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Independence Day Anniversary Number

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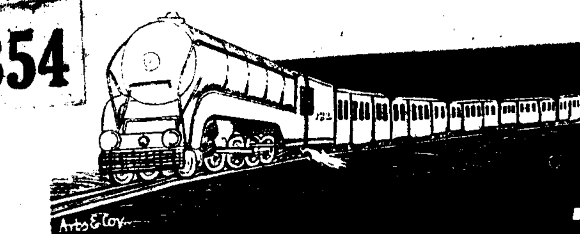

The RAILWAY ACCOUNTANT

A MONTHLY JOURNAL DEVOTED TO RAILWAY ACCOUNTS, AUDIT & FINANCE.

Published on the 15th of every month

Vol. III No. 5 AUGUST 1956 Re. ONE

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L. V. GOPALAN, B.A., B.L.
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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. They may be in the form of Notes or short paras or fuller articles.

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 30th of a month for inclusion in the next month's Journal, which is published on the 15th of every month.

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

Remittances may be made by M.Os., Indian Postal Orders or Cheques. Remittance by cheque on a Mofussil Bank should include Bank's Clearance charges, usually annas ten.

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

The Managing Editor,
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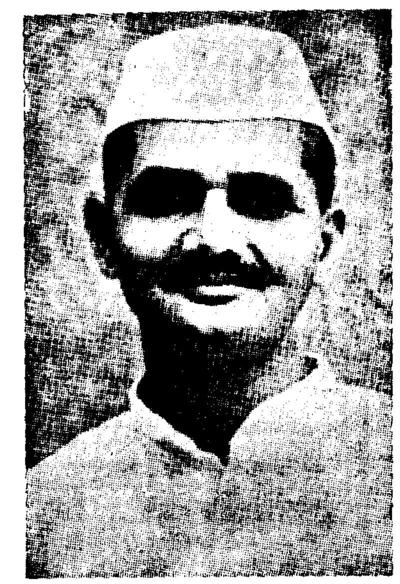
ACKNOWLEDGMENTS

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

Eastern Ry. Magazine *June* 1956
Northern Railway Magazine—*July 1956*
Western Railway Magazine—*July 1956*
Chartered Accountant—*July 1956*
Southrailnews—*July 1956*
Railcoach—*July 1956*
Indian Railway Gazette—*August 1956*
Accountants' Journal, New Zealand—*June* '56
Central Railway Magazine—*July 1956*
Central Railway Newsletter—*July 1956*
Indian Railways— *1956*
S. Ry. Accounts Society Bulletin—
Australian Accountant—*July 1956*
Careers & Courses—*Aug. 1956*
Wednesday Review—*W. E. 1-8-1956*
Railway Herald—*W. E. 6-8-1956*
Monthly Railway Statistics (Rly. Board)—*Nov. '55.*
Educational Review—*July 1956*
North-Eastern Railway Magazine— *1956*
Tax Relief Bulletin—*June-July 1956*



The Railways are at once an earning as well as a spending department. They are also a commercial concern but at the same time are expected to be model employers as becomes a Government undertaking, and they are now expanding as never before. The scope of "Accounts" for unbiased appraisal and constructive advice on Railways therefore is very wide. The "Railway Accountant", I hope, will keep in touch with modern developments in the field of accounts and help in the dissemination of useful knowledge and information to all undertakings, bodies, and persons who are in need of it.

I wish the Independence Day Number of the "Railway Accountant" all success.

LAL BAHADUR,
Minister for Railways.

Messages

The purpose of a technical journal is two fold. On the one hand, it brings to its readers information and knowledge on new techniques developed ; on the other, it provides a medium for discussion of technical problems. I am glad 'The Railway Accountant' is fulfilling both these purposes with a remarkable measure of success.

A. K. CHANDA,
Comptroller & Auditor General of India.

"The Railway Accountant" was started in April 1954 and even during this short spell of its life it has proved to be a useful forum for the discussion of important railway accounts and finance matters. I have myself been reading this Journal with much interest and I am sure that railwaymen in the Accounts Department must have found the articles contained in it of great professional interest and benefit.

I am glad to learn that, as in previous years, it is proposed to bring out a Special Independence Number during this year also on the 15th of August. I hope it will be as interesting and instructive as the previous issues. I wish this Journal every success.

G. PANDE,
Chairman, Railway Board.

Since the assumption of the office of the Financial Commissioner for Railways, I have read most of the important articles published in your journal "The Railway Accountant", and have been very pleased to note the critical and scientific manner in which the problems relating to Railway Accounts, Audit and Finance have been dealt with.

On the occasion of the publication of your Special Independence Day Number on the 15th August 1956, I wish your Journal all success.

J. DAYAL,
Financial Commissioner for Railways.

In complying with your request to send a message for the Independence Day Number of your Journal, I cannot do better than express my fervent hope that your Paper may, in course of time, reach a wider circle of Railwaymen. I am glad to note that though your Journal is avowedly devoted to Railway Accounts, Audit & Finance, it covers a wide range of subjects of topical interest to Railwaymen in various departments of the Railway.

I wish your Journal all progress and prosperity in the years to come.

S. K. MUKERJI,
Chief Commercial Superintendent,
Southern Railway.

I am glad to learn that "The Railway Accountant" will be publishing an Independence Day Number.

For the past two years, the 'Railway Accountant' has been rendering yeoman service to the Accounts staff of the Indian Railways as well as to those who are interested in accounting problems. By giving a summary of the various orders issued by the Railway Board, it has made upto date information available to its readers. It has encouraged discussion of important accounting problems while it has also brought to limelight the peculiar difficulties which are confronting the Departments and their staff. It has thus filled a void which has been long felt.

On the occasion of the publication of this Independence Day Number, I wish all success to the Magazine.

S. S. GORE,
Financial Adviser & Chief Accounts Officer,
Central Railway.

We are all aware that this journal is proving of great use to the railway staff in intelligently following the current topics of railway accounting and contributing their share to the dissemination of knowledge in that connection. We are apt in the ordinary day to day working, to get into administrative and professional grooves without being able to take general views. A professional magazine therefore serves the purpose of giving a forum for broadening the angle of vision and trying to appeciate other views. I have great pleasure in wishing the journal every success in its planning for expanded activities.

M. R. SWAMINATHAN,
Financial Adviser & Chief Accounts Officer,
Southern Railway.

The Editor of "The Railway Accountant" has asked me to send an Independence Day Message and I do so with great pleasure. The Journal has been doing very good work since its inception and has taken the place of "The Railway Accounts and Finance" run formerly by the Institute of Railway Accountants and Auditors. My aim in life has been "Knowledge and more knowledge" of things in which I am interested. This is a useful motto for budding young men who are engaged in Accounts and Audit work in various Railway Offices; and this Journal serves that purpose wonderfully.

C. SUBRAHMANYA AYYAR,
Retired Accountant-General.

It gives me great pleasure to hear that your Journal is proceeding from strength to strength and its readers are increasing in number.

My hearty congratulations to you.

K. V. IYER,
Retd. C.A.A., M.S.M. Rly.

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Vol. III AUGUST 1956 No. 5

The Profession

Nine years have passed since our country gained Independence, and we are entering the tenth year after Independence with zeal and enthusiasm befitting our hoary past, post-Independence achievements, and constructive plans and hopes for the future. The country's achievements are of no mean order ; the progress in every direction, in the field of industry, agriculture, education etc., has been simply phenomenal, under the able leadership of Prime Minister Jawaharlal Nehru. Productive enterprises of gigantic magnitude have been established and brought into commission during these few years, and more are well under way. The Damodar Valley Corporation, Sindri Fertilisers, Bharat Electronics, Hindusthan Aircraft, Indian Telephone Industries, Bhakra-Nangal Project, Oil Refineries, Steel Plants and other enterprises easily come to one's mind in this connection. The Railway side has not, of course, been ignored, and the Chittaranjan Locomotive Workshops, Integral Coach Factory, Baroda Staff College etc., proclaim themselves as proud achievements of post-Independence genius in the Railway Sector, apart from so many vital schemes such as the Assam Rail Link, completed in record time. The Ganga Bridge Project and the Calcutta Railway Electrification are in progress according to schedule, while plans for the construction of a factory for the manufacture of M.G. Coaches are being drawn up. No other country in the world has ever been able to produce such a record of achievements in so short a period.

It is but appropriate at this juncture that we should take stock of the situation with regard to the Railway Accountancy profession. Railway Accountancy profession is as old as the Railways in India. The profession is, therefore, over a hundred years old and, during this period, the contribution of the Railway Accountancy profession to the Administration has been admittedly invaluable. This is abundantly proved by the appointment of Railway

Accountants and Auditors to administrative and managerial posts, as distinguished from the purely accounting and auditing side. Even to-day two high managerial posts on the Railways are held by members of the Indian Railway Accounts Service. The *organisation* of the Railway accountancy profession however, has not been established as yet on a sound footing, just in the same manner as other professions like Engineering etc., have organised themselves. The need for such a professional organisation, to make researches, study current problems, institute examinations and prize schemes, and arrange lectures and conferences for dissemination of new ideas and exchange of thought need hardly be over-emphasised. The necessity is very marked in the present set-up when not only are there new phases and techniques in Railway Accounting, Finance and Audit, but huge amounts are to be spent in development schemes. This, however, is not to say that no efforts were so far made in this direction. Indeed, as early as 1927, in the wake of Sir Arthur Dickinson's report on Indian Railway Accounting, Auditing and Statistics, the Institute of Railway Accountants and Auditors with headquarters at Calcutta, was established with the active support and co-operation of stalwarts of Railway Accounting and Finance like Shri K. V. Iyer, Shri C. S. Ayyar, Shri E. R. Seshu Aiyer, Shri K. C. Srinivasan, etc. Great credit is due to the Secretary Shri L. A. Natesan (now Economic Adviser, Railway Board) for continuing the pioneering efforts of the late Mr. K. C. Srinivasan and giving sustained attention in developing the Institute. The Institute was also recognised by the Government of India. Several conferences were held, at which the then Auditor-Generals Sir Ernesh Burdon and Sir A. C. Badenoch also presided. Due to the conditions created by the War, and its aftermath, the Institute non appears to be inactive. As already pointed out by us, at page 132 of this Journal for August 1954, it is high time that the activities of the Institute are revived; or a new Organisation will have to be started in the interests of the Railway Accountancy Profession.

Correlation of Accounts with Executive

Readers may be aware that, under the re-organised set up of the Accounts Department of Indian Railways, the F. A. & C. A. O. of each Railway is provided with a Personal Assistant (in the Asst. Officer's Grade) who will be a Technical person *not* belonging to the Accounts Department. This is indeed a novel innovation and we do not know if *such* technical assistance is provided in the Railway Accounts Department of any other country.

There are certainly some advantages in the innovation in that such a Personal Assistant can interpret matters with a technical background and what appears to be abstruse to the Accounts Department, can be elucidated by him straightaway, so

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that the F.A. & C.A.O. can have the benefit of technical knowledge in appreciating proposals from Departments. In fact, the technical P. A. will be a liaison between the Accounts and other Departments. The post being more or less a tenure one, the actual incumbent will carry with him, when he goes back to his parent department an idea of the Accounts and Finance requirements, and can appreciate in a manner that cannot be obtained otherwise, the reasonableness of the points raised by the Accounts Department. The relationship between the Accounts and Executive Departments (which, unfortunately, at present is not all harmonious) will be cemented closer, and better understanding—a thing which is much to be desired, particularly at the present juncture when the execution of the Second Five Year Plan is under way,—is bound to result.

It may, however, be arguable whether, for this important function, the grade of an Assistant Officer is adequate and can fill the bill. If a Senior Scale Officer from the executive side is provided, all the advantages of Departmental co-operation and co-ordination with Accounts may accrue—which is doubtful with an Officer of a lower status. A Senior Scale Officer of the Traffic, Engineering, or Mechanical Departments as P. A. to F. A. & C. A. O. is likely to create a better impression particularly in contacting other Heads of Departments. Anyway, this is a very big experiment indeed, and its working will be watched with interest not only by the Government here, but by Railway Administrations all over the world. Indeed, this experiment may be extended even to Civil Accounts side by posting an Engineer of the P. W. D. as P. A. to the Accountant-General.

INDEPENDENCE DAY GREETINGS

15th August 1956.

We offer our heartiest greetings to all our subscribers, readers and well-wishers on this day which is the beginning of the tenth year after the attainment of Independence by Indians.

We hope and trust that every one will give his best and loyal services in developing the prosperity of the country to an ever-increasing extent.

MG. EDITOR,
"THE RAILWAY ACCOUNTANT".

Second Five-Year Plan

I

Ry. Minister's Speech at N. R. U. C. C. Meeting

While speaking at the 5th meeting of the National Railway Users Consultative Council which concluded its two-day session at New Delhi on the 21st of July 1956, Sri Lal Bahadur Shastry, Railway Minister, declared that he was satisfied that the Railways would be able to utilise fully during the Second Five Year Plan period any additional funds which may be made available to them over and above the present allocation of 1125 crores.

The Council stressed the importance of achieving the maximum co-ordination between Railways and other modes of transport in order to ease the pressure on the Railways. The Council was told that substantial relaxations had already been made in the conditions for the issue of Road Transport Permits. The Council was further told that steps had been taken to ensure faster movement of parcels traffic and the position was being continuously watched. The Council supported the view that in the light of the over-crowding situation, it was time to cry a halt to further extension of concessions.

The Railway Minister while discussing the enormous difficulties which the Railways had to face during the 2nd Plan period, in his opening speech at the above meeting, remarked "We are already faced with increased production in different industries for which the corresponding transport capacity is not available and yet targets of production are being further raised for coal and food-grains." He pointed out that there was need for urgent realisation of the fact that the Railways must be enabled to make commitments immediately for rolling stock and line capacity to become available in the 4th and 5th years of the Plan.

Regarding Prof. Galbraith's suggestions, the Minister stated "a good test of the practicability of these and other suggestions is whether or not they are capable of large-scale implementation during the 2nd Plan Period."

The Minister pointed out that the present allotment made to the Railways provides for the following programme :

Doubling of 1600 miles costing	Rs. 96 crores.
Other line capacity works costing	Rs. 70 crores.
Track renewals costing	Rs. 100 crores.
Rolling Stock including Diesel Engines	Rs. 380 crores.
Electrification	Rs. 80 crores.
New line for steel plant etc.	Rs. 66 crores.

"Much more had to be spent on the first five items if we really want to cope with the increase both in passenger as well as goods traffic." The reports of the American Surveying Engineers and of the French Experts also confirmed this view of heavy further expenditure in regard to better signalling arrangements, centralised traffic control, extension of electrification etc.

Regarding Divisional system, the Minister stated that the essence of the system is to provide unified control of operation and other allied Railway activities over a longer area than that of an average district and to vest the responsibility for coordinating the working of the different Departments in that area in an Administrative Officer called the Divisional Superintendent located in the division. He is given adequate administrative and executive powers to secure a workable and effective system of decentralisation. The Western and Southern Railways are to have eight divisions each, while the seven operating divisions on the Central Railway are being converted into full-fledged divisions. The N. E. Railway is to be divisionalised next year. The Northern and Eastern Railways are already working on the Divisional system. The change-over from the District to the Divisional system involves the shifting of a number of Offices and fairly large number of transfers of staff. but all possible steps are being taken to minimise inconveniences to the Staff.

Regarding the steps for reducing overcrowding, the Minister stated that it was proposed to provide additional transportation capacity of the order of 23 per cent on metre gauge and 10 per cent on broad gauge during the Second Five Year Plan. The Report submitted by the Suburban Railway Overcrowding Committee is also under examination. The availability of larger rolling stock and line capacity resources are absolutely essential to meet this problem of over crowding.

To meet the great burden in the sphere of organisation and of supervision by the Railway Board during the Second Plan period, it was decided to strengthen the Railway Board at the highest level without diminishing its value as a compact body. Hence another tier was added to the organisation in the shape of additional Members of the Status of General Managers each of whom would be clothed with adequate authority. This would afford adequate relief to the Members of the Board who can then devote more attention to overall planning, to personal inspection by frequent touring and to the disposal of problems and the issue of instructions on the spot. Five additional Members have accordingly taken charge of their duties from the 25th June 1956.

* * *

II

[ARTICLE CONTRIBUTED BY SRI K. V IYER, *Retd. C. A. A., ex-M. S. M Railway.*]

To any one who remembers th Acworth Committee's (1921) recommen dation in favour of a long term pro gramme of out lay on Indian Railway and the failure of the Government t implement fully their five-year pro gramme of outlay of Rs. 150 crores o the construction of new lines and th rehabilitation of the existing lines i pursuance thereof, the provision in th Second Five Year Plan for an outlay o Rs. 1125 crores, only a small fraction o which relates to new lines is simpl breath-taking. The Railway Depart ment itself has asked for more funds an the Railway Member has given expres sion to his confidence in his ability t spend such additional funds as may b allotted to his Department. Resolution by all and sundry are being passed supporting such additional funds an sent to the Centre.

Probably for fear that, when everyon cries, whoever does not will go to th wall, other Departments of the Centr and the State Governments are no lagging in pressing their demands fo more money than has been earmarke for them in the Five Year Plan. Thes demands, the Finance Minister will fin it hard to meet unless he imagines tha he has discovered in Deficit Financin what the Pandavas found in th Akshayya Patra in the days of thei vanavasa.

Large quantities of cement and o steel are being imported at high price and a general atmosphere of inflatio prevails. Consequently, works alread commenced or included in the Plan wil doubtless cost more. Large borrowing mean large liability by way of interes charge. Is it not advisable to step dow the pace of expenditure and make als sure that full value is received fo money spent ?

Improving Clerical Efficiency

BY SRI A. K. ROY, *Accountant, D.A.O's Office, Eastern Rly., Asansol (Burdwan).*

It is very timely that the system of Railway Accounting which is based on the recommendations of a British expert in the mid-' twenties has been taken up by the appropriate authorities for examination.

The success of any system howsoever flawless depends upon the quality of the personnel who work it. If it is found that the same work requires more man-days now than formerly and there are accumulation of arrears, the inevitable conclusion will be that efficiency has fallen. It is high time a study of the problem concerning inefficiency is undertaken and measures adopted for improving efficiency.

The aim of education is said to be action, not mere acquisition of knowledge. The theory that education in the Railway Codes will improve the quality of work requires examination in this light.

The Army has a saying "There are no bad soldiers." This has been exemplified in so many historical battles in which a smaller army under superior leadership has defeated ("outgeneralled"–as they say) bigger armies under weak leadership.

Applying this principle in the field of clerical work, the entire blame for clerical inefficiency comes upon the supervisors who would loathe to accept it, quite justifiably so, as they have little control over the staff compared to officers in the army. Also, it is not desirable that the stiff army regimentation should extend in civil administration.

But still the fact remains that clerical inefficiency persists to some extent and the supervisor in spite of his best efforts cannot improve matters. The question therefore boils down to this: How to get the co-operation of the staff.

Disciplinary measures against individual delinquents may be effective but against a collective go-slow move, it produces the opposite result. Preaching a sermon on patriotism has also been seen to fail.

The only way to get the staff to do the desired work is arousing in them the eagerness to do it. A study of the human nature reveals that people work not for the sake of work or duty but for a definite return or profit. Those who follow the motto "Ich dien."–I serve,–or the teaching of the Gita that "You have a right to duty alone and not to its fruit" are rare exceptions. The animal instinct of self preservation makes us too self-centred to care much for other things. Another powerful human instinct is vanity. "It is the gratification of vanity" says Ruskin "which is, with us, the stimulus of toil and balm of repose." Surely will the staff eagerly want to do the work desired by the supervisor if they can profit materially by it or derive a feeling of importance by it. Let us examine the present situation in the light of these fundamentals.

It is not enjoined in the present practice to pick out the best workers for promotion — staff who are willing to do without demur more work when necessity arises than what they are paid for. There is even no appreciation for the faithful and honest service which would be a stimulus for their toil, an example for others and give them a feeling of importance.

There is hardly any incentive to work better. The door of promotion will not open, howsoever meritorious the service may be, unless one crams through an examination or attains the requisite seniority. This has a deteriorating effect upon one's work.

On the other hand, for mediocres or even good-for-nothings there is no bar to win promotions. Quality of work is no determining factor. One may be tempted to care more for examination than for work, and one cannot be blamed for doing so.

Why should therefore the staff ungrudgingly do a difficult piece of work efficiently only to oblige the supervisor without any benefit of their own?

The initiative of the supervisor is also an important factor in improving efficiency as they are directly responsible for the planning and execution of the work. But if their morale be at a low ebb, themselves being a mere buffer between the administration and the staff, their contribution towards improving efficiency necessarily falls.

A periodical spell of leave is also conducive to efficiency. That the India Government was alive to this necessity as far back as 1930 has been quoted by late justice Rajadhyaksha in his famous award (Para 414.) Stressing this necessity more for mental workers, he expresses a candid truth to contend the demand for absolute uniformity in leave rules for all staff in para 394 an extract from which is given below:—

"A manual worker requires less time for recuperation than a mental worker. The latter must needs have an occasional change of environment to return fresh to his work whereas, in the case of the former a night's rest should often cure his physical fatigue. Manual labour almost ends with itself leaving little trace behind but the after-effects of mental work persist. In the case of mental workers there is greater need of complete change of surroundings and of having leave of longer duration than in the case of manual workers. It follows therefore that the subordinate and other higher paid staff who are mostly involved in work which involves mental effort require a somewhat larger amount of leave for change and recuperation."

It is a fact that our supervisors in the Accounts Department are involved in greater mental effort, than their colleagues in the executive. But the relieving arrangements being much more difficult in the Accounts Department, the boon of much needed rest for their tired body and mind seldom falls timely in the lot of our supervisors; most of whom having reached the ceiling of accumulation are ceasing to earn further leave.

There is another way of improving efficiency, but that is beyond the scope of the supervisors or the personnel branch or even of the Railway Administration. Efficiency is one of the racial qualities which make a nation "Get the Government it deserves." Environment can at best maximise the possibility latent in the blood or heredity. Proper training of the growing generation in the following faculties (placed in order of their importance) can create this environment:—

1. Physique.
2. Character and all it implies viz. honesty, perseverance, faithfulness, courage, endurance, sacrifice, self-confidence etc.
3. Education grouped under:
   (a) Observation
   (b) Reasoning &
   (c) Memory.

[*Note*: We invite more and diverse articles on this important theme. In this connection, we would like to remind readers of the Editorials on this subject in the Issue of June 1954. The Report referred to in the second Article on page 61 has not been received by us.

***Ed., R.A.*]**

Railway Appropriation Accounts for 1953-54. — Public Accounts Committee Report thereon

Commenting upon the delays in supply of information, the Committee stated "The Railway Board should impress upon the various Railway Administrations that priority should be given in the matter of supplying to the Board information called for by the Committee."

Delay in taking Departmental action in Serious Cases

The Committee was distressed to note the routine manner in which cases had been dealt with by the Railway Board against some high ranking Officers who had been charge-sheeted and suspended for various financial irregularities committed by them in the purchase of Stores. In some cases regarding Officers of the ex-Saurashtra Railway, more than three years had elapsed without finalising the disciplinary action against them, in spite of the fact that the charges are of a very serious nature.

The Committee was at a loss to understand, why when the Reports of the Departmental Committee which disclosed that the Officers concerned had forged documents—which called for criminal investigations—the cases had not been reported to the Police for necessary action. The Committee felt that the delay in finalising the departmental action might have a prejudicial effect on the disposal of the cases.

Purchase of B. L. Ry. Co.

Regarding the purchase of the Barsi Light Railway by the Government in 1954, the Committee expressed its displeasure about the perfunctory manner in which the Government Inspector of Railways entrusted with the carrying out of the special inspection of the Railway counter-signed the certificate of the Engineers of that Railway that the assets of the Railway were in working condition, without any qualification. The Committee asked for a thorough investigation being made into the same and responsibilities for the various lapses fixed on the persons concerned.

Action in regard to unsanctioned expenditure

The Public Accounts Committee observed further that early decision should be arrived at in the matter of action to be taken in respect of expenditure that had been incurred without sanction of the competent authority and *ex post facto* sanction thereof was refused by the Ministry of Finance or the Finance Branch of the Railway Board's Office.

Contract with Swiss Firm for setting up I C. F.

Another case commented upon by the Public Accounts Committee was that in relation to the Agreement entered into by the Railway Board in 1949 with Schlieren, a Swiss firm, for getting technical assistance in the setting up of the Integral Coach Factory. According to this agreement, the payment for the proto-type and other coaches manufactured by the firm were to be paid for in Swiss currency on cost plus 10% basis. For the first fifty coaches manufactured by the firm for the Indian Railways, two items—payment to the Swiss Federal authorities for additional export quota (217000 Swiss francs) and the Swiss Clearing Office fees on remittances from India to the firm through the Clearing Channels (122,295 Swiss Francs)—were included in the cost, which the Government had to reimburse to the Company.

The first item was a levy for the export quota imposed by the Swiss Government in 1948 on all exports to Sterling areas for the purpose of subsidising their imports and it was discontinued from 25th October 1949 on the devaluation of sterling. Order for the supply of the first fifty coaches was placed by the Government of India on the Company only in December 1949, i.e., after the levy had been discontinued and supplies were not expected to commence until after the 31st of March 1951. But on the 7th October 1949, the firm had obtained from the Swiss Government, on payment of levy, a permit for the export of the above Coaches. The Railway Board authorised the High Commissioner of India, London, on the 3rd September, 1953 to pay to the firm this Export quota if it had been paid by the Firm to the Swiss Government.

The Committee was of the view that the necessity for the payment of the export quota was neither established nor urgent, because the formal order was not received by the Company at that time and the supplies were to commence only eighteen months after the date of such receipt. The Committee suggested to the Railway Board to take measures to get refund of the payment made to the Company on account of Export quota fee.

Basic Aspects of Claims Prevention

(An article under the above Caption by Sri P. P. Ayyar, appeared in the April 1956 issue of the Eastern Railway Magazine. By kind Courtesy of the Journal, we reproduce below extracts from the Article for general information.—*Ed., Rly. Acctt.*).

* * *

Time has come for railways to take stock of the position and such ways of combating the heavy incidence of claims. Compensation claims are a dead loss to the railways and waste of hard-earned revenue which the nationalised business organisations can ill-afford to perpetuate. Claim payments are also of no benefit to claimants because whilst they may have been compensated for the value of their goods lost or damaged, the good-will of the commercial community is lost to the railway. From a national stand point, there is a direct loss to productive industry, because time is spent on producing replacements and effecting repairs, to the disadvantage of the total production effort.

The quantum of claims payment is also an index of inefficiency and, as such no effort should be spared to control claims. This is specially necessary in the context of the important role that the Indian railways have to fulfil in carrying a far heavier traffic load under the Second Five Year Plan.

The Railway administrations and the Ministry of Railways have become conscious of this problem and experts were entrusted with the task of conducting research into this malady. Sri Brown made a detailed survey of the position and submitted various valuable recommendations to the Government. Sri B. N. Mullik, Director, Intelligence Bureau, Ministry of Home Affairs, also made a detailed analysis of the causes of claims and suggested various measures to arrest the spiral of high claim incidence. The Railway Board have given considerable thought to this problem and have in fact set up Claims prevention organisations on different railways in order to stop the heavy leak on account of claims payment. While these efforts have produced beneficial results, a lot of leeway has to be made up before we can declare that the position is normal.

In this context, the first question that arises is the question of a railway's liability as a carrier. Indian Railways are bailees unlike the British railways which are common carriers. The question of the future of Indian Railways' liability has been remitted to the high-power Freight Structure Enquiry Committee for examination. The high-power committee will no doubt examine all the different aspects of the run of railway transport taking into account the present position of the development of railway economy, the state of crime, the capacity of the trade to bear higher freight or better packing. Whatever may be the dimension of liability that the Indian Railways will be called upon to shoulder, one thing is certain and that is, there must be improvement in the efforts to control claims so that even if the Railways become insurers of goods they will not experience any diffidence in claim-free transport.

ON OUR OWN LINE

In the Eastern railway, the claims Prevention organisation has already made much headway. Besides adopting conventional measures like E.P. locking and double rivetting of wagons, constant check up on the various aspects of railway working and co-ordination with the Police and the Security branches, this organisation has also done a lot of work of tracking down claims on commodity basis. An Inspector was trained in the intricacies of manufacture of mica and by constant direction of attack on mica claims, the payment of claim on account of mica has been considerably reduced.

In the case of tea, on which the incidence of claim is very high, various measures are being taken in consultation with trade to improve the packing condition in such a manner that the damage to tea consignments by wet can be reduced to a considerable extent. When it was noticed that a heavy payment of claims had to be made on account of perishable traffic, various steps were taken to ensure control over delivery and successful results have been achieved.

In fact, the Claims prevention organisation is also by its efforts able to connect consignments to the extent of Rs. 2 lakhs per month. These and various other steps have definitely produced results; but a lot more has to be done and the organisation has to be streamlined in such a manner that there will be considerable shrinkage in the claims payment made.

The following are some of the steps indicated to organise the claims prevention branch of the different railways on a sound basis. At the outset, the problem of claims prevention has to be X-rayed from a commercial angle. If the huge payment of claims can be reduced by a certain expenditure, the railways should not hesitate to go in for such spending. There must be a double decker claims prevention organisation—one in the Headquarters and the other in Districts or Divisions.

The first component of claims prevention organisation will be a good and well defined statistics. We must have a machinery to know the different causes of claims and also how far the various claims prevention measures have an impact on the claims figure. The elaborate statistical machinery must be ready with three items of statistics—(1) statistics of commodities, stations, causes etc., on the basis of claims settled in the previous month, (2) statistics on the basis of claims preferred in the previous month and (3) statistics based on damage and deficiency messages received from the various stations.

In regard to items (1) and (2), already statistics are being prepared. There must be more analytical break-up of the position in regard to claims preferred and claims settled. In fact, considering the back-ground of high incidence of 'foreign' claims for certain railways like the Eastern Railway, we must have statistical isolation of claims preferred and settled on account of irregularities, thefts etc., on the foreign railways so that month by month this analysis may be sent to the foreign railways for effective action. Unless claims prevention measures are done on a very co-ordinated basis with the foreign railways, we cannot achieve substantial reduction in the claims.

In fact, time has come for the exchange of information between the different railways of claims paid on the principal items of traffic moved from the railways. For example, the North Eastern Railway must be interested to know the position in regard to jute and tea traffic received in the Eastern Railway. Apart from this, the statistical analysis must also pin-point the various divisions, stations and commodities in such a manner that we can straightaway put our finger on the malady and take suitable preventive action. On the basis of these statistics follow-up action has to be taken with the different agencies including Security or the Police, as the case may be.

In addition to these, there must be live co-ordination between the claims settlement sections and the Prevention branch. A monthly X-ray note on claims preferred and settled giving basic and outstanding features must be submitted by the different claims settlement sections to the Claims Prevention Officer. Besides this, there must be random sample examination of claims cases from the prevention side so that it will be clear as to the lines on which Prevention activity must be directed.

The third variety of statistics is, in my opinion, the king-pin of the claims prevention organisation. When claims are received, and settled, quite a lot of time elapses with the result that action is not being taken hot on the various causes giving rise to claims. Therefore, all the damage and deficiency messages issued by different stations must be registered, indexed and processed into clear statistical data in the Prevention section. There will be an "Anticipatory Claims" section which will work on the basis of these data. Outdoor staff will be briefed by this section for taking various steps to control the adverse factors as reflected from these statistics.

This section will also immediately call for Police and Security Reports on various cases of thefts so that these reports will be readily available for necessary action. This Anticipatory Claims section, which must be well-staffed, will be able to take rapid remedial steps towards prevention and at the same time will be a helpful handmaid to the claims settlement sections in as much as claims settlement will also be speeded up. The Prevention side will utilise these materials for action in co-ordination with agencies like the Police and the Security.

Since anticipation is the essence of claims prevention, unless action is taken in advance, the whole objective of claims prevention will be only of post-mortem significance without any concrete effect on the reduction in claims. This section will watch the progress of assesment and open deliveries in cases of damage and deficiency to see how far there are no irregularities in this regard. On the basis of these data, the outdoor Claims Prevention Inspectors will have frequent consultations with the Claims Inspectors and Station Masters on line to understand the causes of frequent open deliveries and assessment granted to certain items of traffic. The working of the station will also come in for review by this section.

(To be Contd.)

Four things come not back—the spoken word, the spent arrow, the past life and the neglected opportunity.

HAZLITT

Financial Justifications for new Schemes of Magnitude

Under the Second Five-Year Plan, a number of works and schemes of operational facility, of large magnitude, are being undertaken, and these include remodelling of yards, provision of crossing stations, doubling of lines, conversion of metre gauge into broad gauge, etc. The schemes are of common character on all the Railways, and it would be a very good idea indeed if the manner and method of preparation of financial justifications for such schemes are standardised by the Railway Board, after an expert study of the illustrative problems. Of course, latitude should be allowed for flexibility to suit particular conditions and circumstances at particular places, but the frame-structure of the justification should be there. Unless this is done, there is apt to be divergence in procedure and practice among the Railways and what will be considered as financially justified by one Railway may not be considered so by another adopting a different procedure, although it may be possible for the Railway Board, as the central co-ordinating authority, to set right incorrect or inappropriate bases and ensure uniformity of procedure, in the case of large schemes coming under the scrutiny of the Railway Board. For instance, what are the elements of cost to be taken into account to arrive at the dependent cost of a train engine hour or a goods train mile, will have to be decided. Should the earnings (extra earnings) anticipated by the completion of the scheme, be calculated on the basis of ton miles or wagon miles? or should the earnings be worked out for each major commodity separately, or only the average rate earned for all commodities be taken into account? For wagon turn round, should the result on the particular section in a past period be taken into account or should consideration be given to the improvement in the wagon turn round to be effected after provision of operational facilities? These and a number of cognate and other than cognate problems would arise, requiring expert consideration at the appropriate level.

KALAB.

Cost Accounting in Railway Workshops

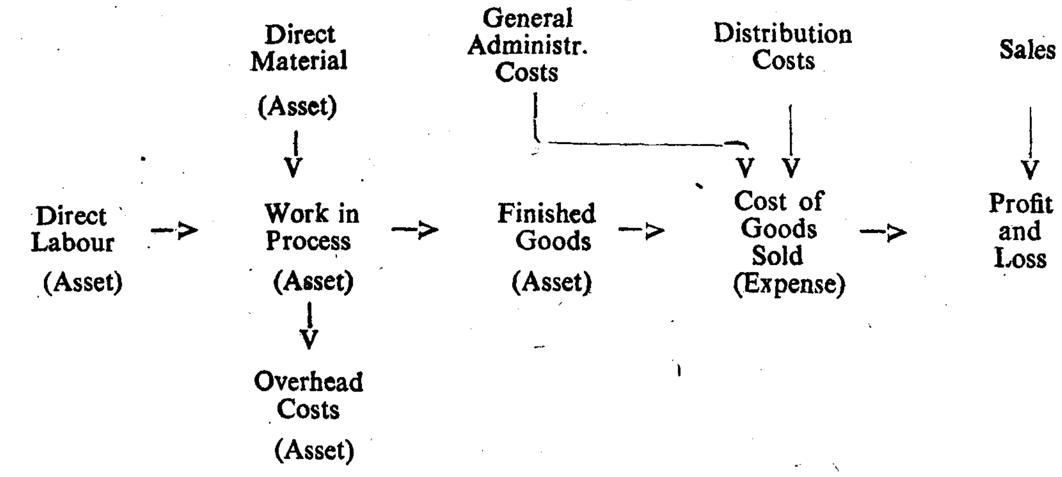
BY D. K. KAR

(Few perhaps realise the importance of cost accounting in railway Workshops. The contributor examines the system applied and discusses future possibilities).

Historically, it was recognised by Accountants and businessmen that Balance Sheet was the most important financial statement for a manufacturing firm. Accounting principles and practices have been re-examined during the past ten years and many Accountants have given priority to the profit and loss or income statement over the Balance Sheet through the adoption of the 'Cost principle' and the acceptance of the concept of matching cost and Revenues in terms of accounting periods.

Thus, accounting, particularly cost accounting, has the objective of charging the Revenues of each account period with the costs associated with the product or services represented by such Revenues. The cost formula that has thus been evolved on this principle may be shown in a simplified diagram below :

The Cost Principle



ELEMENTS OF COST

A consideration of all elements that go to make the cost of an article produced shows that they can be segregated, as indicated above, into three main parts:

Direct cost consisting of—

(1) Material and (2) Labour Costs, together called Prime Cost. (3) Indirect cost covering other expenses such as overhead or Establishment charges or Burden, also known as "On cost".

The whole cost, so constituted is thus made up of—

(a) The cost of raw materials in it = M;

(b) the cost of wages paid to the workers working directly on the material = W ; and

(c) A certain proportion of the total overhead or on-cost expenses = E ;

Hence Factory cost (C) = M plus W plus E.

THE SYSTEM OF ACCOUNTS

The system of accounts used for control of works in processes also follows this broad classification. The first constituent of this system is represented by "Material in process account" which is charged with the cost of all direct materials used in production and is credited with the cost of direct materials used on the products finished during the period.

The second, "Labour in process account", is charged with the cost of all direct labour expended on production and used on the products finished during the same period. The last, "Manufacturing expense in process account" is a charge with all Factory burden applied to production orders during the period and is credited with the amount applied to finished products in the same manner as the other accounts.

The Balance represents the amount of Factory burden applied to unfinished work and should equal to the unfinished production orders. By material cost so charged is meant the cost of the direct material that enters into the production of the articles. The labour cost is the cost of labour as entering into this production and calculated on the basis of wage rates in vogue. The manufacturing expenses are classified as under—

(1) Indirect material (2) Indirect Labour and (3) Indirect expenses.

EARLIER SYSTEMS OF OVERHEAD COSTING

The best method of charging an aliquot amount of the total manufacturing overhead expenses to each of these heads is continually under evolution and touches a fringe of a very large problem which will be examined presently in detail. In the pioneer systems of cost accounting it was convenient and popular to distribute factory overhead to production at the end of each period by means of such bases, as direct material cost, direct labour cost and prime cost. The formula for each of these methods is as follows—

Direct material cost method—

$$\frac{\text{Actual Factory overhead for fiscal period}}{\text{Actual direct material cost for fiscal period}} = \text{per cent of direct material cost.}$$

Direct labour cost method—

$$\frac{\text{Actual Factory verhead for fiscal period}}{\text{Actual direct labour cost of fiscal period}} = \text{per cent of direct labour cost}$$

Prime cost method—

$$\frac{\text{Actual Factory Overhead for fiscal period}}{\text{Actual Prime cost of fiscal period}} = \text{per cent of prime cost.}$$

An analysis of the early methods of overhead distribution makes possible the following criticisms each of which has led to the development of a major improvement in distributing overhead to production. Earlier cost systems did not provide for the distribution of overhead costs to production through the media of departmental rates. It is impossible to select a single overhead distribution rate for an enterprise which will properly assign an aliquot portion of overhead to each job when there are a variety of machine and labour operations performed by workers of varying skill and wage classifications.

The separation of factories into service and production departments and the determination of separate overhead distribution rate for each production department have been important advances in developing a more efficient job order cost accounting system.

MODERN TREATMENT OF OVERHEAD

The modern job order cost accounting systems are characterised by the use of normal, predetermined, departmental overhead distribution rates such as direct labour hours and machine hours, which are based on the time factor. Budgetary control of overhead and of production, plays an important role in the efficient distribution of overhead to production, and standard costs have been introduced as a upplementary device to appraise the efficiency with which departments and the business enterprise in its entirety is being operated.

It is necessary to explain the importance of and part played by budgetary control in job order cost systems. These systems are only as effective as are the plans of budgetary control which underlie them. A typical formula for the determination of overhead distribution rates is the one for the direct labour hour rate, which can be presented as follows—

$$\frac{\text{Estimate for overhead for budget period}}{\text{Estimate for direct labour hours for budget period}} = \text{Rate per direct labour hour for budget peroid}$$

A system of budgetary control is a pre requisite to the correct determination of normal overhead distribution rates. The predetermined normal or average overhead distribution rate is computed by dividing the average of the monthly overhead estimate by the average monthly production estimate. The predetermined normal rate is used to apply a normal amount of factory overhead to each production order processed in the plant. If the rate is correctly computed, all the factory overhead for the year will be applied by the end of the year, although there would be over or under applied amount from month to month.

(*To be contd.*)

(By kind courtesy of Eastern Rly. Magazine)

Subjects of Moment

Concession—Rent-free quarters to staff officiating on crucial dates to continue

The Railway Board have decided that the concession of rent free quarters to staff who were officiating in the entitled categories on the crucial dates sanctioned in the Board's letters

No. 5001-F/VII dated the 23rd Dec. 1937 to the N.W.Rly.,

No. 5001-F/VII dated the 23rd August 1939 to the E.B. Rly., and

No. 4998-F dated the 27th August 1935 to the G.I.P. Rly.,

should be continued to the concerned staff of the Indian Railways notwithstanding the provisions of para 1904 of the Railway Engineering Code.

(R.B. No. E(X) RN-51/QR-2/5 dated 15th June 1956).

* * *

Charges for occupation of Rest-Houses

Charges for occupation of rest-houses while on duty should be the same for all Railway Officers, whether belonging to the home-line or to other Railway Administrations. All Railway Officers should be treated alike in the matter of charging rent for rest houses while on leave.

(R.B. No. F(E) 56 RN 3/1 dated 11th June 1956).

* * *

Dearness Allowance

(1) *Dearness Allowance on half-pay L.P.R. ex. India*: Dearness allowance admissible during the period of half-pay leave prepatory to retirement ex-India should be reckoned as half of the dearness pay actually paid during the leave on average pay ex-India.

(R.B.No. E(S)55-DA1/21 dated 16-6-56).

(2) *Dearness Allowance to unmarried Officers during leave ex-India*: Dearness allowance admissible during leave ex-India in the case of unmarried Gazetted Officers in respect of leave salary not exceeding Rs. 1,000 per month shall be subject to a minimum of Rs. 40 and the maximum of Rs. 75 per month. Past cases regulated otherwise will, however, not be reopened.

(R.B. No. E(S)55 DA1/21 dated 16th June 1956).

* * *

Marriage of a female servant to a person who has a living wife

No female Railway Servant shall marry any person who has a wife living without first obtaining the permission of the Government.

(R.B. No. E55 LE2/65/3 dated 12th June 1956).

* * *

Treatment of period of detention for periodical medical examination

The period for which an employee is absent from duty for periodical medical examination should be treated as under :

(i) time spent in Journey and time taken by Medical Officers to come to a decision should be treated as on duty.

(ii) time taken by an employee to equip himself with spectacles, trusses etc., or with any other equipment without which he is not considered fit for duty should be debited to the leave account of the employee.

(iii) period of absence while awaiting the Chief Medical Officer's decision, provided it is preferred within a specified period, should also be debited to the leave account of the employee.

(R.B. No. E55 ME5/99/Medical dated 2-7-'56).

* * *

Fixation of pay of medically unfit staff on their promotion to equivalent grade

Medically unfit staff absorbed in another category on a lower rate of pay may, on subsequent promotion to higher posts, be allowed the same or nearabout the same pay as may have been drawn by them in their original appointment including officiating appointment, if it could be certified to have been of a long term nature before being declared unfit, by grant of advance increments.

(R.B. No. E55 RE1/26/3 dated 14th June 1956).

* * *

Withdrawal of money from the General Provident Fund for higher education

The amount of withdrawal from the General Provident Fund for meeting the cost of higher education should not exceed three months' pay or half of the balance to the credit of the Subscriber, whichever is less.

(R.B. No. F(E)56/ADV/6(1) dated 2nd July 1956).

* * *

Delegation of Powers by General Managers

The Railway Board have desired that a review should be made by the General Managers of the existing position in respect of delegation of powers to lower authorities of Indian Railways in establishment or other than establishment matters with a view to delegate wider powers to the lower authorities in consultation with the F.A. & C.A.O. of the respective Railways.

(R.B. No. F(E)56/PW4/(2) dated 7th June 1956).

* * *

Inter-Departmental Adjustments

The Railway Board have decided that neither the Defence Department nor the Railways should press their claims in cases of damages by accidents at level crossings etc. The orders were issued originally in 1941 and they have been reiterated again. The underlying principle is that the policy of mutual forbearance in respect of claims on account of accidental damages by one Department against another of the Central Government should be followed.

* * *

Late and missing station returns

The following instructions were issued by the Railway Board to arrest the continuously deteriorating position regarding submission of station returns regularly to the Accounts Office.

(a) *Overdue returns*: The Commercial and Accounts Departments should prepare two separate lists of all returns showing (i) the number and description of returns, which without impairment of the efficiency of checks, can be scrutinised at the station as an *ad hoc* arrangement to clear the present outstandings; and (ii) number and description of returns which have necessarily to be checked in the Traffic Accounts Office. These lists are required to be sent to the Board for scrutiny and orders so that in the case of item (i) it may be possible to avoid preparation of either original or duplicate copies of such returns; and in the case of item (ii), it is to be specially watched whether there has been any continuity in the non-submission of essential returns involving accountal of cash, etc., as it may possibly lead to a serious irregularity. The Staff at stations should be immediately augmented to complete the preparation and submission of such returns by small "task teams" of experienced Commercial Staff under Commercial Traffic Inspectors. These teams should particularly visit stations heavily in arrears and help in the preparation and submission of overdue returns.

(b) *Current returns*: In the case of stations chronically in arrears, the work will be immediately job-analysed and the strength of staff for such stations refixed according to approved yard sticks for the present quantum of work. Possibly, future expansion of work at some stations should also be taken into consideration for fixing such strength. CTI's/TIA's will be directed to examine, in the course of their Inspection as to how far the stations are really equipped to deal with the accumulated returns work and whether they are following the prescribed instructions for the timely submission of returns; they should report their views on this subject to the respective Officers.

(c) The Board have further suggested a system of personal collection of returns from Stations and their transmission to the Traffic Accounts Office, thus doing away with the possibility of evading submission of returns by wrong statements as to their having been already sent.

(d) The Board also wanted the Traffic and Accounts Deputies to meet monthly and review the position of the missing and late submission of returns and devising other remedial measures to suit local conditions, if necessary.

* * *

Accident Statistics

With a view to making the Railway Staff more accident-conscious, the Railway Board have decided that a monthly review of Railway Accidents and Casualities on each Railway, Division-wise or District-wise as the case may be, will be prepared and circulated as widely as possible amongst the staff concerned.

* * *

Cash in Transit

In order that "Gross Receipts" actually realised in a year should correctly find a place in the Accounts for the year, the Railway Board have decided that, in future, the Cash Book of a month should be kept open for three days after the close of the month to accommodate the Cash collected in the month, but shroffed in the Cash Office in the following month. As this Cash would actually be remitted to the Treasury in the following month, the same will remain as balance under the Minor Head "Cash", in terms of para 1027 of the Accounts Code.

So far as 1955-'56 Accounts are concerned, necessary corrections in the balances in the Cash Book for March 1956 and April 1956 are to be carried out so as to incorporate in the Cash Book for March 1956 of cash actually collected by Stations etc., in that month, *i.e.*, all remittances upto 31st March 1956, although shroffed in the following months.

(R.B. No. 56 AC. II/9/2 of 30-5-1956)

Note: To what extent this is an improvement over the existing procedure is not very clear. The difference between Traffic Accounts Cash and the General Accounts Cash will, instead of its appearing under the Suspense Head "Cash in Transit", appear under *Cash Balance*. The actual advantages from this change will, however, have to be watched.

—*Ed., R.A.*

* * *

Credits for Sale or Departmental use of Cinders and Ashes

With effect from the 1st April 1956, these credits are not to be made to Abstract Z, Sundry Earnings, but should be credited to a new detailed Sub Head B-3215: Credits on Account of Sale of Cinders and Coal Ashes. In the case of cinders and coal ashes resulting from the use of coal in workshops, the existing classification—vide explanatory Note No. 218-A under Abstract B of the General Code, Vol. II—continues.

(R.B. No. 55 AC II 3/12 of 27-11-1955).

* * *

Review of changes in the structure of Railway Accounts with effect from 1-4-1952

In the year 1953, the Railway Board decided that for purpose of budgeting credits on account of freight on coal and Railway Stores moved by goods trains recovered from consignee-Departments, should be provided for under Demand No. 7 Operation (Fuel) and Dem and No. 8—Operation—Other than Staff and Fuel

3

respectively. Since the cost of transportation of Railway Stores includes expenses on Operating Staff, Fuel, Repairs and maintenance etc., it has now been decided that commencing with the Budget Estimate for 1957-'58, credits for Departmental Traffic both Coal and Stores should be collected under one head, *viz.*, G3400 and not as at present to G3401 and G3402 and that these should be distributed over Demands Nos. 5 to 8 in the appropriation of the Expenditure booked by each Railway under these Demands in the year for which the Accounts have been closed.

(R.B. No. 56-B-4257/FC dated 10-7-'56)

Note : In this connection, attention is invited to page 46 of the RAILWAY ACCOUNTANT for May 1954.

* * *

Re-employment of Offg. Officers

The Railway Board have decided that Offg. Cl. II Officers may be considered for re-employment in Class II, provided they were duly selected for Class II Service and had actually officiated for over one year before retirement.

(R. B. No. E 56 API/40/2 of 4-7-1956.)

Personnel

Sri K. S. Bhandari, Dy. Chief Accounts Officer, Chittaranjan Loco Works is appointed as Officiating Joint Director, Finance (Workshops) Railway Board.

* * *

The duration of the temporary post of Adviser to the Minister of Railways (Sri S. S. Vasist) has been extended upto the 31st of Dec. 1956.

* * *

Sri V. T. Narayanan, Joint Director, Railway Board, has been posted as Divisional Superintendent (Senior) on the Northern Railway.

* * *

The abbreviated designations of the Additional Members of the Railway Board are :

AMW - Works,	AMM - Mechanical.
AMC - Commercial	AMF - Finance, &
AMS - Staff.	

* * *

Sri B. C. Chatterjee, a retired permanent Audit Officer, is temporarily re-employed as an Assistant Accounts Officer (Class II) on the South-Eastern Railway for a period of six months with effect from 23rd May 1956 and posted against a newly created temporary post of A.A.O. sanctioned for a period of six months to deal with verification of estimates, etc to be received in connection with the first year of the Second Five Year Plan.

Shri M. S. Gill, Offg. Sr. Accounts Officer, South-Eastern Railway is transferred to Eastern Railway.

A post of Dy. Chief Accounts Officer (Construction) has been created on the South-Eastern Railway and Shri S. P. Sahni, has been appointed to that post. He will hold charge of Stores Accounts and Stores Finance also.

Sri M. S. Nanjundiah, SAO, Ganga Bridge Project has been appointed as Dy. Director, Finance, Railway Board.

Sri H. K. Bhalla, has been appointed as Joint Director of Finance, Railway Board.

Sri A. N. Mathur has been transferred to Ganga Bridge Project as S.A.O.

* * *

Shri H. Ramamoorthy Senior Accounts Officer, Southern Railway, has been appointed as Dy. Director, Finance (Accounts), Railway Board.

Shri E. J. Stevenage, A.A.O., Southern Railway, has proceeded on leave preparatory to retirement.

The following Senior Accountants have been promoted to officiate as Assistant Accounts Officers on the Southern Railway:

Shri V. S. Gopalan,
,, N. Natarajan,
,, T. Ramamoorthy.

Messrs, K. Uthamanathan and S. Natarajan, Assistant Accounts Officers, S. Ry., have been promoted to officiate as Senior Accounts Officers on that Railway, subject to Railway Board's sanction.

Shri A. R. Rao, Senior Deputy General Manager, S. Ry., has proceeded on leave preparatory to retirement and Shri N. Kamalakara Rao, Director, Railway Board, has been appointed as Sr. D. G. M. on that Railway.

News, Notes and Comments

Railway Electrification

The Railway Board have, under consideration, the electrification of the Igatpuri—Bhusawal section of the Central Railway.

In this connection, the French Government offered to send out a team of experts on the condition that all expenses on the team including Travel from and to France should be met by the Government of France. This team is to advise the Indian Railway Authorities on certain technical aspects of electrification. This team is led by Mr. Nouvion, Chief Engineer, Electric Traction, French National Railways, who is renowned for running the world's fastest electric train at 205 miles per hour in France, a few months ago. The other Members of the team are :

Mr. J. Boulongue, Project Engineer,

Mr. A. Crapet, Overhead Lines Engineer,

Mr. M. Miot, Track Engineer and

Mr. A. Lemaire, Communications and Signalling Engineer.

This team has already held discussions with the Railway Board and the General Managers and various experts of the Central, Western, Eastern and South Eastern Railways. They have also carried out Inspection of the sections in the Eastern region under consideration for electrification. After the preliminary Survey, the Leader and another Member went back to France, for consultations before proceeding further.

* * *

Manufacture of Wagons

While addressing a Labour and Social Services Camp organised by the Bharat Sewak Samaj at Dhuse, near Allahabad, Mr. Lal Bahadur Shastry, Union Minister for Railways disclosed that within the next two or three years, India would start production of 20,000 Railway Wagons and Coaches per year as against the present production of 15,000 wagons, He said that by emulating Japan and striving to increase our production, it was possible to achieve this target.

* * *

Railway Equipment for India

The World Bank Mission has made various suggestions in regard to the Second Five Year Plan among which they have also suggested that the structure of Railway Rates be revised promptly so as to provide more incentive for the utilisation of other means of transport. The Mission urges that every effort should be made to improve the operating efficiency of the Railway for which there is apparently still considerable scope. While it is tempting to improve the developing railway bottleneck, by still greater investment, the prospective shortage of resources makes it imperative to resist this temptation as far as possible, to exhaust all possible means of improving the efficiency especially in view of the Railway programme.

* * *

Doubling of Railway Lines

The Railway Board has sanctioned the doubling of a 6.5 mile line between Chodiala and Baliakheri on the Shaharanpur-Moradabad section of the Northern Railway. This is a part of a major project of doubling of the Shaharanpur-Moradabad Section for increasing line capacity.

* * *

Railway Division of Southern Rly.

The Government of India have finally decided to locate the Divisional Headquarters at Olavakkot as originally proposed and instructions have accordingly been issued to expedite building work at Olavakkot in connection with the opening of the Division in August. The Division comprises of two Divisional Engineers, one Mechanical Engineer, and one Commercial Superintendent. It covers about 700 miles of Railway; half of which is in Tamil Nad and the rest in the West Coast.

* * *

Ticketless Travel

It is reported that as a result of a special drive against ticketless travel at Ennore R.S., towards the close of July, over 200 persons were rounded up and a sum of Rs. 190 collected as excess fares. Though the Railways have been announcing very strict measures to prevent ticketless-travel, it remains to be seen to what extent they will be able to achieve satisfactory results. For one thing, strict admission to station platforms would be necessary and for the other, the hearty co-operation of the paying traveller would be very essential to reduce, if not obliterate, this ticketless travel. It does not look as if the Railway ticket checking staff are either able to carry out their duties of checking ticketless travel satisfactorily or may be, even conscientiously. However, occasional checks of this kind are not likely to yield *standing* results.

One of the leading Dailies has suggested that Railway Staff should be re-trained with instructions to keep out of the station platforms all those who have not purchased tickets, incidentally, suggesting that this might also reduce to a very great extent crime and pilferage in running trains.

* * *

Anti-corruption Drive on Railways

The Special Police Establishment of the Government of India obtained four convictions during the quarter ending June 1956, in connection with the above. The charges related to entering into criminal conspiracy to misappropriate Government money and acceptance of illegal gratification, etc. The punishments awarded ranged from three months to one year's imprisonment and fines amounted to Rs. 962. The offences referred to were all committed at stations in North India.

* * *

Assam Rail Link Stabilisation Committee

This Committee, with Sri B. B. Varma, a former General Manager of the Ex. E. I. Railway as Chairman, and Messrs. B. S. Nag, Chief Engineer, Flood Control, Assam Government, T. C. Mitra, Chief Engineer, West Bengal Government and A.I. Stephens, Chief Engineer, N. E. Railway, as Members, had its first meeting on the 11th of July 1956, and settled the procedure for detailed investigation of the problem before it and incidentally decided to undertake preliminary inspection of the Assam Rail Link during the second week of August 1956. The Committee also decided to call for evidence from individuals and organisations interested in the problem and also to issue a questionnaire inviting suggestions from those interested in the States of Assam and West Bengal.

* * *

Air-Conditioned Expresses in India

Arrangements are in progress for running air-conditioned crack-expresses with a speed of over 60 m.p.h. from Delhi to Calcutta, Madras and Bombay from October 1956.

These trains will consist of two 3rd Class and two 1st Class bogies, a restaurant car and two generating car bogies. The passenger coaches and the restaurant car will be air conditioned.

It is estimated that the fare for the air-conditioned 3rd class will be a little lower than the usual 2nd Class. These expresses are expected to cut running time by about 20%.

Safety measures to enable higher speed are being considered in detail.

Special signalling arrangements have been provided for this purpose. A new gadget if adopted will reduce the braking distances of trains to a considerable extent. Called the Direct Admission Valve, the gadget permits introduction of air at two points in each carriage of the train into the vacuum brake system; thus enabling the vacuum brakes to operate more efficiently and quickly. In the present system air is introduced at only one point in the whole train.

* * *

Decimal Coinage

A demonstration set of the new decimal coins, which are to come into force from the 1st of April, 1957 is to be exhibited at all important Railway Stations throughout India. The idea is to make the public and the Railway Staff familiar with these coins.

The following is the specimen of the coins:

* * *

Deputation to Japan

Two Railway Officers are to be sent to Japan for training in Steel Casting, under the Colombo Plan. These Officers are: Mr. B. L. Sehgal, A. W. M., Production, N. E. Railway and Mr. T. S. Rangaswamy, Officiating A. M. E., Southern Railway.

* * *

Administration of Indian Railways

The three member Indian Railway Delegation with Mr. J. Dayal (Financial Commissioner for Railways) as Leader, and K. B. Mathur, Transport Member, Railway Board and Mr. H. T. Awasti, Joint Director Planning, as the other two Members, returned to India after a four weeks' study-tour of China and Japan. It is understood that some of the administrative methods adopted there have impressed the delegation and are being carefully studied for adoption in India—possibly Chinese methods.

* * *

Recruitment to Govt. Services

We have referred in an earlier Issue to the setting up of a Committee, in April last, to examine the necessity for University Degree for recruitment to public services. The Committee's report was submitted to the Government recently. The Committee is understood to have divided public services into three categories:

(1) Senior Executive and Administrative Officers,

(2) Junior Executive and Administrative Officers, and

(3) Clerical Services.

For defining the scope of these three categories, the Committee is stated to have reported that Graduates alone can apply for the first category, and they should be between the ages of 21 and 23; for the second category, the minimum education should not be a University Degree, though there is no bar to such candidates. For Clerical posts, the Committee is of the opinion, University Degree should definitely not be insisted upon and that steps should be taken to discourage graduates from applying for these posts. The Committee has accordingly suggested the ages between 17 and 19 as qualifying for this Service. In respect of certain technical posts in the Departments of Revenue, Railway and Communications, which have been grouped with Clerical Services, the Committee has recommended that recruitment to these posts should be made from the age-groups suggested and adequate training be given for sufficiently long periods to enable them to discharge their duties satisfactorily. They have laid down detailed rules for the conduct of these examinations.

For limiting the number of candidates actually competing for public services, the Committee has suggested a system of weeding out by preliminary examinations. These should be restricted by one or two written papers to test the general alertness and the mental calibre of the candidates. The Committee has also said that the concessions now enjoyed by the scheduled castes, scheduled tribes and other backward classes in regard to recruitment to Public Services will not in any way be affected by its recommendations.

* * *

New Re-Railing Device

After exhaustive research for several years, Germany has devised the "Deutschland" re-railing device which has been made a standard equipment in all relief and brake-down trains in Germany and other European Railway systems. It is claimed that this device can be used on any Railway and in practically every circumstance.

The working of this device is based on the use of compressed air of Engine that hauls the brake-down trains to any accident spot. This compressed air generated by the engine for the operation of the brake is made use of by a transforming machine to produce water pressure of 300 atg. This pneumatic-hydraulic transforming machine supplies pressure water through a delivery hose to the various auxiliary instruments and lifting jacks, giving a maximum lifting power application within the minimum time. If the relief train loco has no compressed air system, the brake-down car is equipped with compressor installation driven by fuel power or electric power. In each case, the transforming machine is connected directly with this installation for producing hydraulic power. It is also possible to use locomotive steam in the working of the transforming machine in cases of emergency, though it is not so very feasible, as the hot steam endangers operators.

Some of the points connected with the device are:

1. Use of two roller grids placed one behind the other deals with a lateral displacement up to 0.6 metre.

2. The lateral displacement of locos which have to be re-railed is dealt with by loco re-railing bridges 2 metres and 4 metres long, composed of double rails, with spacing irons between and built-in hydraulic pulling cylinder.

* * *

"Cash Your Ideas" Scheme for Railwaymen

Under this Scheme, all grades of Staff —Gazetted or non-Gazetted—are encouraged to come forward with constructive ideas for improving the working of the Railways.

All Railways have been requested by the Railway Board to publicise widely that they would be glad to consider any inventions or constructive suggestions from Members of their staff belonging to all ranks. Monetary rewards are given to those responsible for useful suggestions which are found acceptable. The Senior Deputy General Manager of each Zonal Railway will preside over the existing high-powered Five Member Standing Screening Committee (Inventions and Suggestions. In the absence of such an Officer, some other senior Officer would be nominated to guide the proceedings of this Committee. This Committee will meet at least once a month and an employee whose suggestion has been accepted would have this fact recorded in his personal file and it would be a factor for consideration while considering his promotion to a higher post.

* *

Simplification of Railway Accounts

The steps that are being taken by the Railway Board for simplification of Railway Accounts, are none too soon. It is understood that Shri M. V. Seshadri, F. A. & C. A. O., Western Railway, has taken the lead; and the subject being in such able hands, we can hope for some material and substantial changes in the simplification of Railway Accounts, in their various aspects, such as nature and extent of internal check of the different types of transactions, the manner

and method of recording the financial transactions, the cutting out of unnecessary phases of work at different stages, the workload for routine items of work, and so on. A Senior Accounts Officer of the Central Railway has, it is learnt been entrusted with the collection of data relating to General Accounts other than Workshop Accounts, while Workshop Accounts are to be handled by another Senior Accounts Officer of the Western Railway. We do not know what is being done in regard to Traffic Accounts; presumably, this is to be taken up at a later stage. In any case, Railway Accountants should be very glad to see that steps are being taken at higher levels for simplification of Railway Accounts, and we have no doubt that the staff of the Accounts Department at all levels will put forward their suggestions for consideration.

In this connection, the attention of the reader is drawn to the Editorial on this Subject in the Issue for June 1955, and to an article by Sri K. V. Iyer, Retd. C. A. A., M. S. M. Ry. on page 107 of the Issue for July 1955.

* * *

Chartered Accountants for Railways

The Railway Board are recruiting Chartered Accountants for Railway Accounts Department on the different Railways, to be appointed as Accountants on Rs. 200-350 grade. They will be paid Rs. 150/- per mensem in the first instance till they complete the training for a perisd of six months and pass the departmental examinations (App. III-A.) They have also to serve a period of one year on probation before they become eligible for confirmation. This new step while giving scope for young qualified Chartered Accountants to enter the Railway Service, should be of substantial advantage to the Railway Administration, in that there would be a good leavening of professional commercial accounting principles and practice, in the field of Railway Accounts and the efficiency of Railway accountancy is bound to improve by this integration of Chartered Accountants with departmental Railway Accountants. We will watch with interest the result of this new step which essentially can only be regarded as an experiment at this stage.

* * *

Work Study Conference

In April last, a Work Study Conference, the first of its kind on Railways, was held at Lucknow by the Northern Railway. The aims and objects of the Production Office in the Workshops formed the subject of the first part which was given by Shri K. C. Lal, CME, Northern Railway. The work simplification and time study were dealt with by Shri L. R. Gosain, who explained the manner of preparation of flow process charts, etc. It is significant that the study group divided itself into Groups and made observations on the floor of the shops, with the result that valuable ideas were formed to simplify work & to cut out unnecessary transportation and thus increase production. It would be a very good idea indeed if the other Railways followed suit. This will surely give a much needed impetus to the younger members of the staff on the Railways who are generally very enthusiastic. There is no doubt that such Work Study Groups by the Accounts Department also would pay good dividends.

* * *

Metre Gauge Coach Factory

A Second Coach Factory on the Model of the Integral Coach Factory, Perambur, has been sanctioned under the Second Five Year Plan and its construction would soon start probably in Hubli. It is designed to increase the number of modernised coaches and passenger coaches so as to tackle the problem of congestion on the metre gauge lines of the Indian Railway System.

* * *

Anjar Earthquake and Railway Assistance

The Railway Board has agreed to give free booking and top priority in the allotment of wagons for transportation of Stores from all parts of the country, required for Earthquake relief in Kutch. The Government of Kutch have requested all persons and organisations intending to book consignments for 'quake relief measures to give prior information to the States Chief Secretary in order to obtain Certificates from the Kutch Government to secure free or concessional booking of consignments intended for relief operations.

They have also informed the Organisations to book their consignments to the Executive Engineer, Kutch, or the Dy. Collector, Anjar.

* * *

Higher Efficiency Standards for Indian Railways

A three-day Conference of General Managers of Indian Railways opened at Delhi on the 6th August. The views expressed at the meeting by the various Officers are summarised below :

Mr. G. Pande, Chairman, Railway Board : It is not enough for Indian Railways to plan only for the next five year period, but they must look ahead and plan from now on for heavier responsibilities during the next fifteen or twenty years. The lines on which the Railways have to work in order to achieve even higher efficiency standards than in the past were broadly indicated.

The Railway Board is examining measures which had a bearing on improved methods of work in the future. They are also thinking in terms of heavier trains, better track standards and more intensive operation of dieselisation and electrification of selected sections etc. The question of their organising on modern lines the Central Standards Office for the Railways and the Railway Research Centre is also receiving attention.

Mr. J. C. Dayal, F.C. for Railways : While the Railways had made considerable progress during recent years, the search for securing further improvement in the efficiency of performance should be continued.

Mr. K. B. Mathur, Member Transportation : Suggested certain practical methods on improved utilisation of rolling stock.

Mr. P. C. Mukherjee, Member, Engineering : Gave an account of his experience of his recent tour in Western and Eastern Europe.

(To be Continued)

* * *

F. A. & C. A. O. s' Conference

At one of the recent meetings of the F.A. & C.A.O.s' of all Indian Railways, the Railway Minister observed that speed was the SINE QUA NON of success in the Second Plan period so far as the Railways were concerned. The Minister therefore, urged the Financial Officers to apply Rules and regulations in the spirit rather than literally and to deal with matters expeditiously so that projects were not held up While it was necessary that due regard should be paid to the need for economy and avoidance of wastage, the Financial Officers could greatly help in the expeditious execution of development projects by rendering sound financial advice.

It was at this meeting that Sri J. Dayal, Financial Commissioner for Railways, pointed out the necessity to clear existing arrears and consider simplification of procedure in order to prevent the railway from falling into further arrears in the current work. He stated that there had been no comprehensive review of the accounting procedure since 1927, although many changes had occurred since then politically, socially, economically and in various other directions, as a result of which a lot of dead wood had crept in, which had to be cut out. This would enable proper attention to be paid to matters of major financial importance rather than to petty matters of detail. Other problems under examination were the correlation of performance with expenditure, improvement of efficiency through simplification of procedure etc.

Readers' Forum

Appendix III—A Examination 1955

A Memorial

One of our readers in the North (a failed App. III A candidate) has sent us a copy of a Memorial addressed to the Minister for Railways regarding the valuation of the Traffic Accounts Papers of the above Examination held in December 1955. The main points urged therein are as under :

(i) Only three, out of 398 candidates appearing in the failure list in Traffic Accounts, have secured the aggregate together with passes in both the With Books and Without Books paper and thus made themselves eligible for declaration as passed in the subject ; (provided they had secured pass marks in other papers.)

(ii) The With Books Paper was exceptionally difficult and also lengthy. The Paper Without Books was of a reasonable standard and there was hope that candidates would obtain better marks in this paper to make up for the low marks in the With Books Paper.

(iii) The marks list shows quite contrary results since generally, the marks obtained in the Without Books Papers have been much poorer than those in the With Books Paper and that the failure to obtain minimum pass marks in this paper has been much greater than in the With Books Paper.

(iv) This leads to the suggestion of probable discrimination against the Traffic Accounts Candidates and has created a sense of frustration in those who chose this subject.

(v) It is also suggested that the Examiners concerned might prepare model answers to the questions set in the Without Books Paper and that the answer-books may be revalued impartially by another Examiner in the light of such model answers.

(vi) In the alternative, a re-examination in this subject may be arranged.

Note: Some of the points raised above seem to merit careful consideration at the hands of the authorities concerned. It is certainly noteworthy that less than one percent of the candidates should have been noted as passed in Traffic Accounts and come up to the standard of the Examiner. Previous years' results were far better.

The publication of model answers by the Examiner for the benefit of the failed candidates would go a long way to ease the situation and to satisfy them as to the valuation of their performance. It would also help the future candidate to adjust his studies suitably.

Ed., R.A.

* * *

App. III Exam. 1955

One of our subscribers from Ghaziabad writes :

"...Though nearly half the candidates for the Examination took Traffic Accounts as their optionals in the General Paper, the proportion of questions on this portion of Railway Accounts is too meagre. Further, the number of questions on this topic in the 1955 paper was less than usual. It is the desire of the candidates taking Traffic Accounts as optional that the following suggestions for the General Rules and Procedure Paper may be considered :

"(a) Compulsory questions on Short Notes should contain sufficient number of items so as to allow a fair choice in selecting the items to be answered ; that at least 1/3rd of the total number of items should relate to Traffic Accounts,

(b) that at least one-third of the total number of questions in each paper should be on Traffic Accounts.

(c) the total number of questions may be at least one compulsory and 15 optionals."

Note: Everyone is entitled to speak his mind. But the authorities concerned have their own difficulties in considering such requests. But so long as all the view—points are taken note of in coming to a decision, there should be no feeling of grievance on the part of the candidates.

Ed., R.A.

* * *

A point of allocation

Under the new rules of allocation, in the case of a replacement work of operating improvement chargeable to Depreciation Fund (over Rs. 3 lakhs), the original cost of the old work is required to be written back from Capital to Development Fund III Operating Improvements. If the original cost of the old work is not over Rs. 3 lakhs, should it not be adjusted to OLWR, in keeping with the principle that the cost of new operating improvements up to Rs. 3 lakhs, is to be charged to OLWR? It will be interesting to know the practice followed on the several Railways, in regard to this.

"*B*"

Extract from Estimates Committee's Reports

Organisation of Lost Property Offices on Railways

Unbooked articles found in passengers' carriages etc., are generally kept at the station for about 48 hours, and if still unclaimed, they are transferred to the Lost Property Office.

The Committee suggests that at terminal stations, all in-coming trains should be carefully checked by some responsible railway official such as the T.T.E., Guard or Conductor and any unbooked articles found should be deposited with the Station Master. Such articles should be kept for a period of not less than seven days before transfer to the Lost Property Office. In the case of big stations where 'Left Luggage' Offices are provided, a separate counter should be earmarked for storing such articles to facilitate tracing of the same by the rightful owners.

Booked consignments are kept at destination stations for a period of not less than one month; after a week or so, notice is issued to the consignee if the name and address can be ascertained asking them to remove the consignment. If these are not removed within a month, they are transferred to the Lost Property Office after due service of a Registered Notice on the senders and Consignees as prescribed in the Railway Account.

Unconnected consignments are also transferred to the Lost Property Office after all attempts made to connect them have failed.

Even after the goods are transferred to the Lost Property Office, every attempt is made to connect them. For this purpose, the Lost Property Offices circulate to Railway Claims Offices periodical lists of consignments lying with them. Similarly the claims Offices also circulate to the Lost Property Offices lists of comparatively more valuable consignments in connection with which claims have been received.

All booked and unbooked consigments received in the Lost Property Office are disposed of by Public Auction after the goods have remained there in the possession of the Railway for some time. Before disposal of the articles by auction, every effort is made to contact owners if their addresses can be ascertained from the contents of the packages.

LOK SABHA:

Losses due to Strikes

Mr. O. V. Alagesan said, on the 17th of July 1956, that as a result of the strikes at Kalka and other places during May and June 1956, the Indian Railways suffered a loss of nearly Rs. 40 lakhs. He stated that there were no strikes on the Western and North Eastern Railways during that period. There were however strikes at several places ranging from 70 days at Khargpur and to 145 minutes at Lallaguda. The reasons for the strikes were also varied.

Mr. Alagesan also pointed out that the negotiating machinery working at various levels had not failed since the workers and their leaders did not place before that machinery their demands and said they were helping in finding out solutions.

* * *

Housing of Railway Employees

The Parliamentary Secretary to the Railway Minister informed the House that 684 wagons were condemned as unserviceable and were used as dwelling quarters for Railway employees on different Railways.

Mr. Lal Bahadur Shastry said that during the next Five Years about 50,000 quarters would be constructed and then he hoped to eliminate the use of wagons as dwelling quarters.

* * *

Terminal Tax on Railway Passengers

Mr. O. V. Alagesan, Dy. Minister, stated in the Lok Sabha on the 2nd August that the Govt. of India had decided to introduce general legislation empowering the Centre to levy terminal tax on Railway Passengers to and from places of pilgrimages, fares and melas etc., the proceeds from such tax being used for developing amenities in places of pilgrimage.

Mr. Lal Bahadur Shastry, Railway Minister stated further that such taxes were already being levied at some places and that therefore there was no need for any enquiry to find out whether the public would welcome it. It was also announced that such terminal taxes were levied for the Kumbha Melas at Allahabad and Hardwar during last year and the pilgrims did not demur to them.

* * *

Delay in disposal of Stores Indents of Railways

The Parliamentary Secretary to the Railway Minister, Mr. Shah Nawaz Khan, told the Lok Sabha on the 30th July 1956, that 352 Indents for Railway Stores for a total value of about Rs. 18.5 crores were pending for more than one year.

Mr. Lal Bahadur Shastry, Railway Minister, also stated that the Railways were experiencing great difficulties in getting their requirements of stores in time but that most of these difficulties would be resolved in the coming years. He added that he had taken up this matter with the Works, Housing and Supplies Ministry, several times in the past and that a Committee had been set up by this latter Ministry to go into the question. The Railways have now been given powers to indent for Stores upto a limit of Rs. 10,000/- but most of the Stores have to be indented through the Director General of Supplies. There has been a shortage of steel and pig iron and the Commerce and Industries Ministry is taking effective steps to import them.

* * *

Railway Travel Facilities for M. L. As.

The Parliamentary Secretary to the Railway Minister told the Lok Sabha on the 30th July 1956 that the Assam and the U. P. Governments had asked the Railway Minister whether it would be possible to provide free travel facilities for Members of their Legislatures. The Railway Minister had replied that it can provide such facilities provided the States Governments paid the costs of such travel.

The Assam Government had informed the Railway Ministry that for the time being, it had been decided not to provide free Railway travel facilities for Members of its Legislature because of its inability to assess the correct financial implications of such facilities.

A reply from the U. P. Government is still awaited.

* * *

Recruitment to Railways

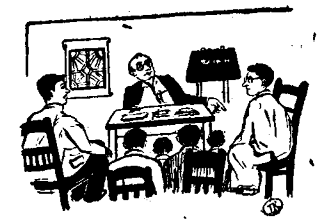
Following a number of questions regarding recruitment of local men for the Ganga Bridge Project at Mokameh in Bihar, Sri Lal Bahadur Sastri, Union Minister for Railways stated in the Lok Sabha on the 7th August that the Railway Ministry could not make any discrimination between the people of one State and another.

The Speaker in this connection referred to a ruling of the late Mr. Mavlanker that questions regarding employment State and caste-wise, particularly in regard to Centrally administered services would not be allowed; and that it was too big a proposition that in such services employees should belong to one State.

Exact from Estimates Committee's Reports

Job Analysis of Railway Staff

In a Government department, job analysis is usually thought of when some economy has to be effected by reducing a number of posts. Due to this association of job analysis with retrenchment, the idea is usually disliked by the workers. The Committee would therefore like to make it clear, that it is not their intention to suggest any retrenchment of staff by recommending the job analysis. They, as a matter of fact, envisage considerable additional recruitment for the implementation of the Second Plan. They are, however, extremely anxious to see that there is no wastage of man-power and that every man gives a full day's useful work to the Administration. They, therefore, recommend that a proper machinery of job analysis should be introduced on each Railway. While discussing the question of training, they have recommended that the training to be given particularly to Class IV staff should not be confined merely to one particular job, but should also include training in one or two allied jobs. This will facilitate useful employment of every employee for a full day's work. This will improve the general tone of efficiency also, because lack of sufficient physical and/or mental occupation has a corroding influence on the efficiency of an individual. The question of setting up a job Analysis wing in the Efficiency Bureau in the Railway Board's Office, to direct and control the Job analysis machinery on the individual Railways may also be examined by the Railway Ministry.



STUDENTS' CORNER

Mechanisation of Accounting Processes

(Continued from page 134 of the Issue for July 56).

The common suggestion is to build a machine system around the existing manual system so to cause as little disruption as possible. This view is, however, not so sound as it looks, since it is tied to the question of internal control. Internal control under a manual system is obtained by Office procedures and checks, whereas under a machine system, it is substantially supplied by the establishment of control figures and the proving of postings back to the pre-established control figures. Hence, it is not possible to build a machine system on the foundation laid for a manual system.

Further, it is not always right to think of starting the mechanised system with the object of extending or modifying it later. It is not possible always to obtain maximum efficiency unless the existing system is completely re-built.

Introduction of machines does not necessarily increase efficiency nor is it always economical. Mechanisation is excessively costly in both money and staff. Hence it is very essential that the full implication of the mechanised system should be thoroughly studied before a decision is taken. It is not a solution to immediate problems, but whether the results are likely to yield a long-tsanding measure is what should be considered, while considering mechinisation. Trial or error method on piecemeal mechanisation will not serve adequate purpose. The tendency to rush in to mechanise as a solution to existing problems should be guarded against as an attempt resulting in the introduction of a less effcient system. Drawing premature conclusions is a great danger in this connexion. Preliminary investigatlons are absolutely essential in any scheme of mechanised accounting and it must be thorough and should provide the working basis for the proposed new system. This is just like an Engineering survey for a project. To tackle this subject of preliminary investigation requires an initial study of the existing system and the possibilities of its revision in regard to organisation and methods.

Some hints of this review have been given in an article by Mr. G. V. Oed in the Accountants' Journal, New Zealand for May 1956. They are extracted below as indicative and helpful to those interested in this subject :

" Under the heading of 'Office Organisation' a review of the history of the present system will be well worthwhile and will include points such as

(a) How long has the present system been in force ?

(b) How long is it since the system was reviewed ?

(c) Is it like 'Topsy' and just grown up ?

Your organisation review should alsocover a a comprehensive study of your present staff and should include points such as:

(a) Have the key men had an opportunity to move from job to job and what is their experience ?

(b) Who is responsible for instructing clerical Officers ?

(c) What form of supervision is used and who exercises it ?

(d) What is the check on efficiency or output?

(e) What is the line of advancement for promotion?

(f) What is the turnover of key personnel?

(g) What staff potential is available for a new system?

When your study of the staff aspect is complete, it is sometimes helpful to draw a "family tree" or the organisational set up so that a clear picture may be obtained.

The 'method' section of this review should include, amongst others, the following points :—

(a) How does the work flow through the various sections? Each Section should be considered separately and then integrated to give a complete picture of the system. For this purpose a flow chart is very useful and provides a simple way of obtaining a comprehensive picture of the whole system.

(b) The system of internal control should be knownt horoughly so as to gain an appreciation why things are done.

(c) How and to what extent is authority delegated?

(d) Originating data—

(I) Where does it come from?

(ii) What happens to it?

(iii) Are the forms used suitable and give all the information necessary?

(iv) Can additional information be any help?

(e) The end result—what happens to it and who uses it?

(f) How often is the same document used? This is an important factor and should be considered closely because it is here that we may be able to make substantial savings.

(g) Are all the intermediate steps and products necessary?

On completion of the 'organisation and methods' rewiew, definite conclusions should be drawn on points of inefficiency, staff utilisations and all other relevant matters".

The detailed planning of any mechanised system is perhaps the most important phase in which the whole system is built. For efficient mechanisation, the system must be "tailor made" for the organisation in question.

There must, therefore, be deep and original thinking and not a slavish copying of any existing system on a similar organisation. A thorough cost survey clearly indicating the relative time or cost of various aspects of the existing system would be of the utmost value to review the proposed mechanisation in its correct perspective. Thus, not only the major points, but also the minor ones as revealed in costing survey should be clearly scrutinised before coming to a conclusion as to the system to be adopted.

After considering several other factors, it is necessary to consider the question of cost also. Provided the costing is accurately and conscientiously undertaken, it will provide the best basis to assess overall efficiency. Manhour basia must be worked out which will then be converted to financial costs so as to give a true picture of the overall efficiency. Provision in mechanised system should be made for depreciation of the equipment and for a charge in respect of interest on the investment. Similarly also, servicing costs, replacements etc., from time to time. If, therefore, all factors are taken into account, it should be possible to assess the relative efficiency of the various proposals and the possible cash savings by introduction of the mechanised system.

Other factors will also have to be considered viz., staff relations, possible decentralisation with its attendant accommodation problems: the ability of the machines to meet future administrative requirements, comparative advantage of the outright purchase or hiring system, provision of stand-byes or alternative methods in case of long term failure of the machines etc.

To summarise, in any planning of installation of mechanised accounting system, the following should be taken into consideration :

(a) There will be both short and long-term advantages and disadvantages in any proposal but the true value of any system can only be judged by the balance of advantage that will accrue from the long-term point of view.

(b) It is necessary, if efficiency is to be achieved, to supervise rigorously the staff savings that become available by mechanisation. Unless this is done, the savings anticipated will be lost in the new procedures and routines that develop around the new system.

(c) A complete re-assessment of the system after it has settled down and is functioning smoothly is absolutely essential. This is so because unless the anticipated savings are achieved, something is wrong and it is necessary to ascertain the reason.

(d) The system must be efficient and what is even more important, those responsible for it must be confident that it is efficient. An efficient accounting system can be the administration's best friend but an inefficient one its worst enemy.

Adapted from an Article in the Accountants' Journal, New Zealand.

(BY KIND COURTESY)

Correction Slip

Page 94 : June '56 Issue. Under the heading "Divisionalisation of Southern Railway", in the first line for "Vizag" read "Vijayawada".

Page 103 : July '56 Issue. Editorial: In line 16, between the words "the" and "materials" insert "Government themselves. There are a variety of other basic".

Page 136 : Aug. '56 Issue (i) 16th line from bottom. For "Ernesh" read "Ernest".

(ii) 14th line from bottom : For "non" read "now".

Obituary

We learn with regret the passing away, on the night of the 4th July 1956, of Mr. G. Rungaraju, Retired D.T.S., of the Southern Railway.

After retirement in June 1952, he had taken a keen interest in transport problems, which was evidenced by his not only being a correspondent of "The Modern Transport" London, but also his writing articles on Railway Rates problems and summarising the proceedings of the Railway Rates Tribunal, which were published from time to time in the "Southrailnews."

We offer our condolences to the bereaved family.

IMPORTANT

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OLD VOLUMES

A few bound copies of Volume I from May '54 to March '55 and Volume II from April '55 to March '56 are now available. Those who desire the same may kindly send immediately by Money Order or Postal Order a sum of Rs. 12 for the first Volume and Rs. 12/8 for the second Volume *plus* the registration charge of As. 8. These copies cannot be guaranteed after some time.

Loose copies of some of the previous issues from July '54 onwards are also available at Rs. 1/2 (inclusive of ordinary postage) per issue. This amount should be sent in advance with the order. If the copies are required to be sent by registered post, a further sum of As. 8 should be added to the remittance.

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In all references regarding the Journal, subscribers are requested to quote their MR Number which is indicated in the receipt issued to them, and which is also repeated on the wrapper enclosing each month's Journal. The address also indicates the last month which is covered by the subscription paid. *Fresh notices* of dues are therefore unnecessary and *cannot be claimed as a matter of right.*

OVERDUE SUBSCRIPTION

Several Subscribers are not renewing their subscriptions in time; and in order not to handicap them, further issues for one or two months are sometimes sent to them in anticipation of a belated remittance. This system does not seem to be helpful to the Management. Subscribers are therefore requested to send their renewal remittances before the 5th of the month from which it becomes due, so that the despatch list might be kept current.

Dr. C. V. Acharya, while speaking of Lokamanya Tilak, said: "whatever be the watchfulness of Providence over people, He helps those who help th[illegible] your duty—fearless and persistent action, irrespective of consequences".

19370

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 in September 1956.

REGD. NO. M 6479

SOUTHERN RAILWAY

VISIT SOUTH INDIA

AND SEE

BADAMI	—	Famous for Jain excavations and cave temples of the 6th Century A.D.
BIJAPUR	—	For the Gol Gumbaz, a perfect whispering gallery and the second largest dome in the world.
CHIDAMBARAM	—	The famous temple dedicated to Sri Nataraja or Siva in His aspect as the Cosmic Dancer.
COURTALLAM (Via Tenkasi)	—	Well-known for its waterfalls. A famous bathing place and health resort.
HUMPI (Vijayanagar)	—	Marvellous ruins of the old capital of the Never-to-be-forgotten Hindu Empire, Vijayanagar.
KODAIKANAL	—	The charming hill station near Madura.
MADURA	—	Capital of the Ancient Pandya Kings, noted for its great Meenakshi Temple.
MYSORE	—	The city of lights. The enchanting Brindavan Gardens are only ten miles from Mysore.
OOTACAMUND	—	The queen of hill stations in India.
RAMESWARAM	—	For a holy bath and its famous temple.
TIRUPATI	—	The seat of the Lord Venkateswara or Balaji. Here every day is a festival day.
TRICHINOPOLY	—	Noted for its shrines at Srirangam and Tiruvanaikaval.
TRIVANDRUM	—	For its famous art gallery, museum and zoo.

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