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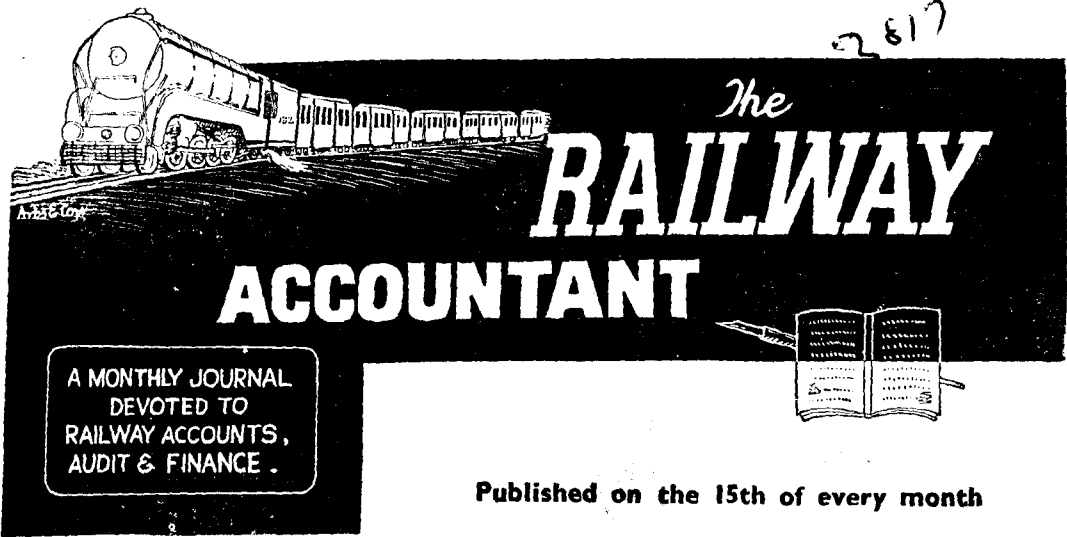
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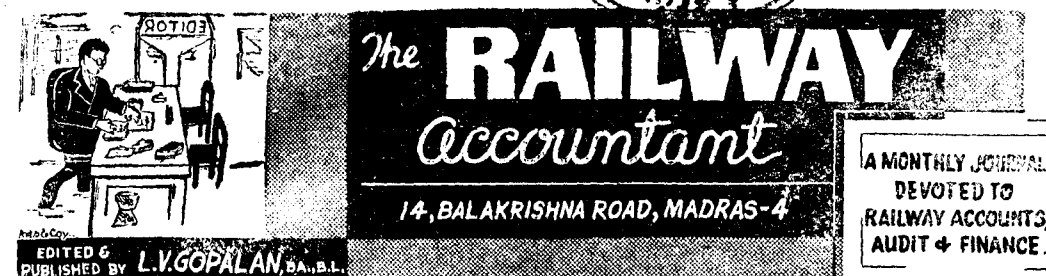
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Railway Finances

The Annual Financial Statement in respect of Railways showing the estimated receipts and expenditure for the year 1962-63 (Railway Budget) presented by the Railway Minister to the Lok Sabha last month shows a fairly satisfactory position of the finances of the Railways as also its operation and working. Of course, as was to be expected, this was a surplus budget, giving about Rs. 69 crores to the General Revenues on account of dividend at 4½% on the capital at charge, and declaring a net surplus of Rs. 13.16 crores. This surplus has been arrived at, after debiting to Revenue, the cost of certain *new* works which, under the rules, are chargeable to Open Line Works Revenue. As such works are really of a capital nature, the net surplus should be taken as about Rs. 25 crores, assuming that, of the total Misc-Rev. Expenditure, the cost of new works as opposed to replacements, would be about Rs. 12 crores. Thus, the results of working for the year may be taken as yielding a surplus of Rs. 94 crores for a capital outlay of about Rs. 1,700 crores. This works out to about 5.5%, inclusive of 4½% payable to the General Revenues.

The gross traffic receipts for the year 1962-63 are anticipated to be of the order of Rs. 524 crores, while the working expenses, net miscellaneous expenditure including Open Line Works Revenue, and appropriation to Depreciation Reserve Fund, amount to Rs. 429 crores. A sum of Rs. 12.5 crores is payable to the General Revenues for being paid to the State Governments, in lieu of the erstwhile passenger fare tax. This really should be deducted from the Earnings (Traffic Receipts). Making these adjustments, the operating ratio would be 84%, but if the cost of Revenue Works Expenditure (OLWR) is excluded, as it should indeed be, the operating ratio would be about 81%. When the Railways in other countries are working at a loss or very near loss, the working of the Railways with this operating ratio yielding a clear surplus, should be considered very satisfactory, and does credit to the Railway Administration.

The Minister's speech indicates that, compared with what was anticipated, there was likely to be a shortfall of about 3 million tons in the traffic to and from the Steel Plants, requirements of which had not increased as was expected. While this is so, in

Incentive wage plan is a method of rewarding the capable workmen to improve their outturn. There are a number of plans or schemes of remunerating the direct workers, on the basis of increased units of production or on the basis of savings of times allowed for jobs. For instance, in the case of incentive bonus system, each job is assigned a standard time for completion and if the workers complete it in less time, the time saved will be the basis for extra payment in the form of incentive bonus. Thus in the case of direct workers, their performances are ascertainable with accuracy and by comparison of the performances with standards, a plan of rewarding them for improved outturn can be devised.

But it is not easy to devise such a plan of measuring the work content with any degree of accuracy in the case of supervisory men, as they are not engaged on any direct job. The standard time, the time taken and the time saved in respect of jobs are out of question, with regard to the work of supervisors. Of course the outturn of direct workers can be improved by the quality and efficiency of supervision. In other words, some portion of the time savings of direct workers is evidently attributable to their supervisors. It is the endeavour of the cost accountant to devise a plan of segregating the savings of time of direct workers that can be attributed to the supervisor.

Some aspects of the question, requiring consideration in finding out the savings of time indirectly achieved by a supervisor are dealt with below :—

(1) The savings of the supervisor are merged in the savings of time of direct

workers whom he supervises during, ^{see} a wage period. As he can supervise and instruct only one direct worker at a time, the average savings of time of one direct worker may be the basis of arriving at the savings attributable to him.

(2) The question of supervision and the corresponding savings of time will evidently arise only when both the supervisor and the workers are present at workspot and engaged on jobs.* Therefore the physical or effective attendance of direct workers and also of the supervisor should be taken into account, and finally the average savings of one direct worker should be modified to arrive at the savings contributed by the concerned supervisor.

Based on the above, the average savings of one direct worker during a wage period say, a month, in one standard hour multiplied by the hours of presence of the concerned supervisor for the same wage period will be the time savings of the supervisor. If these hours of savings thus arrived at, are multiplied by the basic hourly rate, it gives us the bonus amount payable to him over and above his normal time wages. Here the correct meaning attached to standard hour as applied in this context has to be properly defined and comprehended. A standard month is the basis of standard hour. A standard month is considered to be a period consisting of 208 hours based on 26 working days of 8 hours duration each (i.e., 30 days less 4 Sundays). But the working days and the physical attendance of direct workers, are variable factors from month to month. These variable factors are to be

*We do not think that this is a desideratum for saving of allowed time by the worker—Ed. R.A.

ment under the Chairmanship of Mr. K. C. Neogi, it seems essential that the Railways should give second thoughts to this policy matter and we are sure that eventually, if not in the immediate future, the Railways will realise their folly in contributing to the Capital of the Road Transport Undertakings.

The separation of manufacturing units from Railway operation is also a reform that should be undertaken immediately, if the working of the Railways is to be assessed in its proper perspective. The Railway Manufacturing Units like the Integral Coach Factory, Chittaranjan Locomotive Works, Loco Components Factory, etc. may conveniently be formed into a separate Corporation and their results judged independently. As it is, the cost incurred by them on the production of Carriages, Boilers etc. is charged to the different Railways, and there is no criterion by which the cost so charged could be examined as to its reasonableness. No doubt, compared to Imports, the prices may be less, but whether the reduction achieved in the cost of manufacture is adequate, having regard to the conditions existing here, and making allowance for all relevant factors such as cost of Indian labour and materials compared to overseas countries of manufacture, the saving on account of import duty (Customs) etc., should be examined.

It is gratifying to note that the Railways are hopeful of getting an increased allotment from the Planning Commission for the Third Five Year Plan requirements for Railways (which are at present placed at Rs. 1,325 crores) to enable the Railways to tackle the Plan tasks adequately and without complaint.

Ourselfes

We have passed out of the eighth year on to the ninth, but without any definiteness as to our successor in Management. Time and tide wait for no man; and if betimes, this question is not settled before anything onward happens, it will be hard to predict the future of this Journal. That it has been serving a useful purpose has been accepted by almost all our readers, some of whom have gone to the length of insisting on its continuance at all costs. We are very grateful to them all for their hearty co-operation and well-wishes.

To keep aloft the banner of independence of the Railway Accountancy Profession, it is necessary to have an official organ therefor, and a well-established, representative and authoritative Institute to run the organ. We hope that, without loss of any more time, active attention will be paid to this aspect and definite action taken before it becomes too late. It is really sad that the Institute which had been started in 1927 and functioning for over 15 years, was allowed to die out, without any attempts to revive it. Unless and until official authority co-operates in this respect, a useful result is not likely to come up. Here is food for serious thought for every one!

Incentive Wage Plan for Supervisory Staff

(BY M. CHIKKIAH, B.Sc. Hubli)

[Based on the procedure prevailing in Indian Railway Workshops, I. C. F. (Perambur) and C. L. W. (Chittaranjan).]

Incentive wage plan is a method of rewarding the capable workmen to improve their outturn. There are a number of plans or schemes of remunerating the direct workers, on the basis of increased units of production or on the basis of savings of times allowed for jobs. For instance, in the case of incentive bonus system, each job is assigned a standard time for completion and if the workers complete it in less time, the time saved will be the basis for extra payment in the form of incentive bonus. Thus in the case of direct workers, their performances are ascertainable with accuracy and by comparison of the performances with standards, a plan of rewarding them for improved outturn can be devised.

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Based on the above, the average savings of one direct worker during a wage period say, a month, in one standard hour multiplied by the hours of presence of the concerned supervisor for the same wage period will be the time savings of the supervisor. If these hours of savings thus arrived at, are multiplied by the basic hourly rate, it gives us the bonus amount payable to him over and above his normal time wages. Here the correct meaning attached to standard hour as applied in this context has to be properly defined and comprehended. A standard month is the basis of standard hour. A standard month is considered to be a period consisting of 208 hours based on 26 working days of 8 hours duration each (i.e., 30 days less 4 Sundays). But the working days and the physical attendance of direct workers, are variable factors from month to month. These variable factors are to be

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linked and expressed in terms of 208 hours to arrive at the standard hours as follows :—

Effective hours based on their actual attendance during the month. $\times 208 =$ Standard hours of direct workers for the concerned month.

A formula can be devised to present the facts effectively.

(1) Total number of direct workers supervised in a month = a

(2) Total effective hours put in by the direct workers = b

(3) Scheduled hours of the month fixed by the management, for a particular month under consideration = c

(4) Total hours saved by the direct workers supervised in the month = d

(5) Actual hours of attendance put in by the concerned supervisor in the month = e

(6) Basic hourly rate applicable to the said supervisor = f

Then the following expressions and finally the formula for the calculation of incentive bonus to the supervisor throw light on the scheme, under consideration.

(p) Standard hours of the month $= \frac{b}{c} \times \frac{208}{1} = \frac{208b}{c}$
Say = g.

(q) Average hours saved by one direct worker $= \frac{d}{a}$

(r) Average hours saved by one direct worker in one standard hour $= \frac{d}{a} \div g = \frac{d}{ag}$
Say = h

(s) Hours saved by the supervisor in the month based on the savings of direct workers = h × e

(t) Bonus amount payable to supervisor for the month = h × e × f

OR

Bonus payable to the supervisor $= \frac{c \cdot d \cdot e \cdot f}{208 \cdot a \cdot b}$

[Replacing g and h]

This formula gives full benefit for the supervision. But the supervisor cannot always engage himself in supervision and instructions, as he requires frequently rest breaks. The rest pauses may absorb about 20% of savings assigned to him. Therefore only 80% benefit can be allowed to the supervisor. Hence the final formula for bonus calculation would be

$$\frac{0.8 \times c \times d \times e \times f}{208 \times a \times b}$$

Assisted Sidings—Some Anomalies

BY B. G. B.

The rules in regard to the incidence of cost of construction of assisted sidings is clearly laid down in para 2006 *et seq* of the Engineering Code. However, in actual practice, there appears to be divergence in apportioning the cost between the Railway and the party.

Under the rules, the cost of the Super-grade work (permanent-way, points and crossings, girders, etc.) outside the

party's premises, is to be borne by the Railway. On some Railways, the cost of the work i.e., both the materials as well as the ancillary charges such as loading and unloading, freight, laying, erecting, etc. is borne by the Railway, (and this view appears to be correct and conveys the intention of the Railway Board), while, on other Railways, the cost of the materials alone is borne by

the Railway and the other incidental charges such as loading and unloading, freight, labour in laying permanent way, etc. are debited to the party under "Deposit" portion. The latter view is apparently sought to be justified on the analogy of military sidings. It should however be pointed out that such sidings (Military) are governed by different Rules (laid down in the General Code).

Supervision charges at 12½% are also levied on some Railways on the cost of the Supergrade work within Railway limits (done at Railway cost), and debited to the party under "Deposit" portion of the work, in addition to 12½% charges on the party's portion of the work. The debit of supervision charges to the party, when the portion of the work is done at the cost of the Railway and not as a deposit work, does not appear to be correct, as it is a general principle that supervision charges are levied only on work done at the cost of the party (as 'Deposit' work). There may, however, be no objection to the *pro forma* addition of the 12½% charges to the Railway portion of the work in such cases, for purposes of recovery of interest in maintenance charges at 8½% per annum, much in the same way as is being done for buildings constructed by the Railway for the use of Government Departments, and

rent recovered from them (on the inflated cost i.e., cost plus supervision charges).

While, under the Code rules, the entire cost of overhead electric traction equipment is to be provided at the cost of the Railway, whether outside or inside the party's premises, the practice seems to vary in regard to the treatment of electrical installation of the yard or quarters of Tally Clerk/Goods Clerk posted exclusively for the siding. On one Railway at least, it seems the cost of materials involved in the electrical installation of quarters, etc., is treated as "Supergrade work." There seems to be no doubt that the entire cost of electrical installations (providing elec. lights and fans etc.) as distinguished from electric traction, both the materials and labour, where this is done for works on the assisted sidings, should be treated as falling under the category of "Subgrade work" in the same way as masonry building, the entire cost debited to the party.

While it is true that the Railways have the power to vary the terms and conditions on assisted sidings, to attract competitive traffic, the general principles should be uniform for all Railways.

It is necessary that the Railway Board should issue clarificatory instructions to the Railways on these points of divergent procedures.

Frailty, Thy Name is Statistics

BY SATYENDRANATH KAR, *Statistical Officer, South Eastern Railway*

Next to politics, perhaps, there is no modern subject other than statistics which receives on the one hand a cynical treatment about its genuineness and considered at the same time as an indispensable branch of knowledge. Politics outside the four-walls of the university becomes a thing hardly of respect. It gathers the stigma of being of indubious character, immoral in essence and even

reprehensible in some instances. A modern gentleman would warn his children to steer out of politics; an able administrator would be heard to grumble against politics invading his field of management. The general accusation is that politics has been very seriously infecting all branches of innocent activities of society like sports, university education and so on.

NOT IN ITS REAL SENSE

No one, however, can clearly define what one means exactly by politics in administration or sports or education. Anything contaminating or any undesirable force or current not in the interest of the institution it serves is generally branded as politics. It has nothing to do with the very noble and practical doctrines which began with the dawn of civilisation in India, Egypt, Babylon, Greek city states, and Rome and has ever since been nourished by subsequent thinkers through ages. The common meaning of politics has nothing to do with the science in its unadulterated form, a product of noblest thoughts and purest desires to establish the ideal form of society. The greatest of such thinkers have often been dismissed as dreamers—"Utopians". The implication of politics in which it is understood by the common men is its perverted sense. It is taken for granted that politicians are basically opportunists, have no moral standards and hence should be shunned, if not altogether discarded. Notwithstanding its immense value, politics is thus looked down upon as something incredible. This politics is not the real politics but its deformed issue,

Likewise, statistics, especially where the organisation to produce them is in its infantile stage, has become the target of similar criticism. Shakespeare, the most outstanding tolerant the world has ever produced, made his finest creature to brand the prettiest creation of God, the woman as "frail". What if others doubt the chastity of statistics and warn everybody to keep away from the statistics, equally frail and impure, Hamlet viewed womanhood from a very narrow angle. False Gertrude had appeared to his disturbed mental mirror representing the womanhood. One, who knows nothing of statistics or has some hazy idea, knows at least this that it is all bunkum in its extreme form!

PROGRESS IN RAILWAY STATISTICS

In spite of the marked progress the country has made in almost all sectors of our material life, it must be admitted that compared to other advanced countries, progress in the sphere of statistics has not been as much. In the sphere of railway statistics, however, considerable advancement has been made—at least a satisfactory organisation has been envisaged by the Railway Board and the zonal railways have been given freedom to establish themselves a satisfactory set up necessary to ensure correct preparation of basic information, timely collection of the basic data, final compilation and processing of various fundamental and derivative results. The zonal railways are expected to meet their own difficulties and solve their problems. If they fail they are welcome to go to the Board. In fact the Railway Board meet the Statistical and Compilation Officers of all railways annually, and during the deliberations also hear their problems and lend utmost help.

AUTHENTIC INFORMATION

Unlike other departments of modern society and government where sampling and other indirect methods have to be applied, for the statistical results of the railways, in most cases, basic information are available in various documents e.g., train reports, invoices, passenger ticket returns etc. The authenticity of these documents is of a high degree. All that the Statistical Departments has to do is to maintain a reasonably efficient check on correct preparation of the basic documents by train, station, yard, shop and office staff, full and timely collection of such documents and then to cover all the basic documents in the compilation of the final results. In doing so the Statistical Offices would be well advised to resort to the use of modern calculating and accountal machines to avoid human errors.

As already mentioned, the basic documents on the Indian Railways in both

the two main branches namely Operating (including mechanical) and Commercial (including Revenue) are adequate and dependable for the compilation of a set of accurate statistics necessary for running and management as also for prospecting and developmental schemes. If the documents can fully be collected in time and comprehended following general instructions laid down by the Board, the Indian Railways can boast a dependable set of results.

FAITH AND RESPECT NEEDED

What seemed so far a simple task can only be translated into reality if the common cynicism about statistics yields place to faith and respect. If the subject is treated with contempt and incredulity, those who prepare the basic documents, who are entrusted with the responsibility of timely collection and sending to the central office and even those who are engaged in final compilation will pay scant attention. Those who would benefit the most, viz. the users, will miss it very much. The urge for work or loyalty to one's profession is stimulated more spontaneously when the profession has a prestige attached to it. Only when labour for any pursuit is painful or inglorious it needs flogging. Thus the sceptical attitude towards statistics strikes at the very root of laying the foundation and then cementing the organisation. Just as politics is known by its deformed off-spring, if we are accustomed to regard statistics as false, corrupt, devoid of the dignity and sanctity of a branch of science so useful for a modern society, development and proper functioning of the organisation would be extremely difficult.

REASONS FOR WRONG NOTIONS

Now the question is what leads even responsible people to nurse such a notion about statistics. Unless this is known, the mental bottleneck cannot be cleared and the climate congenial for a sound organisation cannot be generated. The reasons can be summed up as follows :

(2) The question of supervision and the corresponding savings of time will evidently arise only when both the supervisor and the workers are present at workspot and engaged on jobs.* Therefore the physical or effective attendance of direct workers and also of the supervisor should be taken into account, and finally the average savings of one direct worker should be modified to arrive at the savings contributed by the concerned supervisor.

performance if any.

Problems of the type under (i) and (ii) do not vitiate the compilation of railway statistics. Except in some areas and perhaps with the exception of one railway, the Statistical Organisation is fully separated from the executive. In some instances the basic data and even final results are compiled by those who are answerable to the authorities for deterioration and poor standard of efficiency. "To save one's own skin" is the primal instinct amongst all kinds of living creatures including Man. A tendency towards twisting the results to give the best possible picture is therefore inherent. The inspectorate of the Statistical Organisation comes here to aid and restrain the executive from undesirable tendency to polish up base metals. Examples of such spheres are the marshalling yard statistics, shop statistics, staff statistics, etc. These, however, constitute a small portion of the railway statistics. Nevertheless, such arrangements cannot claim for it an ideal status and as something to inspire absolute confidence among the non-believers. Sooner these are also replaced by a still better system it will add credit to the subject.

SECLUSION HARMFUL

Another drawback suffered by statistics which further stimulates suspicion and unawareness is the relative seclusion in which statisticians function. The common man has no favour for abstract

tion. He wants something tangible, something palpable. Ninety-nine per cent of the populace rejoice in seeing their revered leaders without having even the faintest knowledge of what constitute their leadership, what they stand for or what has been their contributions. They believe more in what they profess than what they do or stand for. But for this general credulity advertisement which otherwise is a unique example of unproductive venture would not have thrived. Without being offensive one has to be aggressive to secure one's right place. Seclusion may be good for spiritual living, but obscurantism is a serious obstacle to practical achievements.

Unfortunately Statistical Organisations in general, and the railway statistics in particular, suffer from this obscurity. Not to speak of outsiders even a responsible section of railwaymen do not have a clear idea of how, by whom, from what documents and by what method statistics are compiled. Statistical results are however, used in every step of our life. It may not directly take part in the running of trains, just as coal, staff and rolling stock do. But statistics help the authorities to decide how coal, staff and rolling stock

should be used. Without statistics the administration will reduce itself to the position of a doctor without a clinical thermometer and stethoscope—a quack. There can be no dispute over the relative urgency of correct diagnosis over even the medicines. And for pathological investigations necessary as prelude to the maladies afflicting the railways, statistics are the main reagents. Such an important department, therefore, should not wither in obscurity.

Everything possible should be done to highlight the importance of the organisation, so that interest is generated amongst the staff and officers alike. For interest is the cornerstone of all big beginnings. Once interest is created, the subject will unfold its treasures and wear the robe of prestige it deserves. Then and then only it will come out in its true colours. The sceptics will then be credulous and cynics turned respectful to the subject. Unless those members of the railway's staff and officers taking part in various stages of the compilation are convinced of the value of the subject and enthusiastically play their respective role, Hamlets of our days shall continue to cry "Frailty thy name is Statistics" and Hamlet is a tragic figure. [By kind courtesy : S. E. Ry. Magazine]

Financial Irregularities in Rlys.: Audit Report

Losses and irregularities amounting to Rs. 64 lakhs are brought out in the audit report on the railways presented to the Lok Sabha on 20-3-62 by the Finance Minister, Mr. Morarji Desai.

Among the cases of losses, nugatory expenditure and financial irregularities mentioned in the report are the following.

(1) As a result of unsatisfactory handling by a contractor of the sea-borne coal received for the railways at Cuddalore port during 1960-61, the coal vessels had to be diverted to other ports. This diversion resulted in an extra expenditure of

about Rs. five lakhs, as estimated by audit, on port and freight charges on coal which had again to be carried by rail to areas near Cuddalore.

(2) In March 1955, the Southern Railway administration decided to provide catch sidings at 63 stations in pursuance of the recommendation by the Government Inspector of Railways in 1952. The design of these sidings was under reference between the Railway Administration and the Research and Designs Organisation of the Railway Board till 1956. The necessity for the provision of such sidings was considered by a com-

mittee in the Railway Board and in July 1958, comments of all Railway administrations were called for on the note prepared by this committee. Meanwhile, without waiting for the final decision of the Board, the administration informed them in May 1959 that catch sidings estimated to cost Rs. one lakh each were proposed to be provided at 390 stations (including the 63 stations mentioned above). This information did not appear to have called for any remarks from the Board which was further informed in April 1960 that work at three sidings was already in progress and that estimates for thirty others had been sanctioned.

CATCH SIDINGS MUDDLE

In October 1960, the Railway Board advised the administration during discussion that the provision of catch sidings should be deferred till its necessity had been reviewed. The formal orders were issued only in March 1961.

INFRUCTUOUS SPENDING

As a result of the review carried out by the Railway administration on the basis of these orders, the administration put out of action eight of the nine sidings already completed. These were now being dismantled. About six lakhs of rupees had been spent so far on the construction and dismantlement of these eight sidings. The infructuous expenditure after setting apart the released material in respect of these sidings had been estimated at Rs. 94,000. The infructuous expenditure on other sidings which had been taken up but were later abandoned had not yet been assessed.

"It would appear from the above" says the audit report, that even after eight years, no decision has been arrived at on a specific recommendation by the Government Inspector of Railways in the interests of safety".

(3) Certain large works on the Bombay division of the Central Railway were irregularly split up so as to bring each work order within the limit of Rs. 50,000 (Minor works of repairs and mainten-

ance not expected to cost more than Rs. 50,000 are entrusted to zonal contractors without inviting open tenders on each occasion.)

(4) On a section of the Godhra-Ratlam doubling project of the Western Railway, irregularities in earth work had been reported. A sum of Rs. 18,515 was paid for removing old soils beyond 30 feet from the cutting whereas a clearance of only 10 feet was considered to be necessary. An extrasum of Rs. 46,000 was paid owing to adoption of an incorrect basis for tendering by contractors. Another sum of Rs. 18,382 was paid for work not done, due to incorrect measurements having been paid for in the running account bills. Disciplinary proceedings against the officers concerned could not be completed owing to prolonged absence of the Deputy Chief Engineer on medical grounds.

(5) Prolonged exposure and consequent deterioration of some of the accumulated stock of steel scrap has involved a loss of Rs. 8 lakhs on six railways.

(6) For work on a stretch of line on the Mysore-Arsikere section of the Southern Railway, the railways procured a total of 47,951 pairs of indigenous sleepers and a further quantity of 73,750 imported sleepers. The work was stopped after utilising only 13,362 pairs of CST sleepers leaving a surplus of 34,559 pairs of indigenous sleepers and the entire quantity of imported sleepers. During April-June 1960 i.e., about two years later most of the sleepers were transferred to the Western Railway and other divisions at a cost of about Rs. 1.32 lakhs on freight.

The report mentions some instances in which delays in the acceptance of tenders had resulted in additional expenditure.

There was one fraud involving Rs. 46,000 and several cases of theft and losses due to accidents.

A compensation of Rs. 1.98 lakhs was paid by the Northern Railway because, of the delivery of consignments to spurious parties against forged railway receipts.

Irregularities on Railways: Public Accounts Committee Report

The Public Accounts Committee of Parliament has called for an enquiry "to ascertain whether undue concessions were shown or improper encouragement given" to two Australian firms from which 51,000 wooden sleepers of unapproved species were accepted by the Railway Board in September, 1960.

The 40th report of the Committee, dealing with the Railways Appropriation Accounts for 1959-60 and Audit Report for 1961 was presented to the Lok Sabha on 16-3-62 by Mr. C.R. Pattabhi Raman, Chairman.

The report pointed out that two cases disclosing irregularities in the purchase of wooden sleepers from the United States and Australia were reported to the Committee in the audit report, 1961. In the first case wooden sleepers worth about Rs. 65 lakhs purchased from the United States were reported to be defective. A number of sleepers laid in the track developed large longitudinal cracks after they had been on the line for about a month.

The Chairman of the Railway Board informed the Committee that the legal aspects of the case were under active consideration. The Committee, while deferring its comments pending final settlement of the case, however expressed dissatisfaction at the inordinate delay in this case as it might entail losses for the Railways.

OVERPAYMENT TO CONTRACTORS

The Committee called for "prompt and deterrent action" to combat the "evil of overpayments" to contractors as a result of upwards revision of the classification of soils on construction projects.

Three cases of such overpayment estimated at about Rs. 19 lakhs in all on certain projects were reported to the Committee in 1960-61. Further cases

of such overpayments in the South-Eastern and Western Railways were reported to the present Committee, said the report. In one case, while the Executive Engineer assessed the overpayment due to wrong classification at Rs. 3 lakhs, the Deputy Chief Engineer said it was Rs. 8 lakhs and the Engineer-in-Chief computed a further recovery of Rs. 21.37 lakhs. Such instances "establish beyond doubt a grave abuse of power", the report said and added: "Unless prompt and deterrent action is taken in time, it may become difficult to combat the evil in the context of large scale construction of new lines and doubling up of lines as part of the Plan".

SUPPLEMENTARY GRANTS

The report said that nine cases were mentioned in the Audit Report in which funds obtained through supplementary grants proved either unnecessary or largely in excess of the requirements. The main reason for obtaining the supplementary grants was stated to be the desire of the Ministry to avoid "excess" over grants voted by Parliament. In the opinion of the Committee such "safe" supplementaries are no less serious than excesses over voted grants.

The Committee observed that cases of delays in the drawing up of contracts and their execution continued to occur in the Railway Administration resulting in heavy losses to the Railway undertaking. In one case a firm of contractors doing the work of clearance of sea-borne stores quoted lower rates in December, 1956, but the Railway Administration failed to take a decision in the matter till April, 1959. This resulted in an overpayment of Rs. 22.20 lakhs. "The Committee regrets to observe that despite its repeated warnings and the assurances given to it by the Railway Board the position remains unsatisfactory".

The Committee also expressed concern at the "unsatisfactory position" in the matter of recovery of maintenance and interest charges for assisted sidings. On the Eastern Railway, it was reported to

the Committee, there was no up-to-date list of industrial colliery sidings up to May, 1960 and the outstanding charges recoverable on various counts amounted to Rs. 16.19 lakhs.

Working of Indian Railways

Mr. H. D. Singh, General Manager, Southern Railway, addressing the members of the Rotary Club of Madras on 20-3 '62, said the railway expected to effect a saving of Rs. 30 to 40 crores on new investment through the introduction of suitable work incentive schemes, which would ensure greatly increased turnover by railwaymen in workshops. These incentive schemes, he said, had already been tried successfully in Chittaranjan Locomotive Workshops, where the average output per worker per shift was determined after careful study over a period of two or three years and a higher output was suitably rewarded with extra bonus.

Speaking about the efforts the railways were making to cope with the increased traffic in men and key materials like coal, iron, ores, etc., Mr. Singh detailed the progress made through the running of longer and heavier trains which could take a load of 5,000 tons, the laying of double lines, and the increasing use of heavier, box-type wagons. "With the help of these heavier wagons," Mr. Singh said, "we shall be able to move this year 40 per cent more ore than last year."

DIESEL LOCOMOTIVES

The load of 5,000 tons decided upon for a train was modest compared to the far higher loads of 11,000 tons in the United States, and stated that by switching partly over to diesel locomotives, the pressure on steam locomotive would be reduced. He expressed the hope that the Southern Railway would soon be running diesel locomotives.

Referring to the proposals for and the progress made in electric traction, Mr. Singh said the efficient and reliable grid now covering almost the entire length of the line from Madras to Erode and beyond placed the Southern Railway in an advantageous position. The one limiting factor that impeded extensions of electric traction on the Indian railways was the non-availability of foreign exchange, he said.

The other problems in increasing the traffic capacity related to signalling equipment and the need for progressive mechanisation of goods and transhipment sheds, which in turn were up against foreign exchange shortage. However, Mr. Singh hoped the country would progressively achieve self-sufficiency in the matter of signalling equipment and cranes.

RAIL-ROAD CO-ORDINATION

Making a passing reference to the controversy over co-ordination of rail and road transport, Mr. Singh said the Railway's anxiety in this regard stemmed from the fact that the competition from road transport should not hit the Railway's earnings, especially when rail rates were considerably lower than road rates. The cost of moving a ton of material by rail over 1,500 miles was about Rs. 30, while the corresponding road rate according to the Neogy Committee on transport policy and co-ordination was Rs. 60. "We carry iron ore at Rs. 27 per ton, foodgrains at Rs. 24 per ton, coal at Rs. 19 per ton and fertilisers and organic manure at Rs. 18," said Mr.

(Continued on next page)

Subjects of Moment

Passes & P.T.O's : Definition of the term "Attendant"

To ensure uniformity on all Indian Railways, the Ry. Board have decided that the term "ATTENDANT" means a person employed on a salary in the personal service of the Pass or P.T.O. holder on a whole time basis and not 'Part-time servants.'

(R.B. No. E (Trg) 61 PS/5-2/13 dated 22nd Dec. 61).

Accounts Branch : Crossing of Efficiency Bar

In reply to the letter dated 16th Nov. 61 from the G.M., S. Ry., the Ry. Board issued the following confirmation :

(i) Clerks, Grade I, who have passed Appendix II-A Examn. or exempted from passing that examination and have been officiating as Sub-Heads by virtue of their promotion on a regular basis and/or who have passed Appendix III-A Examination may be exempted from passing the examination for both the Efficiency Bar stages in the Authorised Scale Rs. 130-300 ; and

(ii) Sub-Heads who have passed Appendix III-A Examination may be exempted from passing Efficiency Bar Examination in the Authorised Scale Rs. 210-380.

Such exemptions should, however, be granted on the basis of certificate of fit-

(Continued from previous page)

Singh, "and they averaged to 75 to 33 per cent of their cost and it was only fair that this factor must be kept in mind.

Mr. Singh said the growth of the Indian Railways during the last five years nearly equalled its growth registered during the 100 years up to the Second Plan period. "At the end of the First Plan, the amount of traffic carried by the railways was in the

ness to be given on an examination of the confidential reports and general standard of work of the employees concerned.

(R.B. No. E (NG) 61 EF 1/6 of 19th Jan. 62)

Closing of Railway Offices on Important Occasions

The Board have decided that the following policy should be adopted in closing the Central Government Offices on the death of high dignitaries of Central Government or of the States.

(a) Any announcement made by the All India Radio for closing of the Central Government Offices all over India should be treated as authentic by the Railway Offices concerned.

(b) In regard to the employees of the industrial establishments etc., including daily rated employees engaged for the entire month, announcement on the question whether or not it will be a paid holiday will also be made by the All India Radio and acted accordingly by the Railway Administrations.

(c) In case of the death of a High Dignitary of a State, the Central Government offices situated in the State concerned should follow the orders issued by the State Government as a matter of courtesy and if it is declared as a paid holiday for the industrial establishments,

neighbourhood of 91 million tons. During the Third Plan, the load on the railways was going to be raised from 154 million tons to 245 million tons." While during the Second Plan, an amount of Rs. 1,185 crores was spent on the railways, the allocation for the Third Plan was Rs. 1,300 crores; in the former case it represented 25 per cent of the Plan expenditure, in the latter, it was one-seventh.

the same procedure should be followed on the Railways also in regard to the workshop staff.

(R.B. No. E (L) 61 HLI-17 of 20th Jan. '62)

Allocation of cost of Sports Pavilion and Stadia

In terms of Railway Board's letter No. E(W) 56 FUL/13 dated 15-11-1956 and the subsequent letter No. F (X) I-60 AL C/5 dated 13-11-61, the expenditure on sport Pavilions and Stadia, along with the cost of maintenance thereof, is to be met from the Staff Benefit Fund. The question of allocation of such expenditure has been reconsidered by the Railway Board and it has been decided that such assets should be charged to the head for Labour Welfare (D. F. (2) or OLWR) and the cost of maintenance thereof debited to the Revenue Working Expenses.

2. As the production units, viz., CLW ICF and DLW do not operate on Development Fund or Revenue expenditure, the cost of such assets, including maintenance expenses, shall be chargeable to their W.M.S. Account.

3. This shall have effect from 1-4-1962 (R.B. No. F(S) I-60 ALC/5 dated 14-3-62),

Study Leave

Under the Study Leave Rules incorporated in Appendix XXX-III-R II read with rules 2102 (FR 59) R. II, 2125 (FR 84) R. II and 750 R. I., study leave is admissible to permanent Railway Servants only.

2. The question of allowing this concession to temporary Railway servants has been under consideration of the Government for sometime. The President is now pleased to decide that temporary Railway servants will also be entitled to this kind of leave, subject to the fulfilment of other conditions laid down in the Study Leave Rules, referred to above.

3. The necessary amendments to the said rules will be issued in due course.

(R.B. No. F(E) 61/LE-9/1 dated 7/12-2-'62).

Advance Correction Slips

I. Establishment Code Vol. I:

Cash Witness Allowance:

C. S. No. 86 R-I.

Item 17 of Appendix II R-I (1959 Edn.). Substitute the following for the existing item:—

17. *Cash Witness Allowance*:—Station Masters and Assistant Station Masters when drafted to work as Head Cash Witnesses and Assistant Cash Witnesses shall be granted an allowance of Rs. 30 per mensem subject to the conditions that—

(i) the period for which a S. M. or A. S. M. is posted to work as a Cash Witness is limited to three months;

(ii) S. M. or A. S. M. posted as Cash Witness should vacate a portion of his quarters for his reliever; and

(iii) that such staff are required to maintain two establishments one at the original station and the other at the station at which they are employed as Cash Witness.

(R.B. No. E (G) 61 AL 1-21 dated 8th Feb. '62)

II. Accounts Code Part II:

Message Drafts:

C. S. No. 2 - A II

Para 2147 A-II:—Substitute the following for this first sentence of this para:—

"The message drafts bearing postage stamps will be received from the stations in a separate cover on the dates indicated below duly listed separately along with the cash for the date on which these are sent."

<i>Message Drafts of</i>	<i>Should be sent on</i>
1st to 7th of the month	8th of the month following.
8th to 14th of the month	15th of the month following.
15th to 21st of the month	22nd of the month following.
22nd to last day of the month	1st of the second month following."

The modified para would read as under:

Para 2147 - A II:—

The message drafts bearing postage stamps will be received from the stations in a separate cover on the dates indicated below duly listed separately, along with the cash for the date on which these are sent. All such messages should, after necessary checks, be entered in a Return to be prepared in duplicate in Form no. A 2147. One copy of the Return along with the messages, should be sent to the Telegraph Check Office which will afford credit to the Railway through the monthly Accounts Current in Form LT 28.

<i>Message Drafts of</i>	<i>Should be sent on</i>
1st to 7th of the month	8th of the month following.
8th to 14th of the month	15th of the month following.
15th to 21st of the month	22nd of the month following.
22nd to the last day of the month	1st of the 2nd month following.

(R.B. No. 55 W/232/4 dated 22nd May 1958)

C. S. No. 3 - A II

Para 2148 A-II:—Substitute the portion indicated in the bracket in this para with the following:—

"Which also will be received from the stations in the manner indicated in para 2147."

The modified para would read as under:

Para 2148 A-II:—

Messages paid for in Service Stamps (which also will be received from the stations in the manner indicated in para 2147) should be included in a quarterly bill to be made out and sent for acceptance to the Telegraph Department supported by original messages to which the stamps have been affixed.

(R.B. No. 55 W/232/4 dated 22nd May 1958)

[Ry. Bd. letter no. 61-W 3/TG/7 dated 21st Decr. 1961]

III. Engineering Code:

In view of the amendment to para 1205-G I, as advised in R. B. No. F(X) II-56/ALC/1 of 8th March '61, the Ry. Board have decided to delete paras 1022 to 1024 of the Ry. Engineering Code.

C. S. No. 22-E

Delete paras 1022 to 1024.

(R.B. No. 61/W 2/CNB/77 dated 7/8th Feb. '62)

IV. Establishment Code Vol. II:

C. S. No. 115-R. II

Rule 2022 (F.R. 26)-R.II:

After the words and comma "Service in another post" occurring in the beginning of clause (b) of this Rule, the following words, brackets, figures and comma shall be inserted.

"Other than a post carrying less pay referred to in clause (a) of Rule 2211 (F.R. 15)."

(R. B. No. F(E) 60 ICI/2 dated 2nd Jan. '62.)

The amended rule will now read as under:

Rule 2022 (F.R. 26(b)): Service in another post other than a post carrying less pay referred to in clause (a) of Rule 2011 (F.R. 15), whether in substantive or officiating capacity, service on deputa-

Financial Irregularities in Rlys.: Audit Report

Losses and irregularities amounting to Rs. 64 lakhs are brought out in the audit report on the railways presented to the Lok Sabha on 20-3-62 by the Finance Minister, Mr. Morarji Desai.

Among the cases of losses, nugatory expenditure and financial irregularities mentioned in the report are the following.

(1) As a result of unsatisfactory handling by a contractor of the sea-borne coal received for the railways at Cuddalore port during 1960-61, the coal vessels had to be diverted to other ports. This diversion resulted in an extra expenditure of

about Rs. five lakhs, as estimated by audit, on port and freight charges on coal which had again to be carried by rail to areas near Cuddalore.

(2) In March 1955, the Southern Railway administration decided to provide catch sidings at 63 stations in pursuance of the recommendation by the Government Inspector of Railways in 1952. The design of these sidings was under reference between the Railway Administration and the Research and Designs Organisation of the Railway Board till 1956. The necessity for the provision of such sidings was considered by a com-

2

OBITUARY

Death is reported, on 14th March, of Mr. E V. SRINIVASAN I.A. & A.S., A.C.A., Secretary of the Institute of Chartered Accountants, New Delhi. It may be remembered that he was in the Railway Audit Dept., in the early years of his career. He was for some time Private Secretary to the Comptroller and Auditor General of India. We offer our condolence to the members of the bereaved family.

RAILWAY ACCOUNTANT

For MAY 1962

Subscribers will please note that the issue for May 1962 will **not** be published on the 15th May; but only on 15th June 1962 along with the issue for June '62, as a **double** number.

Ed., R. A.



NEWS, NOTES, AND COMMENTS

Output of Coal

In the Third Plan period, the coal target has since been increased from 97 million tons to 104 million tons (as a minimum); and the private Sector Collieries have already offered to raise an additional 6.8 million tons, while the public sector contemplates an additional raising of about 23 million tons.

These increases are required on account of the target increases in production of steel ingots and pig iron; increase of thermal power; enhanced consumption for Railway transport.

The adverse effect of transport shortage on coal production has repeatedly been brought to the Government's attention by the coal industry. Another impediment to coal production has been power shortage. The Government of India have recently set up a study team to assess the requirements of power for the coal industry for the whole of the Third Plan period and to recommend steps to be taken to meet the shortage and to meet the demands of the coal industry. The results of their enquiry are being awaited. A committee to investigate the pilot and depot capacities in the West Bengal and Bihar coalfields was constituted by the Ministry of Railways in consultation with the Ministry of Steel, Mines and Fuel to recommend revision of the pilot plants and adopt capacities required for the expansion plans of the collieries a year ago. Although the committee was required to complete its work and submit the report within three months, little progress has been made so far. Coal producers express the view that the submission of the report should not be delayed, as it would have an important bearing on supply of wagons *areawise*.

3

Addressing the annual meeting of the Indian Mining Federation, Mr. B. P. Agarwalla, said on 4-3-'62 that the coal industry suffered from excessive control by Government. He pleaded for a liberal policy in the matter of granting permission for the opening of new mines in the private sector.

Box-Type of Ry. Wagons

The Lallaguda Central Railway Workshop near Hyderabad, which till recently attended only to rolling stock repairs, has been assigned a phased programme for the manufacture of 500 box wagons by the Railway Board as part of the Indian Railways' drive towards self-sufficiency in wagons.

A Railway spokesman said here that the box type of wagons recently designed by the Indian Railways had a pay-load of nearly 55 tons, as compared to the 22 tons of a conventional four-wheeler wagon.

U.K. Bank Rate further cut to 5%

The British Bank rate was cut by one-half per cent to five per cent on 22nd March 62.

The rate had been five and a half per cent since March 8.

A Bank of England spokesman said: "This further move is a reflection of the continued strength of the sterling."

The foreign exchange market reacted to the bank rate cut by marketing down sterling against the U.S. dollar.

The pound dropped to 2.8150—2.8155 immediately after the announcement from 2.8153—2.8165 earlier, but later came back slightly to 2.8153 to 2.8157.

The bank rate, a pointer to the state of the country's economy and finances and a key to all interest charges, was a fortnight back lowered from six to five and a half per cent.

The cut is the fourth since the rate was hoisted to a crisis level of seven per cent in the Government's austerity "little budget" of last July.

Gilt-edged securities responded modestly but failed to hold all their gains and generally closed 1/16 or 1/8 better.

Training of Cost Accountants

The decision of the Government of India to open a Cost Accountants School in their Ministry of Finance calls for comment. The Government plead dearth of qualified costing hands, but does not appear to have taken stock of the position of available non-working qualified Cost Accountants. Not many departments or undertakings of the Government of India have advertised for Costing posts to come to such a conclusion. It would be of interest to know that many a qualified Cost Accountant has been waiting for adequate opportunity, both in the private and the public sector. No doubt the annual turnover of the Institute of Cost and Works Accountants of India, Calcutta, is very small, but instances are not lacking where qualified Cost Accountants are waiting for years to secure a suitable post.

The Government seem to be aware of the availability of qualified personnel, as they have instituted certain awards to their employees in the accounting and audit departments (not functioning as Cost Accountants), who have passed the examination of the ICWA, Calcutta or London. Government could consider first the absorption of such qualified personnel before considering fresh selection and training.

A few years back the Steel Projects selected a few candidates, who were trained in the ICWA, Calcutta and later absorbed in the Projects on passing the examinations of that Institute. Adoption of a similar procedure

would do justice to the ICWA which enjoys the recognition of the Government, as well as to the hard-working students of Costing. It would be helpful if the Government could reconsider their proposal.

By Courtesy: "The Hindu"

Rly. Concession Tickets to Students

With effect from April 1, student concession tickets will be issued at Railway stations directly on presentation of the prescribed certificate from the heads of the respective educational institutions according to a Press note issued by the Public Relation Officer of the Southern Railway.

The existing procedure requiring students to obtain concession orders from the authorised officers of the Railway for the issue of these tickets, will be cancelled.

Varied Production in I.C.F. Madras

Mr. I. Hydari, Chief Administrative Officer, Integral Coach Factory, told newsmen that negotiations were under way between the Governments of India and of Thailand for the supply of three I.C.F. built saloons for the use of the royal family of Thailand and hoped that the Factory authorities would be able to execute the order.

Mr. Hydari said that they had undertaken to supply 623 electric multiple unit stocks for the Calcutta Electrification Authorities during the Third Plan period.

The Factory had also commenced the production of composite First and Third class coaches. It had been programmed to build 592 such coaches during 1962-63, he said.

Mr. Hydari said that the first prototype E.M.U. stock would be ready by the middle of this year. It had also been decided to manufacture motor coaches, the first of which was expected to roll out of the Factory by the middle of 1963.

Mr. Hydari said it had been decided to manufacture six special tourist cars—three air-conditioned and three ordinary types for use

on the Indian Railways. Metre gauge coaches would for the first time be built at the Factory. First and Third class coaches would be produced from the next year.

The Officer said that they had already started producing special all-welded type wagons for carrying iron ore. Two such wagons had been manufactured and were now undergoing tests.

Mr. Hydari remarked that with the production of E.M.U. trailer coaches, there would be a diversification of production. Another major diversification was the scheduled production of self-propelling E.M.U. motor coaches, scheduled during 1965.

Air-Conditioned Service on Bangalore-Poona Express

A tri-weekly air-conditioned service with a partially air-conditioned coach will be attached to train No. 203, Bangalore-Poona Express, on Mondays, Wednesdays and Saturdays and to train No. 204, Poona-Bangalore Express, on Mondays, Wednesdays and Fridays, as an experimental measure from April 1, to July 31, 1962.

Higher D. A. for Central Govt. Staff

The Government of India is considering the question of a higher dearness allowance to the low-paid Central Government employees, as recommended by the Second Pay Commission, in view of the rise in the cost of living index.

The Government of India is committed to implement the recommendation of the Second Pay Commission in regard to dearness allowance. The Commission had recommended that if during a period of 12 months, the working class consumer price index remained on an average 10 points above 115 (base year being 1949) the Government should review the position and consider whether an increase in the D. A. should be allowed to the Central Government employees and if so at what rate. The Government of India had accepted this recommendation.

The average of the index figures for the 12 months from November 1960 to October 1961 works out to 125 and hence a review of the D.A. now.

Central Government employees drawing upto Rs. 300 a month are likely to get an additional dearness allowance of Rs. 7.50 per month from the first of April because of the increase in the cost of living.

Those drawing between Rs. 300 and Rs. 400 a month will get a D.A. of Rs. 10 per month with marginal adjustments. At present, employees of the Government of India getting more than Rs. 300 do not get any dearness allowance. Those drawing upto Rs. 150 a month are at present getting a D.A. of Rs. 10, while those getting between Rs. 150 and Rs. 300 Rs. 20 per month. The increased D.A. when implemented will cost the Central exchequer over Rs. 10 crores per annum.

New one Rupee Notes

A new series of Government of India one rupee currency notes will be issued shortly.

According to a Press note issued by the Union Ministry of Finance, while the design will remain unchanged, these new notes will bear the capital letter 'D' at the end of the number in purple in place of the letter 'C' which appears in the current series.

The starting prefix of these notes will be A/O.

Light Beam that Burns Thro' Steel

A light beam that burns through steel and a lamp flash a thousand times faster than the human eye are two of the many space-age electronic wonders at the International Convention and Radio Engineering Show in New York.

Also on show is a suit that resisted 10,000 times the safe radiation limit, an earth satellite's tape recorder, the world's smallest transformer and a noiseless fan.

During a hole through 1/32-of-an-inch steel in 1/2,000th of a second, the light beam represents one of the most efficient coherent light sources to be reported. In other tests the beam has ignited paper 14 feet away.—Reuter.

Railway Rates Tribunal

Mr. K. Sankaran, former Chief Justice of the Kerala High Court, has been appointed as Chairman, Railway Rates Tribunal at Madras.

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Mr. D. Sandilya, I.R.A.S. Joint Secretary, Commerce and Industry Ministry has been appointed as Director of Finance, Heavy Engineering Corporation, Ranchi.

Mr. M. Kamath, I.R.A.S. (Retd.) (formerly F.A. & C.A.O./S.E. Rly.) who was F.A. & C.A.O., Durgapur Steel Project retired on the conclusion of his contract, and is now working as a consultant in connection with the H.S.L. contract with ISCON.

Coal Cess Levy Upheld

The levy of a coal cess under the provision of the Ordinance promulgated by the Governor-General in 1944, read with the repealing Ordinance of 1947, was upheld by the Supreme Court by a judgment delivered on 27th Feb. 1962. The appeal by R. C. Jall against the Union of India was dismissed.

The Railway field a suit against R. C. Jall, the consignee and the Amalgamated Coalfields for recovery of cess in respect of certain consignments of coal despatched in 1947. The case of the railways was that when making delivery to the consignee the freight had been collected but by oversight the cess was not realized. This suit was tried by the High Court of Madhya Pradesh which passed a decree against the consignor and the consignee.

Both R. C. Jall and the Amalgamated Coalfields preferred appeals to the Supreme Court. The court held that the levy was valid and could be realized even after the repeal of Ordinance 39 of 1944 by virtue of the saving clause in the repealing Ordinance. The argument that the suit was barred by limitation was rejected by the court on the view that the limitation in such cases came into operation only after 60 years. The appeal by R. C. Jall against the Union of India was, therefore dismissed.

The court however, allowed the appeal by Amalgamated Coalfields on the view that under the rules framed by the Central Government the cess could be recovered only from the con-

signee in a case where the freight had been realized from him, as in this instance.

Railway Week

The Indian Railways observe the Seventh Railway Week between April 10 and 16. The object is to stimulate friendly interest and co-operation of the general public in the working of the Indian Railways and to provide an occasion for railwaymen of all ranks to get together in a spirit of kinship and *comraderie*. Special instructional exhibitions, cultural shows broadcast talks by senior Railway Officers, and sports events for railwaymen form the highlight of the celebrations.

Feature articles written specially for this purpose & other relevant matter will be published in the next issue.

Travel Concessions to Railway Employees (Press Note by Railway Board)

A report has appeared in a certain section of the Press that the Railway Board have decided to implement the recommendations of the Fay Commission ending "all concessions given to railwaymen which were denied to other Central Government employees." This report is without any basis.

The Pay Commission had recommended that travel concessions allowed to different classes of railway employees should be uniform and in all cases reduced to one set of free passes and two sets of PTOs per year. It had also suggested that railway staff on transfer should not be allowed to transport free or cost more personal effects than is permitted to other Central Government staff.

This question was discussed by the Railway Board last month with the All-India Railwaymen's Federation and subsequently with the National Federation of Indian Railwaymen. During the discussions, both the Federations opposed the suggestions of the Pay Commission curtailing their existing pass privileges.

The Ministry of Railways have not taken any decision in the matter. They will take into consideration the views of both the Federations in coming to a final decision.



LOK SABHA

Discussion of Railway Budget

The performance of the railways in the transport of coal was defended by both the Deputy Ministers of Railways, Mr. S.V. Ramaswami, and Mr. Shah Nawaz Khan in the Lok Sabha on 27-3-62. The House concluded the debate on the interim Railway Budget and passed the vote on account for a sum amounting to Rs. 2,56,88,32,000.

While the railways had met the demands of coal by the steel mills and the washeries in full, the Minister pointed out that the real difficulty arose because the Central India coalfields had not been able to fulfil the target of production aimed at. The railways thus had to move more coal from the West Bengal and Bihar collieries. Both the Deputy Ministers maintained that the railways had done their part to fulfil the demands for transport of coal. But they pointed out that the demands had increased beyond the expectations of the planners.

In regard to the suggestions by critics that the Mudaliar Committee's recommendations for giving 25 per cent concessions in freight to commodities for export should be implemented, Mr. Shah Nawaz Khan's reply was that the railways were already giving concessions to 47 items in order to help promote export. On manganese alone, the concessions amounted to Rs. 1 crore a year. While the Mudaliar Committee had recommended 25 per cent concessions, the railways were giving a higher percentage of concessions in respect of certain commodities.

Improvement of third class travel, running of more trains and the need for running trains punctually were the important points stressed by many of the critics. Mr. Ramaswami assured them that the railways were fully aware of the problem. The question of running more trains depended on more coaches, but in this respect the capacity was limited. The capacity to put more lines too, he pointed out, was limited.

During the debate a Congress member, Mr. G.D. Somani urged the Railway Ministry to take due note of the recommendations of the Mudaliar Committee for a 25 per cent freight rebate on exportable commodities and articles. He expressed concern at the possible increase in freight and passenger fares, which, he said, had been hinted at by the Minister and hoped that the railways would not give preference to their revenues over the interest of development of national economy.

Mr. Somani also referred to the crisis in the coal movement and the consequent hardship caused to industries and hoped that remedial measures would be taken by the Ministry without further delay. He also urged the Ministry to take a realistic and intelligent assessment of the capacity it would be called upon to handle during the Third Plan and readjust its plans accordingly.

Mr. Raghunath Singh pleaded for providing stops for the main-line trains at the Banaras suburb station. He also urged that steps be taken to ensure punctuality and safety of trains.

Mr. P. G. Sen wanted the extension of third class sleeper coach facilities to more trains. He complained against the late running of trains and "bad" catering arrangements.

Mr. Mahavir Tyagi said that the railways had miserably failed to cope with the demand for wagons. He said that the construction of big buildings at Railway Stations was a waste. The railways should have concentrated on improving the wagon position.

Mr. Tyagi did not agree with the suggestion that the freight should be reduced. He said the railways should be run as a profit-making concern and there should not be loss in its revenue.

According to Mr. Tyagi the "biggest failure" of the railways was the "low morale of its staff." He said there was widespread discontent among the railway employees, which was partially due to malpractices with regard to promotion. The frequent transfer of senior officers for short duration had affected the efficiency of the railways.

Mr. Tyagi spoke critically of the three extensions given to the Chairman of the Railway Board after he had reached the retirement age. He wanted a committee to go into the problems and grievances in the railway services.

Low Paid Staff's Children

With effect from March 1, 1962, an educational allowance of Rs. 15 per child for secondary classes and Rs. 10 for primary classes, subject to a total of Rs. 50 per month, is admissible to every Central Government servant drawing Rs. 349 or below per month. Such allowances are admissible if his/her child/children study in any recognised school away from the station at which he/she is posted and/or is residing. Orders have already been issued in this regard. While it is difficult to estimate the additional expenditure involved with any degree of accuracy, it is expected to be of the order of Rs. 50 lakhs per annum.

This information was given in the Lok Sabha on 20-3-62 by the Finance Minister,

Mr. Morarji Desai, in reply to a question by Mr. P. C. Darcioah.

RAJYA SABHA :

Railway Budget

Replying to the debate on the Railway Budget in the Rajya Sabha on the 16th March '62, Mr. Shah Nawaz Khan, Deputy Railway Minister, reiterated the Government's intention to gradually eliminate the second class compartments in the trains.

Mr. K. Madhava Menon regretted that while sleeping accommodation had been provided for the first and third class passengers, similar facilities had not been made available for the second class passengers.

The Deputy Railway Minister said that the Ministry was trying to reduce the number of classes. Their idea was that the second class should gradually go out of existence. With that end in view, they were improving the facilities for third class passengers.

Mr. Shah Nawaz Khan refuted the criticism about the performance of the Railways in regard to passenger traffic in general and coal transport in particular. He said the Railways had been fulfilling the task assigned to it regarding transport of coal from both the outlying fields and the Bengal-Bihar fields. The daily average of wagons allotted for coal transport during 1961-62 was 3,594 as against 3,398 in the previous year. By the end of Third Plan the number of wagons that would be allotted daily for coal transport would be 1,211 more than at the end of the Second Plan, he said.

The Minister turned down a suggestion for the creation of a separate Railway zone in Hyderabad. He said that zones were carved from the point of view of operational efficiency. Whenever operational efficiency warranted it, they had not hesitated to create a new zone, he added.

Earlier during the debate, Mr. K. L. Narasimham said the railways, instead of increasing the freights and fares, should take other measures like economy and maximum utilisation of engines and wagons to increase their revenue.

He complained that the present zonal system had not improved the efficiency of the railways and urged a separate zone with Secunderabad as headquarters for the Andhra section of the railways. He also urged revision of dearness allowance of railwaymen in view of the rise in the cost of living.

Mr. K. Madhava Menon said the amenities for passenger and goods traffic were not proportionate to the increase in the railway revenue.

He was sorry to find that Southern Railways were being treated as a Cinderella by the Railway Minister and the Board. It was a general complaint that sufficient carriages and engines were not being supplied to the railway. Due to short supply of coal, a number of trains were being cancelled in that section. He wanted diesel engines to be supplied to the Southern Railways and coal engines in areas where coal was in abundance. He also wanted the railways to take up the Mysore-Tellicherry railway line which had already been surveyed, at an early date.

Mr. Hakkim Ali wanted the Railway Ministry to take early steps to extend the railway line up to Kashmir for which survey work was now being undertaken.

Mr. Santosh Kumar Basu, Mr. P. N. Raibhoi and Mr. Sheel Ehadra Yajee, congratulated the Railway Minister on the all-round progress made by the railways. While Mr. Basu pleaded for more amenities to third class passengers, Mr. Yajee requested the Ministry for an early linking of the railway line upto Agartala for the benefit of the people of Tripura.

Mr. Deokinandan Narayan said that the railway bookstall should be run departmentally and good books should be sold by them. If

this could not be done, these stalls should be given to local people.

Charges against Rly. Officer

A reply by Mr. Shah Nawaz Khan, that no cognisance was taken of allegations published by a newspaper not subscribed to by the Railways provoked a spate of irate questions in the House on 27-3-'62.

The Chairman, Dr. Radhakrishnan, however, pacified members by saying that the Minister would look into the allegations. Mr. Shah Nawaz Khan said that he was still trying to get a copy of the concerned paper.

Earlier, Mr. A. C. Gilbert had drawn attention to allegations published by a paper against the officer in charge of the Establishment Branch, Northern Railway, Allahabad Division. The Deputy Minister had said that the paper was not on the approved list of the directorate of advertisements and visual publicity and was not subscribed to by the Railways. "No cognisance is taken of the material published by that paper."

When Mr. Satyacharan said that whether the paper was subscribed to or not, the Minister should reply specifically about the allegations to which his attention had been drawn, Mr. Shah Nawaz Khan replied that there were hundreds of small papers, many of them little more than pamphlets of which normally they did not take cognisance. If any allegations, against the character of an official was published it was for the officer to take libel proceedings.

When members put a number of supplementaries questioning this stand, the Deputy Minister said that he was still trying to get a copy of the paper. The Chairman ruled out further questions by saying that the Deputy Minister would look into it.

Letters to the Editor

Suggestions for Improvements in Stores Budgeting

A discerning reader of "The Railway Accountant" has raised some points of clarification with reference to the article on the above subject published at pages 214 to 216 of the November '61 issue. The points raised and the further comments of the writer of the article are published below:

(1) "In item 1 of the suggestions it has inter-alia been stated that in providing in the Stores Budget for the anticipated increase or decrease in outstanding balances under subsidiary stores suspense heads 'Purchases', 'Sales' etc., the transactions in respect of direct delivery of Stores which do not pass through the head 'Stores Suspense' should be excluded.

So long as the head 'Purchases' is operated on for account of non-stock items of stores, the anticipated outstanding debit/credit balance under 'Purchases' on account of such items has to be taken into account in estimating the outstanding suspense balances as illustrated below:

- (i) *On receipt of a consignment*
- | | | |
|-----------------------------|-----|-----|
| Appropriate head of account | Dr. | |
| To purchases | | Cr. |
- (ii) *In the case of advance payment:*
- | | | |
|--------------------|-----|-----|
| Purchases | Dr. | |
| To cheques & Bills | | Cr. |

The credit in the case of item (i) and debit in the case of item (ii) will remain outstanding in 'Purchases' till payment is made in the former case and material is received in the latter case. The allocation of the non-stock items direct to head of accounts concerned has no effect on the outstanding balances.

Comments: The suggestion in the article is based on the procedure that debits to "Purchases" would be simultaneously cleared to accounts of the Works, the debits to "Purchases" being provided on the receipt side of

the Stores Budget and the clearance of the debits on the Issues side of the budget. Where, however, the head 'Purchases' is operated to bring to account the receipt of stores against the Works account, even though payment has not been made, it would be correct to include in the Stores Budget on the Receipts side the outstanding balance (net credit during the year). This procedure would be possible on Railways where the system of issue of receipt notes is followed for direct delivery Stores also which are budgeted for under 'Purchases-Works.' There is, however, one drawback in such a procedure inasmuch as non-payment for the stores will affect the Stores Budget and not the Works Budget as should be the case.

(2) "Para 2 of the article—The provision under 'Purchases' on the debit side of the Stores Budget is for payments to be made during the year by debit to 'Purchases' for purchase of stores. The difference between the opening and closing balance of the outstanding stores suspense balances shown in the stores budget represents the increase or decrease in liability for purchases of stores. The difference, therefore, correctly gets reflected in the figure for 'Purchase' on the debit side and the question of providing this difference on the debit side of the stores budget under a separate head should not arise."

Comments:—The suggestion made in the article is that the outstanding balances under Suspense heads of stores other than 'Purchases' may be reflected separately and not merged in the provision made for 'Purchases' on the receipt side of the Stores side.

(3) "Para 3 of the article:—The expenditure incurred on the construction of coaches etc. in the workshops is recorded in the Workshop General Register. Allocation of such stores direct to the works will result in the cost of such works not being reflected in the Work-

shop General Register Further, the issues to manufacture suspense are deducted from the total debits for purchases and receipts for the purpose of working out the grant required in the Stores Budget. As such, the question of 'reducing the amount of the vote' should not arise."

Comments:—The reader has correctly pointed out that passing stores produced for specific works undertaken in workshops will not affect the vote. The provision in the rules in regard to Stores for Specific Works not passing through Stores Budget should nevertheless apply also to works undertaken in the shops. Even now the cost of underframes and wheels and axles are directly debited to the works accounts concerned i.e. the Works Register. There is, however, no objection to the cost of these stores being debited direct to Manufacture Suspense and consequently being reflected in the Workshops General Register.

(4) "Para 4 of the article—In the case of issue of stores for fabrication purposes, the net figures of issues of fabrication and receipt back of stores after fabrication is provided under "Sales and Transfers." Taking this amount as a deduct entry will not, therefore, be correct. In that case the amount has to be split up into "Issues" and "Receipts" and the former provided on the credit side and the latter on the debit side of the Stores Budget. The amount of issues can then be taken as a deduct entry. This will, thus, not improve matters but will only cause variation due to any variation in the issues to fabricators or receipt back of materials after fabrication. Further, the Board's orders are generally in respect of stores going out of the stock to consumers whereas issues to fabricators are temporary ones as these will ultimately be received back in stock for further issues."

Comments:—It should not be difficult to estimate the value of stores to be issued for fabrication and the value of fabricated stores including cost of fabrication received back into stock which will improve Stores Budgeting. Taking clothing for example, the cost of fabrication works out to a few lakhs of rupees and it would not be correct that this payment should stand merged in the provision for "Sales and Transfers" on the issue side.

(5) "The Board's orders were not to eliminate the scope of double voting in all cases as will be apparent from the fact that for manufactured materials sent to stock by the workshop after processing and again drawn, there is double voting in the manufacture suspense budget, particularly in the case of production units. The Board, however, did not pass any orders to eliminate this."

Comments:—In the opinion of the writer of the article, it is advisable to eliminate double voting to the extent possible by extending to the budget of manufacture operations, the same principle as followed in respect of stores budgeting, i.e., to deduct outturn for the same grant from both the credits and debits in the Manufacture budget.

(6) "Para 5 of the article:—The issues of coal, coke and fuel oil are taken as a deduct entry along with the other issues to Manufacture Suspense on a certain Railway. In any case no procedural change is involved."

Comments:—The writer of the article is aware that the correct procedure is being followed by many Railways on their own initiative. The suggestion was however, made only to lay down in clear terms the procedure to be followed for dealing with issues of coal, coke and fuel oil to workshops.

Editor,
RLY. ACCT.

Personnel

Sri K. SRINIVASAN, C.P.U.O., MAS, was posted as P.R.O., MAS, w.e.f. 12th Feb. 62.

Sri K. L. SIVASWAMY, offg. D.C.S., GTL, was posted as offg. C.P.U.O., w.e.f. 12th Feb. 62.

Sri K. ABDUL WAHAB, offg. D.P.O., GTL, transferred in same capacity to Mysore, w.e.f. 8th Feb. 62, in place of Sri D. F. PHAROAH, proceeded on L.P.R. w.e.f. 8th Feb. 62.

Sri C. CHALAPATI RAO, appointed to officiate as C.M.E., CLW, vice Sri E. G. KOTISWARAN transferred as Sr. Dy. G.M., S. Ry.

Sri M. M. PARTHASARATHY, offg. Dy. C.M.E. (on leave), N. F. Ry., appointed to officiate as Dy. G. M. vice

Sri D. H. NAILER, proceeding on L. P. R.

Sri K. A. JACOB, Sr. Sc. Officer of the Civil Engineering Dept. S. Ry., transferred to S. E. Ry., to officiate as Dy. C. E., vice

Sri T. M. THOMAS, offg. Dy. C. E., S. E. Ry., transferred to Ry. Board's Office and appointed as offg. Jt. Director, Civil Engineering vice

Sri M. R. REDDY, transferred to D. B. K. Ry. Projects to officiate as Engineer-in-Chief.

Sri T. N. DAR, Divl. Supdt., N. Ry., transferred to Central Ry., and appointed to officiate as C.C.S., vice

Sri D. B. PATEL, proceeding on L.P.R.

Sri R. C. DAS GUPTA, Dt. Engineer, E. Ry., appointed to officiate as Dy. Ch. Engineer, vice,

Sri G. S. PANDOR, transferred to S. E. Ry., and appointed to officiate as Engineer-in-Chief (Works).

Sri B. R. KARNAD, offg. D. E., N. E. Ry., transferred to N. F. Ry., to officiate as Dy. C. E., vice

Sri P. K. GANGULI, appointed to officiate as Engineer-in-Chief.

Sri V. RAMANATHAN, Divl. Supdt., C. Ry., transferred to Board's Office and appointed as offg. Jt. Director, Railway Planning, vice

Sri P. R. PUSALKAR, transferred back to C. Ry.

Sri P. C. MATHEW, Divl. Supdt., E. Ry transferred to Board's Office and appointed as Secretary, Ry. Board, vice

Sri D. V. REDDY, proceeding on leave.

Sri B. VENKATARAMANI, offg. Dy. Ch. Op. Supdt., S. Ry., transferred and appointed as offg. Member, Ry. Service Commission, Madras.

Sri K. JANAKIRAMAN, offg. Dy. C.O.P.S., N. E. Ry., transferred to S. Ry., in the same capacity.

Sri V. R. GANESHAN, Dy. C.A.O., I.C.F., transferred to S. Ry., and appointed as Dy. F. A. & C. A. O (Construction).

Sri S. PARTHASARATHY, offg. S. A. O., S. Ry., who was granted 44 days LAP from 3rd March 1962 is permitted to resume duty cancelling the unexpired portion of leave and posted as Offg. DAO/TPJ, vice

Sri T. K. VENUGOPALAN, who on relief is reverted and posted as Offg. A.A.O. (Workshops) PER vice Sri L. VENKATARAMIAH, Offg. A. A. O., granted 60 days LAP from 23rd March 1962.

On relief by Sri A. SAHUL HAMID, Sri M. N. DATTA, F.A. & C. A. O., C. L. W., proceeded to Calcutta and took over as F. A. & C. A. O., S. E. Ry., from Sri S. P. SAHNI, transferred as F. A. & C.A.O., Railway Electrification.

Sri A. K. MULLICK, Sr. D.G.M., S. E. Ry. proceeded on L.P.R. after relief by

Sri H. H. BANERJEE, Chief Engineer, Diesel Loco Works, Varanasi, on 6-3-'62.

Sri K. SRINIVASACHARYULU, offg. D. S./Hubli, posted as offg. Dy. C. O. P. S./Planning/Madras, w.e.f. 19th March 62 vice

Sri C. V. B. MENON, posted as offg. Dy. C.O.P.S./Coaching vice

Sri K. JANAKIRAMAN, transferred to Western Ry. and relieved on the S. Ry. on 19th March 62.

Sri T. KOMALESWARAN, offg. D. S.(J.A.), confirmed in that appointment in a tenure capacity w.e.f. 28th Dec. 60.

Institute of Railway Accountants, Madras

The President at Guntakal in April 1962

Mr. N. Natarajan, A.A.O., Budget, (and President of the Institute), had been to Guntakal recently on an official visit, when he addressed the Staff in regard to an all-important subject of 'Budgeting on Indian Railways.'

Taking up the question of Departmental responsibility for this work, he quoted the basic principles as enunciated in para 508 of the Railway General Code; according to which the executive was entirely responsible for framing the Annual Estimates, while the F. A. & C.A.O. had to advise the General Manager on matters of purely financial import.

Under the present Constitution, no expenditure can be incurred unless adequate funds have been specifically allotted therefor by Parliament, and for this it was necessary to place before them details of the proposed expenditure in some rational form.

Over two decades ago, the expenditure was classified under Departments, but subsequently, these were regrouped under broad heads like Administration, Repairs and Maintenance, Operation, and Replacements & Renewals, so far as Revenue was concerned with but slight variation in regard to Capital Expenditure on Works, Stores and Manufacture Suspense. In addition to the creation of a Depreciation Reserve Fund for the purpose of meeting the expenditure on Replacements & Renewals, and of the Railway Reserve Fund for meeting payments of Dividend to General Revenues, another Fund, originally known as Betterment Fund and now termed as Development Fund, has been created to collect surplus amounts of Revenue for meeting expenditure of the nature of Operating Improvements, which are not financially justifiable under the Rules to be allocated to Capital.

These various items of Expenditure are presented to Parliament in the form of Demands for Grants compiled initially by each Railway and sent to the Railway Board for consolidation

for the entire Railway undertaking. These Demands also show in detail the items for which each Department is responsible; so that Departmental responsibility for the control of expenditure still continues to be exercised even though spread over various Demands. Hence it is possible from the consolidated Budget to obtain the expenditure by each Department under the various units for each Railway, thus maintaining the advantages of the old budgeting system also. The great benefit by the change in the Form is that expenditure of a Class like Administration or Operation is brought together in one place and the Rules applicable to such class can be uniform. This Form also enables the General Manager of each Railway to appropriate Funds under the same class or unit between different departments when found absolutely necessary.

There are some special features in Railway Budgeting, particularly in regard to Works and Rolling Stock, where Stores play an important part. It is necessary in these cases to have a proper forecast of requirements by each Railway with due priority and these are discussed with the Railway Board so that the demands of all the Railways are brought together to fix relative priority. Incidental to this, the Railways are enabled, where indents have to be placed on Foreign Firms, to take action well in advance so that the time factor in the execution of the Works or the procurement of Rolling Stock, can be implemented in time. In fact, it is in this connection that very often indents precede the actual allocation of Funds.

Mr. Natarajan next dwelt on the responsibility of the Divisional Offices in respect of Budgeting. In the Divisional set-up, the executives in the various Divisions are really the Spending Officers and as such are the people who can frame the proper estimates of their requirements within the frame work of the Policy and Programme approved by competent authority. Hence it is that much important

tance has to be given to the accuracy of the data furnished by the Executives for the preparation of the Budget.

The Divisional Estimates should be as accurate as possible and should be realistic. Great care should be taken to see that the data on which the forecasts are based are adequate and reliable; and that the conclusions arrived at from the data can be sustained by past experience and future expectations of likely events. This leads us to the necessity of maintaining necessary records from time to time of these various aspects so that the information therein may be fully utilised while preparing the Divisional Budget Estimates. Various Registers like the Budget Register, Liability Register, etc., are maintained for recording useful items of information as and when they arise to the extent that they affect the Budget proposals. Sufficient detail will be recorded therein for purpose of comparison with the past and future where necessary.

Liability Registers are also maintained in respect of materials for recording the value of materials received against each indent, month by month, and thus help in ascertaining the exact position at any time of undischarged liabilities and the possibility of such discharge within the Budget-year. This would enable the proper allocation of Funds and their surrender, if need be, where it is not possible to utilise the same within the year. Liability Registers are also maintained for Contracts entered into in the Divisions so that the progress of expenditure can be watched and the position exactly assessed every time a Review is made, like the August Review, or when Revised Estimates are prepared or when Final Modifications are required to be compiled. A proper utilisation of these Registers by the Executive from time to time would enable them

to take prudential care of the Funds placed at their disposal and prevent possible excesses or wasteful lapses. In fact, the various Reviews prescribed in the code are designed to help the Executive to effect an adequate control over the expenditure for which such Executives are responsible.

Mr. Natarajan then explained the importance of the various Explanations offered by the Executive at the time of each Budget Review. He emphasised the fact that routine statements of 'more expenditure' or 'less expenditure', were next to useless; but what was actually required was the *reasons* for such excess or less expenditure, and these can always be intelligently analysed where the various Registers referred to previously contained reliable information.

Mr. Natarajan felt that he could not do adequate justice within the limit of time at his disposal to such a vast subject, but hoped the authorities, particularly the staff dealing with the subject, would bear in mind the various points placed before them and apply them in practice as much as possible.

Mr. Natarajan then exhorted the Accounts Staff to become members of the Institute of Ry. Accnts. and thus have a Forum for forming Study Circles to meet and discuss frequently their official problems and create scope for a more efficient discharge of duty.

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President's Visit to Mysore in March 1962

During his recent visit to Mysore, Mr. Natarajan explained to the Accounts Staff there to bodily enrol themselves as members of the Institute, so as to enable it to work for the emulation of the Railway Accountancy Profession.

RAILWAY BUDGET FOR 1962-1963

Owing to the impending reconstitution of the Union Cabinet, the Railway Minister presented to the Parliament on the 13th March 62 only a White Paper bringing out the salient features of an interim Budget to enable the Parliament to sanction a VOTE ON ACCOUNT for three months until the regular Budget is presented for discussion in due course. From the Summary of the White Paper given below, it will be seen that though the Gross Traffic Receipts are anticipated to increase by Rs. 22.86 crores, the net Working Expenses have also increased by Rs. 14.39 crores, thus leaving a very narrow margin—after appropriation to D.R.F. and payment to General Revenues—of only Rs. 13.16 crores, for credit to Development Fund, which has to be augmented by a further sum of Rs. 9.88 crores as a loan from General Revenues, to meet the estimated expenditure under Development Fund in the Budget year.

Let us hope that a brighter prospect is possible by the time the regular Budget is presented shortly.

Editor—R.A.

RAILWAY BUDGET AT A GLANCE

	(Rupees in crores)			
	Actuals 1960-61	Budget 1961-62	Revised Estimate 1961-62	Budget 1962-63
Gross Traffic Receipts †	456.80	499.02	501.24	524.10
Working Expenses Net, i.e., after taking credits of recoveries	313.24	332.67	330.55	345.74
Net Miscellaneous Expenditure (including cost of works charged to Revenue)	10.69	14.87	13.51	16.35
Appropriation to Depreciation Reserve Fund from Revenue.	45.00	65.00	65.00	67.00
Total	368.93	412.54	409.06	429.09
Net Railway Revenue	87.87	86.48	92.18	95.01
Payment to General Revenues :				
(a) Dividend on Railway Capital-at-Charge @ 4 per cent for 1960-61 & 4.25 per cent for the quinquennium 1961-66)	55.86	65.34	63.20	69.35
(b) In lieu of passenger fare tax	—	12.50	12.50	12.50
Net Surplus	32.01	8.64	16.48	13.16

† The increased gross traffic receipts from 1961-62 onwards include the element of passenger fare tax merged in railway fares from 1-4-1961 against which a payment of Rs. 12.50 crore is to be made by the Railways annually to the General Exchequer, during the quinquennium 1961-66, for transfer to the States.

The Railway Minister Shri Jagjivan Ram, presented in the Lok Sabha on March 13, 1962, a White Paper on the Railway Budget for 1962-63 dealing, amongst other things, with the performance of the Railways in 1961-62, the first year of the Third Five-Year Plan, the financial results for 1960-61, the Revised Estimates for 1961-62 and the Budget Estimates for 1962-63.

The White Paper surveys the progress of the Indian Railways in various fields during the eleven-year period 1950-61.

The picture for the entire year 1962-63 is given,—on existing rates and fares and on the present cost level,—so as to facilitate the voting, by the out-going Parliament, of proportionate supplies for the first three months of 1962-63.

The White Paper consists of two parts, Part 'A' being the introduction and general survey and Part 'B' being the Explanatory Memorandum on the Railway Budget for 1962-63, which is normally issued as a separate document.

GROSS TRAFFIC RECEIPTS

The White Paper estimates the Gross Traffic Receipts for 1962-63 at Rs. 524.10 crores, compared to the Revised Estimate of Rs. 501.24 crores for 1961-62.

The estimate of passenger earnings in 1962-63 has been placed at Rs. 155.00 crores, as against the Revised Estimate for the current year of Rs. 154.00 crores. Earnings from other coaching traffic have been placed at Rs. 29 crores—the same as in the current year's Revised Estimate.

An increase in goods traffic of roughly 15 million originating tons more than during 1961-62 has been provided for, keeping in view the targets of the Third Plan. The additional revenue yield from this increased traffic is estimated, on existing freight rates, at Rs. 22.50 crores.

WORKING EXPENSES

The gross Budget Estimate of Ordinary Working Expenses in 1962-63 is placed at Rs.

392.21 crores, or Rs. 14.39 crores more than the Revised Estimate of Rs. 384.82 crores for the current year. Taking into account the credits or recoveries adjusted in reduction of expenditure, such as freight on railway materials, etc., the increase is Rs. 15.21 crores.

The anticipated increase in expenditure in 1962-63, over that for the current year, is made up of Rs. 8 crores (approximately) due to the increased direct cost of operation corresponding to the anticipated increase in traffic; about Rs. 5 crores due to more repairs and maintenance of assets, including Rolling Stock, as a result of the year to year increase in the volume and use of such assets; about Rs. 1.6 crores due to the assumption by the Railways of "Common Carrier Liability" over the whole of 1962-63; and about Rs. 40 lakhs due to full year's effect of the recent increases in price of coal and in excise duty. The last three have operated for only part of the current year.

NET REVENUE

Notwithstanding the above-mentioned increases in working costs and the increase in the appropriation from Revenue to Depreciation Reserve Fund, (from Rs. 65 crores in 1961-62 to Rs. 67 crores in 1962-63—in accordance with the year to year increase in the appropriation recommended by the Railway Convention Committee, 1960) the net Railway revenue in 1962-63 will register an increase over the current year. It is estimated at Rs. 95.01 crores, against Rs. 92.18 crores in the Revised Estimates for 1961-62.

PAYMENT TO GENERAL REVENUES

The dividend to General Revenues on Railways' Capital is expected to increase to Rs. 69.35 crores, against Rs. 63.20 crores in the current year, consequent on the expansion of the Railways' assets. In the result, the estimated surplus for 1962-63 will be about Rs. 13.16 crores, which is proposed to be credited to the Development Fund. But as this will be very much short of the expenditure that will have to be incurred in 1962-63 on

works chargeable to this Fund, a temporary loan from General Revenues of Rs. 9.88 crores to finance the Fund will be unavoidable, unless the Railway revenues are augmented.

The Budget for the Rolling Stock, Works and Machinery for the year 1961-63 is placed at Rs. 295 crores. It takes into account the increased expenditure on account of works which have to be carried out and also procurement, especially of rolling stock, that will have to be made, in second and third years of the Third Plan period, in order to achieve the targets of the Plan.

FINANCIAL RESULTS FOR 1960-61

The Gross Traffic Receipts during 1960-61, according to the White Paper, came to Rs. 456.80 crores—a small shortfall from the Revised Estimate figure of Rs. 458.00 crores.

The Ordinary Working Expenses came to Rs. 361.69 crores gross and Rs. 313.15 crores net after adjustment of credits in reduction of expenditure, as against the Revised Estimate of Rs. 375.61 crores gross and Rs. 326.31 crores net. The reduction in the Ordinary Revenue Working Expenses was due to a variety of reasons, such as the variations in the quantum of actual payments to staff arising out of the implementation of the Pay Commission's recommendations, enforcement of economy measures, etc.

The surplus of the year amounted to Rs. 32.01 crores, or an increase of Rs. 17.98 crores over the Revised Estimate of Rs. 14.03 crores. This was partly due to the reduction in working expenses already mentioned and partly due to reduced expenditure on works chargeable to revenue to the extent of about Rs. 3.33 crores. There was also a fortuitous element of Rs. 1.70 crores on account of increased quantum of Government contribution in the State Railway Provident Fund Account reverting to Government as a credit, in respect of more staff than anticipated electing the pensionary scheme of retirement benefits.

The White Paper stresses, however, that this surplus of Rs. 32.01 crores—which was credited to the Development Fund as in previous years—pertains to the period when the annual contribution to Depreciation Fund from Railway Revenues was still only Rs. 45 crores and the rate of dividend to General Revenues was still 4 per cent. The increase in the appropriation to Depreciation Reserve Fund to an average annual figure of Rs. 70 crores and the increase in the rate of dividend to 4.25 per cent—based on the recommendations of the Railway Convention Committee, 1960—take effect only from 1961-62.

REVISED ESTIMATES FOR 1961-62

The Revised Estimate of Gross Traffic Receipts for the year 1961-62 have been placed at Rs. 501.24 crores—Rs. 2.22 crores more than the Budget—the increase being largely under earnings from passenger and other coaching traffic and sundry earnings, more than off-setting the reduction in goods earning.

Compared with what was anticipated in the Budget, there is likely to be a shortfall of about 3 million tons in freight traffic to and from the steel plants—the requirements of which have not increased as fast as was expected. Besides, a million tons of traffic will be lost due to a prolonged fire in the Kurasia Colliery in Central India Coal Fields, and yet another 3 million tons due to the serious dislocation in train movements during the month of December, 1961.

Under Working Expenses, the Revised Estimates have been placed at Rs. 384.82 crores gross and Rs. 330.39 crores net after allowing for credit or recoveries, as compared to the Budget grant (as modified by the Supplementary Demands voted in December, 1961) of Rs. 389.12 crores gross and Rs. 335.40 crores net.

After the contribution of Rs. 65 crores to the Depreciation Reserve Fund and with the variations in net miscellaneous expenditure as well as in the amount of dividend payable to General Revenues, the surplus creditable to

the two main branches namely Operating (including mechanical) and Commercial (including Revenue) are adequate and dependable for the compilation of a set of accurate statistics necessary for running and management as also for prospecting and developmental schemes. If the documents can fully be collected in time and comprehended following general instructions laid down by the Board, the Indian Railways can boast a dependable set of results.

FAITH AND RESPECT NEEDED

What seemed so far a simple task can only be translated into reality if the common cynicism about statistics yields place to faith and respect. If the subject is treated with contempt and incredulity, those who prepare the basic documents, who are entrusted with the responsibility of timely collection and sending to the central office and even those who are engaged in final compilation will pay scant attention. Those who would benefit the most, viz. the users, will miss it very much. The urge for work or loyalty to one's profession is stimulated more spontaneously when the profession has a prestige attached to it. Only when labour for any pursuit is painful or inglorious it needs flogging. Thus the sceptical attitude towards statistics strikes at the very root of laying the foundation and then cementing the organisation. Just as politics is known by its deformed off-spring, if we are accustomed to regard statistics as false, corrupt, devoid of the dignity and sanctity of a branch of science so useful for a modern society, development and proper functioning of the organisation would be extremely difficult.

REASONS FOR WRONG NOTIONS

Now the question is what leads even responsible people to nurse such a notion about statistics. Unless this is known, the mental bottleneck cannot be cleared and the climate congenial for a sound organisation cannot be generated. The reasons can be summed up as follows :

(2) The question of supervision and the corresponding savings of time will evidently arise only when both the supervisor and the workers are present at workspot and engaged on jobs.* Therefore the physical or effective attendance of direct workers and also of the supervisor should be taken into account, and finally the average savings of one direct worker should be modified to arrive at the savings contributed by the concerned supervisor.

performance if any.

Problems of the type under (i) and (ii) do not vitiate the compilation of railway statistics. Except in some areas and perhaps with the exception of one railway, the Statistical Organisation is fully separated from the executive. In some instances the basic data and even final results are compiled by those who are answerable to the authorities for deterioration and poor standard of efficiency. "To save one's own skin" is the primal instinct amongst all kinds of living creatures including Man. A tendency towards twisting the results to give the best possible picture is therefore inherent. The inspectorate of the Statistical Organisation comes here to aid and restrain the executive from undesirable tendency to polish up base metals. Examples of such spheres are the marshalling yard statistics, shop statistics, staff statistics, etc. These, however, constitute a small portion of the railway statistics. Nevertheless, such arrangements cannot claim for it an ideal status and as something to inspire absolute confidence among the non-believers. Sooner these are also replaced by a still better system it will add credit to the subject.

SECLUSION HARMFUL

Another drawback suffered by statistics which further stimulates suspicion and unawareness is the relative seclusion in which statisticians function. The common man has no favour for abstrac-

1960, showing *inter alia* the overall indices of operating efficiency, correlation of expenditure with performance and return on capital investment. It is pointed out that, over the 11-year period—1950-61—the ratio of increase in the Railways' performance in terms of quantum of traffic has kept pace with the capital-charge in the same period, even if no allowance is made for the inflation in capital due to present-day increasing prices at which capital is now created. Similarly, the increase in Ordinary Working Expenses—even without allowing for the more or less unavoidable elements of increased wages and increased prices—has been proportionately less than the increase in the quantum of traffic.

FINANCIAL RETURN

The financial return (inclusive of 4 per cent dividend obtained on Railway Capital), has been above 5 per cent except in the two unrepresentative years of economic recession, i.e., 1958-59 and to a lesser extent in 1957-58. This has to be viewed, on the one hand, with reference to the obligations of the Railways as a public utility concern to their users and also to their employees in the developing economy of a Welfare State and, on the other hand, with reference to the liability of the Railways as a commercial concern to pay levies and taxes which amount to nearly Rs. 15 crores a year at present on a rough assessment.

The White Paper goes on to explain that the position could be deemed satisfactory on the whole, the surplus earned and credited to the Development Fund during the Second Plan period, as a whole, was insufficient, even taken with the earlier balance in the Fund, to cover the expenditure chargeable to the Fund—namely, on railway users' amenities, labour welfare works and operating improvements which cannot be assessed as being directly remunerative. As a result, it was necessary to take temporary loans from the General Revenues in the years, 1958-61, aggregating to Rs. 29.40 crores by availing of the provision in the 1954 Railway Convention Committee's

recommendations. Similarly, even with the stepping up of the annual contribution from revenue to the Depreciation Reserve Fund to Rs. 45 crores from 1955-56 (as against Rs. 30 crores in earlier years and Rs. 35 crores as suggested by the Railway Convention Committee, 1954) a heavy drawal on previously accumulated balances in the Fund was necessary, to finance the heavy arrears of rehabilitation, as envisaged in the Second Plan.

The White Paper concludes this section of survey by underlining how, even though the Railways have managed to start the Third Plan period with a clean slate by repaying the liability of the Development Fund to the General Exchequer, there will be still higher calls on Railway Revenues in the Third Plan. The average annual contribution to the Depreciation Reserve Fund has now been placed as Rs 70 crores—which, while being sufficient for the foreseeable needs of the Third Plan, will have to be augmented, as revenues permit, so as to have funds to cover obsolescence, etc. The rate of dividend payable to General Revenues has also increased from 4 to 4.25 per cent. After meeting these increased commitments, the net railway surplus—creditable to the Development Fund—will have to be adequate to meet an average annual expenditure of about Rs. 23 crores chargeable to the Development Fund and also make the requisite contribution towards the Third Plan's resources.

PERFORMANCE DURING PLANS

The White Paper states how, during the Second Plan period, the Railways had to meet rising transport demands including those arising from increased production from heavy industry sectors, like coal, steel, etc. At the same time, Railways had to continue the task—commenced in the First Plan period—of overtaking the accumulated arrears in replacement of track, rolling stock and other assets.

Goods Traffic, in terms of ton miles, which stood at 26,980 millions in 1950-51, rose to 36,434 millions in 1955-56 and to about 54,000

NOT IN ITS REAL SENSE

No one, however, can clearly define what one means exactly by politics in administration or sports or education. Anything contaminating or any undesirable force or current not in the interest of the institution it serves is generally branded as politics. It has nothing to do with the very noble and practical doctrines which began with the dawn of civilisation in India, Egypt, Babylon, Greek city states, and Rome and has ever since been nourished by subsequent thinkers through ages. The common meaning of politics has nothing to do with the science in its unadulterated form, a product of noblest thoughts and purest desires to establish the ideal form of society. The greatest of such thinkers have often been dismissed as dreamers—"Utopians". The implication of politics in which it is understood by the commonmen is its perverted sense. It is taken for granted that politicians are basically opportunists, have no moral standards and hence should be shunned, if not altogether discarded. Notwithstanding its immense value, politics is thus looked down upon as something incredible. This politics is not the real politics but its deformed issue.

Likewise, statistics, especially where the organisation to produce them is in its infantile stage, has become the target of similar criticism. Shakespeare, the most outstanding tolerant the world has ever produced, made his finest creature to brand the prettiest creation of God, the woman as "frail". What if others doubt the chastity of statistics and warn everybody to keep away from the statistics, equally frail and impure, Hamlet viewed womanhood from a very narrow angle. False Gertrude had appeared to his disturbed mental mirror representing the womanhood. One, who knows nothing of statistics or has some hazy idea, knows at least this that it is all bunkum in its extreme form!

PROGRESS IN RAILWAY STATISTICS

In spite of the marked progress the country has made in almost all sectors of our material life, it must be admitted that compared to other advanced countries, progress in the sphere of statistics has not been as much. In the sphere of railway statistics, however, considerable advancement has been made—at least a satisfactory organisation has been envisaged by the Railway Board and the zonal railways have been given freedom to establish themselves a satisfactory set up necessary to ensure correct preparation of basic information, timely collection of the basic data, final compilation and processing of various fundamental and derivative results. The zonal railways are expected to meet their own difficulties and solve their problems. If they fail they are welcome to go to the Board. In fact the Railway Board meet the Statistical and Compilation Officers of all railways annually, and during the deliberations also hear their problems and lend utmost help.

AUTHENTIC INFORMATION

Unlike other departments of modern society and government where sampling and other indirect methods have to be applied, for the statistical results of the railways, in most cases, basic information are available in various documents e.g., train reports, invoices, passenger ticket returns etc. The authenticity of these documents is of a high degree. All that the Statistical Departments has to do is to maintain a reasonably efficient check on correct preparation of the basic documents by train, station, yard, shop and office staff, full and timely collection of such documents and then to cover all the basic documents in the compilation of the final results. In doing so the Statistical Offices would be well advised to resort to the use of modern calculating and accountal machines to avoid human errors.

As already mentioned, the basic documents on the Indian Railways in both

coaches at Madras, attained full production in this period. They are exceeding even their revised targets of production, whilst progressively reducing cost of manufacture.

The manufacture of diesel locomotives has also been taken in hand at the factory in Varanasi.

As a result of indigenous production of several other items of equipment, the foreign exchange content of the Railways in the Second Plan came down to Rs. 320 crores against the initial provision in the Plan of about Rs. 425 crores. The requirements of foreign exchange during the Third Plan, which are of course much larger, are expected to be substantially less than in the Second Plan.

RESEARCH AND TECHNICAL PROGRESS

The White Paper describes developments in research and technical processes, since the services of the Foreign Consulting Engineers were dispensed with at the commencement of the period 19 0-61. The present Research, Designs & Standards Organisation, under a Director-General, has integrated in itself the Railway Research Directorate set up at Lucknow in 1932 and the Central Standards Organisation which had been functioning since 1930. The setting up of a Diesel Wing at Lucknow, of a Directorate of Bridges and Floods as recommended by a Committee of Engineers presided over by Dr. A. N. Khosla, and of a Central Board of Railway Research consisting of eminent scientists, industrialists and engineers, are all referred to in the White Paper. Mention has also been made of the increasing contact with the thought and development of other countries in the matter of research and technical advances made by the Railways.

The "Suri Transmission," designed by an officer of the Research, Design & Standards Organization, constitutes a significant achievement in the field of Diesel traction.

During this period, the Railways switched over to the decimal coinage, and subsequently

also the Metric system of weights and measures. The White Paper describes other reforms in regard to presentation of financial results, fuel economy, and reduction in the incidence of claims for goods lost or damaged.

USERS' AMENITIES

The White Paper brings out the fact that the provision of Railway Users' amenities is being done on a programmed basis, in consultation with Users' Amenities Committees working to a definite allocation of about Rs. 3 crores every year. Within the limitations of resources, the Railways have provided more than 15 per cent of additional passenger services in the Second Plan period, as evident from the 19 per cent increase in vehicle miles and 15 per cent increase in seat miles.

The White Paper refers to various measures to reduce overcrowding and to provide increased train services or extension of train services, and also the provision of amenities such as improved waiting halls, lighting at stations, improved reservation arrangements, provision of sleeping accommodation, particularly for long-distance third class passengers.

A special mention has been made of the valuable services rendered by the non-official Consultative Committees at various levels, including the informal Zonal Parliamentary Committees which have been functioning during the last two or three years.

The White Paper also makes mention of the Railway's efforts in the matter of tackling the problem of safety of travel with imagination and with the utmost care possible. The Railways' endeavours in grappling with the evils of ticketless travelling and alarm chain pulling are also referred to.

RAIL-ROAD CO-ORDINATION

The White Paper mentions an investment of Rs. 5.35 crores in Road Transport Corporations of different States. While recognising that there is scope in India at present for the development of all modes of transport, it refers to the inevitable diversion of certain

amount of traffic from the Railway to Road under the present pressure on rail transport—a fact taken note of in the interim report of the Committee on Transport Policy & Co-ordination set up by the Government under the Chairmanship of Shri K. C. Neogy.

The White Paper alludes to various measures which the Railways have taken in hand, with a view to providing those services which they are best suited to provide and also preserve their financial solvency.

STAFF-LABOUR WELFARE

The White Paper says that even though there has been an inevitable increase in the wages of

staff, the strength of staff has been regulated strictly according to requirements. At the same time, there has been steady progress in the measures of staff welfare, improved medical arrangements, housing and educational facilities for the children of Railway employees. The provision, under Revenue Working Expenses, for Labour Welfare, in 1962-63, is Rs. 11.82 crores. In addition, a sum of Rs. 12.48 crores is provided for expenditure on staff quarters and other amenity works for staff, which are not charged to Revenue Working Expenses.

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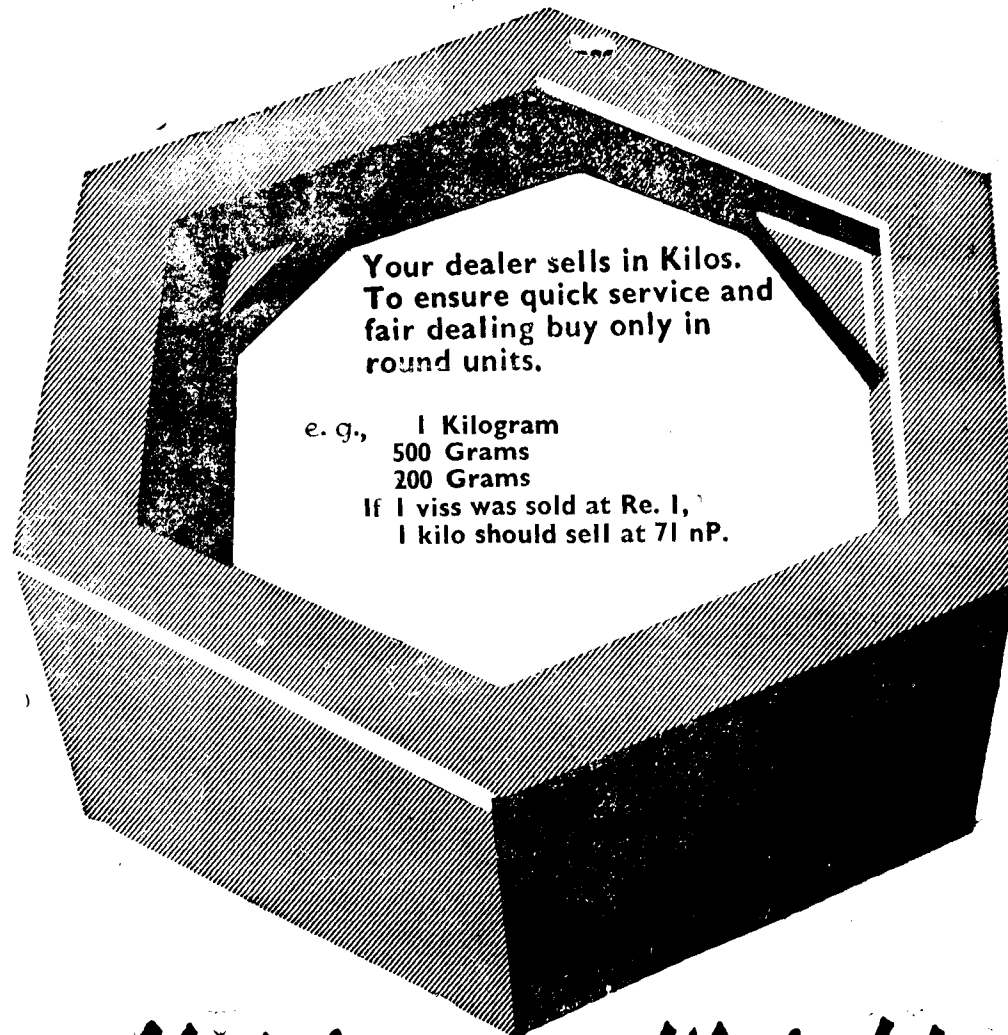
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