

CHAPTER-V

BUDGETARY AND EXPENDITURE CONTROL FINANCIAL /MANAGEMENT REPORTING

Budget, an instrument of Parliamentary financial control and expenditure control	501
Gross Earnings	502 - 503
Revenue and works Expenditure	504 -, 505
Revenue Expenditure	506 - 507
Proportionate Budget Allotment	508 - 510
Monthly Statement of Approximate Receipts and Expenditure	511
Revenue Allocation Registers	512
Monthly Financial Reviews	513 - 516
Reappropriations	517 - 518
Expenditure on Acquisition, Construction and Replacement of Railway Assets	519
Watch over Progress of Expenditure	520 - 523
Review of expenditure	524 - 526
Review of expenditure	525
Review of expenditure	526
Review of Works Expenditure	527 - 533
Control of Expenditure against the Capital Suspense Grants	534 - 535
Monthly Review of Suspense Grant	536 - 538
Financial Adviser and Chief Accounts Officer's Review of monthly Receipts and Expenditure	<u>539</u>
Exchequer Control	<u>540</u>
Importance and limitations of Exchequer Control	541 - 544
Implementation of Exchequer Control	545
Assessment of Cash Outgo-General Guidelines	546
Staff	547
Fuel	548
Works and Stores	549-550
Civil Grants	551
Railway Board Contracts	552 - 553
Assessment of Quarterly Cash Outgo	554
Control of cash disbursements	555
Monthly Quarterly Report to Railway Board	556
Calendar of returns	557 - 558
Watch over Expenditure and Earnings of the Last quarter of the year	559
Annual Review of Expenditure	560

Annual Reports of Railways, Object and Scope	561 - 562
Responsibility for preparation	563
Section –I Report Proper	564
Section II-Financial Statements	565
Section III -Analysis of Working	566
Section IV-Appendices	567

ANNEXURE	
Powers of Chairman Railway Rates Tribunal	Annexure-I
Powers of General Managers, of Indian Railways	Annexure –II
Assessment of cash requirement	Annexure –III
Cash Budget for the year	Annexure-IV
Cash Outgo Quarterly Variation Statement	Annexure-V

CHAPTER- V

BUDGETARY & EXPENDITURE CONTROL FINANCIAL /MANAGEMENT REPORTING

501 As stated in [para. 304](#), the annual Railway Budget is an instrument of both Parliamentary financial control and expenditure control. The manner in which budgetary and expenditure control is exercised is stated in the following paragraphs.

502 Gross Earnings - It is important that a continuous and concurrent watch is kept on the realisation of earnings as envisaged in the Budget. This is done through the medium of a ten-day statement of earnings on "originating" basis, the statement for the last period of the month giving also the position for the month and the cumulative position from 1st April to end of the month. These statements should give also the proportionate budgetted earning on originating basis and the actuals for and to end of the relevant period of the preceding year for comparison. The originating basis is adopted to secure prompt reporting since the Railway wise apportioned earnings for each month do not become available until a few weeks later.

503 A monthly statement of 'approximate' gross earnings on the basis of estimated apportionment between various Zonal Railways is also sent by the Railways to the Railway Board by the middle of the following month in Form **344-AI**. This statement should be compared with the proportionate budget for and to end of the month to see the extent of variations, if any, between the budget and actuals, ascertain the causes thereof and take such steps as are necessary.

504 Revenue and Works Expenditure.-As all Railways expenditure, other than that "charged" on the Consolidated Fund of India, is voted in the form of the Demands for Grants ([para 305](#)), the budgetary control is intended to ensure that expenditure is incurred for the purposes and within the limits, as voted by Parliament. The authorities responsible for the control of expenditure against each Grant are detailed in [Annexure I](#) to Chapter III. While it is the duty of the Railway Board, as the controlling authority in respect of the total amount of each Grant voted by the Parliament and Appropriation sanctioned by the President, to watch the progress of expenditure and to keep the aggregate charges within the amount of the Grant or Appropriation placed at their disposal, it is the responsibility of the individual railway administrations to exercise a similar control over the allotments placed at their disposal. When several officers are authorized to incur expenditure relating to a sub-head, against a lump sum allotment placed at the disposal of a single higher authority, it devolves upon this authority, to watch the progress of expenditure in all the concerned offices and to keep the aggregate charges within the allotment fixed under that sub-head.

505. Power to incur expenditure on Railway matters have been delegated by the Ministry of Railways (Railway Board) to authorities subordinate to them ([vide Annexure I & II @](#)) The exercise of authority for incurrence of expenditure carries with it also the responsibility for control of expenditure within the authorized limits. Further, these powers are subject* to provisions contained in the various Codes, rules and regulations and also observance of the standards of financial propriety ([Para 116](#)).

@Corresponding to appendices V to VII of G - II (Appendix V since deleted)
*Preamble to the delegation of powers to general Managers - Annexure II.

506 Revenue Expenditure-The revised and budget estimates. of ordinary working expenses submitted by the General Manager to the Railway Board are based on detailed-estimates of revenue expenditure obtained by him from the various heads of departments of the railway. On receipt of the allotment from the Railway Board, these detailed estimates may require modification consistent with the allotment sanctioned by the Railway Board or as may be deemed necessary by the General Manager.

507 Within the amounts of the allotments fixed by General Manager under [paragraphs 365](#) and [506](#) for the various spending authorities in charge of divisions and departments, such authorities have full power to sanction expenditure on revenue account during the year, subject to the condition that the specific sanction of the competent authority must be obtained separately to all items of expenditure on establishment and experimental or special temporary works where under rules or orders such sanction is necessary; in a case in which the General Manager has prescribed that detailed estimates should be prepared and administrative approval and technical sanction obtained before the incurrence of expenditure, the procedure laid down by the General Manager must be followed.

508 Proportionate Budget allotment:- For the purpose of carrying out a meaningful comparison of the actual working expenses for (and to end of) the month with the budget allotment, it is necessary to distribute the sanctioned allotment for the year over the twelve months after taking all known factors of disturbance or special features into account. While the responsibility for the control of expenditure against the budget allotment devolves upon the authority at whose disposal the allotment has been placed, It is the duty of the Accounts Officer, in his capacity as the financial adviser to the Administration, to render all possible assistance to the controlling authorities in the exercise of such control. Accordingly, he works out, at the beginning of each financial year, in consultation with the officers responsible for the control of expenditure, the estimated progressive expenditure under each sub head of a grant keeping in view the following factors:

- (i) Throw forward from the previous year.
- (ii) All expenditure whether in cash or by transfer, the liability for which already exists, but which is not likely to be distributed evenly during the year, whether because it is of a periodical nature, or because it is contingent on the receipt of supplies, or for any other reason.
- (iii) Expenditure which is practically fixed and evenly distributed throughout the year.
- (iv) Other expenditure which is likely to be incurred during the year but liabilities for which have yet to be incurred.
- (v) The need to keep some amount as a reserve for meeting fresh or unanticipated expenditure.

509 In respect of sub-heads for which such detailed analysis is not practicable or necessary, may be, inter alia, because the expenditure does not fluctuate from month to month, e.g. establishment charges, past actuals as worked out for a number of years may form the basis for this estimate.

510 From the details thus worked out, the "Proportionate Budget Allotment" for each month is worked out for each sub-head of the Grant, and the progress of expenditure under each sub-head is then watched from month to month through Monthly Financial Reviews ([see paras 511 & 513](#)) in order to see that the expenditure is according to anticipations and not at a pace which is likely to lead to an excess at the end of the year.

511 Monthly Statement of Approximate Receipts and Expenditure -- A statement of approximate receipts and expenditure under such heads as may be prescribed should be sent to the Railway Board so as to reach them not later than the 15th of the month following that to which the figures relate except for the months of July, October and January in which case the statement may be sent not later than 20th of the following month to which the figures relate. The merit of this statement lies in supply of information promptly to the Railway Board for the purpose of watching the expenditure against the proportionate budget allotment. The monthly statements will, on receipt from the various railways, be consolidated in the Railway Board's office an one single statement for all the railways. A copy of the consolidated statement should also be furnished to the Ministry of Finance of the Government of India and the Accountant General, Central Revenues, in the first week of the second month following that to which it pertains.

512 Revenue Allocation Registers -- All revenue expenditure is to be recorded in Registers, which are known as Revenue Allocation Registers, by the various heads of accounts prescribed in the classification given in Appendix I (Volume II). The object of these registers is to keep the heads of divisions, and departments informed of the progress of expenditure against the allotments placed at their disposal by the General Manager, which should be entered in red ink in the appropriate columns provided for in these registers, so as to form a ready means of comparison and check with the outlay.

513 Monthly Financial Reviews --The monthly reviews show the expenditure to the end of the previous month, against the allotment placed at the disposal of the controlling authorities under each sub-head of the grant for which they are responsible. The review should be prepared in Form No. 513 and submitted to the controlling authorities every month, by such date as may be fixed in consultation with them.

Form No. F. 513

sub-heads of grant and heads of account.	Budget allotment for 1974-75	Proportionate budget allotment to end of June, 1974	Actual expenditure to end of June, 1974	Actual expenditure to end of June, 1973	Expenditure upto June-1974 more (+) or less (-)	
					as compared with column-3	as compared with column-5
1	2	3	4	5	6	7

Note-the periods have been shown in the proforma for the purpose of Illustration only.

514 The "Proportionate Budget Allotment" to the end of the month (column 3) is worked out by the Accounts Officer in accordance with the Instructions contained in [paragraph 508](#) above. The figures of actual expenditure for and to end of the month (column 4), and for the

corresponding period of the last year (col.5) will be available from the Allocation Registers and the compiled accounts. The Accounts Officer should complete the other columns of the review provided above and submit it to the controlling authority, along With the comments of the executive officers responsible for the expenditure and with such remarks of his own as may be necessary.

515 In compiling this review, the Accounts Officer should see whether-

- (a) the non-fluctuating expenditure is in accordance with the monthly appropriation as worked out on the basis of actuals in past years,
- (b) the periodical expenditure is in accordance with the proportionate budget allotment,
- (c) the correlation assumed between receipts and expenditure, in the preparation of the budget is maintained. For the purposes of this comparison, items pertaining to the period, but remaining unadjusted for any reason, should not be lost sight of.

516 The Monthly Financial Reviews, should be prepared by the Divisional/Workshop / Construction Accounts officers concerned for each Division/Workshop/Construction Unit and the Financial Adviser and Chief Accounts Officer should arrange for the consolidation of these reviews into the Monthly Financial Review for the railway, the details of procedure and the due dates being prescribed in consultation with the railway administration.

517 Re-appropriations --No liability, for which a provision does not exist or the provision for which is inadequate in the allotment sanctioned by the General Manager, should be incurred unless the necessary funds can be obtained either by reappropriation or fresh allotment.

Such liabilities may, however, be liquidated provisionally, if otherwise in order, on the spending authority undertaking to find the requisite funds. All such expenditure should, however, be held by the Account Officer under objection "for want of appropriation " or as" excess over appropriation."

518 The Accounts Officer should advise the spending authorities about reappropriations wherever needed, and how they are to be made. He should ensure that reappropriations are carried out promptly and that whenever a saving under some head is reasonably certain, steps are taken at once to withdraw funds from the sub-head, and whenever it is clear that the progress of expenditure under some head is such as to require an additional appropriation, steps are taken to arrange for it by reappropriation or otherwise.

EXPENDITURE ON ACQUISITION, CONSTRUCTION AND REPLACEMENT OF RAILWAY ASSETS

519 Separate allotments are placed at the disposal of railway administrations under each Grant for expenditure on works chargeable to Capital, Depreciation Reserve Fund, Development Fund, Accident Compensation, Safety and Passenger Amenities fund or Open Line Works Revenue. These allotments are made in lump sums and their distribution over the various sub-heads and over the works for which they are intended are spelt out in the 'Works, Machinery

and Rolling Stock Programmes' which are furnished to the railways along with the Budget orders sanctioning the allotments. These "Programmes" also show, in the case of work costing over Rs 50,000 each, the total estimated cost of each work, and the Railway administrations are required to exercise a control over expenditure, not only against the allotment sanctioned for the year for each work, but also against its total estimated cost as shown in the 'programmes'. In regard to works costing not more than Rs. 50,000 each, a lump sum is allotted to each railway administration in the programmes; before any expenditure is incurred against the lump sum allotment, the estimates of such works should be sanctioned by the General Manager or any lower authority empowered by him in this behalf. Thus the control of expenditure on railway is exercised through--

- (1) the-preparation, in advance, of estimates of the expenditure to be incurred;
- (2) the allotment of funds through budget Grants for the year, on the basis of these estimates ; and
- (3) the continuous and concurrent review of the expenditure as incurred against the details of the estimates and against the sanctioned grants, so that revisions of estimates or re-appropriation of funds are arranged for at the earliest possible point of time.

The procedure to be followed in controlling expenditure against estimates is detailed in Chapter XIV and XII of the Indian Railway Code for the Engineering and Mechanical Departments, respectively.

520 Watch over Progress of Expenditure --From the moment expenditure or liability is incurred on works, a check at regular and frequent intervals should be made on its progress, both against estimates and against funds. The check should originate in the lowest executive unit, viz., a division.

Note.-Estimates are prepared for New Minor Works costing over Rs. 5,000 each which are chargeable to "Open Line Works--Revenue". The provisions in [paragraph 521](#) et seq apply equally to such works.

521 The Works Registers (Form No. E. 1474) maintained in each division enable a running comparison to be made between-

- (a) the expenditure incurred on each work and the detailed provision made in the estimate for the work, and
- (b) the budget allotment for the work and the actual expenditure to the end of the month.

The executive officer should examine the works registers monthly or at more frequent intervals, and watch the progress of expenditure on each work, so that any tendency towards excess over sanctioned estimates may be investigated and curbed, or fresh administrative and technical sanctions obtained in time to cover the anticipated excess.

522 The Accounts Officer should also watch the progress of expenditure on works on the lines laid down in [paragraphs 523 to 533](#) and advise the executive officers as to the need of re-appropriations, whenever such necessity arises (vide [paragraph 518](#)).

523 In watching the progress of expenditure on works, the Accounts Officer should see whether-

- (a) the expenditure upto any date is not in excess of the estimate for the quantum of work done;
- (b) the anticipated credits have actually been realized
- (c) all adjustments are made in time and
- (d) expenditure on any new work is not met by merely postponing or retarding the progress of sanctioned work.

524 Review of Expenditure --The Accounts Officer should prepare every month two reviews, one by sub-heads/Plan Heads of the Grant and the other by individual works, and present them to the authorities concerned by such dates as may be fixed in consultation with them.

525 The review of expenditure chargeable to Capital, Depreciation Reserve Fund, Development Fund, Accident Compensation, Safety & Passenger Amenities Fund and Open Line Works-Revenue, by sub-heads/Plan Heads of the Grant, should be prepared monthly by the Accounts Officer in Form No. F. 525.

Form No. F. 525

**Review showing, Progress of Expenditure chargeable to Capital, Depreciation Reserve Fund, Development Fund, Accident Compensation, Safety and Passenger Amenities Fund and Open Line Works-Revenue to end of-----
-----**

Department -----

Office-----

(Figures in thousands of rupees)

Sub-Head/ Plan Head Grant No. 16	Budget Allotment for the year	Total Estimates Sanctioned during the Year	Approximate Expenditure to end of June, 1979					
			Capital	D.R.F	D.F.	O.L.W. (R)	ACS & PA Fund	Total
1	2	3	4	5	6	7	8	9

Percentage of Expenditure to allotment (Col.9/ Col. 2 X 100)	Percentage of Expenditure to allotment of the corresponding period of last year	Reasons for variations between Cols. 10 & 11 and brief remarks as to rate of progress of expenditure
10	11	12

Date. -----

Signature -----

Designation -----

The quarterly reviews for period ending June, September and December may be sent to the Board by 25th of the second following month to which the figures relate. The review for the period ending March, will be sent to the Board by 6th August, each year.

Reasons for variations and brief remarks as to the rate of progress of expenditure to be indicated in column 12 of the Form, should be meaningful and should be recorded in consultation with the spending authorities.

526 The review of expenditure by works should be prepared in Form No. F. 526

Form No. F.-526

Description of the work and sub-head / plan head.	Amount sanctioned estimate	of Expenditure to end of previous year	Balance of estimate.	Budget allotment for the Year
1	2	3	4	5

Expenditure during the current year.			Commitments neither paid for nor included in the approximates for the month	Total expenditure and commitments to end of the month [Col. 6(iii) + 7]
Actuals to end of previous month	Approximate for the month	Total expenditure to end of the month		
6 (i)	6 (ii)	6 (iii)	7	8

Probable further outlay to complete.	Deduct estimated throw forward to next year.	Total expenditure and commitments to be paid for in the year (cols. 8+9-10)	Balance of allotment available(5-11)	Remarks.
9	10	11	12	13

Date. -----

Signature -----

Designation -----

527 The above review of expenditure on individual works chargeable to Capital or Capital and Depreciation Reserve Fund, or Development Fund, or Accident Compensation,

Safety and Passenger Amenities Fund, or Open Line Works-Revenue, information should be classified under each sub-head/Plan head of the grant, viz.-

11. New Lines (Construction).
12. Purchase of new lines.
13. Restoration of dismantled lines.
14. Gauge conversion.
15. Doubling.
16. Traffic facilities-Yard remodelling and others.
21. Rolling stock.
31. Track renewals.
32. Bridge work.
33. Signalling & Tele-communication works.
34. Taking over of line wires from P & T.
35. Electrification Projects.
36. Other electrical works.
41. Machinery & Plant.
42. Workshops-including Production Units.
51. Staff quarters.
52. Amenities for staff.
53. (i) Passenger Amenities.
(ii) Other Railway Users' amenities.
61. Investment in Government Commercial undertakings-Road services.
62. Investment in Government Commercial undertakings-Public undertakings.
64. Other specified works.
71. Stores suspense.
72. Manufacturing suspense.
73. Misc. Advances.
81. Metropolitan Transport Projects.

528 The review of expenditure on new lines (construction) should show the information in regard to each construction shown in the "Works, Machinery and Rolling Stock Programme" for the current year or for which, though not so shown, there is a 'throwforward'.

529 In the case of works, other than track renewals and rolling stock, the review should be made in respect of-

- (i) each individual work estimated to cost over rupees one lakh shown in the Works, Machinery and Rolling Stock Programme for the current year, or for which though not so shown, there is a 'throwforward'.
- (ii) all works costing not more than rupees one lakh each, whether in progress or new, not as individual works but as one item for the total of such works, including the 'throwforwards'. If the General Manager so directs, the review should show in detail each item of work for which an estimate has been sanctioned.

530 In regard to track renewals, the review should show each item of work for which a separate estimate has been sanctioned by the competent authority.

531 As regards Rolling Stock, each individual item shown in the Works, Machinery and Rolling Stock Programme for the current year or which, though not so shown, there is a 'throwforward' from the previous year, should be included in the review under the following detailed heads.-

- (i) Locomotives.
- (ii) Boilers.
- (iii) Carriages.
- (iv) Wagons.
- (v) Ferries.

532 With a view to complete the review, the information in regard to (a) the approximate expenditure for the month, (b) commitments which have neither been paid for nor included in the accounts for the month and (c) the amount of probable further outlay to complete the work (columns 6 (ii), 7 and 9 of [Form No. F 526](#)) should be obtained by the Accounts Officer from the controlling authorities concerned.

533 The figures of 'actuals' required for the review will be furnished to the concerned authorities by the Accounts Officer immediately after such figures are available. The reviews should be completed by them in accordance with the instructions contained in [paragraphs 525 to 531](#) and submitted to the Financial Adviser and Chief Accounts Officer, so as to reach him by the middle of the month following that, to which they relate.

534 Control of Expenditure against the Capital Suspense Grant --The details of allotment placed at the disposal of Railway Administrations under the sub-heads/ Plan heads "Stores Suspense" and "Manufacture Suspense" under Grant No. 16 are shown on the debit side of the statements of "Stores' Transactions" and "Manufacture Operations" included at the end of the "Works, Machinery and Rolling Stock Programme" furnished to the Railway with the Budget Orders. The details of anticipated credits under these suspense heads are shown on the credit side of the said statements.

535 The detailed manner in which the control over expenditure, against the funds allotted for purchases of stores under "Stores Suspense" should be carried out, is prescribed in paragraphs 505 to 507 and 2862 of the Indian Railway Code for the Stores Department.

536 Monthly Reviews of Suspense Grant --The progress of debits against the allotments sanctioned by the Railway Board under 'Stores Suspense' and 'Manufacture Suspense' and the credits in respect of these suspense heads anticipated to be adjusted in the accounts should be reviewed by the Accounts Officer in the form given below.--

Form No. F. 536

Review of Expenditure under -----Suspense to end of June-, 1975

Department-----

Office-----

Sub/heads of Grant	Grant for the year.	Actuals to end of progress of May, 1975. expenditure.	Approximates for June, 1975.	Approximates end of June, 1975.	Balance of Grant available (col. 2-5)	Remarks as to the rate of progress of expenditure
1	2	3	4	5	6	7

537 The information in column 1 of the review should be given under all the sub and detailed heads appearing in the statements of 'Stores Transactions' and 'Manufacture Operations', referred to in [paragraph 534](#). In column 7, the Accounts Officer should furnish the comments on the progress of actual debits as compared with the sanctioned allotment and credits as anticipated.

538 The attention of the General Manager should be drawn to the progress of debits and credits, if it shows any necessity for the curtailment of the programme of purchases. Debits and credits may be sub-divided by the more important items of stores, if the railway administration so require, in order to regulate purchases.

539 Financial Adviser and Chief Accounts Officer's Review of monthly Receipts and Expenditure --The reviews in respect of Working Expenses, Capital, Depreciation Reserve Fund, Development Fund, Accident Compensation, Safety and Passenger Amenities Fund and Open Line Works Revenue Expenditure and Capital Suspense, as well as similar reviews of the earnings of the Railway, should be consolidated by the Financial Adviser and Chief Accounts Officer in suitable form and presented to the General Manager monthly in the shape of a "Financial Review" for the whole railway before the conclusion of the second month following that to which the review relates. The explanations given for the variations between the expenditure of the year and the actuals for the corresponding period of the previous year should be as meaningful as possible, and the Financial Adviser and Chief Accounts Officer should indicate what in his opinion are the conclusions to be drawn from the figures.

EXCHEQUER CONTROL

540 Exchequer Control is a mechanism for concurrent regulation of cash outgo by each Disbursing Officer against the cash content of the budget allotment. Railway expenditure falls into two categories viz., cash and adjustments. The former covers all transactions completed through cash-payments or issue of cheques and broadly comprises disbursements to staff and outsiders as also settlement of bills/claims for supplies and services. Adjustments represent inter or intra accounting unit book keeping transactions which entail no cash outgo. The object of Exchequer Control is to establish a system for correct estimation of cash outgo and to monitor disbursements. It is thus an important tool of budgetary control.

541 Importance and limitations of Exchequer Control --[Para. 539](#) requires the compilation of a 'Financial Review' wherein the earnings and expenses of each Railway Administration up to the end of every month are compared to the proportionate sanctioned budget and variances explained. However, as the figures of actual receipts and expenses for a month are available only in the first or second week of the second following month, there is a time lag of 6 to 8 weeks between incurrance of expenditure or realization of earnings and their review with the proportionate budget. The reason for the time lag is that while cash disbursements and receipts are accounted for immediately, book adjustments between one accounting unit/Railway Administration and another take a great deal more time ; the books of account for a month are, therefore, kept open for a longer period to accommodate such 'book adjustments'. As 'cash' forms, on an average about 70% of the total expenditure of a Railway, Exchequer Control has the merit of providing an effective means of monitoring a substantial part of the expenditure on a day-to-day basis.

542 Since the budgetary allocations are sanctioned only for expenditure, Exchequer Control mechanism is necessarily limited in scope to the control of cash outgo. Railway earnings are thus excluded from the purview of Exchequer Control but are subject to usual examination through the monthly financial reviews as well as the recurring scrutiny of cash remittances from stations and of Bank advices.

543 Even though Exchequer Control was originally envisaged as control of cash outgo by instituting drawing limits on the banks, it has been considered neither necessary nor practicable to introduce such a measure. Each Railway Administration operates a large number of bank accounts (in some cases as many as 100 or more) for facilitating payments. Further, these drawing accounts are operated by a large number of disbursing officers. It would, therefore, not be feasible to prescribe drawing limits for each bank account in favour of each disbursing officer. Exchequer Control, therefore, implies a self-imposed expenditure discipline by means of a system of day-to-day monitoring to ensure that the cash content of the budgetary allocations is not exceeded.

544 Railway budgetting is on 'gross' basis. i. e., Parliamentary approval is obtained for gross' expenditure, ignoring the credits/recoveries which are outside the scope of the Demands for Grants. The actual cash against each budget Demand is also 'gross', since credits/recoveries are usually effected through 'book adjustments' or receipts of cash. Further, the sanctioned budget grants involve a certain amount of overlap, e. g., funds for purchase of stores are sanctioned under Demand 16, but when the purchased stores are utilized for (say) maintenance and operation, budget allocations are also provided under Demands 4 to 10 etc. Cash outgo is, however, involved only at the first point of activity, i. e., when stores are purchased and paid for, and the 'overlap' is represented in railway accounts through 'book adjustments'.

545 Implementation of Exchequer Control.- Implementation of Exchequer Control involves the following steps.-

- (i) Correct assessment of the 'Cash' and 'adjustment' portions of the sanctioned annual budget under each Demand by each Disbursing Officer, and also the cash disbursement in respect of 'non-budget' items e. g. refund of fares and freight.
- (ii) As accurate an assessment as possible of the quarterly requirement of cash,
- (iii) Issue of quarterly/monthly cash authorization to Disbursing Officers, and
- (iv) Concurrent control of cash outgo by each Disbursing Officer.

546 Assessment of Cash Outgo-General Guidelines -- Broad guidelines for making a realistic estimate of the 'cash' and 'adjustment' portions of expenditure falling within the sanctioned budget as well as in respect of 'non-budget items' are given in [Annexure III](#). 'Adjustments' may involve transactions between two or more accounting units within the same Railway Administration or between one Railway Administration and another or between a railway and a non-Railway Administration. For example, as stated in [para 544](#), issue of maintenance stores from stock will involve book adjustment by transfer from 'Stores Suspense' under Demand No. 16 to the final head under Demands No. 4 to 7. Likewise, in the case of contracts where one Railway Administration is nominated as the paying authority for supplies to be despatched to consignees on other railways, the disbursements by the former will involve cash out go, but would appear as 'adjustments' in the books of the consignee Railways. The assessment of cash and adjustment portions of the expenditure must, therefore, be made very carefully by each Railway Administration strictly in accordance with the guidelines given in [Annexure III](#). As a further check on the reasonableness of the bifurcation between cash and adjustment, comparison with the corresponding figures of the previous year (s) would also be useful.

547 Staff -The total revenue expenditure of the Railways is accounted for mainly under the heads 'Staff', 'Fuel & Stores' and 'Miscellaneous'. The commitments in respect of staff payments are easily ascertainable, and the cash outgo will represent the net amount payable to the staff, recoveries made through pay rolls/settlement bills being shown as 'adjustments' except in so far as some of them have also to be paid out in cash, e. g., Court decrees, payments to Co-operative Societies etc., (cash & adjustments taken together should add upto the gross debit to the final heads). As staff expenditure does not usually fluctuate to the extent adjustment expenditure does, the outgo on account of cash payments is capable of fairly precise estimation on the basis of the past actuals and other relevant factors.

548 Fuel - As regards 'fuel' Exchequer Control is applied at the stage of 'purchases' of coal and diesel oil under 'Stores Suspense'. Under the final heads, however, the payment of sales tax, excise duty and cess on coal as well as the cost of electric current for traction purposes and handling charges will involve cash disbursements. Provision for the cash outgo in respect of 'fuel' will, therefore, be made at the point where cash payment is involved, having due regard to the performance link-up for fuel under Demand 10.

549 Works and Stores -Works and Stores expenditure involve a substantial amount of cash outgo for payment to contractors/suppliers and departmental establishment. Likely payments to contractors/suppliers should be forecast by the departmental officers on the basis of the budget allotment, progress of works and purchase orders, and the contract terms regarding

on account/final payments. For purchases through the Directorate General, Supplies & Disposals, similar forecasts should be obtained from that office, if possible.

550 For other disbursements covering Compensation Claims, Municipal Services and Port Charges etc., quarterly/monthly estimates, should be based on the claims likely to be discharged during the period.

551 Civil Grants --Payments against Civil Grants such as 'Loans & Advances' and 'Debt/Deposit' heads mainly involve cash outgo. There is an annual budget for the Civil Grants and this should be the guiding factor so far as the cash outgo for the year is concerned. Subject to this limitation the best possible way of estimating the likely cash outgo for the year would be the past actuals subject to any specific orders of Government regarding advances etc. For short-term forecasts, the claims pending for payment during the quarter/month should be evaluated and provided for.

552 Railway board Contracts -The effectiveness of Exchequer Control as an aid to budgetary control depends on the extent of its coverage of Railway Transactions. In this connection two important areas of control over cash disbursements in respect of contracts placed by the Railway Board are-

- (i) Bulk Order contracts, and
- (ii) Contracts for purchase of free-supply items, steel, track material signalling and general electrical equipment for Open Line Railways and Electrification Projects, etc.

The principle in both the cases is the same, viz., one or more Railway Administrations is/ are nominated for making payment to the suppliers, and the debits are then transferred to the Railways concerned in respect of the materials consigned to them. So far as the paying Railways are concerned, authorizations for cash disbursements will be given to them in addition to their own sanctioned budget whereas, for the consignee Railways, there will be no cash authorization, the transaction being only a 'book adjustment'.

553 In the Railway Board, the Directorates placing the orders will furnish to the Budget Branch (Exchequer Control) a statement in the following proforma. This statement should be sent at the beginning of the year, and supplemented, as necessary, during the course of the year.

Form No. F. 553

(Rs. In /Lakh)

Contract no. and date	Value of contract	Estimated payment during the year.	Paying Rly.	Estimated quarterly cash disbursement			
				I Qr.	II Qr.	III Qr.	IV Qr.

In the case of the Railway Board Bulk Order contracts, the estimated amount of payment during the year should be reconciled with the provision in the sanctioned budget to ensure that payments made by the disbursing units are in line with the budgetary allocations.

554 Assessment of quarterly cash outgo -The next stage in the operation of Exchequer Control is the assessment of the quarterly cash expenditure adding upto the total for the year. The quarterly assessment should be made for each Grant separately in the proforma given at [Annexure IV](#). This statement will form the basis for the Board to issue quarterly authorization of cash expenditure to each Railway Administration and by the latter to the various disbursing units within the Railway.

555 Control of cash disbursements - Cash disbursements are required to be monitored on a day-to-day basis by each Disbursing Officer. For this purpose the Disbursing Officer (e. g. Divisional/Stores/workshop/Construction Accounts Officer) will maintain a register in the form given below in which will be posted the daily totals of all cash disbursements under each Grant.

Form No. F. 555
(Rs/lakshs)

	Demand for Grant						Non Budget items		
	1	2	3	4	-----	16	Refund of Freight fares	Bulk Order Contracts	etc. etc.
Authorization for the month- 1 st April, 1975									
Balance----									
2 nd April. 1975									
Balance and so on									

Daily balance should be struck showing the amount available out of the cash authorization after meeting the day's disbursements. The total weekly disbursements should be intimated by the Disbursing Officer to a senior officer in the Accounts Department of a rank not lower than Deputy/ Additional Head of Department nominated for the purpose at the Head-quarter office who will arrange to maintain a weekly tally of the disbursements in the same manner as is required to be done by the Disbursing officer in respect of daily cash outgo. These reports should be scrutinised to see the progress of cash expenditure vis-a-vis authorization for the month/ quarter and it should be ensured that the allotment is not being used up at a pace which would cause an over run.

556 Monthly/Quarterly Report to Railway Board -Each Railway Administration will report to the Railway Board the actual disbursements during the month against each sanctioned

Grant and non-budgetted items of disbursements in the form laid down in Annexure V. In the Board's office, the reports will be scrutinised to see the progress of cash expenditure vis-a-vis the authorization for the quarter so that the Railway Administration may be cautioned against the possibility of over-stepping the authorised limits for cash disbursements. A statement for the quarter will also be sent by each Railway Administration in the same proforma ([Annexure V](#)) explaining the variances, if any, between the actual expenditure during the quarter as against the cash authorization.

557 Calendar of returns- Following as the time table prescribed for submission of various documents and returns to the Railway Board (Budget-Exchequer Control)-

Name of Document/Return	Date required to be received in Board's office
(1) Annual budget for Cash Disbursement (Annexure IV)	(1) 10th April.
(2) Quarterly Estimate of Cash Disbursement	(2) 20 th of the month preceding the quarter
(3) Cash Outgo-Monthly/Quarterly variance statement (Annexure V)	(3) (a) 7th of the following month (for the monthly report)
	(b) 15th of the month following the quarter(for the quarterly report)

558 It is incumbent on all executive officers of the Railway Administrations, who are empowered to authorize revenue/works expenditure, to ensure that no expenditure is incurred in excess of the sanctioned allotments. Any such excess has to be viewed as a 'lapse' for which the officer concerned is liable to be held personally responsible. It is, therefore, important that there should be a total commitment to the Exchequer Control procedure at all levels of Railway Management.

559 Watch over Expenditure and Earnings of the last quarter of the year- Special watch over the progress of expenditure and earnings should be kept by the Financial Adviser and Chief Accounts Officer in the last quarter of the financial year, and the attention of the controlling authorities should be drawn to the necessity of the re-appropriations, withdrawals or additional allotments, as the case may be, and the manner in which such re-appropriations should be made. Orders of the General Manager should also be obtained as to whether savings in the current year's grant, represented by the carry-forward to the subsequent year should be permitted to be utilized for meeting any other expenditure recurring or non-recurring, during the year. If any such savings, or any other savings of a non-recurring character, are sought to be utilized by any authority to meet fresh recurring expenditure, it should be brought to the notice of the General Manager and, in important cases, to the notice of the Financial Commissioner for Railways, as well, through the proper channel.

560 Annual Review of Expenditure- The total expenditure for the year, as actually booked in the accounts of each railway, against the various Grants and Appropriations, is reviewed through the ‘**Appropriation Accounts**’ described in [Chapter IV](#) Of this Code.

ANNUAL REPORTS OF RAILWAYS

561 Object and Scope --Each Railway Administration should submit to the Railway Board an Annual Report reviewing the year's working under all departments and referring to any matters either materially affecting the results of working or of general interest. These reports are intended for the use of the Railway Board and the administration of the railway concerned.

562 Reports prepared by the Railways will consist of four parts, viz-

- I. Report Proper (the narrative portion).
- II. Financial statements (Capital and Revenue Accounts).
- III. Analysis of Working (Statistical Statements.)
- IV. Appendices (Statistical Statements.)

563 Responsibility for preparation -The administrative head of the Railway is responsible for the preparation and submission of the Report, the Accounts Officer compiling the Financial Statements and furnishing such other information and figures as may be required for the purpose of the Report.

564 Section I-Report Proper -This section which is signed by the Head of the Railway Administration should be devoted to a review of the working of the railway during the year. It should contain for instance, the reasons for variations in gross receipts and departmental expenditure (generally as compared with the previous year); brief descriptions of exceptional events, such as damages by floods, etc., and the measures taken to cope therewith; important fluctuations in the operating results together with the contributory causes; major works undertaken or completed during the year; and steps taken to improve or add to the facilities provided for the comfort of the travelling public, particularly lower class passengers, etc.

565 Section II-Financial Statements -This comprises a set of statements of accounts of the capital and revenue transactions of the railway. These should be prepared in accordance with the instructions laid down in Chapter VII of the Indian Railway Code for the Accounts Department, Part I.

566 Section III -Analysis of Working :-This section should include statistical statements dealing with the different aspects of railway working, which are chiefly used for the compilation of the statistics published in Indian Railways-Annual Statistical Statements by the Railway Board. This section should also contain detailed Statements of Rolling Stock, Statements of Revenue (Earnings and Expenditure) and of Operating Statistics.

567 Section IV-Appendices -Statements relating to number and cost of staff, accidents, etc., should be included in this section.

ANNEXURE I
(See [paragraph 505](#))
POWERS OF THE CHAIRMAN, RAILWAY RATES TRIBUNAL

The President is pleased to delegate the following powers to the Chairman, Railway Rates Tribunal :-

ESTABLISHMENT

1. **Creation of posts** -No power to sanction the creation of any permanent post. Power to create temporary non-gazetted posts subject to the following conditions :-

- (1) No post is sanctioned for more than six months at a time.
- (2) No post should carry a rate of pay in excess of Rs.450 per mensem.
- (3) The cost involved can be met from the budget allotment for this purpose.

2. **Appointments and promotions against vacancies**-Full power as regards non-gazetted posts.

3. **Leave**.-Full power to grant all leave admissible to-(a) all members of the office establishment and (b) to the Members and Secretary of the Tribunal provided no substitute is required in their place.

4. **Punishment, discharge and dismissal of members of the office establishment**.-Full powers.

5. **Establishment matters generally**.-Power of a Head of a Department under the Indian Railway Establishment Code.

Note. For the purpose of Travelling Allowance Rules, the Chairman and members of the Tribunal will be their own controlling officers. The Chairman will also be the controlling officer of the Secretary of the Tribunal. The Secretary will be the controlling officer of the office establishment.

6. **Passes**.-Full power to issue passes and privilege ticket orders in accordance with the Pass Rules applicable to Railway Board's Office.

7. **Travelling Allowance to Witnesses**.-Power to allow travelling allowance, if claimed and considered justifiable, on the following basis :-

A free pass for the railway journey and daily allowance of Rs. 10 per day on dates when a witness is detained by Tribunal at the place of examination.

GENERAL

8. **Contingent expenditure**.- Subject to the observance of any General or specific orders of the Government of India, or the Railway Board relating to such matters e. g., the Stores Purchase Rules, the Chairman of the Tribunal is vested with full powers to incur all classes of contingent expenditure within the amount allotted for this purpose in the sanctioned grant for each year. This delegation includes the powers to purchase furniture, books, periodicals, stationery and office appliances.

9. Budget Grant.-Power to re-appropriate from one sub-head to another under each of the three main heads-

- (i) Pay of officers;
- (ii) Pay of establishment; and
- (iii) Other charges.

10. **Losses and deficiencies in stores etc.--** Power to write-off losses and deficiencies in stores, tools and plant up to a value of Rs. 100 in each case.

11. **Losses of cash. etc.-**Power to write-off losses of cash or irrecoverable personal advances granted to railway servants up to a maximum of Rs. 100 in any individual case.

12. **Disposal of worn-out articles, etc.---** Power to sell and dispose of worn-out articles of tools and plant, other office appliances, books and newspapers.

13. **Re-delegation of powers -**Power to re-delegate all or any portion of his power to the Secretary of the Tribunal except in respect of items 1 and 4 above.

POWERS OF GENERAL MANAGERS OF INDIAN RAILWAYS

In supersession of existing orders on the subject, the President is pleased to make the following rules specifying the areas in which the General Managers may not sanction expenditure or deal with other matters without previous sanction of the higher authority. These rules will be applicable to General Managers of Zonal railways and Production Units as well as Director General, Research Design and Standards Organisation and General Managers (Construction) in so far as they relate to them.

Subject to the observance of these rules, the General Managers shall have powers to sanction expenditure and to delegate their powers to authorities subordinate to them alongwith powers to re-delegate them to lower authorities. Any delegation or re-delegation of powers by the General Managers to authorities subordinate to them should be made only in consultation with the Financial Adviser and Chief Accounts Officers of the Railways and will be subject to the existing codal provision as well as other regulations/instructions issued by Railway Board from time to time. In the event of a difference of opinion between the General Manager and the Financial Adviser and Chief Accounts Officer, the matter should be referred to Railway Board for orders.

The exercise of the powers delegated shall be subject to existing Codal Provisions, Rules and Regulations as well as restrictions imposed from time to time by Railway Board in the context of economy in expenditure or otherwise.

RULES

The previous sanction of the higher authority is necessary.

A – Gazetted Staff

1. To the creation and the abolition of a permanent post and to the alteration of the scale of pay of a service or of a post.
2. To the keeping of a post sanctioned by the Railway Board unfilled for more than twelve months upto JA Grade provided that if the post has remained unfilled for more than six months, its justification is established afresh with the concurrence of Financial Adviser and Chief Accounts Officer before operating the post.
3. To the creation of a temporary post except that post may be created without higher sanction in Senior Scale/Class II Services for a period not exceeding six months/twelve months respectively in emergent situation with concurrence of Financial Adviser and Chief Accounts Officer and provided that the post will not be operated beyond six months/twelve months.
- 4 (a) To the creation of work-charged posts above JA Grade against Construction/Survey/Scrap Sale/M&P estimates.

NOTE: Temporary/Work-charged post/posts in JA Grade, Senior Scale, Junior Scale or Class II specifically provided for in a Construction/Survey/M&P/Scrap Sale Estimate or in an Urgency Certificate sanctioned by the General Manager or by the Railway Board may be created/extended by the General Manager with prior concurrence of Financial Adviser and Chief Accounts Officer.

(b) To the grant of provisional payment beyond 3 months to incumbents of such posts which are proposed to be extended beyond available sanction and which need approval of Railway Board.

5. (a) To grant to a Railway Officer emoluments (whether as pay, honorarium or allowances of any sort) higher than that admissible under the Railway Rules or any orders of the Government of India.

(b) To permit a Railway Officer to undertake work and/or receive fee (non-recurring or recurring) from private sources exceeding Rs.5,000/- in each individual case.

(c) To permit Medical Officers including Chief Medical Officer to receive fees for professional attendance if they hold posts in which private practice is debarred under orders of a higher authority.

(d) To grant to an officer above JA Grade a reward in excess of Rs.5,000/- in each individual case.

Note:-

- i) The limit of group cash award will be Rs.1,00,000/- in each individual case.
- ii) While granting group cash award, the limit of individual reward should not be exceeded.
- iii) If group cash award is being awarded both for gazetted officers and non-gazetted staff simultaneously, total limit for both the categories clubbed together will be Rs.1,00,000/- only.

(Authority Board's letter No.F(X)II-2016/PW/3/Pt 3 dated16.12.2016)

(e) To the acceptance of honorarium by a Gazetted Railway servant in excess of Rs.10,000/- in a year for undertaking work as arbitrator in a dispute in which the Railway Administration is a party and in excess of Rs. 5,000/- in a year in all other types of cases, except cases of acceptance of honorarium for conducting Disciplinary Enquiries against Railway Officers arising out of Vigilance/CBI cases where the limit shall be as per the rate fixed by Board from time to time.

(Authority Board's letters No. F(X)II-2008/PW/6 dt. 25/04/2013.)

NOTE:

(i) General Manager may grant to an Officer upto and including SA Grade in addition to this pay, special pay limited to 10% of the presumptive pay of the additional post when he holds charge of another post in addition to his own, provided the additional charge is held for a period exceeding 45 days but not exceeding six months in the case of officers upto and including JA Grade and 3 months in case of officers working in SA Grade.

(ii) The aggregate of pay and additional pay shall not exceed Rs. 80,000/- per month.

(iii) The dual charge arrangement shall not be carried beyond six months in the case of JA Grade and three months in the case of SA Grade officers under any circumstances.

(Authority: Board's letters no. F(X)II-94/PW/9 dt. 29/12/94, F(E) Spl. 98/FR/1/1 dt. 28/1/2000 and F(E) Spl. 2009/FR/1/3 dt. 21/06/2010)

6. To the write-off of –

(a) Advances.

(b) Amounts overdrawn by Officers, or otherwise due from them, which were discovered in audit within a year.

7. To the construction or purchase of a building for use as residence by an Officer or to hire a building for use as residence by an Officer under conditions which fall outside the framework of the extant instructions in regard to the ceiling of rental, minimum period for the lease and other conditions.

8. To the acceptance of resignation of an Administrative Grade Officer.

NOTE: The General Manager, while accepting resignations of the Officers upto Senior Scale level, will have the power to waive the prescribed notice period in respect of Probationary Officers selected for IAS/IFS/IPS.

B – Non-Gazetted Staff

9. To the grant of special pay or other additions to pay or to the grant of personal pay otherwise than in accordance with Rule 2003(23)(a)-RII and allowances other than those admissible under Railway Fundamental or Supplementary Rules or any other orders of the Government of India.

10.(a) To the grant of honorarium in excess of Rs.15,000/- in each individual case.

(b) To the grant of honorarium to the cashiers and other cash and pay office staff, in excess of 25% of their annual basic pay plus grade pay in a financial year.

Note:

- i) Where the honorarium is recurring, the limit applies to the total amount paid in a financial year.
- ii) These powers will be exercised with the concurrence of FA&CAO.

(Authority: Board's letters No. 99/AC-2/20/2/Pt. dated. 25/07/2013 & F(X)II/2013/PW/4 dated 25.07.2013)

(c) To the grant of reward in excess of Rs. 5,000/- in each individual case.

Note:-

- i) The limit of group cash award will be Rs.1,00,000/- in each individual case.
- ii) While granting group cash award, the limit of individual reward should not be exceeded.
- iii) If group cash award is being awarded both for gazetted officers and non-gazetted staff simultaneously, total limit for both the categories clubbed together will be Rs.1,00,000/- only.

(Authority Board's letter No .F(X)II-2016/PW/3/Pt 3 dated16.12.2016)

(d) To the grant of reward in excess of Rs. 30,000/- in each individual case to Railway employees who have done exemplary work to avert accidents.

Note: The powers indicated in 10(d) above may be re-delegated to DRMs upto Rs.7,500/- in each case.

(Authority: Board's letter No. F(X)II-2014/PW/4 dated 05.02.2015)

C – General : Gazetted and Non-Gazetted Staff

11. To the grant of advances otherwise than as authorized under general rules and orders

12. To the grant of leave otherwise than as admissible under the rules.

13. To the deputation of a Railway servant out of India.

NOTE: DG/RDSO, however, will be guided by Board's extant orders on the subject.

14. To the ex-gratia payment of bonuses or rewards in excess of Rs.50,000/- per case, for inventions.

NOTE: GM may exercise these powers only in those cases where the employee secures the patent for such innovation and transfers the rights to Indian Railways unconditionally and such innovation is considered useful for Indian Railways.

(Authority: Board's letter No.2016/F(X)II/PW/3/Pt.3 dated 10.02.2017)

15. To the grant of rewards for detection and/or apprehension of offenders in a criminal case in excess of Rs.5,000/- in each case.

16. To the reimbursement of legal expenses of a Railway servant –

- (a) Who institutes a suit in a Court of Law without the prior approval of the Railway Administration; or
- (b) If the suit emanates as a result of actions taken by the Railway servant other than the discharge of official duty.

(Authority: Board's letters No. F(X) II/2016/PW/3 dated 14.09.2016)

17. To the purchase of a motor-car, motor-cycle, motor-boat or any other vehicle.

NOTE:

- (1) The General Manager may hire vehicles within the Policy instructions issued by Board from time to time. These powers can be further delegated to PHODs.
- (2) Before hiring of a vehicle is sanctioned, it should be certified that the demand can not be met by transfer from one of the works on hand or completed.

(Authority: Board's letters No. F(X) II/2016/PW/3 dated 14.09.2016 & 04.05.2017)

18. To the payment of compensation in case of Railway accidents other than those awarded by Railway Claims Tribunal to the dependants of Railway employee killed or to Railway employees injured in accidents caused by the working of trains or Railway engines provided that the death or injury was met with in the discharge of their duties otherwise than due to their own negligence or willful action, in excess of a maximum of 24 months' emoluments of the Railway employee.

NOTE:

(1) In the case of persons to whom the Workmen's Compensation Act applies, compensation shall be paid under this rule only if the authority competent to sanction compensation considers that more liberal treatment than that given by the Act is necessary. The compensation so paid shall not, inclusive of the compensation payable under the Act, exceed the amount admissible under this rule.

(2) The term 'emoluments' means monthly average of emoluments as defined in paragraph 2544-R/II (CSR 486) and in the case of running staff the emoluments will include the pay element in running allowance viz. 30% of the average basic pay drawn during the last twelve months or during the entire service if it is less than twelve months.

(3) The above ceiling of 24 months' emoluments would not be applicable wherever the compensation is paid strictly as per the statutory provisions of the Workmen's Compensation Act.

(Authority: Board's letter No. F(X)II-2003/PW/10 Pt. II dated 18/11/2004).

19. To the grant of compensation to a Railway employee for loss of private property except compensation in excess of Rs. 5,000/- in any individual case for loss suffered by an employee in the course of a strike or Railway accident in the execution of Railway duty and from circumstances arising directly out of that duty.

20. To the sanction of ex-gratia payment in excess of Rs.3,000/- to the dependant of a Railway employee in the event of his/her death arising out of injuries sustained in the execution of his/her duty.

21. To the payment of medical charges otherwise than as authorized under general rules or orders.

22. To permit a railway servant below the rank of junior Administrative Grade to travel by Air on duty.

NOTE: Grant of permission by the General Manager to Junior Administrative Grade Officers to travel by Air on duty would be subject to the following conditions:

1. These powers may be exercised only by General Managers and not by CAOs, and, are not to be re-delegated further. However, the Chief Administrative Officer, COFMOW/New Delhi, DCW/Patiala and MTP/Chennai may also exercise these powers with the personal concurrence of FA&CAO.

(Authority: Board's letter no. F(X)II-2003/PW/6 dated 4/4/2003.)

2. These powers are to be exercised personally by the General Manager with the personal concurrence of FA&CAO.

3. Air travel will be permitted only in cases where the duration of the journey one-way is more than 12 hours by rail.

4. Each proposal regarding Air Travel would require to be justified on merits.

23. To the remission of recovery of rent from the incumbent of a post for which a quarter has been allotted.

NOTE: The General Manager may exempt the incumbent of a post from occupying the quarter allotted to the post and/or from paying rent thereof upto a maximum period of four months in the following circumstances:

- (i) When an employee is temporarily transferred to a post in another station;
- (ii) when the quarter is subjected to extensive repairs, such as renewals of roofing, replacement of flooring, or such other special works necessitating the vacation of the whole quarter;
- (iii) When an employee is required to vacate the quarter under medical advice on account of an infectious disease or an epidemic.

24. To the waiver of the cost of training of a Railway employee who has received training at Railway's cost and who is required to serve the Railway for a minimum prescribed period, in excess of the cost proportionate to the service rendered.

25. To the sanction of expenditure on deputation of Railway employees for training courses, seminars, symposia in non-Railway Institutions in excess of Rs.20 lakh in a year for Zonal Railways and Rs.8 lakh in a year for Production Units.

Note:

(i) The overall registration fee, however, should be subject to a maximum of Rs.25000/- and pro-rata registration fee of Rs.4,000/- per day. For arriving at this monetary limit the cost of TA & DA should not be taken into account.

(ii) The ceiling limits of above powers will be exclusive of service tax or any other taxes/charges.

(iii) DRMs may be delegated powers for nomination of non-Gazetted Railway employees for training in recognized institution of repute for registration fee of Rs.2,000/- per day and overall registration fee upto Rs.10,000/- per training course per employee subject to the budget grant allotted by Zonal Railway to Division for this purpose.

(Authority Board's letter No.2017/F(X)II/PW/1/I , dated 18.05.2017)

D – Payments to persons other than Railway employees

26. To the refund of fare and freight, otherwise than in accordance with relevant Tariff Rules, in excess of Rs. 20,000/- in each case.

27. To the write-off of amounts due to the Railways, otherwise than when they are irrecoverable, in excess of Rs.2 lakh in each case.

NOTE:

Items (26) and (27) do not apply to wharfage, demurrage, storage and lost property charges which may be written off or refunded by Railway Administration without the sanction of higher authority.

(Authority: Board's letters No. F(X) II/2016/PW/3 dated 14.09.2016)

28. a) To the grant of rewards in excess of Rs.25,000/- in each case.

b) To the grant of reward in excess of Rs.50,000/- in each case to the persons who have done exemplary work to avert accidents and saved passengers life.

Note: The powers in item no. 28 (b) above may be re-delegated to DRMs upto Rs.10,000/- in each case.

(Authority: Board's letters No. F(X) II/2016/PW/3 dated 14.09.2016)

29. (a) To the incurrence of expenditure on each ceremonial occasion in excess of Rs. 2 lakh.

(b) To the incurrence of expenditure on important functions which are attended by:

(i) Minister of Railways/ Minister of State for Railways: in excess of Rs. 10 lakhs in each case,

(ii) President/Prime Minister: in excess of Rs.15 lakh in each case.

NOTE:

(i) The powers under item No. 29 will be exercised by the General Managers subject to an annual ceiling of Rs.25 lakh for Production Units and Rs. 50 lakh for Zonal Railways.

(ii) The power under item No. 29(a) will cover the expenditure on Railway week celebration also, the limit for which will be Rs.2 lakh for a Zonal Railway/Production Unit as a whole.

(Authority: Board's letters No. F(X) II/2016/PW/3 dated 14.09.2016)

30 (a) To the incurrence of expenditure in engaging/obtaining consultancy services from outside bodies in excess of Rs. 2 crore for PPP projects (other than property development schemes) and Rs.1 crore for other works in each case or in excess of Rs. 6 crore in a year.

(b) To the incurrence of expenditure in engaging/obtaining consultancy services connected with property development schemes, i.e. for commercial exploitation only, from outside bodies in excess of Rs. 2.5 crore in each case or

in excess of Rs.12.5 cr. in a year for Zonal Railways, Production Units and RDSO.

NOTE :-

- i) It may be ensured that no contracts are awarded by the Railways for activities which can be carried out in-house.
- ii) Details of consultancy contracts awarded by each Zonal Railways for commercial exploitation should be endorsed to all other General Managers for information to avoid duplication.
- iii) The General Managers will evolve, in consultation with FA&CAO, a suitable mechanism to ensure that the limits laid down herein are not exceeded under any circumstances.
- iv) For consultancy contracts, the minimum level of Tender Committee shall be SAG.
- v) All cases decided by the Zonal Railways should be reported to Board through the PCDOs to CRB and FC, to enable assessment of the exercise of these powers.
- vi) The agency/consultant is renowned/Government approved and has sufficient experience in the relevant field.
- vii) The powers delegated to the officers below the GM are as under:-

(a) **CAO:-** Rs.50 lakh in each case with annual ceiling of Rs.3 crore with concurrence of FA&CAO/FA&CAO(C). These powers of CAOs will be in addition to and separate from the powers delegated to General Managers. Also, the level of Tender Committee shall be SAG.

(b) **PHOD:-** Upto Rs.10 lakh in each case with annual ceiling of Rs.20 lakh with concurrence of FA&CAO/FA&CAO(C).

(c) **DRM:-** Upto Rs.5 lakh in each case with annual ceiling of Rs.10 lakh. These powers will be exercised by DRMs in consultation with associate finance. In the tender committee JAG/SG level officers may be nominated. In cases where JAG/SG level officers are not available from Finance side in the Division, DFM may be nominated as Finance member of the tender committee.

However, with reference to delegation as per (a), (b) & (c) above, if the consultancy contract is to be fixed only on a single tender basis due to special circumstances, GM's personal approval would be required irrespective of the value of the contract. **(Authority: Board's letters No. F(X) II/2016/PW/3 dated 14.09.2016)**

31. (a) To the filing or defending of an appeal in the Supreme Court.
- (b) To the engagement of a Railway Counsel on scale of fees higher than that prescribed by Ministry of Law and Justice;
- (c) To the engagement of counsel at more than Rs.1,050/- per day in Supreme Court or in any of the High Courts or at more than Rs.750/- per day elsewhere;

(d) To payment of fees in excess of scales of fees fixed by the High Courts concerned.

32. To the grant of allowances or fees to private persons or donations to private bodies including Railway Institutes, Hospitals and Schools, an excess of the scales or maximum limits laid down by the Railway Board.

33. (a) To the payment of arbitration fees to private persons in excess of Rs. 25,000/- in each case.

NOTE:

(i) The circumstances under which such appointment of private persons has been made, should, however, be brought to the notice of the Board.

(ii) This will not apply to payment of fees to arbitrators appointed by Court, for which full powers will be exercised by General Managers.

(Authority: Board's letter No. F(X)II/2000/PW/2, dt. 29/5/2000)

(b) To the payment of arbitration fees to Retired Railway officers in excess of Rs.75,000/- per case.

(Authority: Board's letter No. F(X)II-2008/PW/6 dated 15/10/2009)

(c) To the payment of contribution/subscription to a medical institution, if medical aid is rendered by such institution to Railway employees, in excess of Rs.1,000/- per annum.

(d). To the payment of contribution or subscription to a professional institution in excess of Rs.10,000/- per annum in each case. These powers may be delegated to DRMs also.

(Authority Board's letter No.2017/F(X)II/PW/1/I dated 18.05.2017)

NOTE:

(1) The General Manager will have full powers for payment of fees to surveyors engaged for the assessment of the values of damaged consignments.

(2) In respect of any item for which no scale has been laid down in any of the extant orders, the Railway Administration shall have no powers.

34. To the payment of compensation in cases of Railway accidents, otherwise than as specified below:

- | | |
|---|------------------------------------|
| (A) Ordinary Passengers (including Government servants, other than those specified in Category B below and their dependents). | Upto Rs.4 lakh in any single case. |
|---|------------------------------------|

(Authority: Board's letter no. F(X)II-2000/PW/2 dt. 23/01/2001)

- | | |
|---|---|
| (B) Military men, being or travelling on military duty. | No powers. All cases to be submitted to the higher authority. |
| (C) Compensation to public (other than Railway passengers) for injury to person or damage to property caused by accidents as a result of negligence or carelessness on the part of Railway. | Upto Rs.10,000/-. |
| (D) Claims decreed by a Court of Law. | Full powers to pay any sum so decreed. |
| (E) Claims settled out of Court with advice of Law Officer of Government. | Upto Rs.25,000/- in any single case. |

35. To the payment of claims, otherwise than as specified below or claims for compensation other than those relating to goods lost or damaged and those arising out of Railway accidents –

- | | |
|--|---|
| (i) Claims settled out of court. | Upto Rs.10,000/- in each case. |
| (ii) Claims decreed by a court of Law. | Full powers subject to the condition that particulars of cases involving expenditure of more than Rs.25,000/- in each case should be reported to Railway Board for information. |

NOTE: The powers under item 35(i) above should not be re-delegated to subordinate authorities.

36. Claims settled by arbitration award against any dispute arising out of a contract. Full powers, subject to the conditions that the Railway Board should be reported about the details-
- (i) Where payment to a contractor as a result of the arbitrator's award exceeded by more than Rs.10 lakh of the amount considered due by the Railway Administration before the arbitration proceedings began;
- (ii) Where deficiencies in the General Conditions of contract or flaw in procedures/practices noticed by Railways/ PUs during the course of arbitral proceedings/awards, regardless of value of award.

NOTE: The powers under item 36 above should not be re-delegated to authorities below the level of HODs.

(Authority: Board's letters No. F(X) II/2016/PW/3 /Pt 3 dated 02.02.2017)

E – Expenditure on works not wholly chargeable to Ordinary Working Expenses

37. To the inclusion in the Preliminary Works Programme of :-

(a) New Works under the Plan Heads New Lines, Gauge conversion, Railway Electrification, Metropolitan Transport Projects, Computerization and setting up of New Production Units; and

(b) Other New Works in excess of Rs. 5 crore each.

Sanction of Works

38. To the incurrence of expenditure on New Lines, Gauge Conversion, Railway Electrification works, Metropolitan Railway Projects, Computerization, setting up of new Production Units, or Rolling Stock or Surveys not provided in the sanctioned budget for the year or carried forward from the sanctioned budget of the previous year.

39. To the incurrence of expenditure of other works not provided in the sanctioned budget or carried forward from the sanctioned budget of any previous year, except –

(a) Works/M&P under Lumpsum Provision –

All works costing less than Rs.2.5 crore each with the following restrictions:-

- i) Total lumpsum provision made in the Budget for such works is not exceeded.
- ii) Works in respect of existing Railway Schools, Hospitals, Dispensaries, Institutes, Officers Club, Rest Houses and Holiday Homes – not more than Rs. 20 lakh in each case,
- iii) Machinery and Plant – costing not more than Rs.50 lakhs each for GM/Open Line and PUs (including CAO in independent charge). General Managers may decide to delegate these powers upto a maximum of Rs. 10 lakh to CWMs/DRMs subject to annual ceiling fixed by the Railway for the Workshop/Division.
- iv) Works under Computerization Planhead:-
 - (a) Despite the provisions of Items No. 37 and 38 above, General Managers can sanction works upto Rs. 1 crore per case in Planhead 17 under List of Approved Works for replacement of the overaged IT equipments for IT related works. While replacing these assets, Railways will ensure that the equipments procured conforms to the latest specifications issued by Railway Board. However, these powers shall be exercised with the personal concurrence of FA&CAO and personal approval of General Manager.
 - (b) It is reiterated that powers for Software Development have not been delegated to Railways and proposals regarding them shall continue to be sent to Railway Board for further processing and approval.
 - (c) **Extension/Upgradation/Strengthening of LAN;** GMs can sanction extension/upgradation/strengthening of LAN upto Rs.20 lakh in each case.

(B)Out of Turn Works –

Works costing less than Rs.2.5 crore each subject to the following restrictions:-

- i. The funds required for such works as provided in the sanctioned budget for works in these categories are not exceeded.
- ii. Budgetary ceiling will be Rs.12 crore (other than lumpsum) in a financial year, of which not more than Rs.5 crore could be on other than safety related items with the proviso that all safety works should be completed within a maximum period of 8 months from the date of sanction.
- iii. While sanctioning Out of Turn works, the urgency of work and the throwforward of works under the planhead/source should be kept in view.
- iv. Restrictions given in para 39 (a) should be followed.
- v. Powers to sanction M&P items and works under computerization Plan Head can be exercised only as per provisions contained in Para 39 (a).
- vi. For passenger Amenities Works, Emphasis should be on creation of amenities of durable and lasting nature and funds should not be frittered away on provision of superficial items like furnishings and furniture, etc.

Note:

DRMs may sanction works under the planhead 'Passengers and Other Users' Amenities' upto Rs.1 crore in each case under item 39.

(Authority: Board's letters No. 2016/F(X)II/PW/5 dated 07.12.2016)

40. (1) Sanction of Detailed Estimate/Revised Estimates: -

(a) To the sanction of Detailed Estimate/Revised Estimate for works where the excess over original sanctioned cost (abstract cost) due to reasons other than price escalation is above 20% of the original cost estimate;

NOTE:

- i) GMs will have full powers to sanction excess due to price escalation.
- ii) While processing the revision in the cost of estimate, the reasons for delay/time overrun should be clearly recorded.
- iii) The change in scope of work shall be governed by powers for material modification given in item no. 49.
- iv) CAO/Con in HAG may sanction Detailed/Revised Estimates in the cases where original cost of the work is not more than Rs.500 crore subject to limits of variations, indicated in item no.40(1).
- v) Personal approval may be obtained at the level of General Manager with the personal concurrence of FA&CAO/FA&CAO(C) in cases of estimates where original cost of the work is above Rs.500 crore.

vi) These are the overall variations on the original sanctioned cost as included in the Budget and cannot be exceeded even if more than one revised estimate is sanctioned.

vii) This delegation will not affect rules in force regarding material modification.

viii) For variation exceeding the above limits, approval of Board will be required. In such cases, proposals may be sent to board with personal concurrence of FA&CAO/FA&CAO(C) and personal approval of General Manager along with a detailed variation statement and a suitable explanatory note.

(b) To the sanction of track renewal estimates where the excess is not within the General Manager's competence as prescribed in sub-item 40(1)(a).

(Authority: Letter No. 2016/F(X)II/10/17 dated 05/10/2016 & F(X)II/2016/PW/3/Pt.3 dt. 14/10/2016)

40(2) To an excess over the estimated cost of Machinery & Plant included in M&P Programme as follows:

a) Increase in cost due to price escalation – More than 100% of original estimate or Rs.2 crore, whichever is less.

b) Increase in cost due to reasons other than price escalation – More than 20% of original estimate or Rs.50 lakh, whichever is less.

NOTE:

i) Powers indicated in item No. 40(2)(b) above covers material modification also.
ii) Personal approval may be obtained at the level of General Manager with the personal concurrence of FA&CAO in cases of material modifications costing above Rs.10 lakh each.

iii) These are the overall variations with respect to original sanctioned cost as included in the Budget at the time of sanction and cannot be exceeded even if more than one revised estimate is sanctioned.

(Authority: Board's letter No.2011/F(X)II/5/11 dated 24.08.2016)

40(3). Surveys

To an excess over 20% on an original estimate sanctioned by higher authorities.

NOTE:

(i) General Manager can sanction survey estimates provided the surveys are included in the sanctioned budget and approved yardsticks are followed while remaining within the amount indicated in the Budget.

(ii) This delegation does not apply to works which do not have necessary procedural approval.

(Authority: Board's letter no. F(X)II/2000/PW/2, dt.27/6/2000)

40(4) Lumpsum Works:-

(i) To incur expenditure on lumpsum works provided in the sanctioned budget for the year or carried forward from the sanctioned budget of any previous year in excess of the total lumpsum provision for such works in the sanctioned budget.

(ii) To sanction excess over estimates of works sanctioned under item no. 39 in cases where percentage variation is beyond the competence of the General Manager in terms of Rule 40(1)(a).

NOTE:

1) The General Managers can sanction excess over estimate even when the variation is beyond the percentage variation prescribed in item no.40(1) (a) so long as the revised cost is within the limit of powers of General Managers to sanction new works under item no.39

2) The works thrown forward from previous years may be taken up only if the funds required for them can be found by re-appropriation within the sanctioned allotment.

(Authority: Board's letter No.F(X)II-2014/PW/1/PtII dated 07.08.2015)

40(5) Part Estimates: To sanction part estimates costing above 5 % of the total value of the work, as originally sanctioned in the Budget.

NOTE:

i) Part estimates may be sanctioned towards incurring expenses for preliminary activities like FLS, Geo-technical studies, Design, Preparation of Plans and Drawings etc. which will help in preparation of Detailed estimate.

ii) The detailed estimate should be allowed to be prepared and got sanctioned only after these preliminary activities are completed.

iii) These preliminary activities may be executed on Works Contract basis.

iv) CAO/Con in HAG may exercise above power to sanction part estimate where original cost of the work is not more than Rs.500 crore.

(Authority: Board's letter no. F(X)II-2016/PW/3/Pt.3 dt.14/10/2016)

Miscellaneous

41. To the sale of -

- a) Any portion of a Railway line.
- b) Any item of authorized rolling stock.

Note:- The sale of following may be excluded from above delegation:-

i) Railway component can be sold for the purpose of vendor/product development at book rate/latest purchase rate whichever is higher with usual charges as permitted in Stores code.

ii) Movable asset (other than rolling stock) can be sold on book rate or reserve price whichever is higher, provided it is not to be replaced.

(Authority: No. F(X)II/2016/PW/3 dated 22.03.2017)

42. To the dismantling or otherwise permanently closing to public traffic of any existing open line section.

43. To the alteration of or departure from the terms of contracts with Branch or Worked Lines.

44. To the write off of irrecoverable losses of cash, stores, tools and plant -

- i). exceeding Rs.5 lakh in value when a Railway employee is in any way responsible for the loss.
- ii). exceeding Rs.5 crore in value when a Railway employee is not in any way responsible for the loss.

NOTE:

(1) Every important case of loss should be brought to the notice of the Railway Board, as soon as possible, after its discovery. When the loss involved does not

exceed Rs.50,000/- the case need not be reported unless it represents unusual features or reveals serious defects in procedure.

(2) In efficient balances under Suspense Heads not exceeding Rs.1 lakh can also be written off by the General Manager.

(Authority: Board's letter No. F(X)II/2016/PW/3, dt. 14/09/2016)

45. To the incurrence of expenditure in excess of Rs.5 lakh per year in connection with the entertainment of distinguished visitors, i.e. distinguished official or non-official personages, representatives of foreign technical associates, foreign technical experts, representatives of Trade and Industry including overseas companies.

(Authority: Board's letter No. F(X)II/2016/PW/3, dt. 14/09/2016)

46. Except in accordance with the rules contained in the Indian Railway Codes or any general or special orders issued by the Railway Board –

- i) to the construction of an assisted siding.
- ii) to the acquisition, lease or disposal of land.

47. To enter into contracts beyond the powers delegated by Board.

(Authority: Board's letter No. F(X)II-2014/PW/1 dated 01.01.2015)

48. To the grant of advances to contractors –

- (i) Mobilization advance in excess of 10% of the contract value.
- (ii) Advances against new machinery and plant – in excess of 10% of contract value or 75% of the purchase price of new machinery and plant brought to the site of work (whichever is less).
- (iii) Advances for accelerating the progress of work in special circumstances in excess of 5% of contract value or Rs.1 crore (whichever is less).

NOTE: All advances mentioned above shall be subject to levy of interest charges at the rate of 4.5% per annum above the base rate of State Bank of India or as prescribed by the Railway Board.

(Authority: Board's letter no. F(X)II-97/PW/4 dt. 5/5/98 and 2007/CE-1/CT/18 Pt.2 dated 04.10.2012 & 2007/CE-1/CT/18 Pt.3 dated 23.05.2012)

49. To any material modification estimated to cost Rs.2.5 crore or more in each case.

NOTE:

i) Total value of Material Modifications in a work should not exceed Rs.20 crore. In case of Computerization Planhead, total value of material modifications in a work should not exceed Rs.5 crore or 5% of the original cost of the work, whichever is less.

ii) The excess or the revised cost of the estimate does not go beyond the General Manager's power of sanction.

iii) A Material Modification estimated to cost more than Rs.50 lakh but below Rs.2.5 crore each should be certified and sanctioned personally by FA&CAO/FA&CAO(C) and General Manager.

iv) Material Modifications which are beyond the competence of General Manager should be sent to Board with the personal concurrence of FA&CAO/FA&CAO(C) and personal approval of General Manager.

(Authority:Board's letter No. F(X)-II/2014/PW/1 Pt II dated 30.10.2015)

50. To the grant of diet charges in any other case except –

(a) To a Railway employee undergoing treatment as indoor patient in Railway or non-Railway Government hospital for any diseases other than tuberculosis or leprosy or mental disease when the employee's basic pay is not more than Rs.7,820/- per month.

(b) (i) To a Railway employee or members of his family when receiving treatment for tuberculosis or leprosy or mental disease in a Railway hospital or an approved Institution, when the employee's basic pay is not more than Rs.11,540/- per month.

(ii) To the dependent relatives of a railway employee receiving treatment for tuberculosis or leprosy in a Railway hospital or an approved Institution, when the employee's basic pay is not more than Rs.11,540/- per month.

NOTE: In the case of temporary staff the pay last drawn while on active duty may be treated as substantive pay for the purpose of this sub-rule.

(c) To persons, whether Railway employees or not, requiring such assistance from the Railway in emergent cases which involve living under difficulties as regards necessities of life.

NOTE: (i) Indigent passengers injured or taken ill and removed to Railway hospitals and trespassers, who require immediate medical assistance may be given diet at the expense of the Railway Administrations, the expenditure being treated as part of ordinary working expenses of the Railway hospital.

(ii) The General Managers have powers to sanction free diet or reimbursement of the cost of such diet, according as the indoor treatment is given in a Railway hospital or in a non-Railway hospital, to Railway servants injured in the course of duty for such period as they remain indoor patients, not extending beyond one year after they are declared permanently unfit and discharged from service.

51. Deleted.

(Authority: Board's letter no.F(X)II/2016/PW/3/Pt.3, dt. 03/03/2017)

52. To the supply of electricity to outsiders except under the following conditions –

(i) the provisions of the Electricity Act are not infringed;

(ii) such supply does not cause any extra outlay either immediate or contingent;

(iii) the supply can be made without any inconvenience to the Railway and after its full needs have been met;

(iv) the rates charged allow for profit after taking into account all costs of production, direct and indirect and are above the rates supplied to Railway employees; and

(v) the Railway should have power to discontinue the supply without notice and without compensation.

53. To any alteration in the existing cash and pay arrangements.

54. To the introduction of new designs for goods and coaching stock sanctioned for construction during each financial year irrespective of whether the stock is to be built to existing, sanctioned or new designs.

55. To changes, alterations or modifications in the design, layout or equipment of the existing rolling stock and marine vessels involving:-

(a) infringements of the schedule of maximum and minimum running dimensions unless previously sanctioned;

(b) decrease in the revenue earning capacities of coaching and goods vehicles and marine vessels, such as alterations in the class or seating capacity of

coaching vehicles and marine vessels and a permanent decrease in the relationship between gross load and tare in the case of goods vehicles;

(c) conversion of public service vehicles into Railway service vehicles and vice versa and material modifications (such as alterations in the wheel arrangements etc. in existing Railway service vehicles.);

(d) the introduction of new facilities, fittings and equipments for the traveling public where such have not previously had the approval of the Board, e.g. cooling arrangements in carriages, electric fans in second class compartments, variations in types of lavatory and other equipments which involve matter of policy.

56. To alteration in the authorized stock of all descriptions.

57. To any expenditure on an object which has not previously been recognized as a fit object for Railway expenditure.

-x-x-x-x-

ANNEXURE III
(Ref. para. 546)
Assessment of cash requirement

(A) Items included in the Railway Budget

- Grant No. 3** This is 'Staff Grant : and the expenditure is incurred wholly in cash less some of the Pay-roll recoveries such as credit to Provident Fund, rent and income tax, recovery of loans and advances, etc., which are effected through book adjustment. Recoveries for ultimate Payment to outside bodies such as Co-operative Societies, under small savings schemes, Postal insurance, etc., will however, involve cash outgo. Debits for 'order police' would represent adjustment expenditure.
- Grant No 4 to 9 and 12** Materials drawn from stores will be booked by adjustment whereas payments to officers, class III and IV Staff, including workshop staff, will involve cash outgo. Payments to contractors for handling collection and delivery of goods, and expenses at out agencies, or work done and for materials supplied and debited directly to the Grant, without operating upon any other Grant, will form cash expenditure. A careful assessment by each Department/Abstract should be made for estimating the 'cash' and adjustment' portion realistically. Similarly payment of compensation claims will involve cash outgo. Likewise, contribution and grants, compensation payments and other expenses will involve cash outgo. Under 'Suspense', debit to Miscellaneous Advances will mainly represent cash expenditure except for unallocated stores debits. However under 'Demands Payable', which is budgetted (within the demand) for 'net' increase or decrease, increase in credit will represent book adjustment (by contra debit to final heads), and reduction in credit will result from clearance under Demands Payable by payment. Consequently, if there is a net increase of credit under Demands Payable the budgetted expenditure under the final head should be reduced to this extent so as to exclude the element of book adjustment by operation of Demands Payable. On the other hand, a net reduction under Demands Payable should be added back to the final head to arrive at the total cash outgo under the latter.
- Grant No. 10** Cost of coal and other fuel is adjusted from 'Stores Suspense'. When the diesel locos of one Railway are serviced in the loco shed of a contiguous railway system, the debits for fuel are adjusted on GTKM basis through inter-railway financial adjustment. Transactions directly debited under Grant No. 7 are (i) cost of electric current for traction purposes, (ii) Sales tax, excise duty and cess on coal and (iii) freight and handling charges on fuel. Out of these items (i) and (ii) involve cash outgo and item (iii) in part cash and Part 'adjustment' item.
- Grant No. 13** Contribution to Provident Fund represents purely book adjustment but

gratuities and Special Contribution to Provident Fund will involve cash Payment to retiring employees. The expenditure is in respect of pension etc., payments through Civil Accounts Officers and Banks and involves book adjustment mainly, except for Death Cum Retirement Gratuity which is paid in cash by each Railway Administration.

Works Grant No. 16 It represents cash expenditure mainly in the form of payment to work-charged staff and payments to suppliers and works contractors. Debit to Stores Suspense for 'purchases' mainly involves cash payment except where, for imported materials, debits are accepted through the CAO, London or I S M, Washington, etc. Under Manufacture Suspense, however, the debit in respect of materials is entirely by book adjustment and cash is involved only for payment to shop labour and other charges such as for electricity and water, and contract payment for works chargeable to WMS.

(B) Items, not included in the individual Railway Budget

Non-budget Items These consist of refunds of fares, freight, wharfage and demurrage, etc., and involve entirely cash expenditure.

Civil grants These involve cash payments towards loans and advances to staff such as festival flood/drought advances, advances for purchase of conveyance or purchase/construction of site/house. etc. The Railways should make an assessment separately for each type of advance and furnish the details in the form of an annexure in support of the cash requirement under this head.

Board's Bulk Order Contracts Even though included in the budget of the Indian Railways as a whole, Bulk Order items are distributed to individual railways only at the Revised Estimate stage. Nevertheless, each contract for purchase of wagon or coaching vehicle stipulates the disbursing authority. Payment by the nominated railways will be outside their respective sanctioned budgets but within the overall railway budget for Bulk Order items. The paying railway should make, contract by contract, an assessment of the quarterly phasing of payment adding up to the total estimated expenditure during the year. This statement should be furnished in support of the Railway's cash requirement for payment against Bulk Order contracts.

ANNEXURE-IV

F.554

Cash budget for the year

(Rupees in thousands)

Demands	Sanctioned Estimate/Budget for the year			Estimated cash Expenditure			
	Cash	Adjustment	Total	1 st Qr.	2 nd Qr.	3 rd Qr.	4 th Qr.
1							
2							
3 to 13	(Separately for each Grant)						
16							
Non budget items--							
Refund of fares freight etc.							
Civil Grant							
Bulk order Contracts							
Total							

Note:- Cash outgo in each quarter should be phased on the basis of past trend of cash disbursement, or such other method as may suit the Organization /unit concerned. This estimate of phased cash flow should be up dated and the Boards formal authorization for cash expenditure obtained well ahead of the next quarter.

ANNEXURE V

F.- 556

Cash Outgo-Quarterly Variance Statement

(Rupees in thousands)

<u>Actual cash outgo</u>						
(A)Sanctioned Grant	Estimated cash outgo for the quarter	1 st month	2 nd month	3 rd month	Total	Remarks re variation from Estimate.
1						
2						
3 to13 (Separately for each Grant)						
16						
(B)Non- Budget disbursement						
Total						
