

## CHAPTER-V

### Budgetary And Expenditure Control Financial/Management Reporting

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

Calendar of returns	<a href="#">557</a>
Watch over Expenditure and Revenue of the Last quarter of the year	<a href="#">559</a>
Annual Review of Expenditure	<a href="#">560</a>
Annual Reports of Railways, Object and Scope	<a href="#">561 - 562</a>
Responsibility for preparation	<a href="#">563</a>
Section –I Report Proper	<a href="#">564</a>
Section II-Financial Statements	<a href="#">565</a>
Section III -Analysis of Working	<a href="#">566</a>
Section IV-Appendices	<a href="#">567</a>

<b>ANNEXURES</b>	
Powers of Chairman Railway Rates Tribunal (Deleted)	<a href="#">Annexure-I</a>
Powers of General Managers, of Indian Railways	<a href="#">Annexure –II</a>
Assessment of cash requirement	<a href="#">Annexure –III</a>
Cash Budget for the year	<a href="#">Annexure-IV</a>
Cash Outgo Quarterly Variation Statement	<a href="#">Annexure-V</a>

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## CHAPTER-V

### **Budgetary & Expenditure Control Financial/ Management Reporting**

**501.** As stated in para 304, the Railway Budget is an important instrument of Parliamentary Financial Control, expenditure control and management tool. The financial targets as set out in Budget broadly guide the performance targets of the Railway administration. The manner in which budgetary and expenditure control is exercised is stated in the following paragraphs.

**502. Gross Revenue** - It is important that a continuous and concurrent watch is kept on the realisation of revenue as envisaged in the Budget. This is done through the medium of a ten-day statement of revenue on "originating" basis and monthly financial review on 'apportioned' basis. These statements should give also the proportionate budgeted revenue on originating and apportioned 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 Railwaywise apportioned revenue for each month does not become available until a week later.

Enhancing the Gross Revenue is of utmost importance and it should be ensured that any shortfall in any segment of traffic revenue is promptly brought to the notice of concerned departments.

**503.** A monthly statement of 'approximate' gross revenue on the basis of estimated apportionment between various Zonal Railways is also sent by the Railways to the Railway Board in the first week of the following month in Form 344-A I. 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 step as are necessary.

**504. Revenue and Capital 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 Major Head of the 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 Major Head within the 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 administration to exercise a similar control over the allotments placed at their disposal. When several officers are authorized to incur expenditure relating to a sub-major 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- major 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 (Now deleted) and Annexure-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 (Para116).

**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.** (Ref Para 506). 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. The sanction as prescribed should be accorded only after ascertaining the quantum of allotment. A liability register should be maintained by executive as well as accounts office for the same including, inter alia, incurred as well as accrued liabilities.

Any sanction should not be based merely on past trends. The principles of Zero Based Budgeting i.e. necessity and utility of any expenditure being sanctioned must be thoroughly applied prior to according sanction.

**507 A.** (Ref Para 506). A sanction for any fresh charge shall, unless it is specifically renewed, lapse if no payment in whole or in part has been made during a period of twelve months from the date of issue of such sanction. Provided that –

i) when the period of currency of the sanction is prescribed in the departmental regulations or is specified in the sanction itself, it shall lapse on the expiry of such periods; or

ii) when there is a specific provision in a sanction that the expenditure would be met from the Budget provision of a specified financial year, it shall lapse at the close of that financial year; or

iii) in the case of purchase of stores, a sanction shall not lapse, if tenders have been accepted (in the case of local or direct purchase of stores) or the indent has been placed (in the case of Central Purchases) on the Central Purchase Organization within the period of one year of the date of issue of that sanction, even if the actual payment in whole or in part has not been made during the said period.

Notwithstanding anything contained above, a sanction in respect of an addition to a permanent establishment, made from year to year under a general scheme by a competent authority, or in respect of an allowance sanctioned for a post or for a class of Government servants, but not drawn by the officer(s) concerned, shall not lapse.

**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/she works out, at the beginning of each financial year, in consultation with the officers responsible for the control of expenditure, the estimated progressive expenditure (Proportionate Budget Allotment – BP) under each Major Head and sub major head 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.

The BP so fixed may be fed in accounting software (IPAS) for monitoring of progress of expenditure.

**509.** In respect of sub-heads for which such detailed analysis is not practicable or necessary, may be ,interalia ,because the expenditure does not fluctuate from month to month, e.g. establishment charges, past actual 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- BP" for each month is worked out for each sub-major head of the Major Head, and the progress of expenditure under each sub-major 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. 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 in 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** -As described in para 311 of Accounts Code part I, 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.

However, under computerized system, the RAR may be drawn through system and used for complying with the above objective.

**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-major head of the Major Head 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 maybe fixed in consultation with them. It may be ensured that no liability is committed to in excess of the respective allotments as derived from the Monthly Financial Review.

Form No. F. 513

Sub-major head of the Major Head and heads of account.	Budget allotment for 2021-22	Proportionate budget allotment to end of June,2021	Actual expenditure to end of June,2021	Actual expenditure to end of June,2020	Expenditure upto June-2021 more(+) or less (-)	
					as compared with column-3	as compared with column-5
1	2	3	4	5	6	7

**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 (column4), 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 proportion at 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.

Care must be taken to ensure that any major deviation in anticipated expenditure, which may either result in extra spending or savings, are accounted for even in case of non-fluctuating expenditure. Savings can be affected due to cancellation of large number of trains for prolonged period, spending can increase due to implementation of Pay commission, commissioning of a new block section etc.

**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 re-appropriation or fresh allotment.

Such liabilities may, however, be liquidated provisionally, if otherwise in order, on the spending authority's undertaking to find the requisite funds. All such expenditures 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 re-appropriations wherever needed, and how they are to be made. He should ensure that re-appropriations 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 re-appropriation 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, Railway Safety Fund, Rashtriya Rail Sanraksha Kosh and Capital Fund. These allotments are made in lump sum 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 Rs 2.5 crore and above 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.2.5 crore each, a lumpsum 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.

**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 sanction is 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 /PlanHeads 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 and Development Fund 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 and Development Fund 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					
			Capital	D.R.F	D.F.	Other funds	Total
1	2	3	4	5	6	7	8

Percentage	Percentage of Expenditure to allotment of the corresponding year	Reasons for variations between Cols. 10& 11 and brief remarks as to rate of progress of expenditure
9	10	11

Signature

Date.-----

Designation-----

The quarterly reviews for period ending June, September and December may be sent to the Board as per extant guidelines.

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	Total
--------------------------------------	-------------	-------

Actuals end previous month	to of	Approximate for the month	Total expenditure to end of the month	neither paid for nor included in the approximates for the month	expenditure and commitments to end of the month [ Col. 6(iii) + 7 ]
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 , Depreciation Reserve Fund, Development Fund or any other funds, information should be classified under each sub-head/Plan head of the grant,viz.-

Code number of Plan Head	Description of Plan Head
11	New Lines
14	Gauge conversion.
15	Doubling.
16	Traffic facilities-Yard remodelling and others.
17	Computerisation
18	Railway Research
21	Rolling Stock.
22	Leased Assets-Payment of Capital portion of lease charges to IRFC etc.
29	Road Safety Works – Level Crossings
30	Road Safety Works – ROB/RUB
31	Track renewals.

32	Bridge works, tunnel works and approaches
33	Signalling and Tele-communication works.
35	Electrification projects.
36	Other Electrical works including TRD works
41	Machinery and Plant.
42	Workshops including production Units.
51	Staff Welfare
53	Customer Amenities
61	Investment in PSU/JV/SPV and others etc. ( Government & Non-Government)
64	Other specified works.
65	Training/HRD
71	Stores suspense.
72	Manufacturing suspense.
73	Miscellaneous Advances.
81	Metropolitan Transport Projects
82	Transfer to Special Railway Safety Fund (RRSK)

**528.** The review of the expenditure on the 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 2.5 crore and above 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 2.5 crore each whether in progress or new, not as individual works but as one item for the total of such works, including the 'throw forwards'. 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 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 date stipulated by Board.

**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 capital section 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-, 2022

**Department**-----

**Office**-----

Sub/head s of Grant	Grant for the year.	Actuals to end of progress of May,2022. expenditure	Approxim ates for June,2022	Approxima tes end of June,2022	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 – Financial Adviser and Chief Accounts Officer should submit summary of periodical budgetary MIS of receipts, revenue and capital expenditure to General manager to enable him to review progress as per milestones.

### **Exchequer Control**

**540.** All executive officers of the Railway Administrations, who are empowered to authorize revenue/capital expenditure, must 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.

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. Exchequer Control is a mechanism for concurrent regulation of cash outgo by each Disbursing Officer against the cash content of the budget allotment. 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.

It is, therefore, important that there should be a total commitment at all levels of Railway Management to the Exchequer Control procedure.

**541.** Importance and limitations of Exchequer Control--Para.539 requires the compilation of a 'Financial Review' wherein the revenue receipts and expenses of each Railway Administration for and 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 incurrence of expenditure or realization of revenue receipts 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, most 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 revenue receipts 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.** Exchequer Control implies a self-imposed expenditure discipline by means of a system of day-to-day monitoring to ensure that the cash component of the budgetary allocations is not exceeded.

For this, the IPAS module may indicate the cash component of each month's revenue/capital expenditure by way of BP (Budget proportion) as also in the trends of expenditure (for and to end of a period).

**544.** Railway budgeting 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 Capital Section of Demand, but when the purchased stores are utilized for (say) maintenance and operation, budget allocations are also provided under Revenue section. 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 segment of the 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 monthly requirement of cash,
- iii) Issue of monthly cash authorization to Disbursing Officers, and
- iv) Concurrent control of cash outgo by each Disbursing Officer.

For the above, the Financial Adviser and Chief Accounts Officers, while submitting their Budget Estimates of revenue / capital expenditure and expenditure for Non-budget items to Railway Board, need to submit monthly/quarterly expenditure plan (MEP/QEP) with Cash/Adjustment bifurcation.

#### **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 Major Head 5002/5003 to the final head under sub-major heads 04-07 of Major Head 3002/3003. 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 outgo, 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 actual 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 tax element 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 sub major head 08.

**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.

**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 Lakhs)

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 monthly cash outgo-** As indicted in Para 545, the PFAs, while submitting their Budget Estimates of revenue / capital expenditure and expenditure for Non-budget items to Railway Board, need to submit Major Head-wise monthly/quarterly expenditure plan (MEP/QEP) with Cash/Adjustment bifurcation.

This statement will form the basis for the Board to issue monthly authorization of cash expenditure to each Railway Administration and by the latter to the various disbursing units within the Railway keeping in view the sanctioned budget and extant instructions of Ministry of Finance.

**555. Control of cash disbursements-**Spending Units like Zonal Railways/Production Units and other Units would project their cash expenditure requirement on a monthly basis by the last working day of a month for the following month under revenue heads (Staff/Pension, Other than Staff), Capital heads (GBS, Railway Funds, EBR) and Non budget items in the manner prescribed by Railway Board (Budget Directorate) from time to time. Based on the sanctioned budget, the Railway Board (Budget Directorate) would issue authorisations for such cash expenditure. The Units may seek authorisation of additional cash expenditure for a month by 20th of the month, if any. Cash utilisation should be reported to Board by 5th of the following month in the manner prescribed by Board.

IPAS (accounting and transaction software) shall disallow any expenditure beyond the authorisation given to the spending unit. PFAs would however have the discretion to

allow additional expenditure beyond authorisation in case of exigencies while keeping the Board informed.

**556.** Deleted

**557.** Various documents and returns prescribed have to be submitted to Railway Board as per the extant schedule issued by Board.

**558.** Deleted

**559. Watch over Expenditure and Revenue of the last quarter of the year-**

Special watch over the progress of expenditure and revenue receipts 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 Member Finance, Railway Board, 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.

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**ANNEXURE I**

(Deleted)

As per Finance Act 2017, Railway Rates Tribunal has been merged with Railway Claims Tribunal.

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## **ANNEXURE-II (See Paragraph-505)**

(Annexure to Board's letter No.2021/F(X)II/PW/3 dated 21/09/2021)

### **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 and DG RDSO may not sanction expenditure or deal with other matters without previous sanction of the higher authority.

The General Managers shall have powers to sanction expenditure and to delegate their powers to authorities subordinate to them alongwith powers to re-delegate further in consultation with the Principal Financial Adviser (PFA) of the Railways.

***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 on specific subjects.***

### **CAVEATS TO DELEGATION**

The previous sanction of the higher authority is necessary for **all items listed below:**

#### **A) Establishment Matters**

##### **I) Permanent /Temporary/Work charged posts:**

- 1) the creation of any post.
- 2) revival of a sanctioned post kept in abeyance or remaining vacant for a period of more than 02 years.
- 3) the grant of provisional payment beyond 3 months to incumbent of any post beyond available sanction.

*(MoF's OM No: 7(1)/E.Coord-I/2017 dated 12.04.2017 & 7(2)/E.Coord/2020 dated 04.09.2020 as revised from time to time)*

##### **II) Pay/Allowances etc:**

- 1) grant to a Railway employee emoluments higher than that admissible under the Railway Rules or any orders of the Government of India.

- 2) permitting Medical Officers to receive fees for professional attendance to patients if they hold posts in which private practice is debarred.
- 3) permitting a Railway employee to undertake work and/or receive fee (non-recurring or recurring) from private sources exceeding Rs.5,000/- per annum in each individual case.

4) Additional Post Allowance:

permitting additional post allowance except as per Board's letter No: F(E) Spl./2009/FR/1/3(7<sup>th</sup> CPC) dated 05.09.2018 as revised from time to time.

III) Award/Reward/Honorarium:

- 1) the grant of reward in excess of Rs. 5,000/- in each individual case subject to limit of Rs 1,00,000/- group award.

*(Board's Letter No: F(X)II-2016/PW/3/Pt3 dated 16.12.2016 as revised from time to time)*

- 2) the grant of reward in excess of Rs. 30,000/- in each individual case to non-gaz Railway employees who have done exemplary work to avert accidents. This may be re-delegated to DRMs upto Rs.7,500/- in each case.

*(Board's Letter No: F(X)II-2014/PW/4 dated 05.02.2015 as revised from time to time)*

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

*(Board's Letter No: F(X)II-2016/PW/3/Pt3 dated 10.02.2017 as revised from time to time)*

- 4) the acceptance of honorarium by a Gazetted Railway servant in excess of Rs.20,000/- per case 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.

*(Board's Letter No: F(X)II-2008/PW/6 dated 25/04/2013 & No.2019/Trans Cell/S&T/Suggestions from GMs dated 02.09.2019 as revised from time to time)*

- 5) the grant of honorarium to Non-gaz railway employee in excess of Rs.15,000/- in each individual case. Where the honorarium is recurring, the limit applies to the total amount paid in a financial year. These powers will be exercised with the concurrence of PFA.

*(Board's Letters F(X)II/13/PW/4 dated 25.07.2013 as revised from time to time)*

- 6) Rewards to persons other than Railway Employees:
  - a) the grant of rewards in excess of Rs.25,000/- in each case.
  - b) 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. This may be re-delegated to DRMs upto Rs.10,000/- in each case.

*(Board's Letter No:F(X)II-2016/PW/3 dated 14.09.2016 as revised from time to time)*

#### IV) Other Matters:

- 1) the acceptance of resignation of a gazetted officer.

*(DoPT's OM No: 28034/25/87-Estt(A) dated 11.02.1988 as revised from time to time)*

- 2) the deputation of a Railway servant out of India.
- 3) the sanction of expenditure on deputation of Railway employees for training courses, seminars, symposia in recognized non-Railway Institutions in excess of Rs.1.00 crore in a year for Zonal Railways and Rs.8 lakh in a year for Production Units as detailed in Railway Board's Letter No: 2017/Trans/01/Policy dated 18.10.2017 and 2018/Trans./Cell/E/process reforms dated 12.12.2018 as revised from time to time.
- 4) the waiver of the cost (Full or partial) 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.
- 5) permitting a railway servant below Junior Scale to travel by Air on duty as detailed in Board Letter No: F(E)I/2021/AL-28/47 dated 13.08.2021 as revised from time to time.
- 6) 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.

7) the remission of recovery of rent: beyond four months.  
(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:

- a) when an employee is temporarily transferred to a post in another station;
  - b) 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;
  - c) when an employee is required to vacate the quarter under medical advice on account of an infectious disease or an epidemic.)
- 8) the write-off of –
- a) Advances
  - b) Amounts overdrawn by Officers, or otherwise due from them, which were discovered in audit within a year.

## **B) Works Matters**

### I) Expenditure on works not wholly chargeable to Ordinary Working Expenses

#### 1) Sanction of works:

In the plan heads New Lines, Gauge Conversion, Railway Electrification works, Metropolitan Railway Projects, setting up of new Production Units, Rolling Stock or Surveys.

#### 2) Sanction of works in other Plan heads beyond Rs.2.5 crore provided and subject to:

- a) Total lumpsum provision made in the Budget for such works is not exceeded.
- b) Works in respect of existing Railway Schools, Hospitals, Dispensaries, Institutes, Officers Club, Rest Houses and Holiday Homes –not more than Rs.1.00 crore in each case,
- c) Works under PH-30- upto Rs.1.00 crore in each case.
- d) Works under Plan head Computerization:-
  - i. upto Rs.2.5 crore including cost of Hardware replacement for IT based network applications.
  - ii. Extension/Up gradation /Strengthening of LAN: upto Rs.20 lakh in each case.
- e) Machinery and Plant – costing up to 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.20 lakh to CWMs/DRMs subject to annual ceiling fixed by the Railway for the Workshop/Division.
- f) Out of Turn (not permitted for Computerization and M&P):

Budgetary ceiling for other than safety related items will be Rs.25 crore (other than lumpsum) in a financial year. Safety related works should be completed within a maximum period of 08 months from the date of sanction.

- g) For Customer Amneties Works: DRMs may sanction works under the plan head 5300 up to Rs.2.5 crore in each case (under Lumpsum category as well as Out of Turn).

II) Sanction of estimates:

Sanction of Estimates except in the following cases:

- 1) where excess over original sanctioned cost/abstract cost due to reasons other than price escalation is upto 20% of original cost. However, General Managers will have full powers to sanction excess due to price escalation.
- 2) Material Modification upto Rs 2.5 Cr subject to other restrictions laid down in Board's letter dated 25.08.2021
- 3) M&P estimates for increase in cost due to price escalation not more than 100% of original estimate or Rs.2 crore, whichever is less & increase due to reasons other than price escalation including material modification not more than 20% of the original estiamte or Rs. 50 lakh, whichever is less.
- 4) Survey Estimates: where variation is upto 20% on an original estimate sanctioned by higher authorities, General Manager can sanction survey estimates provided the surveys are included in the sanctioned budget.
- 5) Estimates of Lump sum works: General Managers can sanction excess over estimate upto variation prescribed in Board's letter dated 25.08.2021.
- 6) Part Estimates: costing upto 5 % of the total value of the work, as originally sanctioned in the Budget.

*(Board's Letter No: 2021/F(X)II/PW/4 dated 25.08.2021 as revised from time to time).*

III) Contracts:

- 1) Incurrence of expenditure for engaging/obtaining consultancy services in excess of Rs.10 crore as detailed in Board's Letters No: 2021/F(X)II/PW/4 dated 10.08.2021 & 12.08.2021 as revised from time to time.
- 2) the grant of advances to contractors –
  - a) Mobilization advance in excess of 10% of the contract value.
  - b) 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).
  - c) Advances for accelerating the progress of work in special circumstances in excess of 5% of contract value or Rs.1 crore (whichever is less).

*(Board's Letters No: F(X)II-97/PW/4 dated 05.05.1998, 2007/CE-I/CT/18 Pt.2 dated 04.10.2012, 2007/CE-I/CT/18 Pt.3 dated 23.05.2012 & 2018/CE-I/CT/1 dated 22.01.2018 as revised from time to time)*

### **C) Legal Matters**

- 1) 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.
- 2) the filing or defending of an appeal in the Supreme Court.
- 3) the engagement of a Railway Counsel on scale of fees higher than that prescribed by Ministry of Law and Justice;
- 4) 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;
- 5) payment of fees in excess of scales of fees fixed by the High Courts concerned.

### **D) Commercial Matters**

- 1) the write-off of amounts due to the Railways, otherwise than when they are irrecoverable, in excess of Rs.2 lakh in each case other than wharfage, demurrage, storage and lost property charges which may be written off or refunded by Railway Administration without the sanction of higher authority. This shall apply only for persons other than Railway employees.

*(Board's Letter No: F(X) II-2016/PW/3 dated 14.09.2016 as revised from time to time)*

- 2) 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 –

(a) Claims settled out of court	Upto Rs.1,00,000/- in each case.
(b) Claims decreed by a court of Law.	Full powers subject to the condition that particulars of cases involving expenditure of more than Rs.1,00,000/- in each case should be reported to Railway Board for information.

The powers under this item should not be re-delegated to subordinate authorities.

### **E) Railway Assets**

- 1) the sale of -
- Any portion of a Railway line.
  - Any item of authorized rolling stock.

However, the sale of following may be excluded from above delegation:-

- 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.
- 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.

*(Board's Letter No: F(X)II-2016/PW/3 dated 22.03.2017 as revised from time to time)*

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

- 4) 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.
- 5) alteration in the authorized stock of all descriptions.

#### **F) Miscellaneous Matters**

- 1) reappropriation of funds beyond Railway Board budget directorate's guidelines.

*(Board's Letter No: 2011-B-174 dated 26.08.2021 as revised from time to time)*

- 2) the purchase of a motor-car, motor-boat, truck or any other vehicle.
- 3) the incurrance of expenditure on each ceremonial occasion in excess of Rs.5 lakh.

The incurrance of expenditure on important functions which are attended by Minister of Railways/Minister of State for Railways: in excess of Rs.15 lakh in each case,

The expenditure on functions attended by President/Prime Minister: in excess of Rs.20 lakh in each case.

- a) The powers under this item will be exercised by the General Managers subject to an annual ceiling of Rs.37.50 lakh for Production Units and Rs.75 lakh for Zonal Railways.

- b) The power under this will cover the expenditure on Railway week celebration also, the limit for which will be Rs.5 lakh for a Zonal Railway/Production Unit as a whole.

*(Board's Letter No: F(X)II-2015/PW/7/Pt.2 dated 29.12.2017 as revised from time to time)*

- 4) the incurrance 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.

*(Board's Letter No:F(X)II/2016/PW/3 dated 14.09.2016 as revised from time to time)*

- 5) the grant of fees to private persons or donations to private bodies including Institutes, Hospitals and Schools, an excess of the scales or maximum limits laid down by the Railway Board.
- 6) the payment of arbitration fees to Retired Railway Officers in excess of Rs.2,25,000/- per case.

*(Board's Letter No: 2009/CE-I/CT/14/Main dated 09.04.2021 as revised from time to time)*

- 7) the payment of contribution or subscription to a professional institution in excess of Rs.1,00,000/- per annum in each case.
- 8) the write off of irrecoverable losses of cash, stores, tools and plant –
- a) exceeding Rs.5 lakh in value when a Railway employee is in any way responsible for the loss.
- b) exceeding Rs.5 crore in value when a Railway employee is not in any way responsible for the loss.
- i) 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.
- ii) Inefficient balances under Suspense Heads not exceeding Rs.1 lakh can also be written off by the General Manager.

*(Board's Letter No:F(X)II-2016/PW/3 dated 14.09.2016 as revised from time to time)*

- 9) Except in accordance with the rules contained in the Indian Railway Codes or any general or special orders issued by the Railway Board –
  - a) the construction of an assisted siding.
  - b) the acquisition, lease or disposal of land.
- 10) the alteration of or departure from the terms of contracts with Branch or Worked Lines.
- 11) The supply of electricity to outsiders except under the following conditions –
  - a) the provisions of the Electricity Act are not infringed;
  - b) such supply does not cause any extra outlay either immediate or contingent;
  - c) the supply can be made without any inconvenience to the Railway and after its full needs have been met;
  - d) the rates charged allow for profit to Railways after taking into account all costs of production, direct and indirect and are above the rates of electricity supplied to Railway employees; and
  - e) the Railway should have power to discontinue the supply without notice and without compensation.
- 12) any alteration in the existing Cash and Pay arrangements.
- 13) any expenditure on an object which has not previously been recognized as a fit object for Railway expenditure. If any item is not covered anywhere, clarification from board may be sought.

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## **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 House Building Advance and Personal Computer Advance 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

### Cash Budget For The Year

F.554

(Rupees in thousands)

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

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 thousand

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

\*\*\*\*\*

