

## **What is an Estimate?**

**Estimate:** An Estimate is a *statement*, showing the *items of work, materials* required with *its cost and labour and other charges* for carrying out a particular work. There are seven kinds of estimates prepared on railway at different stages and for different purposes.

## **Why and how is an estimate prepared?**

An estimate is prepared to arrive at approximate total expenditure required to carry out a particular work and also to get an *idea of the expenditure to be incurred* on a work in order *to obtain the sanction* of the competent authority and also *to see that the work is financially justified*. Through the estimate the *authority competent* to give administrative approval to the expenditure proposed to be incurred *is determined* who after thorough examination as to its *necessity, utility and financial prospects*, is also able to find out if *funds* are available for the work and when sanctioned, is *to control expenditure* against the same.

There are seven kinds of estimates prepared on railway at different stages and for different purposes. Different forms are prescribed for them. In the estimate, items of work are shown, then material required for the same along with its cost and then labour and other charges are shown. The *allocation* is also shown. *Report and justification* for a work are also given at the bottom of an estimate. *Remarks of the Accounts officer* are also given.

## ***For what works estimates need be prepared?***

### **All proposals for**

- The construction of new works or purchase of new assets,
- The renewals and replacements of existing works or assets chargeable to DRF/DF/RSF/SRSF and Capital Fund when estimated to cost more than Rs.50,000/-
- The renewals and replacements of existing works or assets chargeable to Revenue when estimated to cost more than Rs.2 lakhs,
- The scrapping, dismantlement or abandonment of existing works or assets
- Temporary and experimental works
- Renewals of ballast

Estimate should ordinarily be scrutinized by the authority competent to sanction them before any expenditure or liability is incurred thereon. This scrutiny is exercised through what are called Estimates for the works.

## **Different kinds of Estimates prepared for works on Railways:**

The following are the different types of Estimates prepared for works on Railways

### **For Open Line Works**

- Abstract Estimates
- Detailed Estimates
- Supplementary Estimates
- Revised Estimates

### **For Construction of New Line Projects**

- Project Abstract Estimates
- Construction Estimates
- Completion Estimates

## Abstract Estimate (AE):

- An abstract estimate is prepared in order to enable the authority competent to give administrative approval to the expenditure of the nature and magnitude contemplated *to form a reasonably accurate idea* of the probable expenditure and such other data sufficient to enable authority *to gauge adequately the financial prospects of the proposal*.
- It *avoids the expenses and delay of preparing estimates* for works in detail at a stage when the necessity and the general desirability of the works proposed have not been decided upon by the competent authority.
- It should contain *a brief report and justification* for the work, specifically should mention whether funds are required in the current FY and to what extent.
- It should also show the *cost sub-divided under main heads and sub-heads or specific items*, the purpose being to present a correct idea of the work and to indicate the nature of expenditure involved.
- The *allocation of above items* as between Capital, DRF, DF etc., should be indicated.
- Administrative approval to a work should be accorded by the authority competent to do so after a thorough examination as to its necessity, utility and financial prospects.
- In regard to works which are specified in the sanctioned budget of a year i.e., in the "Works, Machinery and Rolling-stock Program" accompanying the Budget Orders, the total estimated cost shown against each work should be regarded as the AE.
- The inclusion of a work in the sanctioned budget should be deemed to carry with it the administrative approval of the Railway Board except that in the case of structural works, other than track renewal works, costing more than Rupees

one crore each, the administrative approval of the RB should be obtained by submission of separate AE notwithstanding their specific inclusion in the sanctioned budget.

### **Detailed Estimate: (DE)**

- On receipt of administrative approval to a project or scheme other than for the construction of new line, conveyed through the sanction to the AE relating thereto, *detailed estimates for various works included in the AE* should be prepared and *submitted for technical sanction of the competent authority*.
- It should be prepared in sufficient detail to enable the competent authority to make sure that the abstract estimate sanctioned by a higher authority is not likely to be exceeded.
- No work included in an abstract estimate should be commenced till a detailed estimate for the same is prepared and sanctioned and adequate funds are allotted by the competent authority.
- The detailed estimate of an open line work will comprise
- Statement is showing details of estimated cost
- An outer sheet giving the abstract of cost of work, the report, the financial justification and the allocation.
- **Technical Sanction** - The sanction of the competent authority to the detailed estimate of a work is called the "technical sanction". The authority according technical sanction should satisfy itself that
- the details of the scheme as worked out are satisfactory

- the method proposed for the execution of the work are adequate, and
- the cost has been estimated from reliable data and likely to be reasonably accurate.
- In the case of works within his power of sanction, the General Manager may, in lieu of the procedure of preparing Abstract Estimates for administrative approval, prescribe that both the administrative approval and the technical sanction should be accorded on the detailed estimates.

### **Supplementary Estimate: (SE)**

- A supplementary estimate should be prepared for any item of work, which ought to have been included in the first instance in an estimate already sanctioned but has not been so included, or which it is found later, should be considered as being a part of an estimate already prepared and sanctioned, if it cannot be met out of contingencies.
- Such a supplementary estimate should be prepared in the same form and the same degree of detail as the main estimate and for all purposes be treated as a part of the main estimate.

### **Revised Estimate: (RE)**

- As soon as it becomes apparent that the expenditure on a work or Project is likely to exceed the amount provided there for in the detailed estimate or construction estimate a revised estimate should be prepared and submitted for the sanction of the competent authority.
- It should, unless otherwise ordered by the sanctioning authority, be prepared in the same form and the same

degree of detail as the original estimate, and should be accompanied by a comparative statement showing the excess or saving under each sub-head of account against the latest sanction.

- In cases where a supplementary estimate or a previous revised estimate has been sanctioned by the Railway Board, it should be made clear how the original sanction has been modified by such further sanctions.
- In cases where the work is in an advanced stage and is likely to be completed before a revised estimate can be got out, the excess may, with the prior approval of the competent authority, be dealt with in the completion report of the work.
- The fact that a competent authority has permitted the regularization of excess over an estimate through the completion report should invariably be intimated to the Accounts Officer.