## Materials Management in Railway Workshops

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501. Introduction

From the point of view of indenting, the requirement of materials for PU/Workshop/LCDs can be divided into following three categories:

(i) Stock items – These are items of regular requirement which are stocked in the stores depot and indented by Stores department.
(ii) Non stock items – These are the items which are indented as and when required.
(iii) M&P items – In a workshop Machinery and Plant are required in the conversion process of incoming material into finished Goods.

From the point of view of processing, the stock and non stock items can also be classified as raw material, semi-finished goods and finished goods.

502 Sources from which Materials are obtained by shops and maintenance depots

Materials for jobs undertaken in the workshops are obtained from following sources:-
- a. Workshop Stores Main Depot, attached to workshops.
- b. General Stores Depot
- c. Other Division or Railways
- d. Workshops (manufactured items)
- e. Orders placed by Controller of Stores(COS) for direct delivery of non-stock items
- f. M&P items from suppliers against orders placed by COS/COFMOW(Central Organization for Modernization Of Workshops).

503 Matching Budget with Demand for Materials

Materials are purchased based on estimated annual requirement for stock items. In case of nonstocked items, the demand for materials matches with the budget provision. In case of stocked items there may arise a situation wherein, the demand for quantities made by the end user may not match the budget provision. The mismatch may happen when the Budget provided does not match the projected cumulative Estimated Annual Consumption (EAC) value in a year. To avoid such situation, it shall be necessary that provision in the budget of the end user matches with the approved Estimated Annual Consumption for stock items of end users. The budget thus provided will have contra provision in Stores Budget as provided in Stores Code Chapter 31.

504 Workshop Inventory Management - stock and non-stock items

Stock items inventory is covered in the stores code and management of stocks in the stores depots is the function of the stores department.

However, stock items are often drawn in excess of a day's / week's requirement and this forms part of workshop inventory and the cost passes through the workshop manufacturing suspense. A foolproof system of accountal of drawal of stock items and usage and a periodic accountal of shop inventory is essential. For each job / job lot, material drawn and utilized has to be reconciled before closure of the job card.

Non-stock items inventory is in charge of the shop supervisor. It is essential to keep a record of all items lying on the shop floor and these have to be stocked in countable/weighable lots for inventory checks. For non-stock items the shop in-charge should maintain a record of receipts, utilization, stock on hand and price at which procured. This will avoid multiple and wasteful procurement of non-stock items. Non-stock items, which are regularly procured, should be converted to stock items.
505. **Raw material norms**

The quantum of raw material for a job is computed on the basis of size and shape of the semi-finished / finished product, the standard size of raw material supplied as available in the market and the cutting diagram.

At times the raw material standard sizes undergo changes and it may be economical to redo the cutting diagram with a view to reduce cutting wastages.

Raw material norms should be worked out for every major job and revised once in 3 years, keeping in view availability of new sizes of raw materials. Responsibility for this should be clearly defined in the organization of the PU/Workshop or the sheds/depots. This should result in reduction of wastage and cost savings.

506. **Sub-stores**

Every segment of a PU/workshop as well as LCDs should have an attached sub-store under the control of the shop supervisor. The sub store should have a proper storage system with enough capacity to store one full working day’s requirement and entire materials drawn by NS indents. The item locations should be properly labeled and documented. Drawal from main stores to sub-stores should be on a daily basis against stock requisitions.

Accountant against job and cards should be on basis of actual usage. The items in the sub stores will be on shop suspense account till it is charged to the job card.

507. **Pairing of Issue Notes.**

Workshop issue notes prepared by the Workshop Stores Depot on the form prescribed in paragraph 1523 of the Indian Railway Code for the Stores Department would be received daily in the Workshop Accounts Office, after scrutiny by the Officer-in-charge of workshop or other officer of the Mechanical Department. On receipt of the above issue notes, the Workshop Accounts Office is responsible for seeing that—

1. the shop serial numbers (i.e. Requisition Numbers) of the issue notes for each shop are continuous and that breaks in such continuity if any, are satisfactorily explained;
2. the issue notes are received strictly according to schedule i.e., by the evening of the day following the date of issue;
3. the issue notes have been correctly prepared according to the instructions issued for this purpose; and
4. The issue notes are 'paired' with the Bill copies with the Store Debit summary of Issues as laid down in paragraph (608).

In a computerized system of generation of ‘issue notes’ for the complete requirement of a work order, such pairing procedures may become either fully or partially redundant, to be done in a much simplified form.

508. The copies of the issue notes received from Shop Foremen through the Officer-in-charge of workshop should be sorted out and arranged in chronological order. Each of these issue notes should be paired with the corresponding one received with the Store Debit summary from the Stores Accounts Office and the former compared
with the latter, in respect of allocation (work order number) and quantity of stores shown as having been received in the shop.

509. Provisional Adjustment of Issue Notes.—

If any issue note is not received from the shop in time and the allocation on the copy of the issue note accompanying the Store Debit summary is incomplete, efforts should be made to ascertain the work order number to which the amount is chargeable. If the allocation cannot be ascertained before the month's accounts have been closed, the amount of each such issue note should provisionally be adjusted against a suspense work order entitled "wrong work order" which should be cleared in the subsequent month by being finally adjusted against the correct work order or work orders on receipt of the shop copy of the issue note. A register showing the issue notes thus adjusted provisionally should be put up monthly to the Workshop Accounts Officer by the first week of every month, who would be responsible for seeing that the correct allocation is ascertained as expeditiously as possible and that the appropriate adjustments are made.

510. Main Stores Sub-ledger.

After the pairing referred to in paragraph 608 has been carried out, which should be completed expeditiously on receipt of Stores Debit Summary in the Accounts office, the value of stores should be abstracted for each shop under the various work orders in the stores sub-ledger.

A sample sub ledger form in the computerized format is enclosed as Annexure 6.1, which is common for all types of labor and stores charges. Railways can redesign this form to suit their working.

511. Adjustment of cost of stores received from depots.

The grand total of all sub ledgers shall be struck and agreed with the totals of the monthly stores Debit summary. After this is done, the debit raised by the Stores Accounts Office, shall be accepted and allocated to "Workshop Manufacture Suspense Account."

512. Stores purchased Direct.—

As soon as the stores are received against the orders placed either by the Controller of Stores or by the depot store officer, Executive officer of workshop should send a copy of receipt note / receipted challan to the Workshop Accounts Officer.

513. On receipt of the receipted challan / receipt note referred to above, the Workshop Accounts Officer should price it at the rate quoted therein, after verifying the rate with that given in the Stores Order.

514. The amount of the receipted challan/ receipt note should then be journalized by credit to "Purchases" and debit to "Workshop Manufacture Suspense Account."

515. The amount thus debited to the head "Workshop Manufacture Suspense" should be summarized by individual work orders in a separate Stores Sub-ledger to be posted for each shop separately from the receipt notes received from the officer-in-charge of workshop vide paragraph 612 above.
At the close of the month, this Stores Sub-ledger should be totaled and summarized. A sample summary sub ledger format is shown in Annexure 6.2 which can be modified to suit Railway’s requirement.

The grand total of this summary should be agreed with the total credits to "Purchases" during the month.

**Stores Sub-ledger for Credits**

Detailed instructions for the accountal of "Returned Stores" and "Manufactured Stores" and for the preparation of forms of "Advice Notes" and "Material supplied to Stores" in connection with such stores have been laid down in chapter 15 of the Indian Railway Code for the Stores Department. The credits received in connection there with should be summarized as credit Stores in the Sub-ledger to be maintained for each shop, separately for "Returned Stores" and "Manufactured Stores". The reconciliation of these credit stores sub-ledgers with the monthly credit summary received from Stores accounts office should be carried out in the manner as for debits.

**Stores Sub-ledger for Out-turn of Process shops**

The debits to work orders from the Manufacturing Accounts of Process Shops are explained in Chapter 7. These also should be summarized in a separate Stores Sub-ledger in the same form as used for the main Stores Sub-ledger.

The Stores Sub-ledger referred to above should be closed by the 12th of the following month and the grand total reconciled in the manner stated in the following paragraph.

The total of the Stores Sub-ledger, referred to in paragraph 619 above, should be agreed with the total issues shown in the manufacture out-turn statements of the various process shops and other shop manufactured items handed over to stores for consumption during POH in workshops.

**Stores Charges Write-back Order**

Stores drawn against Standing Work orders should not be used later on for different works. Materials for more than one work order generally should not be drawn against one issue note. In case of violation, Write Back Order (WBO) to be issued immediately for accountal in the same month (Ref: Stores Code Vol II para 1514) To regularize any incorrect allocation of stores charges to work orders, write-back orders should be made out in Annexure 6.3 and debits to the correct work orders and minus debits to work orders from which the charges are written back should be summarized in a separate Sub-ledger technically called the Adjustment Sub-ledger, to be prepared for each shop separately.

Before inclusion of the write-back orders in the Stores Sub-ledger, it should be seen that the work order numbers quoted therein are current, the reasons for the adjustments have been clearly given in sufficient detail, the arithmetical calculations are correct and that the write-back orders bear the signature of an officer.

**Other Miscellaneous Charges**

Besides the labour and stores charges which have been described in the preceding paragraphs certain miscellaneous charges are also booked to "Workshop Manufacture Suspense Account". These charges are generally comprised of the following items: —

1. Municipal Taxes as Wheel Tax and License for Motor Lorries.
2. Cost of electric current.
3. Water charges.
4. Shunting charges.
5. Demurrage charges.
(6) Carriage of materials.
(7) Other charges

525. Miscellaneous Stores Sub-ledger.—

All bills in connection with the above items should first be got verified and allocated by the Officer-in-charge of workshop or other Departmental Officer concerned and thereafter passed for payment, or adjusted in transfer, by debit to relevant work orders and abstracted in the Miscellaneous Stores Sub-ledger to be maintained for each shop separately.

526. Summary Sub-ledger.—

In addition to the Sub ledgers for different shops, a summary of all Sub-ledgers should be prepared in a form similar to Annexure 6.2, showing the total amount under the various sub-ledgers referred to above.

527. The totals of the various columns shown in the summary sub-ledger should be checked with reference to the following: —

(1) Store Debit Summary received from the Workshop Stores Main Depots as well as from General Stores Depots.
(2) Debits raised by divisions and foreign railways
(3) Cash Book debits, i.e., payments made for municipal taxes, license fees and direct purchases of stores.
(4) Issues from workshop manufacturing accounts.
(5) Write-back orders.

528. This summary should then be submitted to the Section Officer (Accounts) for his signature, who should, before signing it, satisfy himself about the correctness of the entries included therein.

529. The charges abstracted in the various Stores Sub-ledgers (referred to in earlier paragraphs) by shops and by work orders should be transferred to the main stores sub-ledgers of the respective shops, after the correctness of the former has been verified.

530. The charges for stores booked on each work order in the main Stores Sub-ledgers of different shops should be posted in the Workshop General Register shop by shop, in the same way as the charges for Labour.
Annexure 5.1

Labour & Stores sub ledger for the month of _______ year_____________

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### Annexure 5.2

Summary of labour & stores sub ledgers for the month of _________year_________

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Annexure 5.3

Railway____________________________

Department_________________________ Office____________________

Adjustment memo by the _________ showing adjustment to be made in the accounts for the month of ______ year _______

<table>
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<tr>
<th>Particulars of Transactions</th>
<th>Circumstances under which the write-back is proposed or authority for transfer</th>
<th>Amount</th>
<th>Head of account to be credited</th>
<th>Head of account to be debited</th>
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<td>Rs.</td>
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No.__________________________
Dated______________ Forwarded to the __________________________________ for acceptance allocation and early return.
Signature __________________________
Designation________________________

No.__________________________
Dated______________ Accepted for Rs.________________ from the accounts for month________ year
Signature of Accepting Officer________________________
Designation________________________

No.__________________________
Dated______________ By debit to Revenue/Capital
Signature of Accepting Officer________________________
Designation________________________