

M&P Programme

S.Srikrishna
Sr.Lecturer, STC/SC

M&P and T&P

A machine that remains stationary and immovable (Job comes to machine and not vice versa) is a Machinery and Plant (M & P) item.

In addition, vehicles such as Staff cars, Lorries, Diesel Utility Vehicles, Road Mobile Cranes, Front End Loader/JCB Cranes and fork lift trucks are also termed as M&P items.

As against this, the following are termed as T&P items:

- All movable machines (except those mentioned above) like pneumatic drills, power saws, tools and plants (such as jigs and fixtures)
- Small tools and equipments required for the maintenance of machines
- All measuring instruments / Gauges (irrespective of their unit cost) and
- For the upkeep of the office such as furniture, computers, printers etc.

Basic Features of M&P Programme

- Items charged to Plan Head 41, Demand 16
- Includes machines of all types and description
 - Used for production in workshops
 - Medical equipment
 - Vehicles
 - Instruments etc

Codal life of Machines

- The Codal life however is merely an average economic life, assumed for the specific purpose of making long term planning for replacements.
- Normally condemnation should be on age and condition basis. Condition depends on hours of usage (double or single shift), load factor, maintenance standards etc.
- Proposing one-to-one replacements should be avoided, unless:
 - i) The requirements of the proposer have remained unchanged since the original equipment was acquired and
 - ii) Machines of higher productivity and reliability cannot be economically justified.

Categorization of M&P Items - Cost Basis

- Above Rs 50 Lakhs
- Rs 10 lakh to Rs 50 lakh

Powers of Sanction

- Items costing up to Rs 50 lakhs
 - Sanctioned by GM and funded out of *lump sum* grant
 - EXCLUDING vehicles
- Item costing above Rs 50 lakhs sanctioned by RB
 - Up to Rs 2.5 crores, sanctioned by Board but not itemised in Pink Book
 - Above Rs 2.5 crores, itemised in Pink Book

S.No.	Nature of Powers	PHOD/CHOD /HOD	DRM/ADRM/ SAG	Divisional Officers, Extra Divisional Officers & Officers in Headquarters	REMARKS
1.	(A) 2. Machinery & Plant costing not more than Rs. 50 lakhs each (PH 41)	<u>PCME</u> Up to Rs. 50 lakhs	<u>DRM/CWM (in SAG)</u> Up to Rs. 20 Lakh in each case subject to the annual ceiling limit granted for the division	<u>SG/JAG</u> Up to Rs. 10 lakhs	<i>Authority:</i> 1. Railway Board's Letter no F(X)II-2015/PW/7 dated 12.06.2017. 2. Railway Board's Letter no 2017/Trans/01/Policy dated 18.10.2017
<p>Note for item 1(A)-2: These powers will be exercised by PCME up to Rs. 50 lakhs in each case.</p> <ol style="list-style-type: none"> Total LSG should not be exceeded LSG will be distributed by CME under PH 41 to various divisions/workshop. The limit of Rs.50 lakhs is for the entire proposal and not for the individual machine as per Rly. Bd's letter No. 2008/M/ M&P/ 1063/GL dtd. 20.2. 2008. Prior associate finance concurrence should be obtained Proper guidelines will be required to be issued by respectivePHODs to all BranchOfficersfor adequate scrutiny of the proposals, fixing priority of work, margin to propose new works, fund control /utilization, etc. Monthly reports in specified format be submitted by divisions and workshops to HQ to ensure close monitoring <p>Note: Definition of M&P for tools and plants--The limit for tools and plants enhanced fromRs. 1 lakh to Rs.10 lakh (tools and measuring equipment costing above Rs.1 lakh was procured as M&P earlier). The machinery/tools costing more than Rs.10 lakhs will be covered under category of M&P and such items costing upto Rs.10 lakhs will be treated as T&P chargeable to Revenue. Authority: RBLtr.No.2017/Trans/01/Policy dt.18.10.2017</p> <p>Note: Sanctioning of procurement of two wheelers under M&P-GMs-Fullpowers to sanction two wheelers for RPF Post incharge. Authority: RBLtr.No.2017/Trans/01/Policy dt.18.10.2017</p>					

Validity of Sanction

- Five years for items sanctioned by Board
 - High value M&P often requires a long time to purchase
 - If there is no satisfactory progress, a sanctioned item may be dropped from the Pink Book
- Three years for items sanctioned by GM's
 - Smaller items that can be procured in two years
 - Subject to budget availability

Head of Allocation

- Depreciation Reserve Fund (DRF)
 - Replacement of overage equipment. (What is old?)
 - Proposed equipment should be essentially for the same purpose as the one being replaced
 - Viability of Reconditioning
 - 80% of funds go to DRF
- Capital (CAP)
 - New equipment acquired for the first time
 - Rate of return should be above 14%
 - Items under safety and legal consideration may be justified even when ROR is inadequate

Head of Allocation (#2)

- Development Funds (DF)
 - To improve quality standards or products or services
 - Medical/safety equipment required for ART/ARME
 - Hardly any funds available
- Other heads:
 - OLWR
 - WMS
 - SRSF

Processing M&P Items

AT UNIT
LEVEL

- Study the requirement
- Survey of available alternatives
- Preparation of specification
- Obtaining budgetary offer
- Giving allocation
- Justification preparation
- Accounts vetting at unit level
- Submission to CME planning in duplicate

Processing M&P Items

HQ

- **Scrutiny of proposals**
- **Sanction of proposals**
- **Communication to units**

Unit
Level

- **Preparation of indent**
- **Vetting of indent**
- **Submission of indent to HQ**

HQ
Level

- **Scrutiny of indent**
- **Submission to FA&CAO**
- **Submission to COS/COFMOW**

The Railway's M&P Programme

- Proposals from units to be sent to CME (Planning)
 - Scrutinize the proposals and help prepare them for sanction
 - Obtain finance concurrence at Zonal HQ if not already obtained
 - Make a priority list and obtain GM's approval
 - Process sanction and liaise with Railway Board
- Target date for submission of Preliminary M&P Programme is October 31 each year

M&P Programme

- The ceiling limit for each zone
 - Board prescribes the ceiling for Preliminary M&P Programme for each Railway
 - Sanctions expected for less than this limit
 - Railways often fail to exhaust the limit!
 - Early bird catches the worms!
- Items that cost above Rs 1 crore require Board's prior approval for their inclusion

The Role of COFMOW

- Purchase of all M&P, except
 - Vehicles
 - Items costing less than Rs 30 lakhs
 - Items for which CAO/COFMOW has given a specific exemption
 - Upon railways request or otherwise
 - Medical equipment
- Drawing up specifications for purchase of equipment and keeping them current
- Publication of a compendium of standard machines (given to all Railways)
- Developing Leading specifications to help end-users

Out of Turn Sanction

- May be sought if an item could not be included in the regular M&P Programme
 - Why it could not be submitted in time?
 - Why it cannot wait for next year?
 - FA&CAO's concurrence and GM's approval is required for submission on out-of-turn basis
 - Not likely to be successful if item is of high value (Why?)

IMPORTANT STAGES INDICATING TIME SCHEDULE

SN	Activities	Above Rs 1 Cr	Rs 1Cr to Rs 10lakh
1	Submission of Proposals for ensuing Year to HQ office	March	July
2	Submission to Rly Board for Prior approval	April	
3	Receipt of Rly Board's Prior Approval	July	
4	Finance concurrence	Aug	Aug
5	Submission of Preliminary M&P Programme to Rly Board	30th Sept	30th Sept
6	Meeting in Rly Board	Oct end	Oct end
7	Submission of Final M&P Programme to Rly Board	15th Dec	15th Dec
8	Publication of Pink Book	10th April	10th April
9	Communication of Sanction to Units	20th April	20th April
10	Submission of Indents	30th June	30th June

M&Ps UNDER GM's POWERS

- **M&Ps costing below Rs 50 lakh & above Rs 10 lakh are sanctioned by GM & not to be sent to Rly Board**
- **Sanction under LSG (Lum-Sump Grant) & under GM's Powers is same**
- **The LSG is utilised in a current Financial Year, as such the proposals can be submitted/processed any time between April to March**
- **However since the proposals are to be concurred by HQ Finance, these should be sent before December**
- **Receipt of proposals in this category is generally poor**

Submission of Indent - Check Points

- Indent No & Date are mentioned
- Consignee name and code are mentioned
- Allocation no. on the indent is correct
- Item no. & year of sanction are mentioned correctly
- Description of the item is exactly as per the sanction
- Estimated cost is as per the sanctioned cost
- Indent is signed by competent authority
- Indent & Estimate are vetted by Associated accounts
- Availability of the funds is indicated for the current year
- Estimate is sanctioned by competent authority
- Specifications are signed by the competent authority

Revision of Cost Estimates

- Requires PHOD's sanction if the item costs more than 30% of sanctioned estimate or Rs 2.5 Crs, whichever is less
 - Does not apply to machines purchased as part of a work. Rules for revision of estimate for works govern overall expenditure in this case

M&P Programme

Preliminary M&P:

Zonal Railways > 10 lakhs each

Production Units > 30 Lakhs each

All Road vehicles irrespective of cost

GM Powers for M&P:

Zonal Railways – All items costing upto 10 lakhs each

- EIMWB costing upto Rs.20 lakhs each

Production Units - All items costing upto > 30 Lakhs each