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CHAPTER V

REMITTANCE TRANSACTIONS OUTSIDE INDIA

501. **Transactions with United Kingdom**-The railway transactions in the United Kingdom requiring to be adjusted in India will be advised to the Railway Board by the chief Accounting Officer to the High commissioner in London, both in respect of.-

- (a) Payment made in England on behalf of Indian Railways, viz.-
 - (i) Payments on accounts of establishment and services chargeable to the Railway Ministry, leave-salary and allowances, made by the High Commissioner, which are to be borne by the Ministry of Railways; and
 - (ii) Payment for stores and miscellaneous services.
- (b) Other transactions such as.-
 - (i) Provident Fund recoveries;
 - (ii) Recoveries of advances;
 - (iii) Inspection charges on stores; and
 - (iv) Miscellaneous items.

The advice in respect of (a) is received through the monthly Statements of Issues and of Payments and that in respect of (b) through monthly Schedules of miscellaneous Remittance Transactions.

502. **Adjustment in Railway Accounts**.-the net amount of the transactions in the united Kingdom equiring to be adjusted in India will be advise by the Accounting Authorities in the united Kingdom to the Accountant General, Maharashtra, who will intimate the rupee equivalent therefor at the average rate of exchange to the Central Office of the Reserve Bank at Nagpur for adjustment against the 'Railway Fund'. A copy of the intimation to the Bank will be sent by the Accountant General, Maharashtra to the Railway Board.

503. On receipt of the Statements of Issues and of Payments and the Schedules of Miscellaneous Remittance Transactions from the high Commissioner, the Railway Board will verify the total amount in rupees and sterling with the intimation received from the Accountant General, Maharashtra, and will send relevant portions of the Statements and extracts from the Schedules to the Financial Adviser and Chief Accounts Officers of the Railways concerned with a Transfer Certificate or an Acceptance of Transfer , as the case may be. The adjustment of the debits and credits thus advised will be made by the Railways through the head "Transfer Railways" with the Railway Board.

504. In the Railway Board's Office the amount of each advice received from the Accountant General, Maharashtra will also be verified with the memo of clearance [\(A.420\)](#) received from the Reserve Bank in that connection (see paragraph 420). The rupee amount as shown in the memo received from the reserve Bank will be adjusted under the head "Reserve bank-Suspense" by per contra debit or credit under "Deposits with Reserve Bank". The former head will be cleared when the Transfer Certificates issued by the Railway Board are accepted by the Railways.

505. Rate of conversion for adjustment.-The Financial Adviser and Chief Accounts Officer will, after verifying the correctness of the sterling amount, convert the same at the average rate of exchange and adjust the rupee equivalent of the total sterling transactions for a month under "Transfer Railways". The corresponding debit or credit against the final or other account heads will be adjusted at the prescribed rate of exchange, i. e. at the average rate in the case of transactions adjusted at the prescribed rate of exchange in the case of other transactions like recoveries of State Railway Provident fund, Loans and Advances, etc. the difference on account of the conversion of the sterling figure at the average rate and the statutory rate of exchange in respect of the transactions taken under other final heads should be adjusted under revenue heads in the case of open line offices other than Statutory Audit Offices, and under "345-Policy formulation, Direction, Research and other Miscellaneous Organisations" in all other cases.

506. It will not be necessary to make any separate adjustment on account of the transactions with United Kingdom debit against the final heads in respect of difference in the rate of exchange. The sterling amount converted into rupee at the average rate should be taken under those heads. The amount of exchange difference on these transactions, i. e. the difference between the conversion at the average rate and the statutory rate should only be exhibited proforma in a footnote in the schedules of expenditure accompanying the monthly accounts.

507. Stores procured from other European countries for Indian Railways.-In the case of stores supplied for the Indian Railways, the high Commissioner forwards statement of payments and shipping documents to the Financial Adviser and Chief Accounts officer of the railway concerned and it is the duty of the latter officer to see that the invoices of all stores shipped for the railway have been received and distributed and to satisfy himself that all stores for which payments have been made have actually been received and brought on to the accounts of the railway. The detailed rules to be followed in this connection are set out in the Indian Railway Code for the Stores Department.

508. Direct Purchase of Stores in the United kingdom.-Payments for stores obtained by direct orders on private firms and individuals in the united kingdom are made by means of Bank Drafts purchased by the Accounts Officer in India in favour of the suppliers in the united kingdom. These payments are brought to account directly in books in India. In the case of stores obtained direct from firms abroad on f. o. b. basis subject to inspection by the Director general of Supplies, London, the payment may, if the purchasing officers have so desired, be made directly by the high Commissioner on receipt of supplier's bills duly verified by the inspecting authority, viz. The Director General of Supplies, London. Such payments are passed on with the supplier's bills to the Accounts Officers (in India) concerned for adjustments duly certified by the Director General and will be adjusted in accordance with the rule in paragraph 505.

509. Direct Purchase of Stores in the United States of America.-Payments for articles obtained by direct order on private firms and individuals in America are to be made by means of Bank Drafts purchased by Accounts Officer in India in favour of the Director General, Indian Supply mission, Washington. These payments are brought to account directly in books in India. In the case of stores obtained direct from firms abroad on f. o. b. basis subject to inspection by director General of the Indian Supply mission Washington, the payment may, if the Purchasing officers have so desired, be made directly by the Indian Supply mission on receipt of supplier's bill duly verified and certified by the director General, Such payments are passed on with the supplier's bills to the Accounts Officers (in India) concerned for adjustment, duly certified by the Director General and will be adjusted in accordance with the rule in [paragraph 505](#)

510. Miscellaneous instructions relating to Transactions with United kingdom.-

Except under special orders, no debits should be raised by the Railways against the Railway Board on account of transactions with United kingdom until receipt of intimation that credits have been afforded by the high Commissioner for India. No item of receipt or payment is to be intimated to the Railway Board when the credit or debit to the general revenues of India will remain unaltered; thus an amount outstanding against an officer proceeding out of India, which is noted on his leave-salary certificates, is not to be advised to the Railway Board as it recovered by short payment of his leave-salary. Such an amount should remain finally charged off to establishment or other head of service concerned.

511. Any sum which is recoverable in cash by the High Commissioner should also remain charged to establishment but should be held in the Objection book ([A.866](#)) until advice of recovery by the High Commissioner is received from the Railway Board. On receipt of such intimation the amount recovered in sterling should be converted into Indian rupees and adjusted in accordance with paragraph 505.

TRANSACTIONS WITH BURMA

512. Settlement of Transactions between the Indian Railways and the Burma Government/Burma Railways.- The settlement of all transactions originating from the Indian Railways and adjustable with the Burma Government or the Burma Railways will be made by the Railway Board with Accountant General, Burma through the Reserve bank of India, in accordance with the procedure outlined in [paragraph 417](#). Similarly, the transactions originating from the Burma Government and adjustment with the Indian Railways will be settled by the Accountant General, Burma, or the Controller of Railway Accounts,. Burma, with the Railway Board through the Reserve Bank of India.

513. Transactions originating in India.-All vouchers relating to the original transactions (debits and credits) of a railway requiring adjustment with the Burma Government or Burma railway should be classified separately as adjustable with the Accountant General, Burma, and in separate schedules. One copy of the schedule with the relevant original vouchers and bills should be forwarded at the end of each month to the Accountant General, Burma. The schedules should indicate clearly the accounts of the particular month in which the transactions included therein are to be adjusted.

514. Simultaneously with the issue of the schedules to the Accountant General, Burma and controller of Railway Accounts, Burma a transfer certificate for the net debit or credit of the schedules should be prepared and sent to the Railway Board, duly supported by a copy of the schedules. The Railway Board will, on receipt of the transfer certificates from the Railways prepare a consolidated statement of debits and issue the necessary Advice of Clearance ([A. 418](#)) to the Reserve Bank.

515. Transactions originating in Burma.-In regard to transactions originating from the Burma Government or the Burma Railways and adjustable with the Indian Railways, the advice of debits and credits will be received by the Railway Board, who will adjust the same with the Railways concerned.

516. Correspondence.-With a view to avoiding delay in the settlement of these transactions all correspondence relating to discrepancies in the vouchers and bills should be carried on direct with the Accounting Officers in Burma (viz. The Accountant General, Burma, and the Controller of Railway Accounts, Burma).

TRANSACTIONS THROUGH SUPPLY MISSION

517. Adjustment of Debits on Account of Cost of Rolling Stock etc., purchased through India Supply Missions .-The debits as also the connected documents and invoices etc. of stores purchased through Indian supply missions are received by the Accounting Officer to the Supply Ministry, New Delhi, who passes on the documents and debits direct to the railway concerned. The debits relating to the railway Board's Bulk Order Programme, will, however, be adjusted by the Accounting Officer to the Supply Ministry, New Delhi, with the Railway Board, which is to accept the debit on behalf of all Railways. The Railway Board will, in turn, pass on the debit etc, to the Railways to which it pertains according to the approved allotment of stock.

TRANSACTIONS WITH PAKISTAN

518. Transactions with Pakistan.-As per procedure agreed upon between the Comptroller and Auditor General of Pakistan, financial settlement of transactions occurring in India on behalf of Pakistan and vice versa is to be made monthly in cash by means of Bank Draft issued for the net amount due to the creditor country. Railway Board (India) acts as central agency for settlement of transactions of all departments of the Government of India including Railways adjustable with the N. W. (Pakistan) Railways and also for Indian Railway transactions with Pakistan Provincial civil Accountants General. The transactions adjustable with the Central Government Departments, Pakistan are directly adjusted by the Indian Railways with the central agency in India. e. g., Accountant General, Central Revenues, Accountant General, Posts and Telegraphs, Controller of Defence Accounts, Pune.

519. The Indian Railways are required to send a monthly schedule of transactions adjustable with the Pakistan Railways so as to reach Railway Board (Partition Coordination) on the 5th of the second following month to which the transactions pertain. A schedule for the Pakistan Railways is compiled in the Railway Board's Office incorporating the transactions of all the Indian Railways. A monthly schedule of such transactions is exchanged on the 5th of each month between Railway Board (India) and N. W. Railway (Pakistan) embodying through traffic (including hire and penalty charges on rolling stock interchanged) and other miscellaneous transaction for which inter-Government adjustment is authorized by the Government of India. The settlement of such accounts is required to be made after necessary checks within one month of receipt of the schedule, subsequent adjustment being permissible within two calendar months thereafter in so far as transactions other than through traffic are concerned. For through traffic transactions, the time limit as laid down in the fundamental and subsidiary rules for interchange of traffic and stock between India and Pakistan in force from 1st January, 1951, would apply, (prior to 1st January, 1951, the time limit as laid down in conference Rules was applicable).

520. The transactions are booked in the Indian Railways' account under the suspense head "L-Suspense and Miscellaneous-Accounts with Government of other countries-Pakistan (Railways)" and are cleared as and when the relevant financial settlement has been effected with Pakistan Government by Railway Board (India), who will advise the amount due to from each Indian Railway through a transfer certificate. A proforma account of these transactions is maintained by Railway Board (India).

PAYMENTS BY DIPLOMATIC TRADE MISSIONS

521. Procedure for Payments by Diplomatic missions abroad on behalf of the Railways.- An application with full particulars should be made by the Railway Administration

to the Railway Board for obtaining necessary permission of the Ministry of Finance (Department of Economic Affairs) from foreign exchange angle to make payment in the country concerned. On receipt of necessary permission, the request for payment in the country abroad should be made through the Financial Adviser and Chief Accounts officer to the Accountant General, Central Revenues.

The Accountant General, Central Revenues, on receipt of request will issue necessary authorization to the Indian Mission abroad under intimation to the Financial Adviser and Chief Accounts Officer concerned and the Finance Ministry.

In the case of payments to be made in London through the high Commissioner for India, London, an authorization from the Accountant General, Central Revenues, is not necessary, the Financial adviser and Chief Accounts Officer may send a request direct to the Mission.

INDO-BANGLADESH TRANSACTIONS

522. Procedure for settlement of Indo-Bangladesh Inter-Railway transactions .-

The settlement of all Indo-Bangladesh inter-Railway transactions will be effected through the Railway Board (India) and in co-ordination with Railway Division of Ministry of Communications, Government of People's Republic of Bangladesh. The transactions that are likely to arise between India and Bangladesh are as under:-

- (i) Hire and penalty charges on account of coaching and goods stock interchanged,
- (ii) Compensation claims for goods lost or damaged within Bangladesh.
- (iii) Repair charges as a result of mechanical interchange of rolling stock.
- (iv) Cost of repair of Bangladesh Railway's Rolling stock in Indian Railways workshops
- (v) Cost of running staff working on trains in Bangladesh.
- (vi) Marine staff loaned to run the river crafts transferred to Bangladesh.
- (vii) Other staff placed on deputation with Bangladesh Railway.
- (viii) POH of rolling stock of Bangladesh Railway.
- (ix) Hire charges of coaches given by Indian Railways to Bangladesh Railway.
- (x) Cost of coal or diesel oil, supplied to engines of other country.
- (xi) Charges for performing shunting by engines of using Railway at any station over the running power section.
- (xii) Cost of railway publications sent by Indian Railways to Bangladesh Railway and vice versa.
- (xiii) Other miscellaneous transactions not specially covered by item (i) to (xii).

The above transaction should be advised by the Indian Railways monthly to the Railway Board In form A.522 (ii) by debit or credit, as the case may be, to a new major head of account 879 Accounts with Governments of other countries-Bangladesh (Railway) under L-Suspense and miscellaneous'. These advices should be sent by the 6th of each month accompanied by schedules in form A.522 (i) exhibiting clearly the particulars relating to receipt and expenditure; in the case of expenditure the schedules should be supported by vouchers or accepted bills. No debit/credit should be included in the Indo-Bangladesh monetary accounts unless these Debit/credit are supported by relevant vouchers an complete particulars of he transaction are furnished. No debit/credit requiring acceptance of

the Executive Department of the Debtor/creditor should be included in the Indo- Bangladesh monetary accounts without obtaining such acceptance.

The clearance of this head of account viz. Accounts with Government of Bangladesh will be carried out in the manner indicated in para 524 below.

[Form A. 522 \(i\)](#)
[Form A. 522 \(ii\)](#)

523. On receipt of advices and schedules etc. from various Indian Railways, the Railway Board will consolidate these advices. The amount arrived at in respect of all these transactions will be advised to the Secretary, Railway Division, Ministry of Communications, Government of Bangladesh by the 15th of each month, along with a copy each of the consolidated schedules prepared in the office of the Railway Board, India and schedules received from the Railways, supported by vouchers or accepted bills, where necessary. 524. A monthly advice, duly supported by schedules and vouchers will also be received by the Secretary, Railway Board (India) from the Secretary, Railway Division, Ministry of Communication, Government of Bangladesh in respect of transactions pertaining to receipt and payment adjustable in the books of the Indian Railways but originating on Bangladesh Railway. On receipt of such an advice the net amount (debit or credit) in respect of the advices issued to the Bangladesh Railway and that received from them will be worked out. In case any amount is due to the Indian Railways the Secretary, Railway Board will take action to obtain a Bank draft in convertible currency for such amount from the secretary, Railway Division, Ministry of Communications, Government of Bangladesh. Further adjustment with the Railways in clearance of the entries in deposit head 'Account with Government of Bangladesh'. will be made by the Secretary, Railway Board, India. In case Bangladesh Railway is a creditor. A Bank draft for the amount due to the Secretary, Railway Division, Ministry of Communications, Government of Bangladesh in convertible currency will be issued by the Secretary, Railway Board, India.

525. The advices received by either side will be settled (through payment) within one month of their receipt. Subsequent re-adjustment where necessary, in respect of these advices will be permissible within a period of four months from the dates of their receipt. Advices, in respect of which no re-adjustments are carried out within the above mentioned period of four month will be deemed to have been accepted finally.

Note: the procedure prescribed above will have effect from the 1st January, 1973.

<p style="text-align: center;">ACCOUNTING ARRANGEMENTS UNDER INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) CREDIT</p>
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526. Accounting arrangements for payments made to foreign suppliers against supplies under the credits extended by the international Development Association (IDA), and affiliate of the worlds bank are guided by one of the three procedures prescribed by the IDA in this connection, viz., procedures I. III & VI.

(a) Payment Procedure.-Under procedure I expenditure will first be incurred from free foreign exchange resources, either through a letter of credit opened for the purpose or by direct payment through normal banking channels i. e. through authorised dealers in

foreign exchange. These payments will subsequently be claimed for reimbursement from the IDA.

Under procedure III, payments will be made by the IDA directly to the foreign suppliers on a request made by the authorised representative nominated for the purpose.

Under procedure VI, letters of credit will be established with commercial banks, with IDA's qualified agreement to reimburse payments made under such letters of credit.

(b) Accounting arrangements.-Since under Procedure I, Payment would have been made from the Railways Projects own funds no separate accounting arrangements are indicated, as these arrangements will be the same as for the expenditure incurred in the normal course. The debits for the payments that may be made by the Chief Accounting officer, India Supply Mission, London, and the Chief Accounts Officer, India Supply Mission, Washington, under procedure I, will be passed on, as in the case of any other payments made by them for supply of Railway Stores.

Under procedures III and VI, the rupee equivalent of the direct payment made to the suppliers by IDA is worked out at the composite rate of exchange as advised by the Ministry of Finance (Department of Economic Affairs) from time to time, and credit is afforded to Accountant General, Central Revenue by debit to a suspense head "Loans from international Development Association" opened in the Railway Board's books under the Major Head 959 Suspense Accounts- Suspense Account (Railways) under L-Suspense and Miscellaneous. The latter head of account will be cleared by adjustment of debits against the appropriate Railway heads of account in the books of the Railway Board or of the Railways as the case may be.
