Anniversary Number

THE

RAILWAY ACCOUNTANT

A Monthly Journal devoted to Railway Accounts, Audit & Finance

Published on the 15th of every month.

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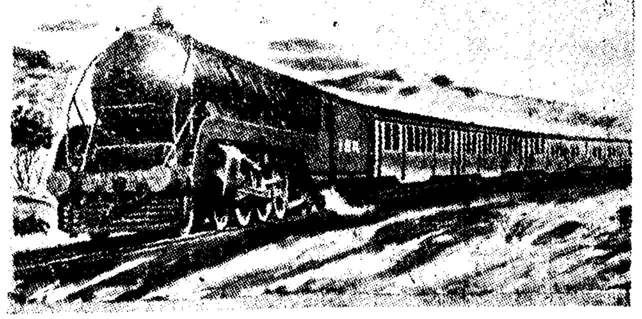
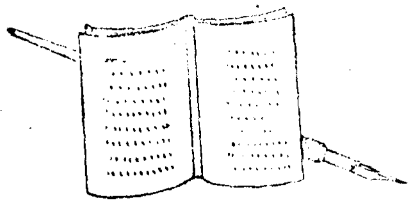
RAILWAY ACCOUNTANT





RAILWAY ACCOUNTANT

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EDITORIAL NOTICE

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

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

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

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

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

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ACKNOWLEDGMENTS

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

Central Railway Newsletter—*Mar. 1955*
Central Railway Magazine—*Mar. 1955*
Northern Railway Magazine—*Mar. 1955*
North Eastern Railway Magazine—*Feb. 1955*
Western Railway Magazine—*Feb. 1955*
Chartered Accountant—*Feb. 1955*
Eastern Railway Magazine—*Jan. 1955*
Southrailnews—*March, 1955*
Indian Railway Gazette—*April, 1955*
Accountants' Journal, New Zealand—*Mar. 1955*
Australian Accountant—*Feb. 1955*
Careers & Courses—*April, 1955*

Messages

Sri A. K. Chanda

Comptroller and Auditor-General of India,
29-3-'55.

I am glad to learn that the "Railway Accountant" Journal is celebrating its first anniversary next month. I need hardly emphasise the importance of a professional journal in this era of specialisation. By an objective, yet technical presentation of the various problems, it plays a significant role in the development of professional competence. I am confident that this Journal will continue to maintain the high standard it has set for itself. Equally, I hope it will make its contribution towards building up healthy traditions for the profession.

Sri P. C. Bhattacharyya,

Financial Commissioner, Railways, Railway Board.
8th April 1955.

It has given me great pleasure to learn that you are publishing the Anniversary Number of your Journal "The Railway Accountant" in April 1955. Your Journal is perhaps the only one which provides the medium for exchange of ideas on Railway accounting and auditing subjects for the benefit of those professionally interested in Railway accounting problems, which are of a specialized character. I have no doubt that your Journal will foster the development of *esprit de corps* among Railway Accountants and Auditors and help them to develop a progressive outlook to enable them to fulfil their role successfully in the future development and expansion of the Railways in India. I wish your journal every success.

Sri D. P. Mathur

Director, Finance (Accounts), Railway Board,
18-3-'55.

I am very glad to learn that the Journal "The Railway Accountant" published by you will be concluding one year of its existence. I am sure your journal is fulfilling an important role in enlightening the professional Railway Accountants and Auditors.

I convey my best wishes for the success of your enterprise in the next and future years.

Messages

Sri S. S. Gore,

F. A. and C. A. O., Central Railway,

18-3-'55.

The anniversary number of "The Railway Accountant" will be out next month and I am looking forward to the issue with great interest.

I am aware that the management has spared no pains to make it a useful and valuable publication, thereby serving the needs of a good number of Railwaymen.

A valuable cause deserves every encouragement and I am sure all those who have been served by this publication will join me in wishing it continu-d and greater success.

Sri M. R. Swaminathan

F. A. & C. A. O., Southern Railway.

2-4-1955.

I have great pleasure in sending my good wishes on the occasion of the publication of the Anniversary number of your useful Monthly. Most of us on Railways have been neglecting the professional and theoretical aspects of railway accounts working and have been content to apply the rules as they are issued from time to time by higher authorities without trying to understand the need for them in all their detail and whether it will conduce to better working, if they are in any way altered or simplified. In connection with the listing of deviations from Code rules which were sent up by different railways, it was frequently noticed that Railway Accounts Offices had got into a routine conception that their existing methods were perfect and hence they pleaded hard to retain such deviations even though they were widely divergent from the State Railway rules. This does not mean that what is once stated in the code should be made perpetual, but it does call for a periodical sensible examination of railway accounts working in different directions by responsible persons in the organism. To bring out what is best and to evolve into a better state of affairs, the Railway Accounts units should encourage independent thinking amongst all their staff, whether high or low, and giving expression to a person's views on these matters is a very important step in the direction. "The Railway Accountant" Journal serves the need and it should receive maximum co-operation from all concerned.

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THE RAILWAY ACCOUNTANT

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

14, BALAKRISHNA ROAD, MADRAS-4.

Vol. II **APRIL 1955** **No. 1**

A Retrospect

We have completed a year of existence and it is time for us to examine the various objectives we placed before ourselves while inaugurating this Journal a year ago and find out to what extent we have been able to carry out our ideas. We anticipated that we should be able to realise without much difficulty our objectives and aims provided that we were given the unstinted and hearty co-operation all Railway Officers and staff in India.

Though we have not had that much of support and assistance which we could ordinarily expect from all Railways, we cannot under-estimate what we have received so far; but we would like to see in the very near future a desire on the part of every railway official to be eagerly awaiting every issue of the Journal, anxious to know what fresh knowledge he can drive therefrom.

From the very beginning, several sections were provided in the Journal for covering various aspects: *Subjects of Momement* for collecting all important orders, most of which are not available to all; *Readers' Forum* for bringing together doubts and difficulties met with in actual working on the various railways and also intricate points, clarifications etc., dealt with by them; *Students' Corner* to collect topical problems requiring elucidation or discussion so as to be of direct benefit to the students appearing for examinations and incidentally to others as well; *News and Notes and Comments*: dealing with topical items of interest together with brief remarks thereon, with suggestions, if any. These various sections are in addition to the normal ones in any Journal, *Editorials* and *Contributions*. In the former the management picked up subjects of importance and discussed them, offering suggestions for improvements if any. In the latter are included speeches on Budget and other allied points which include articles specially written for the Journal by various Officers on important topics. The variety of such topics dealt with can be easily ascertained from the index prepared for this section for the past one year. We would, however, like to emphasise the need for greater interest being taken by Railwaymen in responsible positions to contribute their quota of knowledge through this section of the Journal.

In this connection, we would like to draw the attention of readers to "What others think of us" on various occasions. The Association of American Railroads, Washington, wrote to us "Your undertaking, if properly supported, should be of benefit to those engaged in, or even merely interested in, railway-accounting.

* * * *

Your publication should increase the knowledge and stimulate the interest of those to whom it is directed, thereby increasing their efficiency and their appreciation of the importance of their functions in railway operation and management.

* * * *

Your organisation should supply the forum through which many of the things we are able to accomplish through well-knit organisations can be realised in India and I wish you every success towards this end." From the Messages received for the Anniversary Number published elsewhere in this issue, it will be found that our attempt to make this Journal a very useful and valuable publication to serve the needs of a good number of railwaymen, has met with success to a great extent; and that with greater encouragement, still greater success is possible. The journal is fulfilling an important role in enlightening Railway Accountants and Auditors by furnishing them with considerable amount of material which has been of great interest and value to them. If the various railway accounts units encourage independent thinking among all their staff, whether high or low, the Journal would offer a very convenient medium for them all. It need hardly be said that periodical detailed examination of Railway Accounts working in different directions by responsible persons is an inevitable necessity and should be ensured by those with forward views. The Journal has been trying to maintain a standard which is midway between that for learners and that for those in authority. But it is hoped that, in the near future, with greater encouragement and support from responsible authorities, the standard of the journal will be raised higher and will fulfil its set purpose of building up healthy traditions for the profession.

Among the various subjects that we have dealt with, the Railway Finance Convention is an important one, and we pointed out in advance the lines which the revision should take into account and how the old convention of 1949 was defective from the point of view of allocation rules. We also suggested the lowering of the rate of dividend. Though our proposals have not been wholly accepted by the Convention Committee, we feel certain that the decision to charge a lower rate of interest on certain types of capital provided by the General Revenues, is an important change. Even the allocation rules require a thorough overhaul so as to make them simple and efficient in the new set-up of the Administration. We have also discussed several aspects of railway budgeting in India and budgeting in various countries. We have discussed here and there several smaller aspects of railway accounting like Development Manufacture Suspense, grouping of works etc. Articles on Civil accounting have also been embodied now and then, and frauds and irregularities have been commented upon. These together with passing comments on news items should be a great enlightenment to those who need them. We have been repeatedly drawing the attention of the authorities to the great need for associating an Accounts Expert

in all Committees, where financial considerations have to be discussed. We have in this connection pointed out the adoption of such methods in foreign countries. Every attempt has been made to cover as many aspects of railway accounting as possible and our endeavour continues to bring in more and more details of several aspects that require either elucidation or augmenting or otherwise.

The index for the first volume of this Journal, sent to the subscribers among with this issue, shows the variety of subjects handled.

Our thanks are due to all those who contributed Articles to Vol. I of the Journal. We are particularly indebted to Sri C. S. Ayyar, I.A. & A.S. retired Officer of the Government of India for having permitted us to edit and publish his articles on Railway Stores Accounting, and Traffic Book. We trust these articles to be of great assistance to those who need a brief resume of the subject. We are also indebted to the various Journals and Magazines from which we have been permitted to extract useful articles from time to time. We hope that the views, notes, etc., contained in the "Railway Accountant" are of assistance to other Magazines and Journals also. In fact, our Editorial in July 1954 issue on "Railways' Investment in Road Services" has been appropriately referred to in the "Railway Gazette" of London. We trust that we have at least in part fulfilled our ambitions and that we shall be enabled in the future to do much more by heartier co-operation from all interested in the profession.

Appendix II-A Examination—March 1955

The first Examination under the new All India basis was held on the different Railways from the 14th to 17th March 1955. We would like to draw attention to some of the aspects of the questions set for the Examination this year.

Paper on General Rules & Procedure

(Without Books)

Compulsory Subject

In the General Rules paper, the following appears as the II question :

"Describe briefly how ticket indents and collected tickets are checked in the Accounts Office. What types of frauds are possible and how can they be detected?"

This question contains too many disjointed portions and is an example of what is called in legal language "a misjoinder". The check of ticket indents has nothing in common with the check of collected tickets and there is obviously no question of frauds in ticket indents. Considering, therefore, the elementary standard of the paper, the question could have been worded better and separate sub-divisions could have been given for each of the points.

Similarly Question No. XI runs as under:

"How are goods abstracts and summaries checked?"

There is no mention as to whether they relate to local traffic or foreign traffic and whether to outwards or inwards. Though, in the case of local Traffic outwards summaries have to be compard with inwards, in the case of foreign traffic checks are different for the outwards abstracts and the inwards abstracts. A broad and indefinite question of this sort should not have been set. In fact, no answer can be treated as complete unless it covers all the above aspects viz., local traffic, (both outwards aud inwards), foreign outwards and foreign inwards traffic.

The paper contains two questions in Establishment, and one each in Workshops, Stores, Expenditure and Books and Budget and General, besides three questions on the Receipts side. The paper is thus representative on the whole; though another set of questions on each General Accounts aspect might have helped the candidates in selecting the optional questions.

Book—Keeping

(Compulsory Subject)

This paper contains one practical and compulsory question, and eight others on Theory, out of which any four have to be answered. The standard of the paper is good though opinions may differ as to the inclusion of one or two more practical questions.

This subject was introduced for the first time this year, and there was thus no precedent for the examiner or examinee to follow.

Precis & Drafting

(Compulsory Subject)

This is one of the three compulsory subjects for the Examination. The portion set for making out a precis consisted in abridging running matter of over a thousand words into half its size. The question on draft comprises two sub-divisions out of which one had to be selected. One was drafting of a letter and the other a Circular. The paper may be treated as an ordinarily easy one, but the candidate would have to study the passages carefully to pick out all important matter for his precis.

Moisture and Heat Resistant Paper Perfected.

A new glass paper which is not affected by changes in moisture in the air and withstands high temperatures has been perfected in New Work. The paper is made of microscopic glass fibres, which, because they are slender, mat and felt together. The paper has a high tear strength and a hard, smooth surface. It can be used in the printing industry as a high quality stock not affected by changes in moisture in the air. The new product is said to be useful to electronic engineers because it withstands higher temperatures than ordinary insulating paper.

Cost Accounting

(A lecture on the topical subject of "Cost Accounting" was recently delivered at Bombay by Shri K. S. Bhandari, M. A., I.R.A.S., Cost Accounting Expert and Dy. Chief Accounts Officer, Chittaranjan Locomotive Works. Shri N. C. Sen, Assistant Accounts Officer, Western Railway, Bombay, has kindly given the following resume, of the lecture which will no doubt be read with interest by Railway Accountants.

Mg. Editor, Rly. Accountant.")

The Western Railway Accountants and Accounts Inspectors Association had been trying for sometime past to arrange for a study circle and they had been trying to persuade Officers of their own departments as well as of Executive Departments to deliver lectures on subjects of professional importance. Somehow or other, although the response from the Officers contacted was more than what was expected, no start could be given so far. Fortunately for the Association and quite unexpectedly, on the 3rd of January, 1955, we assembled to hear Shri K. S. Bhandari, Dy. Financial Adviser and Chief Accounts Officer, Locomotive Manufacturing Works, Chittaranjan, on Cost Accounting. The ice has been broken and it seems the year 1955 has started with promising prospects for the Association.

2. Before dealing with the interesting and educative lecture delivered by Shri Bhandari, I cannot help diverting to inform your readers how it all happened. Perhaps your readers are aware that there was a Special Session in the Baroda College in the last week of December, 1954 where Accounts Officers from all the Railways assembled to hear Shri Bhandari on Cost Accounts and also to deliver lectures on subjects of special importance themselves. Such an assemblage is, perhaps, the first of its kind in the history of Indian Railway Accounts and I wonder if scope of similar training could not be extended further. Unfortunately there is no common forum in our country for dissemination of knowledge in Railway Accounts. I hope your esteemed journal will atleast give us the long awaited common forum and I also hope that the men in the profession would make the best use of it.

3. We are extremely grateful to Shri T. S. Subramanian, our Deputy Financial Adviser, who, so to say, persuaded Shri Bhandari, while in the Baroda College, to deliver a lecture before the Accounts Officers and Accountants of this Railway, under the auspices of the Association. We are equally grateful to Shri A. Sahul Hamid, our Deputy Chief Accounts Officer (G), who very kindly took the initiative of making necessary arrangements under his personal supervision. I must also avail of this opportunity to express our extreme gratefulness to our worthy F.A. & C.A.O., Shri M. R. Swaminathan, who blessed the occasion by taking the chair and delivering short speeches both before and after the lecture of Shri Bhandari, impressing, *inter alia*, upon the necessity, at this moment, of improving the professional efficiency of the Accounts Department as a whole. He said that a time has come when there was no time to lose. In our individual interest and in the interest of the Nation as well, we, the Accountants must shake off our old ideas and views and march forward with the modern theories of accounts which, so to say, has brought about a revolution in the Western countries. Sri Swaminathan's inaugural talk was quite befitting in view of the fact that it was he who was invited to inaugurate the Special Session in the Baroda College as well.

4. Now, coming to the main point, i.e. the lecture delivered by Shri Bhandari,

I must confess that if your readers expect that Shri Bhandari's lecture will be reproduced verbatim, they will be disappointed. Shri Bhandari went on speaking ex-tempore and it was not possible to take a note of it. Still I had attempted to take down certain points which only I put below in my own language.

5. Hardly Shri Bhandri started, we were taken by surprise to find Shri Peyton, our CME., quietly entering the room I cannot help recording my appreciation of his gesture, and thank him on behalf of our Department for having set an example of co-operation between Executive and Accounts.

6. Cost Accounting, said Shri Bhandari, as employed in the Locomotive Manufacturing Works, Chittaranjan, is a revolutionery experiment in production and staff. He said it was an experiment, not for the Mechanical Engineers alone, nor for the Civil Engineers, but it was an experiment for all concerned, viz, Mechanical, Civil, Electrical, Accounts and what not. Chittaranjan is perhaps the first town-ship in India where a revolution has been brought in, to set an example before the private sector as to what a manufacturing industry, if placed in capable hands, can do. He was of the opinion that besides other advantages that the country will gain from the experiment now being carried out in Chittaranjan, it will perhaps bring a revolution in the concept of manufacturing business as well as in labour relations. Shri Bhandari said that it is only in Chittaranjan that out of the total estimated expenditure of the project, nearly one-third has been spent on the township alone. The Chittranjan workers, irrespective of their class, have the minimum of a two-room house fitted with electricity and water supply, besides other amenities. To an orthodox Accountant this may appear to be quite an unnecessary item of expenditure as there is no sense in providing a worker with such spacious accommodation full of amenities. But said Shri Bhandari, with a grave tone of challenge, that we would show to the private sector of Indian Industry that production can be increased and the cost of production can be kept within a reasonable limit even by spending such huge portion of the Capital for the amenities of the workers. He said the efficiency of production depends on the workers themselves; and if the workers are unhappy, it will be a colossal mistake to expect efficiency in production from them. He repeated once again that we will have to remember this particular aspect of the Chittaranjan Manufacturing Works that it intends to open a new vista to the workers of the Indian Republic as well as to the private sector of the Indian Industry.

7. It being so, he continued, a complete reorientation of the outlook of the orthodox Accountants of the Indian Railways has been necessitated in Chittaranjan. In Chittaranjan, the Accountant is not an Accountant in the sense he is so in any other Railway. True, there is an element of cost accounts in the Railway Workshops but it still follows the old pattern and as such, no new out-look is needed for even a Workshop Accountant on the Railways. But in Chittaranjan, an Accountant is primarily a Cost Accountant as distinct from an Accountant. No doubt, such a statement will appear confusing at the first instance, but when the distinction was clarified we realised the truth of it.

8. Shri Bhandari said that in modern manufacturing business, the problem is one of competition: competition in cost of manufacturing, competition in enhanced production and competition in prices. In this competition one of the main stumbling blocks that faces many of the manufacturers is the non productive element of overhead charges. With the worldwide increase in cost of living, the cost of overhead has also gone up beyond proportion. As such the problem that faces each manufacturer is, as already mentioned, how to keep everything in the process of manufacture competitive,

in spite of this overhead. If this is true in modern business, it is all the more true in Chittaranjan Manufacturing Works where, as already mentioned earlier, one-third of the Capital cost has been spent on staff welfare alone.

9. The growth of cost accounting is of recent origin, said Shri Bhandari. It was only with the worldwide depression after the first World War that the problem of cost attracted attention of the business magnates. Although attention was diverted to this aspect since then, it was still in its infancy and whatever might have been the devastating effects of the World War No. II, surely it was a blessing to the science of cost accounts as in nuclear science, in as much as if the first World War set the business magnates thinking, the 2nd World War forced them to action and today the Cost Accounts have come to stay.

10. It was necessary during the war days for the Government of each country to restrict profit without sacrificing productivity. It was thus that some sort of 'cost plus percentage profit basis' was provided to guard against fictitious cost of production. Thus, it will be seen how the World War No. II laid great stress on the costing aspect of manufacture.

11. Shri Bhandari drew the attention of his audience to what is happening in the West today. He said: "look to the West and see in spite of very high level of wages, they are still able to produce cheaper goods than the countries which have a far lower wage structure." He particularly drew attention to the United States of America where he said on the one hand the wages are the highest offered to the workmen of any country and on the other the produces are the cheapest offered so far by any country in the world market. He asked the audience how this miracle could happen. As already mentionad earlier, the ever-mounting overhead is perhaps the greatest problem to the manufacturers, particularly to those in our country. By setting U.S.A. as an example, Shri Bhandari emphatically said that the problem of overhead is not the real problem as has been proved beyond doubt by the modern Cost Accounts.

12. The present age, said Shri Bhandari, is an age of specification and standardisation and it is by adopting these two methods, the U.S.A. and the other industrially advanced countries are able to load the world market with their products in spite of their high level of overheads.

13. Coming to the question of specification and standaradisation, Shri Bhandari said that in modern business the cost Accountant plays a most important part. The Production Manager or the Production Engineer cannot plan his production unless he is readily supplied with the results of his earlier forecasts. It is the Cost Accountant who, in modern business, is by his side with all these figures ready and well tabulated so that the Production Manager can adjust his plan on a realistic basis, after taking into consideration the results presented before him by the Cost Accountant. In modern business, therefore, Cost Accounting is not merely a service department but a part and parcel of the management. For efficient management of the modern business, the the Cost Accountant must understand the managerial side and the Manager must be cost-minded. It is only by this that the ideal state can be achieved. In modern business, the attitude of the Cost Accountant is analytical rather than critical. In this respect, there is a sharp difference between the Accountant and the Cost Accountant in modern business. To satisfy his role, a Cost Accountant, according to Shri Bhandri, must be a part in the family of Engineers employed in the production. According to him, cost accounting is a part of production Engineering and Production engineering a part of cost accounting. It is only by the bifurcation of duties that the expected results can be achieved. While the job costing is the responsibility of the Production

Engineer, the comparison of cost is the responsibility of the Cost Accountant and without the one the other is ineffective.

14. In modern business, particularly in manufacture, said Shri Bhandari, the incentive to production plays a very important part. The incentive scheme is already in force in various industries in the private sector, but asked Shri Bhandari whether it was possible to introduce the same in Railway Workshops. His answer to this was both yes and no. He said, it was possible to introduce incentive system if the jobs could be broken down for the purpose of laying down standards and introduction of incentive. Otherwise introduction of incentive was not possible in our Workshops. Shri Bhandari said that introduction of incentive is also difficult under the existing scales of pay. Even if, he said, specialisation is there in our Railway Workshops, incentive cannot be introduced mainly on account of the pay structure. By way of comparison, he quoted the Automobile Industry where both specialisation and standardisation exist and the incentive is effectively employed. Any rational comparison between the cost of production, he said, was altogether impossible under the existing scales of pay and therefore, he suggested that 'average costing' was perhaps the only other alternative. He admitted that the average costing was not a better solution but still it was a more rational one in-as-much as average costing is not financial costing but production costing. He admitted that under average costing there will always be a difference between financial and cost accounts but according to him that should not be considered as a problem. The differences in such cases can be charged to overhead and kept low as well.

15. The second difficulty and probably the most important one according to him was the Stores Accounting on Railways. He said that introduction of incentive by standardisation and specialisation has perhaps no place in Railway Workshops so long as the process of Stores Accounting cannot be simplified. If the Stores Accounting could be simplified on the Railways and brought out of the jugglery of suspense as it is today, that will be a great service to Railway Accounts, according to Shri Bhandari.

16. Shri Bhandari said that, while in the Baroda College, Shri M. R. Swaminathan, F. A. & C. A. O., Western Railway, who was himself a Workshop Accounts Officer in his younger days some 25 years back mentioned to him that truly speaking he did not find any difference between workshop accounting which was employed 25 years ago, and the accounting that is employed now. We are still sticking to the old theory and Shri Bhandari suggested that we must shake off our attachment to the orthodox school and try to advance along with the times.

17. In the opinion of Shri Bhandari, the time has come when men in the profession must sit down and devise ways and means to solve problems facing the Railway Accountants. The present system of accounting in the Railways does not give adequate scope for the intelligence of the human element to develop as under the pressure of dull, monotonous, routine work, the younger generation forget to exercise their intelligence. Where a work can be done by employment of a machine, Shri Bhandari suggested, human element should be withdrawn. It is only where human brain is necessary that such elements should be employed so that they can exercise their brain and the country can reap the full advantage of its human militia. Thus, he said, the burden of dull routine work, should be relieved from the staff who should only attend to intelligent work; thus increasing the efficiency of the office. Mechanisation, according to Shri Bhandari, was all the more necessary for a cost Accountant for obtaining quicker results, as in cost

accounting, expeditiousness has much more value than accuracy.

18. Wherever simplification is possible, Shri Bhandari said, it should be resorted to. He asked: was it absolutely essential that a bill should be prepared by the Executive, checked by the accounts and paid by the Cash Department? Was it necessary for efficiency or for avoiding responsibility? That is a question he asked his audience while concluding.

19. This is what all I could present to your readers about Shri Bhandari's speech. I must, as I have already confessed earlier, mention once again that it was impossible to keep pace with Shri Bhandari's speech and I have only been able to give a glimpse of what he said. I do not know what will be the impression of your readers from what all I have been able to mention, but to me Shri Bhandari's speech has come like a 'shock.' It seems he wanted to treat the ailing accountants with 'shock' treatment. He presented a number of questions and has left us thinking seriously about them.

20. We are extremely grateful to Shri Bhandari for sparing an hour of his precious time for us and we hope whenever he is in Bombay he will not refuse us similar opportunities in future. We convey our thanks to him through your esteemed Journal.

Budget for 1955-56 of the Government of India

The following Statement shows the details of the General Budget (Central) for 1955–56:

BUDGET AT A GLANCE

SUMMARY OF FINAL ESTIMATES

Revenue	
Customs	1,65,00
Effect of budget proposals	—50
Union excise duties	1,23,45
Effect of budget proposals	+17,70
Corporation Tax	39,77
Taxes on income other than Corporation Tax	72,46
Effect of budget proposals	+4,50
Estate Duty	21
Opium	2,00
Interest	2,91
Civil Administration	10,54
Currency and Mint	23,18
Civil Works	1,90
Other sources of revenue	19,21
Posts and Telegraphs—net contribution to general revenues	70
Railways—net contribution to general revenues	6,15
Extraordinary items	1,28
Total Revenue	4,68,76

Expenditure	
Direct demands on revenue	33,13
Irrigation	13
Debt Services	—9,20
Civil Administration	1,11,76
Currency and Mint	3,36
Civil works and miscellaneous Public improvements	16,33
Pensions	9,13
Miscellaneous—Expenditure on displaced persons	10,37
Other expenditure	23,72
Grant to States, etc.	35,93
Extraodinary items	13,19
Defence services (net)	2,02,68
Total expenditure	4,98,93

In regard to taxation, the Finance Minister announced the following changes in the Income Tax:

Tax Benefit To Married Persons

The existing tax exemption slab of Rs. 1,500 was being raised to Rs. 2000 for married persons and reduced to Rs. 1,000 for unmarried persons as a first step towards a scheme of family allowances. The net loss of revenue was estimated at Rs. 90 lakhs.

The existing slab of Rs. 5,000 to Rs. 10,000 was being broken into two, the tax on the slab of Rs. 7,500 to Rs. 10,000 being raised by six pies, from one anna nine pies to two annas three pies. This was expected to yield a revenue of Rs. 1·35 crores.

In the next slab of Rs. 10,000 to Rs. 15,000 the rate was being raised from three annas to three annas three pies. Additional revenue expected was Rs. 85 lakhs.

Earned Income Relief Reduced

As a first step in the abolition of concession of earned income on higher brackets of income, the earned income relief of Rs. 4,000 would be reduced by Rs. 200 for each Rs. 1,000 of income in excess of Rs. 25,000, ceasing altogether when the level of Rs. 45,000 was reached. Additional revenue estimated was Rs. 1.9 crores. The super-tax slab would be readjusted and the level at which super-tax was attracted reduced from Rs. 25,000 to Rs. 20 000. The changes were estimated to yield an additional revenue of Rs. 5.75 crores.

Rebate on Insurance Premia

The existing limit of one-sixth of income subject to a ceiling of Rs. 6,000 for rebate allowed for payment of premia on life insurance policies and subscriptions to provident funds was being raised to one-fifth of income with a ceiling of Rs. 8,000, corresponding increases being given to Hindu undivided families. This concession would cost the Exchequer Rs. 25 lakhs. Hindu undivided families consisting of four members or more entitled to claim partition would be exempted from tax so long as their income did not exceed Rs. 12,600 and for such families the exemption limit for the payment of surcharge would also be raised from Rs. 14,400 to Rs. 21,600.

Separation of Audit & Accounting

As regards separation of Audit and Accounting, the Finance Minister said as follows:

We are making a beginning on the 1st April 1955 with the separation of Audit from Accounts, on which the Public Accounts Committee have rightly been laying stress. As I stated during the budget discussion last year, there is difference of opinion about the need for separation, but such a fundamental change in a long and well established system which affects both the Centre and the States can be brought about only by stages to avoid dislocation of adminstration. The Finance Ministry have been in close consultation with the Comptroller and Auditor General and it has now been decided, as a first step, to introduce the reform in respect of transactions relating to Supply, Food and Rehabilitation with effect from the 1st April 1955. Accordingly, Departmental Accounts Offices are being constituted in the respective Ministries. To begin with, the extra staff will be provided for these offices from the Indian Audit Department and the scheme will be implemented in close and continuous consultation with the Comptroller and Auditor General. The Comptroller and Auditor General has been in correspondence with the States also for a similar change to be made in the maintenance of the Accounts relating to the States and it is hoped that it will be possible to make a beginning during the next financial year in some of the States as well.

Provision for Railways

Referring to the provision for Railways, Mr. Deshmukh said:

For Railways a provision of Rs. 66 crores has been made against the current year's expenditure of Rs. 32½ crores. The Five-Year Plan for Railways provided for an expenditure of Rs. 400 crores during the Plan period, of which Railways were to find Rs. 320 crores from their own resources. While the total outlay during the quinquennium will be only slightly over the original plan, there has been a shortfall during the period in the resources raised by the Railways themselves. This explains the larger allotment for Railways next year.

Financial Justification for opening of New Stations

The Railway Board have rightly ruled that no new station should ordinarily be opened, if it is within three miles of an existing (adjacent) Station. If the proposed Station is beyond three miles of an adjacent Station, and if it is financially justified, it will be within the competence of the Railway Administration to sanction its construction and opening, within the financial limits for works, as per schedule of powers. If, however, the Station is within the three mile limit (whether financially justified or not) or, being beyond the three mile limit, it is not financially justified, full justification (other than financial) as to the necessity for the work and desirability with the financial implications (loss involved etc.) should be put up to the Railway Board for orders. The recommendations of the Zonal Railway Users' Consultative Committee on the proposal will also have to be obtained by the Railway Administration and forwarded to the Railway Board. The justification should clearly bring out the number of passengers and other traffic anticipated to be dealt with at the proposed station, how it will remove any existing inconvenience to a sizable number of the members of the public etc., and full statistical data should be printed. These, of course, are largely administrative matters. In regard to suburban stations, the three mile limit referred to above will not obviously apply, but it should be possible to have financial justification for opening of new stations in suburban sections, as sufficient earnings should be forthcoming. If not financially justified, the work is dealt with as a passenger amenity and the cost allocated to D. F. (1).

If, however, a new station is required to be opened as a matter of operational facility or operational necessity, (e.g., to provide crossing station arrangment), the position is different. The cost will then be dealt with as an operational work and charged to OLWR, DF(3) or Capital as the case may be.

The statement of financial implications for the opening of new stations may be somewhat in the following form:

Name of Work

Opening of a new crossing/non-crossing Station at mile.....between...... and.....Stations.

Initial Cost

Land, Buildings, Platforms etc., as also Permanent Way, Signalling, Electric lights etc., (if any) (details to be attached). Rs.....

I. Anticipated Additional Earnings per annum, on the opening of the Station (detailed statement to be attached). Rs.

Note:—Only the *proportionate* fare and freight for *the distance* from the adjacent station (to which or from which the traffic would otherwise have been carried) should be taken into account.

The loss in earnings to the adjacent station on account of diversion of traffic to the new station should be deducted from the earnings for the new station.

II. Recurring Expenses (per annum). Rs.

(*a*) Repairs and maintenance :

(This may be estimated by the Engineering Department on a flat rate of 2½% or 3% on capital cost (initial cost) adopted.)

(*b*) Depreciation : Rs.

This may be calculated on the estimated costs of the respective assets including cost of labour and general charges, based on the estimated lives of the respective assets - vide Chapter VII of the General Code. This may be worked out on a flat rate (straight-line) method i.e., the cost divided by the number of years' life of the asset, or on the sinking fund basis. If the latter basis is adopted, interest is to be reckoned at 3% (the rate prescribed by the Railway Board for this purpose) and the table of calculation furnished in Chapter VII-G may be used.

(*The author of this article would prefer the straight-line method for the sake of simplicity and to be more conservative in working out the financial return*).

If full details of assets are not easily available (these should oridinarily be got out if a scheme is to go forward), the overall flat rate of the 1/60th of the cost of the work may be adopted for depreciation.

(*c*) Operating Staff. (Details to be attached).

(i) Staff. Rs.

No.	Designation	Grade Rs.	Average pay per month including Dearness Allowance.	
	Station Master			
	Asst. Station Master, if any.			
	Booking Clerks			
	Parcel Clerks			
	Goods Clerks etc.			
	Porters			
	Pointsmen.			
		Rs.		Rs.

(ii) Contribution to Leave Salary as per Establishment Code.

(iii) Contribution to P. F. (including special contribution) at 1/12th of pay plus dearness pay.

Total **Rs. per month**

Or. Total **Rs. per annum.**

(*d*) Other operating expenses : Rs.

such as Stationery, forms and tickets, lighting, oil etc. This may be estimated on the basis of the actual expenditure on such items at a similar station.

(*e*) Cost of Train stops : Rs.

....Passenger trains and....goods trains each way, to stop at this Station.

Dependent cost of a train stop for passenger train (4 minutes).

M. G. (or B. G.). ..

do. Goods train. ..

(say, 30 minutes).

For passenger trains, the time for stoppage is generally taken as two minutes, to which is added one minute for acceleration and one minute for deceleration. For goods trains, this may be taken as about 30 minutes (including acceleration and deceleration) but this is a matter to be estimated by the Operating and Commercial Departments, having regard to the particular conditions at the station.

The question here arises as to what costs should be included to arrive at dependent costs i.e., expenditure which will actually be incurred extra, as distinguished from total (all-in) cost including general Administration etc. As repairs and maintenance of permanent way and buildings would be included as a separate item of expenditure - vide item II(a) above, the expenditure on Abstract A may be excluded here. The general practice seems to be to include in "dependent cost" the salaries and allowances of the drivers, firemen, guards etc., in arriving at the cost per train mile (and per train hour) but this does not seem to be correct, as unless the extra time taken by the trains on account of their stopping at the new station *does* actually involve appointment of extra staff (or payment of overtime etc.) no additional expenditure on such trains and running staff will actually be incurred by the Railway. So far as this aspect is concerned, therefore, it would be appropriate if each case is dealt with in the light of the particular conditions of that case. (A model cost sheet indicating the cost per train mile (BG & MG Passenger and Goods trains separately) broken down under the different heads of expenditure will be published in the next Issue.)

Total recurring expenses per annum. Rs.

III. Net surplus (+) or deficit (—):

IV. *Return on initial outlay :

*If the return is 5% or over, the proposal is financially justified.

KALAB.

4

Second Five Year Plan

The second Five Year Plan is being finalised and the Railways are to spend about Rs. 800 crores in that Plan period against Rs. 400 crores allotted for the First Five Year Plan. The Second Plan period will therefore be of comparatively larger magnitude, and if the Plan is to be properly prepared and efficiently executed with utmost financial prudence (each part within the target period), it is imperative that the pick of the Railway Officers should be put on the job at the different levels. It is, therefore, gratifying to note that a Deputy General Manager has been put in position on each Railway to be exclusively in charge of Planning; but it is a pity that a Senior Finance Officer is not associated with him for tendering financial advice and scrutinsing the proposals at each stage from the financial angle. With the great volume and variety of work even in the normal day to day working, particularly after the integration of the Railways, resulting in extended jurisdiction, it is impossible to expect the Financial Adviser and Chief Accounts Officer of the Railway or his Deputy Financial Adviser or other Accounts Officers to devote adequate (or any) attention to this important mater of study and financial scrutiny of proposals in connection with National Planning, involving crores of rupees. A Finance Officer should, therefore, be accredited to each Deputy General Manager (Planning) on the Zonal Railways, even now, if the taxpayer's interests are to be sufficiently protected. The planting of a Finance Officer at each Centre does not, however, mean that this will delay the planning and progress of the plan. The Finance Officer should work in close collaboration with the Deputy General Manager (Planning) and have the points at issue settled by discussion (and recorded minutes) — and not through laboured notes and interminable (and nauseating) correspondence—as is already being done to some extent by the Production Shop (Chittaranjan Loco Workshops), the Integral Coach Factory Construction, etc.)

Note:

The second Five Year Plan for Railways will provide for the following:

1. Construction of a number of Railway-cum-road bridges which will be carried out after acquisition of new track sites is settled.
2. Self-sufficiency in rolling stock and other equipment.
3. Construction of new railway stations and Railway sidings.
4. Electrification of certain sections of existing track.
5. Expansion of the present Railways workshops and factories manufacturing and repairing rolling stock.
6. Better passenger facilities.
7. Adding about 4000 miles of new track, including doubling of 1000 miles of existing tracks.

The above plan, which is estimated to cost 800 crores of rupees will enable railways to provide 50% more track facilities than are provided now. The development programme would not only completely rehabilitate railways, but cater to the ever expanding industrial, commercial and passenger traffic in the country.

New projects will open up hitherto unconnected backward areas of the country, and provide transport links to mineral and agricultural irrigation centres.

It is estimated that new lines of track will cost Rs. 6.8 lakhs per broad gauge mile and 2.4 lakhs per metre gauge mile. The question of laying new lines will be dependent on the availability of steel, rolling stock and other railway materials and the availability of funds and foreign exchange.

The Railway Ministry is considering tenders for the supply of Electric coaches to Indian Railways during the next five or six years from Japan and Great Britain.

Taxation Enquiry Commission Report

The Taxation Enquiry Commission, headed by Dr. John Matthai, a reputed economist and a former Minister of the Central Government, have submitted their Report in three volumes, covering a wide range of Central, State and Local Taxes, and containing about two hundred recommendations relating to the future taxation policy in India. Effects of deficit financing, progress of capital formation, pattern of public expenditure etc. have also been dealt with in the Report in a very lucid manner. Railway matters, such as rating policy etc., have also been dealt with by the Commission.

The following extracts from the summary of their Report relating to Railways, will be of interest to Railway Accountants:

* * * *

Central Government Undertakings

Railways were by far the largest national undertaking. Under the Railway Convention of 1949, the relationship between Railway finances and the General budget had been so fixed as to accord to the general tax-payer the status of a sole shareholder in the Railways undertaking, entitled to a guaranteed dividend of 4 per cent on the capital invested. After allowing for interest charges from the dividend, a net return of roundly Rs. 7 crores a year had been received from the Railways. The Railways had, on the whole, been a productive enterprise of the first order, giving a "steady, though modest, support to national finances." In addition to the contribution they made to public revenues, the Railways also provided for a certain portion of the finance required for their own development.

* * * *

Pricing Policies

A review of pricing policies was of some importance in the context of maximising revenue. The policy followed by the Railways was of "charging not necessarily what the traffic can bear but what is justified in relation to their costs of operation and essential development" with due regard to the interests of agriculture, iudustry, commerce and the general public. The pricing policies varied in respect of each industry but generally, Government had accepted the principle of State undertakings fixing prices, as far as possible, on commercial principles. The rate-making policies in respect of electricity were not uniform but the general policy had been to fix the tariff so as to provide for all reimbursable costs to cover generation, transmission and distribution, including expenses of operation and maintenance and interest and depreciation charges. Tariffs for industrial consumption were as a rule lower than for domestic consumption. In road transport services the accepted policy in most States was to fix fares and freights so as to cover costs of operation, depreciation and interest charges, leaving a small margin of profit to the Government.

The pricing policy of commercial and industrial undertakings of State Governments were not always based on strict commercial principles.

Fare Level and Freight Rates

Dealing with the question of railway rates and freights, the Commission make a distinction between principles, which should govern the general level of fares, from those which relate to freight, "the latter being more directly related to economic development". They agree that freight rates should, on the whole, be so regulated as not to leave a profit over and above meeting the costs of operation and essential development. A Committee of officials of the Railway and other Ministries concerned and the Planning Commission should be set up to consider the formulation of an adequate freight rates policy having regard to the interests of industrial and economic development and the resources required for railway development.

Tax on Travel

As regards Railway fares, the Commission see no objection, on principle, to using travel as a basis of taxation although the monopolistic power of the State should not be used to determine fares with a view to maximising profit. A tax on various forms of travel was levied in some countries like Japan, Turkey, Spain and a few States in the U.S.A. A tax on travel was not more regressive than several other taxes now levied and this deserved consideration as a source of revenue when the question of a revision of railway fares and rates came up for its next examination.

In regard to taxes on railway fares and freights, the Commission do not agree that the retention of this item in the Constitution was a relic of obsolete circumstances and had no possible use in the future. But, for the time being, they do not recommend the imposition of such a tax, the benefit of which would go to the States and not to the Railways.

* * * *

Accounts of State Undertakings

Adequate and proper accounting, auditing and financial reporting by all public undertakings was essential. Statutory provision should be made by all public undertakings, including those departmentally managed, to maintain accounts in conformity with proper commercial standards. "We suggest" say the Commission, "that the Comptroller and Auditor General may have the subject examined from the point of view of evolving suitable standard forms of accounting for different categories of public enterprises." The annual reports on the working of public enterprises together with the budgets and audited accounts should be laid before the Legislature and published with reasonable despatch.

Is Pre-check Necessary ?

A symposium on "Is Pre-check necessary ?" was held on the 28th March 1955, under the auspices of the Railway Accounts and Finance Study Circle, Madras, Mr. B. Madhavan, B.Sc. (Hons). I.R.A.S., presiding. Discussion was initiated by Mr. S. K. Babu Pillai, B.A., Accountant, R.A.O.'s Office, Madras, by reading a paper on the subject, indicating the genesis of the Payment of Wages Act 1936 and the inadequate time allowed for pre-check of pay bills by Accounts Office. He expressed the view that, while pre-check by the Accounts Office was necessary in the interests of effective control, the object could be achieved by entrusting such check to fully qualified and trained Accountants in the Departmental Offices. Mr. C. K. Janakiraman dealt with the advantages and disadvantages of pre-check in the case of contractors' bills etc., and favoured pre-check by the Accounts Office in such cases, to avoid over-payment and other irregularities. Mr. K. S. Subramanian referring to refunds of overcharges etc., said that pre-check by the Accounts Office above a certain monetary limit was necessary for financial control. Mr. S. Ramamurthi, B.A., Assistant Accounts Officer, said that under the system of pre-check, the Departmental Officers were prone to shift the responsibility for the correctness of the expenditure to the Accounts Department, and from the point of view of accountability, the executive Officers on the Railways should be charged with the duty of disbursing payments direct, instead of through the Accounts Department, Mr. B. G. Balakrishnan agreed with Mr. Ramamurthi, and expressed the opinion that the Executive Officers should themselves be accounting and paying officers on the Railways also, and so long as fully qualified and trained Accountants under the executive officers checked the claims before payment, there should be no objection to dispensing with pre-check of expenditure by the Accounts Office. Indeed this would be the ideal system to be aimed at for Railways, he said. Mr. B. Madhavan, after congratulating the Study Circle on its activities said that pre-check vs. post check was a complicated issue and that there was a good deal of truth in the saying that post-check is no check at all.

"Cash Over The Counter"

BY A. H. P.

What is the best method of avoiding bad debts in a commercial concern? The business man, the accountant and even the ledger clerk, will all give the same answer, "Cash over the counter." A railway administration, being mainly a business concern selling transport, perhaps acts more on this wise financial maxim than most business undertakings, as most of a railway's revenues both from passenger and freight traffic is cash over the counter first.

How do the railway's cash takings come in? Each Station on a railway system is like a branch shop, and it is this shop that collects, from the passenger and the merchant, the cash price of the transport to be provided for his person or his goods.

Two main sources provide the cash earnings of a station. Coaching, which comprises all cash collected for the sale of passenger tickets from booking offices, freight paid for all parcels, luggage and consignments booked by passenger, mail or express trains; and also the freight charges collected on inward 'to pay' consignments received by the same trains. Next there is the Goods source. These consist of all cash received for merchandise booked at a station as freight 'paid,' and also charges collected on inwards consignments received by goods trains as freight 'to pay.'

Cash revenue also comes in from two minor sources—Telegraph and Sundry. The former comprises the earnings on charges paid for telegrams dispatched from a station on behalf of the public; and the latter of cash realised from the sale of unclaimed goods, sweepings, old records, rents of lands and plots, dwelling houses, stalls etc. and other miscellaneous sundries.

Throughout the major portion of each day the booking and goods office staff are collecting the railway's cash earnings. Each transaction done, either in the booking, parcel or goods offices, is entered up in the appropriate register or form, and at the end of each clerk's turn of duty, he makes over his cash collections to the authorised supervisory staff.

At most stations it is the Station Master who is responsible for the collection, safe custody and despatch of all the cash earnings of his station. At larger stations, junctions and termini, senior booking, goods or parcel clerks are responsible.

At the end of each day's transactions, the Station Master will take over the day's earnings from the booking, parcels and goods clerks working under him. When cash is taken over, the Station Master is required to sign the Cash Note and to personally satisfy himself, by checking cash books with subsidiary records and other supporting documents, that the correct amount of cash collected under each head of traffic is actually paid in.

All cash taken in during a day's transactions at a station must be prepared for dispatch in a particular way. Copper coins are usually placed in a small-size canvas bag marked 'Copper.' Into the larger canvas bags go all silver coins, currency and credit notes, pay orders, or such other documents representing cash, and a document known as the Cash Remittance Note. Each of these canvas bags is tied securely with string attached to it and the fastening sealed with the station seal. The canvas bags containing copper, and the other bag containing other coins and currency, are then placed in a larger and toughlymade leather bag. This bag which now contains all the station earnings is then tied and sealed according to prescribed instructions, and is ready to be put into the travelling cash safe for onward transit.

The station earnings contained in the leather bag is always accompanied by the Cash Remittance Note, on which full details of the contents of each of the bags are entered and signed by the station master or independent goods clerk.

Station cash is never kept more than about twenty-four hours at each station, as all cash must be sent either to the Chief Cashier at the headquarters office, or the Divisional Cashier at divisional headquarters, in accordance with the system followed on individual railways. Certain trains over the various districts or divisions are nominated for the transport of all cash earnings of the stations on the section over which the train must pass. When the particular train arrives, the Station Master himself, usually places the station cash bag into a special travelling safe in the presence of the Guard, who will give signature for the cash bag made over. The Guard is also required to keep a record of all cash bags dropped into the travelling safe carried by his train, and the prescribed document is made over to the next guard and so on until destination is reached.

When the train carrying the loaded cash safes arrives at the divisional or railway headquarters stations, the station master on duty will personally open the luggage van compartment containing the cash safes. Each safe will then be examined personally by the station master in the presence of the Cash office guard to see that the locks and labels are intact, and when all the prescribed formalities have been done, the safes are removed to the station strong room until the Cash department staff opens the safe and takes over the bags containing the station remittances. The opening of a safe is done by the Cash department man in the presence of a representative of the Operating department, as once this has been done, the responsibility of the Operating department ceases.

During the process of unloading the contents of each cash safe, each bag taken out is carefully examined and checked and a record kept in a prescribed form. Anything unusual detected is promptly noted by the Cash department man in the presence of the Operating staff. After check, all the leather cash bags are placed in large canvas sacks, and these are loaded into a closed motor van, which takes the cash under armed guard to the divisional or headquarters cash office.

When the van arrives at the Cash office it is opened by the Cash department assistant, and the sealed canvas sacks are then taken to the Counting Room. Here, each cash bag is taken out of the sack one by one, and examined to ensure that the total number of bags as entered in the appropriate document is correctly received. When all checking, counting and accounting is completed in the Cash office, the cash is not kept, but sent in a closed van under armed guard to the local branch of the Bank which acts as Bankers to the State.

From the time every coin, every note passes from the hands of the passenger at the booking office, or the merchant in the parcel or goods sheds, till it is received in the prescribed Cash office, and finally the Bank, every reasonable precaution is taken for the safe custody, transit and accountal of all cash received from each station on a railway. The importance and magnitude of this one aspect of railway working may be gauged by the fact that the daily cash takings may range from a few hundreds from the smaller station, to ten thousand rupees and more at the larger stations and junctions.

F. A. & C. A. O., Western Railway.

We congratulate Mr. M. V. Seshadri on his well-deserved promotion as the Financial Adviser and Chief Accounts Officer, Western Railway.

Readers may remember that several other Officers were also transferred in the past from the Southern Railway to the Western Railway like Mr. G. Viswanathan as Chief Engineer in July 54; and earlier, Mr. Sahul Hamid as Dy. Chief Accounts Officer, Mr. B. K. Kuppuswamy as Regional Engineer, Mr. D. D. Sethna as Regional Traffic Superintendent, etc.

Born in December, 1904, Sri M. V. Seshadri had a brilliant academic career and took the B.A. (Hons) degree in Mathematics from the Presidency College in March, 1925, topping the list. After a brief period of two years in the educational line as a Lecturer in Mathematics in the Meenakshi College, Chidambaram (now Annamalai University) and in Loyola College, Madras, he entered the M. & S. M. Railway as a Probationary Accounts Officer in July 1928. By dint of hard work, he rose to the position of Senior Accounts Officer in December 1943 and entered the Administrative Grade in the latter half of 1946. In July 1948 he was transferred to the newly formed Assam Railway to take charge of the Accounts Department as Deputy Chief Accounts Officer and was there till February 1951. Thereafter, he was appointed as Officer on Special Duty (Junior Administrative) in connection with the Regrouping of the Southern Railway in which post he continued upto October 1951. He was thereafter posted as Deputy Financial Adviser, Southern Railway, which post he relinquished on 31—3—55 (A.N.), on his transfer to Bombay on promotion as Financial Adviser and Chief Accounts Officer, Western Railway.

Subjects of Moment

Seniority of Class II Officers promoted to Junior Scale Class I Posts

The Railway Board have informed the Railways that the weightage in seniority of Class II Officers on permanent promotion to Class I should be based

(i) on the years of service connoted by initial pay on permanent promotion to Class I service, or

(ii) half of the total number of years of continuous service in Class II, both officiating and permanent.

(iii) whichever of (i) and (ii) is higher, subject to a maximum

(iv) weightage of five years.

(Railway Board's letter No. E 54 SR 6/1/2 of 7-3-1955).

* * * *

Selection Posts

In order to provide for greater flexibility in the drawing of a dividing line between selection and non-selection posts (as announced by the Railway Minister in his recent Budget speech), the Board desired the Railways that a detailed list of posts should be drawn up in consultation with organised labour.

The Board under their No. E 54 P M 1/13/3 dated 2-3-1955 desire the Railways that

(i) recommendations already made,

(ii) any further recommendations that are desired to be made,

be discussed with the recognised unions, and the final recommendations together with a report on the Unions' views be submitted to the Board by the end of March, 1955.

The Board further clarify their intention that while some of the posts in gr. 200-300 and above need not be considered as selection posts, however, some of the posts in lower categories and grades may have to be classified as selection posts, due to special features.

The Board desire that all such points may be carefully assessed while making the recommendations.

* * * *

Transfer without change of Residence

No. T. A. is admissible where no change of residence is involved on the transfer of a Railway Servant—vide Board's letter No. 54 AE 3/7/2 dated the 4th March 1955.

* * * *

Supply of Coal on credit to Gazetted Officers

There is no objection to the sale of coal etc., to Gazetted Officers on Credit basis. To ensure proper accountal of issue of coal and subsequent recovery of cost through pay sheets, the Board desire that printed and machine numbered receipts signed by an Officer or his Agent should be obtained whenever coal is issued to a Gazetted Officer for his domestic purpose or for use in his saloon.

Vide Board's letter 55—AC. II/46/10 dated 24th February 1955.

* * * *

Motor Cycle Advance

The amount of advance for the purchase of Motor cycle shall, in future, be limited to five months' pay or Rs. 2000/- or the anticipated price of the motor cycle, whichever is the least of the three.

Railway Board's Order No. F (E) 54/ Adv. 2/ (2) dated the 9th March 1955, circulating Government of India Ministry of Finance, letter dated the 5th November 1954.

* * * *

Supervision work of Cooperative Societies

The Board have decided that the Controller of Grainshops should not be entrusted with the work of supervision of the work of Railway Cooperative Societies and that such practice wherever in vogue should be forthwith discontinued. Such supervision should, in future be made by the Deputy General Manager (Personnel) assisted by one of the Personnel Officers, dealing with Labour Matter.

Board's letter No. E (Coop) 54/ORGN/ 32 dated 23rd February 1955.

* * * *

Increment over Efficiency Bar during L. P. R.

The Board have decided that increment beyond efficiency bar may be granted in cases where an employee has been medically unfitted and has proceeded on L. P. R., if the Administration is satisfied that such employee would have crossed the efficiency bar tests, and has proceeded on L. P. R. irrespective of reasons for proceeding on L. P. R.

Board's letter No. E 51 CPC/177 dated 22—2—1955.

* * * *

Classification of Publications "for official use only"

It has been observed that Government publications issued by various Departments of Railways are indiscriminately marked as "for official use only." Such restricted classification should not be assigned to printed reports, pamphlets, etc., unless it contains information which it would not be desirable in the public interests to disclose.

The Board, therefore, desire that the restricted classification should not be assigned in future to any printed report, pamphlets, etc., except under the orders of an Officer not lower in rank than the Head of a Department or Office and that all other printed reports etc., should be made available to Educational Institutions, Public Bodies etc.

All information laid before the Parliament becomes public property and therefore, where any document is refused to be laid before the Parliament, it should be treated as not to be published.

Any doubtful cases as to which should be published and which not to be published should be referred to the Railway Board for orders.

(Railway Board's letter No. 55 G 725 dated the 28th Feb. 55.)

* * * *

Advance Correction slip to para 974-G (revised)

Para 974—G. Substitute the following for the concluding sentence in this paragraph :—

"The Depreciation, for the purpose of this paragraph, should be calculated on the basis of 'normal life' as shown in paragraph 972 except that the life of a 'carriage' and 'wagon' should be taken to be 30 and 40 years respectively, no distinction being made between wooden and other vehicles or wagons."

* * *

Approximate Account Current

The Railway Board have since decided that, with immediate effect i.e., for the Approximate Account Current for March '55 and onwards, the figures of Gross Receipts for Approximate Account Current should be adopted *on apportionment basis* and for this purpose the figures of gross receipts for current month should be estimated on the basis of past actuals and current trends. Further, the exhibition of the break up of Gross Receipts in the "Statement of Approximate Receipts and Expenditure" under the heads (i) Coaching earnings, (a) Passenger, (b) Other Coaching earnings, (ii) Goods earnings, (iii) Sundry Earnings and (iv) Suspense, which was discontinued in 1952 should also be commenced from now onwards. The explanations for variations with the actuals of the corresponding period of the previous year should be furnished as provided in para 1145-A.

(R.B.'s No. 54 ACI A/1 dated 28-3-55).

* * *

Disposal of Audit and Accounts objections

The Railway Board have noted with grave concern that the proportion of expenditure under objection continues to be very high on the Railways, and have reiterated the need for expeditious disposal of Audit and Accounts objections. A directive has been issued to the Railways that an all-out effort should be made to ensure that the position is substantially improved before the accounts for the current financial year (1954–55) are closed.

* * *

Suspense outstandings

The Board have decided that the Progress Report on the clearance of Suspense balances may be submitted by the Railways every alternate month to the Board instead of monthly as at present. This is in addition to the two Reviews to be submitted in February and August. As Reserve Bank Suspense should be closed with 'nil' balance, the progress report need not cover the balance under this head of account.

* * *

Materials-at-site Account

At present separate materials-at-site account for each work are required to be maintained in cases of works costing more than Rs. 10,000/-. The limit has since been raised by the Railway Board to Rs. 25,000/- and para 1737-E is being accordingly modified.

(The increase in this monetary limit is, in our opinion, perfectly justified, in view of the present price levels compared with what they were when the limit of Rs. 10,000/- was fixed many years ago before the War.

Ed. R. A.)

* * *

Reweighment of Loco Coal

The Railway Board have decided that Reweighment charges should not be levied on Loco Coal wagons.

* * *

Remission and Refund of Wharfage and demurrage charges

The Railway Board have decided that separate accounts of wharfage and demurrage should be maintained in respect of coaching traffic.

* * *

I. R. C. A. Publications

The Board have decided that the concession allowed in Para 141-A, of permanent clerks of the Accounts Department being supplied with priced Government publications at 50% of the price, may be extended to I. R. C. A. publications also.

(This is certainly as it should be. As we have been pointing out in these columns, the I. R. C. A. under the present conditions is virtually part of the Railway Board. The concession as per 141-A having recently been extended to temporary Clerks with over 5 years' service, it follows that the concession should be extended to the temporary Clerks in the case of I. R. C. A. publication also.

Ed. R. A.)

* * *

Reversal adjustment in the case of dismantled lines restored

It has been decided by the Railway Board that the reversal adjustment in respect of dismantled line restored, i.e., from DRF and Revenue to D F., Capital etc., should be carried out in the year in which the line is opened for traffic (and not in the year in which accounts are closed, as previously decided).

In Lighter Vein

A teacher had been striving to make his class understand the meaning of the word "Independent". Finally he asked: "If someone were to offer me a large sum of money which would keep me in comfort for the rest of my life, and I refused it, what would I be?"

"Very silly, sir," cried the bright boy of the school.

NEWS, NOTES AND COMMENTS

Railway Equipment Committee

The above Committee appointed under the Chairmanship of Sri G. B. Kotak, (vide page 300 of the February 1955 Issue of this Journal), to recommend steps for achieving maximum self-sufficiency in regard to the production of Railway Rolling stock and equipment within the country, sent the following questionnaire to all Industrial units which are at present producing or were producing in the past or are intending to produce any items of Railway Equipment or goods similar to items of Railway Equipment.

* * *

Questionnaire

1. Please state the name of your industrial unit, the date when it was established and location of Works.

2. Please supply brief information about the type and scale of plant and equipment and the covered area of your engineering unit.

3. Please state the main lines of normal production of your concern, indicating *inter alia* the items of Railway Equipment.

4. What was the annual out-turn (in value) of the stores you have manufactured in the years 1952, 1953 and 1954? Please give quantity figures (number or weight) also of important items of railway stores. Also indicate the breakup of production—

   (*a*) Railway stores;

   (*b*) Others.

5. Is the production of Railway stores, you had undertaken during the past 5 years, below your capacity? If so, indicate reasons i.e., shortage of capital, lack of orders, lack of technical personnel, paucity of raw materials etc.

6. What, if any, are the limitations of production of various railway stores at your Works by quality, quantity and size? Have your products in the past been according to standard specifications such as BSS, ISD, ISI or IRS?

7. Have you any plans for expansion of production of railway requirements? If so, please give details. What assistance, if any, would you require for execution of these plans i.e., capital, technical, personnel, orders, raw materials etc.

8. What items of imported railway stores can be manufactured by your concern? Have you any plans to specialize in any particular item of railway equipment? What assistance, if any, would you require to undertake production of such items?

9. Is your production (or extension plans) affected by transport difficulties? If so, have you any suggestions to make to overcome these difficulties?

10. Have you any suggestions for utilization of idle capacity in the engineering industries to meet the present and the ever increasing future railway demands? Also offer your suggestions, if any, for expanding existing capacity or setting up new units for producing railway requirements, which are at present being imported.

11. Give brief information about the factory or factories which have been supplying some parts of indigenous nature to you for the production of railway stores manufactured in your Works.

[Replies in quadruplicate should be sent, as early as possible, addressed to

N. N. Tandon, Secretary, Railway Equipment Committee, Ministry of Railways, 'N' Block, New Delhi.]

The Committee will meet in Bombay from the 3rd to 12th April 1955 for a series of discussions with various industrial and other interests. The Committee will then meet the Representatives of the All India Manufacturers' Organisation, the Association of Indian Industries, Machine Tool Manufacturers' Association and also Representatives of the Heavy Engineering and Heavy structural industries. The Committee will also meet Indian Merchants Chamber and the Bombay Chambers of Commerce, besides paying visits to some machine tool factories and a few units of the heavy structural industries.

The Committee has split itself into five panels, and three of these panels viz., Machine Tool and Small Tool Panel, Rolling Stock panel, and Trimmings and Miscellaneous panel will start work in Bombay.

* * *

Plan for Increased Transport of Traffic on Railways

Railways throughout the country have been asked to plan from now on for carrying increased goods traffic which may materialise during the next busy season as a result of accelerated economic activity. The busy season is expected to commence from November 1955.

The zonal railway administrations are preparing themselves to carry anything upto 20 per cent more traffic than they did during the current year.

The additional transportation capacity will be found to some extent through import of rolling stock, but largely by a more efficient use of resources already available in the country. For instance, a concerted drive is to be launched to reduce the number of wagons in the railway "sick lines", under or awaiting repairs. This will be achieved through greater turnover in repair shops, by steps to overcome shortages of materials, and by intensive training to raise the standard of the workshop staff.

The zonal administrations are aiming at a drastic reduction, by more than 50 per cent, in the number of wagons that are "sick", or unfit for service.

* * *

Increase of Railway Capacity

The Railway Board anticipate an increase in traffic in North Bengal, North Bihar and Assam in commodities like cement, coal, lime, lime stone, stone chips, textiles and general goods etc., and also in the movement of metal for the Kosi project. They have consequently sanctioned a Rs. 19 lakh project to increase the transhipment capacity at Banaras Cantt. from 120 to 200 BG wagons per day.

* * *

Finance Branch on Railways

The designations of the Officers of the Finance Branch on Railways are not uniform. On some Railways, the Deputy-in-charge is designated Deputy Financial Adviser (which seems to us to correctly connote the functions) as on the Southern Railway; while on others he is styled Deputy Chief Accounts Officer (Finance). Similarly, the Accounts Officers of the Finance Branch are designated Asst. Financial Adviser on some Railways (e.g., North Eastern Rly.) and as Senior Accounts Officer (Finance), Junior Accounts Officer (Finance), or Asst. Accounts Officer (Finance) as the case may be, on others. The Railway Board may standardise the designations on all the Railways.

We may even go further and say that as the Finance organisation is still not fully mature on Railways, the Deputy Financial Adviser may be asked to send a monthly Report to the Financial Commissioner through the F. A. & C. A. O. of the Railway not only to keep the Financial Commissioner informed of the development and new features of the

organisation etc., but also to enable him to issue such instructions in regard to the technique, etc., as may be necessary in the light of the review of the Reports received from the several Railways, and the policy developments in the Finance Branch of the Railway Board (and of the Central Government as a whole).

Another point that should receive consideration is the correct delineation of the scope of work of the Finance Branch. On some Railways, some regular sections are tacked on to the Finance Branch. It is also a moot point whether the compilation of Appropriation Accounts should be done by the Finance Branch or the Budget Section; and if the Budget Section as such should be under "Finance" or if it would be more conducive to the independence of Finance if the Appropriation Accounts are scrutinised in Finance after compilation in the regular course by the Budget Section as part of Accounts function.

* * *

Monthly Railway Statistics

A compilation under the above name is issued monthly by the Railway Board. It contains valuable information in regard to approximate earnings on passengers and goods traffic and regarding tons lifted and wagon loadings by commodities. Separate parts are allotted in the publication for important commercial statistics, operating statistics, rolling stock statistics and several trends of performances like financial results, traffic handled, train performance, wagon user, loco user, auxiliary services, coal consumption and stock and repair position. It is obvious from the above that this compilation can be helpful to the individual Railway Administrations and also to the Railway Board only if the relevant information is available well in time. But it has been found that the publication has been greatly delayed during the last several months and the latest compilation received relates to the month of September 1954 i.e., nearly five months behind. At least another three months' compilation should have been received by now in order to be of practical utility. The Board would do well to consider all possibilities of accelerating the issue of this important publication and to overtake the arrears.

Another aspect in this connection is the very costly type of paper that is being used for this compilation. The cost of the compilation could be considerably reduced by using other types of paper which would last equally long, and at the same time look decent and be cheap.

* * *

Railway Stores Purchase Policy

Mr. Swaran Singh, Minister for Works, Housing and Supply, stated in Parliament on 22nd March 1955 that the Report of the Stores Purchase Committee was expected to be received in a fortnight's time. The Report is awaited with interest, as, apart from the general questions of Stores Policy procedure, etc., of the Government of India, the implementation of the Railway Stores Enquiry Committee's recommendations in regard to permitting the Railways to purchase certain specialistic Stores directly in the open market instead of through D. G., S. & D., is held in abeyance, pending receipt of the Stores Purchase Committee's Report. It is hoped that an early decision on the matter will be taken by the Government.

* * *

Public Accountability of State Undertakings

The Finance Minister, Mr. C. D. Deshmukh, in the course of his reply to the Budget Debate in the Lok Sabha, referred to the public accountability of State Undertakings and said that the Government was examining the question of including a provision in the Bill to amend the Indian Companies Law for the audit of these undertakings by or on behalf of the Comptroller [illegible] Auditor-General of India. The [illegible] case, would have [illegible] of dealing with this matter at great length. He refrained from making any further observations on the subject particularly as the Joint Select Committee of Parliament was already seized of the matter. Regarding the suggestion for setting up a Committee to scrutinise the expenditure incurred by the States against loans and grants received from the Centre, Mr. Deshmukh said that the Government went into this matter in 1946.

The particular mechanism suggested was not of much great concern to them. In any case, he added, the Comptroller and Auditor-General dealt with the accounts of the State and would see how the loans and grants from the Centre to the States were disbursed. He, however, admitted that the Central Government should keep in close touch with the State Governments in regard to schemes financed by them from Central assistance or Central loans. The Planning Commission should keep an "over-all eye" on all matters so far as they dealt with developmental expenditure.

* * *

Contacts with Customers

Mr. G. Pande, Chairman of the Railway Board, and Mr. K. B. Mathur, Member, Transportation, discussed various matters with the Chambers of Commerce at Bombay in March 1955. Mr. Pande declared that the Railway would in future have conferences from time to time with the Chambers of Commerce and mercantile public at the different places in order to get into direct touch with the precise transport requirements of Industries and Commerce. This surely is a step in the right direction, as close contact with the customers is a primary condition of progress for any commercial enterprises, and Railways are no exception to the Rule. The fact that Railways are part of Government machinery (and not private concerns) does not mean that they should stay out, and take only such traffic as offers itself. It should be remembered that in the interests of national economy, such contacts are essential, particularly in the Plan periods.

* * *

Reservation in Railway Trains

An important ruling was given by the Bombay High Court recently when they decided that an Offence under Section 109 of the Indian Railways Act was committed by the refusal of a passenger, occupying a seat in a Railway Compartment for a particular class of passengers to vacate the compartment when asked to vacate by the Railway staff. The Court held that the Railway had the authority to reserve a compartment for prospective passengers belonging to a particular class, which included also passengers to a particular Station.

It was also held that a passenger refusing to show his ticket when demanded by appropriate Railway authorities committed an Offence under Section 113 of the Indian Railways Act and was liable to action thereon. In view of the above, there is plenty of propaganda still to be done by the Railway staff in educating the public in regard to their rights and liabilities. They must be told through posters, notices and loud speakers about the need to keep to the rules. Short distance passengers should be made to use, as far as possible, passenger trains and shuttle services. The transfer of some at least of excess passenger traffic from the Railway to road transport, wherever there are operating buses is also a point requiring careful consideration.

* * * *

Railway Board Chairman & Transportation Member at Madras

The Chairman of the Railway Board, Mr. G. Pande, and the Transportation Member, Mr. K. B. Mathur, had a series of discussions recently at Madras with the several Chambers of Commerce and other constituents of Railway Transport. They received Memoranda from the various chambers and gave assurances—more or less categorically—in several

cases. At these meetings, the General Manager of the Southern Railway was also present and took part in the discussions.

Among the various subjects discussed were :

The construction of new over bridges in cities like Madras, construction of new lines under the second Five Year Plan, speedy settlement of Railway claims, supply of wagons for speedy movement of consumer goods and other commodities, running of Railway refreshment rooms, review of the position in regard to owners' risk and Railway's liability in regard to damages, and losses in transit, inordinate delays in the provision of wagon facilities, greater use of Hindustan passenger coaches on long distance trains, and nominated booking of goods.

At a Press Conference held in Madras on the 30th March '55, the Chairman explained the various measures taken in regard to the programme for the development of Railways in India from now on during the next five years. He specially referred to the construction of new lines for which various proposals had been received from all the sides and due consideration would be paid to every such proposal before deciding on the line to be taken during the second Five Year Plan period. He indicated also the possibility of more diesel engines being used here and there. He made an elaborate statement in regard to overcrowding on trains and measures taken and still to be taken to remedy this.

* * * *

Railway Collieries

During 1953–'54, Railway Collieries made an overall profit of Rs. 1.35 lakhs, although some of them individually worked at a loss.

The reasons for the loss in some of the collieries were stated to be that they were very old ones and consequently the output had dropped, while working expenses increased; also partly due to the existence of surplus labour. It was also stated that steps were being taken to introduce mechanisation in some mines to off-set loss and that methods were also being considered to absorb the surplus labour in the collieries.

(The Railway Collieries have since been transferred to the control of the Production Ministry).

* * * *

Manpower on Railways

There is a body of opinion that demands that the capital cost of the manpower employed in industries should be included in the cost of the assets. On the Indian Railways, if this were done, the position would be as under :

Cost of physical assets

(Land, Buildings, Permanent way, Machinery, Rolling stock etc.) ..	about Rs. 900 crores.
Cost of Manpower ...	about Rs. 3,375 crores.
No. of men employed (including Officers) ... 9.59 lakhs Average cost per man. Rs. 1437 per annum Cost per annum ... Rs. 135 crores	
Capitalised at 4%, this would be ... Rs. 3,375 crores.	
Total	... Rs. 4275 crores.

* * * *

R.C.H. London :

The Railway Clearing House, London, established in 1842—an organisation analogous to the I.R.C.A. in India (and not confined to check and apportionment of foreign traffic as the Railway Clearing House was doing in India), will cease to have a separate corporate existence; and its functions adapted to the present day needs will be performed in future by the British Transport Commission itself. This is as it should be, and it is high time the I.R.C.A. in India was amalgamated with the Railway Board and the separate existence of I.R.C.A. done away with, on the ground of its being outmoded.

* * * *

Railway Workshops

With a view to secure a 25% increase in the capacity of Indian Railway Workshops for overhaul of locos, passenger coaches and goods wagons, several steps are understood to have been taken simultaneously by the Railway Administrations. These include measures to achieve increased efficiency and greater output in the existing workshops and the expansion of these workshops and development of new units.

* * * *

Catering on Railways

The Government have generally accepted the recommendations of the Alagesan Committee on catering on Railways. A revised set of instructions has been issued by the Railway Board to all Railways in this connection. Departmental catering has to be started as an experiment on a limited scale on Railways which have not got it at present in order to set a standard of service which contractors could follow. Menus have to be standardised on regional basis

The Railways have also been requested to review and report on their future requirements of restaurant cars and dining cars.

* * * *

Calendar Reform

On pages 48 and 131 of Volume I of this Journal, a uniform Calendar proposed by India for adoption all over the world has been described. The United States has opposed any action to change the present World Calendar and urged the United Nations to drop any further study of the matter. India's proposal was to start the new World Calendar on Sunday January 1, 1956. The U.S.A's. opposition is not understood, when it is remembered that the country has gone forward in spelling reform of the English language.

* * * *

M.P.s' Travelling Allowance

Consequent on the redesignation of the present II and Intermediate Classes on Railways as the first and second class respectively on and from the 1st April 1955, a Bill has been introduced in the Parliament to provide for the issue of First Class passes to and drawal of first class fare by M.Ps from first April 1955.

* * * *

Reclassication on Railways

Consequent on the renaming of the classes of accommodation on Railways, the Central Government have ordered that their servants when travelling on duty will be entitled for accommodation as follows.

Government Servants of the first and second grades: New First Class.

Government Servants of the 3rd Grade: New Second Class

Government Servants of the 4th grade: 3rd Class.

Officers who are at present eligible to travel in Air-conditioned coaches at public expense may continue to do so. Other Officers of the first grade who are drawing Rs. 1,600 per month or more have to pay 3 pies per mile, if they travel by Air conditioned coaches. Other Officers would have to pay the difference in fares betwen class accommodations.

Regarding allowance for incidental expenses in respect of journeys by rail and air, orders are yet to issue.

* * *

Statutory Railway Authority in India

It may be remembered that the Indian Railway Enquiry Committee (1947) under the Chairmanship of Shri H. N. Kunzru, recommended that for securing flexibility consistent with efficiency of working, the control and management

of the Union Railways be vested in a Statutory Authority, instead of being under the Government of India direct, but, however, added that for important reasons, the setting up of the authority should be deferred for about five years from then (1949).

Owing to the integration of the Indian States Railways with the Indian Government Railways from 1—4—1950, and the contemplated regrouping of railways, the major question of constituting a Central Controlling Authority as recommended by the Indian Railway Enquiry Committee had to be kept over by the Government of India.

It was stated that a Sub-Committee consisting of the Financial Commissioner and two Members of the Railway Board was making a detailed examination of the question. It is not, however, known what recommendations were made by this Departmental Committee and what decision was come to by the Government of India. There appears to be no doubt that the constitution of a Statutory Railway Authority in India more or less on the same lines as the British Transport Commission, would be most suited to the Railway organisation, combining the flexibility of Commercial working with financial and other control essential for public utility organisation. We daresay that the Government of India will take up this important question and give it early consideration.

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Comptroller-general for U. S. A.

President Eisenhower has nominated Mr. Joseph Campbell, C. P. A., a practising Accountant, as Comptroller General of the United States.

* * *

Audit in U. S. A.

The Congress of the United States, whose members are elected by the people, is the supreme body which, in the final analysis, controls all Federal Government spending.

However, to keep a check on expenditure, Congress, in 1921, created the General Accounting Office (G.A.O.). This office is an agency of the legislative branch of the Federal Government, and it independently audits all Government accounts. It also reports to Congress, in special and annual reports, its findings on Governmental Financial conditions.

The Comptroller General of the United States, who heads G. A. O. is appointed by the President, with the consent of the Senate, for a term of 15 years.

* * *

Machine Accounting

An electronic Accounting Machine (Powers-Samas) for Stores Accounting has recently been installed in the Works Accountant's Office, Crewe (England). The machine does all the calculations (pricing of receipts, issues and balances of stores, striking out balances etc.) and posts the Ledgers. All these operations are done very quickly and the required data and statistics are obtained in no time which would not be possible under the head and hand method, except at tremendous cost (and by employing a large number of staff out of proportion to the results to be obtained).

In India, Machine methods do not yet appear to find favour with Indian Railways for many reasons, the chief among which would appear to be, apart from conservatism, that it would result in more unemployment due to less number of men required for machine methods; and that in the case of breakdowns of the machines, adequate substitute arrangements could not be provided for. However, opinion in this respect seems to be changing.

Mr. K. S. Bhandari, Deputy Chief Accounts Officer and Costing Expert, Chittaranjan Locomotive Workshops, has indeed given expression to the need for changing over to machine-methods of accounting on Indian Railways, in his recent lecture to the Railway Accountants at Bombay.

* * *

Proposed Rates for New Income Tax and super-tax in the Central Budget for 1955-1956

INCOME-TAX

Following is the table of rates of Income-tax payable under the Finance Minister's new proposals:

(a) In the case of every individual who is married and every Hindu undivided family:

1. On the first Rs. 2,000 of total income—nil.
2. On the next Rs. 3,000 of total income—nine pies in the rupee.
3. On the next Rs. 2,500 of total income—one anna and nine pies in the rupee.
4. On the next Rs. 5,000 of total income—three annas and three pies in the rupee.
5. On the balance of total income—four annas in the rupee.

(b) In the case of every individual who is not married.

1. On the first Rs. 1,000 of total income—nil.
2. On the next Rs. 4,000 of total income—nine pies in the rupee.
3. On the next Rs 2,500 of total income—one anna and nine pies in the rupee
4. On the next Rs. 2,500 of total income—two annas and three pies in the rupee.
5. On the next Rs, 5,000 of total income—three annas and three pies in the rupee.
6. On the balance of total income—four annas in the rupee.

In addition, there is to be a surcharge amounting to one-twentieth of the rate in each case.

SUPERTAX

The following are the rates of supertax given in the Finance Bill for individuals etc:

1. On the first Rs. 20,000 of total income, nil;
2. On the next Rs. 5,000 of total income, one anna in the rupee;
3. On the next Rs. 15,000 of total income, three annas in the rupee;
4. On the next Rs. 10,000 of total income, five annas in the rupee;
5. On the next Rs. 10,000 of total income, six annas in the rupee;
6. On the next Rs. 20,000 of total income, seven annas in the rupee;
7. On the next Rs. 20,000 of total income, eight annas in the rupee;
8. On the next Rs. 50,000 of total income, nine annas in the rupee;
9. On the balance of total income, $9\frac{1}{2}$ annas in the rupee.

Note: No Income-tax shall be payable on a total income which before deduction of the allowance, if any, for earned income, does not exceed Rs. 4,200/.

* * *

Supply of Railway Codes and Manuals to Staff

One of the subscribers to the *Railway Accountant* has suggested that, the F.A. & C.A. Os. of Indian Railways may arrange either for free distribution, or sale at a nominal cost of such books amongst Examinees. Attention of the subscriber is drawn to para 141-A which provides for a 50% rebate in the cost of Railway Codes which can be supplied to Railway employees.

It is, however, pointed out that the supply is always very meagre and extraordinarily delayed. There are many instances where the employees have been required to deposit money in advance for the books required by them, while supply of such books is not made for months together, sometimes as long as six months and more. It is felt that the enthusiasm of staff should not be damped in this manner and that more effective arrangements should be made for prompt supply in all cases of advance collection of money.

* * *

Correction Slips to Indian Railway Codes

One of the readers has suggested that the number and date of the latest correction slips issued to Indian Railway Codes may be published in this Journal from month to month. It would be possible to do this only when there is an effective arrangement with the Railway Board for the receipt of such information. There is also another difficulty here. In most cases, *advance* correction slips, without being numbered, are issued, and printed final correction slips are *not* issued for a long time thereafter. However, if the Railway Board supply us with the advance and final correction slips as and when issued, it would be possible to refer to them in the issues of this Journal for the benefit of the readers.

* * *

Remodelling of Allahabad Station

The foundation stone of the Allahabad Railway Station's new Rs. 37 lakh building was laid on the 22nd March 1955 by the Prime Minister, Shri Jawaharlal Nehru.

The new building which is expected to be completed within about two years, has been designed on modern lines to cater to the requirements of traffic which has increased enormously since Allahabad's present station building was constructed about 90 years ago.

* * *

S. A. S. (Railways) Examination 1954

The results of the above Examination are not likely to be published till after the publication of this Journal. We are, therefore, unable to promptly congratulate the candidates who come out successful therein.

* * *

Separation of Audit from Accounts

With effect from 1st April 1955, the Ministries of Supply, Food and Rehabilitation will have Departmental Audit Officers.

With a view to implementing this separation, the accounting procedure is being simplified by elimination of the exchange accounts which are in the main responsible for the accumulation in the suspense accounts; their incompleteness and the consequential delay in their closure. In the new arrangement, Parliamentery control over appropriations will be made more effective. In regard to States, Madras has already assumed payment responsibilities, while another State will follow suit from 1st April 1955. The Comptroller and Auditor General of India is pursuing this question with other State Governments also.

The principle of separation of Accounts from Audit has been accepted by the West Bengal Government also, and a beginning has been made by constituting separate Accounts Officers in the Departments of Education and Refugee Relief and Rehabilitation. It is also under stood that the W. Bengal Chief Minister and the Comptroller and Auditor General of India have agreed to delegate wider financial authority to Departmental Accounts Officers subject only to an overall policy of Control of the Finance Department.

* * * *

Executive & Finance

The extent to which the antipathy of Senior Executive and Administrative Officers on Railways towards Accounts and Finance can go, is illustrated by a recent case. Sanction to a write off of a sizable amount recoverable from an outsider, was communicated to the Accounts, without mentioning the full circumstances of the case. An innocuous enquiry by the Accounts was the cause of a flare-up by the Department Head. What business has the Accounts to call for this information? Little did the Administrative Officer realise that his communication was in the first place incomplete and secondly that "Accounts and Finance" was entitled to this information (indeed, it would have been a dereliction of its duty, if this was not raised by it).

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What is O. K.?

It is said that, some decades ago, an American porter counted the packages on a platform and finding them correct entered on the last package the letters "O. K." indicating "Oll Korrect"-phonetic expression of "All Correct". This "O. K." has come to stay and it is also used in verbal form as in "Has this been *okayed* by Finance?"

* * * *

C. K. D.

Completely Knocked down Condition —an expression used to denote machinery etc., in pieces requiring to be assembled and made up.

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Weight of Rails

The weight of rails is expressed in per yard. Thus, "75 lbs. rails" means 75 lbs. per yard of rail.

* * * *

Guesstimates

A term used to signify estimates on guesswork without proper data.

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Locomotive Speed Record

A speed record of 269 miles an hour has been set by an Electric Locomotive in France and also on the same track by a more powerful Locomotive used regularly on the Lyons-Paris section for pulling a crack express at an average speed not exceeding 77½ miles per hour.) In both the trials, the Pantograph (a device through which electric current is picked up) began to melt when the maximum speed was maintained for several miles. The crew and passengers reported that at this high speed the telegraph posts became invisible and joints between rails imperceptible. After reaching 160 miles an hour, a slight rolling motion was felt. Spectators felt that the train flashed like a flash of lightning in the cloud of dust and with a deep roar.

* * * *

Statistics of Indian Railways

1. *Gross Earnings.* The approximate gross earnings of Indian Railways during January 1955, was Rs. 23.88 crores as compared with the actuals of January 1954, viz:, Rs. 23.39 crores. The total approximate gross earnings from 1-4-1954 to 31-1-1955 amounted to Rs. 230.10 crores as against actuals for the corresponding period in 1953-34 viz.. 220.29 crores: The increase represented 4.45%

2. *Goods tonnage.* The number of tons of merchandise lifted during January 1955 was 6,750,000 and 2,072,000 on B. G. and M. G. respectively, which showed an increase over the December 1954 figures by 0.22 and 7.14% respectively. The total number of tons lifted from 1st April 1954 to 31st January 1955 was 62,371,000 and 16,504,000 for B. G. and M. G. respectively, which showed an increase over the corresponding period of 1953-54 by 1.53 and 0.33% respectively.

3. *Wagon Loading.* During January 1955, the number of wagons loaded with goods traffic was 4,10,586 and 260,122 respectively for BG & MG which represented an increase over the previous month's figures of 0.47% and 5.30% respectively. The total numbers of wagons loaded from 1-4-54 to 31-1-1955 was 3,758,156 and 2,134,259 for BG and MG respectively, which represented an increase of 6.21 and 2.93% respectively over the corresponding period of 1953-54.

These loadings for the first ten months of the year were attributable to greater coal loading for the Public; and also to greater transport of oil seeds, cement, iron and steel, Tea, Metallic ores and miscellaneous traffic (both wagon loads and smalls); offset to a certain extent by short loadings of coal for non-Government Railways, Jute (Manufactured) sugar and manganese ore. These figures are for Broad Gauge. So far as Metre Gauge is concerned, substantial increases are noticeable in coal for public, oil seeds, raw cotton, cement, iron and steel, iron ores and other metallic ores. Short loading is also noticeable in Jute (raw), sugar, Pig iron, tea and manganese ore.

Railways in Parliament

Railway Budget Discussion—*(Concld.)*

Miss Annie Mascarene: Several of the recent accidents were caused by negligence. The Railway Administrative machinery should be remoulded. Several bottlenecks in the South prevented industrial developments. The want of coal in South India should be solved by the Government. Trivandrum and Cape Comorin should be linked by rail.

Radheylal Vyas: No tender should be invited by the Railway Board for purchase of "Khadi" for the Railways.

Hiren Mukerjee: The rise in production had not been reflected in the Railway earnings by any proportionate rise. Since more Engines and wagons were put on the lines, he wanted to know whether the defect was due to track conditions being bad or due to regrouping. He wanted a thorough examination of regrouping and the results communicated to the House. He wanted more attention to be paid to the problem province of West Bengal and the "Mischief City" of Calcutta. He wanted the Accident Enquiry Committee Report to be published, Pay Scales of Railway employees to be revised and safeguarding of National Security Rules rescinded.

Jaswantraj Mehta: Officers of the former State Railways should be merged in the All India Cadre.

Many other Members of Parliament also spoke on relief to be given to short distance passengers.

Replies

I. Mr. Shah Nawaz Khan, Parliamentary Secretary to the Railwau Minister: *Ticketless Travel*: The evil had not yet been completely rooted out but efforts are being made to control it. Special drive for one month on the Northern, North Eastern and Central Railways was made in December 1954 bringing in a revenue of nearly Rs. 1 lakh. Window earnings had also increased in the areas during the period. A special appeal was made to Students and Institutions to avoid ticketless travel.

Amenities: Much remained to be done and these would be attended to.

Catering: Standards are not as good as ought to be on certain Railways. An attempt was being made to cater for various tastes regionwise. Some standardisation was expected to be made in regard to food on the basis of rations and training of cooks was in progress. All Railway caterers were warned to maintain proper standards.

II. Mr. O. V. Alagesan, Deputy Minister: *Short distance travel*: Explained that it is not all passengers that would have to pay enhanced fares, but only a few of them.

The capacity of railway transport to keep pace with the advance of trade and industry: Railways have made a beginning and efforts will progressively yield fruit. Wagon movement positions have been well organised and there has been increase in wagon loading.

Overcrowding: There was increased seating accommodation and an average increase of 17% in passenger movements.

Electrification of suburban train services in Calcutta: A proposal has been seriously taken up and two crores have been appropriated in the next year's budget. Calcutta plus electrification means Calcutta minus mischief-mongering.

High working expenses of Indian Rlys: Budget shows that not only are the working expenses met, but a generous dividend is being paid to the general revenues and some little surplus is also set apart towards capital formation. This has been done with the fares and freights remaining the lowest in the world.

Employment of Biharis in Mokameh Railway Bridge Construction: Railway Services Commission have been instructed to give a regional bias to the recruitment.

Revision of siding charges at Singareni: Government would go into the question.

Demand for Kazipeth Gudur connection: The Southern Railway has been asked to undertake a survey for the purpose of considering the proposal.

Corruption in Medical Department: It was not true that the entire Department is corrupt. There are many who are working with a sense of devotion to duty.

III. Sri Lal Bahadur Sastri, Minister for Railways

In deference to the wishes of the Members, the Railway Minister announced, on the 4th March 1955, that the increase in fares for short distance travel would not apply to Journeys by Ordinary Passenger trains within a zone of 50 miles; and that the surcharge of 12½% on for consignments weighing less freight than 20 maunds would be reduced to 6¼% and that the minimum freight on such consignments would continue to be Re. 1/- as at present instead of Rs. 1-8-0 as proposed in the Budget Speech.

The above fare concessions are expected to benefit nearly 90% of passengers who travel by ordinary trains and the Railways would thus lose approximately Rs. 1 crore per annum on this account.

There will thus be no increase on suburban single ticket. There was also no proposal to increase fares on ordinary season tickets and on student or Market Vendors' Season tickets, whether on the suburban or non-suburban sections. It is anticipated that this concession would also reduce to a certain extent the overcrowding of mail and express trains.

The Budget does not contemplate any increase in parcel rates. The increase in rates for smalls and the imposition of surcharge were proposed only with a view to releasing more wagons for better use in the existing tight wagon position. As, however, it is felt that smaller industries might be hit hard, the above relaxation on consignments upto 20 maunds has been proposed.

Other points touched upon by the Minister in his reply are summarised below.

Expansion programme of the Railways

He hoped to increase the transport capacity of the country during the Second Five Year Plan by 50% and to add about 4000 miles of Railways, making workers Partners in the Administration. Mr. Giri's suggestion depended to a very great extent on the unity of the workers and the collective wisdom they showed. Government was not partial to any particular Labour Union. Nor had it any intention to accord recognition to any new Union, other than those formed either by merger or which had been already recognised. He asserted that the relations between the Railway Administration and the Labour were "very cordial".

Rolling Stock: These would be partly imported and partly manufactured in India to meet requirements *in time*.

Planning for improvement: The Minister said that he had already created a Planning Directorate in the Railway Board and it would be strengthened further. He had also created, very recently, the post of a Deputy General Manager (Planning) on each Railway to ensure not only that there was proper planning and coordination of the works programme, on each Railway, but also that it was carried out according to schedule. The task of the Railways is a difficult one and depends for its success on the cooperation of other sections concerned "These difficulties are not fully realised and there is no word of cheer for those thousands of Railwaymen who are engaged in the stupendous task in the most difficult period of the History of Railways." Different States, various Ministries concerned and the Planning Commission

had all to be consulted and they were in the process of doing so. Three important items of the planning would naturally be new constructions, including doubling and other works designed to increase the present line capacity, self—sufficiency on rolling stock, stores and several equipments, and improved working, including extension and expansion of the present maintenance and Workshops. The expected 50% capacity in the next five year plan would meet likely demands during the next Five Year period and would naturally cover normal increase in the general traffic and the traffic anticipated to arise in respect of the New Steel Plants and the expansion of the Cement Industry and other known projects. Mr. Shastri continued "we are planning not merely in money terms, i.e., what funds are to be expected each year; but we are also thinking in physical terms as well in regard to the maximum utilisation of the existing resources and of expanding the capacity not only to meet the anticipated increase in the next five years, but over a longer period,

Taking over of Light Railways. It has been decided that the Government Railways contiguons to the light railways should conduct a comprehensive study of the Narrow Gauge lines in their jurisdictions and report whether it would be advantageous to replace the lines on the same or other suitable alignment by broad or other lines or by roadways.

Increase in working expenses: During the first two or three plan periods the increase of working expenses out of proportion to the increase in revenue (which would not be commensurate for at least a few years more) would surely persist. This feature should be borne in mind. All efforts would, however, be made to effect economy in branches, wherever possible.

Coordination of Railway and Coastal Shipping. A Committee to examine this would very soon be appointed on account of the difficult nature of the subject and the paucity of relevant data.

Manufacture of Metre Gauge Locos at Ajmer Workshops: The lay-out of that workshop was not suitable for the efficient manufacture of locos of the modern design and the work had, therefore, to be entrusted to the TELCO.

Ex. State Railway Officers

The Minister promised to reconsider the question of the position of ex-State Railway officers in the light of the suggestions made during the debate in the two Houses.

Opposition Members in the *Rajya Sabha* asked the Government why the *Report of the Railway Accident Enquiry Committee* was not released. Shri Alagesan, Deputy Minister for Railways stated in reply that some of the facts as stated in the Enquiry Committee's Report were found to be not wholly correct and that conclusions drawn in some cases were not borne out by facts.

While replying to the discussions on the *Railway Budget* in the Rajya Sabha, Sri Lal Bahadur Shastri dealt with the following points, among others:

Most of the recommendations of the *Shroff Committee* had been accepted and were being implemented. The main recommendation regarding procurement of stores, however, concerned more than one ministry and had been referred to the Stores Purchase Committee, which was about to conclude its labours. The Government would take a decision on receipt of the Report of this Committee. The action being taken on the Driver Committee Report, which enquired into the utilisation of the Railway Fuel had also been placed before the House. The most important recommendation of rationalisation of supplies of coal was however a complicated question affecting general trade and industry and other interests. These conflicting interests were being reconciled before Government action was finalised.

Some results of the survey of the Railway Workshops Capacity were also now available and steps towards improvement were being taken on the basis of these results. As a further measure to keep continuous watch on the performance of the Railways, the Minister proposed to strengthen the Efficiency Directorate of the Railway Board.

The question of raising the status of the Secretary of the Railway Board was also receiving serious consideration.

Passenger Earnings

In reply to questions in the Rajya Sabha, the following information was furnished by the Railway Minister:

The approximate passenger earnings of Indian Railways for the first eleven months of 54–55 amounted to Rs. 92·30 crores made up of:

Air conditioned	·46	crores
First Class	·64	„
Second Class	4·01	„
Inter Class	4·56	„
Third Class	82·63	„

Servant's Pass for M.P.s

A suggestion for the issue of 3rd Class Servant's Pass for Members of Parliament was turned down by Prime Minister Nehru, in the Lok Sabha, who said: "this business of having servants all the time, I hope, is a temporary phase of our existence, because human beings are cheap in India and we have them hovering round us doing all kinds of jobs which we should do ourselves. For Members of the Parliament to definitely and deliberately encourage this kind of thing would not be right".

* * *

T. C. M. Aid Rolling Stock Supplies to India

Dy. Minister (Rly.)'s Statement in Rajya Sabha.

Contracts for the supply of 100 steam locomotives to India under the T. C. M. Aid Programme have been signed with firms in U.S.A., England and Japan, for 50, 25 & 25 locomotives respectively.

8,300 broad gauge and metre gauge wagons and 5,430 wheel and axle sets were also being procured from different countries under the T. C. M Aid Programme. A contract for 1,650 broad gauge wagons had already been signed with a firm in the United States, while another contract for 1,650 metre gauge wagons was under negotiation with U.S. firms. For the remaining supplies, contracts had not yet been signed but offers had been made to firms in England, Austria, Italy and Japan. Orders for the 5,430 wheel and axle sets are proposed to be placed on a Japanese firm.

MESSAGE: (*continued from page* ii)

Sri K. Sadagopan

Chief Administrative Officer, Integral Coach Factory, Madras-23

19–3–1955.

"THE RAILWAY ACCOUNTANT" deserves our heartiest congratulations on the completion of its first year. During the year that has gone by, it has more than fulfilled our expectations of a high class journal, devoted to the dissemination of useful knowledge in the field of Railway Accounts, Audit and Finance, and the discussion of related Railway problems, and it has besides provided its readers with a very considerable amount of material which has been of great interest and value to Railway Accountants and Auditors. I have no doubt that with the very good beginning it has made in this specialised field, this young tree will grow into a giant one and will render valuable public service to an ever-widening circle of readers interested in Railway Finance and Railway Accountancy. My warmest good wishes to the "Railway Accountant" on this occasion.

Readers' Forum

Variations of Contracts—Powers

The following doubt has arisen in the application of the rules regarding competency of authorities to vary contracts. It will be appreciated if any ruling or decision on the subject can be quoted by anyone.

Para 410-S states that, with regard to the question of the competency of authorities to execute contracts, they have to be divided into two classes, *viz.*,

(1) powers as to the class *i.e.*, the nature of the Contract, and

(2) powers as to the amount.

Competency of authorities as to the amount is determined by the financial powers given in the Schedule of Powers in App. VII-G-II. The competency as to the Class is given in App. II-S.

According to para 441-S, variations of the quantities of any items can be made by the authority which signed the contract to the extent deemed necessary provided that

(1) the Indian Government Railway rules relating to control over expenditure are not contravened thereby;

and provided also that

(2) the total value of the amended contract shall not exceed the powers of the authority that approved the original.

In one case, a contract for Rs. 14 lakhs was entered into, after getting Railway Board's approval to the proposal, by the General Manager, the amount being in excess of ten lakhs. In this contract it was subsequently found necessary to make variations both in respect of quantities as well as in items, the amount involved being, say, Rs. 3 lakhs. According to paras 411-S, and 444-S, variations can be made to the extent deemed necessary by the authority who signs the contract provided that the rules regarding control of expenditure are not infringed and also the value of the amount of contract does not exceed the powers of the authority that approved the original contract. The authority that approved the original contract in this case is the Railway Board. Therefore, there is no question of the powers of the Railway Board being exceeded by making the variations referred to. As regards the other proviso *viz.*, the rules regarding control over expenditure should not be exceeded, this is rather vague. The rules broadly state that there should be no excess over the allotment or excess over the estimate. The contract only forms part of a big scheme costing several lakhs and any variations in the contract may not have the effect of increasing the amount of the sanctioned estimate for the work beyond the permissible limits.

In the circumstances the question arises whether the variations can be made irrespective of any limit, by the General Manager without reference to the Railway Board. In other words, taking an extreme view of the case against the contract amount of Rs. 14 lakhs as approved by the Railway Board, will it be permissible for the General Manager to make variations in the contract upto say, Rs. 28 lakhs, without reference to the Board, if there is no excess over the amount of the estimate? If, however, it is the intention that a restriction should be made on the powers of the General Manager in such cases, what is the limit upto which such variations can be permitted?

A. S. V. (Madras).

* * *

Allocation of Temporary Works

So far as temporary works are concerned, both the old rules of allocation and the new rules provide that their cost is chargeable to Revenue; and that when the work ceases to be temporary and is retained permanently, the actual cost of the work should be transferred to the debit of Open Line Works (Revenue), Development Fund or Capital as the case may be—vide para 937-G. The only exception to this, provided in the new rules, is in the case of passenger amenity works (waiting rooms etc.) provided in connection with Melas, which, though temporary, need not be charged to Revenue, but charged to Development Fund, if they are required for a period of more than six months. A question arises whether the provision of furniture to an Office for the use of temporary staff should be treated as temporary and charged to ordinary Revenue in terms of the provisions of para 937-G, or whether it should be charged to O.L.W.R as an operating improvement under item C-(f) of the List under para 910-G. The former course will, of course, be an orthodox application of the rule (while the latter course is advocated by some). The views of Railway Accountants are invited on this question, indicating the practice followed on the different Railways.

F. X.

* * *

Fixation of Seniority of Junior Accountants and Accounts Inspectors

The Railway Board is understood to have changed the existing rule (8A-App. IV—A) relating to the fixation of relative Seniority of Junior Accountants and Junior Inspectors passed in the same year According to the new rule, Selection tests by properly constituted selection Boards will be held by individual Railway Administrations for the purposes of fixing the seniority.

In the interests of securing uniformity and for protecting the interests of qualified candidates transferred from one Railway to another, or to the Railway Board's Office, it is desirable that the Railway Board should fix up the relative seniority of the S.A.S. (Railways) passed men on the results of the said Examination. This would be the most appropriate procedure under the existing circumstances.

P. K. S. B. (Calcutta).

[*Note*: We have already dealt with this subject at pages 126, 142 and 298 of Vol. I of this Journal. The procedure outlined by the Railway Board seems to be absolutely clear, and is mainly designed to fix up relative positions as between men who passed in the same year and also as between such passed men and exempted men. It does not stand to reason that seniority should be gauged on the basis of marks obtained in any Examination, as there are several divergent factors in these cases which cannot be properly equated.]

Mg. Editor.

* * *

Starting pay for App. II-A passed Class I Clerks

App. II-A passed Class I Clerks of the Railway Accounts Department are started on a minimum of Rs. 80/- per month. But in the Offices of Civil and Railway Audit and Accounts Department, the pay of Upper Division Clerks, similar to Class I, is raised to Rs. 100/- immediately after passing the Departmental examination, which is similar to App. II-A of the Railway Accounts Department.

It seems reasonable that App. II-A passed Class I clerks should also be similarly given a minimum start of Rs. 100/- per month. This higher start is particularly necessary for the qualified Class I clerks, in view of the Railway Board's recent decision to resort to direct recruitment of Class I Clerks, whenever necessary. In the event of the present starting pay being allowed to continue, both directly recruited probationary Class I clerks and qualified promoted Class I clerks would have the same minimum start of Rs. 80/- per month. It is hoped that the Board would look into this aspect very early.

P. K. S. B.

[*Note:* One aspect has not been noticed by the writer viz., that in the Civil and Railway Audit Offices, recruitment is generally limited to highly qualified graduates; and consequently, their start should necessarily be higher than in the Railways, where, till now, the general Educational qualification has been fixed at a minimum of S.S.L.C.

It is also open, irrespective of the starting pay, for any candidate to pass, as early as possible, the higher S. A. S. (Railways) Test and procure for himself a position of seniority for promotion. There is, however, nothing to prevent the Railway Board from looking into the representation and reviewing the entire position of recruitment.]

Mg. Editor.

Personnel

Western Railway

Sri R. Mahadevan, M.A., Assistant Accounts Officer, Western Railway, Bombay, has been transferred on deputation to the Hindusthan Steel Ltd., Calcutta as Senior Accounts Officer there.

* * *

Eastern Railway

Sri A. N. Bhattacharya, Offg. Divl. Supdt. is appointed to officiate as Chief Engineer, vide Sri P. C. Chakraborthi on L.P.R. w.e.f. 8-2-55 A.N.

Shri P. C. Vaish, Offg. Dy. Controller of Stores is appointed to officiate as Controller of Stores vice Sri Qurban Singh, granted sixty days' leave w.e.f. 2-2-55.

* * *

Southern Railway

Sri M. V. Seshadri, Dy. Financial Adviser was promoted as F.A. & C.A.O., Western Railway, and was relieved at Madras on 31-3-55 A.N.

Sri Y. Subramaniam, R.A.O., Trichy, proceeded on L.P.R. from 14-3-55.

Sri M. V. Rao, Dy. C.A.O., E. Rly., was transferred to S. Rly. in place of Sri M. V. Seshadri.

Sri A. Sahul Hamid, Dy. C.A.O., W. Rly., was transferred to S.Rly., and posted to Trichy as R.A.O. in place of Sri Y. Subramaniam on L.P.R.

Sri B. G. Balakrishnan, A.A.O., S. Rly., returned from leave on 3rd April '55.

* * *

Transfers of C.C.S.

Shri R. K. Bokil, C.C.S., Eastern Railway is transferred as C.C.S. Central Railway.

Shri M. G. Iyer, C.C.S., Central Railway is transferred as C.C.S., North Eastern Railway.

Shri B. Mazumdar, C.C.S., N. E. Railway, is transferred as C.C.S., Eastern Railway.

The local train stopped at every station and frequently in between. At last, it came to a dead halt in the open country.

An angry passenger put his head out of the window and shouted to the guard: "May I get out and pick flowers?"

The guard replied, "I don't see any flowers around here."

"There aren't any now," said the passenger, "but I've got a packet of seeds in my pocket."

STUDENTS' CORNER

Pricing of issues of Stores to Works, Maintenance etc.

There are several methods in regard to pricing of issue of Stores to Works, Maintenance etc., the method to be adopted being dependent upon the circumstances governing the particular industry or organisation. The methods principally used are :—

(1) Issue at current market rates, i.e., the market rates prevailing at the time of issue of stores, the object being to ensure that the cost of the service or work is assessed at current market rates, irrespective of the price at which the materials in question were acquired for stock originally. The price charged, may, therefore, be either above or below the purchase price in such cases. This is not generally favoured except as a proforma record for the information of the management in regard to particular contracts.

(2) LIFO method (Last in, First out,) i.e., the rate at which the last received consignment was purchased is charged to the issues. This more or less conforms to the principle enunciated in (1) above. This method is largely in use in America.

(3) FIFO method (First in First out.) i.e., charging the issues at prices relating to the earliest stocks. This goes on the presumption that the earliest stocks are issued first before taking up later purchases for issue, although physically this may not be the case.

(4) Fixed rates, i.e., Fixed rates, taking into account the market trends, are laid down for application for a given period, say, six months or one year, subject to variation from time to time based on the market trends.) This has the advantage of simplicity. The difference between the cost price and that charged to issues, is dealt with as an item of Profit and Loss (or treated as under or overcharges and dealt within the Revenue Account periodically.

(5) The Average Rate Method :—Under this system, the average purchase rate is charged to issues, the underlying idea being that the stocks are purchased at different intervals as and when required for general use for the undertaking, and it would not be correct to say which particular purchase is to be used for which particular work or service.

On the Railways, method No. 5 is the one that has generally been prescribed for issues of Stores to Works and Service, from Stores Suspense. The average rate is struck after every purchase. There are however, some exceptions to this general principle. One is with regard to scrap materials, for which method (4) (Fixed rate principle) is adopted. The rates are laid down in a Schedule of Scrap and are revised as frequently as necessary and not less frequently than once a year by the Controller of Stores in consultation with the Accounts Department with reference to the best data available such as the average price realised at each auction sale and other relevant factors.

When the Schedule of Rates is revised and the revised rate is lower than the purchaser ate, the balances in hand should be revalued at the revised rates by operating on the Stock Adjustment Account but if the revised rate is higher, the existing stock should not be revalued. Only future receipts should be taken at the revised rates. Issues were, however, required to be priced at average rates struck on the priced ledgers as and when required. This last procedure is, however, to some extent opposed to the general principle of fixed rates.

The fixed rate principle is also adopted in the case of certain defined components manufactured in Workshops for being stocked in Stores and subsequent issue to Works and Services. The under or over-charges are dealt with through Stock Adjustment Account and debited or credited to the appropriate Revenue heads of account.

The general principle is that the balance of Stores in stock should not be written up by revaluation of stock at higher rates. As an exception, however, the Railway Board have permitted upward revision in the case of coal, evidently as a result of the recommendations of the Expert Chartered Accountants who were consulted by the Railway Board with regard to Coal Accounting.

Old Copies for Sale

A few copies of the Journal from May 1954 onwards are available for sale. Those who desire to possess them may now get the copies from May 1954 to March 1955 at a concessional rate of Rs. 11 by remitting the sum in advance. These are also bound in a single volume with an Index and sold at Rs. 12.

Individual copies (more than a month old) can be had on payment *in advance* of Re. 1/2/- inclusive of postage.

Note to Subscribers

The subscriptions of many subscribers have expired and they have been advised through the Journal to send their further subscriptions. In a few cases, even later issues have been supplied on the assumption of their continuing to subscribe. Though some have responded to this gesture, many have yet to remit their dues, with the result that the Management is forced to incur extra expenditure for reminding them. It is hoped that the subscribers will co-operate with the Management and avoid the need for the issue of reminders, by remitting the subscriptions **in advance** in all cases.

Subscribers have been requested from time to time to extend the circulation of the Journal by enlisting more subscribers. This request is again repeated with greater emphasis especially in view of this Anniversary Number, so that all may look back with pride at the service rendered to the profession and eventually to themselves. Our target is still very far away ; and if each one of the subscribers takes the responsibility for enlisting at least two more subscribers, it is certain that we shall have a respectable List.

The Railway Administrations have also begun to take interest in the success of the Journal and it is hoped that the staff will co-operate with the Administration in taking greater interest in the acquisition of knowledge.

As an incentive, the Management of the Journal have decided to enrol "Group Subscribers". Under this scheme, subscribers in groups of 12 can obtain a reduced rate of annual subscription of Rs. 96/-, *to be remitted in advance*. This will give an average rate of Rs. 8/ per annum per subscriber as against the normal individual rate of Rs. 10/-. This offer may be withdrawn without notice at a later date, if adequate advantage is not taken thereof.

Subscribers to the Journal, who are prospective Examinees for Railway Examinations have also the advantage of getting the publications of Sri L. V. Gopalan, at concession rate which can be ascertained on individual applications, mentioning their requirements. Reply card should be sent for the purpose to enable purchasers to know the amount which they have to *remit in advance* for getting such concessions. In all such cases, particulars regarding their being subscribers to the Journal should be furnished.

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