

SOUTH CENTRAL RAILWAY

ACCOUNTS DEPARTMENT – LDCE FOR AFA's (Group-B 30%) – 17.12.2016

PAPER I

Written Examination (Without Books)

Time allowed: 3 Hrs

Max Marks: 150

- Section A : General Knowledge, English & Official Language (50 Marks)
- Section B : General Principles of Govt. Accounting & Auditing with special reference to Railways (50 Marks)
- Section C : Books & Budget (including Traffic Book) (50 Marks)

INSTRUCTIONS TO CANDIDATES

- All Sections should be answered.
- Do not write your Roll Number anywhere on the answer sheet except in the space provided on the Top Sheet. Do not write your name or put your signature anywhere on the answer sheet. In case of non-compliance of these instructions, your candidature is liable to be forfeited.
- Write the answers either in English or in Hindi, according to your option, except where specific instructions have been given.
- Calculators are not permitted.
- Please ensure that the signature of the invigilator/officer in charge is obtained on extra sheets used, if any.

SECTION – A

(50 Marks)

General Knowledge, English & Official Language
(All questions to be answered)

Q.1 Match the following Institutes/Factories with city of its location: (1x5=5)

i)	Rail Coach Factory	(A)	Hyderabad
ii)	Diesel Locomotive Works	(B)	Benguluru
iii)	Indian Institute of Astrophysics	(C)	Mumbai
iv)	Electronics Corporation of India Limited	(D)	Kapurthala
v)	Baba Atomic Research Centre	(E)	Varanasi

Q.2

(a) Expand any **Five** of the following and explain in 5 lines: **(2x5=10)**
i) CAG; ii) CVC; iii) FERA; iv) GDP; v) IPC; vi) CAD; vii) PIB

(b) Choose the appropriate answer for the following: **(2x5=10)**

i) Central Board of Excise and Customs is considered to be the highest authority in India for which of the following taxes:

- (A) Direct Tax
- (B) Indirect Tax
- (C) Sales Tax
- (D) Both (A) and (B)
- (E) None of the above

ii) The National Rural Health Mission aims to reduce:

- (A) Disease in the country
- (B) Infant mortality rate
- (C) Maternal mortality rate
- (D) Health related diseases in rural areas
- (E) None of these

iii) Which of the following products launched by banks is working on the principle of 'Buy now pay later'?

- (A) ATM
- (B) Debit Card
- (C) Credit Card
- (D) Master Card
- (E) Net Banking

iv) Power of Attorney refers to:

- (A) An authority to operate a bank account.
- (B) An instrument by which a person is empowered to act for another person
- (C) Power of another person
- (D) All of (A), (B) and (C)
- (E) None of these

v) Which of the following can be considered as a permanent address proof:

- (A) Electricity bill
- (B) Identity card (subject to the bank's satisfaction)
- (C) Telephone bill
- (D) Both (A) and (C)
- (E) None of these

b

Fill in the blanks with an appropriate word from the alternatives given:
(1x3=3)

- i) Every one in this world is accountable to God _____ his wrong doings.
(A) actions; (B) for; (C) to; (D) over
- ii) The brave youth immediately jumped _____ the river to save the drowning child.
(A) in; (B) into; (C) inside; (D) to
- iii) Keep your dog _____ the flower beds. It may damage the flowers.
(A) out; (B) from; (C) beside; (D) off

Look at the **bold word** in each sentence.

(1x12=12)

Below each sentence there are 3 possible alternatives given (A), (B), (C).

If one of them (A), (B), (C) is better than the **bold word**, choose the correct word indicating (A), (B) or (C).

If none of the alternative improves the sentence, your response will be "no improvement" indicated by letter (D).

- i) My old teacher gave many poor students money **in spite of** he was poor.
(A) Even though; (B) as if; (C) however; (D) no improvement.
- ii) You **should to** read the newspapers regularly if you want to be well-informed.
(A) ought; (B) have to; (C) should be; (D) no improvement.
- iii) If he had **listening to me** he would not have got lost.
(A) listened me; (B) listened to me; (C) listen me;
(D) no improvement
- iv) He asked for a bank loan **also** he did not have sufficient resources.
(A) because; (B) even if; (C) requiring (D) no improvement.
- v) I went to the shop to buy some **stationeries**.
(A) stationery; (B) stationary; (C) stationaries;
(D) No improvement.
- vi) I have been waiting here **for** the last two hours.
(A) from; (B) since; (C) by; (D) no improvement.
- vii) The table needs to be **painted**.
(A) paint; (B) painting; (C) having paint; (D) no improvement.
- viii) It began to rain heavily just when I **prepare** to go out.
(A) prepared; (B) was preparing; (C) have prepared
(D) no improvement.
- ix) The couple seemed to love **one another** very much.
(A) Every other; (B) each; (C) each other; (D) no improvement.

- 4
- x) It is high time that we **did** something.
(A) had done; (B) would do; (C) have done; (D) no improvement.
- xi) If I were a millionaire, I **would have helped** the poor.
(A) am capable of helping
(B) could have helped
(C) would help
(D) no improvement.
- xii) The training programme was extended **for** a month.
(A) From; (B) until; (C) since; (D) no improvement.

OR

Q.3 What are the incentives given to a Railway employee on passing Hindi Prabodh, Praveen and Pragya examinations? (15 marks)

Q.4 Look at the **bold word or words**. Select the answer that is **most similar** meaning to the **bold word**. (1x5=5)

- i) **Hospitality** is a virtue for which the people of the east in general are highly admired.
(A) Duty of a doctor
(B) Generosity shown to guest
(C) Cleanliness in hospitals
(D) Kindness.
- ii) House rent in cities like Mumbai or Delhi has risen to **astronomical** figures beyond the reach of even high-salaried people.
(A) Exorbitant
(B) Commercial
(C) Planetary
(D) Illogical
- iii) **Appropriate** technology holds the key for a nation's development.
(A) Modern
(B) Suitable
(C) Effective
(D) Growing
- iv) He was **enamoured** of his own golden voice.
(A) Very fond of
(B) Concerned with
(C) Obsessed with
(D) Imbued with
- v) Some journalists are guilty of indulging in **yellow journalism**.
(A) Misrepresentation
(B) Vulgarization
(C) Sensational reporting
(D) Loud gestures

Look at the **bold word or words**. Select the answer that is **opposite in meaning to the bold word**. (1x5=5)

5

153

The culprit was **sentenced** by the Court.

- (A) Acquitted
- (B) Punished
- (C) Relieved
- (D) Pardoned

Thrifty as he is, he can well afford to live within his means.

- (A) Careless
- (B) Instinctive
- (C) Sentimental
- (D) Extravagant

Do not give him a responsible job, he is **immature**.

- (A) Thoughtful
- (B) Cautious
- (C) Calculating
- (D) Seasoned

I was prepared **to show my hand** provided he agreed to do the same.

- (A) To yield
- (B) To shake hands
- (C) To conceal my plan
- (D) To lose my ground

Akbar the great was a **sagacious** ruler.

- (A) Haughty
- (B) Cunning
- (C) Rude
- (D) Unwise

SECTION - B

(50 Marks)

General principles of Accounting & Audit with special reference to Railways (Answer any Two questions)

- 6 What are the Broad Segments under which Accounts are maintained on Indian Railways? Discuss the salient features of the Accounting system/arrangement of Indian Railway as a Government entity as well as Commercial undertaking. (10+15 = 25)
- 7 What is meant by Internal Audit? In what ways does it differ from internal check? (10+15=25)
- 8 What is the object of preparing Appropriation Accounts? What is the information given therein and how is the variations explained? (10+15=25)

SECTION - C

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Books & Budget including Traffic Book
(Answer any Two questions)

Q.9 Write short notes to distinguish between -

(5x5=25)

- i) Budgetary Control - Exchequer Control
- ii) Transfer Railways - Transfer Divisional
- iii) Block Account - Loan Account
- iv) Gross Earnings - Gross Receipts
- v) AOB - Station Balance Sheet.

Q.10 What are the causes for the unwieldy growth of Suspense Balances? What are the suggestions to improve the position? (10+15=25)

Q.11 What are the types of transactions accounted under Civil Heads. What is object of operating Civil Heads in Railway Accounts? (10+15=25)

(Total 6 pages)

Answer key to Paper - I

The points to be covered in the Answer to the subjective questions are indicative. Candidates can answer in their own words/format.

Any points included / discussed by the candidate based on practical/ working knowledge can be considered appropriately and evaluated.

Q1.

A

- i) ---- (D)
- ii) ---- (E)
- iii) ---- (B)
- iv) ---- (A)
- v) ---- (C)

Q2.

(a)

i) The **Comptroller and Auditor General (CAG) of India** is an authority, established by the Constitution. He audits all receipts and expenditure of the Government of India and the state governments, including those of bodies and authorities substantially financed by the government.

- subsidiary companies of existing government companies.
- The reports of the CAG are taken into consideration by the Public Accounts Committees (PACs)
- ii) **Central Vigilance Commission(CVC)** is an apex Indian governmental body created in 1964 to address governmental corruption.
- It has the status of an autonomous body, free of control from any executive authority, charged with monitoring all vigilance activity under the Central Government of India, advising various authorities in central Government organizations in planning, executing, reviewing and reforming their vigilance work.
- The Annual Report of the CVC gives the details system improvements, various preventive measures and cases in which the Commission's advises were ignored etc.

iii) The **Foreign Exchange Regulation Act (FERA)** was legislation passed in India in 1973.

- Imposing strict regulations on certain kinds of payments, the dealings in foreign exchange (Forex) and securities and the transactions which had an indirect impact on the foreign exchange and the import and export of currency.

- The bill was formulated with the aim of regulating payments and foreign exchange.
- FERA passed by the Parliament in 1973, came into force with effect from January 1, 1974.
- FERA was introduced at a time when Forex (being a scarce commodity) reserves of the country were low.
- FERA therefore proceeded on the presumption that all foreign exchange earned by Indian residents rightfully belonged to the Government of India and had to be collected and surrendered to the Reserve Bank of India (RBI).
- FERA primarily prohibited all transactions not permitted by RBI.
- FERA was repealed in 1998, replaced by the Foreign Exchange Management Act, which liberalised foreign exchange controls and restrictions on foreign investment.

iv) **Gross domestic product (GDP)** is a monetary measure of the market value of all final goods and services produced in a period (quarterly or yearly).

- Nominal GDP estimates are commonly used to determine the economic performance of a whole country or region, and to make international comparisons.

v) The **Indian Penal Code (IPC)** is the main criminal code of India.

- It is a comprehensive code intended to cover all substantive aspects of criminal law.
- The code was drafted in 1860 on the recommendations of first law commission of India established in 1834 and came into force in 1862.
- The Code has since been amended several times and is now supplemented by other criminal provisions.

vi) **Computer-aided design (CAD)** is the use of computer systems to aid in the creation, modification, analysis, or optimization of a design.

- CAD software is used to increase the productivity of the designer, improve the quality of design, improve communications through documentation, and to create a database for manufacturing.
- CAD is the process of creating a technical drawing with the use of computer software.
- Because of its enormous economic importance, CAD has been a major driving force for research in computational geometry, computer graphics (both hardware and software), and discrete differential geometry.

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147

vii) The **Press Information Bureau (PIB)**, is a nodal agency of the Government of India, based in National Media Centre, New Delhi.

- Press Information Bureau disseminates information to the print, electronic and new media on government plans, policies, programme initiatives and achievements.
- The PIB is also the Government's nodal agency to facilitate private media.
- It has also launched the mobile version of its website for mobile users.

Q2. (b)

- i) (B)
- ii) (B)
- iii) (C)
- iv) (D)
- v) (D)

Q3. (a)

- i) (B)
- ii) (B)
- iii) (D)

Q3. (b)

- i) (A)
- ii) (B)
- iii) (B)
- iv) (A)
- v) (A)
- vi) (D)
- vii) (D)
- viii) (B)
- ix) (C)
- x) (D)
- xi) (C)
- xii) (D)

OR



Q3.

A) The Officers/Employees of Group 'A' 'B' and 'C' who passes the Hindi Prabodh, Praveen and Pragya Examinations conducted under the Hindi Teaching Scheme with creditable marks are awarded as under.

Lumpsum award:

Prabodh examination-----Rs.1600/-

Praveen examination-----Rs. 1500/-

Pragya examination -----Rs. 2400/-

Hindi examination of voluntary Hindi organisations, which are recognised by Government of India as equivalent to Matric or higher.

Cash award based on marks obtained:

Percentage of marks	Prabodh	Praveen	Pragya
70% and above	Rs.1600/-	Rs.1800/-	Rs.2400/-
60% and above	Rs.800/-	Rs.1200/-	Rs.1600/-
Third prize	Rs.400/-	Rs.600/-	Rs.800/-

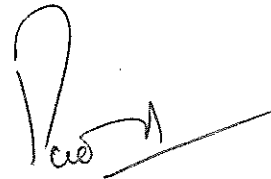
In addition to the above Lumpsum and cash awards personal pay equal to one increment for 12 months will be given.

Q4.

- i) (B)
- ii) (A)
- iii) (A)
- iv) (A)
- v) (C)

Q5.

- i) (D)
- ii) (D)
- iii) (D)
- iv) (A)
- v) (D)



Q6.

The various segments under which accounting function is carried out on Indian Railways are:

Earnings side:

- Remittance transactions through PSUs and RBI (CAS, Nagpur)
- Receipt and Accountal of Cash, Instruments, Vouchers and Billing.

Expenditure side:

- General Accounts
- Stores Accounts
- Workshop Accounts
- Construction Accounts

Plan Expenditure:

- Expansion/ Augmentation of Railway Network
- Repairs and Maintenance
- Suspense heads (Stores suspense, WMS, Capital suspense)

Following are the salient features of the Accounting/ arrangements of Indian Railways as a Government entity as well as Commercial undertaking.

Government Accounting	Commercial Accounting
IR maintain the accounting systematically recording the earnings as well as the expenditure	IR also posts the earnings and expenditure in debit and credits and watches whether it is gaining or losing and where it is gaining/losing.
IR maintains accounts on Cash basis	IR maintains suspense accounts to maintain accrual basis accounting.
IR prepares accounts on incoming and outgoing basis.	IR also prepares Profit and Loss Accounts and also Balance sheet.
IR also extend concessions/subsidies for passengers/ goods services.	IR also determines as to how little can be spent to earn profit from the earnings received even after giving the concessions/subsidies.
Most of government accounts are maintained on single entry system	Commerical accounts on the other hand are maintained on double entry system.

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Indian Railways is as much a government concern as a commercial concern and needs to conform to the requirement of the government accounting as also to follow the essentials of commercial accounting.

This is achieved in railways by maintaining a link account outside the regular government account with the help of various suspense heads. On earnings side bills receivable, cash in transit and remittance into bank are maintained and on expenditure side bills payable is operated so that expenditure is booked to the relevant accounting period.

The commercial accounts of railway are known as its Capital and Revenue accounts. The expenditure incurred on acquiring assets are accounted for separately under various sources of funding like Capital, recently introduced EBRIF as an extra budgetary resource, DRF (improvement element), DF, SRSF. The block account exhibits the expenditure of capital nature both from internal resources and loan account.

Inventory accounts such as Stores, purchase, sales, stores in transit and workshop manufacture suspense heads are operated as Suspense Heads to temporarily to hold the transactions pending clearance/recovery/adjustments to the final heads.

Railway accounts differs from commercial accounts in following respects:

- Operating Ratio is a parameter of financial efficiency is not comparable with net profit.
- Dividend to exchequer is actually interest on debt.
- IR does not follow a system of disclosing the significant accounting policy which should form the basis of preparation of any financial statements.
- A fair view of profitability is not available for benchmarking or assessing relative performance.

Q7.

- Internal Audit is an independent appraisal activity within an organisation for the review of accounting, financial and other operations as basis of service to management.
- It is a valuable tool of the management for improving effectiveness, efficiency and economy in the utilisation of resources and safeguarding the interest of the organisation.
- It is a managerial control which functions by measuring and evaluating the effectiveness of other control.
- It is a review of the operations and accounts sometimes continuously undertaken within a business, by specially assigned staff.

Following objectives should serve to determine the scope of Internal Audit in Indian Railways:

- Service to Railway Management

6 

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- Provide assurance of an effective, system of internal control that is not excessive.
 - Should ensure reliability and integrity of accounting system and financial and operating information
 - Should ensure compliance with policies, plans procedures, law and regulations
 - Should ensure adequacy of arrangements for safeguarding assets.
 - Should facilitate prevention and detection of frauds.
 - Should highlight deficiencies, efficiencies and scope for economy in the utilisation of resources.

Thus it can be seen that Internal Audit has very wide scope and objective. Where as in internal check routine transactions of day-to-day work done by one person is checked by another person to prevent/early detection of error and fraud. Which includes matters such as delegation, sanctions and division of work, method of recording transactions and use of independently ascertained totals against which a large number of transactions can be proved. It is an internal control mechanism/system.

Q8.

The object of preparing the Appropriation Accounts is to present to the **Public Accounts Committee**, statements comparing the amounts of actual expenditure with the amounts of Grants voted by the Parliament and Appropriations sanctioned by the President of India.

- The underlying idea is to maintain a proper Parliamentary control over the Finance specially the expenditure with reference to grants voted by the Parliament.
- Appropriation Accounts are prepared in Form F403 separately for each grant furnishing figures of original Grant, Supplementary grant and Final grant or Appropriation and actual expenditure in separate columns.
- Figures of original grant or Appropriation are those which are shown against the Railway in the Book of Demands for Grant as voted by the Parliament and sanctioned by the President.
- Where there are no figures in this book, those communicated by the Board through Budget orders are shown.
- Final figures are those which have been finally sanctioned by the Board before the close of the year.
- Actual expenditure is that as has been shown in the Annual Accounts.

Reasons for variation are explained as follows:

- The causes of variations between original grant (or Appropriation) and the Final grant (or Appropriation) and also between Final grant (or Appropriation) and the actual expenditure of the year are given.
- If the aforesaid variations are not more than 5% or of Rs.50 lakhs of the grant, whichever is less, or in the case of Works Grant no 16, Assets- Acquisition, Construction and Replacement, 10% or Rs.100 lakhs, whichever is less, no explanations are necessary. If, however, the net excess or saving under any sub-head falls within the aforesaid limits, but is made up of plus and minus variations exceeding those limits, the causes of such variations should also be mentioned.
- Separate explanations are given in the form of note under each sub-head for variations between the original Grant (or Appropriation) and the actual expenditure in cases where the above have been left unexplained under the operation limits given in the above note.
- When in excess or saving is due to expenditure having been booked under a Grant or a sub-head of a Grant other than that under which provision was sanctioned, suitable explanation should be given under both the Grants or both the sub-heads of the Grants affected. In other words, the effect of following the correct classification in accounts corresponding to Budget heads different from those under which provision was made in the budget, should invariably be brought out in the explanations for variations under the Grants concerned.
- Whenever any variation of a large magnitude (viz. Rupees one lakh and above) between the final grant or appropriation and the actual expenditure is explained under any sub-head of Grant as due to adjustments of wrong debits or bad accounting, the reasons for such wrong adjustments and why they could not be rectified before the close of the accounts for the year, should invariably be furnished in the form of foot-notes to the Appropriation Account concerned. In the case of variations and lapses over the final grant due to non-receipt of debits, the name of the Accounts Officer from whom the debits were awaited and steps taken by the Railway Accounts Officers to call for these debits before the close of the year, should also be noted in the foot-note to the account concerned.
- If variations in a number of Appropriation Accounts are due to the same cause, or causes, the total effect of cause or causes is stated in a comprehensive note in one place, reference to which is given in the explanations under the relevant grants.
- Brief explanations of variations under each grant as a whole are given.
- The reasons as to why the re-appropriations could not be made in cases where there are saving under one sub-head and excesses in the other sub-head are also given.

- o In particular it is seen that in all cases definite reasons for the excess or saving are given bringing out clearly why the particular event leading to the variations could not be foreseen at the time of preparing Budget and Revised Estimates and Final Modification statement and what special circumstances arose subsequently leading to the unexpected variations.
- o In the case of an excess, it is stated as to why the expenditure could not be postponed.

Q9. Write Short Notes to distinguish between -

i) Budgetary Control - Exchequer Control

Budgetary control	Exchequer control
The proposal of Government in respect of money in regard to meet expenditure from the 'Consolidated Fund' of India have to be submitted to Parliament	It is a mechanism for concurrent regulation of cash outgo by each disbursing officer against the cash content of the budget allotment.
Once Demand for Grant (both revenue and works) are passed by the Parliament, they are communicated to the Zonal Railway in the form of Budget Orders and the Railways are expected to spend within the limits so communicated.	Individual Railway allow the expenditure to incur on proportionate basis of sanctioned budget to keep the outgo within the allotted exchequer limit.
It is exercised at the level of Parliament, different Parliamentary Committee's and spending authorities at Zonal level through Capital and Revenue allocation Registers.	The object of Exchequer Control is to establish a system for correct estimation of cash outgo and to monitor disbursements.
Feed back of expenditure is also checked by Parliament PAC when Appropriation Accounts are presented in Parliament along with Block Account, Profit and Loss Accounts etc. with detailed reasons of variations.	This is reviewed every month and variations in relation to proportionate expenditure are to be explained by each spending unit. It is one of the tools to have budgetary control.

ii) Transfer Railways - Transfer Divisional

Transfer Railways	Transfer Divisional
Operated for adjustment of transactions between two Railways.	Operated for adjustment of Transactions between different Accounting circles of the same Railway.

In the responding Accounts office of the Railway, the adjustment will be per contra debit or credit as the case may be.	In the responding accounts office, the adjustment will be by minus credit or minus debit as the case may be.
The adjustments between the Railways are separately dealt with. As the adjustment with different railways vary widely, there will be outstanding balance under the head 'Transfer Railway'.	The net total of transactions under all the sub-heads of 'Transfer Divisional' in the books of the Central Accounts Office of the railway will be nil. There will be no outstanding under the Head 'Transfer Divisional'.

iii) Block Account – Loan Account

Block Account	Loan Account
The Block Account represents all the physical assets of the Railways whether financed from the Loan Account (i.e. capital invested by the Government from General Revenues) or Railways own resources of funds.	The Loan Account represents the capital invested in purchase of lines, construction of new lines, branch lines and other remunerative project and also the floating assets, like stores in stock, Workshop Manufacture Suspense and Miscellaneous Advances (capital).
The Block Account is maintained separately for commercial and strategic lines and include the following expenditure in creating the physical assets. ie capital account, DRF,DF, OLWR,CF & TWFR	The loan account is not shown separately for commercial and strategic lines.
The Block Account is compiled plan head-wise, classes of assets created out of loan capital invested from General Revenues every year.	

iv) Gross Earnings – Gross Receipts

Gross Earnings	Gross Receipts
Gross earnings represent the true or accrued earnings in an accounting period whether accrued or not actually realised.	Gross Receipts are the earnings actually realised during an accounting period.
It includes coaching plus good earnings and sundry other earnings (less refunds).	It represents Gross Earnings plus Traffic Suspense.

v) AOB—Station Balance sheet

Accounts Office Balance Sheet	Station Balance Sheet
It is a balance (corresponding to the bills receivable account in commercial book keeping) prepared separately for coaching and goods	The Station Master is debtor for all earnings accrued at the Stations, for the realisation of which he is responsible and creditor for the

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<p>traffic in the Traffic Accounts Office for the purpose of taking the carriage bills into account and watching their realization from the firms, departments concerned etc.</p>	<p>remittance of cash and vouchers or clearance otherwise of such debit.</p>
<p>It also incorporates into accounts the traffic cash received, otherwise than through the station balance sheet (eg., workshop profits, advertisement fees, sale of the grass, fares of coupons sold by Tourist General Sales Agents, if any, and recoveries on account of suburban tickets sold at Head Quarter Offices, etc.).</p>	<p>He prepares a monthly Balance Sheet which is in the form of a personal ledger account of the Station Master accounting for all debits and credits and the balance outstanding, which is supported by a separate detailed list.</p>
	<p>The debits and credit are duly reconciled with the accountal in different station returns, Cashiers' acknowledgement for the cash and vouchers and the statements etc. for special credits.</p>

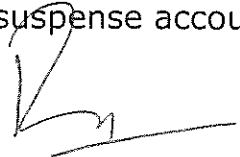
Q10.

Reasons - The unwieldy growth of suspense balances in Railway Accounts is due to the following general reasons:

- The importance of clearance of suspense balance is not being fully realized by the Executive and the Accounts Offices and proper reconciliation is neglected.
- The expenditure is allocated to suspense without making much effort to allocate the same to final heads of account.
- Proper and constant review is not conducted of the suspense balance resulting in accumulation of the balances.
- Adequate efforts are not made to clear the items placed under suspense in as much as proper linking of debits and credits is not done.
- Full particulars of the items placed under suspense are either not recorded in the suspense registers resulting in difficulty at the time of review and the action to be taken.

Suggestions - In order to check the unwieldy growth of suspense balances and to ensure prompt clearance thereof, the following suggestions are made:

- Separate set of staff both on Executive and Accounts should be employed who should be put on this job exclusively and work in close co-ordination with each office. Preferably the suspense register should be computerised. (Most of the Railways including SCR have already computerised suspense accounts)



- A system should be introduced to ensure that no item is placed under suspense unless order of some supervisor is obtained; for this purpose some financial limits should be laid down according to which only those items should be placed under suspense after obtaining the orders of authorities empowered.
- The mis-apprehension regarding responsibility of only Accounts Office for clearance of suspense balance should be cleared. In fact the initiative lies with the Executive for which the Executive should also keep a record of all transactions placed under suspense and take action in close collaboration with the Accounts.
- The suspense registers should be maintained properly and full particulars of each transaction posted in registers be recorded from the original vouchers and not from any other record such as CO7 or journal slips. If these are computerised or undertaken on Personal Computers, the system should provide for checklist to admit of posting of items with complete particulars only.
- The items pertaining to Misc. Advance (Revenue) and Misc. Advance (Capital) should be scrutinised thoroughly and placed under relevant suspense head of account. This will help not only in prompt clearance of suspense balance but also would avoid misclassification of expenditure and defect in budgeting.
- Separate pages should be set aside for placing items of different kind of advances charges recoverable from staff and those from vendors etc.
- Statements of items over 3 months old, six months old and one year or more than one year old should be prepared by the Accounts Office and sent to Executive for remarks and necessary action. All items over six months old should be brought to the notice of the Head of the Office or the department for the needful to be done in the matter. These should, also be discussed regularly in Divisional/Principal Officers' meetings.

Q11. What are the types of transactions accounted under Civil Heads? What is the object of operating Civil Heads in Railway Accounts?

Broadly, the following types of transactions are accounted for under Civil Heads –

- Recoveries of Income-tax from salaries of Railway employees.
- Recoveries of Income-tax from Contractors/Suppliers.
- Recoveries of interest from salaries on Loans & Advances granted to Railway employees.
- Payments of the CGHS contribution in respect of Railway employees entitled to medical facilities under Central Govt. Health Scheme.
- Recoveries of rent of CPWD (Estate Office) quarters allotted to Railway employees.
- Recoveries of monthly contribution from Railway employees under Railway employees' Insurance Scheme, 1977.

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- Payments of insurance to Railway Employees under the Railway Employees' Insurance scheme, 1977.
- Recoveries of monthly contribution from Railway employees under Central Govt. employees Group Insurance Scheme. The amount is classified under Insurance and Savings Fund at prescribed rates.
- Payments to Railway employees under CGEGIS from Saving Fund and of Insurance to nominees of deceased Railway employees.
- Payment of dividend to Central Revenues.
- Interest on Loans from Central Govt./Railway Funds.
- Recoveries on account of Postal Life Insurance.

Object -

- Under the revised procedure of settlement of inter-governmental transactions introduced in October, 1976 owing to decentralisation of the functions of erstwhile AGCR/AGS, all transactions between Railways and Defence, P&T and Deptt. of Supply for supplies including by DGS & D or transactions adjusted by Ministry of Railway through the system of proforma adjustment with Ministry of Finance, were required to be settled in cash i.e. through issue of cheques etc.
- Apart from the work involved in following the procedure of payment and account of receipt by the disbursing and receiving departments of Central Govt. in respect of transactions between Railways and the other Departments of Central Govt., this inflated the turnover of RBI/Banks firstly at the paying end and then at the receiving end without any tangible result.
- As a measure of simplification of the procedure, it was decided that with effect from 1989-90 i.e. 1.4.1989, the Railway will book the payments and receipts relating to heads controlled by other Civil Departments, except those relating to services rendered by the Railways to the latter as a Commercial Department.
- Such heads are broadly known as Civil Heads, in Railway Accounts.
- The object of introducing the Civil Heads in Railway Accounts was, therefore to eliminate cash payment for transactions where Railways functioned merely as agents of other Civil Departments for recovery of income tax from salaries or contractors on behalf of CBDT.

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