

Railways Expenditure

Revenue Expenditure and Capital & works Expenditure.

- a) Revenue expenditure comprises of
- (i) Ordinary working expenses incurred by various departments on Rlys, which keeps the Railways in operational condition.
 - (ii) Other miscellaneous expenditures like expenditure on Rly. Board, Audit, services etc. and
 - (iii) Appropriation to various funds and dividend paid to General Revenue.

Revenue Expenditure charged to Revenue.

- b) Works expenditure, which is incurred on assets acquisition, construction, and replacement.

Works & capital expenditure charged to Capital, CAPITAL fund, Development Fund, DRF, OLRW and SRSF.

Classification of Revenue Expenditure & Allocation

The Revenue working expenses of the Railways are classified under 13 sub- major heads with a separate abstract for each sub- major head as follows: -

- 1) Abstract 'A' – General Superintendence and service.
- 2) Abstract 'B' – Repairs and maintenance of permanent way and works.
- 3) Abstract 'C' – Repair and maintenance of motive power.
- 4) Abstract 'D' – Repairs and maintenance of carriage and wagon.
- 5) Abstract 'E' – Repairs and maintenance of plant and equipment.
- 6) Abstract 'F' – Operating Expenses- Rolling Stock and equipment.
- 7) Abstract 'G' – Operating expenses Traffic.
- 8) Abstract 'H' – Operating expenses fuel.
- 9) Abstract 'J' – Staff Welfare and Amenities.
- 10) Abstract 'K' – Miscellaneous working expenses.
- 11) Abstract 'L' – Provident fund, pension and other retirement benefits.
- 12) Abstract 'M' – Appropriation to funds.
- 13) Abstract 'N' – Suspense.

The sub- major heads are divided into minor, sub and detailed heads.

The structure of the accounts classification is such that it corresponds to and is in line with the classification of the Demands for Grants. While the alpha (i.e. the letter of the abstract, say A) corresponds to the Demand head (3) (and B corresponds to 4, C corresponds 5 and so on). The main, sub- head and detailed heads of accounts represent classification of the activity from the broad grouping into its details.

The classification lends itself to computerization and its utility from the point of view of analysis of costs will be greater when the compilation is taken on the computer in due course of time. On computerisation of the accounting system, the alpha of the abstract classification will be substituted by a Numerical Code as follows: -

A	-	03	E	-	07
B	-	04	F	-	08
C	-	05	G	-	09
D	-	06			and so on.

While the classification up to 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. Primary Units (object) of expenditure are as follows: -

Primary Units (object) of Expenditure for revenue.

01. Salary and Wages.
02. Dearness allowances.
03. Productivity Linked Bonus.
04. House Rent Allowance
- 07 Transportation Allowances
- 08 Matching contribution of central Govt. towards DCPS
- 09 Wages of casual labour
- 10 Kilometrage Allowance
- 11 Overtime Allowance.
- 12 Night Duty allowance.
- 13 Other allowance.
- 14 Fees and honouraria.
- 15 Transfer allowance.
- 16 Traveling expenses including Air Travel.
18. Office Expenses.
19. Rental for P. & T. Telephone and call charges including Trunk calls.
20. Leave encashment during services
21. Advertising Expenses.

22. Utilities – Water, Electricity, etc.
23. Rental for office equipment (other than Data Processing).
24. Printing and stationery including Publications.
25. Children Education Allowance
27. Cost of materials from stock.
28. Cost of materials – Direct purchase.
31. Fuel for other than traction.
32. Contractual payments – (This primary unit i.e. 32 may be used for works and handling contacts and contracts for Engineering supplies of materials etc. while all other direct purchase of other stores will be booked under Primary Unit 28).
33. Transfer of debits / credits received from stores Accounts in which case Primary unit 27 may be used).
34. Adjustment of 'wages 'on P.O.H. and other repairs from WMS Account to Revenue Heads.
- 35 Adjustment of material on POH
- 50 Cost of computer hardware system
- 51 Cost of computer consumable
99. Other Expenses. (It includes those items of expenditure, which cannot be classified specifically within the above primary units).

The primary units (object of expenditure) are an important and integral part of the classification of expenditure as they serve to analyze to expenditure by the element of cost viz., wages / DA / stores / other expenditure etc.

The indication of a classification of expenditure will, therefore, be complete only if the Abstract, the main, sub or detailed heads of activity as well the code of the object of expenditure are given.

The structure of classification of expenditure is indicated to show the following –

Abstract	Minor sub &	Object of expenditure code.
(sub major)	Detailed heads	
Indicating	Major activity	Wages, material,
Function	and detailed activity	etc.

Example: -

Electric multiple unit coaches – Running Repairs in sheds.

The classification is indicated by D 411 – 27 – i.e. D is represents the Abstrcut 'D' indicating the main function- Repairs and maintenance of carriage & wagon corresponding to DEMAND No 06 e g. Classified allocation 06 411 27. where,

- 06 Demand no,
- 400 represents the main head indicating the main activity i.e. maintenance of EMU coaches.
- 410 represent the activity i.e. running repair in shed.
- 411 represent the manual maintenance.
- 27 represent the codes for object of expenditure i.e. cost of material from stock.(Primary unit no.)

Classification of capital and other works expenditure & Allocation

The revised classification of expenditure on works irrespective of whether they are charged to capital, DRF, DF, revenue (OLWR) or capital fund will come under one single demand- 16 namely Assets Acquisition, construction and replacement. The accounting classification for works expenditure is in the form of a 6 digit – 4-module alpha-numerical code. The first module which is the alpha indicates the source of fund. The second module of 2 digits which is numerical will represent the standard Plan Heads. The third module of 2 digits corresponding to the sub and detailed heads giving the details of sets acquired, constructed or replaced. The last module which is of two digits will indicate the primary unit i.e. objects of expenditure.

The source of financing will be indicated in the beginning by the following alphabets: -

- P - Capital
- Q - DRF
- R - Revenue (OLWR)
- S - DF.

The Minor heads (Plan Heads) of classification are follows-

- 11 - New lines (construction)
- 12 - Purchase of new lines.
- 13 - Restoration of dismantled line.
- 14 - Gauge conversion.
- 15 - Doubling.

- 16 - Traffic facilities – Yard remodeling and others.
- 22 - Rolling Stock.
- 32 - Track Renewals.
- 33 - Bridgework.
- 34 - Signaling and Telecommunication works.
- 35 - Taking over of line wires from P&T deptt.
- 36 - Electrification project.
- 37 - Other electrical works.
- 41 - Machinery and plants.
- 42 - Workshops including production units.
- 52 - Staff quarters.
- 53 - Amenities for Staff.
- 54 - Passenger amenities and other Rlys. Users amenities.
- 61 - Investment in Government commercial undertaking- Public undertaking.
- 64 - Other specified works.
- 71 - Stores suspense.
- 72 - Manufacturing suspense.
- 73 - Miscellaneous Advances.
- 81 - Metropolitan transport projects.

The sub and detailed heads give the breaking up the expenditure on assets is its details. For example is a new line construction project, earthwork formation and payment to contractor as a nature of payment is classified as under-

P - 1131 – where,

- P - Stands for source of fund i.e. Capital.
- 11 - Plan head for new line construction.
- 1130 - Structural engineering work formation.
- 1131 - Earthwork.
- 03 - Primary unit of expenditure i.e. payment of contract.

Primary Units (objects) of expenditure for works:

- | | | |
|----|---|---|
| 1. | Pay and allowance of Departmental Establishment | 1 |
| 2. | Payment of Casual labour | 2 |
| 3. | Payment to contractors and others for Engineering works or supply and erection contracts etc. | 3 |
| 4. | Direct supply of material | 4 |
| 5. | Stores supplied from stock | 5 |
| 6. | Freight on stores | 6 |

7. Credit for released material 7
8. Others 8
9. Transfer if debits / credits affecting capital works
expenditure / suspense accounts.