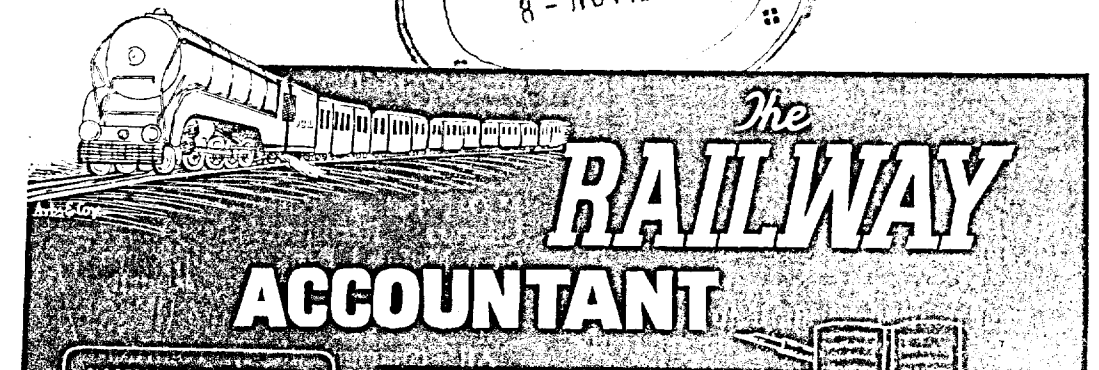
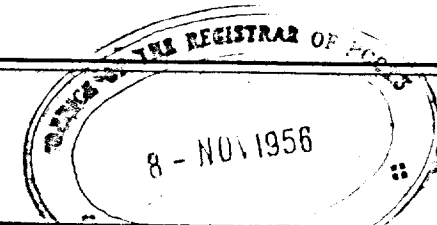


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Manuscripts and photographs, if any, sent therewith, if not accepted for publication, will be returned only if the sender so desires and encloses the usual stamped and self-addressed envelope.

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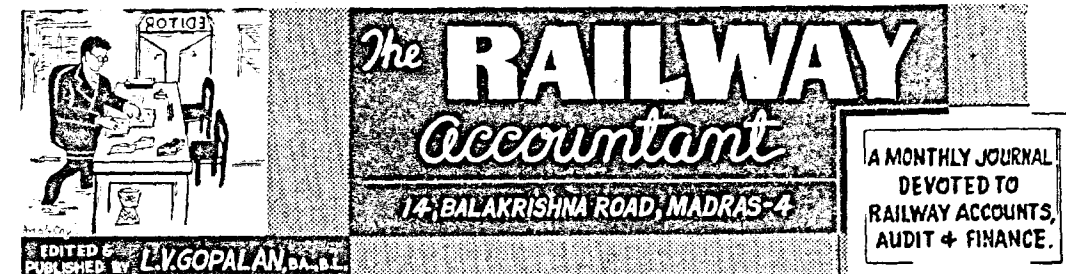
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The following Journals and Magazines have been received since the last issue

Central Railway Magazine	September 1956	Monthly Railway Statistics (Rly. Board) —
Central Railway Newsletter	September 1956	Chartered Accountant September 1956
Eastern Ry. Magazine	1956	Indian Railway Gazette October 1956
Northern Railway Magazine	September 1956	Railway Herald up to W. E. 8-10-1956
North-Eastern Railway Magazine	—	Wednesday Review W. E. 3-10-1956
Southrailnews	October 1956	Careers & Courses —
Western Railway Magazine	August 1956	Educational Review September 1956
Railcoach	August 1956	Accountants' Journal, New Zealand '56
Indian Railways	October 1956	Australian Accountant 1956
S. Ry. Accounts Society Bulletin	—	Tax Relief Bulletin —



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No. 7

Departmental Examinations

There have of late been bitter complaints about the low passes in the Railway Departmental Examinations. Complaints have also been lodged in regard to the scope of the papers themselves which obviously have overlooked sometimes the portions to be covered thereby and such like matters. There can be no smoke without fire; and it is quite possible that though some of the criticisms might be attributed to biased minds, still they might be worth something. It may be necessary, apart from such complaints or criticisms, to review the position from time to time and find out how the schemes are practically being worked.

In regard to the Appendix II-A Examinations, which till 1954 happened to be conducted by individual Railway Administrations with different standards, the Railway Board decided to take over the conduct of this Examination on an All-India basis and had its first Examination under this revised scheme early in 1955. But it is not a full-fledged arrangement as it is learnt that apart from the papers being common to all centres, the correction of the answer papers is being carried out by officers of each Railway, each with his own views on the questions. That the announcement of the results is subject to the control of the Railway Board and the results on all Railways are announced simultaneously, are however features that show up the commonness of the Examination. This method has its own drawbacks. Apart from the fact that the examiner who set the paper has nothing to do with the correction of the answers and those that correct the papers had not discussed the paper with him, there is always the possibility of standards of correction being dependent on personal factors and varying considerably, thus preventing the candidates deriving the full benefits of an All-India Examination. The results of certain Railways in certain papers in the examination held in March 1956 were very poor as the marks allotted to candidates in some of the Compulsory Papers should obviously have been far below the minimum pass-marks.

Then, again, in this last examination, there was a big uproar about the Question Paper on Book-Keeping being mostly out of bounds, with the result that hundreds of candidates refused to answer it and forced the Railway Board to hold a Re-Examination in that subject for the benefit of the failed candidates and the candidates who abstained from answering. Such an incident is unique and in no University Examination have we ever heard of such a precedent.

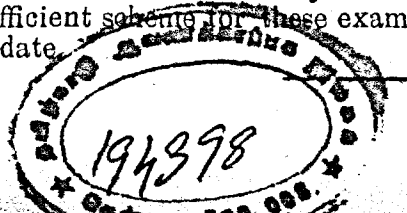
These defects, if we may call them so, are indicative of the need to give greater consideration to this subject of Departmental Examinations, so as to have

them conducted in such a way that they are above avoidable criticisms. What may be considered a suitable working method is to see that all Question Papers are reviewed by a special high-level body in the Railway Board's Office to ascertain not only the standard of the papers but also that they do not transgress the curriculum, if any, set for the purpose; secondly, the examiners should be asked to give model skeleton answers for their questions as soon as possible after the Question Papers are sent so that the Board can send copies thereof in due course to the various officers entrusted with the correction of the answer papers. This would obviate to a very great extent different standards of correction and those who correct the papers would really be functioning as Assistant Examiners in the University scheme of Examinations do. Thirdly, it is necessary that all the marks after tabulation are reviewed by this Central Examining Body referred to ante with a view to find out to what extent the marks might be amended so as to secure fair results. This is usually done in every University Examination by what is called the Moderation Board; and its necessity is all the more felt in a Departmental scheme of Examination as the fates of people, who have put in long years of service and who have passed the age of concentration for Examinations, but who, nevertheless, are experienced workers, are involved.

The Institute of Chartered Accountants in India has been conducting Examinations and the Certificates issued by them are recognised by Government; and there does not seem to be so much of an uproar about their methods of work as we find in the Railway Department. It is probably due to the fact that the Examinations conducted by the Railway Board have not been well organised and there is scope for a detailed and dispassionate review of the methods and procedure adopted, of the defects noticed, of the remedies therefor, and so on. After all, it cannot be overlooked that these Examinations—both Appendix II and Appendix III-A—are intended to select efficient and suitable staff for lower and higher supervisory work; and consequently, Examinations within a limited period and within a limited scope cannot be the *sole and final* criterion in such selection. We have pointed out in the past the necessity for introducing *Viva Voce* Examinations in order to make up for human deficiencies in the nature of physical inability to write fast, or incapacity to express ones-self adequately, etc. In Scotland, the Institute of Chartered Accountants has recommended the introduction of *Viva Voce* to a limited extent. (Vide news item on page 192 of September 56 issue of this Journal).

We have heard a lot of complaints about the markings of answers in several papers in App. III-A examinations also. Consequently, a good lot of bickering and dissatisfaction has been created in the minds of the Railway Accounts Staff. The Administration cannot overlook this fact that while a contented staff is surely an asset, a discontented staff is as much a liability.

In view of the heavy projects that are to be undertaken by Railways in the current Second Five Year Plan and the need for greater and greater efficiency in the discharge of the duties allotted to the Accounts and Finance Departments of Railways, the need for having really capable men who can handle the problems that arise is obvious. We, therefore, urge the imminent necessity for a thorough research into the methods adopted for the conduct of Appendix II and Appendix III-A Examinations by experienced Officers or if so preferred by all the ten F.A. & C.A.Os forming themselves into an *AD HOC* Committee for the purpose; and their conclusions considered in detail by the Financial Commissioner of Railways; so that a more efficient scheme for these examinations may be evolved for adoption at a very early date.



Coal Accounts and Finance

BY SRI R. MUTHURAMAN, B.A., A. A. O., S. Rly.

The total route mileage of the Indian Railways at the end of 1954-55 was 34,705. The entire distance, except a small portion is run by steam Locomotives fed by coal. A few engines are run by oil fuel. There were 8149 Locomotives on the Indian Railways at the end of 54-55.

The total quantity of coal consumed by the Indian Railways during 1954-55 was 1,06,27,329 tons of which the Southern Railway alone shared 15,37,407 tons. The Southern Railway has budgeted for 18,52,500 tons, in 1956-57. With the increase in traffic under the Five Year Plan, the total quantity budgeted by the other railways will be higher as in the case of this Railway and it is believed that the budget for all the Indian Railways will be in the order of 1,16,92,000 tons. It is, therefore, no wonder that the Railway Board have found it essential to have a Joint Director exclusively for dealing with matters on coal. (Mr. M. V. Kamani is the Joint Director for dealing with matters on Coal in the Railway Board.)

It is usual to refer to our country as a subcontinent but the effect of it can actually be felt keenly only when dealing with problems of transport (in addition perhaps to languages). Railway coal fields are now situated in West Bengal, Bihar, Orissa, Vindhya Pradesh, and Hyderabad States. The Bengal coal-fields are about 1103 miles from Madras and the Singareni Collieries 379 miles and, the Vindhya Pradesh Collieries 1086 miles. These Collieries except Singareni, are all situated in the Eastern Part of India and the coal has to be carried several hundreds of miles to reach the Western, Northern, and Central Railways as in the case of the Southern Railway.

Years ago, coal was purchased in the open market by the Railways who were

almost the sole consumers. After War and after the industrialisation of the country, the demand for coal from all sections also became heavy and distribution and movement of coal was brought under the control of the Government. So what is now done is to advise the Half Yearly requirements to the Chief Mining Engineer, who will arrange for the allotment of the required quantity to the various Collieries for supply.

Another feature in so far as this Railway is concerned, is that in order to lessen the strain on the Railways in carrying coal over long distances, the coal required for Ex-SI-BG and MG portions, is transported from Bengal Collieries to Calcutta Port wherefrom it is shipped to the Ports lying on the Southern Railway viz., Madras Harbour, and Cochin.

As stated earlier, the quantity budgeted for 1956-57 is 18,52,500 tons and as generally an average of 22 tons is loaded in a BG Wagon, the number of wagons required to transport our requirements is 84,204. This, of course, is spread over the whole year and the difficulty in this number of wagons being hauled over long distances, passing through several junctions or transhipped at break of gauge points can easily be imagined. To have a vivid picture: if all these 84,204 wagons are continuously placed on rails at a time, they will cover 3188 miles approximately. Likewise, if the entire coal for a year is built in a stack, it will occupy 68,542,500 c. ft. approximately.

The Pitsmouth cost per ton varies between Rs. 15 and 16 for Bengal coal and Rs. 22-8-0 for Singareni coal. In view of the increase in the cost of labour, the Pitsmouth cost of all coal has been raised varying from Rs. 3 to Rs. 5 per ton from July 56. The cost of coal for running and other miscellaneous purposes was estimated at Rs. 318 lakhs for

1956-57 and this increase in rate has increased the working expenses on coal by a further sum of Rs. 45 lakhs for 1956-57 alone.

So far as the freight on coal is concerned, the Railway is subjected to the same rules and conditions as the public and no doubt, a comparatively lower rate has been quoted for coal, in view of the fact that it is used for industries which require to be encouraged. A reduced terminal charge of annas 8 per ton was in force for a number of years, but it has now been increased, from 15-10-56, to 0-14-0 per ton by the Railway Board for each end, i.e., increased from Rs. 1/- per ton to Rs. 1-12-0 per ton for both ends. So this itself will increase the freight rate by about Rs. 14 lakhs per year.

When dealing with freight, it has also to be noted that in view of the long distance involved, the Wagons are in the first instance booked to a distributing centre at a suitable intervening Station and are rebooked therefrom to the sheds of consumption. As the rate for coal is a telescopic one, this double booking of the same coal involves the charging of a higher basic schedule in the initial slabs. The home line freight is credited to working expenses under a separate head under Abstract G and for the purposes of budget also, this is shown as a deduction entry proportionately.

The sea borne coal entails additional handling at the sea ports and the sea freight is also comparatively heavy. A ton of Bengal Coal costs at Madras Rs. 60-7-9 if obtained by sea and Rs. 47-11-3 if obtained by rail. But the sea transport is not only inevitable as the capacity of the Railway to carry by rail is limited, but has also to be encouraged as coastal shipping.

On the Southern Railway alone, it costs Rs. 856.69 lakhs for the coal required for the use of this Railway and this accounts for about 22% of the total expenditure of this Railway.

From what has been said, it will be seen how many stages are involved before the coal is actually put into the tender of the engine. To link the thousands of wagons booked from the Collieries with those received at the distribution depots, passing through hundreds of miles, many of which would have been transhipped or diverted enroute to other destinations, has been a tough work for the Accounts Officers. Many of them also get astray either due to want of wagon labels or incomplete information.

The bills for the cost of coal are received from the collieries for coal supplied and the amount is in the first instance debited to Purchases, and Suspense Heads were originally cleared as and when the account at the shed took place. In view of the difficulties enumerated above, a large sum was outstanding under Purchases; but at the same time, a large amount was also kept under Deposits for value of unconnected coal delivered to the Loco Department by the Traffic Department. At one stage, these outstandings on both heads were so high that the Railway Board requisitioned the services of Messrs. K. S. Iyer & Co., Chartered Accountants, to examine and report on the maintenance of coal accounts. It is on their recommendations approved by the Railway Board from time to time, that procedural changes were introduced on Railways. This was also followed by an examination by Mr. Taimini, [now Dy. Director, Finance (Accounts) Railway Board,] and his recommendations as approved by the Railway Board are also being introduced.

The principal recommendations are as follow: The first is the opening of distribution centres at convenient places up to which all the wagons can be booked from the Collieries and wherefrom the distribution to the consuming sheds can be arranged by the Railways according to needs. This will save a lot of trouble in tracing the wagons, as in the first stage, the tracing can be con-

ducted easily and in the second stage, it is purely the look out of the local Railway.

The second is the introduction of wagon disposal statements which should be prepared by the Traffic Officials of the booking Station, who should hand over a copy to the Colliery concerned for submission along with their bills as an authority for their claim, and one copy to the GM of the Railway concerned, the third being retained as Office Copy. These statements provide columns for indicating the movements of the wagons from the base stations, receipt at the transshipment or distribution centre, and receipt at the depots.

Thirdly, to avoid unnecessary outstanding under 'Purchase', the value of coal received at the distribution centre should be immediately transferred to "Stores in transit" account.

Fourthly, the value of coal diverted to the other foreign Railways and also missing wagons should be transferred from Purchases to MAR for subsequent adjustments, thereby giving full clearance to Purchases. Foreign Railways should be debited straightaway without waiting for the formal acceptance of bills etc.

Lastly, coal accounts should be maintained according to the grade of coal as the rate for each grade varies. This gradation is, however, not possible on the Southern Railway as we are getting ungraded and mixed coal.

One great thing, we have to remember is that in view of the large quantity of coal dealt with, the number of stages it passes through, and the large number of persons handling it, it is difficult to ensure accuracy fully at all the stages, e.g., at transshipment point, weighment is not done for want of facilities and at destination shed, coal is taken into account only on the invoiced quantity and all the wagons cannot be weighed at destination for various reasons; the issues are made by baskets or tubs on

test weighments only. Thefts occur enroute in train or even at the sheds themselves, losses occur when unloading from the ship into the wagon and so on. Thus on a comparison of the coal received as per invoice and that as per issues by tubs or baskets, a margin of 2% is allowed towards variation. Anything over this, is subjected to investigation.

A verification of the stock is made every quarter by the Inspectors of the Operating Department, but accounts verification is done only once a year. In view of the large quantity of coal dealt with and the heavy amount involved, it appears to be desirable that the Accounts verification should be done more frequently as in the case of station accounts, though not so very frequently.

The budget for the requirements of coal was hitherto framed on the basis of engine miles run and required to be run in the future according to the needs of the traffic. The Estimates Committee have recently reviewed the coal budget and remarked that the main difficulty in the Railway budget is that the funds provided are not correlated to performance and that the Parliament who sanctions the budget is not aware that the quantum of service that will be rendered in the various activities of the Railway covered by the Demand is actually done and that when performance falls short of anticipations, excess funds should be surrendered and not covered by inefficient working. The Railway Board have, therefore, devised a form in which the anticipations of the performance, so far as coal is concerned, should be furnished. In this form, the Railways are required to give the gross ton miles as well as engine miles carried and anticipated to be carried for the grant asked for and that this should be examined on each review of the budget.

The value of cinder ashes sold was hitherto treated as earning, and the Railway Board have now ruled that this amount should be treated as reduction of

expenditure under fuel and credited to Abstract B.

The question of fuel economy has been the subject of consideration of the Railway Board for the past few years and methods are being devised to prevent leakage and to make the best use of the coal available. It is with this idea that a separate branch for fuel has been found in the Operating Department.

Another thing, I would like to mention is that as the Fuel Branch is specialising in fuel alone, there should be more frequent visits to the shed by the Fuel Officers of the Head Quarters as

the control over fuel is generally in the hands of this organisation. Although the DMEs and their Assistants visit the sheds, the purpose of a separate Fuel Organisation will be fulfilled only when the Fuel officers contact the sheds and tackle the problems arising, in addition to the moral effect which these visits will have upon the staff.

In connection with the labour for handling of coal at sheds, it would appear that the rates are becoming higher and higher. The employment of coal loading cranes at big sheds will require to be considered.

Government Spending in Britain

BY EARNEST ATKINSON, (*Well-known Correspondent*)

Normally, by the end of January, the Estimates of the several Government departments for their spending in Britain's next financial year—April to March—have been completed. But the Prime Minister, Sir Anthony Eden, in an important speech on January 18 told of a change this year; he asked the new Chancellor of the Exchequer, Mr. Harold Macmillan, to look over the Estimates again, with the purpose of making further savings.

It does remain true, however, that the greater part of Government spending, like the greater part of taxation, is imposed by legislation that goes on from year to year; any formidable amount of spending can only be cut by bringing whole services to an end. An illustration of the difficulty is a recent official committee report that there is little prospect of the vast cost of the National Health Service being diminished.

UNDER THREE HEADS

However, as the Prime Minister said, Government spending (leaving aside defence) can be listed under three heads;

the cost of administration; the distribution of social benefits; and large public expenditure on housing and so on. It is reckoned that Government, local and central, is responsible for more than half of the building of every kind that is going on in Britain today.

Once the Estimates are published, the House of Commons begins the process of examining them, a process that leads on to review in the Budget and Finance Bill debates of fiscal and economic policy, and again to examination of how the money has, in fact, been spent.

Parliament exercises a very thorough control over expenditure. The House of Commons has, and uses, its ultimate control in a way that occupies much of its time throughout the parliamentary year.

There is a division of functions that gives the control to the Commons and leaves the initiation of policy—especially policy touching on new spending—to the Crown, acting through Ministers. No private Member can propose new expenditure. And the Commons uses the Treasury as its instrument to control

the extraordinarily complex machine of national finance.

CONSOLIDATED FUND

Britain's financial system and the control of it are simple enough, though the size of the sums dealt in and the great range of things on which they have to be spent make them look complex.

There is, first of all, what has been described as the "reservoir into which all revenue flows and from which all expenditure issues." This is the Consolidated Fund. Nowadays this is represented by the Government's account at the Bank of England—called the Exchequer Account or simply the Exchequer.

Parliament authorizes the issue of money from this account by a Consolidated Fund Act—which has to be passed before the beginning of the financial year so that departments may have in hand money with which to operate. The Treasury makes the actual issues to Departments from the Exchequer, through the Paymaster-General. These issues are subject to the inspection of an independent officer of great power, the Comptroller and Auditor-General who is responsible to Parliament.

While the actual imposition of taxation can afford to await the convenience of the Commons in discussing and imposing it, provision for spending the money cannot be delayed. And so the Consolidated Fund Act provides an interim authorisation of expenditure—authorization which is made final later in the year, and after the Estimates have been passed, by an Appropriation Act, which authorizes expenditure for the whole of the financial year.

PUBLIC SCRUTINY

Estimates have to be approved by the Cabinet before they are submitted to Parliament. Some may, indeed, go to Special Committees of Ministers or to the Cabinet itself at earlier stages, if the Treasury and some department cannot agree on them.

In all, this extremely detailed process takes from four to five months before at last Parliament and public see the Estimates which have to bear public scrutiny and debate—a process that gives many opportunities, through most of the parliamentary year, for general as well as particular challenge to the Government on both policy and administration.

Each Department's Estimate is divided into Votes, and the Votes into items; accounts of expenditure must match them. The accounts are audited by the Comptroller and Auditor General. His report is reviewed by the Public Accounts Committee. And that, in its turn, reports to the House of Commons.

POINTS FOR DEBATE

Much inevitable expenditure—such as that on the National Debt, or on the maintenance of the Royal House—does not come up year by year for review in the Commons. It is authorised by permanent laws. But all "supply services"—the spending of the public department—do. And, over the years, it has been found that the work of the Commons in Committee of Supply (which is, in effect, the whole House) has moved from detailed scrutiny of spending to discussion of the policy issues behind the Estimates.

The technical device used to express criticism is a motion to reduce a Vote by the token sum of £10, or £100, in fact, the objection may really be that not enough is being spent. But the peg for debate has been identified. And the Government is set the healthy exercise of defending itself.

That can happen under the Supply procedure a score or more of times during the parliamentary year; not to mention many other occasions offered for criticizing Government policy—and it is the essence of the British way of making parliamentary democracy work.

"The Wednesday Review"

Dr. Appleby's Report

(Continued from page 179 of Sep. 1956 issue).

[Criticisms by various high ranking Officers referred to in our previous article are now dealt with. We are indebted to the Hindu for the information.]

I

Mr. K. V. Iyer, Retired Chief Auditor and Accountant, ex. M. S. M. Railway writes :

"The Office of the Auditor General in India has been modelled on that of the Comptroller General in England. He is not the arbiter of the Government's policy nor has he any authority to criticise it. The Government lay down the policy and give necessary sanctions and within the ambit of such sanctions, every Executive has power to accord sanctions, incur expenditure and carry out the policy within his limitations. In an excess of zeal, the Executive is often inclined to overlook the rules laid down by Government for the economical execution of their policy, exceed his powers of sanction or imprudently enter into commitments with but a vague idea of the final developments.

"The Auditor General comes on the scene after the event, i.e., after the Executive has done his work and with the entire picture in front of him, criticises the action of the Executive wherever necessary, with what Dr. Appleby has characterized as hind-sight. He is the eye by which the public which provides the moneys and its representative, Parliament, which votes the grants for expenditure, see how the Executive has carried out works and spent the moneys. The more the Executive is lacking in foresight, the greater is the scope provided for the Auditor General to exercise his hind-sight and to criticize the Executive.

Dr. Appleby is unfair to the Auditor General when he accuses him of want of acquaintance with administrative

problems or of administrative experience. Though the rank and file of officers working under him may not claim much direct acquaintance with administration, the holders of this office have in the past so many years been members of the I.C.S., with ample experience in the exercise of administrative authority and even the more recent holders of the office, though members of a sister service can claim to have had ample administrative experience. In fact, if my memory serves me right, they have spent more of their time in administrative jobs than in Audit and Accounting. Therefore, the Audit Reports which bear their imprimatur cannot be said to be petty and narrow in outlook nor lacking in administrative perspective.

If the Executive carry out their duties without bias of any kind, do not exceed their powers and exercise foresight sufficiently, they have nothing to fear from the criticism of Audit. Any action to which Audit may take exception can be readily explained as the best that could have been done with the information available at the time and with due foresight and common sense."

He adds further that under the circumstances, it is a travesty of facts to state that Parliament greatly exaggerates the importance of the functions of the Auditor General, pays too much attention to his reports and thereby increases the timidity of public servants at all levels and makes them unwilling to take responsibility for decisions. On the other hand, the general feeling is that the Auditor General's Reports are dealt with in a step-motherly fashion and pursued with less zeal than those unearthed by executive authorities.

II

Mr. S.A. Vaneswar, a Retired Accountant General States :

While appreciating the facts contained in Dr. Appleby's Report and accepting the view that there should be a larger delegation of administrative and financial powers to subordinate authorities, he points out also that overlapping of authority and jurisdiction over one and the same project causes difference of opinion and delay in sanction and maintenance thereof.

"It is surprising, however, that Dr. Appleby has chosen to belittle the importance of the Auditor General. According to him, the function of auditing is a strictly negative one: the auditor knows only auditing which is not administration, and his perspective is therefore narrow and his usefulness limited. In a bantering vein, he writes 'Any Deputy Secretary knows vastly more about significant problems in his Ministry than the entire staff of the Comptroller and Auditor General can discover by auditing'. It is no reproach to the Auditor General that he knows only about *financial* administration and not other aspects and problems of administration which do not come within the purview of his statutory duties. Likewise, it is no reproach to a technical expert that he does not know the ABC of accounting and audit. But an administrator should be well versed in *financial* administration also, so that he may be efficient all round. Likewise, the Auditor General and his staff are conversant with the structure, functions and powers of the departments and the concerns of Government, whose accounts they audit.

"Whatever the variety or complexity of work that is done in departments and concerns, the processes of accounts and the principles of audit in regard to the propriety and control of expenditure are basically and essentially the same. That is where the auditor steps in to point out the irregularities factually and dispassionately, while he might not be able to run any of the departments or concerns himself. It is not his job to study the problems or guide the policy of the administration.

"Except for pre-audit of big projects, audit is necessarily belated in its criticism of expenditure and has to do post-mortem work. It has been likened to 'flogging a dead horse'. But this is not without value and guidance in future. One has only to look into the wrong budgeting, reappropriation, financial irregularities, frauds and nugatory expenditure, thereby brought to the notice of the Public Accounts Committee and Parliament and all this as the result of a percentage and not complete audit of expenditure in the departments or concerns. Hence the importance attached by Parliament and Government to the Audit Reports.

"Audit is the watch-dog of the finances of the nation. In a Welfare State like India, under a democratic system of Government based on adult franchise in spite of high illiteracy, it is essential in the interests of the tax-payer that the scope and functions of audit including concurrent audit, should be widened and intensified especially in regard to big projects and nationalised trading concerns of a productive nature financed from borrowed capital under the Five Year Plans."

III

Mr. V. K. Subramaniam, retired I.A. & A.S. has also criticised the Report and pointed out that though there is difference in procedure in America and England in regard to the details of financial procedure and treasury control, there is a substantial identity so far as duties and powers of the Comptroller and Auditor general are concerned. After dealing with the American procedure in a little detail, he comes to the conclusion that the American Comptroller General's authority for the examination of accounts and making Re-

ports to the Congress and its Committees is full and extensive. In fact, he has been constituted as a Supreme Overseer of the Administrations entire financial activities on behalf of Congress. He adds further that the position is almost similar in England also. But there is, one point of difference that while in America, frequent discussions are conducted in Congress and its financial Committees on the Audit Reports, in England it is not so. This difference is

explained by the fact that in England by an established tradition, the Public Accounts Committee finally disposes of all Audit reports on behalf of Parliament. In India, however, Audit Reports claim the attention of Parliament now and again on account of differences between the Financial Ministry and the Public Accounts Committee. The remedy lies, in his opinion, in greater co-operation between these two functionaries.

(To be Continued)

Public Accounts Committee Report

Ex-post facto Sanctions:

The Public Accounts Committee in their 17th Report on the Appropriation Accounts of Railways for 1953-54 have brought to notice the fact that the important question "action to be taken in cases where expenditure has been incurred without the sanction of the competent authority and *ex-post facto* sanction thereto was refused by the Ministry of Finance or the Finance Branch of the Ministry as the case may be", still remains pending for one year in spite of an assurance that the Ministry of Finance would furnish the Government of India a Note setting forth the precise procedure that should be followed in such cases.

Execution of works without specific provision being made in the Budget: In the Accounts Review of the Appropriation Accounts—Railways-53—54, it was stated that 427 works were executed during the year, each costing Rs. 5,00,000 and over for which no specific provision was made in the Budget. The total expenditure incurred thereon was Rs. 28.39 lakhs. The Public Accounts Committee, however, found that there were only 105 such items relating to works for which no provision was made in the original budget; and they represented the throw-forward

from the previous years amounting to Rs. 55 lakhs during the year under Report. They also found that there were ten structural works for which no provision was made either in the original budget or by reappropriation during the year. The amount involved was Rs. 3.45 lakhs. The Committee were given to understand that the Railway Board were vested with powers to provide funds by reappropriation for such cases with the amounts voted by Parliament.

The Committee appreciate that a certain amount of elasticity is necessary for the working of the system. They would, however, like to draw a distinction between diversion of funds to a work already sanctioned by Parliament and diversion to one which has never been on the Budget Estimates. They, therefore, recommend that whenever any proposal is made to use the savings for commencement of any new work, not contemplated in the original Budget, a very zealous scrutiny should be exercised.

The Committee also note that in the case of works for which provision was made in the Budget, expenditure under rolling stock was less than the original appropriation by 294 lakhs. This was stated to be largely due to non-receipt of debits and supplies and slow progress of

works. In the Committee's opinion, such an explanation hardly enables them to see where the bottle neck lies. The Railway Board should, therefore in future review all such cases and split up important savings into suitable categories: e.g., non-receipt of supplies and/or debits therefor, slow progress of works etc., and give details under each category.

P.A.C's Recommendations

(Yet to be implemented)

Section IV of the 17th Report of the Public Accounts Committee on the Appropriation Accounts of Railways, 53-54, contains a list of outstanding recommendations. The following points are extracted therefrom:

(i) *High percentage of remission of wharfage and demurrage charges.* As a result of the persistent efforts made by the Railway Board, the percentage of remission of wharfage and demurrage had been brought down from 45% in 1950-51 to 20.54% in 53-54. There was, however, still scope for further reduction. The Committee are glad to note that a strict watch will be exercised by the Railway Board on the scale of remissions in relation to the accruals of demurrage and wharfage charges and express the hope that better results would be achieved in future.

(ii) *Amendment of Payment of Wages Act to ensure recovery of debits from Station Traffic Staff.* The Committee regret to note that this matter has been pending consideration by the Ministries of Railways and Labour for more than five years. They desire that the various implications arising from the recommendations made by the Committee in this case may be carefully examined at an inter-Ministerial meeting and the whole matter expedited. In the meantime, the Committee would like to know the extent of improvement effected in the recovery of outstandings of traffic debits since the Committee last examined this matter.

Note: The ever-increasing outstandings under Traffic Debits at Stations is a matter of great anxiety to every Railway Administration. It is necessary that adequate steps should be taken expeditiously in every direction to bring down such suspense outstandings and make the accounts more practical.

Ed. R.A.

(iii) *Winding up of Railway Grainshop Organisation.* In view of the considerable fall in the number of persons enjoying the Grainshop concession on Railways and with better market conditions, it is felt that these concessional grainshops should have disappeared long ere now. The committee understand that the Railway Board proposes to discuss this matter with the National Federation of Indian Railwaymen and they would like to know in due course the final decision taken by the Railway Board to wind up this organisation.

(iv) *Sale of Cinders by Railway Administrations.* The Committee observe that the Railway Board have accepted the recommendations of the Indian Railway Fuel Committee in regard to the sale of cinders below half inch size. The Committee trust that necessary machinery would be set up if not already in existence to screen cinders of this size, to prevent fraudulent admixture of cinders of half inch size and above with those below half inch in the Railway sheds to ensure against any malpractices.

(v) *Over-payment of special pay on the Central Railway.* In regard to the irregular payment of Rs. 8829/- on the Central Railway, and reported in the previous year, the Committee observe that the Board have already "set the procedure under the Discipline and Appeal Rules in motion" against the staff responsible for overpayment in this case. The Committee would like to know in due course further developments in this case.

Estimates Committee Reports

Some extracts from the Estimates Committee Reports on the Railway Budget for 1956-57 are given below as being of particular importance at this time when expenditure incurred and to be incurred comes up for detailed scrutiny and effective control during the rest of the year.

(1) The Committee understand that on the Southern and Eastern Railways there have been *losses on departmental catering* in recent years. The Committee feel that in order to keep Parliament informed of the losses incurred on departmental catering, there should be a device in the budget by which the profit or loss on departmental catering is shown in the budget. For this purpose, the feasibility of introducing a detailed head similar to item No. 6 under Demand No. 7 "Loss or gains on working of State Collieries" may be examined by the Railway Board.

(2) The Committee notice that in the budget of 1952-53 the anticipated cost of the *Integral Coach Factory*. Perambur was shown as Rs. 3,79,24,000/-. This was raised to Rs. 4,35,15,000 in the budget for 1954-55 and to Rs. 7,35,15,000/- for the budget of 1956-57, while the target capacity of production which was originally mentioned as 350 coaches remains unchanged. The Committee observe that the anticipated cost has nearly doubled during these years but that neither the Explanatory Memoranda nor any of the budget papers placed before the House every year either specifically drew attention to or explained the increase. The Committee feel that large variations in the anticipated cost of such a big project should be suitably explained to Parliament when demanding extra funds.

(3) In view of the heavy withdrawal from the Depreciation Reserve Fund in recent years, the Committee consider that the decision to contribute to the fund an amount of Rs. 45 crores annually is a move in the right direction.

(4) The Committee would state that the present procedure for *financial scrutiny and expenditure control* requires vast changes with a view to improving the efficiency of working, reducing the incidence of expenditure and increasing the earnings of the Railways. They consider that the Accounts Department on whom this responsibility devolves should adopt modern techniques for this purpose, which are being constantly evolved elsewhere, with the necessary modifications to suit conditions on the Indian Railways. They realise that the changes cannot be introduced all at once but nevertheless, a beginning should be made without delay.

(5) The Committee have examined whether the present *organisation* on the Zonal Railways for the compilation of budget and accounts, and for rendering *financial advice* to the administrations is satisfactory, and have noticed that the organisation on the Zonal Railways has not been geared to meet the conditions arising from the two Five Year Plans.

(6) The Committee doubt the wisdom of placing the entire burden of compiling the accounts, framing the budget and rendering financial advice on a single officer. They are, therefore, of the view that the *functions* at present attached to the office of the *Financial Adviser* and Chief Accounts Officer should be bifurcated and there should be two separate heads of departments; the Chief Accounts Officer being concerned only with the compilation of accounts and for effecting the necessary check on the receipts and expenditure etc.; and the Financial Adviser with the prompt compilation of budget, making available financial advice to administration, close control and review of expenditure, and to the application of improved techniques and introduction of changes in forms and procedure pertaining to accounting and finance etc.

The Committee hope that, with this major organisational change, the Department would be in a position to effect an improvement in the control of expenditure etc. They consider that if one per cent of economy of expenditure and increase in earnings could be accomplished, the total gain to the Railways would be over Rs. 5 crores annually.

[Note: We are glad that this opinion, which was expressed by us in unequivocal terms in our Editorial at pages 169 and 193 of the issues for Oct. 1954 and Nov. 1954, has been fully endorsed by the Estimates Committee.—Ed., R.A.]

Role of Audit in Administration

Speaking at the annual meeting of the Council of the Institute of Chartered Accountants in India, on the 13th Sep. 1956, Mr. A. K. Chanda, Comptroller and Auditor General, said:

"It is unnecessary to attach exaggerated importance to or be perturbed by, criticisms like 'audit is a highly pedestrian function with a narrow perspective and very limited usefulness'. The importance of audit has been universally recognised and has become an essential adjunct in any political or administrative system and any industrial or commercial organisation. * * * * * Such a narrow and restricted conception of audit has neither been canvassed nor seriously considered elsewhere. * * * We must work out our own salvation by adopting procedures and practices, which are appropriate and suitable to the needs and requirements of our expanding economy, and in keeping with the evolution of our political, administrative and financial systems. * * * * * While in



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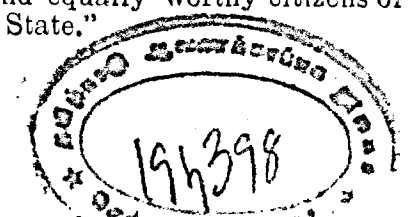
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the case of a private enterprise, those in control had a significant financial stake in the concern, and were also vitally interested in its financial operations, there was no such incentive in the case of State undertakings. They were managed by officials without any direct financial interest, whose emoluments or service prospects were not affected in any way by the degree of efficiency and economy of the undertakings they administered. * * * The members of the profession should conform to, and even improve upon, the high standard of financial probity, which the profession observes. It is then and then only that you will be worthy members of the profession and equally worthy citizens of a Welfare State."



Subjects of Moment

Apportionment of Through Traffic Earnings

At present the division of earnings on inter-changed traffic is being done since 1954 in a way which is different from what was in existence prior to its abolition in 1952. A summary method is being generally adopted wherever possible and lists are exchanged with Railways to indicate the amounts credited to each. Further, the method of preparing these lists varies according to the kind of traffic and particularly in regard to the parcels and goods traffic. This has aroused some interest and Northern Railway has been investigating the "possibilities of evolving a method based on statistical data for apportioning through traffic earnings attributable on traffic interchanged among zonal railways". In short, the idea is to make the staff prepare an extra copy of the Goods Abstracts and use them in a way similar to the parcels abstracts at present, i.e., by utilising them as enclosures to the list and thus avoiding the necessity of detailing items in the lists themselves. We trust that this investigation will be done quickly and all advantages and disadvantages fully explored before coming to a decision and when once it is reached, it follows as a matter of course that they will be of universal application on all zonal Railways.

Forms of Budget Estimates of Railway Working Expenses for the year 1957-'58

Details of information to be furnished to the Railway Board for the various Demands Nos. 4 to 10—Ordinary Working Expenses, under the heads Revised Estimates for 56-57 and Budget Estimates for 57-58, have been revised. The General Form under each of the Demands is as under:

Actuals for each of the three preceding years.

Description of Items of the Demand.

Actuals for the first 7 months of the previous year and of the current year.

The last five months of the previous year (actuals) and of the current year (approximates.)

Estimates for the current year under two columns; Budget Estimates and Revised Estimates; and the Budget Estimates for the coming year.

Detailed instructions for the collection of figures for each Demand and the details of such information are described hereafter:

Demand No. 4—Railways: Ordinary Working Expenses—Administration

1. The Account heads in the abstract shown under the detailed heads in the demand are those set out in the classification of railway expenditure.

2. The expenditure on any special account heads opened on individual Railways should be shown against the appropriate demand head.

3. The figures entered in the columns of actuals should agree with those reported to the Secretary, Railway Board (Accounts), the figures in column 6 (seven months' actuals of current year), representing the latest approximate and those in column 8 (last five months' approximates for current year) the best estimates.

4. A brief narrative explanation should be given of the causes (with amounts involved in each case) of any substantial differences between the figures adopted for the revised estimate of the current year and (1) the actuals of the previous year and (2) Budget estimate of current year. Similar explanation should be given of differences bet-

ween the figures of the budget estimate of the ensuing year and the revised estimate of the current year. Large variations which compensate each other should also be indicated.

5. As the revised estimate for the year and the budget estimate for the next year are fixed after taking into account the expenditure of the previous year and comparing the expenditure during the first 7 months of the year with the corresponding period of the previous year and with reference to the special features of the three years, a full explanation of special features and any exceptional and abnormal adjustments (with amounts involved) included in each period of the previous and current year as also in the next year should be given in the explanatory note accompanying the estimates.

6. If, after the submission of the estimates, the General Manager has any reason to consider that a substantial alteration is necessary in the figures reported to the Railway Board, he should intimate the alternations, with brief reasons, before the 5th January. Any other alteration considered necessary after the date should be reported demiofficially, not later than the 20th January to the Financial Commissioner of Railways, who will decide whether the alterations should be carried out in the estimates or not.

7. Further instructions previously issued in Railway Board's letter No. 42/D/4109 dated 21st July 1945 should be carefully followed in preparing the estimates as amended by Board's letter No. 45/D/4109-I dated 1st Nov. 1945 and No. 47/D/4109 dated 15th May 1947.

ABSTRACT — (Referred to in Note 1 above)

I. Engineering Department.

- (i) A-1100 to A-1700 except items (ii) and (iii).
- (ii) A-1300 Dearness Allowance and Dearness Pay.
- (iii) A-1500 Contingent Office Expenses.

Total :

II. Locomotive Department.

- (i) B-1100 to B-1700 Except items (ii) and (iii).
- (ii) B-1300 Dearness Allowance and Dearness Pay.
- (iii) B-1500 Contingent Office Expenses.

Total :

III. Carriage and Wagon Department.

- (i) C-1100 to C-1700 except items (ii) and (iii).
- (ii) C-1300 Dearness Allowance and Dearness Pay.
- (iii) C-1500 Contingent Office Expenses.

Total :

IV. Ferry Steamers and Harbours.

- (i) D-1100 to 1700 except items (ii) and (iii).
- (ii) D-1300 Dearness Allowance and Dearness Pay.
- (iii) D-1500 Contingent Office Expenses.

Total :

V. Traffic Department.

- (i) E-1100 to E-1900 except items (ii) (iii) and (iv).
- (ii) E-1300 Dearness Allowance and Dearness Pay.
- (iii) E-1500 Contingent Office Expenses.
- (iv) E-1600. Share of expenditure of wagon Interchange Office.

Total :

VI. Electrical Department.

- (i) H-1100 to H-1700 except items (ii) and (iii).
- (ii) H-1300 Dearness Allowance and Dearness Pay.
- (iii) H-1509 Contingent Office Expenses.

Total :

VII. Signal and Tele-communication Department.

- (i) J-1100 to 1600 except items (ii) and (iii).
- (ii) J-1200A Dearness Allowance and Dearness Pay.
- (iii) J-1400. Contingent Expenses.

Total :

VIII. General Management.

- (i) F-1100 except item (ii).
- (ii) F-1140. Contingent Office Expenses.
- (iii) F-1800 Dearness Allowance and Dearness Pay of General Management.

Total :

IX. (a) Accounts Department.

- (i) F-1200 except item (ii).
- (ii) F-1240 - Contingent Office Expenses.
- (iii) F-1800 - Dearness Allowance and Dearness Pay of Accts. Dept.

(b) Cash and Pay Department.

- (i) F-1400 except item (ii).
- (ii) F-1440 - Contingent Office Expenses.
- (iii) F-1800 - Dearness Allowance and Dearness Pay of Cash and Pay Department.

Total :

X. Stores Department.

- (i) F-1300 except item (ii).
- (ii) F-1340 - Contingent Office Expenses.
- (iii) F-1800 Dearness Allowance and Dearness Pay of Stores Departments

Total :

XI. Other General Departments and Miscellaneous Expenses.

- (i) F-1500—Medical Department (excluding portion relating to Labour Welfare).
- (ii) F-1800—Dearness Allowance and Dearness Pay of Medical Deptt. (excluding portion relating to Labour Welfare).

(iii) F-1600. Police.

- (a) Watch and Ward.
- (b) Order Police.
- (c) Protection Police.

(iv) F-1800 Dearness Allowance and Dearness Pay of Police.

(v) F-1700 - Miscellaneous expenses.

Total :

Grand Total :

Credits or recoveries :

Net :

Annexure to Demand No. 4 — Railways

Total Number of Staff

DESCRIPTION	ACTUALS				ESTIMATES		Budget 57-58	REMARKS
	On 31st Oct.		On 31st March		Budget 1956-57	Revised 1956-57		
	1955	56	1956	57				
1	2	3	4	5	6	7	8	9
I. Engineering Dept.								
II. Locomotive Dept.								
III. Carriage and Wagon Dept.								
IV. Ferry Steamers and Harbours.								
V. Traffic Dept.								
VI. Electrical Dept.								
VII. Signal & Tele. Commn. Dept.								
VIII. General Management.								
IX. Accounts and Cash and Pay Departments.								
X. Stores Department.								
XI. Other General Departments and Miscellaneous Expenses.								
TOTAL								

Note:—Explanations for substantial increases or decreases in number in regard to (i) Revised Estimates for current year (column 7) and Actuals for the previous year (col. 2 and 4) (ii) Budget and Revised Estimates for current year (cols. 6 and 7) and (iii) Budget Estimates for 1957-58 (col. 8) and Revised Estimates 1956-57 (col. 7) should also be given.

[To be continued]



NEWS, NOTES AND COMMENTS

Committee of Engineers

With a view to examine the amenities now available to Class III passengers inside the compartments and also to make recommendations in regard to any improvements considered necessary, the Railway Board have set up a Committee of three Senior Engineers as under:

Chief Mechanical Engineer, Northern Railway—Chairman.

Chief Electrical Engineer, Northern Railway and the Chief Designs Engineer of the Central Standards Office for Railways—Members.

The Committee will examine the provision of more amenities to passengers by increasing water tankage in Class III compartments and providing automatic water taps. The Committee will also examine the feasibility of revising the present design of lavatories, and wash basins, water pipes, storage tanks and improving the lighting arrangements in Class III carriages.

Note: The Committee would do well to consider certain very important and urgent aspects like the following:

(a) Provision of a small enclosed area in a vestibuled through train for long distance Journeys for the exclusive use of ladies for changing their dress and for toilet. This is very essential and requires immediate attention.

(b) Provision of a separate non-vegetarian kitchen in all dining cars in long distance trains, where catering of both vegetarian and non-vegetarian styles are intended to be provided.

(c) Provision of sleeping accommodation for second class passengers, (until

this class is completely removed) on long distance trains.

Ed., R. A.

Duties of Conductor-Guards

The Railway Board have recently passed orders that the duties of Conductor guards on Railway trains throughout the country include assistance to all classes of passengers and *not merely to Upper class*. Among their other duties, they are also required to arrange for the even distribution of passengers throughout the train and thus avoid overcrowding of some coaches as against light-running of a few others.

Note: It is very essential that a list of the duties allotted to this type of Staff should be clearly laid down and publicised at all important stations for the benefit of passengers and also through Time-Tables and Guides issued by each Railway. It is necessary for the public to know their rights and for the staff to know and carry out their duties.

Ed., R. A.

Loan of an Indian Officer for Burma Railway

The Government of India have been approached by the Government of Burma for the loan of a Senior Indian Railway Accounts Officer and in that connection the Controller of Railway Accounts, Union of Burma Railway Board, came to New Delhi on the 11th of September to discuss with the Railway Board of the Government of India.

It is understood that the Railway Ministry has also agreed to spare the services of a very senior officer who

has an all-round experience—financial and managerial—and has also toured Europe.

Doubling of Lines

In an article on "Better use of track", in the Railway Gazette, London, 20th July '56, it is stated that, according to Mr. J. W. Dedman, Traffic Manager, London Tilbury and Southend Line, Eastern Region, British Railways, it is questionable whether completely separate up and down lines are needed, unless at least 7 or 8 Trains an hour pass over one track using modern signalling facilities.

At a time when doubling of lines for increasing line capacity is being taken in hand under the Second Five Year Plan on the Indian Railways, the observation of Mr. Dedman requires to be studied before large commitments on doubling Schemes are entered into. If, by provision of improved modern signalling facilities, the line capacity of single lines can be suitably increased, the question would arise whether it would not be financially more advantageous to keep the single lines with modern signalling improvements instead of going in for double lines. Of course, the financial justification provided for such doubling would clearly indicate why existing provision is found insufficient particularly in view of the development of traffic on the sections concerned and on account of the increased through traffic that may have to pass through a region. Perhaps, in this connection, the use of lower speed locos in India than in U. K. may be a very relevant factor in the consideration of such proposal for doubling.

Purchase of Stores—India Government's Policy

The Union Minister for Works, Housing, Supply, Commerce and Consumer Industries, while inaugurating the

Central Purchase Advisory Council at Delhi on the 18th Sep. 1956, stated that it was Government's objective to ensure that the Policy followed by the Organisation directly encouraged the indigenous manufacture of stores purchased in substantial quantities by the Government. He also stated that they aimed at making the organisation a really effective and efficient instrument of Government for the purchase of all Government requirements. He explained that the principal reason for the delay from the time tenders were received till full payments were made, were firstly, the failure of suppliers very often to quote strictly in accordance with the terms of the invitation to tender and secondly, failure to adhere strictly to the conditions of the contract, particularly in the matter of delivery.

He also informed the meeting that the recommendations of the Stores Purchase Committee had been mostly accepted by Govt. and necessary action had been taken to implement them; and as a result the efficiency of the organisation had shown some signs of improvement.

Press Conference on the Southern Railway

The Press Conference of the General Manager, Southern Railway, on the 19th Sep., was a unique one in that it dealt with various important aspects of the working of the Southern Railway. The reasons for the long time necessary for the opening of the Quilon-Ernakulam Railway and for the electrification of the steam line from Madras to Villupuram were explained in detail. He hoped that the new line would be fully opened before the middle of next year and the proposed electrification would be completed by 1959.

In regard to the disadvantages of issue of Paper tickets which had recently been in force on many stations, the G.M. explained that it was an un-

avoidable inconvenience as the Contractors had failed to supply the necessary cards and there was no substitute arrangement therefor. Every effort is however being made to revert to the issue of card tickets as early as possible.

He also intimated in reply to a question that about 16 or 17 integral coaches were now in use on several through trains on the Southern Railway.

In the course of discussion on the running of Janata expresses, the G. M. explained that usually the passengers preferred to travel by such trains only if they were not Janata and some upper class accommodation was also provided therein, thus pointing to a human freak.

He also intimated that ticketless travel on the suburban section in Madras had been tackled by appointing a Mobile Honorary Magistrate's Court with jurisdiction over the suburban Section.

Regarding quick transport of goods, he said that guaranteed transport service was being extended both on the broad and metre gauges.

Regarding improvement to Railway Book Stalls, the G. M. stated that a Committee consisting of three non-official members of the Zonal Railway Users' Consultative Committee with two retired Educationists had been constituted to inspect the Bookstalls and advise the Administration on the nature and type of books to be sold at the Railway Stalls.

Other matters dealt with in the Press Conference were the use of air-conditioned carriages, remodelling of stations to handle increased traffic, provision of new marshalling yards, putting up of road level crossings, doubling of lines, opening of central signal and telecommunication Workshops at Podanur, etc. etc.

New Rail Links

The General Manager of the South-Eastern Railway stated at Raipur on the

19th Sep. 1956 that it was proposed to run electric trains between Howrah and Khargpur and between Asansol and Rourkela; also the work of doubling of lines between Durg-Rourkela at a cost of twenty crores of rupees had started and that the fifty-three-mile Bhilai-Dulli Rajhera mines rail-link was expected to be completed by June 57 and estimated to cost 350 lakhs of rupees and intended to help movement of two million tons of iron ore for Bhilai steel plant. He also stated that the twentythree-mile Champa-Korba Railway had been completed and would be formally inaugurated in Oct. 1956.

Electrical Adviser for Railways

In view of the increasing work in connection with the electrification of Railways, a new post of Electrical Adviser with the status of Director, has been created in the Railway Board's Office.

The Electrical Adviser will, among other things deal with various aspects of Railway electrification—purchase of electric power for the railways and work connected with the generation, transmission and utilisation of electricity—electrification of stations, air-conditioning of buildings and rolling stock, train-lighting and liaison with other Ministries on matters connected with this work, including the supply, utilisation and manufacture of electric equipment and plant.

Sri. P. N. Murti, formerly Chief Engineer of the Northern Railway, has been appointed to this newly created post.

Fuel Economy Training Centre

In pursuance of the recommendation of the Railway Fuel Enquiry Committee, to set up a central Training Institute for giving short courses of intensive training to loco and Fuel Inspectors in

maintenance and operation of locomotives, the Railway Board has decided to set up a Training Centre at Dhanbad.

Since the annual coal bill is about Rs. 39 crores, the advantages of any economy achieved in the consumption of coal through better training of staff are obvious.

Concession Return Tickets

In view of the expected increase in the normal passenger traffic during the second Five Year Plan period, the Railway Board have instructed all the Railways not to issue in future concession return tickets to passengers travelling to and from Local melas and fairs, even though they are commercially justified.

[Perhaps one of the steps to combat overcrowding in trains.]

Ernakulam-Quilon Rail-Link

Sri Lal Bahadur Shastri, Railway Minister, will open the above Line at Ernakulam South on the 17th October 1956.

Executive Vs. Finance.

Any one who has some acquaintance with the folk-lore of Government service which incidentally, is as rich in nuances of human relationships as any comparable sociological data, knows of the perpetual feud between spending departments and the Finance Ministry. The normal attitude of an official, however exalted, belonging to any of the former toward the latter is a curious mixture of desperation and obsequiousness. By the same token, many a smug superintendent of the Finance and the Home Ministry must have told you, some time or the other, how he cocked a snook at the Joint Secretary of some Ministry or other by strangling some proposal of his. All this is fairly entertaining in the

more leisurely days when all that was at stake was the Chaprasi's buttons; but when crores of rupees are being spent in vital national enterprises, such vexatious obstruction is anachronistic absurdity.

"Indian Finance"

Bottlenecks in Goods Traffic on Indian Railways Removed

As the result of a concentrated drive to liquidate arrears of traffic, it is stated that at several points "wagons are awaiting traffic," and that in certain coal areas wagons are "idling."

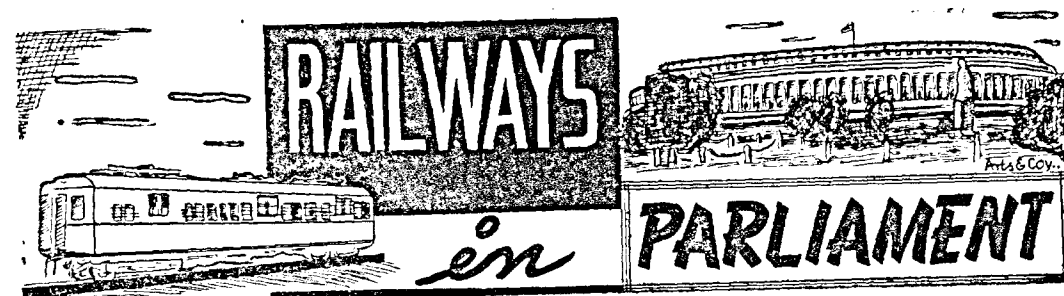
Mokamehghat and Bezwada are reported to be vigorously tackled to increase the movement of traffic there.

Can Road Transport Provide Relief to Railways?

The above was the title of an article written recently by Shri K. B. Mathur, Member, Transportation, Ry. Board, published by "The Indian Railways." He had referred to the extent to which Road Transport can provide relief to the Railways during the Second Five Year Plan period. Mr. B. V. Vagh, Vice-President, Indian Roads & Transport Development Association, in a note on the subject, deals with the general issue of the comparative economics of rail & road transport. Sri S. R. Kalyanaraman, Additional Member, Commercial, Ry. Board, feels on the other hand that the problem is too urgent to be left to mere discussion, and pleads for an expert examination, scientifically and quickly, of the limited issue.

Cancer Detector

A new apparatus known as a "Sanguinometer" or blood gauge, which can detect cancer in the human body, is being manufactured in a Czech Laboratory Instrument Factory.



LOK SABHA:

Hyderabad Railway Accident

Mr. Lal Bahadur Shastri, Minister for Railways announced on the 13th Sep. 1956, in reply to Dr. N. M. Jaisooriya that the Final Report of the Government Inspector of Railways on the recent accident near Mahbubnagar would be referred to a high Judicial Officer of the rank of a High Court Judge for "further scrutiny," and that the judge would be assisted by two competent technical assessors and given full discretion to call for or to collect any additional evidence with a view to arriving at his conclusions and fixing responsibility for the accident. He stated further that the reference to the Judge was designed to bring to light the faults of the Administration and individuals, if any.

Terminal Tax

In introducing the Bill for the levy of Terminal Tax on passengers carried by Railways to places of pilgrimages, fairs, melas, and exhibitions, Mr. Lal Bahadur Shastri stated that the following are the maximum rates of tax that could be levied by the Government.

In respect of every *single* ticket. Air conditioned or first class: Rs. 1-8-0, Second Class Re. 1/- and third class eight annas.

In respect of every *return* ticket, Air-conditioned or first class Rs. 3. Second Class Rs. 2/- and third class Re. 1/-.

There will be a "free zone" of not exceeding a radius of 40 miles, within

which no tax will be leviable and different rates of tax may be fixed for long distance passengers and short distance passengers.

The Central Government shall have the power to vary the rates of the tax or to discontinue the levy in respect of any place by notification in the Gazette.

The explanatory note on the Bill stated that whenever there was any need for the levy of terminal taxes, the present practice was to have recourse to the Ordinance-making powers of the President. In order to obviate the need for the issue of an Ordinance on each such occasion for any fresh or increased levy, a general legislation was desirable. This view found favour with the different State Governments and various local Bodies who had been pressing for such a general legislation for quite some time past. After having considered the recommendations of the Taxation Enquiry Commission relating to the levy of terminal tax on passengers carried by rail, sea and air, Government had decided that legislation for the levy of such a tax should for the present be confined to passengers carried by railways.

Note: The introduction of the Bill is a partial implementation of one of the recommendations of the Taxation Enquiry Commission. While the Commission suggested that terminal tax at a low rate on long distance passengers may be levied for the benefit of cities with a population of over five lakhs, it was doubtful whether this would be permitted by the proposed Bill as it

prescribes the range of its application as stated above, (fairs, melas, etc.). It is not also clear whether the proceeds of this tax will be distributed among the States or local bodies concerned in order to afford them the much needed relief to their Budgets. Further, the rates prescribed though stated to be maximum, appear to be very high, and it is not quite clear whether in the actual fixation of these rates in different places, there will be any substantial decrease in the amount. It is also not very clear what is the type of variations that would be made between long distance and short distance passengers. The proposed levy of a high pilgrim tax might also possibly lead to lesser number of passengers undertaking pilgrimages and thus reducing the amount of tax expected to be collected. These and similar aspects may be considered by individual Railways, Organisations of Railway Users, Associations etc. and furnished to M. Ps for a thorough discussion in the Parliament before the Bill becomes Law.—*Ed., R.A.*

RAJYA SABHA:

Dr. Appleby's Report on India's administrative system was taken up for consideration on 12th September '56.

Mr. R.P. Sinha stated that *Dr. Appleby* had made no serious efforts to understand the various wings of the Parliamentary system; nor had he discussed the subject

with the Comptroller & Auditor-General, nor got elucidation from the Chairman of the House or any other informed Parliamentarian.

Mr. Surendra Mahanty wanted the House to disapprove of the Doctor's recommendations and observations. He added that the Report was highly irrelevant. *Mr. Mahanty* also pointed out that *Mr. A. D. Gorwala* and *Mr. P. S. Rau* had said that Parliament should have the opportunity of discussing all aspects of administration.

Mr. Bupesh Gupta described the Report as an "insult" to Indian genius and "it is an essay in cold-blooded arrogance". *Mr. Gupta* emphasized that initiative had to be developed at the lower level by entrusting more responsibility to the officials at lower levels and by giving them due recognition.

A number of other speakers offered their remarks.

Mr. P. N. Sapru said that if *Dr. Appleby* had from the very beginning felt that he was writing a Report which would be discussed by Parliament, and on the basis of which decisions would be taken, he might have written in a very different manner.

After the Prime Minister's reply, the House rejected the suggestion to reject *Dr. Appleby's* Report and to appoint a Parliamentary Commission to examine the Administrative system.

Personnel

Sri M. A. Khaleel has been nominated as a member of the Madras Government Sales Tax Advisory Committee.

Shri M. R. Thyagarajan, Senior TIA, has been promoted to officiate as Asst. Accounts Officer, Southern Rly., Madras.

Shri M. B. Kandaswami, Retired Electrical Engineer, Govt. of Madras, has been appointed as a Member of the Railway Services Commission, Madras, with effect from 23-8-'56.

Shri O.C.S. Wragg, Personnel Officer, Central Railway has been appointed to officiate as Secretary, Railway Services Commission, Madras, with effect from 11-9-1956.

Shri Shah Nawaz Khan, was sworn in as Deputy Minister for Railways and Transport on 20th September 1956.

Shri G. S. A. Saldanha, has been appointed Secretary to the Goods Classification Committee.



Readers Forum

Justification for increase in CC. I Grades of Railway Accounts Department

The following is an abstract from an appeal submitted by the Allahabad Divisional Accounts Staff of the Northern Railway to the Railway Minister and others on the subject. We generally feel that there is a case for sympathetic consideration of the request that the Grade of Accounts Clerks, Class I, should be raised from 80-220 to 100-220.

Ed., R.A.

".....
"That the Grade of Accounts Clerk Class I should be Rs. 100/- to Rs. 220/- instead of existing grade of Rs. 80-220 for the justifications stated below among other facts:

"I. That, before the introduction of C.P.C. Scales of Pay 1947, the grades of the Clerk Class I of the Accounts Deptt. were as under:

- (a) Pre. 1934. 100-5-120.
- (b) 1934 Scales. 100/- Fixed.

"Thus it will be observed that the starting pay of the Clerk, Class I, was higher previously than the starting pay as prescribed in C.P.C. Scales of Pay 1947. Moreover in this case it has defeated the very objective of the CPC to provide and ensure higher living wages to Govt. Employees, wherefrom it is evident that starting of Clerk Class I of Railway Accounts Deptt. against fair increase at par with other Central Govt. Employees has been reduced to the extent of Rs. 20/- per month viz., from Rs. 100/- to Rs. 80/-.

"II. That on passing the confirmation test which is easier in comparison to the Appendix II—A Examination of the Railway Accounts Deptt., the UDC's of AG's, Audit and Defence Accounts Deptt. etc. are fixed on Rs. 100/-

whereas the staff of the Accounts Deptt. of Railways are only provided in the grade 80-220 which is not justified, when they too have to shoulder the same degree of responsibility.

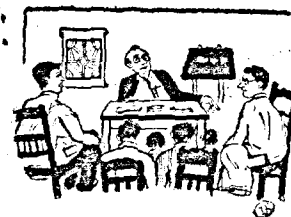
"III. That the percentage of vacancies in the Upper Division in all accounts and Audit Deptts. except Railways, the largest National Undertaking and Revenue Earning Deptt. of the Govt. of India has been fixed at 96% whereas in the Railways, the overall percentage is 26% only over the strength of the Clerks Class II (LDC's) which is quite contrary to the recommendations of the C.P.C.

"IV. That the Examination prescribed in App. II—A is being stiffened day to day and one additional paper on Book Keeping has also been added thereto since 1955."

Direct recruitment of subordinate supervisory Officers for Indian Railways

We have since received a copy of Circular issued by the Commerce Graduates Association of India, Calcutta, to the Press and Members of the Parliament. It points out that the proposed action is contrary to the Railway Minister's Budget Speech wherein he assured higher percentage of higher posts to Ministerial staff. We are, however, unable to follow the arguments as we have already drawn attention in the last para. of our Note at page 193 of the September 1955 Issue of this Journal that only a certain percentage of vacancies should be reserved for direct recruitment, the rest being utilised for promotion from lower rank. So long as this is given effect to adequately, there does not seem to be a ground for grouse if a certain amount new blood is tried to be injected into system which appears to be deteriorating in efficiency.

Ed., R.



STUDENTS' CORNER

I "Government", "Net Revenue" and "Balance" Accounts

The following article has been received by us from a reader at Mysore for publication in the Journal. We welcome development of this article as it is a special one of topical importance and the principles underlying such closing of accounts require to be clearly understood by every student.

Ed., R. A.

A question which is often asked but seldom answered adequately is "what are the accounts which are closed to 'Government', 'Net Revenue' and 'Balance' and why?" The key to this question will be found in 1029 and 1030-A. I.

Government. This head is used for closing all heads of account which do not record Railway revenue or expenditure excepting transactions under debt and remittances. The following heads of account are closed to 'Government'.

I. NA-Inter-State debit settlements, viz.,

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

II. T-Remittances

Transfers Railways (in the books of individual railways)

III. Transactions under 'Reserve Bank Deposits'. This represents an asset head and consequently appears under the head "Sundry deposits with the Central Govt." in the Balance Sheet.

'Net Revenue'. All revenue transactions with the exception of 'suspense' balances are closed to this account. A clear appreciation of this account is possible by a careful perusal of statement No. XV (form A. 1217). It will be observed that the following accounts are closed to 'Net revenue'.

- | | |
|---|--|
| (1) Coaching earnings | These are closed to Revenue account (Statement No. IX form A.1211) and the 'Net earnings' derived therefrom is in turn closed to 'Net Revenue' (st. XV form A. 1217) |
| Abs. X | |
| (2) Goods earnings | |
| Abs. Y | |
| (3) Sundry other earnings | |
| Abs. Z | |
| (4) Working expenses | |
| Abs. A to J | |
| (5) Misc. expenses 15D | |
| (6) Payments to work-
ed lines and | |
| (7) Dividend Payable
to Gen. Revenues. | |

The purpose of closing these accounts to 'Net revenue' is apparently to obtain an appraisal of the revenue position of the railways.

'Balance'. All transactions under 'Debt and remittances' with the exception of those closed to 'Govt.' and transactions under 'Suspense', both capital and Revenue, are closed to 'Balance'. This corresponds to 'property accounts' and 'personal accounts' in the parlance of commercial accounting and is therefore exhibited on the assets or liabilities side of the balance sheet as the case may be under "fixed and floating assets" or "Sundry debtors", "Sundry creditors", etc.

A few accounts which are closed to balance are noted below.

- (1) Miscellaneous deposits (rev. and capital)

(2) Miscellaneous advances (rev. and capital)	Direct Labour	1,75,000
(3) GPF, SRPF, SBF, DRF DF 'O' loans and advances due to Central Govt.	Stores drawn	3,56,000
(4) Demands payable	Surplus Stores Returned .	26,000
(5) Traffic account, loans and advances to Rly. employees.	Freight on Stores	20,000
(6) Suspense balances under capital (purchases, sales, stores, etc.)	Electric charges	15,000
	Coal and coke	45,000
	Periodical overhaul to locomotives	2,60,000
	Intermediate overhaul to locomotives	1,15,000
	Manufactured Stores handed over to Stores Department	1,88,000
	Work done on Depreciation Fund Account	75,000
	Work done on Capital Account for machinery	50,000
	Profit	25,000
	Repairs to machinery	11,500
	New Minor Works (Replacements)	8,000
	Work done for running sheds	4,500
	Cash received from private parties for work done (including indirect charges of Rs. 300)	2,500

II

One of our subscribers has sent the following question on Workshop Account Current for solution. We do not know whether any difficulties were experienced by him and if so in what respect. An attempt on the part of the Contributor together with his experience would certainly prove more valuable than a mere request for an answer. We invite answers from Students.

Workshop Account Current

Prepare a Workshop Account Current from the following data :

Opening balance	1,95,000
Actual Oncost	1,25,000
Oncost charged to work orders on percentage basis	1,08,000

CORRECTION SLIP

Page 181—September, 1956 issue. 29th Jan. 1948, *accepted* the tender and also".
 Lines 14 to 16 of the left-hand column of the article "An important Court Decision": Substitute the following :
 "maund. The Defendant Railway through its Dy. General Manager on the
 Page 1—September '56 Supplement.
 Last Line of the Heading—For 'Cost Accounts' read "Cost Accountants".

OBITUARY

Sir Harold N. Colam, former Agent of the ex-M.S.M. Ry., from 1932 to 1938, died at Surrey on 4-10-56 at the ripe age of 74. After retirement, he served the Madras and Mysore Governments for some time as Technical Adviser in the Electricity Department. He was a brilliant Officer and an exceptionally good disciplinarian.

Our sincere condolences to the bereaved family.

194398

IMPORTANT

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Solutions to App. III Papers—1955

Answers for Question Papers of Appendix III Examination 1955 have been held up for unavoidable reasons. They are however expected to be released in quick succession shortly.

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