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SOUTH CENTRAL RAILWAY

ACCOUNTS DEPARTMENT- LDCE FOR AFA's(Group- B 30%)- 26.04.2019
PAPER I

Written Examination (WITHOUT BOOKS)

TIME ALLOWED: 3 Hours

Maximum Marks: 150

Section A: General Knowledge, English & Official Language **(50 Marks)**

Section B: General Principles of Government Accounting & Auditing with
Special Reference to Railways **(50 Marks)**

Section C: Books and Budget (including Traffic Book) **(50 Marks)**

INSTRUCTIONS TO CANDIDATES

1. All sections should be answered.
 2. Do not write your Name/ Roll Number/ Signature/ Distinguishing Marks(Signs) anywhere on the answer sheet except in the space provided in the Top Sheet. In case of non- compliance, your candidature is liable to be forfeited.
 3. Write the answers either in English or in Hindi, according to your option, except where specific instructions have been given.
 4. Calculators/ Mobile phones are not permitted.
 5. Please ensure that the signature of the invigilator/ officer in charge is obtained on extra sheets used, if any.
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SECTION -A (50 MARKS)

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

Q1. Answer all sub questions. Each question carries one mark. On answer sheet record only the question serial number and the letter representing your choice. (1x21= 21 marks)

i. Which combination of the following Zonal Railway/ Production Unit and the location of its HQ is correct?

- A. East Central Railway- Patna
- B. East Coast Railway- Bhubaneswar
- C. West Central Railway- Jaipur
- D. North Western Railway- Jabalpur

ii. Which combination of the following Zonal Railway/ Production Unit

and the location of its HQ is incorrect?

- A. South East Central Railway- Bilaspur
- B. North Central Railway- Lucknow
- C. South Western Railway- Hubballi
- D. South Coast Railway- Visakhapatnam

iii. Which combination of the following Zonal Railway/ Production Unit and the location of its HQ is incorrect?

- A. RWF - Bengaluru
- B. ICF- Chennai
- C. DMW- Kapurthala
- D. RWP- Bela

iv. Which of the following is India's longest running train

- A. Himsagar Express
- B. Vivek Express (15905/15906)
- C. Kerala Express
- D. Yasvantpur Sampark kranti Express

v. Which amongst the following Rajdhani trains covers the longest distance?

- A. 12433 Chennai Central
- B. 12431 Thiruvananthapuram Central
- C. 12435 Dibrugarh Town
- D. 22691 Bengaluru City

vi. Which of the following ports are not within the jurisdiction of South Central Railway?

- A. Kakinada Port
- B. Mormugao Port
- C. Krishnapattanam Port
- D. Machilipatnam Port

vii. After Gujarat which of the following states has the longest coastline?

- A. Maharashtra
- B. Tamil Nadu
- C. Andhra Pradesh
- D. Karnataka

viii. Which of the following lakes is in between Godavari and Krishna deltas and is a shallow water body?

- A. Pulicat
- B. Chilka
- C. Kolleru

D. Vembanad (██████)

ix. The Nagarjuna Sagar Project is located on which of the following rivers?

- A. Godavari
- B. Krishna
- C. Cauvery
- D. Mahanadi

x. Which peninsular river is least seasonal in flow and is referred to as Dakshina Ganga?

- A. Narmada
- B. Krishna
- C. Godavari
- D. Cauvery

xi. Which of the following is a plant yielding Bio- diesel?

- A. Jatropha
- B. Maize
- C. Sunflower
- D. Groundnut

xii. Which of the following crops is now cultivated only in Karnataka, Tamil Nadu and Andhra Pradesh?

- A. Ragi
- B. Sugarcane
- C. Maize
- D. Gram

xiii. The Ravva offshore block, with great potential for mineral oil is located in:

- A. Cauvery Basin
- B. Mahanadi Basin
- C. Palar- Pennar Basin
- D. Krishna- Godavari Basin

xiv. Which of the following is not one of the four most important commodities for freight loading on SC Railway in 2017-18, 2018-19:

- A. Cement and clinker
- B. Granite
- C. Fertilizers
- D. Coal

xv. GST is

- A. a Direct Tax

- B. an Indirect Tax
- C. an Export and Import Tax
- D. None of the above

xvi. Which of the following is not a part of scheduled Banking structure in India?

- A. SBI Mutual Funds
- B. Public Sector Banks
- C. Private Sector Banks
- D. State Co-operative Banks

xvii. Whose signature is found on one rupee currency notes in India?

- A. The CMD of SBI
- B. The Secretary, Finance
- C. The Governor, RBI
- D. The Finance Minister of India

xviii. Which of the following is not a company promoted by the Ministry of Railways?

- A. CONCOR
- B. DFCCIL
- C. RVNL
- D. CRIS

xix. The Comptroller and Auditor General of India has been described as the friend, philosopher and guide of which Parliamentary Committee:

- A. The Estimates Committee
- B. The Committee of the Public Undertakings
- C. The Public Accounts Committee
- D. The Railway Convention Committee

xx. Parliament in India consists of:

- A. Only Lok Sabha
- B. Lok Sabha and Rajya Sabha
- C. The President, Prime Minister and Lok Sabha
- D. Lok Sabha, Rajya Sabha and the President of India

xxi. Money from the Consolidated Fund of India can be withdrawn only after:

- A. the Appropriation Act has been passed by the Parliament
- B. the approval of the President
- C. the Appropriation Bill is introduced in the Parliament
- D. the prior approval of the CAG.

Q2. Complete the sentence/ fill in the blank with the most appropriate word. On answer sheet record only the question serial number and the letter representing your choice. (1x4= 4 marks)

i. He is too ----- to be deceived easily.

- A. strong B. modern C. kind
D. honest E. intelligent

ii. The bureaucrat was ----- for his role in the scam.

- A. reinstated B. criticised C. indicted
D. incited E. felicitated

iii. The ----- politician treated everyone in a depreciatory manner.

- A. superficial B. defiant C. supercilious
D. corrupt E. suspicious

iv. In the ----- platform of the railway station, hundreds of travellers lingered while waiting for their train.

- A. commodious B. accommodious C. capricious
D. extensive E. capacious

Q3. Read the following passage and answer the following questions by selecting the best alternative. (1x5 = 5 marks)

A vexed problem facing us is the clamour to open more colleges and to reserve more seats for backward classes. But it will be a sheer folly to expand such facilities recklessly without giving any thought to the quality of education imparted. If admissions are made more selective, it will automatically reduce the number of entrants. This should apply particularly to new colleges, many of which are little more than degree factories. Only then can the authorities hope to bring down the teacher student ratio to manageable proportions. What is more, teachers should be given refresher courses every summer to brush up their knowledge. Besides, if the college managements increase their library budget it will help both the staff and the students a great deal.

At the same time, however, it will be unfair to deny college education to thousands of young men and women, unless employers stop insisting on degrees even for clerical jobs. For a start, why cannot the Government disqualify graduates from securing certain jobs, say Class III and IV posts? Once the link between the jobs and degrees is severed, at least in some important departments, it will make young people think twice before joining college.

i. What can automatically help to reduce admissions?

- A. Tough entrance tests

- B. Discouragement to open new colleges
- C. Selective admissions
- D. Abolishing reservation

ii. How can the standards of education be raised?

- A. By admitting only the best students
- B. By opening model institutions
- C. By discouraging dull students
- D. By reducing the number of new entrants

iii. How can teachers be helped to brush up their knowledge?

- A. By providing better library facilities
- B. By arranging refresher courses
- C. By providing them more leisure
- D. By persuasive measures

iv. The author is not in favour of restricting admissions

- A. Unless degrees are delinked from jobs
- B. Unless alternative opportunities are provided
- C. Unless other incentives are offered
- D. Unless the teacher- student ratio is changed

v. What does the phrase "vexed problem" mean?

- A. an extraordinary problem
- B. A problem that is being discussed at length
- C. A difficult problem
- D. An irritating problem.

Q4. Choose the most correct meaning of the phrases included in the sentence in italics. (1x5 = 5 marks)

i. He is the sort of man who would do anything *for a consideration*.

- A. out of love
- B. in sympathy with the aggrieved
- C. if he found some merit in it
- D. if he were paid to do it

ii. Mr. Gabbar Singh is *feathering his own nest* by running an NGO.

- A. being lazy in doing his work
- B. being too generous and helpful
- C. neglecting his duties
- D. making money in a dishonest manner.

iii. Believe me, I am *all at sea*.

- A. out of reach
- B. drowning in water

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- C. very happy on a beach
- D. totally puzzled.

iv. He **threw cold water over** the proposal made by his team.

- A. rejected
- B. encouraged
- C. discouraged
- D. cleared.

v. The building project at Timbuktu **ended in smoke**.

- A. was burnt down
- B. gave no practical result
- C. was destroyed in bombing
- D. none of the above.

Q5. Write a short essay in English (300 words) on ANYONE topic of the following:

- i. Bifurcation of Andhra Pradesh (15 Marks)
- ii. Need for Dedicated Freight Corridor
- iii. Can India match economic progress of China?

OR

What are the salient features of Official Language Policy?

What are the steps being taken to promote Official Language on South Central Railway. (8+7=15 Marks)

SECTION-B (50 MARKS)

General principles of Accounting and Audit with special reference to Railways

(Answer any two questions)

- Q6.** (a) Describe the scheme of Accounting Classification on Indian Railways.
(b) How this scheme of Accounting Classification helps in Parliamentary and Managerial control over expenditure and earnings?
(c) What are the changes brought out in Accounting Classification after merger of Railway Budget with General Budget?

(10+10+5=25 Marks)

- Q7.** AIMS (IPAS) is currently the mainstay of Railway Accounting and budgeting.
(a) Discuss the important functional modules of this application.
(b) What are the advantages and disadvantages of a centralized AIMS over decentralized PRIME & AFRES?
(c) What are the modules missing in AIMS (IPAS)?

(12+8+5=25 Marks)

- Q8.** (a) Discuss the role of Audit organisation (under C&AG) on Indian Railways.

- (b) What is the need for Audit organisation when Accounts Department on Railways performs the function of internal check and audit?
(15+10=25 Marks)

SECTION-C (50 MARKS)
Books & Budget including Traffic Book
(Answer any Two questions)

- Q9.** (a) What is the purpose of maintaining Traffic Book? In how many parts is it maintained? Briefly explain the function of each part.
(15-Marks)
(b) How is the Earnings Budget of your Railway prepared?
(10 Marks)
- Q10.** Write short notes on ANY FIVE of the following: (5X5=25 Marks)
- (i) Revenue Allocation Register
 - (ii) Exchequer Control
 - (iii) Transfers without Financial Adjustments
 - (iv) Re-appropriation of budget
 - (v) Proportionate Budget Allotment
 - (vi) Operating Ratio
 - (vii) Centralised Apportionment System.
- Q11.** (a) Describe the major Suspense Heads maintained by Books Section.
(b) Why is it important to conduct review of Suspense Balances periodically?
(15+10=25 Marks)

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Section – A (50 Marks)

General Knowledge, English & Official Language

Q1.

- i. B
- ii. B
- iii. C
- iv. B
- v. B
- vi. B
- vii. C
- viii. C
- ix. B
- x. C
- xi. A
- xii. A
- xiii. D
- xiv. B
- xv. B
- xvi. A
- xvii. B
- xviii. D
- xix. C
- xx. D
- xxi. A

Q2.

- i. E
- ii. C

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iii. C

iv. A

Q3.

i. C

ii. A

iii. B

iv. A

v. D

Q4.

i. D

ii. D

iii. D

iv. C

v. B

Q5. Essay and Official Language Policy.

Official language policy

Steps taken to promote official language in SCR

On 14th September 1949 Hindi was accepted as Official Language of the Union.

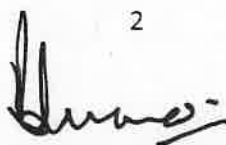
Provisions regarding Official Language are contained in Article 120(1), 210(1) and 343 to 351 of the constitution.

Article 210(1): Business in the Legislature of a state shall be transacted in the Official Language or Languages of the state or in Hindi or in English.

Article 343(1): The Official Language of the Union shall be Hindi in Devnagari Script.

2) The form of numerals to be used for the official purposes of the union shall be the international form of Indian numerals.

Section 342 (3)(2) deals with the provision of Hindi or English language used for the purpose of communication between Ministry or Department or Office of Central Government and any corporation or company owned or controlled by Central Govt. Translation of such communication in Hindi or English shall be provided till such date as the staff concerned, Ministry, Department, Office or corporation or company have



acquired working knowledge of Hindi. Section 3(3) deals with the provision of both Hindi and English languages shall be used for Resolutions, General Orders, Rules, Notifications, Administrative or other reports of Press Communications, Contracts and agreements executed and licenses, permits, notices and forms of tender issued by the offices.

SALIENT FEATURES OF OFFICIAL LANGUAGES RULES 1976 (AS AMENDED 1987) In exercise of the powers conferred by Section 8 of the Official Language Act, 1963, the Central Government has made the following rules. With a view to implement the Official Language Policy, regions namely 'A', 'B' & 'C' have been constituted in the country. "A" Region - Bihar, Haryana, Himachal Pradesh, Madhya Pradesh, Rajasthan and Uttar Pradesh, Jharkhand, Uttaranchal, and Chhatisgarh, Delhi and Andaman & Nicobar. "B" Region - Gujarat, Maharashtra, Punjab & Union Territory Chandigarh, Daman & Diu and Dadar & Nagar Haveli. "C" Region - States and Union Territories other than those referred to in A & B Regions. Rule-1 deals with the title and Rule-2 regarding the definitions of words such as Act "Employee", Notified office of proficiency" etc. used in the rules. 3. Communications to states etc. other than Central Govt. offices- Communications from Central Govt. Offices to states and Union territories in A & B region is normally in Hindi. For states, Union territories in the region 'C' shall be in English (Office includes individual also). 4. Communication between Central Govt. offices situated in 'A' shall be in Hindi and for offices situated in 'B' & 'C' may be in Hindi & English or in such proportion determined from time to time. 5. Replies to communications received in Hindi - Replies to communications in Hindi shall be in Hindi. 6. Use of both Hindi & English for documents referred in Section 3(3) of 1963 Act. Both Hindi & English to be used for documents such as Resolutions, General Orders, Rules, Notifications, Administrative or other reports, press communiqués, Contracts, agreements and licenses, permits, notices and forms of tender issued by the offices. 7. Applications, Representations - Employee may submit an application, appeal or representation in Hindi or in English. 8. Noting - An employee may record a note or minute on file in Hindi or in English without being himself required to furnish a translation there-of in the other Language. 9. Proficiency in Hindi - Matriculation or any equivalent or higher examination with Hindi as the medium of instruction or Hindi as an elective subject in degree. 10. Working knowledge of Hindi - Metric with Hindi as one of the subject i.e., Its language or Pragya pass or declaring himself having working knowledge in Hindi. 11. Manuals, Codes, other procedural literature Article of Stationary, Forms & Headings, Stations written printed or shall be in Hindi & English. 12. Responsibility for compliance - (1) Ensure implementation of the provision of the Act. (2) Devise suitable and effective checks points. (3) Issue of Directions from time to time.

Steps taken to promote official language on SCR

Railway Board's Individual Cash Award Scheme Every year 135 officers/employees are awarded for doing commendable & maximum work in Hindi by Railway Board at All India Hindi Week Celebrations. These awards are given by the Railway Minister.

Every award gets 1500/- in cash and a certificate. General Manager's Individual Cash Award Scheme Every year on the eve of Hindi Saptah Celebrations 10 officers/employees are awarded for doing commendable and maximum official work in Hindi. Home Ministry's award Scheme Awards to be given For Ministry/Dept/Attached Office For Subordinate Office First prize 2 Awards 2000/-each First prizes 2 Awards 1600/each Second prize 3 Awards 1200/- each Second prize 3 Awards 800/each Third prize 5 Awards 600/- each Third prize 5 Awards 600/each (Authority: DD/OL/MORly/NDLS L.No.Hindi -2013/□/7/7 Dtd 28/01/2013.) Note: Under this scheme minimum 10 participants should be there from any Unit/Section/Office. 2 of 4 Collective Cash Award Scheme Under the scheme 3 departments are awarded for doing commendable and maximum work in Hindi. Particulars of the award First prize : 9, 000/- Second prize : 7, 000/- Third prize : 5, 000/- Award for writing original Hindi books on Economic subjects First prizes(1) : 50,000/- Second prizes(1) : 40,000/- Third prizes(1) : 30,000/- Apart from this copies of the awarded books are purchased for the Railway Hindi Libraries. (Authority: Dy.Dir(Raj)/MORly/NDLS L.No. Hindi-2009/-7/9 Dtd 02.03.2010).

Training - Incentives regarding Hindi/Hindi Typing/Hindi Stenography training (Only for those officers/employees who do not possess working knowledge of Hindi.) The officers/employees of Group 'A', 'B' and 'C' who pass the above examinations conducted under the Hindi Teaching Scheme with creditable marks are awarded in the following manner. On passing Prabodh/Praveen/Pragya/Hindi Typing/Stenography examination under the Hindi Teaching Scheme by own efforts the officers and employees are awarded in the following way: - Cash Award Having secured Prabodh Praveen Pragya 70% or more marks 1600 1800 2400 60% or more marks 800 1200 1600 55% or more marks 400 600 800 3 of 4 Lump sum Award 1,600 1,500 2,400. In addition, personal pay equal in amount to one increment for 12 months. For passing Hindi Typing Examinations For passing Hindi Stenography Examinations Having secured 97% or more 95-97% 90-95% Typing 2400 1600 800 Lump sum Award for Hindi Typing : 1,600/- ; Hindi Stenography : 3,000/

Section – B (50 Marks)

Q6. a) Describe the scheme of Accounting classification on Indian railways?

(10+10+5)

The classification of expenditure and earnings is based on the recommendations of the Task Force constituted in 1973. This revised classification is effective from 1st April 1979.

While the classification upto the detailed head represents only the activity, the structure of the classification also incorporates a two digit code to represent the primary unit, i. e. the object of the expenditure/indicating on "what" the expenditure is incurred viz., salary, allowances, wages, materials, consumable stores etc. The indication of a classification of expenditure will, therefore, be complete only if the

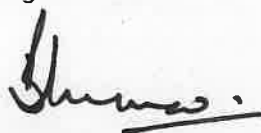


Abstract, the minor, sub or detailed heads of activity as well as the code of the object of expenditure are given, in that order

The Sub-major heads are divided into minor, sub, and detailed heads as shown in the accompanying classification. The structure of the accounts classification is such that it corresponds to and is in line with the revised classification of the Demands for Grants. While the alpha (i.e. the letter of the Abstract) corresponds to the Demand head, the minor, sub-head and detailed heads of accounts, represent classification of the activity from a broad grouping into its details. A summary of the Revised demand Structure-Demand for Grants for Expenditure on Railways is given below:-

CLASSIFICATION OF REVENUE EXPENDITURE

Sr.No.	Group	No	Demand Name of demand
I.	Policy Formulation and Services Common to all Railways	1.	Railway Board
		2.	Miscellaneous Expenditure (General)
II.	General Superintendence and Services on Railways	3.	General Superintendence and Services on Railways.
III.	Repairs and Maintenance	4.	Repairs and Maintenance of Permanent Way and Works.
		5.	Repairs and Maintenance of Motive Power.
		6.	Repairs and Maintenance of Carriages and Wagons.
		7.	Repairs and Maintenance of plant and Equipment
IV.	Operation	8.	Operating Expenses-Rolling Stock and Equipment.
		9.	Operating Expenses-Traffic.
		10.	Operating Expenses-Fuel.
V.	Staff Welfare, Retirement Benefits and Miscellaneous	11.	Staff Welfare and Amenities.
		12.	Miscellaneous Working Expenses.
		13.	Provident Fund, Pension and other Retirement Benefits.
VI.	Railway Funds and payment to General Revenues.	14.	Appropriation to Funds.
		15.	Dividend to General Revenues, Repayment of lones taken from General Revenues.



The revenue working expenses of the Railways are classified under 13 sub-major heads with a separate Abstract for each Sub-major head, viz. -

CLASSIFICATION OF CAPITAL AND OTHER WORKS EXPENDITURE

Classification of expenditure on works irrespective of whether they are charged to Capital DRF, DF will come under a single Demand-16 namely Assets-Acquisition, 'Construction and Replacement. The Accounting Classification for works expenditure is in the form of a 7 digit—4 module alphanumerical code. The first module which is the alpha indicates the source of fund viz., Capital, DRF, DF ec., as the case may be. The second module of 2 digits which is numerical will represent the standard Plan Heads. The third module which is also numerical will represent the 2 digits corresponding to the sub and detailed head of classification giving the details of the assets acquired, constructed or replaced. The last module which is of two digits will indicate the primary unit i.e., object of the expenditure.

For the purpose of link with the accounts of the Central Government the Plan heads will form the Minor Heads of Railway Capital under the Major Heads "546-Capital Outlay on Indian Railways-Commercial lines" and "546-Capital Outlay on Indian Railways-Strategic lines." The minor Heads classification are as follows :"

11.	New Lines (Construction).	41.	Machinery and Plant.
12.	Purchase of new lines.	42.	Workshops including PUs
13.	Restoration of dismantled lines.	51.	Staff Quarters.
14.	Gauge conversion.	52.	Amenities for staff.
15.	Doubling.	53.	(i) Passenger Amenities. (ii) Other Railway User Amenities.
16.	Traffic facilities- Yard remodelling and others.	61.	Investment in Government Commercial under Takings-Road services.
21.	Rolling Stock.	62.	Investment in Government Commercial under taking-Public Undertaking
31.	Track renewals.	64.	Other specified works.
32.	Bridge work.	71.	Stores suspense
33.	Signalling and Telecommunication works.	72.	Manufacturing suspense.
35.	Electrification projects.	81.	Metropolitan Transport Projects.
36.	Other Electrical works.		

The sub and detailed heads give the break up of the expenditure on assets in its details such as Preliminary Expenses, Land, Formation, Permanent Way, Bridges, Stations and Buildings etc..

As the plan heads of classification coincide with the sub-heads of demands for Grants the compilation of budget is also rendered easy and direct.

CLASSIFICATION OF EARNINGS

The earnings of Railways are classified under three Sub major Heads with a separate abstract for each Sub major Head. viz-

1.	Abstract "X"-	Earnings from Coaching traffic.
2.	Abstract "Y"-	Earnings from goods traffic.
3.	Abstract "Z"-	Sundry other earnings.

b) How the scheme of accounting classification helps in Parliamentary control over expenditure and earnings?

Parliamentary Financial Control is secured not only by the fact that all 'voted' expenditure must receive Parliament's prior approval, but also by the system of reporting back to it, through the Public Accounts Committee, the actual expenditure incurred against the Grants voted by Parliament and Appropriations sanctioned by the President.

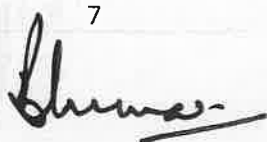
The statements which are prepared for presentation to the Public Accounts Committee, comparing the amount of actual expenditure with the amount of Grants voted by Parliament and, Appropriations sanctioned by the President, are called the "Appropriation Accounts".

Under the sub-heads of the Appropriation Account of each Grant, explanations should be furnished for the variation between the Original Grant or Appropriation and the also between the final Grant or Appropriation and the actual expenditure of the year.

Percentage of Working Expenses to Earnings - Operating Ratio. - A statement showing percentage of working expenses to earnings in respect of the entire system should also be submitted with the Appropriation Accounts.

The "Appropriation Accounts of Railways in India" will be accompanied by a review by the Railway Board to be titled "Appropriation Accounts of Railways in India". This review will generally deal with various topics which include, inter alia, Detailed review of the receipts and expenditure of the year.

EXAMINATION BY PUBLIC ACCOUNTS COMMITTEE: The examination of the Appropriation Accounts and of the Audit Report thereon, on behalf of Parliament, is conducted by their Committee on Public Accounts. According to the "Rules of Procedure and Conduct of Business in the Lok Sabha" the Committee is to satisfy itself- (a) that the moneys shown in the Accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged; (b) that the expenditure conforms to the authority which governs



it; and (c) that every Re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent authority.

Since Parliament sanctions Railway Budget in terms of allocations as per classification of expenditure and Appropriation Accounts are also prepared in terms of allocations provided by Accounting classification, the examination of Appropriation Accounts and Audit comments there on fulfills the objectives of parliamentary control.

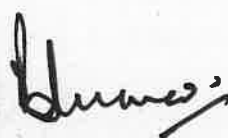
c) What are the changes brought out in accounting classification after merger of Railway budget with General budget?

- Railway Budget has been merged with General Budget from Budget Year 2017-18
- The estimates of Railway earnings and expenditure, both revenue and capital, have become part of the General Budget.
- The 16 Demands for Grants operated by Railways before merger have converged into one Demand 'Ministry of Railways' with Revenue and Capital sections.
- Accordingly, the single Demand of 'Ministry of Railway' is Demand No.80 – 'Ministry of Railways' with Revenue and Capital sections.
- Railway receipts and expenditure are divided into Major Heads 1001/3001/3002/5002 (Commercial Lines) and 1002/3003/5003 (Strategic Lines). Revenue Section comprises of Major Heads 3001, 3002 & 3003. Capital Section comprises of Major Heads 5002 & 5003.
- The above Major Heads are further divided into Sub-Major Heads. Erstwhile Demand No. 1 & 2 are now under Major Head 3001 – Policy Formulation, Direction, Research and Other Miscellaneous Organisations/Miscellaneous Expenditure (General), Erstwhile Demands Nos.3 to 13 are now Sub-Major Heads 01 to 11 under Major Heads 3002 (Commercial) / 3003 (Strategic). Erstwhile Demand No.14 – Appropriation to Railway Funds is now Sub-Major Head 12 under Major Heads 3001, 3002 & 3003. Erstwhile Demand No.16 is now Capital Section of Demand No.80 under Major Heads 5002 (Commercial)/ 5003 (Strategic).
- The Minor Heads, Sub-Heads and Detailed Heads as well as Primary Units of Accounting Classification as provided in Indian Railways Finance Code – Vol.II continue as hitherto both for Revenue and Capital sections with amendments/correction slips thereto issued from time to time. In other words, the classification of earnings and expenditure as provided in Finance Code Vol.II remain valid even after merger and only the Demands 3 to 14 have changed into Sub-Major Heads 01 to 12.

Q7. AIMS (IPAS) is currently the mainstay of Railway accounting and budgeting? (12+8+5)

a) Discuss the important functional modules of this application

The Finance & Accounts department in the Railways plays an Integral Role in rendering timely financial advices, proper maintenance of accounts of the Railway in terms of earnings and expenditure and providing in time management information, reporting for decision making. The Functions of the Accounts Department may be categorized broadly as follows :



1. Proper Budgeting of earnings and expenditure, pertaining to Rail operations.
2. Keeping the Accounts and compilation thereof at the end of each financial period according to well established procedures and formats.
3. Internal check of all transactions, both receipts and expenditure.
4. Scrutiny of investment proposals
5. MIS Reporting.

IPAS application software (the software for AIMS) has been developed by CRIS intends to bring a common application to all Railways on a centralized platform so that similar processes are followed across Railways in terms of accounting practices. A key benefit of such centralization would be faster change management and integration of effort along with automation of processes. IPAS application is undergoing a continuous up-gradation exercise to achieve better efficiency, security and safety. IPAS will provide real time access to financial transaction data across IR and will also bring financial and fiscal discipline.

IPAS has the advantage of Interface with Other Applications like i) Traffic Account Module linking with PRS/FOIS/UTS for earnings. Apportionment of earnings is also made part of Traffic Accounts. ii) IPAS has integration with Integrated Material Management System (iMMS). As both the systems are interfaced, PO and R Note are accessed by Stores bills passing staff and passing is done in IPAS. iii) Design of Works Register is compatible with IRPSM (Indian Railways Projects Sanctions and Management). Once implemented on Centralized architecture, expenditure as available in Works Register of IPAS against each work will be reflected in IRPSM. Similarly, Budget Outlay allotted through IRPSM will be linked to Works Register. iv) Design of Budget Module is compatible with RBCS (Rail Budget Compilation System) of Budget Directorate. IPAS once implemented in Centralized architecture, RBCS can be linked with Budget Module of IPAS for August Review, RE/BE & FM. Similarly, Budget allotted under Revenue Demands through RBCS will be linked to Budget Module.

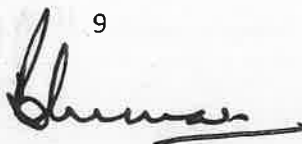
Functional Modules of IPAS are - Payroll Employee Profile Payroll Salary, Allowances & Recoveries Annual Increments Income Tax Bonus, Cash Compensation DA Arrear Supplementary Bills, Traveling Allowance Leave Settlement Leave Salary GIS DCRG Quarters Electricity Cadre (Book of Sanction) Workshop Incentive Loans & Advances Accounts Internal Check, Books PF NPS Pension Cash & Pay Suspense and Budget.

b) What are the advantages and disadvantages of a centralised AIMS over decentralised PRIME & AFRES?

Although core design of IPAS application is same as design of PRIME/AFRES, following improvements have been done by CRIS

A. Technology Level:

i) Centralized Architecture



ii) Web based Application.

iii) Centralized maintenance and management of software

B. Security Level are high in IPAS as no access is given to anyone to database. Further Audit trails are provided to monitor the changes made by users.

C. Trust Level:

i) IPAS has been developed entirely In-house by CRIS using its own team of software professionals.

ii) Source code of IPAS is the property of Railways and therefore in long run, there is no issue of Intellectual Property Right (IPR).

D. Database level:

i) PRIME And AFRES databases have been merged into single database and all the redundant tables have been dropped.

ii) Few tables have been merged for storing similar data (e.g. Tables for C Current & continuous Allowances/Recoveries)

E. Application Level:

i) Inter-related data capturing screens have been merged into single screen to reduce navigations. (eg. GIS/PF/Gratuity have been given through single screen; change card entries have been merged into single screen). This makes the work easier for the bill clerks.

ii) Steps for salary processing have been merged to reduce the work of end-users.

iii) Salary Bill passing screen has enriched functionality now.

iv) Format of Numbers like CO6, CO7, PPO have been changed to maintain uniqueness at Zone/IR level.

v) All the interrelated modules are integrated.

vi) Where-ever possible, data during entry has been validated as per extant rules e.g. Nursing Allowances can be given to Nursing category only.

vii) Posting of Transfer inwards and outwards (Divisional): As the records of PF ledger accounts are maintained in a single database for entire Zonal Railway, maintenance of transfer inwards and outwards (divisional) does not require any separate transaction.

c) What are modules missing in AIMS (IPAS)?

The following modules are yet to be developed in AIMS which on implementation will be immensely helping in day to day working and decision making on various issues.



1. The scale check & book of sanctions in IPAS module is yet to be fully made functional. This will enable monitoring the operation of posts vis-à-vis sanctions efficient.
2. The quarters module is in trial stage. On implementation, the recovery of rent at correct rates and electrical energy without any omissions will be enabled.
3. The suspense ledgers in IPAS need some fine tuning.
4. General Books and Annual Accounts Reports are yet to be developed in IPAS.
5. The interface between e-recon and IPAS need to be developed or developing a transfer transaction module in IPAS will be of great help.

Q8. a) Discuss the role of Audit organisation (C&AG) on Indian railways?

(15+10)

Comptroller and Auditor General of India is an authority created by the Constitution of India for conducting audit of the accounts of the Union, the States and the Union Territories. The duties of Statutory Audit include

(a) to audit all expenditure from the Consolidated Fund of India

(b) to audit all transactions of the union and of the States relating to Contingency Funds and Public Accounts etc.,

One important object of statutory audit for the Railways is to ensure that the system of accounts adopted and used in the Accounts Department of the Railways is suitable and that the check by the internal check mechanism is sufficient, that the accounts are maintained and that arrangements exist in the Railways Accounts offices to ensure attention to the financial interests of Railways.

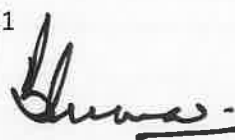
This object is secured by a test check applied to the vouchers and connected accounts records of the Accounts Department and by inspections on the spot of initial records and documents in the offices in which the transactions originate. The cost of Railway audit is borne by the Railway revenues

Communications from Audit.-Ordinarily, the results of statutory audit are communicated through- (1) Specific reports of the more important and serious irregularities discovered in the course of audit of accounts and departmental offices and station records.

(2) Audit notes detailing minor irregularities discovered in the course of audit of accounts office records.

(3) Inspection reports showing the results of audit of the initial records of executive offices and stations.

b) What is the need for Audit organisation when Accounts department on Railways perform the functions of internal check and audit?



INTERNALCHECK AND STATUTORY AUDIT

The check exercised by the Accounts office on the financial transactions of the Railways on behalf of Railway Administration is called internal check. This is called so to distinguish it from the audit conducted by the chief auditor of the railways receipts and expenditure on behalf of the controller and Auditor General of India. In fact the audit conducted by the Statutory Audit should be rightly called "external audit" and the internal check carried out by the Financial Adviser and his officers, on behalf of the Railway administration should be called "Internal audit".

The Salient features of internal audit are as under:

- (a) Check of Sanctions and orders,
- (b) Check of delegation of financial authority,
- (c) Check of all Establishment bills
- (d) Pre-check and Post-check of expenditure
- (e) Scrutiny of receipt - this includes inspection of original records at the stations as well as post audit of returns from the stations in the Traffic Accounts office;
- (f) Internal check of debt and remittance transactions,
- (g) Maintenance of Provident Fund Accounts,
- (h) Check of pension payments,
- (i) Prior check of all contractors bills etc., before passing the same for payment inspection of stations and other executive officers for checking the original records.

The Internal check is conducted with reference to -

- (a) rules and orders issued by the President Railway Board, General Managers of Railways and various authorities,
- (b) the instructions contained in the Codes and instruction issued from time to time by the Railway Board,
- (c) The recognized standards of financial propriety,

STATUTORY AUDIT

Statutory Audit is conducted by CAG which is much more comprehensive than company auditors and the audit report on performance is submitted to the Parliament by CAG, Public accountability is, therefore, maximum.

OBJECT OF STATUTORY AUDIT: The Statutory audit has three fold purposes viz.

- i) it is an accountancy audit - to check the accuracy and to see that all payments are supported by receipted vouchers,
- ii) it is an appropriate audit - to check to ensure that expenditure, receipts have been properly classified, and voted appropriations have not been exceeded.
- iii) it is also an administrative audit to check that expenditure has been incurred according to prescribed rules and regulations.

The main object of audit is to ensure –

- a) that the system of accounts used by the internal check authority is correct,
- b) that the method of check applied at every stage of the accounts is sufficient,
- c) that the accounts are maintained and the checks applied with due accuracy and
- d) that the arrangements exist in the accounts office to ensure attention to the financial interest of the railways on the part of all concerned.

In brief the Statutory Audit aims at Test Check of transactions whereas the internal check by Accounts Department envisages 100% check. The internal check is mostly exercised before the expenditure is incurred with the exception of few instances where the post check is permitted whereas the Audit covers totally post check of transactions.

Q9. a) What is the purpose of maintaining traffic book? In how many parts is it maintained? Briefly explain the function of each part. (15)

The Traffic Book is a compilation which collects and brings to account, under the prescribed heads Coaching, Goods and Sundry Other Earnings, the whole of the traffic earning of a railway, both Local and Through, whether accrued at stations or otherwise. It records the progress of realization of these earnings, the results of apportionment of traffic interchanged with Other Railways and Deposit Private Companies (including Out/ City Booking Agencies, Jansadharan Ticket Booking Sewak, Yatri Ticket Sewa Kendra and Private Railways), and the progress in the settlement of the balances on these accounts.

Parts of the Traffic Book.- The Traffic Book consists of four distinct parts, viz

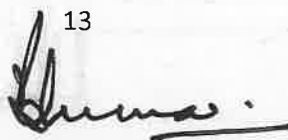
- A. station Accounts;
- B. adjustment or Division Sheets;
- C. Ledger account of the Home Railway; and
- D. Abstract of Earning and Statement of Balances

Traffic Book, Part A

The earning accrued at stations, for the realization of which the home railway is responsible, are consolidated in Traffic Book Part A. It should be maintained in Form A. 3203 separately for Coaching and Goods traffic.

TRAFFIC BOOK, PART B

. The Traffic Book Part B, deals with the results of apportionment of all Through traffic interchanged between the Home Railway, Other Railways and Deposit Private Companies (including Out Cite Booking Agencies, Private Railways) . The Traffic Book, Part B for Coaching traffic should be maintained in Form A. 3219.



Apportionment of Earning.- The Railway apportioning the earnings shall make an adjustment with each Railway to which share is due on interchanged traffic based on the share worked out through Centralised Apportionment System for Passenger and Goods earnings. Where shares are not worked out through Centralised Apportionment System, i.e. Parcels, Postal haulage etc. the same will be adjusted with concerned Railways as per Division Sheet.

TRAFFIC BOOK, PART C

The Traffic Book - Part C, is the ledger of the Home Line for traffic earnings. It should be maintained in Form A. 3225, separately for coaching and goods traffic. It contains three ledger accounts, viz.,

- (1) the Traffic Account,
- (2) the Other Railways Account and
- (3) the Deposit Private Companies Account

Traffic Book, Part, D. The Traffic Book, Part, D, consists of the monthly Journal Entry and two statements. It should be maintained in Form A.3233 separately for Coaching and Goods traffic.

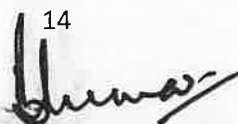
b) How is the earnings budget of your railway prepared?

The estimates of earnings are prepared under Coaching, Goods and Sundry Earnings. The method of its preparation is given below:

Coaching Earnings: In framing the estimates of earnings from Coaching Traffic, the earnings from each class of passenger Traffic viz., Air – Conditioned, First and Second are estimated on the basis of passenger Kilometres and the average fare per passenger kilometre for each class separately. The earnings from parcels traffic are estimated in the same way as for goods traffic. Military traffic should be assessed on the basis of previous actual and the influence of changing conditions in the future. Other coaching earnings are estimated on the basis of ratio of the earnings from passenger traffic to be determined with reference to the previous actual.

Goods Earnings: In preparing the estimates of goods earnings the Administration must first ascertain the commodities which, from past experience can be said to yield the bulk of the Railways revenue, and the estimate for the commodities should be based on the anticipated net tonne kilometres (NTKM) to be carried and the average yield per NTKM for the carriage of each commodity. The earnings from the rest of the commodities should be assessed in lumpsum, based on the trend of events in the immediate past, the experience of the past years and, so far as it is possible to ascertain, the influence of changing conditions in the future.

Sundry Other Earnings: The miscellaneous earnings of a railway are derived mainly from the following sources:



- i. Telegraph
- ii. Rent and tolls
- iii. Commercial publicity
- iv. Catering
- v. Sale proceeds of grass and trees and
- vi. Interest and maintenance charges on account of assisted sidings, saloons, postal vehicles etc.

The earnings from these sources are comparatively small and should be estimated on the basis of previous actual and any other circumstances that may be known or foreseen.

The chief commercial superintendent prepares these estimates in consultation with the Financial Adviser & Chief accounts Officer. The CCS alone can feel the pulse of the traffic conditions in the country. He would, therefore, be in a better position to estimate the receipts of the railway during the budget year. The responsibility for preparing the estimates of suspense head of Gross receipts, however, devolves on the FA&CAO as he is in the best position to estimate the likely outstandings. The CCS obtains the figures from the smallest earning units. Reasons for variations between the figures of the previous, current and ensuing years are also given. Stereotyped reasons are not warranted but the Board desires a definite statement narrating the events or circumstances which are responsible for decrease or increase in the budget estimates of receipts and the Principles on which the receipts have been estimated. Special events like Kumbha Mela, Sinhasta or additional traffic due to decrease in rates or opening of additional lines or different travelling concessions etc., are also to be given so that it can facilitate the Railway Minister to prepare his Budget speech and explain to the Parliament the reasons for the decrease or increase in railway receipts. If any reduction or increase is proposed in the rate structure, the explanation for doing so is necessary.

Unlike working expenses, while preparing the budget estimates for receipts, actual for the past two years are given and comparison is made with the actual of the first 8 months and then with the 4 months of the past year.

Q10. (5x5= 25)

i) Revenue allocation registers

With a view to facilitate the control of expenditure and also to record, collect and abstract under the prescribed heads of administrative accounts total outlay of the Railway, the following Registers are required to be maintained by the Accounts Officer: --

- (i) Revenue Allocation Register (Form E.1469).
- (ii) Register of Works (Form E.1473).
- (iii) Registers of Capital, Depreciation Reserve Fund, Development Fund and Open Line Works--Revenue Expenditure. (Form E.1480).

Each of the first two registers will be maintained by months and every voucher after being passed in Accounts will be posted in the register concerned in the appropriate column as regards allocation. The fact that a voucher has been so posted will be noted on the voucher. The up-to-date figures in the registers will enable the Accounts Office to exercise necessary checks with reference to estimates and allotments.

The entries in the Revenue Allocation Registers maintained in the Accounts Office shall be sub-divided as under:--

Cash;
Transfers;
Stores.

and sufficient space should be left after each head for the entries which normally come under it. Alternatively, separate registers may be maintained to record the expenditure in these three divisions, in which case a separate summary will have to be prepared to arrive at the total expenditure under the various heads of revenue classification. The sanctions by heads of accounts as given in the Authorization Rolls or the Distribution Statement of budget allotment should be entered in red ink at the head of the several Abstracts so as to form a ready means of comparison and check with the outlay and to admit of this being done the grand total expenditure for each month will be deducted at the foot of the abstract form ((Form E.1469); the sanctioned amount and the balance thus arrived at will be carried forward in red ink from month to month.

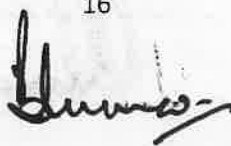
ii) **Exchequer control**

Rly expenditure generally comprises of Cash (70%) and Adjustment (30%) portions. Exchequer control is a mechanism for concurrent regulation of cash outgo by each disbursing officer against the cash content of Budget grant This enables the Administration to regulate the flow of cash in terms of ways and means position Exchequer control provides effective means of monitoring substantial part of expenditure The monthly requirement of cash is assessed well in advance and submitted Rly Board and Board communicates authorization which is distributed all Accounting units. The cash requirements are reviewed around 20th of the month by each unit and surrender/additional cash is sought as per the requirement.

iii) **Transfers without financial adjustments**

Relates to Adjustment of transfer of Rolling Stock assets from One Railway or Unit to another Railway or Unit.

Journal Entry is not required. Also raising Debits on another unit is Not required.



Done only through adjusting into the financial books of the Two Railways or Units by Transfer Entry.

The amounts simply added up in the Opening Balances for the year of Unit taking over the asset, and

Deducted from the Opening Balances for the year of the Unit surrendering the asset.

Purpose/ Advantage of T W F A :

1. To avoid effect on financial accounts and budgeting.
2. To rectify the progressive balances in respect of the accounts of the previous year already closed.

Two examples of T W F A are:

- A. When the former State Rlys were integrated with the Indian Rlys during the year 1952, all assets belonging to the former were taken over by the respective zonal Rlys
- B. The existing balances in SRPF transferred to NCSRPF.

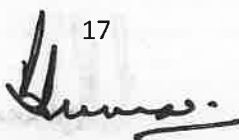
iv) Re-appropriation of budget

Reappropriation, which implies the transfer of funds from one primary unit of appropriation to another such unit within a grant, can be sanctioned under formal orders of a competent authority, only when it is known or anticipated that the appropriation for the unit from which funds are to be diverted will not be utilised in full, or that savings can be effected in the appropriation for that unit. In no case it is permissible to reappropriate from a unit with the intention of restoring the diverted appropriations to that unit when savings become available under other units later in the year. Any allotment or reappropriation within a grant or appropriation may be authorised at any time before but not after the expiry of the financial year to which such grant or appropriation relates. reappropriation between operating units

v) Proportionate budget allotment

For exercising control over Revenue expenditure a monthly comparison is made of the expenditure, with Budget Allotment and for this purpose the sanctioned Budget Allotment for a year is distributed among the various months after taking in to account various known factors of disturbance keeping the guidelines outlined in para 508-F in view. The proportionate budget allotment for each month, for each sub-head of grant is worked out by the Accounts Officer at the beginning of each financial year in consultation with the officers responsible for the control of expenditure. The progress of expenditure is monitored through monthly Financial Reviews and furnished to the controlling authorities every month by such dates as may be fixed in consultation with them.

The monthly Financial Reviews provide two projections viz. (j) actual expenditure compared to the proportionate allotment of the end of the month under review, and



(ii) actual expenditure to the end of the month under review compared to the expenditure to the end of the corresponding month of the preceding year. The financial reporting system provided by the monthly Financial Reviews offers a means of exercising control over expenditure under Revenue Demands.

vi) **Operating ratio**

Operating Ratio is index of judging financial performance of Indian Railways. Since Zonal Railways are treated as profit centres wherein both earnings and revenue expenses are accumulated and accounted, Operating Ratio is worked out for a Zonal Railway and for IR as a whole. Lower the Ratio better the financial health of a Railway or vice versa.

Mathematically, Operating Ratio is expressed as under:

$$\frac{\text{Total working expenses}}{\text{Gross Earnings}} \times 100$$

Where

Total Working Expenses = OWE consisting of Revenue expenses of Demands 3 to 13 (excluding Suspense) + Appropriations made to DRF and Pension Fund.

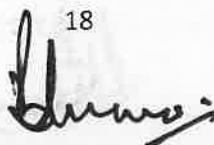
Gross Earnings = Coaching (excl. Refunds) + Other Coaching + Goods (excl. Refunds) + Sundry earnings

vii) **Centralised apportionment system**

In the traditional system of apportionment of earnings, zonal railways used to work out the net results of apportionment and communicate the same to other railways and thereafter the net results were posted in Traffic Book Part-B. However, the following difficulties were experienced.

- i. Incomplete passing of shares by one railway to other railway leading to disputes.
- ii. Twice accountal of invoices/passenger classification leading to incorrect apportionment of earnings.
- iii. Non-updation of master indicating trains/routes/stations used to lead to incomplete apportionment.

In order to overcome the above difficulties, Centralized Apportionment system (CAS) has been introduced. In this system of apportionment developed by RITES, and co-ordinated by Central Railway, earnings for all sources viz. PRS, UTS, PCT, BPT and Goods were captured and consolidated and thereafter the apportionment is done by RITES. This system came into force w.e.f. April 2005 for Goods & April'2006 for passenger earnings, popularly known as CAS system i.e. Centralized Apportionment System of earnings. The data flow of different sources of earnings is as under. CRIS is responsible for submission of PRS & UTS data to RITES by 10th of following month. PCT & BPT data are to be submitted by Zonal Railways to RITES by 5 th of the



following month. Goods data should be submitted by zonal Railways through 7A statement by 10th of the following month.

The system of apportionment done by RITES has lot of benefits and some of them are highlighted below.

- a. As the system is on-line basis, there is substantial saving of TA, DA & other allowances.
- b. Timely generation of reports like 6A, 7C helps the management to take further steps for improving earnings.
- c. Quick disposal of inter-railway disputes & issues through on line.
- d. Accurate apportionment of earnings helps to judge the performance of Zonal Railways

Q11. a) Describe major suspense heads maintained by Books section (15+10)

Cheques and Bills: This is a suspense Head operated under Major Head 'L-Suspense and Miscellaneous Suspense Accounts. When Cheques are issued the head 'Cheques and Bills' is credited with the amount of cheques issued and the appropriate Revenue Service head is debited. At the end of the month when the total amount of the Cheques paid (i.e. cashed at the Banks) are available from the Reserve Bank and reconciled, the head 'Cheques and Bills' is debited and 'Reserve Bank Deposit (Railways)' is credited.

Therefore, the balance under this head represents mainly total value of uncashed cheques. The balances under this Suspense Head should always be a 'Credit Balance'

Remittances into Bank (RIB): • This is a Suspense Head operated to record the remittance of earnings into the Banks. This Suspense head is debited with amount of all Remittance Notes by crediting the Appropriate Revenue Service head. Each Bank with which the railway has transactions sends daily statement (known as Credit Scrolls) showing the amounts deposited by the various departmental officers on behalf of Railways.

The balance under this suspense head represents the cheques deposited in banks which are yet to be credited to Railways' account.

Reserve Bank Suspense.-The account received from other Accounts Officers should be verified with the total amount of the advices (copies) and of the advance schedules for a month received in advance from those Accounts Officers. The various items included in the account except remittances and cheques paid which will be journalized as indicated in paragraph 440 should, after verification and acceptance, be adjusted against the appropriate head of account by per contra credit/debit to the head "Reserve Bank Suspense". On receipt of the clearance memo from the Reserve Bank in clearance of the transactions-intimated to the Reserve Bank by other Accounts officers,


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the head "Reserve Bank Suspense" should be debited/credited by credit/debit to the head "Deposit with Reserve Bank".

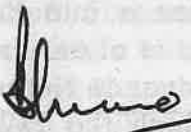
b) Why is it important to conduct review of suspense balances periodically?

Booking transactions to suspense head is a temporary action. Main purpose of maintenance of suspense head of accounts is to watch the payment/recovery of dues. Suspense heads are also operated when the final head of account is now known.

If reviews are not conducted periodically the amounts lying in suspense head remain uncleared for long without being booked to final heads. The delay in clearance of suspense balances also might result in loss of vouchers/details which are required for clearing suspense items to final head.

The transactions should be adjusted in the accounts of the railway in the same month as in those of the Reserve Bank, and any discrepancy noted in the course of adjustment or verification should be promptly referred to the other Accounts Officers concerned for settlement. This needs prompt and timely review.

The transactions cleared by the Reserve Bank as posted in the Registers (A429 and A-430) will only represent a part of the transactions under the head "Deposits with Reserve Bank" i. e. those passed through the monthly inward and outward accounts. To these totals should be added the net amount of the remittances acknowledged and the amount of the These should be reconciled every month with the totals of cash remittance notes which had not been included in the intimation received from the Reserve Bank the accounts received from State Accountants General and the amount of unpaid cheques as per counterfoils of cheques as recorded in the register mentioned in paragraph This reconciliation should be made as early as possible before the accounts for the month are closed.


01.05.2019

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SOUTH CENTRAL RAILWAY

**ACCOUNTS DEPARTMENT- LDCE FOR AFA's(Group- B 30%)- 08.03.2019
PAPER II**

Written Examination (WITHOUT BOOKS)

TIME ALLOWED: 3 Hours

Maximum Marks: 150

Section A: Financial Justification for Expenditure, Traffic Costing & Management Accounting (50 Marks)

Section B: Part I: Traffic Accounts, Statistics & Establishment (100 Marks)

OR

**PartII: General Expenditure, Stores & Workshop Accounts
(100 Marks)**

INSTRUCTIONS TO CANDIDATES

1. This paper consists of TWO sections, A & B.
Section A is compulsory for ALL candidates.
Section B consists of TWO PARTS- I&II. Candidates should attempt *either* of these Parts depending upon their *optional subjects*.
2. Do not write your Name/ Roll Number/ Signature/ Distinguishing Marks(Signs) anywhere on the answer sheet except in the space provided in the Top Sheet. In case of non- compliance, your candidature is liable to be forfeited.
3. Write the answers either in English or in Hindi, according to your option, except where specific instructions have been given.
4. Calculators/ Mobile phones are not permitted.
5. Please ensure that the signature of the invigilator/ officer in charge is obtained on extra sheets used, if any.

SECTION -A (50 MARKS)

**Financial Justification for Expenditure, Traffic Costing
& Management Accounting**

Answer ANY TWO questions

- Q1.** What are the important points you would look into while examining financial justification for the following proposals:
- (a) Extension of length of loop lines at stations in a section to enable running of longer rakes for freight trains, (15 Marks)
 - (b) Creation of posts for Engineering Department for maintenance of a new line. (10 Marks)

Q2. Write short notes on ANY FIVE:

(5x5=25 Marks)

- i. Direct Cost
- ii. Indirect Cost
- iii. Overhead Cost
- iv. Batch Costing System
- v. Fixed Cost
- vi. Variable Cost
- vii. Joint Cost
- viii. Common Cost

Q3. (a) Explain the need for Accounting Reforms on Indian Railways.
 (b) What are the areas of Accounting Reforms proposed/ identified on Indian Railways?
 (c) What has been the achievements so far? (9+ 8+8= 25 Marks)

Q4. Examination of financial proposals for creation of infrastructure on Railways has become a mere formality.
 (a) What are the shortcomings in the financial appraisal of such proposals?
 (b) What are your suggestions for an effective system for financial appraisal of such proposals? (10+15=25 Marks)

SECTION- B (100 MARKS)

PartI- Traffic Accounts, Statistics & Establishment

Answer any 4 (FOUR) questions

Q5. (a) What is Traffic Suspense? What are the constituents of Traffic Suspense? Please Explain.
 (b) What is the role of Traffic Accounts Office in minimizing the different components of Traffic Suspense? (12.5x2=25 Marks)

Q6. Write short notes on any five: (5x5=25 Marks)

- i. Foreign Service Contribution
- ii. Qualifying service
- iii. Operating Ratio
- iv. Wagon turnround
- v. Accounts Office Balance Sheet
- vi. Checks on Non-Issued Tickets

Q7. Applications to cover all the areas of traffic earnings like FOIS, PRS and UTS have been developed and are working efficiently.
 (a) Why station inspections have to be carried out even after implementation of these applications?
 (b) Why post checks of station returns are still being carried out after

③

911/L

implementation of these applications?

(c) How station inspections can be improved with the help of these applications?
(8+8+9=25 Marks)

- Q8. (a) What are the important statistical parameters used for judging the operating efficiency of a Railway? Please Explain.
(b) What is the purpose of Apportionment of Earnings?
(c) What are the principles on which apportionment of different types of earnings is made?
(12+6+7=25 Marks)

- Q9. Discuss the salient features of the New Pension System. What are the issues being faced in proper accountal under NPS? (13+12=25 Marks)
- Q10. What are the payments received by Railway Employees at the time of superannuation? Please Explain.
(25 Marks)

OR

SECTION- B (100 MARKS)

PartII- General Expenditure, Stores and Workshop Accounts

Answer any 4 (FOUR) questions

- Q11. Write short notes on ANY FIVE
(5x5=25 Marks)

- i. Average Annual Consumption
- ii. Price Variation Clause
- iii. Performance Guarantee
- iv. Inventory Turnover Ratio
- v. Urgency Certificate
- vi. Standing Work Order

- Q12. (a) Describe the linkages amongst Stores Budget, Workshop Manufacturing Suspense Budget and Revenue Budget.
(b) How will you correlate these budgets?
(c) How will you ensure that balances under Stores Suspense, Purchase suspense and WMS are current and efficient? (10+5+10=25 Marks)

- Q13. MMIS has been fully operationalized and also integrated with IPAS.
(a) What are the advantages of MMIS in the field of stores management?

- (b) What are the advantages of MMIS in accountal of stores?
(c) What are the advantages of integration of MMIS and IPAS in management of stores finance, bill payments and accounting?
(8+8+9=25 marks)

- Q14. (a) What is unsanctioned expenditure?
(b) What are the different categories of unsanctioned expenditure on South Central Railway?

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(c) What steps would you take to regularize different categories of unsanctioned expenditure? (8+9+8=25 Marks)

Q15. What are the reasons for difference in POH costs in different units of Railway? Explain with reference to the process of arriving at the POH costs taking into account the various inputs and sources of costs. (10+15=25 Marks)

Q16. (a) Describe the Two Packet System of Tendering.
(b) What are the advantages of using Two Packet system?
(c) Describe and critically examine the Incentive Scheme in workshops. (8+7+10 Marks)

XXXXXXXXXXXXXXXXXXXX

SECTION- A

Q.1 What are the important points you would look into while examining financial justification for the following proposals

- a) Extension of length of loop lines at Stations in a section to enable running of longer rakes for freight trains**
- b) Creation of posts for Engineering Department for maintenance of a new line.**

Ans. Q1(a)

- Justification with reference to no. of passenger/goods trains with longer rakes running up and down in the section.
- The operational constraints and the necessity to increase the length of the loops.
- Detention hours as per the records and the notional cost of detention of the rakes/trains.
- Likely through put enhancement.
- The rate of return based on the anticipated savings due to avoidance of detention to rakes/coaching trains, which should not be less than 10% to be charged to capital or else can be charged to DF-III due to operational requirement.
- The estimated cost based on the latest accepted rates and the quantities for major value items based on rough sketches duly signed by the respective executives.

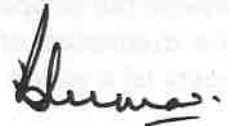
Q1(b)

- Justification with reference to TKMS/Yardsticks for creation of posts.
- Details of the posts with financial implications
- Administrative approval
- SAVE statement for ascertaining excess/surplus posts which can be re-deployed on the new line
- Matching money value from Surplus Bank/pool of surrendered posts in the Division
- Competency of sanction/ Funds position for the year.

Q.2 Short Notes

i. **Direct cost** can be defined as costs which can be directly assigned to activities relatively easily with a high level of accuracy. Cost object may be a product, a department, a project, etc. A particular cost may be direct cost for one cost object but indirect cost for another cost object. Where the expenditure on a particular item can be identified with a particular service, the total expenditure for the service is allocated to particular service directly. Eg: Expenditure on Repair & Maintenance of coaching vehicles is allocated directly to Coaching Services

ii. **Indirect cost** Expenditure is joint or common in nature, which is allocated to the respective heads of expenditure by apportioning the expenditure on the basis of



- Engineering analysis
- Statistical analysis
- Survey method
- Statistical regression analysis
- Percent variable method.

Ratios are worked out on the basis of above analysis for apportionment of common expenditure.

iii. Overhead costs are those expenses which are not directly allocable to any service, and are shown as percentage to total expenditure. These include Hqrs. Costs, representing expenses on Genl. Management, Financial, Personnel, Material Management, Staff Welfare and Amenities. Appropriation to Pension Fund under M-200, Retirement Benefits under Abast. L. Further, RPF, Safety and Staff Training.

iv. Batch Costing System The job costing system or batch costing as the case may be also depend on proper work order system that is prevalent in the work shop along with its computerization. Railway production units engaged in Rolling Stock manufacture activity adopt Batch Costing System. The total cost incurred per batch is collected and divided by the number of items of rolling stock manufactured to arrive at the unit cost of items produced in that particular batch. On completion of the batch quantity Completion Report should be drawn within 6 months to arrive at the cost of production of the said batch.

v. Fixed cost Costs that remain constant over a period of time, irrespective of increase or decrease in the volume of production.

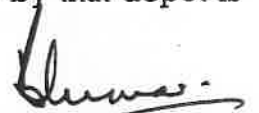
- Establishment expenditure .
- Interest on capital.
- Depreciation.
- Maintenance of Permanent Way and Infrastructure
- Fixed cost remain constant only up to a particular scale of performance or operation

vi. Variable costs are the costs that change proportionately with every increase or decrease in the volume of production.

- Fuel & lubricants
- Additional infrastructure & manpower deployed for additional service
- Wages of running staff etc.,

vii. Joint cost This is the cost of providing two or more services, the production of which cannot be physically separated. That is, provision of a facility for one service will automatically make that facility available (up to the limit of its capacity) for all other services. The signalling system costs and the costs of railway head office administration, cited above, provide classical examples of joint costs. There is no reasonable basis on which joint costs may be allocated to any one service.

viii. Common cost: This is the cost of resources shared by more than one service, where the proportions of the resources allocated to individual services may be altered at the discretion of management. An example is the cost of train crews. The sharing of the costs of a given train crew depot among the various services operated by that depot is



determined by the way in which crews are rostered for duty. In principle, it is possible to relate such costs to individual activities and services. Common costs are always of a "direct" nature, since the apportionment of indirect costs, such as supervision costs for train crew depots, will not be directly influenced by crew deployment decisions. Common costs are a major element of the short and long run marginal cost estimates described above.

Q.3 Need for Accounting Reforms on Indian Railways

Ans. a) Explain the need for Accounting Reforms on Indian Railways.

- i) Accounting reforms will focus on right accounting, right costing and right pricing would enable provision of improved services and availability of world-class transportation system to customers. Accounting reforms in Indian Railways would ignite the need for improved financial reporting, performance driven costing and budgeting based on outcomes to ensure efficient utilization of public funds. Accounting Reforms in Indian Railways will enhance the quality of decision making and public accountability. Accounting Reforms can be a useful tool for better financial management in Government. Accrual accounting would result in improving the integrity and reliability of financial information of Railways. Shift from Cash based accounting to accrual based accounting system will shift the focus from short term goals to long term goals of the organization. With this improved accounting system it would be possible to track outcome with the outlays. Will be useful in taking steps to face the challenges and make system commercially sustainable. Accrual accounting coupled with variable marginal costing technique under Accounting Reforms, Indian Railways would be able to identify money makers/ money losers resulting in reduction in transportation cost which would benefit the industry and citizens.

b) What are the areas of Accounting Reforms proposed / identified on Indian Railways ?

Accrual Accounting :

In accrual-based accounting, revenue is reported in the fiscal when it is earned, irrespective of when it is actually received, and expenses are deducted when they are incurred, regardless of when they are paid

Performance Costing :

Under Performance Costing cost of activity centers are required to be related to physical outputs to arrive at per unit cost of service provided/output delivered. High cost activity units shall be subjected to a zero based review. Cost control targets in respect of controllable costs of activity center so identified can be fixed along with outcomes for the ensuing budget. The outcomes as related to budget of activity can be in the form of operational improvements or elimination of operational constraints and technical restrictions (increase in average speed of train, removal of Speed restrictions, higher

Dr. Uma

freight loading from a good shed and reduced detention time of a rake) which pull down the productivity of rail operations. However, to ensure accountability and responsibility accounting, it is imperative that outcome relatable to budgeted spending are as far as possible expressed in numerical and quantified terms.

Outcome Budgeting :

Outcome based budgeting is a practice of suggesting and listing of estimated outcomes of each programmes or schemes designed. Outcomes are the end products and results of various Government initiatives and interventions, including those involving partnership with the State Governments, Public Sector Undertakings, autonomous bodies and the community. Outcomes of programmes are measured not just in terms of Rupees but also in terms of physical units like Kilowatt of energy produced or tones of steel produced. Also outcomes are expressed in terms of qualitative targets and achievements to make the technique more comprehensive.

c) What has been the achievements so far ?

The draft Opening Balance Sheet of IR as on 1.4.2015 and first draft closing balance sheet for 2015-16 have since been submitted to office of Chief Project Manager by consultant and the same are under validation. Accrual Based accounts for 2016-17 are under compilation. The project for IR as a whole for 2015-16 & 2016-17 are expected to be completed by March 2019, as per budget announcement.

As regarding Performance Costing, the pilot study on Northern Railway is under process.

Q.4 Examination of financial proposals for creation of infrastructure has become a mere formality

a) What are the shortcomings in the financial appraisal of such proposals

b) What are your suggestions for an effective system for financial appraisal of such proposals

Ans. Q4(a)

- i. The prescribed procedure and the permissible cost-ceilings are not being followed.
- ii. On Railways, most of the proposals cannot pass through the financial appraisal as these works are required to be executed on safety, social, statutory obligations including Passenger Amenities where no financial appraisal is made.
- iii. The financial appraisal is required for the new works only chargeable to CAPITAL.
- iv. For the works chargeable to DF, safety funds and RRSK no financial appraisals are made irrespective of the cost.
- v. For the works chargeable to CAPITAL the required ROR is 10%.
- vi. There is a general tendency that the earnings/savings and also the anticipated costs are manipulated to get the required ROR.
- vii. The assumptions made in ROR are not based on the ground realities.
- viii. The projections made for the outlays seldom match with the actuals, resulting in mismatch of the financial appraisal as the cost generally escalates due to time over run.
- ix. The costs of the works/project are not estimated properly with a view to keep the competency of sanction at lower level.

Q4(b)

- i. Adequate justification and prioritisation is required for the works
- ii. Permissible Cost ceilings have to be strictly followed so that fewer important works can be approved and adequate funds can be allotted for early completion of the works to get desired benefits
- iii. The assumptions made in respect of savings for working of the ROR should be based on the records maintained at the stations
- iv. The cost should be based on updated LARs, current market rates and Rate Analysis if required.
- v. The appraisal should be based on the principles of performance/outcome budget

SECTION- B

Q.5 a) What Traffic Suspense? What are the constituents of Traffic suspense? Explain.

b) What is the role of Traffic accounts Office in minimizing the different components of Traffic suspense?

Ans. Traffic suspense represents the earnings which has accrued but have not been physically realised.

The constituents of Traffic Suspense -

Station Outstanding

Accounts Office Balance Sheet

Cash in Transit

Demands Recoverable

Unrealised earnings as reflected in the Traffic Suspense affect the overall liquidity of and cash position of the Govt.

I. Station Outstanding – one of the major components of Traffic Suspense that is further classified as Class A & B

Class A –

Cash office disallowances of base coins, forged notes and short remittances.

While shroffing in Cash office, the difference of CR Note and amount received becomes part of suspense.

Apparent financial loss to Railways noticed during course of internal check, the amount short collected, undercharges or unaccounted for is debited against the stations through an Error Sheet.

Class B –

Freight consignment on hand

Freight consignment not on hand

Invoices/Way Bills requiring clearing by Overcharge Sheets

Wharfage and Demurrage Charges awaiting Remission Orders.

Misc – unsold stamped Indemnity Notes, Time Tables, TAG.

II. Accounts office Balance Sheet

- Amount of unrealised carriage bills raised against Pay & Accounts Office, State Govt and Defence depts for Military warrants,
- Amount of vouchers kept pending
- Outstanding in AOB are cleared on receipt of Cheque Advice of clearance, on receipt of transfer acceptance of other Railway, Govt. Dept. Etc.
- Inter Government Adjustment Advice (IGAA)

III. Cash – in – Transit

- Cash collected , remitted into bank
- Cash collected trasmitted to Traffice Cash office through Cash Chests

When cash is not received and cash available in the chest is not accounted and reflected in Traffic Books Account, such cash is called Cash in transit.

IV. Demand Recoverable

Bills raised by Divisions towards lease of land or building to defence, Postal (RMS) depts.

Bills raised against service buildings occupied by employees Unions, Associations.

b) Traffic Accounts Office Role in minimizing Traffic Suspense

Amount available under freight on hand should be cleared the following month on delivery of the consignment.

Wharfage and Demurrage should be collected at the time of delivery of the material or time of issue of RRs as per PRCM and submit claims, if any, for refund/waival of DC charges.

Separate drive to be made jointly by Commercial Inspector and TIA to the stations to force the unaccounted Error Sheets into Balance Sheets and to review the disputed debits to officer special credits, if any.

The team also needs to enforce the remittance of the admitted debits from responsible employees.

ABC analysis to be done for category wise Viz admitted debits, disputed debits, Wharfage and Demurrage to clear Traffic Suspense –

Less than a lakh

1 -5 lakhs

5 – 25 lakhs

25 lakhs and above

Conducting of periodical meetings with Commercial Inspector

Marshalling the TIAs to aggressively pursue the disputed debits and Accounts office disallowances.

The bills raised against Defence and State Govts to be regularly monitored and realised to clear balance under AOB

Pending Charges for haulage of postal vehicles should be reported to Railway Board promptly for taking up with the concerned Ministry.

Cash Chest movement to be monitored and shroffed without delay.

Direct remittances of station earnings into local bank, to the extent possible, is to be adopted to reduce cash in transit.

Realization of cash instruments to liquidate the outstanding amount under cash in transit Periodical meetings to be held with Sr.DCMs for clearance of Siding Charges, trip charges, etc. that are part of station outstanding.

To liquidate amount under Demands recoverable, Sr.DFMs are to be advised periodically to analyze the items available to clear the same.

Railways should prescribe that bookings for defaulters/late payers viz Power Houses etc should be on paid basis.

Q. 6 Short Notes

Ans. i) Foreign Service Contribution:

Transfer of Railway employees to other governments, departments, Companies, Corporations etc. is known as foreign service and deputation

(a) While a railway servant is in foreign service, contribution towards the cost of his pension must be paid to general revenues on his behalf.

(b) If the foreign service is in India, contributions must be paid on account of the cost of leave-salary also.

(c) Contributions due under clause (a) and (b) above shall be paid by the railway servant himself unless the foreign employer consents to pay them. They shall not be payable during leave taken while in foreign service.

(d) By special arrangement made under Rule 2017 (b) (F.R.123(b)) contributions on account of leave-salary may be required in the case of foreign service out of India also; the contributions being paid by the foreign employer.

ii) Qualifying Service:

Qualifying service of a railway servant shall commence from the date he takes charge of the post to which he is first appointed either substantively or in an officiating or temporary capacity:

Provided that officiating or temporary service is followed, without interruption, by substantive appointment in the same or another service or post:

Provided further that -

- (a) in the case of a railway servant in a Group D service or post who held a lien or a suspended lien on a permanent pensionable post prior to the 17th April, 1950, service rendered before attaining the age of sixteen years shall not count for any purpose; and
 (b) in the case of a railway servant not covered by clause (a), service rendered before attaining the age of **eighteen** years shall not count, except for compensation gratuity.

iii) Operating Ratio:

Operating Ratio is index of judging financial performance of Indian Railways. Since Zonal Railways are treated as profit centres wherein both earnings and revenue expenses are accumulated and accounted, Operating Ratio is worked out for a Zonal Railway and for IR as a whole. Lower the Ratio better the financial health of a Railway or vice versa.

Mathematically, Operating Ratio is expressed as under:

$$\frac{\text{Total working expenses}}{\text{Gross Earnings}} \times 100$$

Where

Total Working Expenses = OWE consisting of Revenue expenses of Demands 3 to 13 (excluding Suspense) + Appropriations made to DRF and Pension Fund.

Gross Earnings = Coaching (excl. Refunds) + Other Coaching + Goods (excl. Refunds) + Sundry earnings

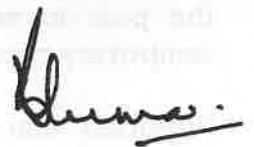
iv) Wagon Turnround:

The interval between two successive loadings, calculated from the time a wagon is placed for loading till the time it again becomes available for reloading, is the actual turn-round. Thus, all detentions to a wagon, from the time it is placed for loading till it is again placed for reloading after passing through the cycle of loading, dispatch, transit, unloading and again made available for reloading, enter into the calculation of turn-round. The quicker the turn round the fewer the vehicles required. The commercial staff must, therefore, arrange for quick loading and unloading of wagons by exercising a close supervision over these operations.

v) Accounts Office Balance sheet:

For the purpose of taking the Carriage Bills into account and of watching their realisation from the firms or departments concerned, as also for incorporating in accounts the traffic cash received otherwise than through the Station Balance Sheets (e.g. workshop profit, advertisement fees, sale of grass, fares of coupons sold by Tourist Agents, fares represented by Suburban Tickets sold in Head quarter offices, etc) a Balance Sheet (corresponding to the Bills Receivable Account in commercial Book-keeping) should be maintained. This is called Accounts office Balance Sheet.

The closing balance of the AOB consists of the unrealised amount of Carriage Bills and amount of vouchers kept pending.



vi) Checks on Non-issued Tickets:

The statements of non-issued tickets received daily from stations are checked with the original tickets accompanying them to see that each entry is supported by the tickets received. It should be seen :

That the tickets themselves have been marked non-issued and endorsed over the signature of the booking clerk with the reasons of cancellation.

They do not show any indication of having been used

They have been submitted by stations on the day of cancellation or latest on the following day

The daily statement of non-issued tickets should be compared with the summary of such tickets and the latter with the classification.

Clerkage charges wherever due have been recorded and accounted for correctly. Where no clerkage charges have been recovered such as for wrong printing, the remarks stating the reasons have been attested by the Head/Chief Booking Clerk or the Station Master as the case may be.

** Frequent submission by a station of non-issued tickets for an adjacent station should be viewed with suspicion and investigated by TIA.

Q.7 a) The need for station inspection even after introduction of FOIS, PRS and UTS

b) Why post checks of station returns are still being carried out after implementation of the above applications

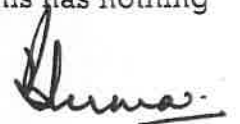
c) How station inspections can be improved with the help of these applications

Ans. a) Why station inspections have to be carried out even after implementation of these applications?

The implementation of above applications has improved the system and reduced the possibility of frauds and defaults to a great extent. But the need for station inspections still remains as the above applications have some shortfalls and station inspections have the wider scope beyond computerisation.

Though the traditional checks in coaching like counting of PCTs, resale of PCTs, passenger classification, indents verification, out of order issued PCTs, BPTs etc., and in Goods To-pay freight, Rating and routing, transshipment, MPAs etc., have become obsolete, the following checks are still required due to non-computerisation of some areas and non-integration of various computer application like UTS Vs PMS etc., Further the following frauds/mistakes can be detected during the station inspections only.

➤ Even after computerisation, still there is scope for frauds as some of the frauds are beyond computerisation. For instances, recent misappropriation of station earnings i.e, Non- remittance of cash into Bank at one Station in S.C.Rly. This has nothing to do with computerisation.



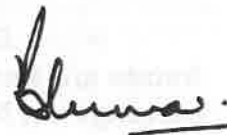
- Frauds like in issue of special cancellation, Non-Issue tickets both in PRS and UTS.
- Mis-matching, saved ticket stationery on low value ticket issued, subsequently NI and issued to high value etc.,
- EFTs are still issued manually.
- Check of parcel returns. Though PMS was implemented, the PMS yet to be integrated with UTS. Still manual intervention is there in UTS while accounting parcel earnings in station balance sheet.
- Calculation of Demurrage and wharfage both in coaching and goods is still being maintained in manual registers, the correctness of free time allowed have to be checked at stations w.r.t extant rules.
- Check of Balance sheets at Goods sheds are required as these are being prepared manually.
- Detention of rolling stock at sidings and its loss of earning capacity in terms of wagon turn round can only be checked physically.
- While calculating freight, normally shortest route shall be charged except under a 'Rational Route'. In FOIS, there is an option for both the routes, if the user opt for short route ignoring rational route, then under charges may occur.
- Check of account of Traffic Accounts Debits, U/Charges, etc., in station returns.
- Stock/used/in-use Money value books have to be checked physically.
- Check and ensure the minimum balances in station out-standings in order to minimise the traffic suspense.

So, it is possible to minimize the man days in station inspections but it may not be correct to eliminate the phase of station inspections even after implementation of above Applications/computerization.

(b) Why post check of station returns is still being carried out after implementation of these applications?

On implementation of above applications like FOIS, UTS, PMS and IPAS, the traditional post checks like rating, routing, over charges, under charges, accountal, summaries, comparisons, passenger classifications, refunds etc., at stations as well as Traffic Accounts Office are obsolete. In recent times, On Line submission of Station Balance Sheet program is taken up and leads to faster compilation of accounts. However, Post check of station returns are still to be required on following phases as the computer applications are not yet integrated one to other and due to manual transactions.

- i) Check of station remittances with reference to actual earnings of respective stations.
- ii) Manual transactions like earnings through other coaching activities, sundries like EFTs, parcels, remittances at stations other than 'on-line' etc.,
- iii) Check of MCRs and accountal of GST at stations.
- iv) Returns like Demurrage, wharfage etc., are being maintained manually.
- v) Check of failures/delay in e-payments on account of freight charges, which may happen due to insufficient cash balances in customer's account.



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Q.8 a) What are the important statistical parameters used for judging the operating efficiency of a Railway? Please explain

b) What is the purpose of Apportionment of earnings?

c) What are the principles on which apportionment of different types of earnings is made?

Ans. The following are the important statistical parameters to judge the operational efficiency of the Railway

The term Operating Statistics includes all those figures which throw adequate light on the various aspects of railway operation. By the term railway operation we mean carrying of the traffic from one place to another economically and efficiently. This can only be achieved by making the best and most judicious use of our available resources, i.e. wagons, trains, engines etc.

Broadly speaking, Operating Statistics include wagon load and wagon usage statistics, train load and speed of trains, engine usage and fuel, coal or energy consumption statistics, punctuality statistics, wagon detention statistics and statistics showing the unproductive services in relation to the productive work done by the railway.

Operating statistics are compiled to judge the efficiency of the railway operation. Efficiency of operation lies in the fact that the railways should be able to carry more traffic with less cost.

This statistics may broadly be divided into two heads

(a) Total Output (i.e. work done) – Example of this statistics :- No. Of trains run/Train Kms./Shunting Kms./Wagon Kms./Vehicle Kms./Engine Kms./ Fuel and Energy consumed/ Tonne Kms.

(b) Efficiency statistics are Punctuality and speed of Passenger Trains, Speed and Load of Goods trains, Wagon Usage and Engine Usage.

Wagon Usage Statistics :-

(1) Avg. wagon load during the run:- It includes No. of wagons loaded on the system (+) No. of loaded wagons received from other systems. It is to be arrived at by dividing the N.T. Kms. by Loaded Wagon Kms.

(2) Avg. starting wagon load :- It is the load of a wagon at originating station. It is to be arrived at by dividing the No. of wagons loaded by Total Tonnes loaded in it.

(3) Wagon Kms. per wagon day :- It arrives at by dividing the Wagon Kilometers by Wagon days. Wagon Kms. are both, loaded and empty. Wagon days are worked out by multiplying the No. of wagons by No. of days in a month.

(4) N.T. Kms per wagon day :- This is worked out by dividing N.T. Kms. by Wagon days.

(5) Wagon Turn Round :- It means the avg. time taken by wagon in between two successive loadings. Formula for working out Wagon Turn Round is :- Wagons owned modified by Daily avg. Wagon balance divided by the avg. daily loading including loaded receipts.

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Engine Usage Statistics

Avg. authorized stock :- It shows the total No. of engines allotted to the system by the Railway Board. It includes engines ordered for but not handed over. Engines replaced but still running on line are not to be accounted.

Avg. total No. of engines on line :- This is the total No. of engines on line including those replaced but still running on line.

(i) Engine kms. per day per engine in use :- This is arrived at by dividing Total Engine kms. run during the month by Avg. no. Of engines used multiplied by the days of the month.

(ii) Engine Failures :- An engine is considered to have failed when it is unable to work its booked train within the prescribed load from start to destination or arrived at destination by 30 minutes late in Passenger trains and 60 minutes and more in Goods Trains.

(iii) Engine Kms. per engine failure :- It is worked out by dividing Engine Kms. of the month by No. of engine failure.

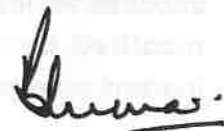
Unproductive Service Statistics :- Shunting Kms per 100 Train Kms Percentage of train engine hours to Total Engine Hours, Marshalling Yard Statistics

Fuel consumption:

Fuel and Energy Consumption per Engine Kilometer and per 1000 Gross Tonne kms. Specific Fuel Consumption (SFC) and Specific Energy consumption (SEC)

b) Purpose of Apportionment of Earnings:

Apportionment means distributing the share of earnings realised from transportation of Passengers and Goods traffic to those Railways involved in the carrying these traffic irrespective of originates or termination basing on the distance involved in carriage by each Railway. The main purpose of these apportionment is as Railways involved in carrying passengers and goods incurred various expenditure in providing maintenance of track, passenger amenities and other staff cost. These expenditure should be compensated by sharing the revenue realised from transportation of Goods and Passengers on distance involved in each Railway. Originating and terminal Railway will retain terminal cost per tonne for providing terminal activities. These terminal cost will be deducted from total freight and the remaining freight will be apportioned on distance basis. (for goods traffic only). Each Zonal Railway performance should be monitored by Railway Board with Operating Ratio, which is worked out from Gross earning and operating expenditure Ratio. Without sharing the actual earnings for the actual traffic carried, the operating Ratio will not depict a correct picture. Railway Board wants to treat each zone as profit centre in order evaluate the performance of each profit centre it is desirable to have exact cost incurred and earnings of each zone.



c) Principles on which apportionment of different types of earnings are made:

Centralised apportionment system (CAS) has been developed by CRIS and working in coordination with Western Railway to work out results of apportionment from Passenger and Goods Earnings.

- **Passenger Earnings:** The distance each passenger travels over each Railway is the basis for apportioning the Passenger Earnings. The PRS earnings for reserved passengers and UTS earnings for unreserved passenger will be used by CRIS to apportion the earnings on distance basis by CRIS. Printed Card tickets and BPT also follows the same principle. CRIS generates apportionment matrix basing on the originating earning and apportioned earnings and works out result out apportionment which forms the basis for adjustment of earnings among various zonal Railways. Only basic fare is only apportioned duly excluding taxes. Catering charges collected in Rajadhani/Shatabdi express are also to be apportioned among zonal railways.
- **Goods Earnings:** Goods apportionment is carried by CRIS basing on the originating earning data captured from 7A statement. While apportioning the earnings the terminal cost per tonne as notified by Railway board will be reduced from the freight and retained by respective originating and terminating Railways involved in the transportation. The remaining freight amount duly excluding the taxes, transshipment charges, bridges charges if any, local charges as applicable and surcharges will be apportioned as per the distance involved/route carried by each zonal Railway. The apportioned matrix basing on the results of apportionment will be communicated to each zonal Railway. The originating Railway Traffic Book is responsible for preparation of net result of apportionment.
- **Other coaching earnings:** a predetermined percentage is worked out by Railway board and communicated to each zonal Railway basing on one day earnings of that zone. All parcel earnings will be apportioned by originating zonal Railway on these percentages. No apportionment is made in respect of luggage, EFT and Birds traffic.

Q.9 New Pension System. Issues being faced in proper accountal under NPS?

Ans. Salient features of New Pension Scheme or National Pension Scheme

NPS has been Introduced w.e.f 01.01.2004

All Government employees (Except the Armed Forces) who are appointed on or after 01.01.2004 are mandatorily covered under this scheme.

Upon joining in government service every employee is allotted PRAN (Permanent Retirement Account Number) by NSDL.

PRAN is permanent till retirement irrespective of transfers from Central to state or PSU's vice versa. Same PRAN number will be continued till their retirement or exit from NPS.

Every NPS subscriber is uniquely identified by PRAN number only for all purposes.

Under NPS two types of accounts are available (viz..Tier I and Tier II)

Tier-I account is mandatory (withdrawal is conditional for specified occasions only as per PFRDA Regulations) and

Tier-II account (saving account) is optional (withdrawals are subscribers own choice).

Under Tier-I , 10% of Basic+DA will be recovered from the employee every month from his salary as Employee contribution by the respective DDO (Bill Drawing Officers).

Government will add an Equal amount(10% of Basic+DA) as matching contribution to Emp.contribution.

(w.e.f. 01.04.2019 Government contribution will be 14% of Basic+DA)

Emp.Contribution & Govt.Contribution. Put together will be uploaded to NSDL-CRA for book-keeping and accountal, by the Nodal offices like PrAO/PAO (i.e concerned Accounts Office).

The funds are then invested in 3 default earmarked investment schemes through Pension Fund Managers(PFM's).

Pension Fund Managers (PFMs), viz,

LIC Pension Fund Limited,

SBI Pension Funds Pvt. Limited,

UTI Retirement Solutions Limited..

in a predefined proportion, which is mentioned in the Statement of Transaction. Each of the PFMs will invest the funds in the proportion of 85% in fixed income instruments and 15% in equity and equity linked mutual funds.

Exit Options from NPS

Superannuation

Death

Exit (before the age of Superannuation .. irrespective of cause)

Partial withdrawal.

Superannuation:

If the accumulated corpus is less than 2 Lacs complete withdrawal is permitted

If the accumulated corpus is more than 2 lacs

Min 40% has to be utilized for purchase of Annuity which will provide Monthly pension to the subscriber.

60% of the corpus will be paid to the subscriber.

Death:

If the Corpus is <2 lacs the same shall be paid to the nominee or legal heirs.

If the corpus is >2 lacs

80% shall be mandatorily utilized for purchase of annuity which will provide pension for the spouse for life. Upon demise of spouse, re-issued to the family members in order by Regulation.

Special /Additional benefits In case of Death/disability.

In case of death of Railway employee, an option is given to the spouse of the deceased that, if the total accumulated NPS corpus of the deceased is transferred to Railways then the spouse will be granted Family Pension applicable to Regular Railway family Pensioners .. The spouse has to give an unconditional undertaking to the Railway administration for the above condition.

Exit before the age of Superannuation (irrespective of cause):

If the Corpus is <1.5 lacs the subscriber has the option to withdraw entire amount.

If the corpus is >1.5 lacs

80% shall be mandatorily utilized for purchase of annuity which will provide pension for life.

Balance can be withdrawn by the subscriber

Partial withdrawal:

Min 3 years service

Withdrawal allowed only against specified reasons (as per PFRDA Regulations from time to time). Viz; Medical expenses, Higher education of children, Marriage exp. Of children, Acquiring immovable property.

Max 3 times allowed in entire tenure of subscription

Gap of at least 5 years required between two partial withdrawals
25% of contributions (between two withdrawals) made by subscriber only allowed for withdrawal

ISSUES BEING FACED IN ACCOUNTAL UNDER NPS:

PRAN (Permanent Retirement Account Number) is generated by NSDL upon submission of CSRF form by the employee and forwarded by DDO/PAO.

It is a unique number without which GC & EC cannot be uploaded.

Railways has a unique feature where most of the employees are first put on temporary status, training/probation with stipend without any statutory recoveries.

Upon successful completion of the training they are regularised and given posting orders to different units/divisions, with date of joining being the date of reporting to the organisation.

DDO (Personnel Branch/executives) is responsible for collection of CSRF form along with requisite information from the employees and forwarded to the PRAN generating agency through PAO.

As per NSDL conditions EC & GC to be recovered /uploaded from the date of joining the service as NAV of the contributions fluctuates depending on the market conditions. Any delay in uploading EC/GC will have affect on NAV.

Due to poor knowledge of NPS at field units further delays in obtaining of CSRF by DDOs from NPS Subscribers thereby increasing the gap between DOJ and PRAN generation affecting the recovery and uploading of EC/GC.

Instances are noticed where e contributions from No. Of employees is less than the No. Of employees for whom PRAN is generated. This is due to non drawal of salary due to long/unauthorised absence, desertions, etc.

In a given period instances were also noticed where number of contributions for an employee are not full, which is again due to non drawal of salary due to long/unauthorised absence, desertions, etc.

Contributions of the employees on deputation are not received regularly thereby delaying the process of uploading.

Q.10. What are the payments received by Railway employees at the time of superannuation?

Ans. Employees retiring on superannuation are entitled for the following payments

Superannuation:

Retirement from service on attaining the age of 60 years (65 years for teaching staff and doctors).

Payments made to employees retiring on superannuation:

1. Pension
2. Commutation
3. Service Gratuity
4. Leave Encashment
5. C.G.I.S (Central Govt Employees Group Insurance Scheme):-
6. PF balance together with interest accrued on the date and Deposit Linked Insurance if applicable.

Pension:

Pension is fixed at 50% of last pay or 50% of avg. emoluments of last 10 months whichever is higher. In case of doctors, Non Practicing Allowance @20% w.e.f. 01-07-2017 will be added for last basic for arriving pension/pensionary benefits. Similarly, Running Allowance @30% and 55% on basic pay in all Running stationery(loco inspectors) and Running Mobile(Loco Pilots, guards etc) will be considered as ADD ON PAY for arriving pension/ pensionary benefits.

Conditions for grant of Pension and pension:-

1. If the Net Qualifying Service (NQS) is 10 or more years in Normal Retirement and 20 years in Voluntary retirement are eligible for full pension subject to a maximum of 33 years of N.Q.S. 2. The following periods of service are not considered as qualifying service for pension

- (i) Absent periods not covered by Medical certificate
- (ii) Suspension periods
- (iii) Dies-non
- (iv) Service rendered for which salary paid from contingencies.
- (v) However, ex-india leave can be considered for QS if sanctioned by the competent authority.

Exceptions:-

- (i) 50% of Service rendered as casual labour till the date of screening will be counted as qualifying service.
- (ii) Periods spent on training (apprentice) prior to regular appointment will count.
- (iii) Substitute service followed by regularisation, 120 days need to be deducted to arrive QS.
- (iv) In case of security staff, date of enlistment may be treated as date of appointment.

Note:- With effect from 01-01-2006 onwards, pro-rata pension as per NQS has been dispensed. For example, even if the NQS is less than 33 years of service, they are eligible for full pension ie 50% of LP.

Leave Encashment:-

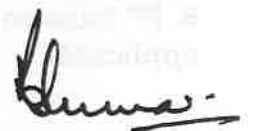
L.A.P at the credit of an employee at the time of retirement (max. 300days) (pay + DA) can be paid. If the L.A.P. falls short of 300 days, LHAP at the credit of the employee to the extent of such short fall may be paid. For example, if 280 days of LAP balance is available, 20 LHAP will be added which will be equivalent to 280+10 ie total 290 days.

Family Pension: In normal retirement cases i.e., other than death while in service cases, EFPN for 7 years from the date following the death subject to a maximum of pensioner attaining the age of 67 years is paid. There after normal family pension.

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Death cum retirement Gratuity

Maximum amount payable is Rs.20 lakhs. Paid at half for every year of completion. Assuming a person has a qualifying service of 33 years the DCRG is paid at 16.5 time of pay + DA subject to a maximum of Rs.20 lakhs



Commutation of pension

Commutation will be paid as per the commutation factor in the tables provided as per age at the time of date of birth next following the year of retirement. The commutation is allowed at 40% of Pension.

The formula will be $40\% \text{ of pension} \times 12 \times \text{commutation factor}$ (as per age on next birth day).

The commutation is restored after 15 years from the date of payment of commutation.

CEGIS

It is in force from 01-01-1982 onwards. This is paid as per the table of benefit for the savings fund.

PF Assets:

The PF assets with interest are paid at the time of superannuation.

Exgratia

Employees who are not covered by Pension scheme (who are not covered by pension scheme) are paid ex-gratia.

NPS employees

The employees who are appointed on or after 01-04-2004 are covered by National Pension Scheme. Under NPS the employees on superannuation will be entitled for Gratuity and Leave encashment ((in the same manner as applicable for employees covered by pension scheme)..

SECTION C**Q. 11 Short Notes****i. Average Annual Consumption**

The advance planning for procuring materials is based on a consumption forecast and therefore accurate forecasting of future consumption is most essential for the success of any recoupment system.

In Indian Railways, the material requirement is mainly for :

- (i) Maintenance activities
- (ii) Production activities in a railway workshops
- (iii) For projects or works

The maintenance & production activities are generally a continuing activity and the demands of materials for the purpose of maintenance can be estimated knowing the previous consumption, trend of consumption and various other information given by user departments about increase or decrease of maintenance activity.

Various statistical forecasting methods are available for assessing future demands. In the railways, however, we are using at present only average of past 3 years' consumption modifying it as per the trend of consumption.

If this material schedule can be prepared sufficiently in advance, the Stores department can supply the items by purchasing for specific demands. The Railways, however, have a system of working out the requirements of items having long lead times, sufficiently in advance, so that the work does not suffer.

ii) Price Variation clause

This is applicable for the works tenders/contracts more than Rs. 5 crores irrespective of the period of contract.

For service contracts, the PVCs applicable for the contracts extending beyond 18 months,

For service contracts, if administration is stipulating a condition that a minimum number of labour to be supplied, then the PVC is applicable for any increase in the minimum wages during the pendency of the contract irrespective of the value of the contract. In other words Railways have to reimburse any increase in minimum wages for such labour during the entire period of the contract.

The base month for the PVC shall be the month of opening of the BIDs.

As per the PVC, the contractor is eligible for reimbursement of the increase in cost/prices of material, labour, fuel, steel, ferrous and non ferrous items, cement etc as per the percentages stipulated in the GCC based on price Index.

If the contract is extended due to the lapses on the part of the contractor (as per GCC 17(b)), no PVC is admissible for the extended period.

(iii) Performance Guarantee:

PG is collected from the successful tenderer to ensure satisfactory performance of the work/service assigned.

PG for works contracts is 5% and for Service contracts it is 10%.

PG will have to be submitted before signing of the contract.

It needs to be submitted within 21 days from the date of issue of LOA in respect of works. Further period can be granted upto 60 days from the date of issue of LOA with a penal interest of 15% per annum. In case, no PG is submitted within the stipulated time, the LOA will be cancelled and the EMD will be forfeited. Subsequently fresh tenders will be invited.

For Service tenders/contracts, it needs to be submitted within 30 days from the date of issue of LOA. Further period can be granted upto 60 days from the date of issue of LOA with a penal interest of 15% per annum. In case, no PG is submitted within the stipulated time, the contractor will be advised with a notice. Further time of 30 days time will be given and in case the tenderer is not responding, LOA will be cancelled and the EMD will be forfeited. Subsequently fresh tenders will be invited.

The PG will be released on satisfactory completion of the work.

The validity of the PG shall be 60 days more than the due date of completion and needs to be extended as and when the currency of the contract is extended.

iv) Inventory turnover ratio:

The efficiency indicator for inventory management is turnover ratio which is the ratio of stores balances at the end of the financial year divided by total issues during the year and expressed as percentage. It is calculated separately with fuel and without fuel. Lower the Ratio better the health of Inventory Management of a Railway or vice versa.

Stores balances mentioned in the calculation of Turnover Ratio comprise of –

- Stores in Stock
- Stores in Transit
- Purchase Suspense
- Sales Suspense
- Stock Adjustment Account

Steps should be taken to control and regulate the balances under the above Suspense Heads from time to time duly conducting review of stores balances at appropriate levels. Stores in Stock should be controlled by monitoring the issues and also by postponing the purchases/ postponing the invoking of option clause in existing contracts and also transferring the materials to the other needy areas when they are not required by the Railway which procured them.

v). Urgency certificate:

The ordinary rule is that no work may be commenced and no liability or expenditure incurred on a work until a detailed estimate for it has been sanctioned and an allotment of the requisite funds made by competent authority. This rule pertaining to preparation of estimates does not apply for a work costing up to Rs 5 lakhs each either chargeable to Revenue or Capital. In addition to this exception the following are the only classes of work on which expenditure or liability may be incurred prior to the receipt of sanction of the authority competent to sanction the estimates under the ordinary rules :--

Works, which are considered to be urgently necessary to safeguard life or property or to repair damage to the line caused by flood, accident or other unforeseen contingency, so as to restore or maintain through communication.

The Divisional Engineer may authorize the commencement of the work, but should at once submit, through usual channel, a report to the authority competent to give administrative approval to the work and to allot the required funds. This report which may be called an "Urgency Certificate" or "Urgency Report" (Form E 1104) should contain (i) a description of the work, (ii) the date of its commencement, (iii) the circumstances which bring the work within this category, (iv) the maximum probable cost of the work with an enclosure containing an abstract of calculations and (v) the date by which a detailed estimate of cost will be submitted. The Divisional Engineer should at the same time send a copy of this report (Form E. 1104) to the Accounts Officer.

vi) Standing Work Order:

The analysis of workshop expenditure is carried out with the aid of a system of "Work Orders" representing the units of such analysis.

Where rolling stock duplicates or spares are repeatedly manufactured, assembled or repaired a system of Standing Work Orders for manufacturing, assembly or repairing are issued.

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Special Work Orders are issued for works or jobs other than regular activity like production of locomotives, coaches or wheels and axles or POH of rolling stock etc. e.g. work orders for manufacturing jobs for other Railways, Government Departments, outsiders etc. and works chargeable to Capital.

Q12. Describe the linkages amongst Stores Budget, Workshop Manufacturing Suspense Budget and Revenue Budget.

- Stores and Workshop Manufacturing Suspense (WMS) on the Capital side and Revenue Budget on the Revenue side are correlated as Stores Suspense and WMS cater to the requirement of materials/stores for revenue purposes or works; and materials are procured and supplied to Workshop by Stores and Workshops also manufacture Stores which are issued to Stores for further issue.
- The linkages amongst these three budgets are as follows:

WMS Budget:

- The value of stores procured through Stores Suspense is budgeted in WMS as 'Materials from Stores Suspense' on the debit side of WMS Budget.
- Since the above requirement is met out of WMS Budget the same is shown as Deduct entry in Stores Budget as issues to Manufacturing operations under Receipts/Debit side.
- Out of the works done from WMS, certain material is manufactured for Stores and certain materials are returned as Scrap and Other than Scrap. These form deduct entries in WMS Budget as 'Issues to Stores Suspense' as Scrap and Other than Scrap.
- These materials returned from WMS are budgeted in Stores Suspense and also form part of Receipts/Debits to Stores Suspense.
- It may be observed from the above that what is met out of WMS Budget forms deduct entry in Stores Budget and what is met out of Stores Budget forms deduct entry in WMS Budget.
- WMS caters to POH/other Repairs works for Home Railway or other Railways or undertakes Pink Book/Demand 16 works or Special Repair/Miscellaneous Repair & Maintenance Works.
- For the POH work of Home Railway, Budgeting is done under Revenue Demand of Home Railway in concerned Revenue Demand/Sub-Major Head (SMH) under PU34 (representing Wages) and PU35 (representing Materials). Similarly, for POH done by a Workshop for Foreign Railways, provision is made by the concerned Foreign Railway in their Revenue Demand/Sub-Major Head under PU63 (representing Wages) and PU64 (representing Materials). These amounts constitute Credits to WMS. Since the provisions in WMS for these activities are derived from Revenue Demand/SMH, the linkage between WMS & Revenue is established. Similarly, if any Special Maintenance or Repair work is entrusted to Workshop or any Pink Book or RSP works are undertaken by Workshops,

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these will form part of credits to WMS with debits under relevant Revenue Demand or Capital Demand for which the works are done.

- Thus, Stores obtained for Manufacture from Stores Suspense is linked to Stores Budget and Works/POH/Other special repairs done for Revenue/Capital are linked to final heads under respective Revenue Sub-Major Heads or Demands and Primary units (PU) thereunder.

STORES BUDGET

- Stores Budget comprises of two main components viz., Stores Fuel and Stores – Other than Fuel.
- In Stores Fuel, procurement of Fuel is done mainly for Traction purposes and also for non-traction purposes wherever permitted.
- The procurement is thus linked to issues of Fuel. The issues of fuel is done for Home Railway as well as Foreign Railways.
- The issues or credits from Stores Suspense – fuel is derived from provision in the Revenue Budget under erstwhile Demand 10-H (now Sub-Major Head 08) under PU27-Drawal from Stores. The fuel budget for Home Locos is drawn from the Grant in Revenue Demand 10H/SMH 08 & PU27 of Home Railway and fuel budget for Foreign Locos is drawn from the Grant in Revenue Demand 10H/SMH 08 & PU27 of concerned Foreign Railway, which draws fuel from RCDs of the railway in whose Stores Budget this is included.
- If fuel from RCDs is also issued for non-Loco or non-Traction purposes, the budget for it will be provided for in the respective revenue demand and will form part of issues for other purposes in the Stores Fuel Budget.
- Thus the fuel issues to Home, Foreign Railways are procured under Stores Suspense Fuel as per the Budget in the respective Revenue Demand/SMH.
- In Stores – Other than Fuel, Budget is provided for Stores Manufactured by Workshop, Materials returned by Workshops (Scrap & Other than Scrap), purchases for revenue demands etc.
- If the material is procured from workshop or for workshop, the linkage is provided in Stores Budget accordingly. Further, stores (other than fuel) issued to Revenue users as per their Indents are linked to provision under PU27 (other than Demand 10H/SMH08). The budget in this case is derived from PU27 of revenue demands, except Dem10/SMH08 and forms credit/issues in Stores Budget as "Revenue Stores (other than Fuel).

REVENUE BUDGET:

- As brought out under side headings WMS and Stores Budget, revenue budget provides for Stores Fuel under PU27 of erstwhile Demand 10H (now called SMH 08) and for Stores-Other than Fuel in all other Revenue Demands, which forms the credits/issues under Stores Budget.
- Similarly, the provisions under revenue budget for PU 34 & PU 35 in relevant demands of Home Railway and PU 63 & PU 64 of Foreign Railways

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will form the credits/issues in the WMS Budget for POH activity done for Home or Foreign Railways respectively.

- Thus, revenue budget is linked to Stores & WMS Budgets.

(a) How will you correlate these budgets?

(5) The Stores, WMS and Revenue Budgets will be correlated by adopting the provisions under Final Heads of Stores, WMS or Revenue as the case may be. The Stores and WMS Budgets should be prepared by adopting the figures from the Budget where the debit will be formed. For instance, while preparing the WMS Budget, the Final heads provisions under Revenue Demand of Home/Foreign Railways and other works proposed to be done should be considered and the extent of materials procured from Stores, should be considered as per the Stores Budget before fixing the other debits/receipts. The requirement of debits/receipts should be arrived as per the credits/issues which are determined from the respective Final Heads. Further, the provisions in Stores and WMS Budgets which form the issues to one another shall be treated as contra entries as 'Deduct for issues within the demand'. By doing so, the possibility of budgeting for same activity under two Budgets is eliminated. Since the budgets are correlated, the provisions in one of the budget meant for another are shown as "Deduct entries" under both Debits/Receipts as well as Credits/Issues to eliminate the scope for duplication of budget allotments.

(b) How will you ensure that balances under Stores Suspense, Purchase Suspense and WMS are current and efficient?

(10) The balances under these suspense heads should be posted from the initial vouchers of the accounts, the entries reviewed regularly and proved with the balances in the General Books monthly. In the Purchase Suspense, the outstanding debit and credit items should be reviewed and linking of ROs for credits and chasing of debits for ROs accounted should be done. The list of outstanding items in the Purchase Suspense should be circulated to all depots/concerned Railways and pursued. RO adjustments should be done promptly for clearance of Purchase Suspense balances and to keep it efficient. The closing balance in Stores represent Stores in Stock or Stores in Transit (SINT) or outstanding in Stock Adjustment Account (SAA) or outstanding Sales Suspense or outstanding Purchase Suspense and hence should be reconciled with the balances under each of these heads sufficient details. If the closing balance is high, the Turnover Ratio will be high and hence the balances should be kept as low as possible. The closing balance in WMS represents either works in progress or amounts due to be realised in respect of scrap or bills/debits yet to be raised for works completed. For current and efficient WMS Account, the bills/debits should be raised for all completed works and all amounts due in respect of scrap realised. The works in progress should be current. Bookings to WMS should be done only for the items which are to be routed through this suspense and supported by proper

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work orders. The closing balance of WMS should be as low as possible and within the limits prescribed by the code.

Q.13 iMMS

a) Advantages of iMMS in the field of stores management.

MMIS (Material Management Information System) was intended to take care of internal procurement processes such as demand forecasting, demand generation, tender generation etc. as well as warehousing requirements such as receipts, issues, inventory valuation etc.

MMIS modules on different railway units are stand-alone applications developed at different times independently using diverse technologies. Back end database was also on different versions of Oracle, Fox Pro, MS SQL etc. Even forms, queries and reports on different railways' MMIS are not uniform. They also do not communicate with each other for exchange of materials information.

With a view to overcome the shortcomings of MMIS the iMMS has been developed to help stores management in the following areas

i) It provided interface with IREPS facilitating e-procurement. This brought transparency into system of

procurement. The traditional system of printing of large number of bulletins containing 100 to 150 small

value tenders, and its dispatch to registered bidders have been completely abandoned. This led to direct

saving in cost of printing and distribution of bulletins.

ii) It enabled improved decision making as the information is accessible to all zonal railways and production

units. The stock position could be accessed so that depot transfers became easy and efficient.

iii) The comparison of procurement rates and vendors performance at various zonal railways/production

units/workshops became possible. It opened up wider choice of suppliers and access to new vendors.

iv) Due to elimination of dispatch and receipt time of tenders/ bids the time interval between publication of

tender and closing of the bid has been reduced as a result of which there is reduction in procurement

cycle.

v) Now the Purchase Orders are generated by iMMS automatically for the tenders finalized on IREPS reducing

the time and human errors. This also obviates the need for vetting of Purchase Orders.

b) Advantages in accountal of stores

i) The Receipt Note is issued on iMMS. With this delays are avoided in stores depot. As physical movement

of R.Note to the Accounts Office is avoided the transit delays are avoided.

- ii) The Issue notes in iMMS facilitates concurrent verification by the consignees.
- iii) The monthly stores summaries need not be processed in IT centre. The verification and accountal of issue vouchers is now done by the consignee accessing the iMMS from his workplace.
- iv) The iMMS provides information of non-moving/surplus items of various depots and enables managerial decision for transferring material to the needy depots/units.
- v) The vendors performance and status of Purchase Orders can be monitored efficiently as iMMS provides exception reports.
- vi) The assessment of requirement and preparation of ANEs is now more efficient.
- vii) The PL numbers are standardized across all zonal railways.
- viii) The bookings against Advance grant and Budget Grant can be watched as iMMS facilitates the same.

C) Advantages of integration of iMMS with IPAS

- i) The delay in passing of bills is avoided as the Purchase orders and R.Notes are accessed by the IPAS user.
- ii) With the seamless flow of R.Note/Issue note the clearance of Purchase Suspense/Stores suspense became easy and quick.
- iii) The accountal and clearance of EMD is now efficient and delays are avoided.
- iv) The journalisation of expenditure on stores drawn from Depots is now hasslefree as one need not wait till SMS is processed in IT Centre.
- v) The Book Average Rates are updated concurrently.
- vi) The recovery of dues from vendors for rejections/default is now efficient as information is accessible across Indian Railways.
- vii) This brings in transparency as vendors can now see the status of their bills through IREPS.
- viii) The GST deduction and return filing has become efficient with mapping of HSN codes with various items of stores procured.

Q.14 Unsanctioned Expenditure

Ans

a) What is the unsanctioned expenditure

The expenditure noticed during the internal check/review of works registers/other transactions of expenditure & establishment are taken under objection so that the same can be regularised post facto duly obtaining the sanction of the competent authority or adjustment as the case may be.

The unsanctioned expenditure includes items like the expenditure incurred without an appropriate estimate, expenditure in excess of the sanctioned estimates, expenditure on unsanctioned posts, misclassification of expenditure, wrong booking of expenditure, and wrong debits/credits to the Accounts of head to be transferred to the respective works/division/Railway.

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b) What are the different categories of unsanctioned expenditure

Different categories of unsanctioned expenditure on SCR

A) Want of estimates

B) Excess over estimates

C) Miscellaneous items containing misclassification, wrong bookings, unsanctioned posts etc.

(c) What steps would you take to regularize unsanctioned expenditure

For the expenditure taken under objection for want of estimates, details will be advised to the executives so that necessary corrective action can be taken for regularising the objection.

Wherever estimates are not prepared, the executives will be advised to make detailed estimates and obtain sanction of competent authority.

Regarding excess over estimates, based on the advice from the Accounts department, through monthly statements on unsanctioned expenditure, the executive will process for revised estimates and obtain sanction of competent authority so that the excess taken under objection can be cleared.

The objections regarding unsanctioned posts can be cleared after the currency is extended or the post is created with the approval of the competent authority.

Based on the objections taken by accounts department, the executive shall take necessary corrective action for correcting the misclassification and adjusting of the amounts to the concerned works/units.

Q.15 Reasons for difference in POH costs in different units of Railway. Explain with reference to the process of arriving at POH Costs taking into account the various account various inputs and sources of costs.

Ans. The main components of POH cost (Unit cost) are:

Labour

Material &

On Costs (Proforma on cost, Shop on cost & General on cost)

Variation in POH cost in Workshops

1. As Indian Railways is a vast network, having 17 Zones, the various phases of activities workshops varies from other Workshops. Obviously the POH costs vary.

2. The man-hour content is more or less the same in the different workshop. However the variations do exist depending on the average age of the staff. For example if the workers are sufficiently senior (in workshops/PUs established long back) the wage bill is higher and so the labour component is higher. In newly established workshops the newly recruited staff are paid less and hence the labour component will be less.

a) Variation in Labour Mix.

b) Variation in the Labour cost (HRA, CCA etc)

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c) Variation in the efficiency of the Workshops.

Labour mix: The workshop labour is categorized into unskilled, semiskilled, highly skilled, mistry, charge man, foreman, Deputy Shop Superintendent, Shop Superintendent etc. Such variety is existing in all the railway workshops. However, the same number of labour may not be used in all workshops for a job. Naturally, such difference would show wide fluctuations in the unit cost.

Labour cost: Due to the location of workshop, elements like HRA, CCA and other emoluments given to Labour will increase the labour cost. The average of labour will impact the labour element of POH cost while the climatic conditions at the place where the PU/Workshop is located will impact the productivity of the labour.

Efficiency of the workshop: The efficiency of the technology and machinery in these shops vary and the resultant cost variation. The efforts to streamline the efficiency of the railway workshops have culminated in the formation of COFMOW – Central Organization for Modernization of Workshops. However, the historical reasons for the difference in the unit cost will persist until the modernization reaches the farthest corner of the workshops.

Other factors: The workshop infrastructure facilities, Political reasons, the environment, availability of tools, geographical and Business/industrial environment etc., will also cause the variation in the unit cost.

Material cost: The reasons for difference in material cost are due to the following reasons:

- i) Proximity to the market or source of supply which facilitate quick supplies due to which the inventories can be kept low.
- ii) Distance and the transport cost.
- iii) Storage facilities.

Suggestions:

- 1) Introduction of WISE with interface with IPAS in the workshops will improve the cost control measures.
- 2) Fixing a proper standard, preferably by the Railway Board in respect of materials to be supplied and man-hours to be utilized for each repair activity.
- 3) Cost Centres/ Profits Centre approach may be introduced for repair activities for better cost control purposes.
- 4) The concept of Accrual Accounting needs to be adopted in job costing at transactions stage.
- 5) Introduction of Zero Based Budgeting and estimating the cost of repair will improve the Inter-Railway comparison of costs.
- 6) Latest and effective tools and sophisticated machinery may be provided to all workshops.
- 7) Group Incentive can replace the CLW pattern of incentive scheme.

Conclusion: Due to economic liberalization and privatization, the railways' cost responsibility has increased manifold. Hence, it is high time that the railways evolved a scientific costing system to watch as well as control the costs. Such reduction in the working expenditure will improve the adverse Operating Ratio. The overall efficiency

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will be toned up due to constant watch on the costs. The corporate objective of reduction in the tariff cost can be achieved with the cost control. Finally, the efficient and cheaper transport would contribute to the welfare of the people of India and the Country.

Q.16 a) Describe the two packet system of tendering

Ans. Two packet system of tendering has been introduced with the recommendations of the Sudhir Chandra committee report.

The two packet system contains tenders in two separate packets as below :

- a) **Packet - 1** (Technical offer containing the details, the credentials of the tenderers with reference to fulfilling the experience, turn over and other criteria including EMD etc. as stipulated in the tender conditions).
- b) **Packet - 2** (Financial offer for the proposed work)
- c) Initially, Packet-1 containing technical offers will be opened and evaluated by the TC for short listing the tenderers having the required eligibility criteria.
- d) Financial offers under Packet-2 will be opened only pertaining to the shortlisted bidders based on Packet -1.
- e) Based on the reasonability of the financial offers, the tenders will be concluded. The financial offers of bidders who have not been shortlisted will be returned unopened.

Q16(b) Advantages of two packet system:

The eligibility of the bidders can be examined without being influenced by the financial offers, which are yet to be known to the TC at the time of evaluating the Packet-1.

Inexperienced tenderers can be eliminated at the initial stage itself leaving no scope for spoiling the tender process.

Two packet system tendering discourages frivolous participation.

This is more advantageous for the high value and highly technical works.

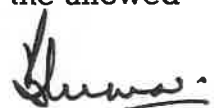
Q.16 (c) Incentive Scheme in workshhops:

The incentive scheme is also known as system of payment by results. The advantages of the incentive scheme are that it does not require additional man power and there will be higher utilization of machine/assets.

Presently existing incentive schemes in Indian Railway Workshops are broadly grouped into two categories: (i) One is based on saving of time in each activity by the employee, thereby performing the activity in lesser time than the prescribed time - giving scope for increased outturn (Chittaranjan Pattern).

(ii) The other one is directly linked to outturn given by a group. This is Group Based Incentive Scheme (Also known as Group Incentive Scheme).

CLW pattern incentive scheme: It is based on the time saved by workers against the prescribed time for each activity set by the work-study group. It is so designed that a reasonably efficient worker should be able to earn 33.33 % incentive. However the maximum limit set is that the employee can not save time more than 50% of the allowed



time for an activity. i.e. more than 50% saving in time will not be eligible for incentive benefit.

Group Incentive Scheme: The incentive earned is dependent on the collective performance of the group in terms of : Total Outturn given by the group. The total clocked in man-hours. Group Attendance Factor- To assist in getting better attendance at work a Group Attendance Factor (GAF) is introduced in the Scheme. This takes care of the absenteeism within the group i.e. the number of employees absent in the group will affect the entire group's incentive earning capacity.

[Signature]

Q.7 a) The need for station inspection even after introduction of FOIS, PRS and UTS

b) Why post checks of station returns are still being carried out after implementation of the above applications

c) How station inspections can be improved with the help of these applications

Ans. a) Why station inspections have to be carried out even after implementation of these applications?

The implementation of above applications has improved the system and reduced the possibility of frauds and defaults to a great extent. But the need for station inspections still remains as the above applications have some shortfalls and station inspections have the wider scope beyond computerisation.

Though the traditional checks in coaching like counting of PCTs, resale of PCTs, passenger classification, indents verification, out of order issued PCTs, BPTs etc., and in Goods To-pay freight, Rating and routing, transshipment, MPAs etc., have become obsolete, the following checks are still required due to non-computerisation of some areas and non-integration of various computer application like UTS Vs PMS etc., Further the following frauds/mistakes can be detected during the station inspections only.

➤ Even after computerisation, still there is scope for frauds as some of the frauds are beyond computerisation. For instances, recent misappropriation of station earnings i.e, Non- remittance of cash into Bank at one Station in S.C.Rly. This has nothing to do with computerisation.

➤ Frauds like in issue of special cancellation, Non-Issue tickets both in PRS and UTS.

➤ Mis-matching, saved ticket stationery on low value ticket issued, subsequently NI and issued to high value etc.,

➤ EFTs are still issued manually.

➤ Check of parcel returns. Though PMS was implemented, the PMS yet to be integrated with UTS. Still manual intervention is there in UTS while accounting parcel earnings in station balance sheet.

➤ Calculation of Demurrage and wharfage both in coaching and goods is still being maintained in manual registers, the correctness of free time allowed have to be checked at stations w.r.t extant rules.

➤ Check of Balance sheets at Goods sheds are required as these are being prepared manually.

➤ Detention of rolling stock at sidings and its loss of earning capacity in terms of wagon turn round can only be checked physically.

➤ While calculating freight, normally shortest route shall be charged except under a 'Rational Route'. In FOIS, there is an option for both the routes, if the user opt for short route ignoring rational route, then under charges may occur.

- Check of account of Traffic Accounts Debits, U/Charges, etc., in station returns.
- Stock/used/in-use Money value books have to be checked physically.
- Check and ensure the minimum balances in station out-standings in order to minimise the traffic suspense.

So, it is possible to minimize the man days in station inspections but it may not be correct to eliminate the phase of station inspections even after implementation of above Applications/computerization.

(b) Why post check of station returns is still being carried out after implementation of these applications?

On implementation of above applications like FOIS, UTS, PMS and IPAS, the traditional post checks like rating, routing, over charges, under charges, accountal, summaries, comparisons, passenger classifications, refunds etc., at stations as well as Traffic Accounts Office are obsolete. In recent times, On Line submission of Station Balance Sheet program is taken up and leads to faster compilation of accounts. However, Post check of station returns are still to be required on following phases as the computer applications are not yet integrated one to other and due to manual transactions.

- i) Check of station remittances with reference to actual earnings of respective stations.
- ii) Manual transactions like earnings through other coaching activities, sundries like EFTs, parcels, remittances at stations other than 'on-line' etc.,
- iii) Check of MCRs and accountal of GST at stations.
- iv) Returns like Demurrage, wharfage etc., are being maintained manually.
- v) Check of failures/delay in e-payments on account of freight charges, which may happen due to insufficient cash balances in customer's account.

Q. 7. (c) How station inspections can be improved with the help of these applications?

Implementation of various applications on traffic front has vastly improved the working system. The data readily available there by can be effectively put into use during the station inspections by the TIAs as enumerated below.

(1) Viewing facility of these applications was provided to the TIAs and they can check the transactions online pertaining to their section even though they are not inspecting that station and can guide the station staff. This is necessary as their programme is once in 4 months/6 months as the case may be. Availability of this feature will enable them to monitor the section activity concurrently to avoid major lapses, if any.

(2) On goods front, Earlier lot of time spent on cross checking the data of wagons nos, carrying capacity, tare weight of wagons, type of wagon from position book, placement memo, loading/unloading book, release memo etc. This was a herculean task i.e checking data of each wagon and now all these wagon details are standardised and mostly accurate. This data can be used effectively for all other purposes. In manual era station staff at times resorted to manipulating the carrying capacity and tare weight data for charging purpose.

(3) Since introduction of "RBS" (RATES BRANCH SYSTEM), checking/calculation of distance is made easy. The distance is provided interchange point wise so that the lead in each railway shown leg wise so that apportionment can be made more accurately. This data is reliable and authenticated and TIAs at random can cross check these distances which was cumbersome earlier. Due to implementation of this sub-application, error sheets due to short charging of distance/ refunds due to excess charging is almost eliminated.

(4) Due to introduction of RMS (rake management system) the un-connected/missing wagons, sick wagons detached en route can be easily traced and despatched to respective destinations. TIAs can make use of this data as it is part of their reporting.

(5) The main advantage of implementation of these applications is introduction of E-commerce as payments were made online and the system of collecting through cash, DDs is eliminated. Payment failure messages only can be concentrated and watch for their realisation.

(6) Board as well as individual railways are updating the circulars and latest changes in these applications and TIAs can use this information for effectively conducting inspections.

(7) Day wise and periodical data is available for verification and can be cross checked at any point of time.

(8) MIS data of pending indent position, rakes in pipeline, wagon handling capacity, congestion of lines/yards can be easily be linked and checked to regulate the traffic as deemed necessary.

(8) on goods front placement and release timings can be cross checked with the available data in TMS for demurrage charging purpose and also delay in placement of rakes can be questioned.

(9) TIAs can use the TMS data of Railway receipts issued for freight booking for certification of bench mark for various freight incentive/incremental traffic schemes more accurately which was cumbersome procedure earlier.

(10) In case of UTS, PRS the details of non-issued, cancellation, special cancellation of tickets the genuineness of the manual entries in respective registers can be cross checked with the data available in the system.

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SOUTH CENTRAL RAILWAY
ACCOUNTS DEPARTMENT - LDCE FOR AFA's (Grp-B 30%) - 20.11.2016
PAPER II

Written Examination (Without Books)
Time Allowed: 3 Hrs

Max.Marks: 150

Section 'A' - Financial Justification for Expenditure, Traffic Costing & Management Accounting. (50 Marks)

Section 'B' - Part I : Traffic Accounts, Statistics & Establishment (OR) (100 Marks)

Part II : General Expenditure, Stores & Workshop Accounts.

INSTRUCTIONS TO CANDIDATES

1. This paper consists of TWO sections, A' & 'B'.
Section A' is compulsory for ALL candidates.
Section 'B' consists of TWO PARTS-I & II. Candidates should attempt **either** of these sections depending upon their **optional subjects**.
2. 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.
3. Write the answers either in English or in Hindi, according to your option, except where specific instructions have been given.
4. Calculators are not permitted.
5. Please ensure that the signature of the invigilator/officer in charge is obtained on extra sheets used, if any.

SECTION-A (50 Marks)
Financial Justification for Expenditure, Traffic Costing & Management Accounting.

Answer ANY TWO (2) Questions

Q.1 Describe how you will scrutinise the PWP under the following: (25 Marks) (15+10)

- A.
- i) Provision of IBS under Plan Head 16.
 - ii) Setting of Training Centre for Engineering staff under Plan Head 65.
 - iii) Provision of Data loggers under Plan Head 33.

- B. EBR-IF is one of recent initiative taken to Finance remunerative project. What are the precautions to be taken while undertaking Financial Appraisal of such projects?

(25 Marks)

- Q.2 An efficient costing system is essential and necessary for Indian Railways. Discuss the limitations of the traffic costing existing on Railways.

(25 Marks) (5x5)

- Q.3 Write short notes on:

- i) Line Haul Cost.
- ii) Operating Ratio.
- iii) Difference between Financial accounting and Management accounting.
- iv) Specific Fuel Consumption.
- v) Work register.

(25 Marks) (5x5)

- Q.4 Write short notes on:

- i) Terminal cost.
- ii) SPV.
- iii) Productivity test.
- iv) Fully distributed cost.
- v) Break even analysis.

SECTION-B

(100 Marks)

Part-I : Traffic Accounts, Statistics & Establishment

Answer any 4 (FOUR) questions

(25 Marks) (12.5x2)

- Q.5. (a) What is UTS? What is the benefit of its implementation?
- (b) What are the checks to be exercised on the reports received for UTS earnings in traffic accounts office?

(25 Marks) (5x5)

- Q.6 Explain the preparation and purpose of the following monthly statistical statements.

- i) 2 ii) 3A iii) 6 A iv) 7A v) 7C

(25 Marks)

- Q.7 Describe the salient features of IPAS. What is the status of implementation of its modules on your railway?

(25 Marks) (12.5x2)

- 3 a) Explain the rules for creating non-gazetted revenue posts for maintenance and operation of new assets.
- b) State the difference in rules for creation of:
- i) Loco Pilot of diesel locomotives.
 - ii) Maintenance staff of coaching depot.

(25 Marks)

- Q.9 What is station to station rates scheme? Bring out the salient features of the scheme.

(OR)

(100 Marks)

Part II : General Expenditure, Stores & Workshop Accounts.

Answer any 4 (FOUR) questions

(25 Marks) (5x5)

- Q.10 Write short notes on:

- i) Time Office.
- ii) e-Tendering.
- iii) Partnership firm.
- iv) Workshop outturn.
- v) Risk purchase.

(25 Marks)

- Q.11. Correct and efficient stores keeping and stores accountal results in a reliable cost of job done in a Workshop. Discuss the procedure being followed in Railways and suggest remedial measures, if necessary.

(25 Marks)

- Q.12 What aspects need to be seen in the scrutiny of proposals for "Mechanised Cleaning" at stations? Give your suggestions for streamlining this system for efficient and effective implementation.

(25 Marks)

- Q.13 How is it ensured that payment made to workmen are properly charged to relevant work order in Railway Workshops? Do you consider the procedure satisfactory? Give your suggestions.

(25 Marks) (12.5x2)

- Q.14 Discuss the following:

- a) Various types of unsanctioned expenditure and how this should be controlled and prevented?
- b) Advantages and disadvantages of USSOR and how this should be implemented?

(Total 3 pages)

Answer key to Paper II

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.

SECTION - A

Q1.

A(i) The following aspect will be scrutinised –

1. Under which provision the proposal has been framed.
2. How many IBS are existing in the section, its codal life and whether the proposal is on additional account or on replacement account?
3. Whether the proposal is appearing in GM's approved shortlist of works to be processed during the year.
4. Detailed justification.
5. Associate finance vetting is available or not.
6. Abstract estimate prepared on realistic manner, based and current rates, basis of quantity needs to be taken on site survey. Should be supported with sub-estimates concerned departments.
7. Chargeable fund, if chargeable to Cap. Financial Justification, RoR should be calculated as per DCF technique. RoR should not be less than 14%.

1.A(ii) The following queries will be raised.

1. Under which policy training centre has been proposed for.
2. How many training centres are existing for commercial staff in the division/zone?
3. Why the existing facilities are not sufficient for the training of proposed commercial staff.
4. Whether the proposal is appearing in GM's approved shortlist of works to be processed during the year.
5. Detailed justification.

1A(iii) The following queries will be raised.

1. Whether the proposed assets have been outlived their ^{Coedal} normal life. If replaced earlier, details needs to be given.
2. The policy/guidelines of Rly. Board for replacement of Signal Levers may be furnished.
3. Whether the proposal is appearing in GM's approved shortlist of works to be processed during the year.
4. Associate finance vetting.
5. Chargeable allocation should be DRF.

6. Abstract Estimate should be prepared with reference to latest LAR/Rate references, supported with sub-estimates of concerned departments.
7. Approval of CSTE to be obtained.

If the above queries are satisfactorily replied/complied, the proposal will be processed for vetting of FA&CAO for onward transmission to Railway Board for inclusion in PWP (Preliminary Works Programme).

1B.

1. What is EBR-IF and nature of projects covered
2. ROR for EBR-IF funded projects should be not less than 14% subsequently reduced to 12%.

- Projects to be completed within 5 years i.e. 2015-16 to 2019-20 should be considered.
- Projects with issues of land acquisition, forest and environment clearance should be resolved before considering for this funding.
- Mixing of Capital and EBR-IF for funding of project should not be resorted i.e. the entire balance cost shall be from EBR-IF.
- DPRs for new works to be critically analysed for scope and cost.
- For Existing sanctioned works, the entire balance cost up to completion date should be up dated considering escalation at 5% per annum.
- Works of material modifications which were added subsequent to sanction having no relevance to through-put enhancement should be excluded.
- No departmental charges are applicable to EBR works.
- Long lead items to be planned every year in such a manner that ensures their utilisation in projects in the same year so that inventory levels are maintained at optimal level and interest is not paid on inventories.
- There should be a constant review of progress of work and the projection of funds every quarter.

Q2. The present traffic costing is carried out for –

- Passenger, freight, suburban and other streams.
- The guiding principle is full cost distribution for Capital and Revenue, after Capital and Revenue accounts are drawn by Accounts dept.
- The present system generates aggregated cost and no costing route wise or service wise or division wise is available though the financial accounts are prepared division wise.

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- Major portion of expenditure on repairs and maintenance is common to Coaching and Goods and the joint expenses apportionment needs a review.
 - The cost data/reports are available after a lapse of one year which defeats its utility for the management. The costing system should be integrated with the management information system and provide useful data in real time.
 - The basis for costing is not variable cost to enable marginal costing.

The system assumes that all current activities and costs are still needed without examining them in detail.

The managers concentrate only on achieving physical target without relating to costs or profits to be derived.

Q3.

(i) **Line Haul Cost** is the cost incurred in the haulage between the first and the last marshalling yard in the movement of wagon or consignment of marshalling transshipment and repacking. In freight costing some of the important items of expense which go into the cost are-

- a) Staff Expenses consisting of wages, allowances and overtime including welfare costs.
- b) Provision and maintenance of Rolling stock including detention besides cost of repairs and maintenance.
- c) Material and Stores – a large quantity of material and stores required in different units performing various activities is also an important element to be included.
- d) Over head costs – these costs are not directly related to a particular function, these costs are incurred for rail movement as a whole.

The distribution of expenses booked under various revenue abstracts for each detailed head and sub detailed head is carried out elaborately based on a formula which is popularly known as Green Book.

3(ii) Operating Ratio

Operating Ratio is the ratio which the working expenses of Railway bear to its gross earnings. The working expenses for this purpose also includes the appropriation to depreciation reserve fund and pension fund. This ratio is worked as under:

$$\text{OR} = \frac{\text{Working expenses}}{\text{Gross earnings}} \times 100$$

It is a vital indicator of financial efficiency of the Railways.

3(iii) Difference between Financial Accounting and Management Accounting

Financial Accounting	Management Accounting
1. Financial accounting is a traditional form of accounting which is mainly concerned with recording of financial transactions in the business.	1. It is the presentation of accounting information in such a way as to assist management in the creation of policy and in the day to day operation of an undertaking.
2. Under the system of accounting business transaction are first recorded in the books of original entry, classified into ledger, summarised by preparing P&L account and Balance sheet.	2. Presentation of a financial accounting is an useful manner and not with preparation of accounts.
3. The financial record show the operating results during the period and financial position of business at the end of accounting period.	3. We can say that where the financial accounting terminates, management accounting starts.
4. Such financial result are prepared by Accountant.	
5. The information generated by the financial accounting system is of historical nature. It reveals to the management what has happened in the past.	
6. It looks backward and does not look forward.	

3(iv) Specific fuel consumption is a performance indicator monitored by the management for consumption of HSD Oil. It is a measure of efficiency of HSD Oil consumed for every 1000 GTKM.

The Railway Board sets targets for this important performance parameter for each Railway. It is fixed separately for Passenger and Goods. Target fixed 3.19 for Passenger and 1.83 for Goods per 1000/GTKMs.

As Fuel constitutes substantial portion of the Operating Expenses of a Railway, around 15-17% for South Central Railway, this indicator needs to be monitored for reduction in consumption/Control of Expenditure.

P. A.

3(v) Work Register is one of the important Reports maintained in Divisions/Units to monitor the expenditure against the sanctioned cost. The proforma of Work Register also enables monitoring of the financial progress of the work against yearly budget outlays. 131

It contains details like Name of the Work, Sanctioned Cost, Year of Sanction etc.

It captures both Cash/Stores and adjustments voucher wise and is maintained separately for each work. It also enables sub work wise and allocation wise review of expenditure of under sanctioned works. And is a tool for budgetary control

Earlier the work registers were maintained both by Executive and Accounts, however, with the introduction of computerization in Divisions/Railways maintenance and reconciliation has become easier

Q4.

- i) Terminal Costs – Expenses incurred for carrying out terminal functions are called terminal costs.

This is not affected by load of the traffic and is basically the cost of operations carried out at various Goods terminal where Goods are accepted and delivered i.e. at originating and destination ends. At the originating and terminal ends, activities like documentation, haulage & shunting, repacking, transshipment, if any.

The terminal costs do not form part of apportionment.

4(ii) SPV – Special Purpose Vehicle is a firm and are not normal companies but a legal entity where every action of the firm is defined by a specified contract. There is no management team which can make autonomous decision once SPV is set into motion. It is a tool to obtain sound contracting.

Generally SPVs are financed through debt Capital. Some of the examples of SPV with the participation of Railways are M/s Gujarat Pipava Port Ltd, Mundra Port.

4(iii) Productivity Test – For all expenditure made on new lines and major works are considered remunerative basing on financial justification (savings/ increase in earnings) at estimate stage. Whether this financial justification is achieved or not will be examined, which is known as Productivity test.

- All open line works costing above Rs. One crore are selected by GM in consultation with FA&CAO and works charged to Capital between 20 lakhs – 1 crore are also subjected to Productivity Test.

- For new lines rate of return for each year after 5th and 7th year from date of commissioning is considered for examining the Productivity test.
- For other works – depending upon the project life, Productivity Test will be contemplated.

4(iv) Fully distributed Cost – costs representing the total expenditure incurred by Railways for providing Rail Transport.

It consists of –

- Working expenses
- Interest and depreciation on capital

Helps in calculating unit cost of transport services and covers element of overhead costs.

4(v) Break even analysis – analysing to achieve break even point.

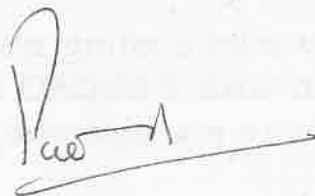
Break even point is the volume of output at which neither a profit is made nor loss is incurred. It is essential for a business enterprise to know how much minimum quantity to produce to meet the direct costs.

$$\text{Break even point} = [F / (1 - V/P)]$$

Where F stands for fixed cost; 1 for the whole number; V for variable cost for the unit and P for selling price per unit.

Following problems may be solved by break even analysis.

1. What volume of sales will be necessary to cover –
 - The reasonable return on capital employed.
 - Preference dividends.
 - Ordinary dividends.
 - Reserves.
2. To compare number of companies by arranging probable earnings from each in order of magnitude.
3. Determination of the price of a product which will give the desired break-even point and profit.
4. Calculation of cost and revenues for all possible volumes of output there by aiding in fixing budgeted sales.
5. Variable costs per unit be calculated quite easily from a break even chart.



SECTION B

Part I

Q5(a) Unreserved Ticketing System Is a computerized software program covering all passengers travelling without reservation.

- This constitutes major earning of Railways.
 - Tickets are issued to passengers from dedicated counters.
 - This facility is predominantly used by commuters and suburban travellers – over short distances where assured seating is not a necessity.
 - It is also available to lower income groups travelling longer distances and connects the rural hinterland to districts, towns and cities (cluster of stations).
- The project, along with the CRIS team responsible for its initial design and implementation, won the Prime Minister's Award for Excellence in Public Administration.

Some of the benefits are –

- Computerized, general, platform and season tickets to any station over entire Indian Railways.
- Across the counter cancellation.
- Automatic correction of fare when required.
- Centralized accounting including generation of ROPD.
- User friendly interface.
- Interface for hand held ticketing device provided to TTEs in trains.
- Interface with self operated touch screen kiosks.
- Provision of Smart card based Automatic Vending Machines.
- Enhanced auditing features.

(b) Check of Unreserved Ticketing system (UTS)

- Checks are done at stations by Sr.TIAs and in Traffic Accounts office.
- Usual TIAs checks are done at stations by selecting from 3 periods of different months from the date of last inspection.
- Immediately on arrival at station, it is checked that all the terminals are kept intact, secured under lock and key and neatly.
- System generated information, stock number of ITC, should be verified with the check digit printed on the ITC summary ticket to ensure that there is no mismatch.
- Check of Cancellation/Special Cancellation/ Non- Issued Tickets should be checked with M9 (passenger classification statement) for the correctness in SDs and BP and closed month.

- Likewise all manual refunds should be checked for BP and SD with the ABRT statements for the correctness of the amount refunded and reason for granting manual refund.
- Check of ticket roll Register : Part roll in use should be linked with Ticket stock register. On hand stock of tickets should be reconciled with supply advice and should be certified by the TIA for correctness.
- M17 Daily and Monthly ticket roll continuity statements to be checked for the BP and SD and linked to the stock register.
- Check of link failure Register.
- Check of M9 Passenger Classification summary statement to ensure that the figures under the heading total Fare in M 9 statement and 'Net remittance in cash information statements should be identical to ensure correct account for the date.
- Check of Balance sheet: The figures under various heads of Passenger earnings shown in the M9.

Checks exercised by Traffic Accounts Office on Unreserved Ticketing System Transactions on daily and monthly basis.

- In the Voucher section: On receipt of Voucher Bags daily/periodically from the Traffic cash Office, excess / short receipts of vouchers were endorsed on the VR Note acknowledgement copy.
- The details were fed into the system. Discrepancies unattended were kept in Column B and advised to the station through TA 44 F. Advice of Internal Check.
- In the UTS section, various Concession orders received in the section are checked 100% to see that all the vouchers are forthcoming in accordance with M9 summary. Debits are raised through an Error sheet for missing of concession order.
- Non Issued tickets and Special cancelled tickets are checked on selected dates given by the Accounts Officer.
- All tickets should be traced in the statement with reference to MPT number after ensuring the matching of check digits.
- Total No. of tickets received under various statements should be reconciled with daily continuity statement under respective headings. In case of Special cancellation, fresh ticket No. should be invariably be furnished. Blank tickets received in support of cancelled, Spl cancelled and NI tickets, the coded values printed on the top band of the ticket should be decoded and the same should be verified with Detailed Transaction Check list.

Q6.

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- i) **Statement 2** – This is a statistical statement prepared railway wise for evaluating the good train performance every month. This is prepared in prescribed format showing the performance of goods trains for the month as well as to the end of the month. The statement is prepared gauge wise and separately for diesel and electric tractions. Railways having AC and DC tractions should furnish data separately together with overall for electric traction.

In this statement railway coal trains are treated as public traffic and not as departmental trains. The items with details appearing in the statement are the following:

- Train Kilometers.
- Shunting kilometres.
- Other engine kilometres (other than train and shunting kilometres).
- Engine hours.
- Wagon kilometres.
- Average speed of goods trains (traffic).
- Average train load.
- Wagon usage.

- ii) **Statement 3A** – this is a statistical statement prepared railway wise for evaluating the passenger and goods train performance together for the month as well as to the end of the month. This statement is prepared in the prescribed formal gauge wise. The performance is analyzed based on the tonne kilometres extracted from train documents (excluding EMU suburban trains).

The items appearing in this statement with details are as under :

- Gross tonnes kilometres (including weight of engine).
- Tare tonne kilometres of wagons.
- Tare tonne kilometres of engines.
- Gross tonne kilometres (excluding weight of engines).
- Coaching net tonne kilometers.
- Net tonne kilometers of passenger traffic.
- Average wagon load (goods).
- Average train load (goods).
- Net tonne kilometers per wagon.
- Net tonne kilometers per locomotive day on line.
- Net tonne kilometers per goods locomotive days in use.
- Net tonne kilometers per engine hour.
- Gross tonne kilometers per engine hour.



iii) **Statement No.6-A** – this is a passenger Revenue statistical statement prepared for analysing the passenger earnings of a zonal railway.

- The figures of this statement are based on commercial documents.
- Figures of passenger traffic and earnings in the statement are shown separately for suburban and non-suburban traffic.

Following details are generated in the statement.

- No. of passenger originating.
- No. of season ticket issued.
- Total No. of passenger carried.
- Passenger KM
- Earnings from passenger carried.
- No. of and earnings from passenger carried on the entire Railway system.

Compilation is based on following:

- No. of passenger booked from each gauge.
- A passenger taking a returned ticket local treated as originated twice.
- Monthly season tickets are to be taken as equal to 50 single journey tickets.
- Children ticket is to be treated as an adult ticket.
- The total passenger earnings shown of various gauges of the system should agree with earnings booked under main head 100 of Abstract X-Coaching earnings including refund.

iv) **Statement 7A** – is prepared for analyzing the goods earnings of a zonal railway every month. In this statement columns are there for showing the number of wagons, tones originating, tone kilometer and earnings for selected commodities, head of Revenue earnings traffic and is compiled from the monthly summary tapes created for freight accounting.

- It should be submitted to Railway Board on or before 10th of the following month.
- This is the first monthly advance data available in respect of freight traffic, hence great care should be exercised in compiling of the same.

- The compilation is to be done on originating basis and on through distance, for a railway as a whole. This statement shows plan head commodities group and detailed commodity code number. 13)
- Separate statements should be submitted for monthly and cumulative data.
- Number of wagons refers booking in wagon load.
- This statement is to be confined to Revenue earning traffic.
- The figures reported in 7-A should be tallied with detailed computer statement 7-B.

In statement 7-A following statement is generated:

- Tonne originating – To include tonne of all traffic originating on each gauge, whether it terminates on the gauge itself or on some other gauge of home line or other railways.
 - Tonne kilometer – represents NTKM of freight carried in goods and mixed train.
 - Earnings from Revenue earnings goods carried – to show the earnings for the gauge booked under main head 100 to 500 Abstract-Y goods earnings.
 - No. of wagons – Number of wagons loaded represents the number of wagons loaded with commodity charged at full wagon load only.
- v) **Statement 7C** – This is an important commodity statistical statement and should reach Railway Board on or before 45 days after the close of month.
- This statement is compiled by collecting computer reports 4,5,6 for the home Railway and computer statement 1,2,3 received from other Railways.
 - Separate statements are submitted for monthly and cumulative data.
 - The compilation is on an apportioned basis. The source document being the copy of the invoice sent to Traffic Accounts from the station booking the traffic. While computer reports 1,2,3,4,5 and 6 are compiled on the basis of detailed commodities included in the commodity code list.
 - For the purpose of statement 7-C, they are to be summarized into major commodity group.
 - This statement contains details of Revenue and Non-Revenue traffic.

For both 7a and 7c Western Railway as a nodal railway has co-ordinated with CRIS to generate these statements from FOIS, so that the apportionment of traffic earnings is advanced.

The coverage of information in respect of major commodity/commodities group is as under:

- No. of tonne originating.
- No. of tonne terminating.
- No. of tonne cross traffic.
- Total No. of tonne carried.
- NTKM
- Earnings from Revenue earnings goods carried.
- Tonne carried on the entire Railway System.

Q7. Integrated Payroll & Accounting System (IPAS):

- Introduction IPAS application software (the software for AIMS Accounting Information Management System) has been developed by CRIS on web based 3-tier centralized architecture using Java and Oracle.
- It will bring a common application to all Railways on a centralized platform so that similar processes are followed across Railways in terms of accounting practices.
- A key benefit of such centralization would be faster change management and integration of effort along with automation of processes.
- IPAS application is undergoing a continuous up-gradation exercise to achieve better efficiency, security and safety. IPAS will provide real time access to financial transaction data across IR and will also bring financial and fiscal discipline.
- Advantages of IPAS Although core design of IPAS application is same as design of PRIME/AFRES, following improvements have been done by CRIS:- A. Technology Level:
 - i) Centralized Architecture and Web based Application. It doesn't require any client software on end-users' PCs.
 - ii) Designed and developed using Java technology which can run on any Operating System, any Application Server (i.e. of any company product) and any hardware.
 - iii) Java is futuristic technology specially designed for web based application as compared to existing Oracle Forms based technology of PRIME/AFRES which has become obsolete.
 - iv) High Availability (24*7) as all the servers are clustered to run in fail-over mode. Thus, if there is failure of any server, the load will be shifted to cluster server immediately and under no circumstances work will be interrupted. The users would not know the breakdown.

- v) Centralized maintenance and management of Infrastructure (Application Software, Hardware & Systems Software). 130
- vi) Disaster Recovery of critical applications such as IPAS/AIMS is essential. Being Centralized Architecture, it is easy to replicate data as well as switching of sites from Data Centre (DC) to Disaster Recovery (DR) and vice versa

B. Security Level:

- i. Secured Socket Layer (SSL) software has been enabled to encrypt the data so that any transaction of IPAS including passwords of users can not be hacked by hackers.
- ii. Role based access to the end users which can be administered by Administrators nominated at each unit. Provision for security of each screen/report is available in IPAS.
- iii. Audit trails to monitor the changes made by any user including Administrators.
- iv. Credentials of users are stored in encrypted way, which can not be decrypted by any algorithm.
- v. No access of database has been given to anyone for security reasons. For running adhoc queries, a utility has been provided by CRIS to extract the data, as per requirement, by writing Oracle SQL queries.

C. Trust Level:

- i. Like PRS, FOIS, UTS, CMS, COA etc, IPAS is developed CRIS. Railways need not depend on outside IT companies for the Software Maintenance. With the involvement of Railways' own EDP centre staff, IPAS can be rolled over rapidly in all the Zonal Railways.
- ii. Source code of IPAS is the property of Railways and therefore in long run, there is no issue of Intellectual Property Right (IPR).

D. Database level:

- i. PRIME and AFRES databases are merged into single database.
- ii. Few tables have been merged for storing similar data (e.g. Tables for Current & continuous Allowances/Recoveries)
- iii. Processes written in Pro*C (e.g. Salary Processing, Income Tax etc.) have been converted into Oracle Stored Procedure for performance enhancement.

E. Application Level:

- i. Inter-related data capturing screens have been merged into single screen to reduce navigations. (eg. GIS/PF/Gratuity have been given through single screen; change card entries have been merged into single screen). This makes the work easier for the bill clerks.

- ii. Salary Bill passing screen has enriched functionality now. The screen compares allowances/recoveries/allocations with that of previous month for individual employee to check. In addition, variations are shown in red colour. Moreover, the user has been provided all the information required for passing the salary bill.
- iii. Format of Numbers like CO6, CO7, PPO have been changed to maintain uniqueness at Zone/IR level.
- iv. All the interrelated modules are integrated. PF application can be processed on-line by Personnel department. PF withdrawals are also automatically debited along with automatic start of recovery from next month.
- v. Cash authorisation under Budget Module is linked with Internal Check.
- vi. Bill passing has been linked with Agreement
- vii. Where-ever possible, data during entry has been validated as per extant rules e.g. Nursing Allowances can be given to Nursing category only.
- viii. LPC may be redundant. Posting of Transfer inwards and outwards (Divisional): As the records of PF ledger accounts are maintained in a single database for entire Zonal Railway, maintenance of transfer inwards and outwards (divisional) does not require any separate transaction. This is secure data with in-built checks and least manual intervention

F. Interface with Other Applications:

- I. Traffic Account Module can be linked with PRS/FOIS/UTS for earnings. Apportionment of earnings may be made part of Traffic Accounts.
- II. IPAS has integration with Material Management Information System (MMIS). As both the systems are interfaced, Stores bills are passed through MMIS and the cheques are issued through IPAS.
- III. Design of Works Register is compatible with IRPSM (Indian Railways Projects Sanctions and Management). Once implemented on Centralized architecture, expenditure as available in Works Register of IPAS against each work will be reflected in IRPSM. Similarly, Budget Outlay allotted through IRPSM will be linked to Works Register.
- IV. Design of Budget Module is compatible with RBCS (Rail Budget Compilation System) of Budget Directorate. IPAS once implemented in Centralized architecture, RBCS can be linked with Budget Module of IPAS for August Review, RE/BE & FM. Similarly, Budget allotted under Revenue Demands through RBCS will be linked to Budget Module.
- V. IPAS is being integrated with Crew Management System (CMS) for allowances of running staff. All the above applications have been

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designed, developed and implemented on centralized architecture by CRIS and are hosted in CRIS Data Centre.

The present status of implementation is at following stage in our Railway:

- a. Pay Roll Module - fully implemented.
- b. Internal Check Module - fully implemented.
- c. Books Module – partially implemented

➤ Cheques Module – Implemented fully

➤ Account Current Module –

i. Actual Account Current implemented

ii. Approx Account Current yet to be implemented

➤ JV preparation – implemented fully.

➤ RIB reconciliation – yet to be implemented

➤ Cheques and Bills reconciliation – yet to be implemented

d. Suspense module – yet to be implemented

e. Budget Module – yet to be implemented

f. Cash Module – yet to be implemented

g. Pay Module – yet to be implemented

h. Stores Module – being implemented in December

i. Traffic Module – yet to be implemented

Q.8

(a)

Revenue posts are to be created to meet the operational needs, as and when the occasion demands based on justification. Creation of revenue posts (Non-Gazetted) calls for equivalent matching surrender of posts/money value except in running cadre like Loco pilots, Guards etc., As on date, there is a strict ban on creation of revenue posts. Proposals may be initiated and accepted only in exceptional cases where maintenance of new assets is involved and/ or where the posts are imperative from operational and safety point of view.

(Railway Board's letter No.98E(GC) 11-16 Dt.16.6.1999)

Rules for creating Non-Gazetted Revenue posts for maintenance and operation of new assets:

Authority: SOP 2009 Correction slip No.49 – Amendments to Item No,1(a) of Part 'F'- Estt. Matters (Part-II NG) based on Rly.Bd's lr.No.E(MPP) 2012/10 dt.04.9.2012

- GMs and DRMs can create posts for maintenance and operation of new assets on 1:1 basis after achieving 1% target of surrenders or equivalent matching money value with Finance concurrence.
- As regards Headquarters and Extra-Divisional officers, powers will rest with GM only.

- The term 'new assets' include not only assets created by or through works executed by the construction organisation (incl RE) but also all assets created or acquired by the open line organisation. All additions to rolling stock as distinct from replacements are also treated as 'new assets' for this purpose.
- No matching surrender is required for creation of running cadre posts.
- While creation of posts, the percentage distribution laid down for different categories will have to be followed by Divisions.
- In case DRMs do not have posts to surrender on 1:1 basis or equivalent money value, then such proposals are to be sent to Headquarters for proposing sanctions.

Finance Scrutiny:

- The requirement of posts should be worked out on the basis of Rly Board's yard stick and this should have the approval of Finance Directorate.
- The proposal for creation of NG posts should detail the justification duly examined and certified by the concerned HOD and approved by CPO. In the case of Divisional posts, the proposal should be vetted by associated finance and approved by DRM. The proposal should emanate from Division if creation of posts at Divisional level.
- The present Rly.Board directives have a paradigm shift from adopting Rly. Bd's approved yardsticks to that of adopting the Best Bench mark in the wake of Rightsizing of man power on Indian Railways.
- Any creation of post is subject to availability of Funds being ensured.

(b) State the difference in rules for creation of

(i) Loco Pilot of Diesel Locomotives

(ii) Maintenance staff of Coaching Depot.

Loco Pilot of Diesel Locomotives	Maintenance staff of Coaching Depot
It comes under Running category and shall be done in six monthly crew review.	Assessment based on the activities carved out by the Depot like Primary/secondary maintenance at en route train passing, turn round attention, sick line attention, cleaning &

	complete washing, watering etc.,	128
Creation of posts in Running Category does not require release of matching money value from surplus bank.	Creation of posts require release of matching money value from surplus bank.	
On the same lines, the surrender of Running posts do not result in crediting the money value to Surplus Bank.	On surrender of posts the money value will be credited to the surplus bank.	
The requirement from all the divisions after concurrence of respective Sr.DFMs is consolidated by COM. FA&CAO's concurrence is not required.	FA&CAO's concurrence is required	
For Coaching Trains, the requirement should be calculated on the basis of most essential & economical crew links drawn and certified as per HOER. It shall be ensured that minimum 85% of their total duty hours are spent on foot-plate. The basis will be on working time table, crew links, certifying that links are most economical and essential and existing sanctioned strength. For Goods Trains, the requirement shall be calculated based on average duty hours per fortnight for the corresponding period of six months. The basis will be on actual work load, Power plan, certifying for the efficient working and existing sanctioned strength.	The number of coaches being attended to by the Depot and the type of coaches as per yardstick norms prescribed for super fast/ mail express and passenger trains are different. The work load in terms of coaches is reckoned by taking into account the details of the new trains. The date from when the train is in operation, the days of run of a particular train, the number of coaches/rake. The date of operation of the train is to be got certified by the operating department.	

Q9. Ministry of Railway has announced various schemes from time to time to increase freight loading. Since the share of freight is declining continuously based on suggestions to garner more traffic Board has

issued new instructions latest being on 29/09/2016 which is in supersession of earlier instructions. The concession in freight rates under Station to Stations rates scheme (STS) is a scheme applicable to a specific stream of traffic of a particular commodity for movement between a specific pair of originating and destination stations/points. In terms of Section 32 (a) of the Railways Act 1989 railway administration has been empowered to quote station to station rates in respect of various commodities. In special cases Zonal Railways may frame their own guidelines to attract traffic.

Salient features of station to station rate scheme are:

- Existing as well as new traffic shall be eligible for the concession under STS
- A benchmark NTKM will be fixed which will be more than existing NTKMs for that station as a whole or for that particular commodity/rail user for that particular O-D pairs.

➤

In order to avail the STS the customer has to cross all the following benchmarks and only then he will get the STS:

- Cluster benchmark where a cluster has been notified by COM
- Station benchmark for that commodity
- Customer benchmark for that commodity from that station or cluster
- Individual O-D pair benchmark.
- Concession under STS shall be applicable to cluster of stations also, the booking from a cluster of stations should not normally be from more than two stations in the cluster.
- Concessions under the STS shall be granted only on the incremental traffic ie concession under STS shall be given from the next rake after the benchmark NTKM has been crossed.
- The NTKMs shall be calculated on monthly, quarterly, half yearly or yearly basis as per the demand of the customer. The period of agreement with the customer will be for one year.
- Concession under STS scheme shall be in the form of percentage discount over the Normal Tariff Rate(NTR).
- Concession under STS scheme can be granted normally to that volume of traffic to which concession under no other scheme has been granted.
- Concession under STS shall not be less than the NTR of Class-100 and maximum concession for incremental traffic shall be up to 30% and retention for a particular commodity shall not exceed 15%.
- Each proposal applied for STS rates, need to be processed on its own merits keeping the guidelines issued by the Board from time to time.

- This requires the personal approval of General Manager based on final clearance of CCM, COM and FA&CAO.
- The application of the rail user shall be submitted to DRM and verified by divisional empowered committee.
-

Part II

General Expenditure, Stores & Workshop Accounts

Q10.

- i) **Time Office:** is responsible for maintaining the initial record of attendance which are eventually the records of payments.

Under the control of senior subordinate designated as Head Time Keeper who is under the administrative control of Workshop Accounts Officer. He is responsible for bringing the difference between his records (gate pass, absentee list, muster roll etc.) and time booking records (job cards) to the notice of Workshop Accounts Officer and set right the same and labour pay sheets are promptly transmitted to the pay bill section of the Works Managers office for compilation and onward submission to Accounts office.

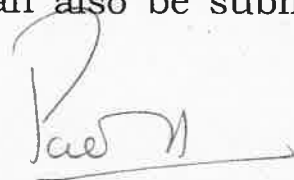
The production units/workshops where computerized/electronic gate attendance systems have been implemented, the procedure of time office is quite different from the above system. At these places the relevant attendance data of workers are directly taken from system for pay sheet preparation not involving any manual intervention.

ii) **e-Tendering:** As a part of overall reform process and to bring transparency in the tenders, Indian Railway has implemented e-procurement system. This is beneficial for the railways as well as participating firms due to its several advantages.

The object of e-tendering is to improve transparency and productivity of railways by streamlining the procurement process, minimizing the present cycle time and by reducing the physical interface between railway staff and contractors in the tendering process.

In e-tendering the vendors should first register themselves with IREPS and obtain password. For this purpose the vendors should possess digital signature certified with firm's name issued by certifying authority. Without valid digital signature, user ID and password vendor cannot participate in e-tender.

The tender cost and Earnest Money can also be submitted online in e-tendering system.



The documents which are required to be attached can also be uploaded by the vendor. A user may approach the IREPS helpdesk in case of any problem while submitted e-tender.

iii) Partnership firm: A partnership firm is an organization which is formed with two or more persons to run a business with a view to earn profit. Each member of such group is called partner and collectively known as partnership firm. These firms are governed by Indian Partnership Act 1932.

The following are the characteristics of partnership firm –

- Minimum number of persons required to start partnership firm is two and maximum ten in case of banking business and twenty in case of other business.
- A written agreement known as partnership deed which is signed by all the partners binds them in a contractual relationship.
- In a partnership firm all the profit and losses are shared by partners in any ratio as agreed upon. If it is not specified then all the partners should share it equally.
- Liability of partners of a partnership firm is unlimited. They jointly held liable for the debts and losses of the firm.

iv) Workshop outturn – Railways are undergoing severe resource crunch. Hence the available resources will have to be fully and properly utilized to achieve the targets given for workshop.

In workshops, the annual target of POH/ROH etc. is given at the commencement of the financial year by the Rly. Bd. The material required is also procured/manufactured and stocked as per the target for outturn given for the workshop. Workshop outturn is the performance unit based on which planning is done, funds are allotted for the financial year. Hence spares are procured by utilizing these funds. There are separate targets for each activity performed in the workshop. Railway Board closely monitors the outturn of each workshop every month and at budgetary stages.

v) Risk purchases are fresh purchases made by the Railway at the risk and cost of the defaulting firms by cancelling the original purchase order under the conditions of the contract. This may arise in the following circumstances.

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1. When a firm has failed to make supply against purchase order/agreement wholly or in part within the delivery period including extension, if any granted.
 2. When supply made has been rejected and the firm has failed to replace the same in spite of additional time have been given.

Under the above circumstances, the contractor shall be liable for any loss which the Railway may sustain provided such a purchase is covered by the agreement and is made within 6 months from the date of failure or cancellation of the contract owing to repudiation of the contract before the expiry of the delivery period including extension, if any granted. The contractor shall not be entitled to any gain from such purchase.

The following points should be borne in mind while making risk purchases.

- Risk purchase should be made in the same manner as for the original purchase.
- Same mode of purchase i.e. system of tender should be followed as for original purchase.
- The description of material should not undergo any alteration nor there should be variation in respect of inspection.
- The defaulting firm should also be invited to the tender against the Risk and Cost tender even though not obligatory.
- No offer with any unusual condition at variance with the original purchase should be accepted.
- The defaulting firm's fresh offer against Risk and Cost tender, if otherwise acceptable, may be accepted but only after depositing the security money irrespective of the fact that the firm is exempted from depositing security money otherwise.

Q11.

The store keeping responsibilities rest with the Stores department.

- The material/stores required for general purpose or by workshop are obtained from GSD, workshop stores depot, other divisions of Railways, contractors by direct supply.
- To ensure smooth observance of the cardinal principle of Store keeping, sub-wards of Shop – stores are required to be maintained by the Stores department within the of Workshop as part and parcel of its normal functions.
- The material from general depot and workshop depot are received through issue notes.
- Priced copy of the issue note is sent to WAO's. from stores accounts office and is paired with that received from the shop foreman

- These two copies of the issue notes are then paired to see that the quantity received and the allocation are correct with serial number.
- After pairing the value of stores should be abstracted work order wise in stores sub- ledger by date.
- After receipt of daily summary of issues from stores accounts office the totals of sub-ledger are reconciled with totals of last daily summaries these constitute the debit to a unit or WMS account.
- A grand summary of all stores sub-ledgers is prepared and reconciled with a) daily summaries b) debit raised of divisions and foreign railways, issue from WMS, cash book debit (direct purchase)

Correct Stores accounting procedure is ensured by:-

- Indicating correct work order on the Material Requisitions.
- Pairing of material requisitions and Material Tags.
- Issue of Raw Material and Purchased components for manufacture of wagons from Stores Suspense.
- Stock verification of materials lying on shop floor to check over-drawal of materials.

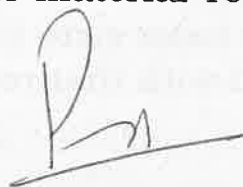
Suggestions:

Bulk drawal of material and charging off the stores to the available work orders irrespective of actual consumption to be avoided.

- Shop foremen are required to draw material on their daily consumption basis.
- They are required to keep materials with them for use on jobs on hand and not for future works.
- In accountal the type of activity with pre-printed job order number to be followed meticulously.
- Material drawn for POH, IOH and special repairs to be made separately and monitored
- The accountal of stores at the shop floor level and stock verification of material lying on shop floor are to be linked and ISA/SV to prepare reports to enable correction.

Q12. Check of proposals of Mechanized cleaning contracts at stations -

- Whether the proposal is clearly specifying the type and area dado, steps, etc.
- The extent of requirement at station and the basis for assessment of men and material.
- Whether the number of men required is as per the existing standards and the wages are based on Minimum Wages Act.
- Whether the cost of fuel for operation of Machinery is considered.
- Whether the quantity & quality of material required is specified in the proposal.
- In a new proposal -



- a. Whether the posts already in operation for the activity are proposed for surrender/redeployment.
 - b. Whether the material imprest being used is proposed for surrender/reduction.
- Whether the approval of CPO has been obtained vide item 40 of Part A of SOP
 - Whether PVC is applicable, if so, whether the components are as per the PVC.

Suggestions :

- As there are differences in items, number of men, material and machinery being used in different zones.
- Efforts should be made to standardize the requirement of both men and material for different category of stations over Zonal Railways.
- To prescribe checks with standardized formats and periodicity and monitoring at appropriate level in divisional The number of workers deployed to be monitored daily utilizing appropriate means.
- Contract conditions to have penalties and incentives.
- To have access control at stations restricted to only authorized travelling passengers.
- Littering to be penalized with huge publicity.

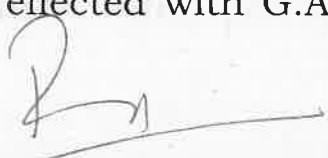
Q13.

With a view to ensure that the payment made to the workmen is properly charged to the relevant work order, the following steps are taken:

(i) Reconciliation of GA cards and Job Cards/Time Sheet in respect of booking of hours of labour.

a. **Direct Workers:**

- G.A.Card is a record of payment while Job Cards/Time Sheets a record of allocation.
- Both the records should be reconciled if it is to be ensured that payments made to the Workmen are properly charged to the relevant work order.
- With a view to prove agreement between these two records, a reconciliation of Job Cards is effected with G.A.Cards through Tally Sheets.



- A Tally Sheet is opened for each workman, working under incentive scheme each month and postings in it are made from the Job Cards and Idle Time Cards.
- Similarly Time Sheet is opened from the Chargemen's Time Books.
- In the G.A. Card time gained/lost, each day is worked in respect of each worker.
- The sum total of the time each day in the Time/Tally Sheet plus the 'time/lost' or minus 'the time gained' must agree with the scheduled attendance of the worker on that day.
- All differences should be investigated from day to day as and when these appear and should be set right by the time keepers before the Job Cards and Idle Time Cards are passed on to the Accounts Officer or Time/Tally Sheets are sent to the Accounts Office.

b. Indirect Workers:

- G.A.Card is both the record of payment and the record of allocation in case of indirect works.
- Hours booked in G.A. Cards are allocated to Shop on cost work orders through Statement of Indirect Wages.

(ii) Register of Monthly Reconciliation -

- The result of the daily and monthly reconciliation between the initial records of payment and of allocation (viz. the G.A. Card Time Sheets/Job Cards) in respect of each shop should be brought out in a register which should be reviewed monthly by the Workshop Accounts Officer.
- This register should also record the total amounts of each shop as per Muster Roll and Time Sheets/Job Cards and the difference between them.
- The Workshop Accounts Officer while reviewing the register intelligently study the trend of differences in amount in respect of each shop as brought out in the Register to ensure that differences are reasonable and do not call for any detailed investigation.
- Whenever in any particular shop it is found that the differences continue to be persistently abnormal, complete investigation into the difference in amounts of that particular shop is undertaken to make sure that no fraudulent agency is at work.

Suggestions:

- The labour is liable to inter shop transfer therefore allocation of labour and incentive bonus paid will involve clerical work and

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would cause variation not only from one period to another but also from one shop to another

- The system of reconciling only the total time (hours) for which a workman is paid with the total time (hours) booked against various work-orders during a month appears quite rational.
- There is already provision for review of the average rate per hour, as and when heavy under/overcharges are noticed the procedure is satisfactory
- Processed based computerisation, capturing the total time worked and paid would further facilitate proper charging of payments made to workmen to relevant work order without manual intervention.

14Q) a)

Unsanctioned Expenditure - The expenditure which is incurred without the sanction of the Competent Authority or beyond the sanctioned limit of funds provided in the Budget or exceeding the cost of the sanctioned estimate is known as Unsanctioned Expenditure.

The unsanctioned expenditure can be recorded in the following heads:

1. Want of sanctioned estimate.
2. Excess over sanctioned estimate.
3. Want of sanctioned appropriation.
4. Excess over sanctioned appropriation.
5. Miscellaneous: Irregularities like irregular personal claims, absence of vouchers, breach of financial rules, provisional acceptance of allocation of estimates and provisional payments etc.,

1. Want of sanctioned estimate:

- a) Works executed without sanction of estimate/urgency certificate come under this category.
- b) No authority shall incur any expenditure on the estimate (including urgency in nature) without competent authority's sanction.

2. Excess over sanctioned estimate:

- a) Amounts incurred over and above the sanctioned estimate come under this category.
- b) No authority shall incur any expenditure on the estimate over and above the sanctioned cost without competent authority's sanction.

- c) Under unavoidable circumstances the Executive shall:
Restrict further expenditure on the work till sanction for the excess is obtained.
- Prepare a revised estimate and submit it to the authority competent to sanction it.
 - Revised abstract estimate shall be submitted to the sanctioning authority, if lowest valid offer received is in excess of sanctioned cost.
 - Excess over sanctioned cost can be dealt at completion report stage with the concurrence of Finance, where the work is in advanced stage and is likely to be completed before a revised estimate can be sanctioned.
 - The approval of the competent authority shall be obtained at the earliest before the incurrence of additional expenditure.

3. Want of sanctioned appropriation:

- a) Expenditure incurred on a sanctioned work without budget allotment will come under this category.
- b) Executive shall ensure that expenditure be incurred on works of urgent nature with proper re-appropriation.

4. Excess over sanctioned appropriation:

- a) Expenditure incurred on a sanctioned work in excess of budget allotment will come under this category.
- b) In unavoidable cases re-appropriations may be sought as per the latest instructions/guidelines issued by the competent authority from time to time in this regard before exceeding the budget grant.

5. Miscellaneous:

Generally, these are categorised under two sub-heads viz.,

- (1) Expenditure on unsanctioned posts. This expenditure can be prevented duly processing the proposals for the extension of currency of the posts well in advance before their expiry for obtaining the sanction of competent authority with proper justification.



(2) Other miscellaneous irregularities such as objections raised by
(1) Audit and (2) Accounts department during internal check.

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(a) Audit objections can be minimised by strengthening the internal check mechanism and improving the system.

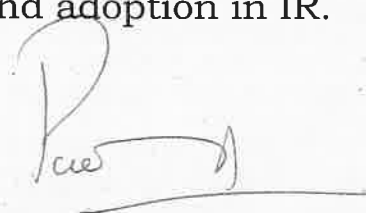
(b) Accounts Objections can be minimised by educating the counterparts in the Executive Departments as and when any discrepancies noticed during the internal check.

(c) appropriate validations to built in the internal check module so that the activity /type of bill is linked to correct demands/plan heads and detailed heads /PUs reducing the scope and possibility of errors in allocation

14 Q) b)

Advantages

- It is 1st comprehensive schedule of Rates to be adopted uniformly by all units of Engg. Depts of IR with facility for automatic up-gradation through software based analysis of Rates. Updation of SOR is possible as frequent as desired with very little efforts.
- It is a combination of universal items being used all over Indian Railways and also area specific items being used by some Zonal Railways.
- About 4000 items from all possible fields of works and materials, incorporating latest practices and technologies are covered in newly formulated SOR, while earlier quite less items were covered in existing SORs of Zonal Railways resulting in framing of enormous non-schedule items by field engineers.
- All the items have been divided into 25 chapters and an additional chapter on mortar is added in Standard specification and AOR Documents.
- The basic input data sheet has been designed to enable feeding of prevailing rates of materials, labour, equipments etc. so as to prepare Zonal Railways and locations specific and also time specific SOR.
- The software has been designed for facilitating its further adoption in preparation of estimates by Zonal Railways.
- The USSOR can be used for preparation of estimates, Tender Schedules, Measurement of works and Billing & Payment through integrated IT based development and adoption in IR.



No disadvantages are found as of now after the usage of the same for 6 years.

Some items related to type of works being executed by construction organisation are not available.

Pao

Pao

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

1. All Sections should be answered.
2. 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.
3. Write the answers either in English or in Hindi, according to your option, except where specific instructions have been given.
4. Calculators are not permitted.
5. 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

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

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

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

(50 Mar

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

Q.9 Write short notes to distinguish between -

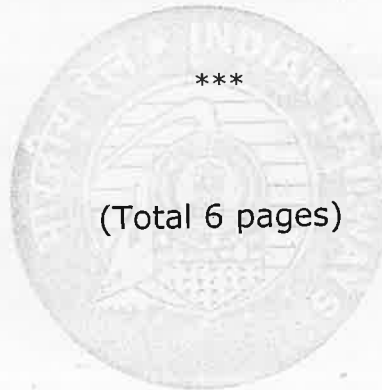
(5x5=25)

- 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.

Pooja
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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.

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 as 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

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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. Whereas 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.

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- 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.
 - 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

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.	remittance of cash and vouchers or clearance otherwise of such debit.
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.).	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.
	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.

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?

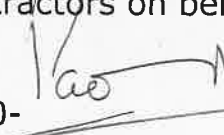
Broadly, the following types of transactions are accounted for under Civil Heads –

- 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.

- 1A2
- 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 accountal 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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① 28

SOUTH CENTRAL RAILWAY
ACCOUNTS DEPARTMENT – LDCE FOR AAO'S (GP B) - 28.11.13
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

1. ALL Sections should be answered
2. 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.
3. Write the answers either in English or in Hindi, according to your option, except where specific instructions have been given.
4. Calculators are not permitted.
5. Please ensure that the signature of the invigilator/officer in charge is obtained on extra sheets used, if any.

SECTION A - GENERAL KNOWLEDGE, ENGLISH & OFFICIAL LANGUAGE (50 marks)

ALL QUESTIONS SHOULD BE ANSWERED

Q1. Match the following IR workshop projects (established or being set up) with their locations.

(5 marks)

S.No.	Name of Workshop	S.No.	Location
(i)	Electric Locomotive Factory	(a)	Rae Bareli
(ii)	MEMU Coach Factory	(b)	Bhilwara
(iii)	Rail Wheel Plant	(c)	Harnaut
(iv)	Rail Coach Factory	(d)	Bela
(v)	Carriage Repair Workshop	(e)	Madhepura

Q2. Expand and explain ANY FIVE (5) of the following, each in one sentence. (5x2=10 marks)

- (i) CRR (ii) SEBI (iii) RTGS (iv) VAT (v) ERP (vi) GDP (vii) PERT

Q3 Write an essay IN ENGLISH (250 words) on ONE of the following: (15 marks)

- (i) Training can impact attitude.
- (ii) Change is the only constant in life.
- (iii) Steps taken by IR to promote the use of Rajbhasha

Q4 Use ANY FIVE (5) of the following words in two separate sentences, the first as a noun and second as a verb. (5x2=10 marks)

(i) Report (ii) Track (iii) Process (iv) Highlight (v) Balance (vi) Contract (vii) Object

Q5 Fill in the blank with the appropriate word from the choices given in brackets. (5 marks)

- (i) Tired of the rain, I decided to stay indoors. (continual, continuous)
 (ii) He refused, on, to pay the fine. (principle, principal)
 (iii) Recognizing employee accomplishments will help to keep their high. (moral, morale)
 (iv) His boss was angry that he was not of the changes in the situation. (apprised, appraised)
 (v) The court refused the stay as rules in the matter were not flouted. (extent, extant)

Q6 Make sentences of the following so as to bring out their meaning clearly. (5 marks)

- (i) Out of the box (ii) Paradigm shift (iii) right-size (iv) value addition (v) core competency

SECTION B: GENERAL PRINCIPLES OF GOVT. ACCOUNTING & AUDITING WITH SPECIAL REFERENCE TO RAILWAYS (50 marks)

TWO (2) QUESTIONS ARE REQUIRED TO BE ANSWERED IN THIS SECTION.

Q7 (a) From the particulars of 'A' and 'B' Railways given below, work out the (3x5=15 marks)

(i) Operating Ratio (corrected up to the first decimal)

(ii) Net Revenue

(iii) Surplus (Excess)/Shortfall

(figs. in crs of Rs.)

S.No.	DETAILS	'A' -RLY2011-12	'B' -RLY2011-12
1	GROSS TRAFFIC RECEIPTS	3774	5451
2	SUSPENSE-EARNINGS	2	-6
3	WORKING EXPENSES	2896	2079
4	SUSPENSE-EXP.	5	8
5	APPROPRIATION TO DRF	444	283
6	APPROPRIATION TO PENSION FUND	623	269
7	MISC. RECEIPTS	35	116
8	MISC. EXP.	3	5
9	DIVIDEND PAYABLE	295	216
10	CAPITAL AT CHARGE	6610-	4249

(b) From the above data and calculations made, critically compare and comment on the financial performance of the two railways. (10 marks)

Q 8 (a) Distinguish between - ANY FIVE (5)

(5x5=25 marks)

- (i) Provisional Para and Action Taken Note
- (ii) Credit and minus debit
- (iii) Exchequer Control and Budgetary Control
- (iv) Bills Recoverable and Demands Recoverable
- (v) Statutory Audit and Internal Audit
- (vi) Accrual based Accounting and Cash based Accounting

(or)

(b) How is Parliamentary control over railway finances exercised? Explain how the accounting classification and the rules of allocation enable the exercise of parliamentary control over expenditure?

(25 marks)

SECTION C: BOOKS & BUDGET (INCLUDING TRAFFIC BOOK)

(50 marks)

ANSWER ANY TWO (2) QUESTIONS

Q9 (a) Is the present method and periodicity of framing the expenditure budget of the railway rational, in your opinion. Give reasons in support of your stand and suggestions for changes or improvement, if any.

(15 marks)

(b) What do you understand by the term 'Extra Budgetary Resources'? Explain with a few examples.

(10 marks)

Q10 (a) Explain what the Traffic Book is and how it is maintained?

(15 marks)

(b) How has computerization of earnings accountal helped in formulating the earnings budget?

(10 marks)

Q11 Write short notes on ANY FIVE (5).

(25 marks)

- | | |
|--------------------------------------|-----------------------|
| (i) Centralized Apportionment System | (ii) Net drawal |
| (iii) Civil Grants | (iv) RIB |
| (v) Approximate Account Current | (vi) Debt Head Report |
| (vii) E-recon | |

KEY TO PAPER I - WRITTEN EXAMINATION FOR LDCE -

ACCOUNTS DEPARTMENT - 28.11.13

SECTION A:

Q1	Sl.No.	Sl.No.
	(i)	e
	(ii)	b
	(iii)	d
	(iv)	a
	(v)	c

Q2

(i) CRR: Cash Reserve Ratio

Cash Reserve Ratio is a specified minimum fraction of the total deposits of customers, which commercial banks have to hold in cash and cash equivalents, as reserves with the central bank and is set according to the guidelines of the central bank of a country. The amount specified as the CRR is stored in bank vaults or parked with the Reserve Bank of India to ensure that banks do not run out of cash to meet the payment demands of their depositors. CRR is a crucial monetary policy tool and is used for controlling money supply in an economy.

(ii) SEBI: Securities and Exchange Board of India

The Securities and Exchange Board of India is the regulator for the securities market in India, with statutory powers and was established in the year 1988.

(iii) RTGS: Real-time Gross Settlement

Real time gross settlement systems are funds transfer systems where transfer of money or securities takes place from one bank to another on a "real time" and on "gross" basis. Settlement in "real time" means payment transaction is not subjected to any waiting period. The transactions are settled as soon as they are processed. "Gross settlement" means the transaction is settled on one to one basis without bunching or netting with any other transaction. Once processed, payments are final and irrevocable.

(iv) VAT: Value Added Tax

A value added tax (VAT) is a form of consumption tax on the purchase price minus the cost of materials and other taxable inputs. A VAT is like a sales tax in that ultimately only the end consumer is taxed, to generate tax revenues to the government. For the seller, it is a tax only on the value added to a product,

Gokul A. Kumar
28/11/13
For 1000 / 100

material, or service, at the stage of its manufacture or distribution. The manufacturer remits to the government the difference between these two amounts, and retains the rest for themselves to offset the taxes they had previously paid on the inputs. It differs from the sales tax in that, with the latter, the tax is collected and remitted to the government only once, at the point of purchase by the end consumer. With the VAT, collections, remittances to the government, and credits for taxes already paid occur each time a business in the supply chain purchases products.

(vi) ERP: Enterprise Resource Planning

ERP is a suite of integrated business management applications software that a company uses to manage its core business processes, including Product planning and development, Manufacturing, Marketing and sales, Inventory management, Shipping, Payroll etc. ERP uses common databases and all users share data across the various departments, thereby facilitating information flow between all business functions, and managing connections to outside stakeholders.

(vii) GDP: Gross Domestic Produce

GDP is the market value of all officially recognized final goods and services produced within a country in a given period of time. GDP per capita is often considered an indicator of a country's standard of living.

(viii) PERT: Program (or Project) Evaluation and Review Technique

PERT is a statistical tool, used in project management, that is designed to analyze and represent the tasks involved in completing a given project, commonly used in conjunction with the critical path method (CPM).

Q5. (i) continuous

(ii) principle

(iii) morale

(iv) appraised

(v) extant

Section B

Q7 (a)

(in crores of Rs.)

DETAILS	A -RLY 2011-12	B -RLY 2011-12
1 GROSS TRAFFIC RECEIPTS	3774	5451
2 SUSPENSE-EARNINGS	2	-6
3 WORKING EXPENSES	2896	2079
4 SUSPENSE-X	5	8
5 APPROPRIATION TO DRF	444	283
6 APPROPRIATION TO PENSION FUND	623	269
7 MISC. RECEIPTS	35	116
8 MISC. EXPN.	3	5
9 DIVIDEND PAYABLE	295	216
10 CAPITAL AT CHARGE	6610	4249

answer

OR=

GROSS WORKING EXPENSES/
GROSS EARNINGS

GROSS EARNINGS
GWE

A. (1-2)
B. (3+5+6)
B/A*100

3772
3963
105.1

5457
2631
48.2

2631
5457

NET REVENUE=

GTR

1

3774

5451

TOTAL RECEIPTS-TOTAL EXPENDITURE

MISC. RECEIPTS

7

35

116

TOTAL RECEIPTS

A. (1+7)

3809

5567

WORKING EXP.

3

2896

2079

SUSP.

4

5

8

OWE

P 3+4

2901

2087

APPN TO FUNDS

Q 5+6

1067

552

MISC. EXP.

R 8

3

5

TOTAL EXP.

B= P+Q+R

3971

2644

A-B

-162

2923

SURPLUS(EXCESS)/SHORTFALL=

NET REVENUE- DIVIDEND

NET REVENUE

A

-162

2923

DIVIDEND

B. 9

295

216

SHORTFALL

A-B

-457

2707

Uphe A Answer
28/11/13
F41 CBO JSC

57

SOUTH CENTRAL RAILWAY
ACCOUNTS DEPARTMENT – LDCE FOR AAO's (GP B) - 29.11.13

Paper II – Written examination (Without Books)

Time allowed: 3 Hrs

Max. Marks: 150

Section 'A' - Financial Justification for Expenditure, Traffic Costing & Management Accounting (50 Marks)

Section 'B' - Part I: Traffic Accounts, Statistics & Establishment

(OR)

(100 Marks)

Part II: General Expenditure, Stores & Workshop Accounts

INSTRUCTIONS TO CANDIDATES

1. This paper consists of TWO sections, 'A' & 'B'.

Section 'A' is compulsory for ALL candidates.

Section 'B' consists of TWO PARTS - I & II. Candidates should attempt either of these sections depending upon their optional subjects.

2. 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.

3. Write the answers either in English or in Hindi, according to your option.

4. Calculators are not permitted.

5. Please ensure that the signature of the invigilator/officer in charge is obtained on extra sheets used, if any.

SECTION 'A' - FINANCIAL JUSTIFICATION FOR EXPENDITURE, TRAFFIC COSTING & MANAGEMENT ACCOUNTING

(50 Marks)

Answer ANY TWO (2) questions.

Q1. What are the important modules under AFRES? Explain, with a few illustrations, how this application can be used as effective MIS by the accounts department. (25 marks)

Q2. Distinguish between - ANY FIVE (5).

(5x5=25 marks)

(i) Waiver and Write-off

(ii) Simple average and Weighted average

(iii) Contribution and Profit

(iv) Equity and Debenture

(v) Fixed and Dynamic pricing

(vi) Cash flow and Fund flow

(vii) LIFO & FIFO

(3)

Q3. Explain the methodology, relevance and utility of the present system of traffic costing on the railways. Give suggestions on new areas where traffic costing data can be effectively used by IR.
(25 marks)

Q4. What is meant by the term 'financial justification' and what are the methods employed on this purpose? What aspects merit scrutiny for financial evaluation of a Traffic Facility work proposed in the PWP?
(25 marks)

SECTION 'B'

(100 marks)

Part 1: TRAFFIC ACCOUNTS, STATISTICS AND ESTABLISHMENT

Answer ANY FOUR(4) questions.

Q5. (i) What is cadre restructuring and why is it required to be done? Discuss the salient points and implications of the latest cadre restructuring orders for NG staff.
(15 marks)

(ii) What is meant by Manpower Planning? What are your suggestions towards right-sizing of manpower on IR.
(10 marks)

Q6.(i) Explain the system of E-payment of freight. Elucidate the impact of its implementation on railway's working.
(15 marks)

(ii) Briefly explain the aspects that are required to be looked into for giving freight discount under the Liberalized Siding Rules.
(10 marks)

Q7. Write short notes on ANY FIVE (5)
(5x5=25 marks)

(i) Foreign Service Contribution

(ii) Lumpsum Exgratia

(iii) Line Haul costs

(iv) Advice of Internal Check

(v) Qualifying Service

(vi) Occupancy ratio

(vii) Special Credit

Q.8 (i) What are the important statistical parameters used for judging the operating efficiency of a railway. Explain.
(15 marks)

(ii) "The system of apportionment of earnings between zonal railways should be abolished." Give your views, in detail, in support or against this statement.
(10 marks)

Q9. (i) How is the correctness of pension payments verified? Discuss its adequacy and suggest improvements and/or alternatives, if any.
(15 marks)

(ii) Why does the clearance of traffic suspense during the financial year itself assume importance? Explain in brief the action to be taken in the Accounts office to keep each of the components traffic suspense at the barest minimum. (10 marks)

Q10. What is the Monthly Evaluation Report? Comment on its utility as a tool for managerial information. Explain in detail how any five of the indices (areas of performance) are compiled, bringing out the importance of each. (25 marks)

Part-II- GENERAL EXPENDITURE, STORES AND WORKSHOP ACCOUNTS

Answer ANY FOUR(4) questions.

Q11. (i) Explain the various modules in MMIS and the efficiencies that the implementation of each has brought about. (15 marks)

(ii) Comment on the efficacy and relevance of the methodology of stock verification currently in place on the IR. How can its effectiveness be improved? (10 marks)

Q12. (i) Explain the relevance of operating suspense accounts in a railway workshop and briefly describe how they are maintained. (15 marks)

(ii) Briefly describe how WMS is correlated with the stores and revenue budgets. (10 marks)

Q13. What important aspects will you look into while examining a proposal for outsourcing the activity of maintaining cleanliness on a station. Explain clearly the responsibilities of the Railways in the context of such outsourcing contracts. (25 marks)

Q14 (i) With the large number of arbitration cases on the railways, what in your opinion, would be the important steps which would reduce the incidence of such cases and improve contract management. (15 marks)

(ii) Bring out the systemic improvements that have resulted on account of the implementation of E-Auction on the IR. (10 marks)

Q15. Write short notes on ANY FIVE (5). (5x5=25 marks)

- | | |
|------------------------------|---------------------------------|
| (i) Stores Monthly Summary | (ii) CRRM |
| (iii) Write Back Adjustments | (iv) Stores in Transit |
| (v) Liquidated Damages | (vi) Average Annual Consumption |
| (vii) Performance Guarantee | |

Q16. (i) Critically evaluate the need for continuing the payment of incentive in Railway Workshops from the point of view of improvement to efficiency and productivity. (15 marks)

(ii) Briefly explain the important points which you would look into while scrutinizing a proposal of replacement of a wheel lathe in a workshop. (10 marks)

29/C

South Central Railway
Accounts Department
Limited Departmental Competitive Examination

Paper I – Written Examination (Without Books)
Max. Marks : 150

Date : 04.06.2012
Time allowed : 3 Hrs.

Part-I : General Knowledge, General English and Official Language 50 Marks
Part-II : General principles of Government Accounting & Audit with 100 Marks
special reference to Railways and Books & Budget including
Traffic Book

Note : 1. All sections have to be answered.
2. Question Nos.5, 6 & 7 should be answered in English only.

Part-I

1. Write an essay on any ONE of the following: 10 Marks
(i) Lokpal Bill and its contemporary relevance
OR
(ii) Global warming and how citizens can control it in their day-to-day life
OR
(iii) Raj Bhasha as a link language in a multilingual country.
2. Write short notes on any TWO: 2 x 4 = 8 Marks
(i) RTI Act.
(ii) GM Corps
(iii) IPL Series
3. Expand any FOUR of the following 4 Marks
(i) DRDO
(ii) TRAI
(iii) BOOT
(iv) CA & AG
(v) IRDA
(vi) BRIC
4. Fill in the blanks: Answer any THREE 3 Marks
(i) Hyderabad station is located in _____ division of S.C.Railway.
(ii) Chief Minister of Orissa State is _____.
(iii) Vishwanathan Anand is World's No.1 champion in _____
(game).
(iv) There was a nuclear disaster last year in _____ (country).

P.T.O

:: 2 ::

5. Write an essay on any ONE of the following: 10 M
 - (i) Role of Central Vigilance Commission.
 - (ii) Raj Bhasha Policy in the Railways.
 - (iii) Mobile phone revolution – pros and cons.

6. Distinguish between any THREE pairs : 3 x 2 = 6 M
 - (i) Principal & Principle
 - (ii) Watch & Watch dog
 - (iii) Vindicative & Vindicated
 - (iv) Dead & Deadly

7. Write briefly on any THREE: 3 x 3 = 9 M
 - (i) The negative aspect of outsourcing of Government activities.
 - (ii) Impact of inflation on Railways.
 - (iii) Cross-subsidisation
 - (iv) Meditation and stress-relief

Part-II

Answer any FOUR questions. All question carry equal marks.

1. How are the Approximate Accounts compiled? Give suggestions as to how this can be estimated accurately so as to match Actuals.

2. Write short notes on:
 - (i) Annexure 'J' and 'K'
 - (ii) E-Reconciliation.
 - (iii) Operating Ratio
 - (iv) Demands Recoverable
 - (v) Reappropriation of Budget

3. Give a brief account of Traffic Suspense? How can it be contained? Emphasise the role of the Divisional Executives in realizing the dues.

4. Distinguish between Internal Audit and External Audit. Give suggestions as to how Internal Audit can be strengthened and streamlined to enable meaningful introspection.

5. The expenditure under Demand No.16 is controlled not only with reference to Allotments under Plan Heads but also Source of Funds. Explain why this is required, giving examples of projects funded by different Source of Funds.

6. Trace the various stages of budgeting through the Financial year explaining the performance indices of the different departments in the Revenue Demands.

3

**South Central Railway
Accounts Department
Limited Departmental Competitive Examination**

Paper II – Written Examination (Without Books)
Max. Marks : 150

Date : 05.06.2012
Time allowed : 3 Hrs.

Part-I

Financial justification for Expenditure, Traffic Costing and Management Accounting.

50 Marks

Answer any TWO questions. All questions carry equal marks.

1. How would you evaluate a Works Programme proposal for a 3rd line on a fully saturated section? If there is a counter suggestion that, instead, the existing infrastructure for 'line capacity augmentation' can be upgraded, which would you concur? Please justify your choice. 25 Marks
2. Write short notes on:
 - i) EKMs
 - ii) Public Private Partnership
 - iii) Cost Benefit Analysis
 - iv) SEC
 - v) Wagon Turn Round5 x 5 = 25 Marks
3. Describe how costing is done for Suburban services on a section also used for mainline Mail and Express trains.
4. a) What is Productivity Test? How is it conducted? 15 Marks
b) Write short notes on:
 - i) Operating Surplus
 - ii) Functions of a Management Accountant2 x 5 = 10 Marks

Part-II

This part consists of two sections. Candidates should attempt either of the two sections as per their optional subjects. Answer any FOUR questions.

100 Marks

Section 'A' : Traffic Accounts, Statistics and Establishment

5. What is the role of TIAs? How do TIAs supplement the checks made in Traffic Accounts? Give examples. 25 Marks
6. Explain how 10-day Statement of Earnings are compiled? What purpose do they serve? State if they can be discontinued, duly justifying your advice to continue them or otherwise. 25 Marks

P.T.O

4

7. Write short notes on
 - a) Extraordinary Leave
 - b) Primary Units 43 and 44
 - c) Siding Charges
 - d) GTKMs
 - e) Statement No.6 'A' 5 x 5 = 25 M
8. Give a brief account of the various Minor Penalties and the procedure for imposing the same. 25 M
9. a) Explain how 'E-Payment of Freight' and 'E-ticketing of Passenger tickets' have helped the Rail-users? 10 M
 - b) Railways have also gained by introducing these. Please elucidate. 15 M
10. Frequent withdrawals indicate that Provident Fund has over the years lost the purpose for which it was conceived. State if you agree or not, elaborating your answer. Give suggestions as to what incentives can be extended to encourage savings in P.F. 25 M

Section 'B' : General Expenditure, Stores and Workshop Accounts

11. a) How is Stores Budget compiled? What are Issues within the Demand? 15 M
 - b) What is Sales Suspense and how is it cleared? 10 M
12. Write short notes on:
 - a) Purchase Grant
 - b) Turnover Ratio (e) WCA
 - c) Reimbursement of medical bills
 - d) Incentive Scheme in Workshops 5 x 5 = 25 M
13. What is Unsanctioned Expenditure? Give the different categories of the same with suggestions as to how they can be cleared. 25 M
14. Why do POH costs vary from Unit to Unit? Explain the process and the various inputs and sources that are used in arriving at the POH costs. 25 M
15. With Corporate medical facilities being widely available, is there a need for a departmental medical set-up? As in 'Education', is there room for downsizing this? Please justify your stand. 25 M
16. a) Explain the rules regarding regularizing Variation in Quantities in Contracts 10 M
 - b) 'Stock Verifiers' cadre is dwindling and there have been less optees. Why? Can you suggest if and how the cadre can be made more attractive? 15 M

53/c qc ①

SOUTH CENTRAL RAILWAY

LIMITED DEPARTMENTAL COMPETITIVE EXAMINATION FOR
ASSISTANT ACCOUNTS OFFICERS (GROUP B)
DATED 01.12.2008.

WRITTEN EXAMINATION (WITHOUT BOOKS)
PROFESSIONAL PAPER – I

Time allowed: 3 Hours

Max.Marks: 150

Section 'A': GENERAL KNOWLEDGE AND ENGLISH (50 MARKS)

**Section 'B': GENERAL PRINCIPLES OF GOVT. ACCOUNTING
AND AUDITING WITH SPECIAL REFERENCE TO
RAILWAYS (50 MARKS)**

Section 'C': BOOKS AND BUDGET (INCL.TRAFFIC BOOK) (50 MARKS)

NOTE:

- 1) **All SECTIONS** have to be answered.
- 2) **Do not write** your Roll Number anywhere in the answer sheet
except in the column provided on the **TOP SHEET**.
- 3) **Do not write** your name anywhere in the answer sheet.
- 4) **Calculators are not permitted.**

SECTION 'A'

GENERAL KNOWLEDGE AND ENGLISH: (50 MARKS)

Q.1: Expand the following abbreviations (Any SIX)

3

- (a) RTGS
- (b) IAEA
- (c) NREGS
- (d) ISRO
- (e) BCCI
- (f) SEBI
- (g) VAT
- (h) NSG

Q2. With which sport are the following associated (Any SIX)

3

- (a) Usain Bolt
- (b) Yelena Isinbeyevea
- (c) Viswanathan Anand
- (d) Saina Nehwal
- (e) Michael Phelps
- (f) Jeev Milkha Singh
- (g) Avinash Bindra

2

Q3. Name the following (Any SIX) 3

- (a) President elect of USA
- (b) Prime Minister of Nepal
- (c) President of Pakistan
- (d) Governor of Reserve Bank of India
- (e) Winner of the Nobel Prize for Economics in 2008
- (f) Prime Minister of Afghanistan
- (g) Headquarters of CORE

Q4. Why were the following in the news recently (Any FIVE) 5

- (a) Sourav Ganguly
- (b) Nano
- (c) Sarah Palin
- (d) Nicholas Sarkozy
- (e) D.Raja
- (f) Ilemant Karkare
- (g) Vikram Pandit

Q5. Write short notes on the following (Any TWO) 4

- (a) Sub-prime crisis
- (b) Chandrayan II
- (c) Indo US Nuclear Cooperation
- (d) 3G
- (e) Official Language Policy Implementation on IR.

Q6. Match the following 2

'A'	'B'
Adiga	Singur
Imagining India	Booker Prize
Mamta Banerjee	Sri Lanka
LTTE	Nandan Nilekani

Q7. (a) What are the states served by South Central Railway ? 5
(b) Name the Zonal Railways (and their Headquarters) which are adjacent to South Central Railway.

OR

- (a) What are 'A', 'B', 'C' regions under Official Language Rules ?
- (b) What are the duties and responsibilities of the Mukhya Rajbhasha Adhikari of a Zonal Railway ?

52/c

(3)

ENGLISH

Q8. Choose the correct word to fill in the blanks:

4

- (a) After every match, the coach spends half an hour doing an/a _____ (autopsy, post mortem).
- (b) Take finance department's _____ (advise, advice) with a pinch of salt.
- (c) James Bond has _____ (license, licence) to kill. When you _____ (license, licence) someone, you give permission.

Q9. Use ^{each} ~~any~~ of the following expression in sentences:

3

- (a) 'pigeonhole someone'
- (b) frightfully good
- (c) grow on someone

Q10. Use the following pairs of words in sentences of your own.

3

- (a) adept - adapt
- (b) cite - site
- (c) through - thorough

Q.11. Fill in the blanks with words or set of words that best reflects the sentence's overall meaning from the five words or sets of words which follow the sentence.

5

- (a) Like the theory of evolution, the big-bang model of the universe's formation has undergone modification and _____, but it has _____ all serious challenges.

- (A) alteration confirmed
- (B) refinement resisted
- (C) transformation .. ignored
- (D) evaluation ... acknowledged
- (E) refutation .. misdirected.

- (b) A University training enables a graduate to see things as they are, to go right to the point, to disentangle a _____ of thought.

- (A) line
- (B) strand
- (C) mass
- (D) plethora
- (E) skein

(c) You may wonder how the expert on fossil remains is able to trace descent through teeth, which seem _____ pegs upon which to hang whole ancestries.

- (A) novel
- (B) reliable
- (C) specious
- (D) inadequate
- (E) academic

(d) An essential purpose of the criminal justice system is to enable purgation to take place; that is to provide a _____ by which a community expresses its collective _____ the transgression of the criminal.

- (A) catharsis ... outrage at
- (B) disclaimer .. forgiveness of
- (C) means .. sympathy with
- (D) procedure.... Distaste for
- (E) document .. disapprobation of

(e) Although he was generally considered an extremely _____ individual, his testimony at the trial revealed that he had been very _____.

- (A) intrepid valiant
- (B) Guileless ... hypocritical
- (C) abstemious ... temperate
- (D) meek .. timorous
- (E) ingenuous obtuse

(f) A perpetual spinning of particles is much like that of a top, the particles have no need to be wound up, for _____ is one of their _____ properties.

- (A) revolution .. radical
- (B) motion .. intangible
- (C) rotation .. intrinsic
- (D) acceleration ... lesser
- (E) collision ... hypothetical

(g) Book publishing has long been _____ profession, partly because, for younger editors, the best way to win a raise or a promotion was to move on to another publishing house.

- (A) an innovative
- (B) a prestigious
- (C) an itinerant
- (D) a rewarding
- (E) an insular

5/c

- (h) For centuries, physicists have had good reason to believe in the principle of equivalence propounded by Galileo; it has _____ many rigorous tests that _____ its accuracy to extraordinary precision.

(A) endured .. compromised
(B) passed .. presupposed
(C) borne .. postulated
(D) survived .. proved
(E) inspired ... equated.

- (i) Surprisingly to those who view the ocean floor as a uniformly _____ waste, each vent in the floor, where seawater is heated by the earth's interior magma, has been found to be an island-like _____ with its own distinctive fauna.

(A) teeming habitat
(B) lifeless ... enclave
(C) barren ... oasis
(D) sunken .. grotto
(E) hazardous .. environment

- (j) Rather than allowing these dramatic exchanges between the characters to develop fully, the Director unfortunately tends to _____ the discussions involving the two women.

(A) exacerbate
(B) protract
(C) augment
(D) truncate
(E) elaborate

Q12. In each of the following, a related pair of words is followed by five pair of words. Select the pair that best expresses a relationship similar to that expressed in the original pair. 5

(a) **GLINT: LIGHT::**

(A) blare : sound
(B) whiff : scent
(C) shade : colour
(D) glut : food
(E) wave : tide

(b) **AGITATOR: FIREBRAND::**

(A) miser : spendthrift
(B) renegade : turncoat
(C) anarchist : backslider
(D) maverick : scapegoat
(E) reprobate : hothead

(c) **DISPASSIONATE: PARTISANSHIP::**

- (A) enthusiastic : zealousness
- (B) disconsolate : sorrow
- (C) intemperate : moderation
- (D) volatile : immobility
- (E) ardent : involvement

(d) **DEFLECT: MISSILE::**

- (A) defend : fortress
- (B) reflect : mirror
- (C) diversify : portfolio
- (D) dismantle : equipment
- (E) distract : attention

(e) **MULISH: PLIANCY::**

- (A) piggish : gluttony
- (B) sluggish : reluctance
- (C) kittenish : motility
- (D) apish : servility
- (E) shrewish : amiability

Q13. Write a short passage of about 200 words on any of the following.

5

- (a) A thing of beauty is a joy forever.
- (b) Lies, damn lies, statistics
- (c) Power corrupts and absolute power corrupts absolutely.

63/c

(7)

SOUTH CENTRAL RAILWAY

LIMITED DEPARTMENTAL COMPETITIVE EXAMINATION FOR
ASSISTANT ACCOUNTS OFFICERS (GROUP B)
DATED 02.12.2008.

WRITTEN EXAMINATION (WITHOUT BOOKS)
PROFESSIONAL PAPER – II

Time allowed: 3 Hours

Max.Marks: 150

Section 'A': FINANCIAL JUSTIFICATION FOR EXPENDITURE
TRAFFIC COSTING, MANAGEMENT ACCOUNTING (50 MARKS)

Section 'B': TRAFFIC ACCOUNTS, STATISTICS AND ESTABLISHMENT
OR
GENERAL EXPENDITURE, WORKSHOP AND
STORES ACCOUNTS. (100 MARKS)

NOTE:

- 1) This paper consists of 2 Sections 'A' & 'B'.
- 2) Section 'A' is compulsory for ALL.
- 3) Section 'B' consists of TWO PARTS – I & II and candidates should attempt either of these two parts depending upon their options.
- 4) Do not write your roll Number anywhere in the answer sheet except in the column provided on the TOP SHEET.
- 5) Do not write your name anywhere in the answer sheet.
- 6) Calculators are not permitted.

SECTION 'A'

Max.Marks: 50

ATTEMPT ANY 2 (TWO) QUESTIONS.

Q1(a) What are the shortcomings of the Management Information System (MIS) in the Accounts Department of South Central Railway ? What are your suggestions to improve the system ? 10 marks

(b) Describe the various modules of 'AFRES'. 15 marks.

Q2(a) Explain the differences between Marginal Cost and Average Cost. 05 marks.

- (b) The table below shows the Variable Costs of a firm for various levels of production.

(1) Quantity (Nos.)	(2) Variable Cost (Rs)
0	0
1,000	30,000
2,000	55,000
3,000	75,000
4,000	105,000
5,000	155,000
6,000	225,000

If the Fixed Costs are Rs.55,000, prepare a cost schedule showing clearly the Total Cost, Marginal Cost per unit, Average Cost per unit, Average fixed cost per unit, Average Variable Cost per unit for various levels of production. 15 marks.

- (c) The above firm is able to realize a price per unit of Rs.40. If the production manager wants to increase the production from 4000 units to 5000 units, what will be your advice to him as a Management Accountant ?

05 marks

Q3. Write short notes on (Any FIVE).

5x5 marks

- Ratio Analysis
- Break even point
- Variance Analysis
- Product Life Cycle Costing
- Joint Costs
- Discounted Cash Flow Technique.

Q4.(a) What is the purpose of Traffic Costing ?

10 marks

(b) What are the different aspects of Traffic Costing ?

05 marks

(c) How is Traffic Costing data used in financial justification of a New Line Project. ?

10 marks.

9

SECTION 'B'

Max.Marks: 100

PART-I: TRAFFIC ACCOUNTS AND STATISTICS AND ESTABLISHMENT

ATTEMPT ANY 4 (FOUR) QUESTIONS.

- Q1(a) What is Traffic Suspense ? Explain the Constituents of Traffic Suspense. 10 marks.
- (b) What are the usual types of debits raised on stations ? 05 marks
- (c) What steps should be taken by the Traffic Accounts Office to minimize Station Outstandings ? 10 marks
- Q2(a). How is the 10 day Statement of Approximate Gross Earnings prepared ? 10 marks.
- (b) Why is it necessary to compile the 10 day Statement of Approximate Gross Earnings ? 05 marks
- (c) Is there a need for compiling this statement after the introduction of FOIS, PRS and UTS ? Give cogent reasons for your answer. 10 marks
- Q3 Distinguish between:- 5x5 marks
- (i) GTKM and NTKM
- (ii) Specific Fuel consumption and Specific Energy Consumption.
- (iii) Operating Ratio and Performance Efficiency Index.
- (iv) PRS and UTS
- (v) Originating Earnings and Apportioned Earnings.
- Q4(a). Bring out the importance of station inspections in the context of computerization of passenger and freight transactions. 10 marks
- (b) What improvements can you suggest to improve the present system of station inspections ? 08 marks
- (c) Is there a need for the present system of post check of station returns after computerization of passenger and freight transactions ? Give cogent reasons for your answer. 07 marks.
- Q5(a) Describe the New Pension Scheme. 10 marks
- (b) How is it different from the existing Pension scheme ? 10 marks
- (c) What is its impact on the Working Expenses of Zonal Railways.? 05 marks

10

Q6.(a) What are the changes in the definition of Basic Pay in the revised pay structure.? 10 marks.

(b) What is the pay element of running allowance ?
How is the Pay element of running allowance reckoned for computing emoluments and settlement dues of running staff ? 10 marks

(c) For what other purposes and to what extent is pay element of running allowances reckoned ? 05 marks.

Max.Marks:10

SECTION B: PART-II

GENERAL EXPENDITURE AND WORKSHOP AND STORES ACCOUNTS

ATTEMPT ANY 4 (FOUR) QUESTIONS.

Q1(a) How are works conceived, proposed and included in the Works Programme ? 08 marks

(b) What are the instruments available to control project expenditure ? 07 marks

(c) Are these instruments being used effectively by the Accounts Department ? 05 marks

(d) Write a short note on 'Productivity Tests'. 05 marks.

Q2(a). Describe the Two Packet System. 10 marks

(b) When is the system used ? 05 marks

(c) Distinguish between Negotiation and counter offering. 10 marks

Q3.(a) 'Contract Management in Indian Railways leaves a lot to be desired'. Analyse the above statement. 10 marks

(b) What are the consequences of bad contract management ? 10 marks

(c) How can the Accounts Department help to improve the situation in this regard ? 05 marks.

Q4(a) Describe the linkages between Stores budget, Workshop Manufacturing Suspense budget and the revenue budget. 10 marks

(b) How will you correlate these budgets ? 05 marks

(c) How will you ensure that balances under Stores Suspense, Purchase suspense and WMS are current and efficient ? 10 mark

Q5. Write short notes on:- Any (FIVE).

5x5 marks

- (i) Inventory Turnover Ratio
- (ii) Price Variation clause.
- (iii) Purchase Suspense
- (iv) Standing Work Order
- (v) Outturn statement
- (vi) Workshop General Register

Q6(a) Describe how computerization can lead to better inventory and purchase management.

10 marks

(b) Describe the Material Management Information System on your Railway.

10 marks

(c) Is there a proper interface between MMIS and AFRES ?
If not, what are your suggestions to introduce the same ?

05 marks

*_*_*

1/2



1/2

1/2

1/2

1/2

1/2

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1/2

1/2

1/2