



भारत सरकार **GOVERNMENT OF INDIA**
रेल मंत्रालय **MINISTRY OF RAILWAYS**
रेलवे बोर्ड **(RAILWAY BOARD)**

RBA No. 102/2017

No. 2002/AC-II/1/3

New Delhi, dated 25.07.2017

1. General Managers/FA&CAOs etc (As per standard List I)
2. All attached offices/Subordinates offices (As per standard List II)

Sub: Rules of Allocation for Capital and Capital Fund: Capital component of lease charges payable to IRFC - modification/insertion under para 703 and 704 of India Railway Finance Code- Vol-I (second reprint 1998)

Please refer to Board's letter of even no. dated 23.03.2006 (RBA No.12/2006) wherein it was instructed that Capital component of lease charges payable to IRFC on leased assets by them to IR shall be charged against Capital Fund. Under the present Rules of Allocation, Capital nature of works can be financed both from GBS and the Capital Fund. Therefore, in case adequate internal resources could not be generated for appropriation to Capital Fund, the works meant to be financed from Capital Fund are financed from the GBS. Accordingly, expenditure on capital component of lease charges payable to IRFC had to be charged to GBS from 2011-12- to 2013-14. Subsequently, such payments in 2014-15 and 2015-16 were made from Capital Fund.

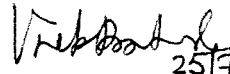
2. In this regard, Railway Convention Committee, XVIth Lok Sabha in their 13th report have observed that since under the present Rules of Allocation, Capital nature of Works can be financed both from GBS and the Capital Fund, the accounting policy of the Railways also needs to be corrected/updated in consonance with this financial policy underlying the extant rules of Allocation so that the fiscal discipline is honoured.

3. Accordingly, ACS No. 84 amending Rules of Allocation for Capital and inserting the same for Capital Fund under para 703 and 704 of Indian Railway Finance Code- Vol-I (second reprint 1998) is placed below for information and circulation to all concerned.

4. This issues in consultation with Budget and Finance dtes. of Railway Board.


Kindly acknowledge receipt and ensure strict compliance.

DA: As above


25/7/2017
(Vivek P. Tripathi)
Director Finance/CCA
Railway Board

Copy to:

1. Dy. C&AG of India (Railways, Room No. 224, Rail Bhawan, New Delhi. (with 45 spare copies)
2. EDF(B), EDF(X),
3. AC-III (6 Copies), AC-IV, Code Revision, Accounts Inspection.


25/7/2017
(Vivek P. Tripathi)
Director Finance/CCA
Railway Board

Advance Correction Slip No. 84

Indian Railway Finance Code - Vol .I (Second Reprint 1998)

I. Please insert a new sub-para (8) and note thereto in Para 703 of Indian Railway Finance Code- Vol.I as under:

(8) the capital component of IRFC lease charges.

(Note: Provided that the capital component of IRFC lease charge shall be charged to Capital, if adequate funds are not available under Capital Fund. However, the above payment shall be the first charge on Capital Fund if sufficient funds are available.)

(Authority: Board's letter no. 2002/AC-II/1/3 dated .07.2017)

II. Please insert a new para 703 (A) below Para 703 of Indian Railway Finance Code- Vol. I as under:

703 (A) Capital Fund bear:

1. the capital component of IRFC lease charges,

(Provided that the capital component of IRFC lease charge shall be charged to Capital, if adequate funds are not available under Capital Fund.)

2. all other expenditure chargeable to Capital Fund as per allocation projected in yearly Pink Book.

Note:

(i) The distribution of the expenditure between Capital and Capital Fund from 1998-99 onwards is to be done as per allocation indicated in yearly Pink Book.

(ii) In case of on-going works for which source of allocations is changed in the intervening years, booking already made shall be frozen.

(iii) Inventories will continue to remain under GBS portion of Capital.

(Authority: Board's letter No. 93/AC-I/1/1 dated 26.07.1995, F(X)II/93/ALC/1 dated 24.11.1997, and 2002/AC-II/1/3 dated .07.2017)

III. Please insert a new para 704 (A) below Para 704 of Indian Railway Finance Code- Vol. I as under:

704 (A) Capital Fund shall be credited with:

1. the amount from out of the surplus after appropriation to Development Fund.

2. the cost at debit of Capital Fund of an asset which is abandoned or disposed of without being replaced;

Note:

(i) When such an asset is subsequently replaced, the adjustment made under these rules shall be reversed provided the cost of replacement is chargeable to the Depreciation Reserve Fund, otherwise the reversal adjustment should not be made, but the cost of replacement should be allocated according to the normal rules as if it were a new work.

- (ii) When an item of rolling stock purchased from Capital Fund is replaced by another of less tractive power, seating capacity or floor area or carrying capacity as the case may be, the new asset cannot be held to render fully the services for which the old asset was intended and to the extent to which the new stock falls short of the requirement in this respect, the old stock should be considered to have been abandoned, and the credit for the proportion of the original cost thereof afforded to Capital Fund.
- 3. In case of assets referred to in Note (ii) of Para 703 A, the assets so created as and when retired will be retired by credit to the source from which created and where the charge was booked to Capital as well as Capital Fund, the credit will be in the proportion of the charge.
- 4. The difference between the cost at debit of Capital Fund of a replaced asset (other than an asset mentioned in item (6) below) and the cost of replacement, when the cost of replacement is chargeable to the Depreciation Reserve Fund, and is less than the cost at debit of Capital Fund;
- 5. The cost of labour originally incurred in laying the assets or parts thereof, when such items are subsequently transferred for use on a new work;
- 6. The original cost at debit of Capital Fund (estimated if not known) of specified asset replaced at the cost of the Depreciation Reserve Fund; and
- 7. Amount of interest earned on the balance of fund.

(Authority: Board's letter No.93/AC-I/1/1 dated 26.07.1995, F(X)II-93/ALC/1 dated 12.05.1993, and F(X)II/93/ALC/1 dated 24.11.1997)