Maximum per month
(1) Senior and Junior Administrative Officers (i.e. G. M., Heads of departments and Dy. Heads of Depts.)	Rs. 500	Rs. 1500
(2) Senior Scale Officers	200	1000
(3) Assistant Officers (i.e. Officers of Assistant rank)	100	600

Not more than one cheque can be drawn per day for encashment from Railway receipts. It may be noted in this connection that it is to be left to the good sense of the Officers to ensure implementation of the above orders because the Officers are generally allowed to draw cheques at different stations and also in the Cash Office, and it would therefore be an almost impracticable proposition to expect that a control against the monthly maximum limit can be exercised by the stations or the Cash Office. Any check that may be made can be done only by the Cash Office by a rather circuitous process of opening a ledger account for each Officer and posting in that account the amounts of private cheques of officers cashed at different stations and received from the stations along with the cash remittance notes every day, the cheques cashed at the Cash Office being also included for purpose of control against the maximum monthly limit.

Period for preservation of work registers

Under the existing rules (Para 1764-E) the register of works is required to be maintained permanently and it cannot be destroyed at any time. It has since been decided by the Railway

Board, that it is enough if the Work register is preserved for a period of 30 years. This has been made clear by means of advance correction slips to para 1764-E and other concerned paragraphs. We do not quite feel that this limitation of time for preservation of this important record of asset viz. Works Register, is justified, but this is presumably necessitated by the fact that owing to the partition of the country and the regrouping of all Railways, as also Federal Finance Integration of erstwhile State Railways, it has not been possible to trace the old Work Registers. This, however, cannot, in our opinion, be a reason for making a permanent departure from a wholesome and well-established principle.

In regard to *completion reports* also which are required under the existing rules to be retained as permanent records, a time limit of 20 years has now been laid down, by means of an advance correction slip to para 1818-E. Of course, in regard to this it has been laid down that necessary entries in the register of buildings, bridges, etc. should be made before the completion reports are allowed to be destroyed. Here also, the fixation of a time limit appears to be not a step in the right direction.



Readers Forum

Sale of Military Tariff and Conference Rules Part II

One of the Examinees for App. III Examination has complained that he is unable to procure on payment either the Military Tariff or the Conference Regulations Part II, published by the I.R.C.A. He states that he was informed by the I.R.C.A. Office that their sale to the public has been totally restricted under orders of the Railway Board. He, therefore, complains that the restriction imposed adversely affects the staff of the Railways, who are all to be conversant with the rules contained therein to meet the Departmental Examinations viz., App. II and App. III. It is, therefore, necessary that the Railway Board should make some arrangements by which their orders are revised so as to afford necessary facilities to the examinees.

We endorse the stand taken, which is not individual but common to all. The same difficulty applies even in the case of the Manual of Statistical Instructions issued by the Railway Board which is also very essential for Examinees taking Traffic Statistics as one of their subjects for App. III Examination. It, therefore, behoves the Railway Board to revise these orders and afford adequate facilities to candidates.

Editor, Railway Accountant.

Levy of Surcharge of 6½% on Smalls Goods Traffic

We published a query on the above subject and called for readers' views thereon at pages 168 and 169 of THE RAILWAY ACCOUNTANT for August 1955. We have since received advice that on one of the Zonal Railways, the total weight of the Invoice is taken into account for determining the levy of the surcharge, irrespective of the number of

commodities booked. On another Railway, we understand, that almost the same interpretation is being given. It is essential that an order clarifying the position should be issued by the Railway Board so that a common procedure may be followed by all Railways.

Editor, Railway Accountant.

Account of Parcel Way Bill Delivered at Short of Destination

A subscriber from Ajmer writes:

"To Pay Parcel Way Bill delivered short of destination: You have mentioned in one of your recent Journals that this must be accounted for at the original destination, like goods, but the invoice is sent direct to the destination station, unlike the P. W. B., which accompanies the Parcel. The second destination station will take to account this transaction through Memo Invoice for goods Traffic whereas the original destination will account for the through Traffic Invoice received. But how Parcel Way Bill will be accounted for at both destination stations, because there is nothing like Memo Parcel Way Bill and if the destination will call for the P. W. Bill and the original destination will account for it. Kindly explain in detail".

It is accepted that the Conference Regulations Part II, 1945 Edition, as corrected from time to time, is still in force. According to this, regulation 26(1) deals with through Invoice or Way Bill issued but consignment subsequently delivered at or short of destination. This regulation does not make any distinction in the procedure to be adopted whether the consignment is goods traffic or parcel. The regulation definitely provides for the destination to submit an overcharge sheet to Audit in support of

the special credit in its balance sheet, in the case of a To Pay consignment; or if the Way Bill is a "paid" one, overcharge sheet being taken as a voucher for the special credit for the original way bill issued by the booking station. As far as we understand, there has been no correction to this procedure and consequently it has to be followed, so as to offer some force to the position that in the absence of the original Parcel Way Bill at the original destination station, he would not be in a position to know of any such entry as due to him. But the station at which the Parcel was delivered could not obviously take into account the Parcel Way Bill issued to some other station, nor can any Parcel Way Bill be cancelled once it is issued. Hence the destination at which delivery had to be effected must call for a fresh Way Bill from the Booking Station which must in all respects as to weight, freight etc., correspond with the Way Bill issued to the original destination and account for the same to link up with his delivery. The original way-bill should then be cleared by means of a certified overcharge sheet.

Editor, Railway Accountant.

Station Balance Sheets

Some comments on two balance sheets were published at pages 171 and 172 of this Journal for August 1955. Members from Jullundur City have asked for some further elucidation on the subject.

(1) "Item xv—*Freight on consignments diverted to other stations* Rs. 50/-. Para 901—T specifically lays down that the Parcel Way Bill should accompany the parcel to destination station. It is, therefore, not understood how the Parcel Way Bill reaches the destination without Parcel. In this connection reference is also invited to para 2348—A."

Note: The provision made in the Accounts Code is at variance with the provision made in the Conference Regu-

lation 26 (1) which has been referred to *ante* in another connection.

Para 901—T makes general provision in regard to all Parcel Way Bills foils. The P.W.B. that has reached the second destination with the Parcel can be used only for noting particulars but not for proper accountal as it was issued to some other station.

Editor, Railway Accountant

(2) *Item (i) Value of time tables sold:* Rs. 30/-. "The item should be placed under the heads "Sundries" on the debit side and under "Cash" on the Credit side of the balance sheet; the outstanding on this account being watched through separate register to be maintained at the station."

We are not aware of the actual practice on every one of the Railways; but on a particular Railway, the debit on account of these time tables is taken by the Station at the time of their receipt on the basis of the supply advices and their sale value passed through cash, the outstanding being watched by actual stock. This is a simple enough procedure and also fits in with the general principle of Book-Keeping requiring accrued liability of value stock being brought to account concurrently. The same thing applies in the case of other priced articles like Consignment Note Forms or I.R.C.A. publications given to stations for sale.

Editor, Railway Accountant

(3) *Outstanding demurrage:* Para 1220—T has unfortunately got the words "irrespective of whether these have been realised or not". These have done sufficient havoc and are responsible for the confusing ideas about the procedure in regard to outstanding demurrage. It is time that the phrase is deleted from the Code so as to conform to normal practice on Railways that only realised items or the realised amount together with the value of the remission orders

awaited for the balance are brought to account.

Editor, Railway Accountant

(4) *Revenue Stamps at Stations:* A doubt has been raised in regard to the appearance of *Revenue Stamps* in the station Balance Sheets. Since at some big stations, the Station Masters are vested with powers of settling compensation claims, it is necessary for them to keep in stock some revenue stamps for being pasted to the receipts to be obtained from the claimants when compensation claims are paid to them. These stamps can conveniently form part of the Station Imprest so that when they are affixed to the receipts obtained, the value realised from the payees automatically gets into the imprest as cash. Hence no detailed account for these stamps need be kept. These Revenue Stamps have obviously to be purchased by the Stations and kept with them for urgent use and their stock

would be very little—within less than 10 perhaps.

Editor, Railway Accountant

Leave Rules

Two subscribers of the Journal have asked for a tabular statement of the different kinds of leave rules by which Government servants are governed and the examination of their comparative merits.

The information is, no doubt, valuable from the Examinee's standpoint. But, as it can be obtained without much difficulty from any office, it is not proposed to publish this lengthy information in the Journal. Further, constant changes in these rules would make the publication easily out of date. It is, therefore, regretted that the subscribers' request cannot be complied with.

Editor, Railway Accountant

Books Review

INDIAN RAILWAYS ACT by Ramcharan Dass, Railway Advocate N. & C. Railways (Assisted by two other advocates). Publishers: Messrs Law Book House, 12-D/3 University Road, Allahabad, Pages vii plus 409. Price Rs. 15/.

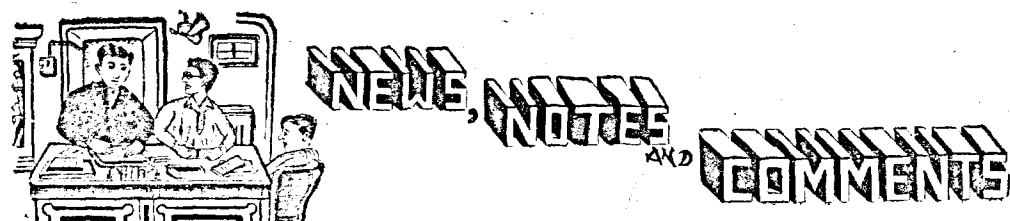
The Indian Railways Act (Act IX of 1890) has been amended from time to time and this publication has endeavoured to give an up-to-date version of this important Act. All Indian case laws pertaining to the Indian Railways Act have been incorporated together with important English decisions. The Commentaries have been rendered in a lucid and readable style.

The Act gains its importance owing to the many changes that have been introduced latterly like the Indian Independence Act, 1947, and the Indian Railways (Amendment) Act No. XVII of 1955. Several important changes have been introduced in the procedural

structure of Railways and consequently, to have an up-to-date edition ready to hand is a very great desideratum for any Administrator or Financier in the Rail-Department. The Author has every reason to be proud of his work since he is closely connected in his legal capacity with two outstanding zonal railways and has been ably assisted by two fully qualified Advocates of good standing in the profession.

Besides the Act proper with the commentaries, case laws, enunciation of principles etc. under each Section, the book has been made more useful by the addition of a number of Appendices dealing with certain allied Legislative enactments and also with the new forwarding notes and the old risk notes, whose forms play a great part in Railway Transport.

We strongly commend this book to every Railway in India as a ready and up-to-date reference book.



India's Third Steel Plant

The proposed 3rd steel plant in India, in Durgapur, West Bengal, is estimated to cost 1250 million rupees, of which 1,100 million rupees will be the cost of setting up the steel works and the rest the cost of construction of a Township approximately of the size of Chittaranjan, near the Plant site.

The Mills are designed to produce a million tons of steel annually at an estimated operating cost of 170 million rupees.

The Government of India expect the plant to produce 3.5 lakhs tons of pig iron in addition to one million tons of steel referred to above.

Durgapur Steel Plant

The Union Minister for Steel disclosed that the construction of the third Steel Plant at Durgapur, West Bengal, would possibly begin at the end of 1956. He further stated that the third Five-Year Plan would think in terms of increasing Indian steel production to nearly 16 million tons and that Bokharo in Bihar had been selected as the site for the fourth steel plant. The site itself may be developed within the second Five-Year Plan.

Metric System

The Standing Metric Committee decided at their meeting on the 21st October 1955 that Government Departments like the Railways should make a beginning for gradual change over to the metric system of weights and measures.

The Standing Committee decided that milestones and furlong stones should

be marked in metric units as early possible. It was suggested as an interim measure that a furlong could be taken as an equivalent of 200 metres and every fifth stone marked to show a kilometre. The error in measuring distance could be corrected at a convenient point. The Committee also decided that the existing balance and other measuring devices, particularly on the Railways, should be recalibrated in metric units. They however decided that the manufacture of standard weights and measures based on the metric system for distribution to the public should be planned in advance in consultation with the State Governments. The working standards will continue to be prepared by the Mint, and the preparation and periodical verification of secondary standards will be dealt with by the National Physical Laboratory.

Phased plans for the adoption of the metric system prepared by the Ministries of Defence and Railways which were considered by the Technical Sub-Committee were also approved by the Standing Committee.

The Railway Plan is divided into three periods of five years each. During the first period, milestones should be replaced by kilometre posts. Specifications, schedules of rates etc., will be re-written, new Tariffs for booking passengers and goods will be drawn up and the staff will be familiarised with the metric system. New schedules of tariff will be brought into force during the second period when all the machines (weighing) will also be modified. Fares and Time Tables showing distances and fares in both the systems will be issued. During the third period, the metric system will completely replace the present foot and lb. system. Indian Standards Institution

Plan aims at conversion of Indian standards within a period of ten years.

Estimates Committee

The Estimates Committee, under the Chairmanship of Mr. Bolwantray Gopaljee Mehta, met in the Parliament House on the 19th October 1955, to examine the estimates relating to the Ministry of Railways and held discussions with the Director, Efficiency Bureau, Railway Ministry and an Ex. Member of the Railway Board on various problems of Railway Administration.

Southern Railway Users Committee

The Zonal Railway Users Consultative Committee, Southern Railway, at its meeting in October under the Chairmanship of the General Manager, discussed several matters and suggestions. The Chairman informed the Committee that Railway Board had decided to appoint Supervision Committees for catering arrangements on Railways; each committee consisting of about five members, majority of them ladies drawn from Zonal Committees and from important Social Service organisations.

He also informed the Committee that it was not a good policy to curtail running of goods trains by introducing additional passenger trains.

Institute of Chartered Accountants of India

Mr. C. S. Sastri, Chartered Accountant, Madras has been elected as President of the Institute of Chartered Accountants of India.

The Chairman and Members of the Madras Regional Council and the Members of the Madras Region of the Institute were "at home" to Mr. C. S. Sastri in honour of his election as President of the Institute.

Mr. Justice A. S. P. Aiyar, who presided, stated, in the course of his address to the gathering, that Account-

tancy was known to India for over 3000 years and recalled how Gandhiji insisted on proper maintenance of accounts. He pointed out that the methods of accounting in vogue in our country had been given to us by the Britishers and he urged the importance of honesty and integrity in maintaining and auditing accounts.

Theory of Accounting

In an article on "Blueprint for a theory of Accounting" (*vide* "Australian Accountant", September '55), Mr. R. J. Chambers, Associate Professor of Accounting in the University of Sydney, has laid emphasis on the necessity for formulating the fundamental premises for a theory of accounting, which should take into account the latest trends and the assumptions and axioms of accounting which should be accepted without question by the profession as a whole. For this purpose, Mr. Chambers recommends that descriptive and analytical studies of practice are necessary and adds: "Only if there are such studies is it possible to test what is done against what is required. But even more necessary is the development of a theory, which provides an ideal system against which expedient and convenient and unsystematic practices may be tested."

Needless to say, such a line of action is urgently necessary in the case of Railway accounting as well.

Ecafe's Railway Sub-committee

The fourth session of ECAFE's Railway Sub-Committee will be held in India in the second week of December this year. The venue of the meeting has not yet been finalised, but it is expected to be held either in New Delhi or in Bombay.

The meeting is being held in India at an invitation extended through the Indian delegation which attended the third session of the Railway Sub-Com-

mittee of the Internal Transport Committee of ECAFE in Tokyo last October.

The meeting in India is likely to be attended by about 100 delegates from countries in the ECAFE region.

(W. Ry. Magazine—Sep. '55).

Full Divisional System on the Central Railway

Railway Accountants are aware that the Divisional System on the Central Railway has been one of a partial nature in that the Commercial Department is outside the scope of the Divisional Superintendent while the Engineering Department has also been to some extent standing on its own, though meetings of the several departmental authorities in the Division were held for *ad hoc* purposes by the Divisional Superintendents. The Railway Board have decided to make this quasi-divisional system a pucca one on the same lines as on the Eastern Railway; and the first step in the introduction of the full divisional scheme was implemented at Secunderabad on 16th August, 1955 when the Divisional Commercial Superintendent's Office at Secunderabad was merged with the Office of the Divisional Transportation Superintendent. This change was accompanied by the devolution of a greater measure of authority in commercial matters to the Divisional Transportation Superintendent, who is an Officer of a higher status. The need for making references on certain matters to the Chief Commercial Superintendent at Bombay has been eliminated, thus enabling the railway users to have several day-to-day problems resolved at Secunderabad itself.

Calendar Reform

It has already been published in these columns earlier that a Committee was appointed by the Government of India in order to ascertain the extent to which the Calendar should be reformed. It is now learnt that this Calendar Reform

Committee has recommended that for all official purposes, Central and State Governments should use the "Saka" Era which, astronomers all over the country had been using since 500 A.D. It has also been stated that this change-over may take place from the Saka year 1878 Chitra 1, corresponding to March 21, 1956. The Committee found that the continuance of different lunar calendars for different places is a relic of the medieval practice and that in these days of improved communication and free Press and Radio, there is no justification for continuance of such practice. They have, therefore, fixed up holidays for a Central Station 82°30' East and 23°11' North which may be used for the whole of India. The dates of the festivals of the Hindus, Jains, & Buddhists have been determined on this basis. The Committee state that they have made a scientific study of the subject and given their calculations. The Central Government seem to consider that the Committee's Scientific and Unitary calendar may be used as a source book for almanac makers in India.

It may also be noted in this connection that India has placed before the U.N.O. a proposal to replace the Gregorian Calendar, which is inconvenient and unscientific, by a new World Calendar. But this can be decided only by international agreement.

The Calendar Committee in India has also devised a solar calendar for all-India use in which it has been proposed to give up calculations of the Surya Siddhanta in which the Solar months vary from 29 to 32 days. The new solar calendar has adopted the solar motion for fixing up the dates of festivals.

The Calendar Committee have stated that they have no intention of interfering with local rites and festivals and other details given by Panchangam makers; but they would certainly recommend that the calculation of *Tithis* and *Nakshatras* given in the Report of the

Calendar Committee may be used as a skeleton on which other matters may be superposed.

P. R. O.'s Press Meeting

On the 31st Oct. the P. R. O. Southern Railway held an informal meeting with the Press in his office at which he explained the various improvements that were being effected in regard to wagon position, over-crowding, Mahamakham festival at Kumbakonam etc. Questions were raised in regard to the overcrowding in Suburban trains and also in the Second Classes of Passenger and Mail trains. A suggestion was also made that one of the remedies for such overcrowding in Second Class would be to limit the issue of tickets to the sitting accommodation provided on the trains in that Class of carriage. This was found all the more necessary as no sleeping accommodation was available and as higher fares were paid than by Third Class passengers and therefore some sort of an amenity had to be provided in consideration of the higher fares.

The P. R. O. pointed out that overcrowding in trains was not a domestic problem but one that affected all the Railways throughout the world. It would necessarily take time for each Railway to study the local conditions and devise remedial measures to the maximum extent possible gradually.

The P. R. O. also stated that arrangements had already been made to transport 7% increase in traffic with almost immediate effect as against the arrangements for the increase of 20% anticipated.

End of C. & A. Genl.'s Foreign Tour

Mr. A. K. Chanda, Comptroller and Auditor General of the Government of India, returned from Geneva on the 16th Oct. 55. He had gone abroad on a routine inspection tour of the Offices at London and Washington. His impression was that considerable improvement

had been made in the work there and things were going on well.

Deviation from contracts

As stated in an earlier issue, (Page 136 of Aug. '55) the Railway Corruption Enquiry Committee criticised the manner in which the terms of the original contract were widened to include other items of work in certain cases, because such deviations often enabled "the Engineer in charge to favour the Contractor and give him higher profits". An instance of a contract for earth-work in an important Railway construction was particularly commented on by the committee, and we expressed the doubt whether the deviation from the contract in the particular case in question had been agreed to by "Finance". It is seen from the Enquiry Committee's report that 'Finance' was actually consulted, and the Chief Accounts Officer's observations were as under:

"Excluding the items under reference (items 6 and 7 of the contract) for which payment is proposed to be made on all inclusive rates including supply of machinery, a comparison of the tenders for the three reaches of earth-work is shown in the statement attached for the various contractors and it will be seen that the contract would not have been awarded to.....as the lowest tenderer, excluding items 6 and 7 (a).

It is unfortunate that alternative rates were not called for in the original tender itself.

'Finance' has thus cleared itself of its duty and responsibility in this case.

Second Five Year Plan (Railways)

From 1st April 1956

TENTATIVE FIGURES

Total expenditure contemplated	Rs. 1,480 crores
(First Five Year Plan Rs. 400 crores).	
Doubling of lines	2,400 miles
New Constructions	3,400 miles

(In addition, Rolling stock, electrification of track, modernisation of workshops, operational facilities, staff welfare works are included).

Anticipated increase
in Traffic from 1st
Nov. 1955 20%

Anticipated increase 50% over what was
in Traffic at the at the begin-
end of 2nd Five ning of the 2nd
Year Plan i. e., on five year plan;
1st April 1961 or 80% over
traffic existing
on 1-4-55.

The Revenue statistics show that, even now, there is an increase in the earnings to the extent of about 11% as compared with last year. This, in our view, is a sure indicator that the increase in traffic anticipated at the end of the 2nd Five Year Plan period is not much exaggerated, particularly having regard to the huge productive schemes that will come into fruition in the second plan period and the higher standard of living expected to be achieved in our country in the coming years.

Import of Wagons Under U. S. Foreign Aid Programme

A total of 8800 new rail wagons are to be supplied to India under the Indo-U.S. Technical Cooperation (Point Four) Programme.

A total of 5500 freight wagons are coming from Austria, France, Japan and the U. K., while the U.S. is supplying 3300.

50 Locos are also being manufactured in the U.S., 25 in Japan and 25 in the U.K. for supply to India.

550 Rail Wagons out of the above have already been unloaded at Calcutta and Okha.

The U.S. Government has so far allotted Rs. 18.66 crores in economic and technical aid for the rehabilitation and

expansion of the Indian Railways. This amount will cover, in addition to the purchase of wagons and locos, referred to above, expenditure on financing surveys with accompanying reports to help provide a basis for sound development, reorganisation and expansion of the Indian Railways under the 2nd Five Year Plan.

The Indo U.S. co-operative project for railway rehabilitation is under the general supervision and administration of the Indian Ministry of Railways. The wagons and locomotives being bought by the United States become the property of the Government of India.

The Government-run railway organisation is the biggest nationalised industry in India; its 35,000 miles of rail track are India's lifelines. The Indian railway system is the biggest in Asia and the fourth largest in the world (the U.S. system is the world's largest with 400,000 miles). The system carries 80 percent of all internal freight traffic and 70 percent of the nation's entire passenger traffic. It is the largest single employer in the country—for one out of every 365 Indians is a railway worker; one out of every 85 is dependent on the railways for his living.

American economic and technical assistance is directly designed to further the objectives of India's First and Second Five Year Plans. An important part of the effort is the railway rehabilitation, expansion and modernisation programme, for the maintenance of the railway system at the highest pitch of efficiency; and its expansion to meet growing needs is of basic importance for both agricultural and industrial development.

In 1949, the World Bank granted a loan of 34 million dollars for the rehabilitation and development of the Indian Railways.

PERSONNEL

Refund of Earnest Money to a Tenderer

The Government of Madras have ordered that the forfeiture of earnest money deposited by a Tenderer with the Corporation of Madras, who withdrew his tender after the time fixed for the

tender was 'oppressive and unreasonable' and that, therefore, such deposit should be returned to him in future.

Note: The same rule should apply to all similar cases whether in Government or elsewhere.

Personnel

Sri P. C. Bhattacharyya, Financial Commissioner, Railways, has been appointed Secretary, Finance Ministry, (Revenue and Expenditure) in place of Mr. M.V. Rangachari, who has gone on leave.

Sri J. Dayal, Financial Adviser, Defence Ministry, has been appointed Financial Commissioner for Railways.

Sri C. T. Venugopal, provisionally permanent F.A. & C.A.O. [now Director, Finance (Expenditure), Railway Board], is finally confirmed as F.A. & C.A.O. with effect from 15th August 1955.

Sri D. P. Mathur, provisionally permanent F. A. & C. A. O. (now S. D. G. M., Central Railway) is finally confirmed as F. A. & C. A. O. with effect from 14th September, 1955.

Sri S. G. Pothan, Officiating F. A. & C. A. O., North-Eastern Railway is confirmed provisionally as F.A. & C.A.O. with effect from 1-8-1955.

Sri S.S. Gore, Officiating F. A. & C. A. O., Central Railway, is confirmed provisionally as F.A. & C. A. O. with effect from 14th September, 1955.

Sri B.K.T. Iyengar, I.A. & A.S., has been appointed as F.A. & C.A.O. Eastern Railway, Calcutta.

Sri Martin Kamath has been appointed as F.A. & C.A.O., South-Eastern Rly.

Sri B. C. Desikachari, Chief Operating Superintendent, Southern Railway has been appointed as Director of Food Movements, New Delhi, under the Ministry of Food and Agriculture. He was relieved at Madras on the forenoon of 1st Nov. 1955.

Sri Ratanlal, Divisional Superintendent, Eastern Railway, was promoted as Chief Operating Superintendent, Southern Railway, vice Sri Desikachari. He joined duty at Madras on 1st Nov. '55.

Sri S. Rajagopalan, Dist. Traffic Superintendent, Madras District, Southern Railway, has been appointed as Dy. Chief Operating Superintendent, with effect from 20th Oct. 1955, in place of Sri M.C. Sivasankaran, on leave preparatory to retirement.

Sri T.P. Ramakrishnan, Asst. Treasurer, Southern Railway, was transferred as Asst. Personnel Officer, (Special) Southern Railway.

Sri T. Venugopal, Senior Officer (General), Royapuram, has been appointed as Anti-Corruption Officer, S. Rly. Sri S. Mantharam, Statistical Officer will relieve Sri Venugopal.



STUDENTS' CORNER

Booking of Goods Traffic

As an aid to the examinee, the following general information is extracted from the Railway Freight Structure Enquiry Committee's Questionnaire. It is hoped that it will facilitate remembering the information:

The following terminal, transhipment and short distance charges are levied in addition to the conveyance charge based on mileage of haul:

A. Terminal — I. For General Merchandise:

- | | |
|--|-------------------------------|
| (a) Where the railway is required to do the loading & unloading. | 8 pies per maund at each end. |
| (b) Where the owners are required to do the loading or unloading, or where at the option of the Railway they are permitted to do so under special arrangement. | 6 pies per maund at each end. |
| (c) When booked in wagon loads between points within the same station area. | 8 annas per ton at each end. |

II. For Coal:

- | | |
|-----------------------------|-------------------------------|
| (a) When not in wagon loads | 8 pies per maund at each end. |
| (b) When in wagon loads | 8 annas per ton at each end. |

B. Transhipment — I. For General Merchandise:

- | | |
|--|-------------------|
| (a) On all goods booked as 'smalls' and on goods in wagon loads to which the minimum weight conditions W/- and C/- apply. | 3 pies per maund. |
| (b) On all goods moving in bulk and booked in wagon loads to which the weight condition "C.C" applies (i.e. freight is reckoned on the carrying capacity of wagons). | 2 pies per maund. |

II. For Coal:

- | | |
|-----------------------------|-------------------|
| (a) When not in wagon loads | 3 pies per maund. |
| (b) When in wagon loads | 5 annas per ton. |

C. Short Distance Charge — I. For General Merchandise:

- | | |
|--|-------------------|
| Where the aggregate distance for charge is less than 75 miles. | 6 pies per maund. |
|--|-------------------|

STUDENTS' CORNER

II. For Coal:

No short distance charge is leviable.

* * * * *

The rates chargeable for coal, all varieties, coke—hard and soft—, patent fuel, and coal shale and lignite are charged on the same basis of charge as shown below:

(1) At Owner's Risk:—

	Pie per maund per mile.
1 to 200 miles	.30
plus 201 to 400 miles	.10
plus 401 to 1000 miles	.08
plus for all distances beyond	.07

(2) At Railway Risk:—The rate per maund is 20 per cent higher than the owner's risk rate, exclusive of terminal, transhipment and other extra charges except for traffic in bulk involving transhipment *en route* due to break of gauge or ferry for which Class I rate only is chargeable.

The rates per ton for coal, coke and patent fuel are subject to the maximum of Rs. 23-2-0 per ton for 1486 miles and upwards.

The conditions of carriage are contained in Chapters II—page 36 etc., of the I. R. C. A. Goods Tariff No. 29 of 1954.

* * * * *

The following are the bases of the standard telescopic class rates which are applicable on continuous mileage over the different railways; the minimum rates per maund and the standard telescopic wagon load-scales.

Class	Basis of telescopic class rates			Maximum rate per maund exclusive of terminals, transhipment and other extra charges which should be added.
	Pie per maund per mile			
	For the first 300 miles	Plus for the next 300 miles	Plus for distances beyond	
				Rs. A. P.
1st	·54	·45	·34	3 3 0
2nd	·59	·49	·38	3 8 0
3rd	·64	·54	·42	3 13 0
4th	·69	·58	·46	4 3 0
5th	·75	·63	·49	4 8 0
6th	·80	·68	·54	4 14 0
7th	·86	·73	·58	5 4 0
8th	·92	·78	·62	5 9 0
9th	·99	·84	·66	6 0 0
10th	1·07	·90	·71	6 7 0
11th	1·14	·97	·76	6 14 0
12th	1·22	1·04	·82	7 6 0
13th	1·30	1·11	·88	7 15 0
14th	1·55	1·18	·94	8 11 0
15th	2·32	1·41	1·00	10 9 0

Wagon load scale	Basis of standard telescopic wagon load scales			Maximum rate per maund exclusive of terminals, transhipment and other extra charges which should be added.
	Pie per maund per mile.			
Rs. A. P.				
W. L/A	25/100 miles plus	20/300 miles plus	15 for distances beyond	
W. L/AR	30/100 "	25/300 "	20 "	
W. L/B	48/100 "	32/300 "	23 "	
W. L/BR	48/100 "	30/300 "	20 "	1 14 0
W. L/C	34/150 "	31/150 "	17 "	
W. L/CQ	36/150 "	33/150 "	18 "	
W. L/CR	41/150 "	38/150 "	24 "	
W. L/D	38/300 "	26/300 "	17 "	1 13 0
W. L/E	43/300 "	21/300 "	15 "	
W. L/F	43/300 "	32/300 "	21 "	
W. L/G	48/300 "	26/300 "	19 "	
W. L/H	48/300 "	35/300 "	23 "	
W. L/I	43/300 "	20/300 "	15 "	

Payments from Station Earnings

On page 228 of the October 1955 issue of this Journal, we made some remarks regarding the above subject. The correspondent in question has written to us again stating as under:

"In the answer to the Balance Sheet of the Traffic Accounts paper 1954, refund vouchers have been shown as *vouchers* but on railways, where these are in vogue, these are shown under *special credits* for the reason that traffic earnings are reduced by the amount of these vouchers. Similarly, refund of deposit on monthly season tickets where special debit is taken for deposit, refund on tickets purchased in advance but surrendered on subsequent dates within the permissible period of availability; and refund of registration fees are treated as items of special credits. Even the amount of dividend warrants of co-operative societies is shown under special

credits, (compare para 1406 (b) - G). In the absence of any provision in the Traffic Code all such payments should be shown under vouchers so that the amount of total receipts (cash and vouchers) is not affected".

Note: Obviously there has been a confusion of ideas. The general principle underlying the representation of these vouchers in a station balance sheet depends partly on the position of the Station Master and partly on the basic principles of operation of the head Traffic Account. While the Station Master can conveniently represent any amount that he has paid out of his collections on the credit side under vouchers, from the accounts stand-point, these vouchers should be separately shown according to their purpose (i) whether the item represents a reduction in the earnings or (ii) whether it is an item to be recouped in the

Accounts Office on account of payments made at the station for administrative convenience when really it should have been made by the Accounts Office. Thus in the latter case, the items should definitely be shown under vouchers. While in the former case it would be certainly correct to show them under special credits.

The procedure of showing paid Dividend Warrants of Co-operative Societies, under special credit is obviously due to the fact that the money deposited by the Society for such payments has already been credited to Traffic Account and payments therefrom are only reductions of such amount.

— Editor, Rly. Accountant.

Rules for Wharfage & Demurrage

A student subscriber asked for clarification of the Examiner's commentary that some basic factors were deliberately omitted in the question on wharfage and demurrage set in Station Accounts paper for 1954. Obviously the Examiner was referring to the omission of the weight in sub-division (i). Without the exact weight, it is not possible to calculate the amount of wharfage as it is dependent on the number of days and the weight of the consignment.

Editor, Rly. Accountant.

Recording of Parcels and Luggage Cash at Small Stations

One of the subscribers writes as under:

"There appears to be some disparity between the method of recording the receipt of parcels and luggage cash at small stations. Para 504-T says that the amount of each parcel way bill or L.T. should be posted in the proper 'train money' column of the Daily Trains Cash Book, whereas para 520-T says that the amount should be entered in the total column. The former method appears to be more correct as it ensures a prompt

4-B

accountal of cash in the Trains Cash Book."

Note: The exact procedure depends upon the type of station and the volume of transactions per day. Where the entire cash is dealt with by one individual for coaching and the Parcels and Luggage Cash is only a very small portion, it is sufficient if the total amount is entered at the end of the day though if that cash is tallied train by train and the cash is all mixed up, it would be necessary to post the amount while closing the Trains Cash Book in the 'Train Money' column. If, therefore, the parcels and luggage cash is kept separately, it is sufficient to enter it in lump at the end of the day in the total column. There is thus no clash between the two ideas.

Ed. R. A.

Cancelled Excess Fare Tickets

A correspondent writes:—

"Para 650-T states that all foils of cancelled excess fare tickets should be pasted to the returns. The correct method appears to be as for blank paper tickets viz., passenger foils with guards' certificate if any, to be sent with the daily statement of non-issued tickets, accounts foil with the monthly return and the record foil to remain intact in the books for record."

Note: The use of the word "all" in the para referred to is not very clear. It could not be the intention of the writer that even the record foil should be taken away from the Book, as all the foils are machine numbered for purposes of check locally by the T.I. As. Assuming the retention of the record foil at the Station, the disposal of the other two foils should be that they should remain together and be despatched to the Accounts Office along with the return monthly in support of the non-accountal of any amount in respect of that particular ticket number. The separation of the foils and their despatch daily and

monthly would not be in the interests of safety as linking of such cancelled tickets may not be done in the Accounts Office satisfactorily. Further, even in the case of blank paper tickets, whenever they are cancelled, both the cancelled foils should be attached only to the monthly returns and the two foils for passengers and Accounts Office should not be separated.

Editor, Rly. Accountant.

Adjustments between "Consolidated Fund of India" and "Public Account" Regarding Expenditure from the Reserve Funds of Railways

With a view to have Parliamentary Control over expenditure to be incurred from the various Railway Reserve Funds, viz., D.R.F., Revenue Reserve Fund and Development Fund, which form part of "Public Account", the Railway Board decided in September 1954, in consultation with the Ministry of Finance and the Comptroller and Auditor General of India, that an accounting device should be adopted by means of which expenditure should first be treated as having been incurred from the "Consolidated Fund" and the "Consolidated Fund" being recouped by transfer of an equal amount from the "Public Account". The following accounting instructions are laid down for the purpose:

1. *Depreciation Reserve Fund*: In the monthly accounts, the gross amount of working expenses, including the ex-

penditure from the Depreciation Reserve Fund, will be shown against major head XV-A. Indian Railways - Commercial Lines - Deduct Working Expenses; or XV-B - Indian Railways - Strategic lines Deduct Working Expenses; and the amount of expenditure chargeable to the Depreciation Reserve Fund will be shown also against a new minor head to be opened - 'K - Deduct - Amount met from the Railway Depreciation Reserve Fund' *

There will be no change in the Schedule of transactions under XV-A or XV-B or in the maintenance of the registers of works etc.

2. *(Railway) Revenue Reserve Fund*: The † withdrawals from this fund to meet the deficit in working will be treated as receipts and credited to the existing major head - XVI, B - Transfers from Railway Revenue Reserve Fund. In the case of loans to Branch Line Companies from Revenue Reserve Fund, the expenditure should, in the first instance, be booked under the head "P - Loans and Advances by the Central Government" under Consolidated Fund and simultaneously transferred to the Revenue Reserve Fund through a deduct entry under the former.

3. *Development Fund*: The nomenclature of the major head 15-I - Open Line Works - Revenue should be changed to "Open Line Works" and the under-noted Group minor heads and the minor heads thereunder opened.

Revenue Works

- (A) Staff Amenities
- (B) Staff Quarters
- (C) Operating Improvements ‡

Development Fund Works

- I. Amenities to Passengers
- II. Labour Welfare
- III. Operating Improvements
- IV. New Lines. §

Deduct - Amount met from Railway Development Fund.

[* † ‡ §] See next page.

The amount of expenditure chargeable to the Development Fund will be initially booked against the major head 15-I - Open Line Works and also shown against the deduct entry head specified above. There will be no change in the schedule of transactions relating to this major head or in the register of works etc.

The Board decided further in May 1955 that appropriation to D.R.F. should in future be exhibited under a separate Minor Head instead of being exhibited along with the expenditure on Renewals and Replacements under the same main Head as done at present.

This new Minor Head is styled "K - Appropriations to D.R.F." with effect from 1-4-1955; expenditure on renewals and replacements continue to be booked under the Main Heads A/IV, B/IV, C/IV, D/IV, H/IV and J/IV.

The Major and Minor Heads of expenditure under "B" - Railway Revenue Account appearing in General Books are as under:

'B' Railway Revenue Account

Major Heads	Minor Heads	Main Heads
XV-A - Indian Railways		
Commercial Lines.		
Deduct Working Expenses	A. Maintenance of Structural Works	I. General Administration II. Repairs and Maintenance IV. Renewals and Replacements.
	B. Maintenance and Supply of Locomotive Power	I. General Administration II. Repairs and Maintenance III. Operating Expenses IV. Renewals and Replacements.
	C. Maintenance of Carriage & Wagon Stock	I. General Administration II. Repairs and Maintenance III. Operating Expenses IV. Renewals and Replacements.

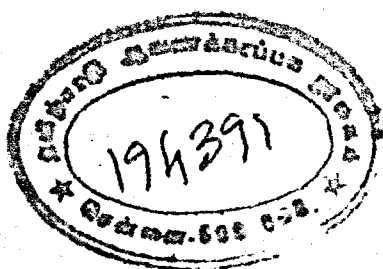
* Since altered to "L - Deduct - Amount met from Railway Depreciation Reserve Fund".

† For Railway Board's Office only.

‡ A new Minor Head "(D) Other Works" has been opened with effect from 1-4-55 to record the expenditure on works for providing amenities for staff including staff quarters, costing not more than Rs. 25,000 - each, etc. - Vide page 122 of THE RAILWAY ACCOUNTANT for July '55 for fuller details.

§ Since deleted w. e. f. 1-4-55, as the entire amount is charged to D.F.

Major Heads	Minor Heads	Main Heads
	D. Maintenance and Working of Ferry Steamers and Harbours	I. General Administration II. Repairs and Maintenance III. Operating Expenses IV. Renewals and Replacements.
	E. Expenses of Traffic Department	I. General Administration II. Repairs and Maintenance III. Operating Expenses.
	F. Expenses of General Departments	I. General Administration II. Repairs and Maintenance.
	G. Miscellaneous Expenses	I. General Administration III. Operating Expenses.
	H. Expenses of Electrical Department	I. General Administration II. Repairs and Maintenance III. Operating Expenses IV. Renewals and Replacements.
	I. Suspense.	
	J. Expenses of Signal and Tele-Communication Department	I. General Administration II. Repairs & Maintenance III. Operating Expenses IV. Renewals and Replacements.
	K. Appropriation to Depreciation Reserve Fund	A. Engineering Department B. Locomotive Department C. Carriage & Wagon Dept. D. Ferry Steamers & Harbours H. Electrical Department J. Signal & Tele-Communication Department.
	L. Deduct - Amount met from Depreciation Reserve Fund.	



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Questions set in **Optional Subjects** in previous years have also been collected subject by subject and published separately for enabling a proper study of the subject. There are no answers to these, nor any Guide to solve them.

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Precis & Draft : and General Rules & Procedure : Questions set for 1955 Examination will also be published with answers.

Note : The last three papers will be included in *one volume* and released by the middle of December '55. Orders can be registered with an advance of Rupee one.

Other questions of 1955 will also be published separately. Guides for giving general knowledge of each of the subjects are contemplated and may be issued shortly.

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