DEFENCE ACCOUNTS DEPARTMENT

OFFICE MANUAL

PART-VI

(Volume I, II & III)

सत्यमेव जयते

PRINCIPAL CONTROLLER OF ACCOUNTS (FYS)
KOLKATA

(Incorporating amendments upto March 2014)

For the use of Defence Accounts Department only

ISSUED UNDER THE AUTHORITY OF
CONTROLLER GENERAL OF DEFENCE ACCOUNTS
DELHI

2014

Revisions of OM Part VI:

i) 1942
ii) 1958
iii) 1993

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Note : The manual is intended for the guidance of officers and staff of the Department and should not be quoted in correspondence with offices outside the Department. Nothing in this manual will be held to supercede any standing rule or order of the Government of India with which it may be at variance.

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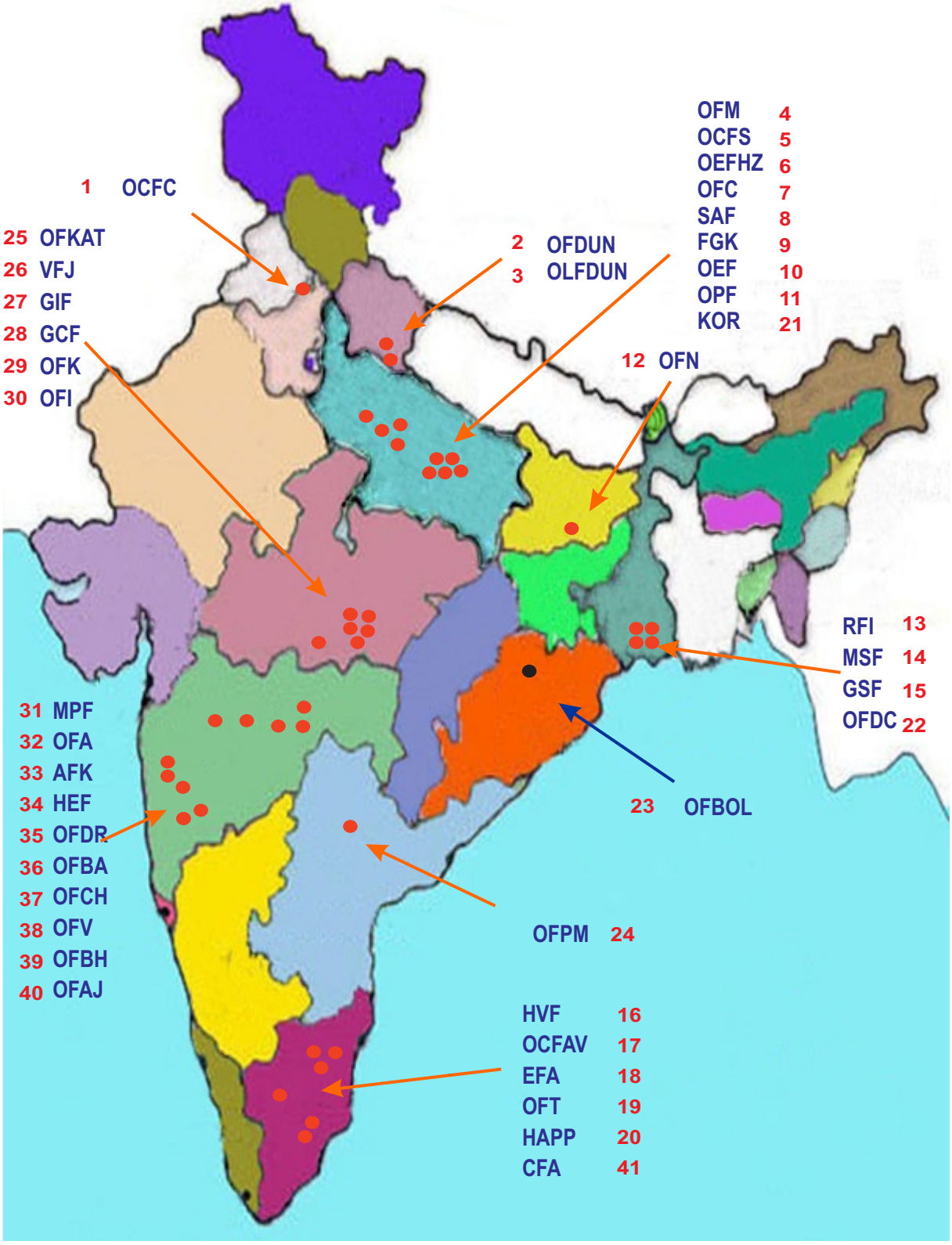
Map showing Location of Accounts Offices of Ordnance Factories in India



Sl. No.	Names of Factories and the corresponding Accounts Offices				
1	OCFC	AO Ordnance Cable Fy. Chandigarh	22	OFDC	AO Ordnance Fy. Dumdum
2	OFDUN	AO OF Dehradun	23	OFBOL	AO Ordnance Fy. Bolangir
3	OLF	AO Opto Electronic Fy. Dehradun	24	OFPM	AO Ordnance Fy. Medak
4	OFM	AO Ordnance Fy. Muradnagar	25	OFKAT	AO Ordnance Fy. Katni
5	OCFS	AO Ordnance Clothing Fy. Shahjahanpur	26	VFJ	AO Vehicle Factory Jabalpur
6	OEFHZ	AO Ordnance Equipment Fy. Hazratpur	27	GIF	AO Grey Iron Fy. Jabalpur
7	OFC	AO Ordnance Fy. Kanpur	28	GCF	AO Gun Carriage Fy. Jabalpur
8	SAF	AO Small Arms Fy. Kanpur	29	OFK	AO Ordnance Fy. Khamaria
9	FGK	AO Field Gun Fy. Kanpur	30	OFI	AO Ordnance Fy. Itarsi
10	OEF	AO Ordnance Equipment Fy. Kanpur	31	MPF	AO Macnihe Tool Prototype Fy. Ambernath
11	OPF	AO Ordnance Parachute Fy. Kanpur	32	OFA	Ordnance Fy. Ambernath
12	OFN	AO Ordnance Fy. (Project) Nalanda	33	AFK	AO Ammunition Fy. Kirkee
13	RFI	AO Rifle Fy. Ishapore	34	HEF	AO High Explosive Fy. Kirkee
14	MSF	AO Metal & Steel Fy. Ishapore	35	OFDR	AO Ordnance Fy. Dehu Road
15	GSF	AO Gun & Shell Fy. Cossipore	36	OFBA	AO Ordnance Fy. Bhandara
16	HVF	AO Heavy Vehicle Fy. Avadi	37	OFCH	AO Ordnance Fy. Chanda
17	OCFAV	AO Ordnance Clothing Fy. Avadi	38	OFV	AO Ordnance Fy. Varangaon
18	EFA	AO Engine Fy. Avadi	39	OFBH	AO Ordnance Fy. Bhusawal
19	OFT	AO Ordnance Fy. Trichy	40	OFAJ	AO Ordnance Fy. Ambajhari
20	HAPP	AO Heavy Alloy Penetrating Project Trichy	41	CFA	AO Cordite Fy. Aruvankadu
21	OF KOR	AO Ordnance Fy. Project Korwa			

PREFACE

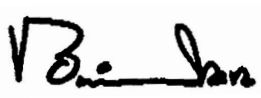
This manual contains instructions and procedure for the conduct and disposal of the work dealt with in the various sections of the Office of the Principal Controller of Accounts (Factories) and in the Accounts Office attached to Factories.

2. For the convenience, this Office Manual has been divided into three volumes. In the updated volume I a new chapter VI had been added on Financial Advice. The chapter on Numerical Codes and their Importance/Syllabus of Work Orders have been re-cast keeping in view the provisions of DPM, DPP and the current FR/SR. Appropriate figures/tables/graphs have been added to make the manual more explicit. New chapters have been added in Vol. III showing the mandate of sections of Main Office.

3. This manual is a departmental publication. The instructions contained therein are supplementary to the rules in the Civil and Defence Audit and Account Codes, Civil Service Regulations, Pay and Allowances Regulations, Pension and Financial Regulations, Factory Accounting Rules etc.

4. Any additions or alterations which may be necessary to the manual will be notified periodically by the P.C. of A (Fys) with the prior approval of the C.G.D.A. The provisions contained in this manual shall be in conformity with the existing provisions of OM Part I and II and their amendments, if any from time to time.

5. This Edition supersedes the 1993 Edition.



Delhi Cantt.
Dated: 23rd April, 2014

(Vandana Srivastava)
Controller General of Defence Accounts

This office Manual Part VI has been divided as under for easy handling:-

Sl. No.	Volume	Section	Chapter	Page No.
1.	Volume-I	Section-I	Chapter I to VIII dealing with work of Branch Accounts Office	1-306
2.	Volume-II	Section-I	Chapter IX to XIII dealing with work of Branch Accounts Office	307-651
3.	Volume-III	Section II & III & Railway Section	Chapter I to XI in Section II, Chapter I to V in section III dealing with Main Office of PC of A (Fys), Kolkata & Railway Section	652-813

REGISTER OF CORRECTIONS

Number of Correction Slip	Month and year	Para (s) affected	Dated initials by whom posted
(1)	(2)	(3)	(4)

ABBREVIATIONS

Sl No.	Abbreviation	Full Form
1	A	Accounts
2	A & E	Ammunition and Explosives
3	A.C.A.	Assistant Controller of Accounts
4	A/C	Account
5	Ack. Due	Acknowledgment Due
6	Addl. DG/P & MM	Additional Director General/Planning and Materials Management
7	Addl. DGOF	Additional Director General of Ordnance Factories
8	Addl. DGOF (AV)	Additional Director General of Ordnance Factories (Avadi)
9	Addl. DGOF (OEF)	Additional Director General Ordnance Factories (Ordnance Equipment Factories)
10	ADG/SP	Additional Director General/Service Project
11	Adj. Vr.	Adjustment Voucher
12	ADTD	Assistant Director Technical Development
13	AFA-I	Assistant Financial Adviser-I
14	AFA-II	Assistant Financial Adviser-II
15	AFK	Ammunition Factory Kirkee
16	AG	Accountant General
17	AO	Accounts Officer
18	Art.	Article
19	Asstt.	Assistant
20	AT	Acceptance of Tender
21	AT No.	Acceptance of Tender Number
22	AT No/SO No	Acceptance of Tender Number/Supply Order Number
23	BMP Medak	Basic Metallurgical Project Medak
24	BQ	Budgetary Quotation
25	BSR	Broken Seal Register
26	C of A (Fys)	Controller of Accounts (Factories)
27	C Section	Costing Section
28	C.D.A.	Controller of Defence Accounts
29	CB	Cheques and Bills
30	C of A (Fys) Railway Section	Controller of Accounts (Factories), Railway Section
31	CCA	City Compensatory Allowance
32	CCO-2	Cash Compilation Order-2
33	CCS (TS) Rules	Central Civil Service (Temporary Service) Rules
34	CDA (HQrs)	Controller of Defence Accounts (Head Quarters)
35	CDA (P)	Controller of Defence Accounts (Pension)
36	CDA Office	Controller of Defence Accounts Office
37	CDA SC, WC and NC	Controller of Defence-Accounts Southern Command, Western Command and Northern Command
38	CDS (IEs)	Civilian in Defence Service (Industrial Employees)
39	CDS (RP)	Central Defence Service (Revised Pay)
40	CEA, IR	Children Education Allowance, Interim Relief
41	CFA	Cordite Factory Aruvankadu
42	CFA(Fys)	Controller of Finance and Accounts (Fys)

Sl No.	Abbreviation	Full Form
43	Cft	Cubic Foot
44	CIA	Chief Internal Auditor
45	CIF	Cost Insurance Freight
46	CKD	Complete Knock Down
47	CKD Packs	Complete Knock down Packs
48	Col.	Colonel
49	CPM	Critical Path Method
50	CR Voucher	Certified Receipt Voucher
51	CRMR	Charge, Receipt, Minus Receipt
52	CS Voucher	Certified Stock Voucher
53	CSR	Central Civil Service Regulation
54	CSR/TR	Civil Service Regulation / Treasury Rule
55	CST	Comparative Statement of Tender
56	CWT	Cubic Weight
57	D D Vr.	Deficiency (Discrepancy) Voucher
58	D of S & D	Director of Supply and Disposal
59	DA	Dearness Allowance
60	DAD	Defence Accounts Department
61	DCA	Deputy Controller of Accounts
62	DCNS	Deputy Chief of Naval Staff
63	DD No. Schedule	Deficiency Discrepancy Number Schedule
64	DD Schedule	Deficiency Discrepancy Schedule
65	DDG, OFB HQrs	Deputy Director General, Ordnance Factory Board, Headquarters
66	DDG/SP	Deputy Director General/Service Project
67	DFA (Fys)	Deputy Financial Adviser (Factories)
68	DGAQA	Director General of Air
69	DGI	Director General of Inspection
70	DGISM London	Director General of Indian Supply Mission, London
71	DGNAI	Director General of Naval Armament Inspectorate
72	DGOF	Director General of Ordnance Factories
73	DGOF/Section SP/D	Director General of Ordnance Factories/Section Store Provisions/Disposals
74	DGOS	Director General of Supplies
75	DGQA	Director General of Quality Assurance
76	DGS & D/DDS	Director General of Supply and Disposal/Director Defence Supply
77	DORS	Director of Riddance Services
78	DOS	Director of Ordnance Service
79	DP & AR	Department of Personnel and Administrative Reforms
80	DP Section	Data Processing Section
81	DPR	Detailed Project Report
82	DPS	Daily Payment Sheet
83	DRDO	Director of Research and Development Organization
84	DTDP & A	Director Technical Development and Production (Air)
85	DV	Disbursement Voucher
86	Dy. Director/PAC	Deputy Director/Public Accounts Committee
87	Dy. G Manager	Deputy General Manager
88	Dy. GM	Deputy General Manager

Sl No.	Abbreviation	Full Form
89	EDP	Electronic Data Processing
90	EL	Earned Leave
91	FGK	Field Gun Factory Kanpur
92	Fire Wood (Ord)	Fire Wood (Ordinary)
93	FR Part I	Financial Regulation Part I
94	Ftr.	Factories
95	Fys	Factories
96	G.P. Fund	General Provident Fund
97	GCF	Gun Carriage Factory
98	GE	Garrison Engineer
99	GIF	Grey Iron Foundry
100	GM	General Manager
101	Govt.	Government
102	Gr. I	Grade-One
103	Gr. II	Grade-Two
104	GSF	Gun and Shell Factory
105	HAPP	Heavy Alloy Penetrator Project
106	HEF	High Explosive Factory, Kirkee
107	HQrs.	Headquarters
108	HRA	House Rent Allowance
109	HVF	Heavy Vehicle Factory Avadi
110	I. Es	Industrial Employees
111	I. Note	Inspection Note
112	I.P.W.	Individual Piece Worker
113	I/c	In Charge
114	IAF (A) 57A	Indian Army Form (A) 57A
115	IAF (CDA) 13	Indian Army Form (CDA) 13
116	IAF (CDA) 338	Indian Army Form (CDA) 338
117	IAF (Fac) 15	Indian Army Form (Factory) 15
118	IAF (Fac) 151	Indian Army Form (Factory) 151
119	IAF (Fac) 16	Indian Army Form (Factory) 16
120	IAF (Fac) 17	Indian Army Form (Factory) 17
121	IAF (Fac) 45	Indian Army Form (Factory) 45
122	IAF 13	Indian Army Form 13
123	IAF O 1929	Indian Army Form O 1929
124	IAFA (456)	Indian Army Form A (456)
125	IAFA 285	Indian Army Form A 285
126	IAFA 299	Indian Army Form A 299
127	IAFA 525	Indian Army Form A 525
128	IAFA 590	Indian Army Form A 590
129	IAFO 1395	Indian Army Form O 1395
130	IAFZ 2014	Indian Army Form Z 2014
131	IAFZ 2096	Indian Army Form Z 2096
132	IBM 1401-M	International Business Management 1401-M
133	ID List	Inter Departmental List
134	ID Schedule	Inter Departmental Schedule
135	IFA (DF)	Integrated Financial Adviser (Defence Production)
136	IFD	Inter Factory Demand

Sl No.	Abbreviation	Full Form
137	IFD Items	Inter Factory Demand Items
138	IOFWP Fund	Indian Ordnance Factory Workers' Provident Fund
139	IPW/GPW	Individual Piece Worker/Gang Piece Worker
140	Issue Vr.	Issue Voucher
141	IT	Idle Time
142	Jt. C of A/JCDA	Joint Controller of Accounts/Joint Controller of Defence Accounts
143	Jt. GM	Joint General Manager
144	KOD	Kind of Document
145	L.P. Bills/LP	Local Purchase Bills/Local Purchase
146	LAO	Local Audit Officer
147	LP	Leave with Pay
148	LP/CP/FP	Local Purchase/Central Purchase/ Foreign Purchase
149	LPC	Last Pay Certificate
150	LTC	Leave Travel Concession
151	M of D/M of Def	Ministry of Defence/Ministry of Defence
152	M&C Div.	Materials and Component Division
153	M.C. Note	Military Credit Note
154	M/s	Material Section
155	Member (Pers.)	Member (Personnel)
156	Member M&C	Member Materials and Components
157	Member TS	Member Technical Development and Services
158	Member/P&MM	Member/Planning and Material Management
159	MES	Military Engineering Service
160	MES/IN/IAF (R & D)	Military Engineering Service/Indian Navy/Indian Air Force (Research & Development)
161	MGO	Master General of Ordnance
162	MHA	Ministry of Home Affairs
163	MI Slip	Material Inward Slip
164	MRO	Military Receivable Order
165	MSF	Metal & Steel Factory Ishapore
166	MT Store	Motor Transport Store
167	MT Vehicle	Motor Transport Vehicle
168	MTPF	Machine Tool Prototype Factory
169	NDA/NSB	Night Duty Allowance/Night Shift Bonus
170	NIES/NGOs	Non Industrial Employees/Non Gazetted Officers
171	NMD	Non Military Department
172	OCFAV	Ordnance Clothing Factory Avadi
173	OCFC	Ordnance Cable Factory Chandigarh
174	OCFS	Ordnance Clothing Factory Shahjahanpur
175	OE Factory	Ordnance Equipment Factory
176	OEFHz	Ordnance Equipment Factory Hazratpur
177	OF Aj	Ordnance Factory Ambajhari
178	OF IT	Ordnance Factory Itarsi
179	OF K	Ordnance Factory Khamaria
180	OF Kat	Ordnance Factory Katni
181	OFA	Ordnance Factory Ambarnath
182	OFB HQrs	Ordnance Factory Board Headquarters
183	OFB/OF Board	Ordnance Factory Board/Ordnance Factory Board

Sl No.	Abbreviation	Full Form
184	OFBA	Ordnance Factory Bhandara
185	OFBh	Ordnance Factory Bhusawal
186	OFBL	Ordnance Factory Bolangir
187	OFB's	Ordnance Factory Board's
188	OFC	Ordnance Factory Kanpur
189	OFCH	Ordnance Factory Chanda
190	OFD	Ordnance Factory Dehradun
191	OFDC	Ordnance Factory Dum Dum Cantonment
192	OFDR	Ordnance Factory Dehu Road
193	OFM	Ordnance Factory Muradnagar
194	OFT	Ordnance Factory Tiruchirapally
195	OFV	Ordnance Factory Varangaon
196	OLF Dehradun	Opto Electronic Factory Dehradun
197	OM	Office Memorandum
198	OM Pt. II Vol. II	Office Manual Part II Volume II
199	OM Pt. VI	Office Manual Part VI
200	OPF	Ordnance Parachute Factory
201	OTA	Overtime Allowance
202	P&AO	Pay and Accounts Office
203	P.C. of A (Fys) "S" Section "AA" Section "PR" Section "FA" Section	Principal Controller of Accounts (Factories) Store Section Annual Accounts Section Production Section Financial Advice Section
204	P/C, P/AC/SP	Production co-ordination, Public Accounts Committee, Store Provision
205	PAOs	Pay & Accounts Offices
206	PAR	Package Accounting Register
207	PDA(OF)	Principal Director of Audit (Ordnance Factories)
208	PERT	Program Evaluation and Review Technique
209	PM	Punching Medium
210	PP Ledger	Priced Production Ledger
211	PSA	Priced Store Account
212	PSA Adjustment	Priced Store Account Adjustment
213	PSA Code	Priced Store Account Code
214	PSA Schedule	Priced Store Account Schedule
215	PSL	Priced Store Ledger
216	PSS	Priced Store Schedule
217	PW	Piece Worker
218	PW Profit	Piece Work Profit
219	Q 1 and Q 2	Quantity One and Quantity Two
220	Qty.	Quantity
221	R&D	Research and Development
222	RFI	Rifle Factory Ishapore
223	Rly. Receipt	Railway Receipt
224	RPC	Revised Pay Charges
225	Rt. Vr.	Receipt Voucher
226	Rt. Vr. No.	Receipt Voucher No
227	S or D Services	Stock or Deposit Services

Sl No.	Abbreviation	Full Form
228	S.O. Rate/AT Rate	Supply Order Rate/Acceptance of Tender Rate
229	SAF	Small Arms Factory
230	SO (A)	Section Officer (Accounts)
231	SOs/ATs/IFDs	Supply Orders/Acceptance of Tenders/Inter Factory Demands
232	Sr. A.O.	Senior Accounts Officer
233	State A.G.	State Accountant General
234	SV Group	Stock Verification Group
235	SWODs	Supplementary Work Order Drafts
236	T Section	Transportation Section
237	TA	Travelling Allowance
238	TA/DA	Travelling Allowance/Daily Allowance
239	TA/LTC	Travelling Allowance/Leave Travel Concession
240	TB	Tuberculosis
241	TDE	Technical Development Establishment
242	TEC	Tender Evaluation Committee
243	TPC	Tender Purchase Committee
244	U.K.	United Kingdom
245	V1 and V2	Value-One and Value-Two
246	VCAS	Vice Chief of Air Staff
247	VFJ	Vehicle Factory Jabalpur
248	Vr.	Voucher
249	Vr. No.	Voucher Number
250	WC Act	Workmen's Compensation Act
251	WO No./WO	Work Order Number/Work Order
252	Wt. No.	Warrant Number

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DEFINITIONS

Acquittance Roll (Muster Roll) 1AFO 1367-A	The document on which the daily attendance of individual workmen is recorded and their total monthly Earnings worked out.
Bin Card	The document on which receipts issues and balances of stores are recorded in the factory store.
Block Register	A register maintained by the Accounts Office in which all capital assets such as machinery, buildings etc., installation etc, are recorded.
CIVs (Certified Issue Vouchers in IAFZ-2096)	Used for store adjustment when actual stocks are less than book balances. These vouchers have to be regularized.
Class of Cost	Denotes, the different elements of the cost of a job, e.g. labour, material etc.
Comparative Statement of Tenders IAFZ-2125	A statement showing the rates quoted by various contractors for the supply of stores with a view to enabling the purchasing office to select the most suitable quotations.
CRVs (Certified Receipt Vouchers) IAFZ-2096	Used for stores adjustment when actual stocks are more than the book balances. These vouchers have to be explained.
Danger level	Denotes the quantitative limit below which stock must not be allowed to fall. When stock reaches this level it is immediately necessary to take suitable provision action.
Day Work Card	The record of the jobs done and time taken thereon by men on daily rates of wages.
Demand Note (IAFO-1926)	The document on which materials are requisitioned by the shops in the factories from the Stores. Only one item of material can be demanded on one demand note.
Deposit Stores	The stores held in deposit in factories on behalf of arsenals and depots for repairs or conversion or for ultimate utilisation in manufacture.
Direct Labour	Represents all labour expended in altering the construction, composition, confirmation or condition of the direct material
Direct Materials	Represent all materials that become a part of the product.
Disbursement Certificate	The document wherein the total amount of advance paid, amount disbursed to the IEs, the balance refunded to the treasury and recoveries made from the lEs on account of rent, fines etc. are noted.
Discharge Memos	Documents showing the date of discharge of workmen under the orders of the competent authority.
Except System	The system under which components of an article are manufactured on separate work orders provided for them in the syllabus of work orders.
Except Voucher(IAFZ-2096)	Voucher through which the stores are received from outside are brought on ledger charge.
Expense Vouchers(IAFZ-2096)	Used to write off petty expenditure (under the authority) such as to charge off minor losses etc., from the ledgers for which no formal loss etc, statement is necessary.
Extract	An order issued by the DGO F for the manufacture of stores or performance of services in factories.

Factory	Includes Ordnance Clothing and Harness and Saddelery (or Leather) Factory
Fixed Charges	Mean the Overhead Charges that either are invariably or do not vary to any appreciable extent with the load of the factory and are absorbed on the basis of "Stabilized on Cost" labour hour rate.
G.M.	The executive head of a factory and includes Officer-in-Charge of a factory
Gate Pass (IAFD-1932)	An authority for an employee to leave the factory during working hours and also for the Gate-Keeper to pass Stores out of the factory.
Inability Sheet	A document on which the Store holder reports his inability to supply a store when the Stock has gone below a fixed limit so that arrangements may be made for replenishment. It shows stock in hand, dues, average consumption, liabilities in sight and requirement to meet liabilities.
Inspection Note(IAFO 1-937) or Departmental Advice Note	The voucher which is used for articles manufactured in a factory for stock. In the Ammunition Factory Kirkee and Leather Factories this is usually called an 'O' vouchers. In other factories this is called a 'CS' voucher.
Issue Vouchers (IAFZ-2096)	Vouchers on which the stores are issued out side factory either from stock or production of the factories.
Kind of Document	To facilitate easier classification of certain primary documents (for stores and cost accounting) received from the Factory Management, a Serial No. is allotted to each type of document e.g. Piece Work Card, Day Work Card, Demand Note, Return Note, etc., each identified by a distinct code. This Serial No./Code No. is known as Kind of Document.
Loan Book	A register to record loan transactions Inward and Outward which take place through Nominal vouchers and to watch return of stores issued on such vouchers.
Manufacture Warrants (IAFO 1925)	The authority to the shops to undertake work placed on the factory. It is Work Order sheet in Clothing Factories.
Material In-ward Slip (IAF Fac-1888)	A descriptive statement prepared in the factory on receipt of stores, showing full particulars of the stores received and the results of their examination by the inspecting authority.
Material Warrant(IAFO-1894)	A document indicating on the basis of the standard estimate the quantity of material required for a job on the authority of which manufacturing shops demand the materials required. It is termed a work order sheet in Ordnance Clothing Factories.
Night Shift Bonus	The extra pay admissible under rules for overtime work during the night.
Nominal Vouchers (IAFZ-2096)	Vouchers through which nominal transactions as distinct from regular store or production transactions are made. Stores are neither brought on charge nor struck off the ledger through the medium of this voucher.
Ordering Level	The stock level at which provision action for replenishment should be taken so that taking into account the source of

	supply, transit time, etc. the stock is recouped and is available for use when required (see definition of danger level).
Overheads or on cost	Represent the cost of indirect labour, indirect material and other expenses including services which cannot conveniently be charged direct to out turn work orders. They are divided into "Fixed" and "Variable" for purposes of levy based on the rate per SMH/Man Hours.
Overtime Note	An order authorizing employees to work overtime.
Packing Account	A document showing the quantity of store consigned, and other details and is usually received along with consignments from overseas.
Piece Work Card(IAFO 1889 and 1989-A)	A document used for recording the operations to be carried out and the results or work done by the piece workers at a stated rate in terms of hour.
Principal ledger	The ledger maintained outside the financial account by the respective Accounts Offices for the purpose of preparation of the Consolidated Manufacture Account and arriving at the cost of production of articles manufactured in the Factories.
Process cost	The cost of product at each process, operation or stage of manufacture, where the product of one process becomes the materials of another process or operation.
Process Cost Statements	Statement technically called schedules, on which the cost of manufacture of certain principal items is worked out exhibiting the cost of each process or stage of manufacture.
Red Demand Notes(IAFO-1895)	Documents (used in Fys working on the except system) on which components are manufactured in a factory and drawn from the initial manufacturing shops for purposes of assembly. The characteristic red colour is used for facility of segregation from the ordinary demand notes.
Red Return Notes(IAFO-1927)	Documents on which surplus components drawn on Red Demand Notes are returned to the Component Store.
Replacement Warrant.	Warrants on the authority of which work to cover the manufacture of articles found defective in the course of manufacture is under taken.
Return Notes(IAFO-1927)	The document on which Surplus materials or scrap in shops are returned to stores. Only one item of material can be returned on one return note.
Sale Account(IAFA 58)	An account showing details of all sale made by the factory and recovery effected therefor.
Schedule of Standard	The schedule showing by trades, wages rates sanctioned for each particular factory. This serves as a guide to the management in fixing the rates of wages for newly recruited employees.
Semi (finished)(Fac)-53	A list showing the finished items of manufacturing which have passed in inspection but could not be dispatched by the factory by 31st March.
Semi (unfinished) (IAFO-1906)	A list showing the items of work in progress or work in an unfinished stage available in the shops on 31st March.
Standard estimates IAFO 1381 or 1940 Inner and Outer	Contain the list of standard quantities of material and the approved labour hours authorized for the manufacture of a single unit or of units of a product. In certain Ord. Factories,

	these are called as 'Rate Form' and in Clothing Factories, 'Garniture List.'
Step Ladder	A method of allocation of charges of "Service Sections" to "Production Sections" for the calculation of Overhead Charges debitable to each shop
Store Ledger	This is the orthodox store accounting document generally in loose leaf form (under manual system) in which the Accounts Officer post both in quantity and in value all transactions affecting factory stock.
Supplementary Work Order	An order issued by the General Manager for the execution of petty casual work or for internal factory services which do not require the sanction of the DGOF.
Syllabus of Work Order Part-I	A catalogue of W.O. common to all factories consisting of direct capital, process orders, etc., other than regular Out turn orders which are included in Part-I syllabus.
Syllabus of Work Order Part-II	A code or a catalogue of a Factory's out turn work orders. Each work order is assigned a serial No. for identification and accounting purposes and the series usually arranged either in alphabetical or PVS Order. As far as practicable the description of the W.O. should conform to the official nomenclature of the job at its finished stage.
Transfer Memos	Used for transferring men to idle time etc. and from one shop to another.
Transfer vouchers(IAFO-19107)	Prepared for transfer of expenditure (material, labour or Overhead) from one work order or warrant to another.
Variable Charges	Represent the Overhead Charges that fluctuate in sympathy with the load of the factory.
Warrant	Constitutes the authority of the factory management to the Shops concerned for putting the work in hand.
Work Order	The numerical code no. assigned to each kind of expenditure incurred or work undertaken in a factory.
Work Order Sheets	Combined manufacture and material warrants used in Clothing Factories.

VOLUME-I

(SECTION-I)

BRANCH ACCOUNTS OFFICES ATTACHED TO FACTORIES

CHAPTER - I

ORGANISATION OF DEFENCE ACCOUNTS DEPARTMENT AND PRINCIPAL CONTROLLER OF ACCOUNTS (FACTORIES)

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Member (Finance)	3	3
Principal Controller of Accounts (Fys)	4	3
Group Controllers & Branch Accounts Offices	5	4

I

ORGANISATION OF DEFENCE ACCOUNTS DEPARTMENT AND PRINCIPAL CONTROLLER OF ACCOUNTS (FYS)

A. ORGANISATION OF DEFENCE ACCOUNTS DEPARTMENT

The Controller General of Defence Accounts is the Head of the Defence Accounts Department. He functions on behalf of the Secretary Defence (Finance) / Financial Advisor(Defence Services), in all matters affecting Financial Advice, Internal Audit and the accounting in respect of expenditure pertaining to Defence Services. The CGDA is responsible for the administrative and efficient working of the Defence Accounts Department. All Principal Controllers/Controllers including PCA (Fys) in the department function under his overall guidance and direction and are directly responsible to him. He may on his own motion or on a reference being made to him by the Government of India or the Services Headquarters, review any audit decision of any audit officer of the Defence Accounts Department and take a final decision in the matter. The Organisational Chart of CGDA with reference to PCA(Fys) is enclosed as Appendix I.

B. ORGANISATION OF PRINCIPAL CONTROLLER OF ACCOUNTS (FYS)

2. The Defence Accounts Department is the pioneer of the 'Costs and Works Accountancy' in India. The primary role of cost accounting was discharged by the branch accounts offices attached to each Ordnance Factory, the overall function of laying down the policy frame work, its monitoring, control and review was carried out besides various day to day payment, accounting and administrative function by the Controller of Factory Accounts under Controller General of Defence Accounts. The office of Principal Controller of Accounts (Ordnance Factories) has taken shape in early 1920's. The Finance & Accounts function in Ordnance Factories was integrated with the Management function from the Factory Level upwards to the level of the Ordnance Factory Board under orders issued by the Department of Defence Production vide letters Nos. 8(2)/74/P/D (FY.I) dated 9th January, 1979 (Annexure – A) and 1(82)/78/D (FY-I) dated 3rd May, 1979 (Annexure –B).

3. Member (Finance) Ordnance Factory Board is assisted by Principal Controller of Accounts (Fys) {PCA Fys}Kolkata and Controllers of Finance (CoFs) in the Finance Division of OFB, Kolkata. In the organization of PCA(Fys), there is one Branch Accounts Office (Br.AO) (also called Local Accounts Office or LAO) in each factory, headed in most factories by Time Scale/Junior Administrative Grade (JAG)/ Non-functional Selection Grade (NFSG) Officers of Indian Defence Accounts Service (IDAS). The working of Branch AOs is supervised by Group Controllers of Finance & Accounts (CF&As). For this purpose, the Br.AOs are grouped geographically under 9 Controllers. The organizational structure is appended at the Appendix - II.

4. Principal Controller of Accounts (Fys) is responsible for payment, accounting, compilation of expenditure, financial advice functions of Ordnance Factories and Allied Establishments. The Principal Controller of Accounts (Fys) is committed to render efficient, correct and prompt accounting, payment and financial services leading to customer satisfaction. The accounts of Ordnance Factories are prepared and consolidated by the Principal Controller of Accounts (Fys), Kolkata on formats prepared in consultation with the OFB and approved by the Comptroller and Auditor General of India (C&AG). It is also committed to render efficient audit services to ensure public accountability. It also renders various reports and returns including Annual Production & Store Accounts, Quarterly Financial reports, Annual Audit Certificate to Controller General of Defence Accounts (CGDA). CGDA is responsible for rendering of Annual Audit Certificate and connected statements as well as Appropriation Accounts pertaining to Ordnance Factories. It is under this mandate that the PCA (Fys) submits the accounts and related reports of the Ordnance Factories to the CGDA, in

consultation with Member (Finance), and also seeks clarification and policy direction on payment and accounting matters from the CGDA, where required.

5. The Finance & Accounting functions at each Ordnance Factory are being discharged by a dedicated Branch Accounts Office co-located with each Ordnance Factory. The Factory Accounts Offices are making payments, maintaining Financial and Cost Accounts and render financial advice to General Managers of Ordnance Factories. The Branch Accounts Office performs these functions in an integrated manner well suited to the needs of a production organization. Broadly, the functions are:

i) Payment – calculation and payment of pay & allowances, personal claims, GPF maintenance and payments to suppliers.

ii) Auditing – pre-audit of payments released (Pay & allowances, bills) and also post-audit of contracts/supply orders, pay & allowances, fund accounts etc.

iii) Finance - vetting the provisioning and procurement proposals, participations in TPCs, vetting of supply orders / contracts and post-contract amendments and issues.

iv) Accounting – compilation of financial and cost accounts including accounting of all expenditure, booking of issues to indentors, inventory accounting including maintenance of Priced Store Ledger for the Ordnance Factories concerned, pricing of estimates, production review through Quarterly Financial Report (QFR) and cost analysis.

v) Budgeting – participation in budget formulation from shop level to OFB level, pricing of products, monitoring through periodical review of expenditure and issues.

6. In performance of the above functions, the Officer-In charge of Branch Accounts Office acts as a dedicated Integrated Financial Advisor to the Sr. GMs/GMs of the Factory concerned and is fully empowered to take decisions at his level. The participation in and matters related to TPCs are regulated in accordance with the TPC structure as laid down in orders/guidelines issued by MoD/OFB/PCA(Fys).

a. The working of Branch Accounts Offices is supervised by the respective Group CsF&A on the principle of dual accountability of finance functionaries to the management/executive on the one hand and the higher finance echelons on the other hand. Such a dual accountability is an intrinsic part of the IFA scheme of the Ministry of Finance as prevailing in Ministries/Departments.

b. The Group CsF&A exercise administrative and functional supervision over the working of the Branch Accounts Offices and provide a crucial ground level interface between the Factory and the Branch Accounts Office on one side and with the PCA (Fys) Kolkata as well as the Member (Finance) OFB on the other side. The Group CsF&A through participation in TPCs advise the Sr. GMs/GMs on important and high value procurement cases. For matters other than TPCs, the role of Group CsF&A is essentially that of supervision and monitoring through periodical reports and returns and inspections. The CsF&A also gives clarifications to the Branch accounts Offices, in consultation with PCA(Fys)/Member (Finance)/CGDA if required, in cases of doubts and differences between the Factory Management and the Br. AO. The Group CsF&A also plays an important coordinating role so as to ensure uniform application/interpretation of rules in the Branch Accounts Offices under his group charge. The functional guidelines for working of the Branch Accounts Offices logically flow from the Group CsF&A.

c. There are at present 41 Br. AOs, grouped geographically under 9 Controllers of Finance & Accounts (CsF&A). The Group CsF&A report administratively to PCA (Fys). The location of the Group CsF&A is given in the table below:

Sl No.	Location of CFA	Group Charge	Factories under Group charge
1	HVF Avadi	Avadi Group	HVF Avadi, OF Trichy, CF Aruvankadu, HAPP Trichy, OCF Avadi, EF Avadi
2	RF Ishapore	Bengal Group	RF Ishapore, MSF Ishapore, GSF Cossipore, OF Dumdum, OF (P) Nalanda
3	AF Kirkee	Kirkee Group	AF Kirkee, HEF Kirkee, OF Ambarnath, OF Dehuroad, MTPF Ambarnath
4	OF Ambajhari	Ambajhari Group	OF Ambajhari, OF Chanda, OF Bhusawal, OF Bhandara, OF Varangaon
5	OEF Kanpur	Kanpur Group	OF Kanpur, OCF Shahjahanpur, OPF Kanpur, OEF Hazratpur, SAF Kanpur, OEF Kanpur, FG Kanpur, OF (P) Korwa
6	VF Jabalpur	Jabalpur Group	VF Jabalpur, GIF Jabalpur, GCF Jabalpur, OF Itarsi, OF Khamaria, OF Katni
7	OLF Dehradun	Dehradun Group	OLF Dehradun, OF Dehradun, OCF Chandigarh, OF Muradnagar
8	BMP Medak		OFP Medak
9	OFBL		OF Bolangir

d. The Head of Accounts Office is Joint Controller of Finance & Accounts/Deputy Controller of Finance & Accounts/Assistant Controller of Finance & Accounts / Senior Accounts Officer/ Accounts Officer. Controller of Finance & Accounts/Joint Controller of Finance & Accounts are also posted as in-Charge of certain Branch Accounts Offices forming Groups under their control. Apart from the Gazetted Officers the responsibility for the efficient running of the sections is vested on the Asstt. Accounts Officer/Section Officers who are assisted by Senior Auditors, Auditors, Clerks etc. The duties entrusted to the Accounts Officers are:

(i) Payment of all claims of Industrial employees.
(ii) Payment of claims of contractors and all matters connected with the provisioning, purchase (financial advice), utilization and disposal of material.
(iii) Maintenance of Cost Accounts including accounting of Capital Assets.
(iv) Scrutiny of Administrative Approvals, connected with recovery of License Fees, leaves, contracts.
(v) Payment of bills for advances of TA /LTC of all categories of employees and contingent bills.
(vi) Preliminary scrutiny of pay bills of Gazetted Officer /NIEs/NGOs and issue of cheques or NEFT advice.
(vii) Local audit of the accounts of formations of the Inspectorates.

Annexure-A

COPY
IMMEDIATE
No. 8(2)/74/1/D (Fy-I)
Government of India
Ministry of Defence
Department of Defence Production

New Delhi, the 9th January, 1979.

To
The Director General
Ordnance Factories,
6, Esplanade East,
Calcutta

SUB: RE-ORGANIZATION OF THE ORDNANCE FACTORIES.

Sir,

I am directed to state that recommendations regarding re-organization of the Ordnance Factories made by committee on Ordnance Factories, under the Chairmanship of Shri V.C. Rajadhyaksha, in its First Report, have been under examination of Government for some time and the President is now pleased to decide as follows:-

a) An Ordnance Factory Board with DGOF as Chairman and the following seven full time Members in the rank of Additional DGOF, shall be set up at the Headquarters office of the DGOF:-

1. Member - Ammunitions and Explosives (Group of Factories)
2. Member - Weapons, Vehicles & Equipment (Group of Factories)
3. Member - Material & Components (Group of Factories)
4. Member - Finance
5. Member - Personnel
6. Member - Planning Materials Management.
7. Member - Technical Development & Services

The Board shall include, in addition to the above mentioned seven full time Members, up to three technical persons selected from other Ministries. These technical persons shall be nominated on the Board by a separate order of Government.

A separate Government letter laying down the functions of the Ordnance Factory Board and its administrative and financial powers is being issued.

b) The Ordnance Equipment Factories Group excepting the Ordnance Cable Factory, Chandigarh shall be separated from the Ordnance Factory Board and made into an independent division directly under the Ministry of Defence. The Heavy Vehicles Factory Avadi shall be placed under the control of the Ordnance Factory Board. The dates from which the above separation/merger shall take place will be announced in due course.

c) The Finance & Accounts functions relating to the Ordnance Factories Organization shall be fully integrated with the management functions from the Factory level upwards to the level of the Ordnance Factory Board.

shall be functioning under the control of Ordnance Factory Board through Member (Finance) who will also act as sub-audit officer to enable the Controller General of Defence Accounts to render the prescribed audit certificate. However, the responsibility for cadre management of the staff manning the various posts in the set-up of Controller of Accounts (Factories) shall continue to rest with the Controller General of Defence Accounts for 2 years, where after it shall be reviewed.

Detailed instructions regarding the integration of finance and accounts with the Ordnance Factories and the set-up under Member (Finance) will be issued separately.

d) A Chief Internal Auditor (Factories) shall be appointed who shall function under the overall control of Member (Finance). Instructions laying down the functions etc. of the Chief Internal Auditor (Factories) will be issued separately.

e) The Member (Finance) in the Ordnance Factory Board shall be assisted by a Controller of Finance (Factories). Other subordinates posts required for the re-organized financed and accounts set up shall be provided by internal adjustment. The newly created posts of Member (Finance), Controller of Finance and Chief Internal Auditor shall be manned by the officers of the Indian Defence Accounts Service for the time being.

3. For the implementation of the above decisions, sanction of the President is hereby accorded to :-

(a) The up gradation of four existing posts of Regional Directors (scale ₹ 2500- ₹2750/-) to the level of Additional DGOF (scale of pay ₹ 3000/- fixed), and.

(b) The creation of the following additional posts:

(i) One post of Additional DGOF in the scale of pay of ₹ 3000/- fixed.

(ii) One post of Controller of Finance (Factories) in the scale of pay of ₹ 2500-₹2750/ ₹2250-₹2500.

(iii) One post of Chief Internal Auditor (Factories) in the scale of ₹ 1500-₹2000/-.

4. DGOF may take necessary steps immediately to ensure that the re-organized set up starts functioning as early as possible.

5. The expenditure involved except that relating to Controller of Accounts (Factories) will be debitable to the relevant Head of Account of the Defence Services Estimates. The expenditure relating to Controller of Accounts (Factories) Organization will continue to be met from Civil Estimates, until further orders.

6. This issues with the concurrence of Finance Branch vide their U.O. Note No. 56-Proj.I/79 dated 6th January, 1979.

Yours faithfully,
Sd/-
(B.N.DUBEY)

Joint Secretary to the Govt. of India

Copy to:-

1. The Controller of Defence Accounts, New Delhi
2. The Director of Audit, Defence Services, New Delhi
3. The Senior Director of Audit, Defence Services, Calcutta
4. The Controller of Defence Accounts (Fys) Calcutta

5. The Deputy Financial Adviser (Proj.), New Delhi
6. The Deputy Financial Adviser (Fys) Calcutta
7. The Director (Coord), OF Cell, New Delhi
8. The Director (OF), Deptt. of Defence Production, New Delhi
9. Cabinet Secretariat, New Delhi (Shri Vinod Vaish, Deputy Secretary)
10. Department of Personnel & A.R. M.H.A. New Delhi
11. The Joint Secretary (PS), Min. of Defence, New Delhi
12. The I.F.A. (DP), New Delhi



Annexure - B

No. 1(82)/78/D (FY-I)
Government of India
Ministry of Defence
Department of Defence Production
New Delhi, the 3rd May 1979

To,
The D.G.O.F & Chairman
Ordnance Factory Board,
6, Esplande East,
Calcutta

Subject : Reorganization of the Ordnance Factories.

Sir,

Government orders on the reorganization of the Ordnance Factories and formation of the Ordnance Factory Board have been issued under the Ministry of Defence (Department of Defence Production) letter No. 1(82)/78/D(Fy – I) dated 9th January, 1979. The orders regarding Ordnance Factory Board's administrative and financial powers have been issued under the Ministry of Defence letter of even number dated 9th February, 1979. The reorganization will come into effect from 2nd Aril, 1979. In terms of sub-para (c) and sub-para (d) of para 1 of Ministry of Defence letter dated 9th January, 1979, finance, accounts and internal audit of the Ordnance Factories will be reorganized as follows :-

2. In the field of financial management, the Member (Finance) will in future be responsible for finance, accounts and internal audit of the Ordnance Factories Organization. In the discharge of these functions, he will be assisted by Controller of Finance (Fys), Controller of Accounts (Fys) and Chief Internal Auditor (Fys) respectively.

Controller of Finance

3. The Controller of Finance (Fys) will function directly under the Member (Finance) of the Ordnance Factory Board. The existing DFA (Fys) Organization will be functionally under the Controller of Finance. The terms and conditions of services including system for payment of salaries of the officers and staff working under DFA (Fys) will remain unchanged. DFA (Fys) will be re-designated as Joint Controller (Fys).

Controller of Accounts

4. The present Controller of Defence Accounts (Factories) will be re-designated as Controller of Accounts (Fys) and will come functionally under Member (Finance).

5. The Heads of Accounts Division of all Ordnance Factories will, in future, report to both the General Managers of the Factories and the Controller of Accounts (Fys).

6. The Accounts organizations will continue to exist as before and the terms and conditions of the officers and staff and administrative control over them will remain unchanged.

7. The Internal audit functions will be under the control of the Chief Internal Auditor (Fys). The Chief Internal Auditor (Fys) will function under Member (Finance). The functions of Internal audit will be laid down separately by the Govt. The accounts and internal audit of the factories will continue to be staffed by the

personnel of the Defence Accounts Department.

8. The present posts of Dy. CAs/ JtCs-cum-JCsDA at Kanpur, Jabalpur, will now be re-designated as Joint Controller of Finance and Accounts and would perform both the functions of Internal Finance and Accounts Wing. All JCsDA outside the office of CDA (Fys) and presently in Group Charge of Factory Accounts Officers will cease to be in charge of groups of factories, as each factory will now have a separate officer for these functions.

9. In sofar as the work of accounts, audit and finance advice to AFD (M), Agra, is concerned, status quo will be maintained. The Controller of Accounts (Fys) will continue to perform functions presently carried out by CDA (Fys) relating to accounting, audit and finance functions of the DGI and R&D Organizations. Similarly the work relating to railway sections will continue to be under him. In respect of the above mentioned four organizations, Controller of Accounts (Fys) will continue to be responsible to the CGDA.

10. In respect of the HVF Avadi, separate orders will be issued in due course.

Writing of ACR

11. The Annual Confidential Reports of the Heads of Accounts divisions will be initiated by the General Manager of the Ordnance Factories concerned and will be forwarded to the Controller of Accounts. The Controller of Accounts after recording his remarks will forward the ACR to the Member (Finance) who will be the Reviewing Authority. Instructions regarding writing of the ACRs will be issued separately.

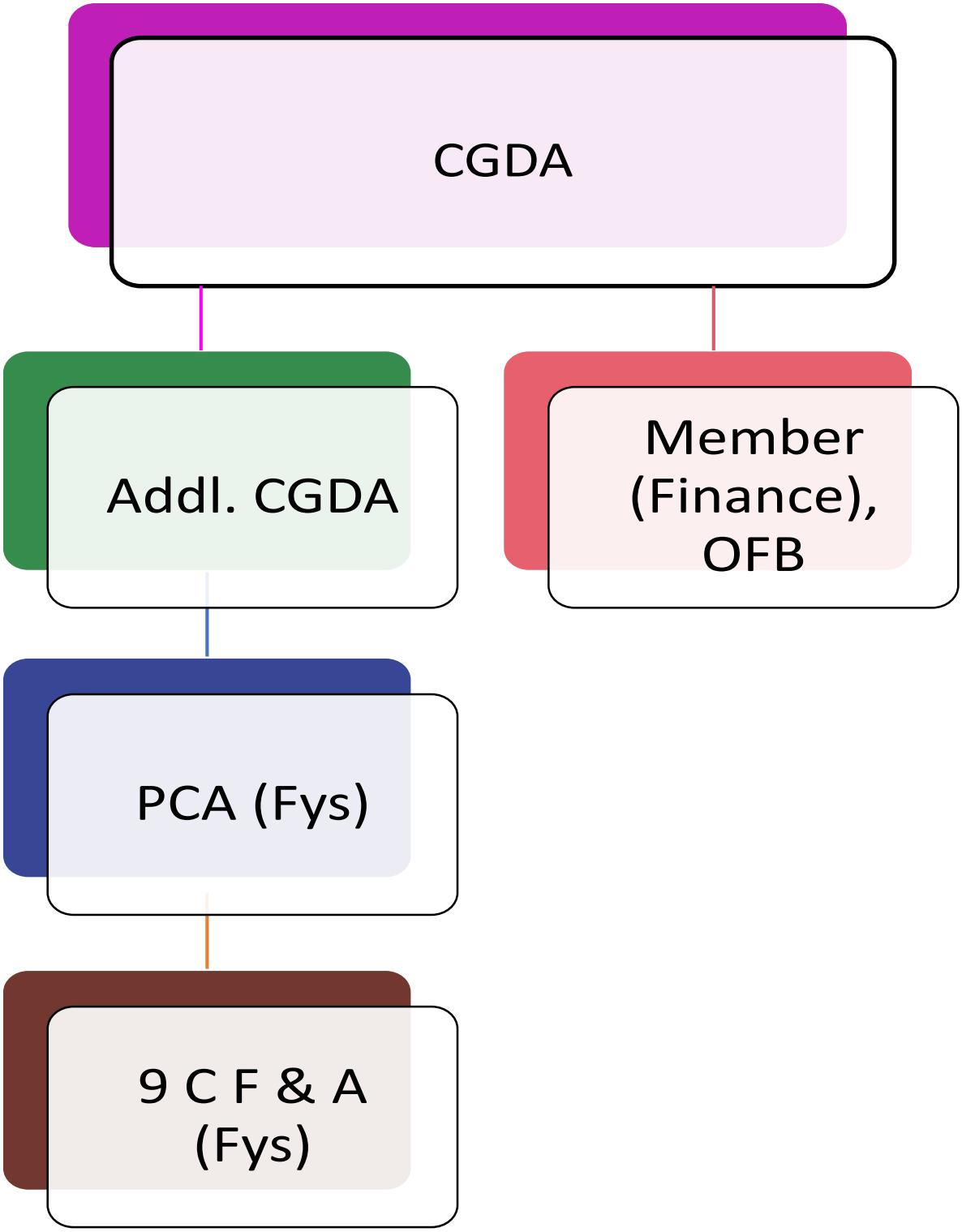
12. The CGDA will obtain the Annual Audit Certificate and connected statement pertaining to the work handled by the Controller of Accounts (Fys) through the Member (Finance) and submit the same to the Ministry of Finance (Defence), CGDA will carry out such inspection of accounts as may be necessary changes in accounting and audit procedures for the Ordnance Factories will be referred to the CGDA. For appropriation accounts, the existing procedure will continue.

13. Member (Finance) will provide necessary assistance in regard to the financial matters to the Members of the Ordnance Factory Board.

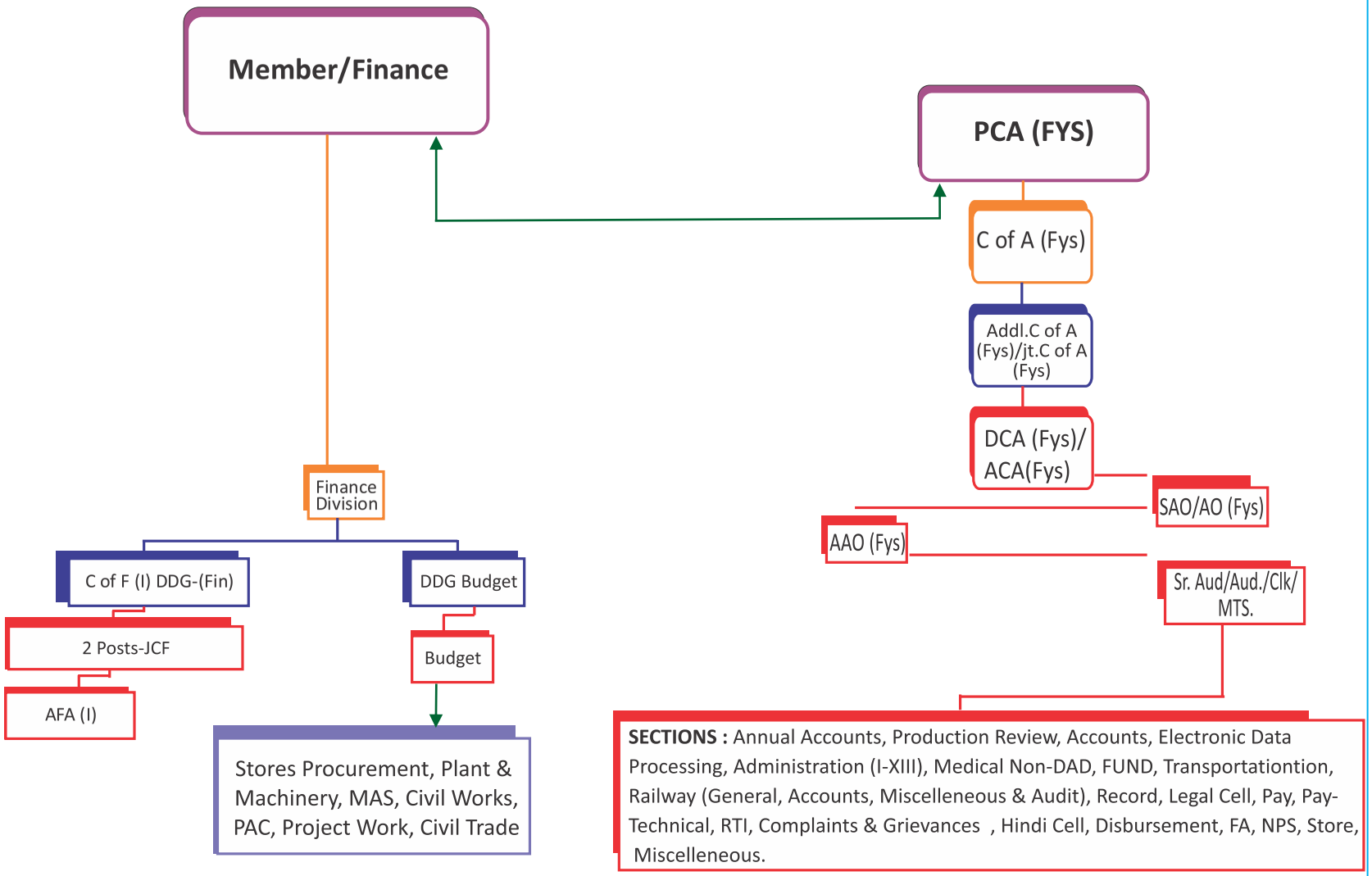
14. Cases of disagreement and overruling of the Heads of Accounts Division of Factories, by the General Manager shall be reported by the General Manager to the concerned Member of OFB and Member (Finance).

15. This issues with the concurrence of the Integrated Finance vide their U.O. No. 643/DFA(DP&R) dated 3rd May 1979 and with the approval of Ministry of Finance (Defence) in respect of DAD personnel and Department of Defence in respect of the personnel of DFA(Fys). The Ministry of Home Affairs (DP&R) have also concurred.

Sd/-
JOINT SECRETARY TO THE GOVT. OF INDIA


CGDA
Addl. CGDA
Member (Finance), OFB
PCA (Fys)
9 C F & A (Fys)

Appendix - II


Member/Finance
PCA (FYS)
C of A (Fys)
Addl.C of A (Fys)/jt.C of A (Fys)
DCA (Fys)/ ACA(Fys)
SAO/AO (Fys)
AAO (Fys)
Sr. Aud/Aud./Clk/ MTS.
Finance Division
C of F (I) DDG-(Fin)
DDG Budget
2 Posts-JCF
Budget
AFA (I)
Stores Procurement, Plant & Machinery, MAS, Civil Works, PAC, Project Work, Civil Trade
SECTIONS : Annual Accounts, Production Review, Accounts, Electronic Data Processing, Administration (I-XIII), Medical Non-DAD, FUND, Transportationtion, Railway (General, Accounts, Miscelleneous & Audit), Record, Legal Cell, Pay, Pay-Technical, RTI, Complaints & Grievances , Hindi Cell, Disbursement, FA, NPS, Store, Miscelleneous.

CHAPTER - II

ORGANISATION OF ORDNANCE FACTORY BOARD AND ALLIED ESTABLISHMENT & EVOLUTION HISTORY OF COST ACCOUNTING IN ORDNANCE FACTORIES

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Quality Assurance	14	14
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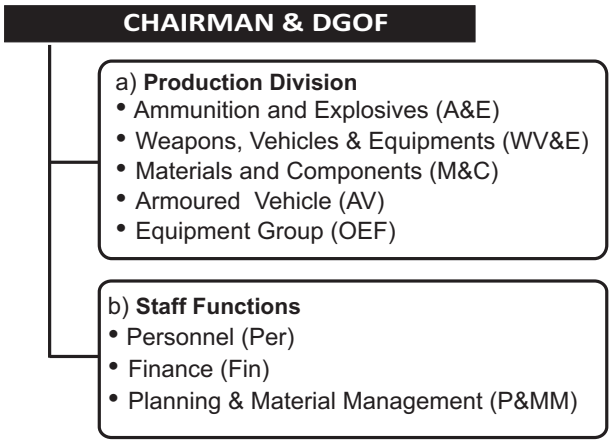
II ORGANISATION OF ORDNANCE FACTORY BOARD AND ALLIED ESTABLISHMENT & EVOLUTION HISTORY OF COST ACCOUNTING IN ORDNANCE FACTORIES

A. ORGANISATION OF ORDNANCE FACTORY BOARD AND ALLIED ESTABLISHMENT

7. The Management of the Ordnance Factories is vested in the Ordnance Factory Board (OFB). Prior to 28th September 1961, the Ordnance and Ordnance Clothing Factories were headed by Superintendents who were re-designated as General Managers vide Ministry of Defence letter No. 9(9) /61/I/D (Fy) dated 28th September 1961 (Annexure C). For reorganization of Ordnance & Ordnance Equipment Factories, Government of India had set up a committee under the chairmanship of Shri V.C Rajadhyaksha. The recommendation of Rajadhyaksha committee, that an Ordnance Factory Board with DGOF as Chairman and full time members in the rank of Addl. DGOF, had been implemented vide MoD (Deptt of Prod) letter no. 8(2)/74/1/D (Fy-I) dated 9th January 1979 (Annexure-A of Chapter I). In appendix-IV & V of MoD (Deptt of Prod) letter no. E1 (82)/78/D (Fy-I) deted 9th February 1979 (Annexure-D), proceedings and rules for the conduct of the business of Ordnance Factory Board has been broadly laid down. The Ordnance Factories organization is primarily engaged in manufacture of Arms, Ammunitions, Equipment, Armoured Vehicles & Personnel Carriers, Transport Vehicles, Clothing and General Stores items. After meeting the primary requirement of the Armed Forces, spare capacities are utilized for supply to non-defence sector and exports.

8. The Apex Board is headed by Director General Ordnance Factories (DGOF) as Chairman. He is assisted by nine (9) members in the rank of Additional DGOF. The organizational chart of OFB is at Appendix-III. In his capacity as the Director General Ordnance Factories, he is the administrative head. Ordnance Factories are divided into five (5) operating divisions, depending upon the type of the main products/technologies employed. Each of the division is headed by a Member/Additional DGOF (Appendix-IV). The four remaining Members are responsible for staff functions. Special/ extended Board at Ordnance Factory Board provides for representation of Master General of Ordnance (MGO) and Director General of Quality Assurance (DGQA) to represent the users and their interest on quality aspects. The Special Board also has representation from the Ministry of Defence as well as DRDO. Joint Secretary (Ordnance Factories), Addl. Financial Advisor from the Defence (Finance) and the Chief Controller of Research & Development (CCR&D) participate in the Special Board meetings held periodically to provide appropriate inputs and perspectives for planning resources, upgrading technology demanded by products and processes and on various other related issues necessary for the efficient functioning of OFB. The broad structure of DGOF is given below in the Figure-1

Figure - 1



9. The corporate head quarters are at Kolkata (West Bengal). Two more branch head quarters are located at Avadi (Tamil Nadu) and Kanpur (Uttar Pradesh). There are thirty nine (39) Ordnance Factories and two projects totaling 41 geographically distributed all over the country at twenty four (24) locations. There are ten (10) factories in Maharashtra, eight (8) factories in Uttar Pradesh, six (6) factories each in Madhya Pradesh and Tamil Nadu, four (4) factories in West Bengal, two (2) factories in Uttaranchal and one each in Andhra Pradesh, Orissa and Chandigarh. Eighteen (18) factories were set up before Independence. The oldest is Gun & Shell Factory, Cossipore, Kolkata, set up in 1801. Manpower strength of the organization as on 01.01.2014 is 95,408. The factories commissioned before Independence (1947) had capacities created not only for production of finished stores required by the Armed Forces, but also had backward integrated in-house facilities for supply of basic and intermediate materials, like steel and other metallic alloys, acid and other chemicals, low and high explosives etc., for which indigenous industrial infrastructure in the civil sector was inadequate. In respect of the factories set up after Independence, and with gradual emergence and development of civil industrial infrastructure with public and private sector, the emphasis shifted towards production of finished stores by drawing upon supplies from the civil sector for raw materials, components and semi-finished goods. A tabulated representation is given at Figure-2 regarding the agencies working with OFB in close association.

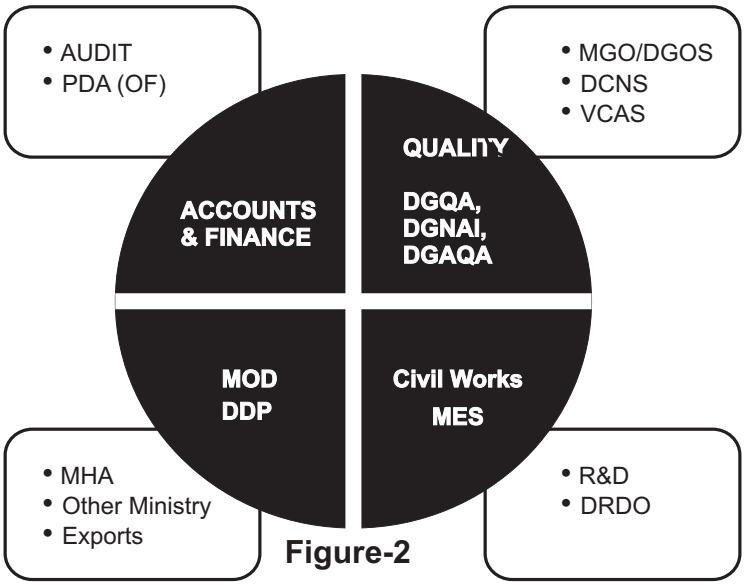


Figure-2

PDA (OF) – Principal Director of Audit (Ordnance Factories)
MHA – Ministry of Home Affairs
MGO – Master General of Ordnance
R&D – Research & Development
DRDO – Defence Research and Development Organization
DCNS – Deputy Chief of Naval Staff
VCAS – Vice Chief of Air Staff
DGQA - Director General of Quality Assurance
DGNAI - Director General of Naval Armament Inspectorate
DGAQA - Director General of Air Quality Assurance
MES – Military Engineering Service

10. The Head of an Ordnance Factory is Senior General Manager/ General Manager (Sr GM/GM). In respect of all activities, he reports to the concerned Operating Division Member of the Board at OFB Head-quarters. However, queries/doubts relating to functional matters like material procurement, problems affecting personnel are referred to the functional members in addition to the concerned Operating Division Member.

(i) The Sr. GM/GM is assisted by Addl. General Managers, Jt. General Manager, Dy. General Manager, Works Manager and Asstt. Works Manager. The Head of the Production and Maintenance Section is the Junior Works Manager.

(ii) Store Holders hold charges of Store (Provision)/Stores (Stock Section). Head Clerks/Office Supdts. /JWM is in charge of Administrative Sections like Cash Office, Estate Labour Bureau, Bill Group etc.

(iii) Labour Welfare Officers attached to the Ordnance Factory are deputed from the Ministry of Labour, who in turn co-ordinate and advice the Sr GM/GM on all questions concerning labour welfare and problems.

(iv) The security of the factory is the responsibility of Defence Security Corps Personnel under a Commissioned Officer from the Services designated as Security Officer. The Chief Security Officer at OFB Headquarters controls the work of the Security Officers in the Ordnance Factories.

(v) For looking after the health of employees, there are well equipped Ordnance Factory Hospitals with Medical Officers and Specialists. The responsibility for control and proper management of the hospitals is entrusted to

the Senior Medical Officers. They report to the Director Health Services at OFB Headquarters.

11. Employees in an Ordnance Factory are broadly categorized as : (i) Industrial Employees (ii) Non-Industrial Employees (iii) Non-Gazetted Officers and (iv) Gazetted Officers. The manpower strength of each factory is fixed by OFB, based on the requirement.

12. In each factory, there are various shops (sections), which may broadly be classified as "Productive" and "Service". The Productive Shops actually produce/manufacture/are directly involved in production of the articles. The "Service" shops e.g. Administrative Office, Planning, Gate, Store, Power, etc. are not directly engaged in manufacturing process but render services to other shops and ensure their smooth functioning. There are also certain sections in factories, which are of a "mixed" character, the output of which is partly for production and partly for service e.g. Tool Room, Mill Wright and Repair Shop. Each factory and its shops are identified for purposes of mechanical accounting by specific code numbers. The code numbers of Shops are allotted by the Local Accounts Office / Branch Accounts Offices. The code numbers to the factories is centrally allotted by the PC of A (Fys).

PRODUCT PROFILE

13. Production of military hardware in India commenced with the establishment of Gun Carriage Agency Factory (presently known as Gun and Shell Factory, Cossipore) in the outskirts of Kolkata by the East India Company in the year 1801. The prime customers of Indian Ordnance Factories are the Indian Armed Forces. Apart from supplying armaments to the Armed Forces, Ordnance Factories also meet the requirement of other customers viz. Central Paramilitary Forces, State Police Forces and Civil trade. The product range of Ordnance Factories includes : Weapons, Ammunition, Explosives, Propellants & Chemicals, Military Vehicles, Armoured Vehicles, Optical Devices, Parachutes, Support Equipment, Troop Comfort & General Stores, Components & Special Purpose Machines. The Weapons range from small arms like revolvers, pistols, sporting rifles, rifles, machine guns to high caliber artillery guns like 105mm. 130mm, Kavach Launcher etc. Armoured Vehicles like T-90, T-72 Tanks, BMPs, MPVs; Military Vehicles like trucks, field ambulances, water browsers, LPTAs are also produced by the Ordnance Factories. The Ordnance Factories also manufacture machines, tools, for usage in the same factory or sister factory.

OTHER ALLIED ORGANISATION OF ORDNANCE FACTORIES

14. The Directorate General of Quality Assurance (DGQA) is under Deptt. of Defence Production, Ministry of Defence. This organization provides Quality Assurance (QA) cover for the entire range of Arms, Ammunitions, Equipments and Ordnance Stores supplied to Armed Forces. It also ensures documentation, codification and standardization action for minimizing the variety of components / equipments. The other services rendered are post procurement services, defect investigations and technical consultancy to the users, Ministry and the production agencies. The establishments under this organization are spread all over the country where mainly the Ordnance Factories, Defence Public Sector undertakings and industrial base exist.

15. DGQA organization is responsible for Quality Assurance of Defence Stores produced by Ordnance Factories, Public & Private Sector Units as also procured Ex-Import. The organization is responsible for (a) Formulation of Quality Assurance Plans (b) Technical Evaluation & Final Acceptance (c) Technical guidance to Manufactures on quality related issues (d) Act as interface between user & production agency appreciating user's expectations and at the same time understanding Manufacturing problems. (e) Pre & Post Contract services to Defence Indentors. DGQA also renders technical services like (a) Specification control and act as Authority Holding Sealed Particulars. (b) Preparation, Revision, Updating & Issue of Drawings, specifications, Technical publications & Quality related instructions (c) Issue of DGQA approvals / assignment lists & cataloguing of Defence Stores (d) Associating with design / production agency during developmental / trial stages (e) Standardization & codification.

16. Responsibility of quality assurance of the products of Ordnance Factories rests with inspectorates. The quantities manufactured are inspected for quality assurance as indicated below:-

(a) In-stage Inspection: - This is the inspection carried out by factory or service inspector of "Components" and "Assembled" Stores during manufacture before being submitted to the service (DGQA) inspector for final inspection.

(b) Final inspection : Items manufactured for final inspection is carried out by the following Authority Holding Sealed particulars: -

(i) For Army Stores- Director of Technical Development.
(ii) For Naval Armament Stores- Director of Naval Armament (Inspection).
(iii) Naval Stores - Director of Stores (Production).
(iv) Air Force Stores- D.T.D.P. & A.

17. Number of samples to be inspected at final inspection is entirely a matter for Inspecting Authority to decide and may range from 1 per cent to 100 per cent.

The physical stock of raw material, Plant & Machinery, other capital assets, inventory and other items is taken by Stock verifying officers nominated by Sr. GM/GM. The instructions for stock verification are issued by MM division of OFB from time to time. Detailed guidelines have been elaborated in the Material Section.

B. Basic History and Evolution of Cost Accounting in Ordnance Factories

18. Cost Accounting is a tool which allows cost to be trimmed by reducing to a minimum wastage of capacity, materials, services and manpower. Cost control and Production Control are the two wings of Management control. Belated documentation and cost compilation lead to incorrect cost figures, wrong decisions and avoidable wastage of resources. Supervisory staff entrusted with the work of Production and cost control should be conversant with the subjects like General Management, Industrial engineering, Personnel Management and Human Relations, work Study, Time and Motion study, Job Evaluation, Factory Planning and Plant Layout, Material utilization, Material Handling , Production Planning and Control, Plant Engineering and Maintenance, Wage Administration Techniques, Productivity Measurement, Product development and Design, Cost Control, Quality Control, Marketing and Operation Research. Financial Accounting is "Compliance Accounting". It ensures adherence to standard rules and procedures and gives an accurate record of all financial transactions. Cost Accounting on the other hand presupposes the existence of proper link among cost centers, budget centers and responsibility centers. Cost Accounting facilitates:

(i) The ascertainment of the cost of each product manufactured.
(ii) Identification of products which earn profits as well as other products and their contribution to the fixed expenses.
(iii) Areas where economy is possible.
(iv) Close control on inventory by selective analysis.

19. The profit earned is the index of efficiency of commercial concerns, the yard stick for Ordnance Factories which are captive Manufacturing organization is dependent entirely on the requirement of the Armed Forces. In private industries, estimates of incomes / funds are made first. The effective way of allocating the income and using it for the economic operation of the business is determined thereafter. In the case of government, budgeting of expenditure is made first. In the case of Ordnance Factories, expenditure is sanctioned for each financial year under Revenue and Capital Heads. Actual expenditure should be within the sanctioned amount as modified from time to time. Availability of finance is thus ensured. The production planning procedure, cost accounting technique and production oriented financial budget have been constantly reviewed, with a view to ensuring economic utilization of resources. Figures reflected in the cash compilation

statements show actual expenditure against different heads viz. Pay and Allowances, Purchase of Stores etc. These will not directly agree with the cost accounts for example, undisbursed Pay and Allowances will not be reflected in the Cash Expenditure Statements. Provisioning of Materials is made, in advance of requirements payments made including advance payments for purchase of stores are reflected in the financial accounts. In cost accounts, only consumption of materials is shown. As material constitute about 66 per cent of the expenditure under Revenue Head, detailed check is exercised at the time of purchase in accordance with the basic concept that effective control on holding of inventory is possible at the time of procurement. The budget for purchase of material is carefully framed based on anticipated production. In most of the private industries cost information is treated as "confidential". This does not apply to industries selected by Govt. of India where cost audit has been made compulsory. In the case of Ordnance Factories, the cost accounts are audited by the officers of the Organization of the Comptroller and Auditor General. The Annual Accounts for any financial year is printed after completion of audit. Apart from Manufacturing (Production) accounts and "Trading and Profit Loss Account" (Finished Stock Accounts), Balance sheets in the form of statements of Assets and Liabilities are made out. In addition, information about the cost of "Principal Items of Manufacture" under the different elements of cost viz. Labour, Material and overheads, comparative cost of similar items manufactured in different factories; overhead expenses under various work orders etc. are also published.

20. The Institute of Cost and Management Accountants (London) and the Institute of Cost and Works Accounts of India are the two professional bodies. In the early part of the 20th century ascertainment of the cost of product for fixing selling price was the prime objective. There was no difficulty in knowing direct costs, viz. direct labour and direct material. The problem was in regard to the collection and distribution of indirect expenses. These were recovered on the basis of direct labour. Subsequently to facilitate comparison between firms manufacturing the same item, "Uniform Costing Methods" were introduced. To ensure equitable distribution of overheads the Machine Hour Rate Method was adopted. Marginal Costing techniques were used for taking decision on vital matters like:

(i) Making or buying a product.
(ii) Continuing the manufacture of a product where no profit is earned.
(iii) Utilizing of spare capacity.

21. Standard costing and Budgetary control procedures were adopted for pin-pointing areas of control. Linear programming, Programme Evaluation and Review Techniques (PERT) and Critical Path Method (CPM) are the advanced techniques for production planning, progress and control. Management Accounting techniques enable forecasting of future trend by taking into account various factors viz. policies, organization facilities, operating methods, market conditions, personnel management etc. Full use is made of Electronic Data Processing Machines /Computers for speedy availability of information.

22. The cost of a product is depicted as under:

PRIME COST = Direct Labour + Direct Material + Direct Chargeable Expenses
[Direct Labour – Labour that can be charged direct to the job.
Direct Material – Raw Material required for the job.
Direct Chargeable Expenses – Expenses that can be charged directly to the particular job.]

WORKS COST = Prime Cost + Indirect Expenses of the Factory Sections (Overhead for production)
COST OF PRODUCTION = Works Cost + Indirect Expenses of Administration Section

For commercial entities
Cost of Sales = Cost of Production plus selling and distribution expenses
Cost of Sales plus Profit = Selling Price

23. The methods of 'Costing' vary according to the type of industry. The methods are Job costing/Batch costing / Multiple costing / Departmental costing/ Process costing/ Unit Rate costing/ Operation costing, etc. In the Ordnance Factories, the costing system suitable to the manufacturing activities is adopted. Process costing method is followed in chemical factories like High Explosive Factory, Kirkee. Uniform costing technique is employed to facilitate cost comparison in Ordnance Factories. 'Standard Costing Method' is followed, wherein the predetermined cost for every item is ascertained. This method provides the opportunity for comparison of the estimates and the actual facilitating analysis of variances.

EVOLUTION OF COST ACCOUNTING TECHNIQUES

24. Little is known about the system of accounting prior to 1911. From 1911-1937, the cost of Production was ascertained under 6 elements viz. Direct Labour, Direct Material, Non-Productive Charges, Power and Machinery charges, Store Indirect Charges and General Charges. Non-Productive and General Charges were levied as a percentage of total Direct Labour. Power and Machinery charges were levied as percentage of Machine Labour and Store Indirect Charges as a percentage of Direct Material consumed. Check on utilization of Direct Labour and Direct Materials, was done with reference to postings on Manufacture and Material Warrants. These warrants were based on standard estimates for the job. Issues from production to the Army were priced at rates taken from the Priced vocabulary of Stores issued by the Ministry of Finance. These rates were based on imported cost or latest cost of manufacture or purchase rate from indigenous sources. This procedure was discontinued from 1941 and issues to Army were treated as 'free' issues. But with effect from 1-4-1987 issues to Army is treated as "Payment – Issues". The issues to private bodies were based on agreed rate for issues to entitled categories of personnel, the overheads were categorized as "Fluctuating" and "Fixed" overheads. Fixed overheads were not recovered. As the employees were on daily rates and could be retrenched according to load position, the wages and salaries could then be treated as fluctuating. A Committee consisting of experts from Private and Public Sector headed by the then Financial Adviser (Defence Services) examined the system of cost accounting in Ordnance Factories and made recommendations in 1944 for simplifying the system.

25. From 1938, the overheads were divided into variable overheads comprising of non-Productive, Power and Machinery and Stores Indirect charges and Fixed Charges. As the Ordnance Factories were geared for meeting peak production in items of war, it was decided to recover only a percentage of fixed charges. The peak capacity was defined as the production in two shifts of 10 hours each for 25 days in a month. 45% of this was taken as Datum Load. Recovery was made with reference to the fixed charges and direct labour at datum load. Due to the outbreak of war the system was held in abeyance during 1939-49. From 1949 onwards, there were vast changes in the pay structure and service conditions of all employees. The industrial employees were on regular monthly rates of pay. Essential maintenance workers other than unskilled workers were eligible for incentive bonus from 1972 onwards. Productivity Linked Bonus is being paid to all category of eligible employees drawing emoluments from March 1980 onwards. Pay and allowances, overtime to supervisory and other categories of employee is paid on the same basis to Industrial Employees was treated as an item of overhead initially. Subsequently this is treated as a part of Direct / Indirect Labour Charges. From 1956 onwards central and shop committee were formed for framing budgets and watching actual expenditure against estimates.

26. In the field of Material accounting, the issues were originally priced on the First – in – First out principle. Then the monthly average rate was adopted. This gave way to the working of the 'Weighted Average Rate' after each receipt transaction. Based on the recommendation of the cost committee, the rates are now worked out on the basis of the Moving Average Monthly Rate. Provisioning was made on the basis of 'Store Holders Inability Sheets'. Nowadays 'Material Planning Sheets' are prepared on computer. Priced Store Ledgers were maintained on Hollerith Machines. These were replaced by Priced Provision cum Ledger Sheet maintained on Remington machines from 1940 onwards. At HVF, Avadi the ledgers are maintained with the help of the computer. Ascota machines were also used for maintaining the ledgers in some factories.

27. The production activities of the Factories were reflected in the "Monthly Financial Activities Reports". The format was reviewed in 1973 and "Quarterly Financial Review" covering all aspects of production and cost control was introduced. There were other reports like "Concurrent Review of Production Costs" for selected warrants, "Analysis of Stock Holdings", "Interim Provisional Annual Accounts". With the formation of the Ordnance Factory Board and the implementation of the recommendation of the "Cost Committee", there is greater awareness of the need for timely and proper rendition of these statements. Recently in 2013, the format of the QFR have been redesigned for providing better Management Information System.

MECHANIZATION OF ACCOUNTS

28. Defence Accounts Department introduced the compilation of data by use of Hollerith Machines in 1934. Tabulations required for production control, Material Provisioning were carried out through this method. Prior to 1996 all work in Branch Accounts Offices were done manually except the system of expenditure compilation. Ordnance Factories introduced computer and started PPC (Production Planning & Control) package in 1980s. Computerization of many of the activities of the BAO like preparation of wage bill, maintaining of ledger etc were attempted by developing programs through third party vendors by the Ordnance Factories. In 1996 CGDA Office with the approval of OFB started computerization of the functions of Branch Accounts Office. Three packages Wage, Inventory, Costing with the scope of each package were assigned to the nodal teams at Bengal Group, Kirkee Group and Avadi Group for application development in FoxPro. Packages were developed and implementation of the packages in 39 Branch Accounts Offices started from 1998 by opening EDP Section in each BAO and providing Hardware support from Hqrs office. In 2000 a need was felt to modify the system to exchange data with Factory Computer System (PPC Package), accordingly Hqrs office decided to convert the packages developed in FoxPro to Visual Foxpro. The same work were completed by the same nodal team and implemented in 39 offices by 2002. Few other packages have been added for facilitating work at the ground level. In 2010, OFB has implemented web based e-procurement system. In 2010, O/o PCA (Fys) have implemented the system of NEFT payments through RBI Kolkata and also launched the website of PCA(Fys) in 2012 for disseminating relevant information to the stakeholders and general public.

Annexure-C

No. 9(9)/61/I/D (Fy.),
Government of India,
Ministry of Defence,
New Delhi, the 28th, September, 61

To

The Director General, Ordnance Factories,
6, Esplanade East, Calcutta-1.

Sub: - Re-designation of Class I Gazetted appointments in the Ordnance and Clothing Factories.

Sir,

I am directed to convey the sanction of the President to the under mentioned existing Class I Gazetted appointments in the Ordnance and Clothing Factories being re-designated as indicated against each:-

EXISTING APPOINTMENT	RE-DESIGNATED APPT.
1. Superintendent (Selection Grade)	1. General Manager (Selection Grade)
2. Superintendent	2. General Manager
3. Sr. Works Manager	3. Manager
4. W.M/Sr. A.W.M.	4. Deputy Manager
5. Asstt. Works Manager	5. Asstt. Manager

2. The pay scales and terms and conditions of service attached to the re-designated appointments of General Manager (Selection Grade), General Manager, Manager, Deputy Manager and Asst. Manager will be same as were hitherto applicable to the appointments of Superintendent (Selection Grade), Superintendent, Sr. Works Manager, Works Manager/Senior Assistant Works Manager and Assistant Works Manager, respectively.

Yours faithfully,
Sd/-
S. KRISHNAMOORTHY
UNDER SECRETARY TO THE GOVERNMENT OF INDIA

Copy to:-

The Ministry of Finance (Defence) with ref. to their U.O. No. 16776/OF of September 1961 for communication to the Controller General of Defence Accounts, New Delhi; the Director of Audit, Defence Services, New Delhi; the Senior Dy. Director of Audit, Defence Services, Calcutta; the Controller of Defence Accounts (Fys.), Calcutta and the Assistant Audit Officers, Defence Services, Kanpur and Kirkee.

The DFA (Fys.), Calcutta.

Copy signed in ink to be sent to the Controller of Defence Accounts (Fys.), Calcutta.

Annexure-D

No. 1(82)/78/D (Fys-I)
Government of India
Ministry of Defence
Department of Defence Production
New Delhi, the 9th February, 1979.

To

The Director General,
Ordnance Factories
6, Esplanade East,
Calcutta.

Subject: Re-organization of the Ordnance Factories organization- Setting up of an Ordnance Factory Board.

Sir,

I am directed to refer to this Ministry's letter No. 1 (82)/78/D(Fy-I)dated the 9th January,1979 on the above subject and to state that the President is further pleased to decided as follows:-

(a) Objectives before the Ordnance Factory Organization:
The objectives for the Ordnance Factories Organization are detailed in Appendix-I to this letter.

(b) Grouping of the Ordnance Factories:
The grouping of the Ordnance Factories under the Ordnance Factory Board will be as shown in Appendix-II to this letter. If, on a closer study of each Factory by the OF Board, any changes are required to be made in the grouping of the Factories, the Board may make necessary changes with the prior approval of the High Level Committee referred in to Para 5.12 of the First Report of the Committee on Ordnance Factories.

(c) Functions of the Ordnance Factory Board:
The D.G.O.F and Chairman of the O.F. Board, who will be the administrative head of the Ordnance Factories Organization will function as its Chief Executive, and the Board will be collectively responsible for:-

(i) Overall planning and policy making monitoring and implementation of programme and policies.
(ii) Contacts with Ministries/State Govts., Corporations, Trade Union etc.
(iii) Inter-divisional co-ordination.
(iv) Approval of the Budget proposals and operating plans of the organization.
(v) Career Planning of all OF employees.
(vi) Public Relations.
(vii) Exercise of all residuary powers not delegated to the Divisions.

2. Till the issue of further orders, the existing arrangement in respect of the Heavy Vehicle Factory, Avadi and Ordnance Equipment Group of Factories excluding Ordnance Cable Factory, Chandigarh will continue undisturbed, excepting that the Addl. DGOF in charge of the OEF Group of Factories will report to the D.G.O.F. and Chairman of the Board for the purpose of co-ordination and uniformity of standards.

3. Powers of the Ordnance Factory Board:

The powers, as given in App-III to this letter, are delegated to the Ordnance Factory Board. The powers delegated to the Board cover only the major areas. In so far as other areas are concerned, the Board will exercise the powers at present delegated to the DGOF. However, in residual areas like powers under the Travel Regulations, Pension Regulations etc., DGOF will continue to exercise the powers delegated to him.

The powers delegated to the Ordnance Factory Board will be reviewed after one year to see whether any charges are necessary.

4. With the formation of the Ordnance Factory Board, the offices of the Regional Directors of the Ordnance Factories will be disbanded with immediate effect. The officers and staff working in these offices would be re-deployed within the Ordnance Factories organization, for which orders will be issued by DGOF.

5. All proposals from the Board which require the sanction of the Government will be considered by a Committee consisting of Secretary (Defence Production), Financial Advisor (Defence Services) and the Chairman, Ordnance Factory Board.

6. The business of the Ordnance Factory Board, will be conducted in accordance with the Rules for 'Proceedings of the Board' and 'Rules for Conduct of Business', as outlined in Appendix-IV and V to this letter.

7. The Secretary to the O.F. Board will be an officer of the rank of D.D.G.O.F. The Secretary of the Board and its staff would be found from within the existing sanctioned strength of DGOF organization.

8. This issues with the concurrence of Finance Branch vide their U.O. No. 376-Proj.I dated 9.2.1979.

Yours faithfully,
Sd/-
(B.N. DUBEY)
Joint Secretary to the Govt. of India

Copy to:-

1. The Controller of Defence Accounts, New Delhi
2. The Director of Audit, Defence Services, New Delhi.
3. The Senior Director of Audit, Defence Services, Calcutta.
4. The Controller of Defence Accounts (Fys), Calcutta.
5. The Deputy Financial Advisor (Proj) New Delhi.
6. The Deputy Financial Advisor (Fys) Calcutta.
7. The Director (Coord), OF CeII, New Delhi.
8. The Director (OF), Deptt. of Defence Production, New Delhi.
9. Cabinet Secretariat, New Delhi (Shri Vinod Vaish, Deputy Secretary).
10. Department of Personnel & A.R. M.H.A, New Delhi.
11. The Joint Secretary (PS), Min of Defence, New Delhi.
12. The IFA(DP) New Delhi.
13. CGDA.

Appendix-I to Min. of Def. letter No. 1(82)/78/D (Fy-I) dated 9.2.1979 " Extract from First Report of the Committee to enquire into the working of Ordnance Factories":

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CHAPTER-IV

DEFINITION OF OBJECTIVE

External

(i) To accept and meet on schedule, production targets from the Defence Services which were necessary, call for the utilization of facilities at levels of not less than 80% of installed capacity. Such installed capacities should be calculated on the basis of scrutiny by high level expert group.

(ii) To maintain war-reserve capacity, both physical and in terms of human skills so that it can be brought into effect at short notice.

(iii) To provide the user with a high level of service in regard to spares, technical advice, fault analysis and rectification.

(iv) To work to quality standards which meet fully the users specifications. Incidentally, the users in their turn must also ensure that their specifications have direct relevant to the end use of the product.

(v) To work to predetermined cost estimates.

(vi) Flowing from its close selling contacts with the users of its products, to design and develop new products and technologies/processes, making maximum use of indigenous R & D capability both within and outside the DGOF and the Defence Research & Development Organization (DRDO).

(vii) To build cadres of professional and forward-looking Managers in all fields (e.g. production, personnel) which in addition to meeting the defence needs, are able to contribute to the larger resources of managerial skills for other sectors of the economy.

(viii) To maintain close coordination and cooperation between the DGOF and its customers and suppliers.

(ix) To establish close links between DGOF and outside bodies such as State Governments, IITs and Universities, National laboratories, public and private sector corporations; Institutes of management, professional associations and consultancy organizations, so that over a wide range of disciplines, ranging from engineering to finance and personnel, there is exchange of knowledge, awareness of mutual capability and potential and where possible interchange of personnel.

Internal

(x) To maximize utilization of installed capacity where necessary by diversification of production to meet the demands of the civil market, and for this purpose build up an effective marketing organization.

(xi) To minimize costs not only based on maximum utilization of installed capacity, as stated earlier but work to tight norms in areas such as material wastage, overheads, materials management, labour, capital expenditure and working capital.

(xii) To create a planning organization and capability which sort out demanding but realistic short and long

time bound targets in all major fields of activity such as production quality, capacity utilization, cost production, design and development, training of personnel and project implementation. These targets can then be broken down into tasks for all individuals down to the Supervisory level within the DGOF.

(xiii) To create an organizational structure for the DGOF which gives these individuals the necessary authority, resources and freedom of action to hold them accountable for results in all key areas.

(xiv) To streamline procedures and increase delegation of powers combined with the retention of the essential checks and balances to ensure that effective monitoring is possible at all levels.

(xv) To develop personnel recruitment, selection, training and promotion policies which lay stress on merit and competence based on objective and rational criteria and which enable individuals at all levels and in all disciplines to aspire to the highest position.

(xvi) To develop a strong in-house resource, design and development organization which can interact closely with all research organizations like the DRDO, national laboratories suppliers and the users on one hand, and production, marketing, finance and the manufacturing group in DGOF on the other, so that the pace of product design and development and regular manufacture can be expedited and technology transfer facilitated.

(xvii) To strengthen the financial management of the DGOF improve management information and control systems, re-orient/streamline audit procedures, and strengthen project appraisal systems.

(xviii) To improve production planning control system, production technologies, safety standards, working conditions and provide effective staff support to the production units in areas, such as standardization of raw materials and components, manufacturing technology, quality control, industrial engineering and materials management.

(xix) To create an environment within the Ordnance Factories which promotes harmonious relationships through out the organization, encourages creativity, initiative and the desire to accept responsibility and aims generally at the highest levels of job satisfaction for all employees.

(xx) To develop, where possible, ancillaries and offload, as much as possible, the simpler operations, to outside suppliers and develop alternative sources of suppliers.

(xxi) Maximize pace of indigenization specially where there is a single foreign supplier.

(xxii) To minimize delay and cost-overruns in the implementation of projects.

Appendix-II to the Ministry of Defence Letter No. 1 (82)-78/D (Fy-I) dated 9th February, 1979
Statement showing grouping of Ordnance Factories into Divisions

I. Group - Ammunition and Explosives.

1.	Ammunition Factory, Kirkee	(AFK)
2.	Ordnance Factory, Khamaria	(OFK)
3.	Ordnance Factory, Chanda	(OFCh)
4.	Ordnance Factory, Varangaon	(OFV)
5.	Cordite Factory, Aruvankadu	(CFA)

6.	High Explosive Factory, Kirkee	(HEFK)
7.	Ordnance Factory, Bhandara	(OFBA)
8.	New Propellant Factory, Itarsi	(NIF)
9.	Ordnance Factory, Dehuroad	(OFDR)

II. Group – Weapon, Vehicles and Equipment

10.	Rifle Factory, Ishapore	(RFI)
11.	Ordnance Factory, Tiruchirapalli	(OFT)
12.	Small Arms Factory, Kanpur	(SAF)
13.	Gun and Shell Factory, Cossipore	(GSF)
14.	Ordnance Factory, Kanpur	(OFC)
15.	Gun Carriage Factory, Jabalpur	(GCF)
16.	Field Gun Factory, Kanpur	(FGK)
17.	Vehicle Factory, Jabalpur	(VFJ)
18.	Heavy Vehicle Factory, Avadi	(HVF) (when it is transferred to OF Board)

III. Group – Materials and Components

19.	Metal & Steel Factory, Ishapore	(MSF)
20.	Ordnance Factory, Muradnagar	(OFM)
21.	Ordnance Factory, Ambarnath	(OFA)
22.	Grey Iron Foundry, Jabalpur	(GIF)
23.	Ordnance Factory, Katni	(OFKAT)
24.	Ordnance Factory, Dehradun	(OFD)
25.	Ordnance Factory, Ambajhari	(OFAJ)
26.	Machine Tool Prototype Factory Ambarnath	(MTPF)
27.	Ordnance Factory, Bhusawal	(OFB)
28.	Ordnance Factory, Dumdum	(OFDC)
29.	Ordnance Cable Factory, Chandigarh	(OEFC)

Appendix-IV to Ministry of Defence letter no. E.1 (82)/78/D (Fy-I) dt. 9.2.79.

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Proceedings of the Board:

1. The Chairman of the Ordnance Factory Board will preside at the meeting and exercise the powers of the Chairman thereat. The Chairman and three members will form a quorum, provided that where financial issues are involved, one of the members, must be Member (Finance). In the absence of Member (Finance), the next senior officer in Finance Branch will be invited to advise the board.

2. The decision of the majority of the members will be the decision of the Board, a dissenting member or members having the right to record a separate note of dissent. When the recommendation of the Board is made to the government in pursuance of a decision of the Board, the view of the dissenting members(s) shall be brought to the notice. All cases needing Government approval will be examined by the board before submission to the Government and this fact specifically mentioned in the reference to the Government. The views of Member (Finance) where he disagrees with any proposal will be specifically brought out in the reference.

3. In case of equality of votes, the chairman shall have a casting vote.

4. If the Chairman disagrees with the majority decision of the Board in any particular case, he may over-rule his colleagues. In such cases, the matter should be reported to Secretary (D.P) for information.

5. When the question before the Board involves a financial issue within the powers delegated to the Board and the Member (Finance) disagrees with any majority decision of the Board, it shall be open for him to request the Chairman that the matter be placed before the Financial Adviser (Defence Services).

6. The decisions arrived at the Board in exercise of the powers delegated to it will be promulgated as orders emanating from the Board and will be issued over the signature of an officer authorized to authenticate orders. Financial sanctions will include the necessary clause indicating that they issue in Consultation with the Member (Finance) in exercise of the delegated powers.

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Appendix-V to Ministry of Defence letter no. E.1 (82)/78/D (Fy-I) dt. 9.2.79.

Rules for the conduct of the business of the Board

1. The Board will ordinarily meet once in a fortnight but it will be open to the chairman to summon a meeting of the Board at any time should consider it necessary. The full boards including all the part-time members will, however, meet once a quarter.

2. It will be open to any member of the Board to suggest that a particular case should be placed before the Board whether for sanction or for discussion.

3. In all cases which are referred to the Board, a self-contained memorandum will be prepared by the Branch officer concerned and the case will be sent to the Secretary of the Board for the purpose of circulating the case and supplying each member with a copy of the memo. If the Secretary considers that the case is incomplete or requires a reference to any other Branch or section he shall issue instructions accordingly and will ensure that the case is expeditiously completed and placed before the Board.

4. Ordinarily no item will be included in the agenda of a meeting of the Board unless the file reaches the Secretary at least 10 days before the meeting but in special cases the Chairman may relax the limit. It will, however, be open to the Chairman to admit any subject for discussion in the Board even if it is not on the Agenda.

5. The Agenda for a meeting will be circulated as far as possible a week before the date of the meeting.

6. The minutes of the meeting will be prepared by the Secretary who will submit them to the Chairman for approval. The minutes will be formally confirmed at the next meeting of the Board. The Secretary will return the cases discussed at the Board to reach Branch officer with a copy of the decision of the Board, duly certified under his signature.

7. Two copies of the minutes of each meeting of the Board together with copies of the memos, circulated to members, will be submitted to the Secretary (Defence production) and Financial Adviser, Defence Services.

8. The Board may constitute committees of its members with such powers as it may confor on them.

9. It will be open to the Board to proscribe that in any urgent or any other appropriate cases the decision may be taken by circulation of the case to the members of the Board.

10. A list of cases disposed of either by circulation to the Members of the Board or by Member/Members on behalf of the Board shall be placed before the next meeting of the Board for information and/or any action which the Board may wish to take.

11. The Secretary of the Board will maintain a Register of cases discussed at the meeting of the Board and will enter opposite each case the decision or instructions of the Board as contained in its minutes.

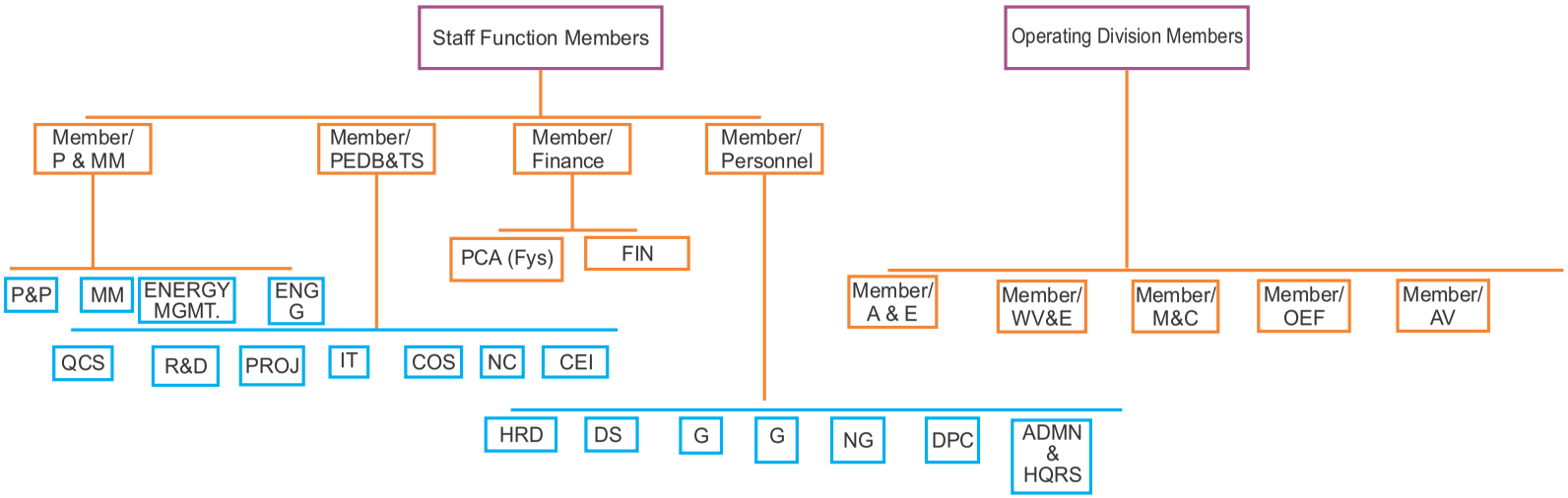
12. It will be open to the Board to make minor changes in the procedure of business as laid down above as may be found necessary from time to time but no important changes shall be made without obtaining prior approval of the High Level committee referred to in para 5 of the main letter.

13. The Chairman will be competent from time to time to issue orders regarding the detailed distribution of functions between the members of the Board other than the Member (Finance). In the case of any important change in the duties of the respective members, he shall obtain the prior approval of the Department of Defence Production.



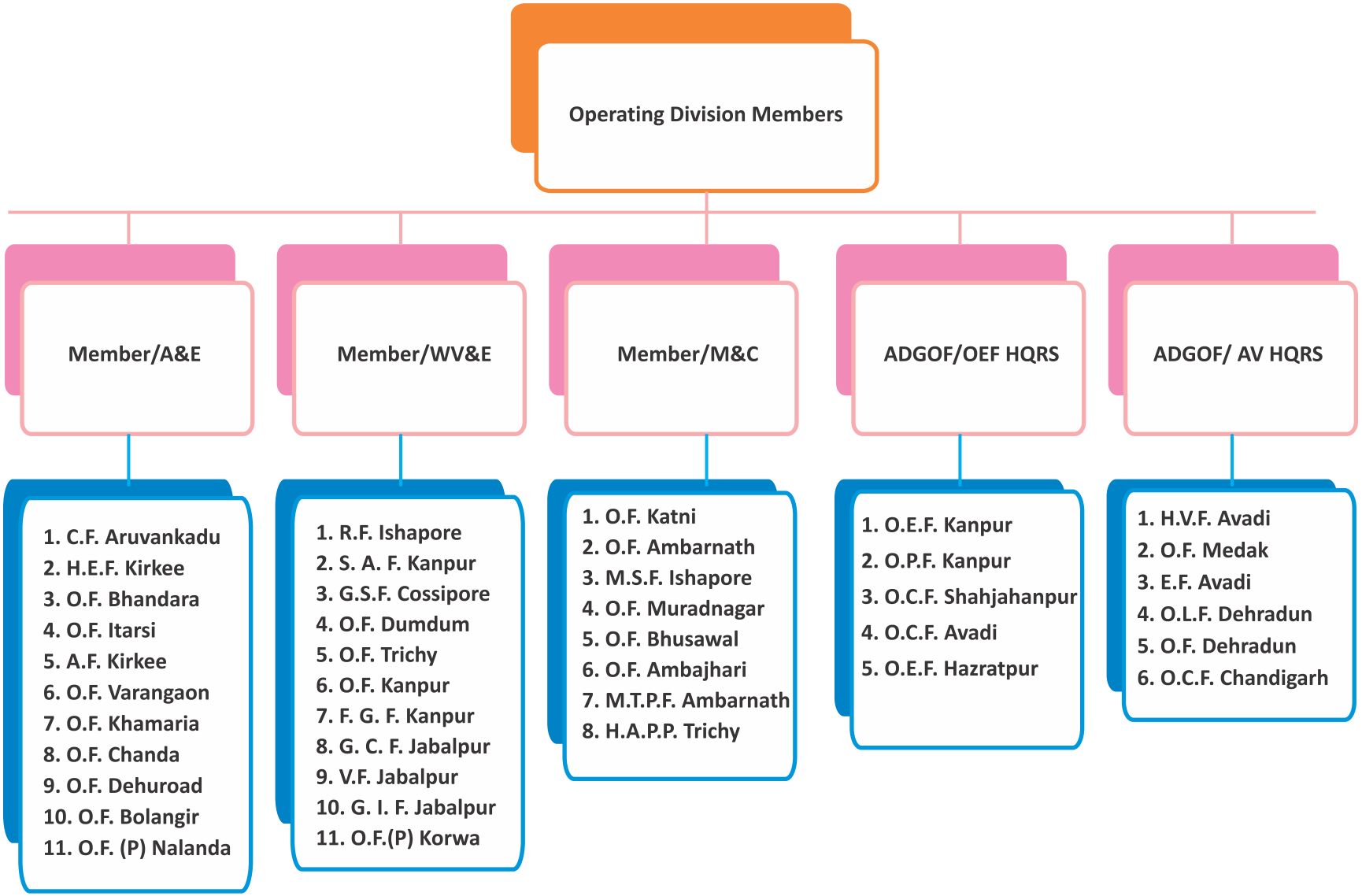
ORGANIZATION OF ORDNANCE FACTORY BOARD

Appendix - III



P&MM: Planning & Material Management PEDB&TS: Technical Services P & P: Production & Planning MM: Material Management
ENGG: Engineering QCS: Quality Control Standard R&D: Research & Development
PROJ: Project IT: Information Technology COS: Controller of Safety HRD: Human Resource Development
ADMN&HQRS: Admin & Headquarter A&E: Ammunition & Explosive
WV&E: Weapon Vehicle & Equipment, M&C: Material & Component OEF: Ordnance Equipment Factories AV: Armoured Vehicle

Appendix - IV


Operating Division Members
Member/A&E
1. C.F. Aruvankadu
2. H.E.F. Kirkee
3. O.F. Bhandara
4. O.F. Itarsi
5. A.F. Kirkee
6. O.F. Varangaon
7. O.F. Khamaria
8. O.F. Chanda
9. O.F. Dehuroad
10. O.F. Bolangir
11. O.F. (P) Nalanda
Member/WV&E
1. R.F. Ishapore
2. S. A. F. Kanpur
3. G.S.F. Cossipore
4. O.F. Dumdum
5. O.F. Trichy
6. O.F. Kanpur
7. F. G. F. Kanpur
8. G. C. F. Jabalpur
9. V.F. Jabalpur
10. G. I. F. Jabalpur
11. O.F.(P) Korwa
Member/M&C
1. O.F. Katni
2. O.F. Ambarnath
3. M.S.F. Ishapore
4. O.F. Muradnagar
5. O.F. Bhusawal
6. O.F. Ambajhari
7. M.T.P.F. Ambarnath
8. H.A.P.P. Trichy
ADGOF/OEF HQRS
1. O.E.F. Kanpur
2. O.P.F. Kanpur
3. O.C.F. Shahjahanpur
4. O.C.F. Avadi
5. O.E.F. Hazratpur
ADGOF/ AV HQRS
1. H.V.F. Avadi
2. O.F. Medak
3. E.F. Avadi
4. O.L.F. Dehradun
5. O.F. Dehradun
6. O.C.F. Chandigarh

CHAPTER-III

NUMERICAL CODES AND THEIR IMPORTANCE/SYLLABUS OF WORK ORDERS

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III NUMERICAL CODES AND THEIR IMPORTANCE/SYLLABUS OF WORK ORDERS

Budget

29. Under Article 112 of the Constitution, a statement of estimated receipts and expenditure of the Govt. of India commonly known as Budget is laid before the Parliament in respect of every financial year. The executive authorities of the Govt. of India cannot undertake any activity involving raising / utilizing Govt. resources unless and until the Annual Financial Statement is duly passed by the Parliament. The expenditure proposal presented to the Parliament is known as Demands for grants and shows the gross amount. The AFS shows receipts & payments estimates under 3 heads viz. Consolidated Fund, Contingency Fund and Public Account

30. In any organization, an effective financial control demands a system of demarcation of revenue expenses/receipts from that of the capital ones. The revenue budget consists of the revenue receipts by Govt. like tax revenue, interest, dividend on investment, fees and other receipts for services rendered by the Govt. etc. Expenditure portion of the revenue budget reflects estimates of the normal expenses for running Govt. Departments, interest on Public borrowings made by Govt. all Grants given to State Govt. etc. Capital budget consists of capital receipts in the form of loans raised by Govt. from Public, from foreign Govt. etc. Payment portion of the Capital Budget consists of capital expenditure on acquisition of land, building, plant and machinery etc. Defence Accounts Department is concerned with the expenditure incurred on Defence Services viz. expenditure on Army, Navy, Air Force, Ordnance Factories & Defence Research & Development Organization. For the defence services, the proposed receipts and expenditure is incorporated in the Annual Financial Statement and separate demands for grants are presented to parliament.

31. A detailed classification procedure is followed in compiling and presenting receipts and expenditure figures identifying specific activities. In the related demand for grants and detailed demands for grants break up is given up to the detailed head level. For the Ordnance Factories, the demands show estimated receipt and expenditure under the relevant major, minor, sub heads and detailed heads. The process of estimation as accurately as possible has assumed paramount importance as a result of separation of Ordnance Factories revenue budget from that of the budget of the Army w.e.f. 1987-88. The different estimates through which the prospective receipts and expenditure are reported by the Sr GM/GMs to the OFB consist of forecast estimate for the financial year, revised estimates for the current financial year and modified appropriation for the current financial year. Once the demand for grants for Ordnance Factories is passed by the Parliament, further process of exercising financial control consist of three stages viz. initial distribution of budget grants, watching expenditure against allotment and re appropriation.

Numerical Codes

32. Numerical and Alpha Numerical codes are used for the purposes of identification of offices, sub-offices, sections, class of expenditure, receipts, cost of production, transfer of proceeds etc. The different system of codes operated in organization of Principal Controller of Accounts (Fys) is defined in following heads for ready reference.

IDENTIFICATION OF OFFICES

33. Code Numbers are allotted to the OFB, PCA(Fys), Sections of PCA(Fys), Branch Accounts Offices and individual Ordnance Factories for proper identification of the origin of booking. This is also to ascertain that the

bookings are commensurate to the function of that particular office/sub-office/section. Following is the system for such classification followed in organization of Ordnance Factories:

Section Code: The section code identifies the section or the accounting unit which has operated the punching medium. The section code consists of four digits and is reflected at the top of Punching medium along with the CDA code.
eg: if a booking is made by AO/RFI the section code will be 4500; if a booking is made by Pay(O) section of the Main Office the section code will be 0100.
Unit Code: The unit code (UC) refers to the unit or formation for which the booking pertains. If a miscellaneous purchase is carried out by GM RFI, the three digits after the UCC of the allocation above the code head in a punching medium will denote the unit/formation RFI i.e. the expenditure will be booked against UC 105.

PUNCHING MEDIUM:

34. A punching medium is an extract of certain data pertaining to a voucher notifying a kind of financial or non-financial transaction. This document serves as the medium from which the compilation is carried out in the computerized system. The compilation of account of receipts and expenditure of Ordnance Factories is carried out through the FINCOMP. The system of codification adopted for Ordnance Factories Organization is a detailed one. A punching medium will contain following details:
CDA code : This identifies the Accounting Circle. In case of PCA (Fys) it is 07
Section Code: This has been defined above
Voucher No : This will be a running number for the particular month (DV No.)
Voucher Class: This has been enumerated below
Month & Year of preparation of the Punching Medium

35. The concept of classification of financial transaction in Govt of India is governed by the provisions contained in Government Accounting Rules 1990, Accounting Rules for treasuries and Account Code Volume – III. The Controller General of Accounts is authorized to open a new head of account on the advice of C&AG. The accounts of the Government should be kept in three parts : Part I – Consolidated Fund of India; Part II – Contingency Fund of India ; Part III – Public Account.

The classification is carried out in following 15-digit head:

Major Head –	4 digit code denoting a “Function”
Sub-Major Head –	2 digit code denoting “Sub-function”
Minor Head -	3 digit code denoting a “Programme”
Sub- head -	2 digit denoting “Scheme”
Detailed Head -	2 digit denoting “Sub-scheme”
Object Head -	2 digit denoting primary unit of appropriation

36. For the purpose of classification of receipts and expenditure in respect of Defence Service Estimates a codification system has been laid down in Classification Hand book (CHB). In the system of accounting a set of code heads has been allotted in the CHB for detailed identification of financial transactions. Each code head is linked to a particular Major, Sub-Major, Minor and Sub-Head. Therefore, in a punching medium the recording of “code head” identifies the services (function), sub- function, programme and scheme as well as the unit/formation. A code head consists of 7 digits:

First two digits:	Category code
Next Three digit:	Particular Service
Last Two digit:	Particular subdivision of transaction

Code Head Series (Middle three digits)	Services
101-599	Army
600-699	Navy
700-799	Air Force
800-850	Ordnance Factories
851-900	DRDO
901-950	Capital Outlay

Authority : Preface of Classification Hand Book.

37. The punching medium code head provides for 6 figures on the top and seven figures at the bottom as indicated below: -

C R MR

001101 (cheque drawn)

01/805/01

For further detailed identification of the financial transactions as well as to facilitate cost ascertainment a code has been devised in Ordnance Factories organization called Unit of Control Code (UCC). This UCC is depicted as first three digits above the code head in a punching medium as above. 001 (first three digits in the above Punching Medium) stands for "Pay and Allowances of Gazetted Officers". Next three digits indicate Factory Code. No. (Unit i.e. 101 stands for, Ammunition Factory Kirkee. At the bottom 01/805/01 — Pay & Allowances Head. When cheque for ₹ 2000/- is issued for pay and allowances of officers at Ammunition Factory Kirkee, the entry will be:

	Receipt		Charge
C. B.	2000	001101 01/805/01	2000

38. There are following class of Vouchers:

Class of Voucher	Brief Description
1.	Cash Voucher – These are the vouchers notifying expenditure in form of Cash/Cheque/NEFT etc
2.	Transfer Entry – These are the vouchers notifying rectification of any voucher
3.	Inter Departmental Schedules – These are the vouchers generated for the transaction within the same accounting circle i.e. between two sister Ordnance Factories
4.	Abstracts of Receipts & Charges
5.	Cash Accounts - Cash assignment transactions are notified in this class of Voucher
6.	Railway Bills – These vouchers are for adjustment transactions with the Railways
7.	Allocation – These are the vouchers generated for adjustment of any vouchers generated by other accounting circles. e. g. if any voucher is generated by PCDA (New Delhi) for CP stores pertaining to OFs, class 7 voucher is operated for allocation of such expenditure to respective units/formation.
8.	DID Schedules – This is operated for transferring transactions from one accounting circle to another within the Defence Accounts Department
9.	MES Bills – These are adjustment vouchers for settlement of MES bills

Authority : Para 7 of Office Manual Part XI. {The authority for Class of voucher 7 is based on the practice followed for many years in the PCA(Fys)}.

39. Details of financial expenditure are furnished in the monthly statement of Cash expenditure ''Statement C'' issued by the EDP Section of the Office of the Principal Controller of Accounts (Fys) Calcutta. This is supported by a detailed statement CCO-2, containing voucher wise particulars viz. Month, Voucher Number, Section Compiling, Factory to which expenditure pertains, Code Nos. Amount, etc. The amount booked on various accounts like those of "Pay & Allowances", "Contingent Charges", "Maintenance of Buildings" etc. are allocated in Cost Accounts through allocation sheets. While the initial booking in Cost Accounts is done with reference to Pay bills, contingent bills etc. final check about inclusion of all bills is done with reference to the cash compilation statements. Up to date list of Financial Code Numbers are circulated by the Accounts Section of the Principal Controller of Accounts (Fys.) periodically to all Factories/formations/Accounts Office/OFB Head Quarters. Reference to these instructions and the publication of "Classification Hand Book for Defence Service," will facilitate proper compilation and understanding 'of the figures in Statement ''C'', CCO-2 etc.

CLASS OF COST:

40. Cost of a product consists of expenditure on Direct Labour, Direct Materials, Direct Expenses, Variable Overhead, Fixed Overhead and other charges. These categories of expenditure are identified by a two digit numerical code called "Class of Cost". The purpose for all kinds of drawls by the production shop is identified by this code. The Class of cost and the item code helps in generating the material/ component abstracts (cost abstracts). A schedule of Class of cost is enclosed at Annexure E.

KIND OF DOCUMENT:

41. The primary documents for identifying the cost include Day Work Cards, Piece Work Cards, Demand Notes, Return Notes, Receipt Vouchers, Issue Vouchers and Transfer Vouchers. A code is assigned to identify the kind of document and the function of that document. KOD is generally useful in carrying out internal adjustments and rectifications. A schedule of KOD is enclosed at Annexure F.

PRICED STORE ACCOUNT (PSA) CODE:

42. The receipts and issues of stores are classified according to the sources of receipts and parties to whom issues have been made. Code Numbers are allotted for each head of receipts and issues. Code 05 in the Priced Store Account is for "Local Purchase". Separate Code Numbers are allotted for receipts of stores from production and stock of different consignor Ordnance Factories. Same procedures are followed for issue. In addition, surpluses, profit on sale of stores, losses etc. are also shown. These codes are allotted by 'PR' section of PCA (Fys). A schedule of PSA codes are enclosed at Annexure G.

EXTRACT:

43. Authority for undertaking work in Ordnance Factory is the Extract issued by the OFB. Extracts are based on the indents placed by the indenters like Army, Navy, Air Force on OFB. There are five classes of extracts viz.:

Class I	...	For issue to Army
Class II	...	Payment Service
Class III	...	Inter Factory Requirements (demand)
Class IV	...	Manufacture for stock
Class V	...	Capital Works

WORK ORDER:

44. Work orders are the documents generated for identifying the indentor and the item of expenditure. Work orders consist of 9 digit code numbers. The first two digits indicate the Main Work Order showing the indentor or the purpose for which a work is undertaken. The next five digits indicate the particulars of work and the last two digits indicate control codes. For indirect Work order 0 in the third digit of the Main Order indicates debit and 1 in the third digit of the Main Work Orders indicates credit i.e. minus figures. The last two figures of the work order indicate the section for which expenditure is incurred. Details of work orders common to all

factories as well as Process Work Orders are contained in the Syllabus of Work Order Part I issued by the Principal Controller of Accounts (Fys). For items of production peculiar to a factory, details are contained in Syllabus of Work Order Part II. The allotment of numbers is controlled by the General Manager. For proper allocation and ascertainment of the overhead expenses, it is essential that a thorough study of the different work orders under 01-Fixed charges and 02-Variable charges as detailed in the Syllabus of Work Order Part I is made by all concerned with production and cost management. Excepting the "indirect expenditure" under W.O. serials "01 and 02" in the first part of the syllabus, the expenditure on all work orders is treated as "direct expenditure".

WARRANTS:

45. Manufacture and Material Warrants are issued by the planning section to the production shops. Standard Estimates are drawn up in Ordnance Factories for Labour and Material. The warrants reflect the estimates and the quantity. The "Standard Estimates" are allotted numbers as per local requirement. Warrants are allotted five digit numbers. The last digit is utilized for indicating type of expenditure viz. tool expenditure, replacements etc. System of numbering is left to the requirement of each individual factory.

ITEM CODE:

46. Raw Materials are allotted unique code numbers by individual Ordnance Factories. These Code Numbers facilitate proper identification and accounting of stores. The Material Inward Slips are allotted continuous serial number throughout the year. Alpha numerical system is used for numbering stock and production receipt and issue vouchers by prefixing or suffixing the letter "S" for transactions relating to stock and "P" for production issues. Last batch certificate are issued indicating the last number allotted and blank numbers for each kind of document for each month to the Accounts Office.

47. Materials are required to be accounted for in terms of numbers, weight, length, area, volume, etc. unit of measure varies from item to item. These units are allotted two digit numbers eg. "40" stands for numbers.

CODE FOR PERSONNEL:

48. The industrial Employees are identified by Token/Ticket Numbers. These numbers change when they are transferred from one section to another. These token numbers are quoted on all labour documents viz. presentee memo Muster Rolls, Accounts Records for wage calculation, Day Work and Piece Work cards, overtime memo etc. The Provident Fund Account Numbers are allotted by the Office of the Principal Controller of Accounts (Fys) remains the same for any individual during his entire career in the factory organization. The individuals joining after 31-12-2003 are having PRAN as they come under NPS. Every individual employee has a personal number.

INVENTORY & CAPITAL ASSETS:

49. Buildings, Plant and Machinery and other assets including inventory items are identified by Alpha numerical or Numerical codes called Register Numbers allotted to them. Physical stock verification is done with reference to the numbers.

CODIFICATION OF ORDERS:

50. To ensure that all instructions issued on administration/ audit matters are received by all concerned, the Office of the Principal Controller of Accounts (Fys) issues "AN" and "AT" series orders serially numbered during a calendar year.



Annexure – E

Schedule of Class of Cost

Class of Cost	Description
11	Labour
14	Pay and Allowance (other than IEs)
20	Material drawn through Demand Notes (IFD material)
21	Material drawn through Demand Notes (other than IFD material)
22	Process/Foundry Material
23	Process/Foundry Material (Deduct code)
28	PPL/Components
30	Direct expenses
36	Variable Overhead
39	Fixed Overhead
40	Ingot mould charges
41	Special Tools
42	Preliminary Expenses
43	Expenses through allocation sheets (other charges)
45	TOT charges

Annexure – F

Schedule of Kind of Document (KOD)

Kind of Document	Description
17	Day Work Card
18	Individual Piece Work Card
19	Gang Piece Work Card
21	Plus Receipt voucher
22	Plus Return Notes
24	Minus Issue voucher
26	Plus Issue voucher
27	Plus Demand Note
29	Minus Receipt voucher
42	Minus Demand Note
47	Minus Return Notes



Annexure – G

Schedule of Price Store Account (PSA) code

Receipts

PSA Code	Description
1.1	Purchase from Foreign Govt.
1.11	Proforma levy on a/c of incidental charges excluding Customs Duty on the value of Stores as per disposal Order shown at above
2	Purchase through Central authority
4	Store Purchased from Foreign Govt.
5	Local Purchase
6	Inspection fee and excise duty on Coal and Coke
6.1	Transportation charges on stores collected by Factory transport
9	Stores received from Timber Depots under Timber Directorate
10	Receipts from C. P. Factory
11	Transfer from non -military department including Stationery for outturn purposes and receipt from M.E.S.
12	Transfer from other Military departments
13	Transportation charges including loading and unloading charges and Wharfage etc.
14	Testing charges allocated to the book value of Stores
15	Transfer from Capital Accounts excluding scrap from machinery broken up
16	Value of receipt into stock from own Factory manufacture
17	Return Notes
18	Miscellaneous receipts including Scrap from machinery etc. broken up -scrap received from inventory stores produced from packages etc
19	Purchasing Agency and Inspection charges net included in the prices of material
20	Surplus at stock-taking.
	Profit on sale of Stores Under order of D. G. S. & D. and D. G. O. F
21	(i) Surplus
22	(ii) Obsolete
23	(iii) Waste and scrap
24	Profit on sale of other stores
25	Profit on sale of other stores referred to late DOF's No. 12913/127 (M.G.-11-B) dt. 5th May 1939 (Not debitable to Production)
26	Material returned on R. Notes by Non- Military Department etc.
27	Adjustments
	Custom duty allocated to the book value of stores
28	(I) Europe supplies
29	(ii) Central and Local purchase Stores
30	(iii) American purchase
	Transfer from Indian Ordnance and Clothing Factories
31	Transfer from M. S. F. Ishapur (Store)
32	Transfer from GCF Jabalpur (Store)

33	Transfer from AF Kirkee (Store)
34	Transfer from CF Aruvankadu (Store)
35	Transfer from RF Ishapore (Store)
36	Transfer from GSF Cossipore (Store)
37	Transfer from OEF Kanpur (Store)
38	Transfer from OCF Shahjahanpur (Store)
41	Transfer from MSF Ishapore (Production)
42	Transfer from GCF Jabalpur (Production)
43	Transfer from AF Kirkee (Production)
44	Transfer from CF Aruvankadu (Production)
45	Transfer from RF Ishapore (Production)
46	Transfer from GSF Cossipore (Production)
47	Transfer from OEF Kanpur (Production)
48	Transfer from OCF Shahjahanpur (Production)
66	Transfer from HEF Kirkee (Store)
67	Transfer from HEF Kirkee (Production)
76	Transfer from OPF Kanpur (Store)
77	Transfer from OPF Kanpur (Production)
82	Transfer from OF Khamaria (Store)
83	Transfer from OF Khamaria (Production)
91	Transfer from SAF Kanpur (Store)
92	Transfer from SAF Kanpur (Production)
93	Transfer from OF Kanpur (Store)
94	Transfer from OF Kanpur (Production)
95	Transfer from OF Katni (Store)
96	Transfer from OF Katni (Production)
97	Transfer from OF Muradnagar (Store)
98	Transfer from OF Muradnagar (Production)
99	Transfer from OF Ambernath (Store)
100	Transfer from OF Ambernath (Production)
105	Transfer from OF Dehradun (Store)
106	Transfer from OF Dehradun (Production)
132	Transfer from OF Bhusawal (Store)
133	Transfer from OF Bhusawal (Production)
135	Transfer from MTPF Ambernath (Store)
136	Transfer from MTPF Ambernath (Production)
146	Transfer from OF Bhandara (Store)
147	Transfer from OF Bhandara (Production)
148	Transfer from HVF Avadi (Store)
149	Transfer from HVF Avadi (Production)
150	Transfer from OCF Avadi (Store)

151	Transfer from OCF Avadi (Production)
154	Transfer from OCF Chandigarh (Store)
155	Transfer from OCF Chandigarh (Production)
156	Transfer from OF Dumdum (Store)
157	Transfer from OF Dumdum (Production)
158	Transfer from OF Ambajhari (Store)
159	Transfer from OF Ambajhari (Production)
160	Transfer from OF Varangaon (Store)
161	Transfer from OF Varangaon (Production)
162	Transfer from OF Trichi (Store)
163	Transfer from OF Trichi (Production)
164	Transfer from OF Chanda (Store)
165	Transfer from OF Chanda (Production)
168	Transfer from VF Jabalpur (Store)
169	Transfer from VF Jabalpur (Production)
170	Transfer from FGF Kanpur (Store)
171	Transfer from FGF Kanpur (Production)
172	Transfer from GIF Jabalpur (Store)
173	Transfer from GIF Jabalpur (Production)
174	Transfer from OF Itarsi (Store)
175	Transfer from OF Itarsi (Production)
176	Transfer from OF Dehuroad (Store)
177	Transfer from OF Dehuroad (Production)
178	Transfer from OF Medak (Store)
179	Transfer from OF Medak (Production)
180	Transfer from OEF Hazratpur (Store)
181	Transfer from OEF Hazratpur (Production)
182	Transfer from OF Bolangir (Store)
183	Transfer from OF Bolangir (Production)
184	Transfer from OLF Dehradun (Store)
185	Transfer from OLF Dehradun (Production)
188	Transfer from EF Avadi (Store)
189	Transfer from EF Avadi (Production)
190	Transfer from HAPP Trichi (Store)
191	Transfer from HAPP Trichi (Production)
192	Transfer from OF(P) Nalanda (Store)
193	Transfer from OF(P) Nalanda (Production)
194	Transfer from OF(P) Korwa (Store)
195	Transfer from OF(P) Korwa (Production)

Issue

PSA Code	Description
34	Issue to OPF Kanpur
37	Issue to OF Khamaria
42	Issue to SAF Kanpur
43	Issue to OF Kanpur
44	Issue to OF Katni
45	Issue to OF Muradnagar
46	Issue to OF Ambernath
48	Loss on sale of Essential Commodities
50	Issue to OF Dehradun
51	Transfer to Capital Account
	Sale of stores under order of C. D. O. (sch. 24)
	(I) Surplus:-
52	(a) Net value (excluding auctioneers commission)
53	(b) Auctioneer's commission.
	(ii) Obsolete
54	(a) Net value (excluding auctioneer's commission)
55	(b) Auctioneer's commission.
	(iii) Waste and Scrap-
56	(a) Net value (excluding auctioneer's commission)
57	(b) Auctioneer's commission
58	Sale of Other stores (sch. 25)
61	Issues to C. P. Factory
62	Transfer to other Military Department
63	Issues on payment including issues to Non-Military Department M. E. S. (sch.31)
64	Demand Notes
65	Miscellaneous Issues
66	Issues to non -Military Departments, private bodies, firms etc., for manufacture of articles on behalf of the Army.
	Loss of stores in transit—
68	(a) Loss statement
69	(b) Expense voucher
	Loss of stores in-Charge
70	(i) Theft, fraud, etc
71	(ii) Deficiency in actual balance not caused by theft, fraud, etc,
72	(iii) Deterioration due to defective storage
	(iv) Other causes, e. g - conditioning of stores not caused by defective storage. Stores scrapped due to obsolescence and change in process of manufacture
73	(a) Loss statement
74	(b) Expense voucher.
75	Loss on sale of stores referred to in D. O. F's No, 12913/127 (M. G. 11.B), dated 5th May 1939 (not debitable to Production)

Issue

PSA Code	Description
	Loss on sale of stores under orders of C. D. O.-
76	(i) Surplus
77	(ii) Obsolate
78	(iii) Waste and strap
79	Loss on sale of other Stores
80	Adjustments
86	Issue to HEF Kirkee
91	Issue to MSF Ishapore
92	Issue to GCF Jabalpur
93	Issue to AF Kirkee
94	Issue to CF Aruvankadu
95	Issue to RF Ishapore
96	Issue to GSF Cossipore
97	Issue to OEF Kanpur
98	Issue to OCF Shahjahanpur
110	Issue to OF Bhusawal
112	Issue to MTPF Ambernath
118	Issue to OF Bhandara
119	Issue to HVF Avadi
120	Issue to OCF Avadi
122	Issue to OCF Chandigarh
123	Issue to OF Dumdum
124	Issue to OF Ambajhari
125	Issue to OF Varangaon
126	Issue to OF Trichy
127	Issue to OF Chanda
129	Issue to VF Jabalpur
130	Issue to FGF Kanpur
131	Issue to GIF Jabalpur
132	Issue to OF Itarsi
133	Issue to OF Dehuroad
134	Issue to OF(P) Medak
135	Issue to OEF Hazratpur
136	Issue to OF Bolangir
137	Issue to OLF Dehradun
139	Issue to EF Avadi
141	Issue to HAPP Trichy
142	Issue to OF(P) Nalanda
143	Issue to OF(P) Korwa



Controller of Finance & Accounts (Fys.),
Kanpur Group of Factories,
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Kanpur - 208013

CHAPTER-IV

SYSTEM OF COST ACCOUNTING IN ORDNANCE FACTORIES

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SYSTEM OF COST ACCOUNTING IN ORDNANCE FACTORIES

Basic Concepts

51. In the case of commercial firms, the practice is to cost the product each month on the basis of the actual output and actual expenditure and also compare with the rough cost fixed for the product at the beginning of the year. In the case of Ordnance Factories, the production authority in the form of a warrant is for lot quantity. The system of such job costing followed in Ordnance Factories is as follows:

(i) Orders are placed on the production shops of the Ordnance Factory in the form of manufacture and material warrant for convenient batch or quantity which can be completed in six months. Therefore, the normal duration of warrant is considered as six months other than warrants of capital works and carriage components. However, in many cases warrants are issued for quantities or lot size of higher numbers for meeting up particular order or target.

(ii) Standard Estimates are drawn up by the planning section of the Ordnance Factories. These estimates are priced by the Branch Accounts Office. It is the basis for issue of warrants to execute the production by the shops

(iii)Warrant is the authority for utilization of labour and drawl of materials by the production shops or the cost centres.

(iv) Expenditure incurred under the elements of cost viz. Labour, Materials, Direct Expense, Variable Overheads and Fixed Overheads are collected warrant-wise with respect to respective work orders. These expenditures are compiled in the cost cards maintained by the BrAOs.

(v) After the closure of warrant the actual cost is compared with the estimated cost under different elements of cost.

Comparison between the costs of production on warrants for the same items, during different periods, enables identification of variances and the causes. Remedial measures as necessary can be undertaken by the Ordnance Factories based on such inputs.

52. In the case of items which are in the process of manufacture as on 31st March of any year, evaluation of the work in progress is made and the cost of production is worked out as:-
(a) Opening WIP + Expenditure during the year – Closing WIP – Abnormal Rejection (if any) – Departmental Material utilized Indirect Work Orders = Cost of Production.
(b) Cost of Production, divided by the number of units manufactured gives the rate per unit. This rate is worked out correct to two decimal places.

53. Apart from the system of job costing, Process costing method is used for Chemical Factories and metallurgical factories. Costing Methods are different for conversion of timber, foundry etc.

54. The technique of “Marginal Costing” is employed while quoting for the civil trade. The objective is to utilize idle and spare labour and facilities available to the extent possible. Details of the system are at Para 99.

55. Standard Costing system envisages the determination of standard compilation of actual and working out of variances in respect of Direct Labour, Direct Material, Direct Expenses and Overhead for each component, sub-assembly or assembly manufactured against a warrant in a section of the factory. By applying the variances to the standard cost, actual cost is ascertained. Cost Cards for individual items of manufacture are not necessary.

Objectives

56. The objective of maintaining cost card is for purpose of "Cost Ascertainment" and "Cost Control" and this is the primary tools for concurrent review of the production process in financial terms. Closing of Cost Card, compilation, of process costs, Foundry Costs etc. provides keen insight and intelligent scrutiny of the production process and helps the management to undertake course of corrections in the middle of the year.

Foundry Costing

57. Blooms, billets, rods are produced by open hearth, electric steel furnaces. Foundry work orders 03/00001/00-Iron Foundry, 03/00002/00- Steel Foundry and 03/00003/00-Brass Foundry are operated. The procedure consists in arriving at a unit rate per kilogram of castings produced. Foundry Cost Statement Form I is made out by Labour section posted from Foundry Form III (metal statement and process statement) which gives details and value of material consumed and Form II (Foundry work record) which gives labour charges. Variable and Fixed Charges are calculated on the basis of rate per SMH. The total expenditure divided by net total weight of castings produced gives the rate per unit weight. The moulding rates of the casting vary according to the type of casting produced. The labour charges are allocated direct from Form I to the relevant castings after adding variable and fixed overhead expenses. A watch is kept on the percentage of loss to the total quantity manufactured. An abstract is prepared by "Costing Section" debiting the out-turn order by giving credit to the relevant Foundry work Order.

58. Costing Section will check the quantities for which payments have been claimed in Form II (Foundry Work record) with the total weights of castings issued as per Form II for which the metals had been expanded. Any discrepancy in regard to under/ over payment of labour or excess drawl of materials in relation to the quantities shown in the statement is settled with the management. In order to arrive at the total cost of a particular job, undergoing different operations, the expenditure incurred in previous months is linked up with that incurred for the remaining operations for the same job in subsequent months. Steel Ingots are classified into four types, according to their composition viz. plain carbon steel, nickel steel, temper steel and alloy steel. Mould charges are ascertained on uniform basis. As different materials are expended for different ingots, the material value is ascertained separately for each type of ingot. In Electric Furnace: Procedure followed is the same except that electricity charges are accounted in Form I.

Timber costing at Gun Carriage Factory, Jabalpur

59 to 61 This system has been discontinued as the timber processing and seasoning has been done away with in the GCF, Jabalpur.(refer history at page 48)

Paras 71 to 91 of 1993 edition. Deleted (Leather processing has been brought under Process Costing), Para 96 of 1993 edition merged with para 63 below.

Process Costing

62. Certain items of production pass through various stages or processes before the final product is obtained. Process costing is a method of costing where a product has to pass number of processes till the final product is being produced and issued. For each such process, separate accounts are maintained known as process accounts. To compile process accounts, it is necessary to have a flow chart of production. The various process work orders are listed in the Syllabus of Work Order Part 1 (1997) Edition under "03" series.

63. Basic principles in the compilation of process costs are: **Labour:** Direct Labour booked by the Section for each process is obtained from Labour Abstract. **Materials:** Material Abstract will contain value of materials drawn; every Process Section furnishes the quantity of material demanded and material expended. The value of material expended is arrived at. Further, materials common to two or more work orders are the first instance demanded by the Section under one Work Order and then transferred to other Work Orders by a Transfer Voucher. Such figures are compiled from Transfer Vouchers. **Direct expenses**: Electricity, water, steam and compressed air are directly allocated to the work.

Variable Overheads: These are divided into

(i) Allocated Overheads
(ii) Unallocated Overheads

Repair and other charges such as electricity, steam, compressed air and refrigerated water etc. that can be directly allocated to non-manufacturing process are called "Allocated Overheads". Other indirect charges incurred by the Section itself or by other Section and the Overheads thereon cannot be directly allocated to a particular process are compiled separately and are then distributed to the process concerned on direct labour charge basis.

Fixed Overheads leviable are being absorbed on the current level of production.

64. In addition, departmental materials are also used in the manufacture of certain process material. They are also valued at the previous month's rate and are compiled under charges incurred in manufacture.

65. Waste acids are recovered from certain processes and they are again utilized in production after necessary purification. The waste acids are priced at pre-determined rates which are arrived at the beginning of each financial year, with reference to the purification/concentration cost incurred during the previous financial year.

66. Every month the management furnishes the Accounts Office with a statement showing on the receipt side the quantity of the process materials produced and of the opening balance from the previous months. On the issues side the quantities issued are shown and the closing balance. The value of the opening balance is obtained from the previous month account and is added to the value of production during the month and an average rate for the month is worked out. The issues are priced at this rate. Transfer vouchers are made out debiting the work order and crediting the process material.

Note: The process cost will be worked once every quarter. In order, however, to avoid delay in the closing of cost cards relating to out-turn warrants the following procedure will be followed.

67. The production and issue statements, showing issues from process will continue to be received monthly. The issues to the out-turn work order during the first two months of the quarter will be priced at the latest available average rates. Necessary transfer vouchers will also be prepared monthly by operating classes of cost 22 and 23. As soon as the process accounts for the quarter are finalized consequential adjustments to the cost of issues made in the first two months of the quarter will be carried out and included in the transfer vouchers for the third month of the quarter.

Accounting of Leather Cost in Ordnance Equipment Factory Kanpur

68**.** Ordnance Equipment Factory, Kanpur is engaged in processing of leather and a unique process costing

Earlier processes involved	Present Processes
Liming, Fleshing and de-haring	Liming
De-liming	Deliming
Colouring	Pickling
Handlers	Chrome Tanning
Layer(Buffalo and Hides)	Basification
Drumming(Bellies)	Sammying
Removing at replacing and circulating(Bellies only)	Splitting
Final Washing(Buffaloes and Cow Hides)	Shaving
Oiling, shedding and Final weighment(Bellies only)	Re-chroming
Oiling drying and Final Weighment(Bellies only	Neutralization
	Dyeing
	Fat-liquoring
	Setting
	Vacuum drying
	Trimming
	Stalking
	Buffing
	Pigmenting
	Printing
	Lacquer coating

69. In the earlier process, most of the operations are done through separate work orders under 41 series which is meant for PPL (Price Production Ledger) stock. Processed material produced in a particular work order under 41 series are taken on PPL store charge through Component Stock Voucher, again the same is drawn to another work order of 41 series in next process till final product is produced. In cutter shop Section, leathers were supposed to be drawn on Work order 03/00006/00 and statement of cost were allocated to the various out-turn orders. Presently, the above procedures have undergone a change with introduction of new advanced Machines and production techniques. Now a leather product has to pass through 20 processes as enumerated above, before the final finished leather is produced.

70. After completion of above process in 41 series work orders, finished leathers are transferred to PPL stock through Component Stock Vouchers. Sometimes raw hide after going through some of the above processes are kept as **WET BLUE in PPL** stock from where finished leathers are produced and issued in out-turn work orders.

71. The difference between what is stated in manual and what being followed in factory at present is that earlier in every process the work is being carried out under separate work order under 41 series and the same is transferred to PPL stock in every process and expenditure of cutter shop was being allocated to out-turn from W.O 03/00006/00. But now all the 20 process are being carried out under a single 41 series work order till the final product is being manufactured and issued through out-turn work orders after drawl of material from PPL stock. W.O 03/00006/00 meant for process material has been now dispensed with.

Civil Trade

72. The policy of the Government is to utilize the spares capacity available, after meeting service demands for the manufacture of stores etc. for sale to Civil Trade, other non-military departments (including Central and

State Governments, Public Bodies, Municipalities, Local Board and Other Semi-Government institution and Foreign Governments). Manufacture is undertaken against 80, 82, 83, 84, 88, 92, 93, 94 and 96 series of work orders. The CT& Exports division of OFB is authorized to fix the price in consultation with the Finance Division of OFB. Such price will be notified. The Accounts Office of the respective Ordnance Factory will provide the priced estimates and the actual expenditure incurred on the particular item facilitating the pricing exercise.

Issues to Foreign Government

73. Director (Export) (Ministry of Defence) fixes the export price in consultation with the Ministry of Finance based on cost data received from OFB duly vetted by the local Accounts Officer taking into accounts other factors like transportation charges, agency commission, escalation for labour hour, material charges etc.

Comparison of Cost

74. In the case of factories manufacturing common items of production, comparison of cost is made under the different elements of cost with a view to effecting economy and cost reduction. Variations may be both in quantum and type of materials as well as direct labour charges while certain variation due to differences in the Plant and Machinery utilized by different factories is understandable, the reasons in the quantum i.e. quantities of materials authorized for production by different factories require analysis. Detailed comparison of the Standard Estimates needs to be carried out time to time. The endeavor will be towards evolving a common standard by sharing best practices. Such comparison needs to be reviewed on half yearly basis for mid-term course corrections.

Items kept out of Production Accounts

75. There are certain items of expenses like profit or loss on sale of stores, arrear of pay and allowances depreciation, care and custody of stores surplus to requirement which do not relate to the normal production activities. Inclusion of the items in the overheads will vitiate cost comparison. Hence these are not treated as leviable overhead and the expenditure is shown as deduction from the total expenses. While there are instructions for keeping items out of production, other expenses like heavy arrear payments, abnormal losses etc. may have to be excluded from overhead. Such cases can be kept out of production only after approval by OFB and Principal Controller of Accounts (Fys).

Para 76 to 118 BLANK

History of Processing of Leather at Ordnance Equipment Factory, Kanpur

Leather Processes involved at OEF Kanpur are as follows:
1. Liming, fleshing and de-hairing, 2. De-liming, 3. Colouring, 4. Handlers, 5. Layer (Buffalo and Hides), 6. Drumming (Bellies only), 7. Removing at replacing and circulating (Bellies only), 8. Final washing (Buffaloes and Cow Hides), 9. Oiling, shedding and final weighment (Bellies only), 10, Oiling, drying and final weighment (Bellies only).

There are separate work orders under 41: series for (1) to (10) above. Buffalo hides, Buffalo bellies and cow hides receive different treatment. Hence piece works rates for one and the same operation vary. Separate process statements are prepared at the end of each quarter. Buffalo hides are divided into grades: (1) A.B.C., (2) D.E.F. Separate cost statements are prepared for grades 1 & 2.

Liming, Fleshing and Un-hairing

Dry raw hides on receipt in the Factory are put in lime pits for about 12 days. Raw material for this process is lime only. After this the hides are taken out and unhide. The accepted hides are weighted in their limed state. The accepted hides are paid for at the contract rate and brought to account as such. The rejected hides are returned to the contractor and recoveries for liming charges on these hides made at a fixed rate and credited to the process. Recoveries on account of sale of fleshing etc. are credited to the Buffalo and cow hides in proportion to the weight of the accepted hides and taken as a credit to hide cost. Cost of process material like lime etc. is distributed in proportion to the limed weight of the hides accepted during the quarter.

Water charges are allocated with reference to water Cost Statement to the Tannery and Curriery Section. Water charges for Tannery Section is distributed to Buffalo and Cow hides work orders in proportion to the weight of the accepted hides. This is again distributed to the operation as under: -

Liming, fleshing and un-hairing	-	50%
De-liming	-	20 %
Leach House	-	30 %

Bellies are cut off from accepted buffalo hides after liming and they are transferred to the appropriate work order at the fixed rate for being treated separately from the operation of de-liming.

De-liming

Process materials are acid boric and cost of water. The accepted Bellies and shoulders are priced at 20% and 50% respectively of the cost of the whole hide. Balance represents the butt' portion of the hide. Acid Boric drawn on buffalo hides work order is distributed to the Buffalo hides, Buffalo, bellies and Cow hides at fixed percentages.

Colouring

The hides are rotated in a lattice drum containing weak tan-liquor to give them a uniform colour. No material is debited to this process as the value of weak tan-liquor is reckoned as "NIL".

Grinding of Bark Baboul and Myrabolam

Ungrounded Bark Baboul and Myrabolams are drawn against the relevant 41 series work order. The ground stuff is returned to stock on C.S. Voucher. The ground stuff is priced at the purchase cost plus grinding charges. The difference between the weight drawn and weight returned represent loss and is charged to the process. This loss is carefully scrutinized. Rates for ground stuff are standardized and no adjustments between the actual cost and the cost already charged are made.

Leach House Expenditure

The ground bark and myrabolam are redrawn on 41 series work order provided for Leach House where they are made into liquor ready for supply to tan and layer yards. Strength of liquor is determined by Bark Meter Reading. Unit of liquor is represented by 5 degrees Bark Meter Reading. To charge the cost of the liquor to

various processes, the following documents are furnished by the factory:

(i) The leach-house liquor transfer register, (ii) The tannery liquor transfer register, (iii) Leach House Production Statement No. 1, (iv) Leach House Production Statement No. 2, (v) Leach House Production Statement No. 3.

Items III to V above represent cost data in respect of liquor which is allocated to the various processes with reference to item (i) Transaction at (ii) above is incorporated in those at item (i).

Handlers

The hides are put in pits containing liquor and are gradually moved into stronger and stronger liquor. In addition to the value of liquor charged from Leach House, the value of other materials consumed in this operation as obtainable from the Register of Bark and Myrabolam are added to arrive at the completed cost of process materials. The hides found in the pit as on 31st March are priced at the last operative rates plus the amount of labour, material arid overhead charges incurred in respect of their part finished stage.

Layers

After the above process, the hides are put, in pit duly arranged in layers. Buffalo hides take two layers while cow's one or two. The duration of each layer is one month. The layer pits are filled with fresh strong liquor. Details of materials used' "other thin liquor is obtained from the register referred to above and value of such materials is debited to the work order. Hides lying in pit are valued on the same basis as in the process for Handler's.

Drumming and removing and replacing in circulation

The operations are similar to "Handlers" and "Layers" Buffalo bellies undergo these operations. Liquor from Leach House and other materials consumed are debited to this work order. Bellies found in drum or circulated as on 31st March are priced in the same way as hides in pit.

Final washing

Very weak liquor is used after washing, the hides are sent to Curriery section for oiling and shedding. This operation forms a part of Tanning. The hides are rubbed with coal oil and when dried they are washed and transferred to stock as Tanned Hides through stock vouchers.

The weight of limed hides minus the weight of tanned hides represents loss which is charged to the process.

Oiling Drying and final weighment

The buffalo bellies after drumming on circulation, are oiled with Kromoline in Tannery Section and when dried they are forwarded to stores and brought on charge as Tanned Bellies. Difference in weight between limed and tanned weight is treated as in the case of Buffalo & Cow hides.

Curriery process cost statement

In the Curriery Section, tanned hides are dressed with cord oil, tallow etc. Share of Water charges from the water cost statement is debited to the process work orders. The curried and converted leather is brought into account under 15 heads as detailed under 41 series of work order. Process material and tanned hides are drawn on 41 series of work order. All curried and converted leather is transferred to stock.

Factory furnishes every month, statement showing the number of hides and their weight in respect of all. (i) Curried and converted leather, (ii) Opening and Closing Balance of currying and conversion materials as well as those of unfinished hides, (iii) Allocation of Currying and conversion materials.

Various items of cost (viz. Labour, Material and Overhead) are collected in the proforma and cost of finished leather is worked out therein, variations are analyzed. Standard rates are adopted for pricing tanned leather. Copies of statements are forwarded to the G.M.

Cutters Shop

All sorts of leather are drawn on work order 03/00006/99. Leather is cut and charged to various out turn orders. A daily record (H&S Form 39) for all leather transactions is maintained by the shop. The information regarding the quantity of leather used in manufacture is collected monthly from the piece work cards which are sent by shops. All recoveries such as cutting, pieces and splits etc. are returned on Return Notes to the credit of the above work order. An annual balance sheet is drawn up showing the above transactions'.

Difference between the total quantity of leather drawn for cutting and that charged to out turn is determined and a percentage to total quantity drawn is worked out and compared with previous year's figures. The difference is generally due to in alteration which occurs in the Curriery Section receiving the leather from the Cutters Shop for conversion or alteration. Monetary difference between the original values of the cuttings splits etc. and the sale proceeds is eventually distributed over the production. The percentage is standardized, for adoption in the next year's account.

Accounts Office prepares a monthly abstract showing the quantity utilized on, different work orders as per Piece Work Cards. The quantity is then priced at the standard rate. To the value thus arrived at, standard percentage of loss is added Monthly Punching media showing the value is sent to EDP Section for inclusion in the transfer voucher abstract.

Tannery Section

The method is in vogue from 1978 in Tannery Section in addition to drum tanning method of processing leather. The following are the process which are common ;-

1. Liming Fleshing and Unhairing.
2. Bathing.

After "Bathing" in the new method, buffalo hides, including bellies are divided into two parts. Process is (1) Pre-tanning (2) Scudding (3) Rocking (4) Drumming (5) Layers (6) Washing (7) Punching and cutting and carrying to Curriery Section.

In the old method, Buffalo bellies and buffaloes tanned butts are processed separately. In the modern method, both leather buff and tanned bellies are processed together. In Curriery Section, sole side leather is produced and the process is considered as complete.

History of Timber Costing at Gun Carriage Factory, Jabalpur

A specific procedure was followed at Gun Carriage Factory, Jabalpur for cost accounting of timber processing. Logs of various kinds of timber used to be accounted for in the Bin Cards/Store Ledgers. These were drawn for conversion into planks. A monthly statement was made out by the Saw mill Section for conversion of Log/sleeper to planks. Value of labour expended on conversion of logs and overheads charges were added, on the other hand the values of Timber Fire Wood and 'Saw, Dust recovered,' Logs returned to Stores and logs in hand were deducted, to arrive at the cost of a plank produced. The Planks were graded in 10 groups. Losses in conversion of Logs to Planks were reviewed with reference to the scales fixed and regularization action taken where necessary.

The Planks were required to be seasoned. The expenditure on seasoning was distributed monthly to the Planks through Kiln Cost Distribution Sheet. Along with the "Kiln Cost Distribution Sheet" an Allocation Sheet giving the Ticket Numbers, Rate of Pay and Designation of each IE employed against WO Number 03/00303/00 were generated for timber costing.



Controller of Finance & Accounts (Fys.),
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CHAPTER-V

LABOUR-METHODS OF PAYMENT AND ALLOCATION

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Classification of workers, record maintained by Labour Bureau/Accounts and information contained therein.

119. **Classification of workers**

The employees in Ordnance and Ordnance Equipment Factories who are employed for production and maintenance jobs are called Industrial Workers and are classified as:-

Semi-Skilled
Skilled
Highly Skilled – Grade II
Highly Skilled – Grade I
Master Craftsman

Semi-Skilled workers in Ordnance/Ordnance Equipment Factories are of two types viz. Semi-Skilled Tradesmen and Semi-Skilled Labours. The tradesmen who are having adequate trade training are recruited in the semi skilled grade on probation against the available vacancies in skilled grade and after successful completion of probation period and passing of the requisite trade test they are placed as skilled workers. Such placement in the skilled grade after putting in the specific length of service in the Semi-Skilled grade should not be treated as promotion/up-gradation for the purpose of their future financial up-gradations.
([Auth:- MOD ID, 11(5)/99-D (Civ-I) dt 30-10-2001] (Annexure – 'H')

The semi skilled labours are basically unskilled and do not have any trade training. Such semi-skilled labours must pass necessary trade test for the Semi-skilled grade to be entitled for appearing the trade test of the skilled grade and further advancement in the hierarchy of the artisan cadre. These Semiskilled labours are mainly the erstwhile Group "D" unskilled labours and NIEs transferred / redesignated as IEs.

As per Government of India, Ministry of Defence No. 11(5)/2009 D(Civ-I) dated:14/06/2010 (Annexure – I), the artisan cadre of the industrial workers have been classified w.e.f. 01-01-2006 into four grades viz, Skilled, Highly Skilled Grade II, Highly Skilled grade I and Master Craftsman. With the issue of the above order of the Ministry of Defence the post of Master Craftsman which was previously within the strength of Highly Skilled grade, has become part of the hierarchy of the artisan cadre w.e.f. 01-01-2006 and the movement of Highly Skilled Grade I to the grade of Master Craftsman has become a promotional movement.

The composition of Industrial employees in each Ordnance & Ordnance Equipment Factory has been framed out keeping in view the pattern of production or the jobs to be performed for production of particular types of items, assigned to the particular factory. These jobs have been grouped trade-wise as Black smith, carpenters, Electrician etc. and the percentage of workers under each grade viz. skilled, highly skilled etc. are notified under Govt. Orders issued from time to time. As per Government of India, Ministry of Defence letter dated 14/06/2010, 45% of the sanctioned post in artisan cadre may be granted the grade of Skilled workers, 25% of the remaining 55% may be granted the grade of Master Craftsman and the remaining posts may be divided in the ratio of 50:50 as Highly Skilled worker grade – II and Highly Skilled worker grade -I.

120. The workers are paid on monthly rates of pay as per the pay scales granted to each category of industrial employees based on the principle of 'No work No Pay'. Those who are paid on the basis of attendance are called Day Workers. Workers, paid on the ba sis of piece work rates of wages, working individually or in gangs are called individual/gang piece workers.

In addition there are casual industrial employees for specific jobs/periods to act as substitutes to meet increased work-load and trainees under various training scheme.

Figure-1

CLASSIFICATION OF IES

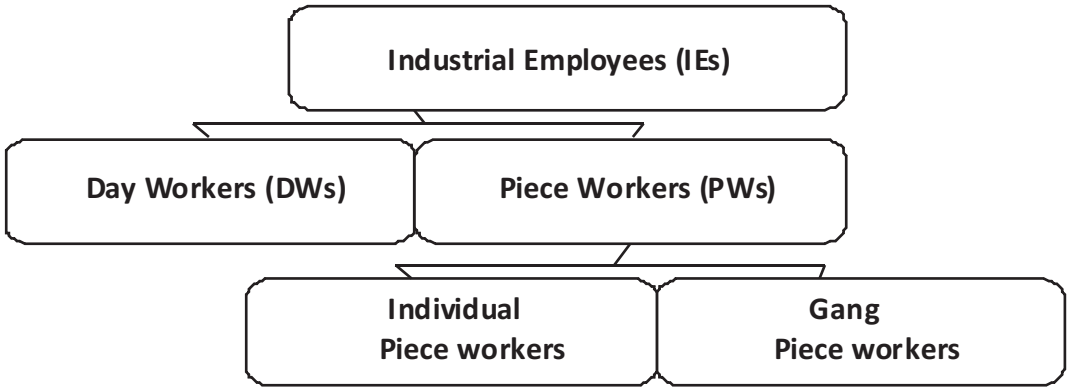
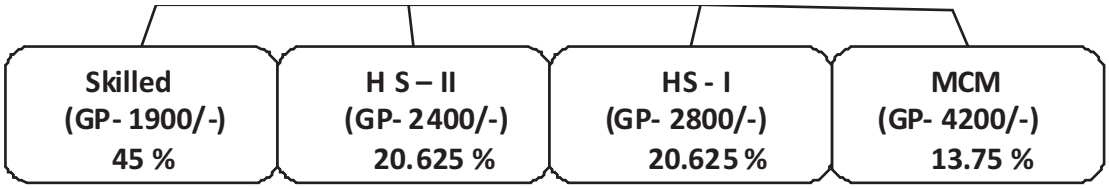


Figure-2

INDUSTRIAL EMPLOYEES
(ARTISAN STAFF)



The above classification is for both DWs and PWs w.e.f. 01.01.2006
(Authority : MoD No. 11(5)/ 2009-D (Civ-I) dated 14.06.2010)

Figure 3

DIFFERENCES BETWEEN DWs & PWs

DAY WORKERS

DWs are paid monthly wages on the basis of their attendance without regard to their output.

PIECE WORKERS

PWs are paid monthly wages on the basis of work performed during a month as per fixed Piece Work Rate.

All workers working in manufacturing factories in India are guided under Factories Act, 1948 and Ordnance and Ordnance Equipment Factories being manufacturing concerns, the workers working therein come under the provisions of the Factories Act, 1948. Under the Factories Act 1948, no adult worker is required to work normally in a Factory for more than 48 hours in any Week. The total normal working hours in a week in the Ordnance and Ordnance Equipment Factories have, however, been fixed at 44¾ hours excluding intervals for recess. The difference of 3¼ hours i.e. complement of 48 hours is viewed as 'Saturday bonus' due to the fact that the workers in Ordnance and Ordnance Equipment factories become entitled to full payment of 48 hours by working for 44¾ hours in a week and if such a worker actually works for 48 hours in a week he becomes entitled for extra payment in the form of Departmental OT for the 3 ¼ hours, if he is a Day worker or extra PW earnings, if he is a Piece Worker.

Normally, the factories remain open during normal working hours on all days except Sundays and days which are declared to be paid Holidays for workmen. If, however, the majority of workmen desire a holiday for a particular day or part of a day and the exigencies of production permit it, the factory may be closed for that day/part of a day and the workmen will not receive pay for that day or part thereof for the closure of the factory. But whether a factory remains open or is closed under such circumstances rests entirely at the discretion of the GM. When for unavoidable or strong reasons, a factory has to be closed by the G.M. on a day which is a normal working day for the workmen, the G.M. will be responsible to arrange, as early as convenient, thereafter, working time in compensation for the lost time, in order that workmen may not lose their wages.

121. With the introduction of Electronic Attendance Recording System (EARS) the system of manual mustering has been replaced in most of the ordnance factories. Electronic Attendance Recording System (EARS) may be defined as the system of capturing attendance through Electronic Media. With the introduction of Electronic Attendance Recording System in Ordnance factories the procedure of marking late attendance of IEs have been changed from 15 minute's slot to record late attendance on minute to minute basis and IEs are being paid on actual attendance.

With Electronic Attendance Recording System the 'IN' time and 'OUT' time of the IEs are captured electronically. These punch data and some other files containing records like shift allotment, OT detainments, Factory hours, casualty report, OT note, Gate Pass, Short leave are generated by factory in magnetic media and supplied to Accounts Office.

In the existing wage package provisions are there to generate Accounts Roll of IEs' Attendance on the basis of primary documents like Casualty Memo, Presentee Memo, Late Memo, OT Note etc from the factory

generated attendance data on daily, weekly and monthly basis. The Accounts Roll thus generated for each individual is reconciled with Factory Muster roll in magnetic media generated daily, weekly and monthly as the case may be. The distribution of Gang Piece Work Earnings has been explained in Annexure – 'J'. As the manual mustering has not been totally dispensed with, the procedure for the same has been outlined in Para 121 A.

Procedure for Manual Mustering

121 A. The gate of the factory is opened about half an hour before the time fixed for commencement of work in the factory and is punctually closed at the fixed time. During this interval the workmen get in, remove their tickets (metal dices) from the ticket boards, placed near the gate under the supervision of labour bureau or gate office and deposit them on the boards or in the boxes placed for the purpose in the respective shops. Soon after the factory gate is closed, the gate office or labour bureau prepares separately for each shop a list, if necessary, (for purpose of mustering) showing the ticket numbers that have not been removed from the ticket boards. At the same time, after shops have commenced work, each shop examines the tickets deposited by the workmen in the section boards or boxes and also take attendance by personal counting ensuring that the persons not present/absent as shown in the report are actually absent. Thereafter the shops prepared a 'Casualty Memo' or 'Presentee Memo' whichever is convenient. The 'Casualty Memo' or 'Presentee Memo' thus prepared is signed by the Foreman/JWM or by the Head of Shop and sent direct to the Accounts Office. The late comers are allowed inside the factory after ¼, ½, ¾ and 1 hour from opening time. No one is normally allowed inside the factory after one hour. The late comers are required to deposit their tickets in the respective boxes at the gate specially provided for the purpose to record the particular hour at which a late comer has been admitted or their numbers are noted on this account by a representative of the gate office (or the labour bureau) who is deputed at the gate specially for this purpose. The Labour Bureau or the gate office prepares the memo for these men and one copy of the memo is supplied to the Accounts Office.

122. The main attendance record of the worker is maintained by the factory (gate office or the labour bureau) in IAFO 1367 outer/1367 A inner and is known as 'Muster Roll'.

123. The Muster Roll is maintained in a separate monthly volume (conveniently divided into parts where necessary) for each shop in the factory. The 'Column' for the day against the workmen who are absent according to the tickets not removed or list prepared there from as referred to in para 121A are marked 'A' or 'LP' to indicate whether the workers are 'absent' or on 'Leave with pay'. The hour is divided into four equal parts. Hence eight hours work in a day represent 4X8 =32 quarters. For every quarter hour the numerator is one. Thus the attendance of the late comers will be marked short to the extent they are late i.e. 31/32, 30/32, 29/32, 28/32 to specify the extent of late for a particular day for a workman i.e. ¼, ½, ¾ and 1hour respectively. Others who are not late are being marked '1'.

124. Men who take short leave are granted 'Leave passes'. Leave passes granted to men on the previous day, overtime memos and copies of order granting leave with or without pay are collected and the previous day's attendance marked up in accordance with them. Part leave is generally granted in terms of quarter of' an hour, absence for which is normally booked as absence for 1/32 of a day.

125. Deduction for absence during part of a day including Saturdays shall in the case of industrial employees, to whom the payment of Wages Act 1936 is applicable, be calculated at the rate of 1/32 of a normal day's pay, for each quarter hour's absence from the normal working period of that day. Whole day's pay is to be deducted for absence for a whole day other than a Saturday. But deductions for absence for a whole Saturday shall be calculated (as prescribed above) for part of a day except that if a man is absent for not less than six consecutive working days, including a Saturday, the deduction for absence on that Saturday shall be a whole

day's pay.

126. In the case of shift workers who have 7 ½ hours effective working on week days and 7¼ hours on Saturday the benefit of 3¼ hours is distributed @ 2/32 for week days and 3/32 for Saturdays. This bonus of 2/32 & 3/32 marked on week days and Saturdays may be withheld from payment if the individual concerned absented for not less than 6 days including Saturdays.

127. The late attendance of workers due to late running/cancellation of local/ shuttle trains may be condoned up to a maximum limit of three hours daily by the GM of the factory, if he is satisfied that the late attendance is solely due to late running of trains. When the late attendance is condoned, the workers will not be penalized in the matter of wages for un-worked time. Marking of the attendance in muster rolls will, however, be done with reference to the actual time of attendance of the Workers. The condonation of late attendance will be notified through Factory Orders. If any over time is worked by the affected personnel on the date of late attendance, the overtime wages will be reduced by the proportionate wages calculated on single time rate in respect of late attendance condoned, if any, on that particular date. For this purpose a certificate on the following terms, will be furnished by the GM in all claims of over time,

"Certified that no individual attended late on the date for which overtime allowance has been claimed and in cases where late attendance due to late running of trains has been condoned, the claim has been reduced by proportionate wages calculated on the single time rate in respect of late attendance on the particular date".

128. Suitable symbols will be used for noting different kinds of leave, idle time due to various causes and periods of absence in the muster. The symbols will be adopted by the factory in consultation with the Accounts Office.

129. Overtime attendance is marked on the basis of 1/32 of a day for each quarter hour of over time for work done in excess of normal duty hours irrespective of whether it is on week day, Saturday or Holiday. Overtime memos are prepared in the case of casual overtime when the shop or section is not working systematic overtime as a whole.

Submission of Muster Rolls to Account Office

130. After completing the muster rolls for the various shops in the manner detailed above, the gate office (or the labour bureau) sends them every day to Accounts Office with the leave passes, over time passes, etc. This is to be done as early as possible daily, but not later than 1 P.M. for day shift and the time arranged with Accounts Office for night shifts.

131. The gate office (or labour bureau) also shows at the end of the muster roll the total number present (i) at the morning attendance as marked by them on the basis of tickets not removed or the list prepared therefrom and the late memos prepared by them, and (ii) the evening attendance for the previous day as modified by the postings of part time leave passes overtime memos etc. A similar procedure is followed for night shift attendance. The total attendance for the day will be initialed by the Clerk of Gate Office (or Labour Bureau).

132. After the close of each week, the progressive total of each Industrial Employee's attendance for the month is also shown by the Gate Office (or Labour Bureau) in the muster roll.

133. On the day following the close of the month, the muster roll will be sent to the Accounts Office by the Gate Office (or the labour bureau) after entering therein the total monthly attendance in respect of each worker for the completion of the same as regards wages payable to each workman.

134. The Gate Office (or labour bureau) will furnish the Accounts Office with daily Statement showing:-

(i) Entertainment and discharge of workers.

(ii) Alteration in rates of pay and any other facts connected with worker which may affect their earnings

135. A formal change statement confirming the daily reports from the Gate Office (Labour Bureau) should reach the Accounts Office not later than the first working day of the month following that to which it relates. The Gate Office (or the Labour Bureau.) maintains service records for workman.

Check of attendance and maintenance of attendance records.

136. The Accounts Office maintains attendance in the form IAF (Fac) 74, 74A and 74B or IAF (Fac) -73 Old and IAF (Fac) 74 old, where found suitable. The records may be opened for complete financial year, six months, three months or for each month showing, names, ticket numbers, trades, grades and rates of pay of industrial employees. Separate records should be prepared for the various shops or sections showing ticket numbers serially like muster rolls (in which case distribution of gang profit or loss is to be carried out through gang distribution book) or for day workers, individual piece workers and various piece worker gangs separately. On receipt of the muster rolls from the gate office (or the labour bureau), the entries for the day will be checked with reference to presentee statement or casualty memos received from the shop and the late memos received from the gate office(or labour bureau). The previous day's attendance will be checked with reference to leave passes, overtime memos, etc. Any discrepancy noticed will be reported to the gate office (or labour bureau) through discrepancy reports and alterations in the muster rolls will be made and attested by that authority. It will also be verified by the Accounts Office that the total attendance shown in the muster rolls by the gate office (or by the labour bureau) for the day and the previous day are correct.

137. The daily totals of attendance, as recorded in the Muster Rolls will be entered in the Accounts Office records under the Labour Section Auditor's initials. The latter should also initial these total in the Muster Rolls in token of having checked them with leave reports etc. A similar procedure will be followed for attendance in the night shifts.

138. The Accounts Office will also verify the correctness of the progressive total of the weekly attendance of each worker as shown by Gate Office (or labour bureau) in the Muster Roll. These totals of weekly attendance of each worker will thereafter be copied by Accounts Office in the records maintained by them. The hours of overtime worked under Departmental Rules and Factories Act; NDA & NSB hours will also be noted.

139. On receipt of the muster roll on the day following the close of the month in the Accounts Office, the total number of days attendance by each worker will be checked. The total number of days worked by workmen for the whole section will be agreed with the total for the month of the daily attendance as noted in the records maintained by the Accounts Office.

140. Whenever a change or correction is made in the muster roll on account of recruitment, promotion, discharge or transfer, the Account Office must watch that the relevant documents are received from the factory without delay and that the action taken in the muster rolls with reference to these documents is in order. A register showing the particulars of individual employees section-wise maintained for the purpose will, if necessary, also be consulted.

Surprise check of industrial employees

141. The General Manager will carry out occasional surprise checks on the attendance of workmen in various sections. These surprise checks will, as far as practicable be carried out once a month. The result of the surprise checks shall be communicated to the Accounts Office for any action that may be necessary.

Due date of payments to Industrial Employees

142. Under the payment of wages Act 1936, the wages for any wage period (the calendar month in the case of Ordnance and Ordnance Equipment Factories) are payable before the expiry of the 10th day following the last day of the wage period if the factory employs 1000 or more workmen and before the expiry of the 7th day following in the case of factories employing less than 1000 workmen. After implementation of the generation of wage roll through computerized package, Accounts Office calculates the gross earnings on the basis of primary documents and attendance data. Further, on receipt of deduction file from the Factory Management, the recoveries are affected and pay bills generated on net wages. The exact date on which the wage rolls should be sent to the factory should be settled between the Accounts Officer and the General Manager.

Submission of documents pertaining to wages

143. The documents required for calculation of wages are attendance record, leave memos, gate pass, overtime memo, day work and piece work cards, Factory orders notifying all kinds of leave granted to IEs during the month.

The day work and piece work cards in the prescribed forms, issued by the factory to workmen show the work to be done either by an individual or by a gang and are the basic documents in support of the wages paid to them maintaining the concept of no work no pay. The different Service/Productive sections issue day/piece work cards in the prescribed forms to workmen.

Day work and piece work cards may, if necessary, be returned to the section/ office where they may be held for safe custody and ready reference but must at all times be readily accessible to the workman concerned. These cards will be checked by the shop with the manufacture warrants.

Note- In the case of day workers who are continuously employed on same class of work no day work cards are necessary but a list of work orders on which they are employed is furnished by the Sections concerned to the Accounts Office.

144. In the case of piece workers the number of articles or operations passed for payment will be entered in the card duly initialed by the employees specially authorized to inspect and pass the work. Shops should enter stage-wise rejections in the relevant manufacture warrants indicating briefly the cause for rejection as well as reference of the relevant Inspection Notes wherein the exact causes for rejection are to be indicated. If only a portion of the work on a card has been presented for payment at the end of a month, the balance will be brought forward on to a new card, necessary amendment being made on the record of cards maintained on the manufacture warrant.

Note- In those factories in which, although inspection for final operation is invariably carried out by the Inspectorate staff, piece work cards for intermediate operations may be passed finally by factory Foreman/JWM or by the Assistant foreman for payment purposes. In such cases, also the Inspector reserves the right to carry out any stage inspection he considers desirable.

In Filling Factories, like Ammunition Factory, Kirkee/Ordnance Factory, Khamaria, the payment admitted on the basis of initial acceptance of ammunition articles by the staff specially authorized to inspect and pass the work in anticipation of proof results for the articles completed in a month shall be

treated as final.

145. The day and piece work cards for completed work should be received in the Accounts Office at frequent intervals in a regular flow without delay. Endeavour, should be made to work on a weekly basis to avoid rush of work at the end of month which delays the preparation of wage bills and compilation of cost. The date of receipt of the last batch of piece work and day work cards should be fixed by the Accounts Officer in consultation with the General Manager of the factory, which normally should not be beyond 1st working day of the following month. A Register of the piece work cards will be maintained in the Accounts Office to watch their receipt and disposal.

Figure 4

WAGE PAYMENT ADMISSIBLE TO IEs

DAY WORKERS	PIECE WORKERS
Time wages	Piece work earnings
Overtime Allowance	Incremental pay
Incentive bonus	Overtime Allowance
Night duty allowance	Holiday pay
Idle time pay	Night shift bonus
Leave Pay	Night duty allowance
	Idle time pay
	Guarantee pay
	Leave Pay

Calculation of wages

146. Wages payable to Industrial employees for any wage period will include -

(I) Duty pay at basic monthly rate based on attendance for day workers and piece work earnings for piece workers.

Like all other Central Government employees the Industrial Workers employed in Ordnance and Ordnance Equipment Factories are entitled to Basic Pay, as notified in respective Pay Rules (termed as Basic wage for industrial employees) with usual annual increment & other allowances as are payable to other Central Government employees. As a consequence of the implementation of the Revised Pay Rules, 2008 the Industrial employees up to the grade of HS-I have been placed under Pay Band-1 with different Grade Pays i.e. Grade Pay of ₹1800/- for Semi-Skilled grade, ₹1900/- for Skilled grade, ₹2400/- for HS-II and ₹2800/- for HS-I. The Master Craftsmen grade has been placed in Pay Band- 2 with Grade Pay of ₹4200/-.

Apart from Duty Pay Industrial employees are also entitled to Personal Pay, Special Pay (e.g. for Promoting Small family norms) etc. as notified in Govt. orders from time to time. Further, the Piece Workers are entitled to

Guarantee Pay, where admissible.

(II) Idle Time Pay, Leave Pay, Holiday Pay (for PW), Injury Pay and Segregation Pay, OT Pay.

(III) Incentive Bonus (for Maintenance workers only), Overtime Bonus, Night Shift Bonus (for Piece Workers).

(IV) Allowances like Dearness Allowance, House Rent Allowance, Transport allowance, Hill Area Allowance, Scheduled/ Tribal Allowance, Deputation (Duty) Allowance, Children Education Allowance, Remote Locality Allowance, Project Allowance, Night Duty Allowance, at the prescribed rates as notified by the Govt. from time to time.

In making any deduction from wages the provision of Payments of Wages Act 1936 will be strictly followed. Entitlement of each element of wages will be decided first and then calculated separately with reference to the orders on the subject and also instructions and procedures, detailed in subsequent paragraph.

Note- The documents relating to casualties affecting pay of industrial employees as notified in factory orders, increment sheets, leave memos etc. will be subject to a cent per cent check by the Auditors and test check by the AAO. The result of the test check will be reflected in a Register to be maintained for this purpose.

Duty Pay at basic monthly rate

147. Duty pay at basic monthly rate (Basic Wage) is called the Time wages for day workers or the Nominal Time Wages in the case of piece workers. As duty pay to Industrial employees becomes payable only for the period of their attendance, the element of Time wages in respect of any industrial worker is calculated by multiplying the number of days worked by him by his daily rate of pay as formulated below:

(a) In the case of 'Day Workers' who are governed by the payment of wages Act 1936, the duty pay for a day is calculated as below:

1/[N - (S+H)] X Basic monthly pay (Band Pay + Grade Pay)

where 'N' represents the number of days in a month, 'S' represents number of Sundays in a month and 'H' represents number of closed paid holidays in that month. No separate payment for any closed holiday is made to Day Workers as they are paid as per their attendance and hence full monthly basic wage becomes payable to them if they remain present on all working days in a month. For the purpose of calculating duty pay due for broken period of a month, the above formula should be multiplied by the number of days actually worked i.e. excluding Sundays and paid holiday. In the case of those not governed by the payment of Wages Act 1936 the daily pay should be assumed 1/N as in the case of regular establishment.

(b) As piece workers are eligible for payment of paid holidays separately in addition to piece work earnings the formula for calculation of **duty pay** of the piece workers is as below:

1 /[N—S] X Basic monthly pay (Band Pay + Grade Pay).

(c) The formula at **(a)** will not apply to a workman who works partly as a piece worker and partly as a day worker during a wage period. He will be paid piece work earnings for the period he is put on piece work and time wages calculated at the rate of 1/[N-S] for the period he works as a day worker. In addition, payment for closed paid holiday, if any, falling within the wage period will be made to him separately as in the case of a piece worker.

Note: - The period of strike/token strike resorted to by industrial employees is to be regarded as 'Dies-non'. It counts neither as service nor as break in service. Unless otherwise stated no pay and allowance will be admissible to workers for the period they are on strike/token strike, etc. Deduction of wages on account of periods of strike for part of a day will be made as under:

For Day Workers:

$$\frac{\{\text{Basic monthly pay+DA+Other Allowances}\}}{\text{N-(S+H)}} \times \frac{\text{Period of Strike (Dies non Period) in hour}}{\text{Normal working hours per day}}$$

For Piece Workers:

$$\frac{\{\text{Basic monthly pay+DA+Other Allowances}\}}{\text{N-S}} \times \frac{\text{Period of Strike (Dies non Period) in hour}}{\text{Normal working hours per day}}$$

Piece work earnings

148. Piece Workers are paid based on their performance or output generation. The jobs actually performed by a piece worker remain recorded in the piece work cards and hence, piece work card is the basic document for calculation of payable wages for a piece worker. Piece work cards (in duplicate) are sent to the Accounts Office by factory shops in batches as and when work is completed. They relate to the work actually performed by the individual and gang piece workers. As Cards for individual and gang piece workers are prepared on kind of documents 18 and 19 respectively, they can easily be segregated. The cards show the ticket number of the individual or gang number, the shop to which he or the gang belongs, the details of the work completed such as work order, warrant etc. number completed, the operations and the hours authorized correct to four decimals. The last batch of cards should be sent latest by 12:00 hrs of the 1st day of the following month. The piece work cards will be posted in the manufacturing warrants but before doing so it will be seen that the numbers presented for payment plus those paid for in the past as well as the hours for operation are covered by the manufacture warrant. Any operation in excess of the number authorised on a warrant will not be paid for, but will be referred back to the HOS/JWM. The cards are then valued and wages sheet prepared manually or on EDP machine as the case may be. In order to ensure receipt of the wages sheet from the EDP Section in time, one copy of each of the card will be sent to that section in convenient batches of which the last must reach on the prescribed date.

Note: In certain exceptional cases a larger number of operations than those covered by the manufacture warrant may have to be performed to obtain the number of passed articles ordered to be manufactured against the particular warrant. In such cases the Accounts Office may accept the provisional payment for the excess operations but will keep watch to ensure that necessary amendments are made to the warrant by the competent authorities.

149. The wages sheets contain the total out-put hours of each gang or individual piece worker correct to four decimal places. The gang and individual piece worker will get the piece work earnings recorded in the wage sheets. After implementation of the revised pay scales of RPR 2008, the following procedure for correlation of piece work rate has been introduced vide Govt. of India Min of Def, Dept. of Def Prod No. 46(2)/2013-D(estt/NG) Dated 4th March 2014.

Piece work rate will be correlated to the minimum of the pay band- 1 + Grade Pay ₹ 1900 i. e. ₹ 5200 + ₹ 1900 = ₹ 7100 for all category/grades of workers deployed on piece work system. The difference between the actual basic pay of a worker and ₹ 7100 shall be paid to him as a separate element as "Incremental Pay". The manufacture warrants will be issued in terms of time as against in terms of rate per unit under the previous system (excluding 25% built in incentive). However for preparation of wage roll of piece workers and labour costing output hours will be reckoned as Standard Man Hours(SMH) + 25% built in incentive. Hence, for computation of Piece Work Profit, output hours will be (1.25 x SMH or Card Hours).

Accordingly Piece Work Earning is calculated as below:

Notional Time Wages (NTW) = P/(N-S) X Attendance + P/200 X Total OT Hours
(P = Minimum of Pay Scale as per 5th CPC)
(N= No. of days in a month)
(S= Sundays)
Piece Work Earnings = NTW + NTW X Profit%
Profit percentage = [(1.25XOutput Hours/Input Hours) -1] X 100

[Standard Man-hour or SMH is the hour mentioned in the Manufacturing Estimate to complete a particular item or a particular job in the production shop based on the time and motion study with an allowance up to 12½ per cent added for machine break down, tool sharpening, fatigue, etc. on the total time as determined by time & motion study for the job. As per Min of Defence No. 045/1/1643/D(civ-II) Dated 13-2-1963, the piece workers of Ordnance Factories are entitled to 25% inbuilt incentives on the SMH and the total hour thus arrived at with the 25% incentive on SMH is called the Output hour which means the total quantum of hourly performance or output creation of a Piece worker as per the Standard Man-hour with 25% incentive. The input man-hour means the attendance hour or the hour for which a worker remains engaged in work. The hourly rate of Pay for an industrial worker is calculated dividing the monthly Pay of the worker by 200 as the normal working hour for a worker as per Factory Act is 8 hours per day and with 25 average working days in a month the monthly average working hours for industrial employees in a month come to 200 hours.]

Note- An illustrative example on the calculation of Piece work earnings in respect of Gang Piece Workers and distribution thereof among the members is given at Annexure-J to this chapter.

150. In Ordnance Parachute Factory, Kanpur the workmen employed on the manufacture/repair of Man Dropping Parachutes on day work basis are entitled to a bonus at the rate of 25 per cent of their pay with effect from 1-4-1965 for the actual number of hours engaged on the manufacture/repair of parachutes.

151. The bonus will be booked to the same out-turn work order to which the pay is booked and will also be included as an element of direct labour cost in the relevant estimate.

152. Deleted
(As confirmed vide OPF letter No. Costing/I/Misc. Dated 1-03-2011 that system of "Pool Bench" has been dispensed with and absentee Pool is discontinued).

153. In Gun Carriage Factory, Jabalpur, where gang workers are frequently transferred from one gang to another, the attendance in each gang is recorded daily in a gang distribution book and the entries therein are transferred at the end of the month to I.A.F., (Fac) 73 in I.A.F (Fac) 74 in which the earnings of the men in the general gangs are assembled.

Note: - The percentage of profit or loss as worked out with reference to the formula given above will be recorded in a register to be maintained for this purpose. The ceiling on profit is fixed at 75 per cent. Any abnormal profit or loss should be subject to scrutiny for ascertaining the real cause and if it is due to wrong fixation, revision of Estimates will be advised and looked for in audit.

Guarantee Pay

154. Guarantee pay is admissible to Piece Workers when their piece work earning during the wage period falls below the actual basic time wages applicable for that period. It may also be stated in other words that payment of the element of Guarantee Pay becomes necessary when Output hours generated by a piece worker

by his actual production performance become less than the Input hours for which he remained engaged in production. In such cases where Input hour is higher than the Output hour the profit percentage will be minus percentage resulting generation of minus (-) profit indicating a below par performance and that amount of minus (-) profit (Loss) is termed as '**Guarantee Pay'.**

If however it is found that a pieceworker consistently stands in need of the above guarantee pay, the reasons for the same shall be investigated and if it is found that the need for such guarantee minimum is due to his inefficiency, the question of taking necessary action on this ground would be considered by the competent authority.

Incentive Bonus

155. Incentive Bonus to the maintenance workers of the Ordnance and Ordnance Equipment Factories, as and when employed on essential maintenance work to the production sections or non productive/service sections by due notification in factory order every month, showing names of such workers and the section to which actually employed, will be paid at the rates and subject to the conditions enumerated below: -

(i) Maintenance workers attached to production sections will be paid incentive bonus at 50 percent of piece work profit earned by the piece workers of such production sections. Maintenance workers not attached to production sections will be paid incentive bonus at 50% of the average piece work profit earned by the piece workers in the whole factory.

(ii) Maintenance workers in Production Section where Piece Worker does not exist are also eligible for incentive bonus @ 50% of average P.W. profits of the Factory as a whole.

156. The term 50 percent of piece work profit and 50 percent of average piece work profit used above should be taken to mean 50 per cent of the percentage of profit earned in the month by all the piece workers, both individual and gang of the particular production section or whole factory as the case may be. The percentage so calculated will be applied to ₹ 7100 and incentive bonus will be calculated as per formula given below :

$$\left(\frac{7100}{N-(S+H)} \times \text{No. of days worked} + \frac{7100}{200} \times \text{Total OT Hrs worked}\right) \times 50\% \text{ of the average PW profit\% of the production section or of the whole factory as the case may be.}$$

Where N = Total number of days
S = No. of Sundays
H = No. of Holidays

157. The following categories of workers who are partly employed on maintenance work will also be entitled to payment of incentive bonus at 50% of the average piece work profit earned by the piece workers in the whole factory.

(a) Workers employed in gas plants, steam generating plants, compressed air supply plants and plants supplying industrial water.

(b) Workers employed in maintenance of electrical power supply including power line maintenance.

(c) If any of the above plants catering to industrial requirements are installed outside the factory premises for any technical reasons the workmen employed therein will be deemed to be employed within the factory premises for the purpose of payment of incentive bonus.

(d) Battery/lister truck drivers and mobile crane drivers, tractor drivers, loco drivers and crane drivers (electric overhead) who are employed on internal transport system of factories.

(e) Workers employed in Sewage Treatment Plant.

(f) Points-men attached to Mechanical Transport handling, equipment sections on Internal Transport System of the Factories.

158. Maintenance workers working in maintenance sections who are withdrawn from their parent section for erection and installation of new plant and machinery as well as rehabilitation and re-erection of old machinery will continue to be entitled to incentive bonus during the period for which they are temporarily diverted for erection /rehabilitation/re-erection at an average of such bonus for the last three months which they had actually drawn in their parent sections.

159. The General Manager will select a team of workers to be employed on maintenance work attached to the production sections or non-productive /service sections. The names of such maintenance workers indicating the section in which they are to be employed /actually employed and the periods for which they are actually employed on maintenance work will be notified in factory order every month.

160. **Idle time**

When under certain conditions, as specified below, workmen neither can be engaged in the normal production activities nor can suitable alternative employment arrangement be made for them, in such circumstances 'Idle Time' payment may be made to workmen.

Conditions for grant of Idle Time

1. High atmospheric humidity hindering certain operations in explosive factories or Unfavorable weather conditions hindering specialized optical work depending on sun light.
2. Plants, furnace and transport break downs, inspection & repairs.
3. Temporary shortage of material.
4. Failure of power supply.
5. Temporary shortage of work in highly specialized sections such as instrument repair and optical sections.

Idle time payment for causes other than those enumerated above should be covered by separate Govt. sanction. The idle time payment will not be admissible on the occasion when it is due to wrongful action or misconduct of the employees making it impracticable to employ certain classes of workmen.

161. When a situation of Idle Time arises, the General Manager after making any transfer of workmen and rearrangements of work that may be possible, will employ as many of the temporary surplus workmen at the Factory, as may be practicable on work such as special cleaning up or other suitable work which would not otherwise have been performed at that time and, if necessary, will so employ temporarily surplus workmen in rotation. While so employed they (together with the remaining workman, if any) will be charged to appropriate idle time work orders. The remaining workmen mentioned above will not be required to spend the whole of their time in the factory to qualify for idle time pay.

162. These arrangement will be made by GM for the first six workdays. After that period, the arrangement will, if necessary, be continued under the authority of the Director General, Ordnance Factories, who in deciding how long they should continue will take all factors into consideration, such as (in the case of anticipated long duration of the abnormal condition), the difficulties of recruiting suitable man if experienced hands are retrenched, relative cost of continuing to pay idle time and the probable cost of training eventual replacements of, some of the workmen who will be discharged etc.

163. The General Manager has discretion, subject to any directions of OFB, to decide the occasions when such workmen will report at the factory but such occasion shall not be less frequent than once in three working days. A workman failing to report at the time directed will be liable to be deprived of his idle time pay from the time of last reporting to the time of next reporting unless his failure to report at the due time is excused by the General Manager. In excusing such cases, the GM will follow the same principles as are used while granting leave retrospectively when it is not applied for before commencement. No workman will be forced against his

will to take idle time payments and remain on the strength of the factory. If he requires it, he will be allowed to take discharge under the normal arrangement for discharge.

164. As soon as it is found that a workman is surplus permanently and not mere temporarily, action will be taken to discharge him under the procedure for discharge on retrenchment or reduction of establishment as may be in force from time to time.

165. In the case of men who normally work on piece work and who may be temporarily surplus to a marked extent, the G.M. may make an estimate of the number which, if performing the available work at standard speed, would earn piece work profit of the standard amount and treat the remaining workmen as temporarily surplus. In such cases the G.M. will arrange for a satisfactory rotation of workmen within each month so that as far as practicable all will have equal share in the available work, if it is found necessary, such arrangements may be continued under the orders of the OFB, after the first six working days from the commencement of special arrangement.

166. Payment for idle time is intended to cover instances where work is interrupted for an appreciable period. It is not intended to cover stoppage of work for short periods of one hour or less which may be considered incidental to the manufacturing process.

167. The actual expenditure on account of idle time should be worked out by the Accounts Officer based on the data furnished by the management.

168. Regarding the attendance of those workmen who will be permitted to stay out for any day/days, the General Manager should furnish a list of such personnel giving inter-alia the date/dates fixed for their report at factory to the Accounts Office. In the acquittance roll they should be marked as I.T. since they are neither present nor absent. The date/dates of reporting should be carefully watched by the Accounts Office with reference to the list received from the management.

Leave and leave salary

169. Industrial employees working in Ordnance Factories and allied establishments are entitled to Earned Leave (EL) or Annual Leave (AL) with wages either under Factories Act or under departmental rules [viz. CDS (IE) Leave Rules, 1954] whichever is beneficial. An IE is, therefore, required to exercise option under which rule (i.e. Deptt. Rule or Factories Act) he wants to be guided as per MOD O.M. No.20(2)/82/D(Civ-II) dated 03/06/1983. However vide OM No.11(1)/2001/D (Civ-II) dated 05/08/2005, the MOD fixed the last date for exercising such option as 31-10-2005 and hence all Industrial employees appointed in Ordnance and Ordnance Equipment Factories after 31-10-2005 are guided under Departmental Rules i.e. CDS (IE) Leave Rules, 1954 for the purpose Earned Leave.

The maximum no. of EL (AL) admissible to IEs in each year, mode of payment of Leave wages, no. of spells of such leave may be availed during a year are different in the above mentioned two sets of rules, governing Earned leave of IEs in the Defence Establishments.

With the issue of D.OP.T OM No.12012/1/97-Estt (Leave) dated 20/07/1998 enhancing the entitlement of Earned leave for Industrial Employees with the condition that intervening Sundays & Holidays are inclusive of availed Earned Leave and subsequent clarification issued by the Ministry of Defence vide ID No. 8/IR/08/D(Fy 11)dtd 25/09/2013 the Piece workers who opted on or before 31-10-2005 to be guided under Factories Act for Earned Leave purpose, have also become entitled invoking the provisions of Section 78 of the Factories Act, 1948 along with all other Industrial employees, guided under CDS (IE) Leave Rules for 30 days EL for each completed year of service. During the Leave period other than Earned Leave(EL) an Industrial employee is entitled to leave pay where 'Pay' or 'Full Pay' means monthly rate of pay.

The detailed procedure for calculation of leave wages during Earned Leave has been explained in Para 182.

Note 1:-While for the purpose of leave under Factories Act, the provision of grant of leave for not more than 6 spells will apply, for leave under the Departmental Rules contained in CDS (IE) Leave Rules 1954, there will be no such limit regarding number of spells.

Note 2:-No leave shall be earned for the period of idle time, under Sec. 79 of the Factories Act, but idle time for portion of a day will be treated as work for the purpose of earning leave under the Act.

Note 3:- Leave entitlement of an industrial Employee who is superannuated or dies or is discharged on medical ground during the course of a calendar year will be calculated proportionately for the period of service rendered during the year subject to the overall limit of 300 days. The employee or his heirs will be entitled to the wages in lieu of this leave. The period falling short of 300 days is to be covered by encashment of HPL {authority: DOPT OM No.12012/3/2009-Estt(L) dated 28/12/2012}

Note 4:- Industrial employees governed under Departmental Rules are entitled for encashment of leave under the same circumstances as for industrial employees under Factories Act, 1948.

Note 5:-All kinds of leave granted to IEs should be notified in Factory Orders, a copy of which is to be forwarded to Local Accounts Office immediately. Leave accounts are maintained in the prescribed form by the Factory Management in the Service Book of the concerned IE. The Factory order should specify whether the leave granted is under Factories Act or Departmental Rules.

Note 6:-The total service referred to in Rule 4(A) of the CDS (IE) Leave Rules, 1954 refers only to industrial service and will not include service in non-industrial posts.

Note 7:-The under mentioned periods will count as duty for earning leave under section 79 of the Factories Act.

(i) Period spent for reservists training with Armed Forces.

(ii) Period spent on training in UK at Govt. expense.

(iii) Periods spent on duty with Territorial Army/Home Guard.

Note 8 - An absence without leave of an industrial employee cannot be left unregularised, if he is permitted to resume duties after his absence. If the person concerned was permitted to resume duty but the G.M of the factory concerned is not satisfied with the explanation for absence, he may take suitable disciplinary action against him but the period of absence is to be regularised by grant of leave due to him.

Note 9—Audit of service books and the leave entitlements of IEs will be done to the same extent as in the case of NIEs.

170. Deleted

171. Deleted

Inoculation leave

172. Leave on full pay for inoculation owing to prevalence of plague may be granted upto 2 days on any one occasion when they are inoculated under the orders of the competent authority.

Terminal Leave

173. Full pay leave admissible under Rule 6 of CDS (IEs) Leave Rules 1954 may be granted at the discretion of the sanctioning authority on the termination of service on account of retrenchment or abolition of the posts or in the case of resignation due to ill-health or other compelling circumstances beyond an individual's control subject to the condition that the leave does not extend beyond the date of superannuation. In all cases, however, where any notice of termination of service is necessary, the leave should be so granted as to cover the notice period as far as possible. It is necessary to extend the temporary post to cover the period of leave granted to a Govt. servant at the end of the temporary employment.

174. The above provision is not applicable to apprentices and persons in non-continuous employment. Terminal leave will not be admissible in the following instances:

(i) Where the employee concerned has been dismissed or removed from service. (This rule will not apply to persons whose services may have to be dispensed with as a matter of administrative convenience, an alternative to the initiation of disciplinary proceedings against them)

Or

(ii) Where the employee concerned resigns his post of his own volition.

In case of resignation which is not due to reason of ill health or other reasons beyond the individual's control, sanctioning authority may at his discretion allow half the amount of full pay leave which the individual can avail of at a time

175. Blank.

Casual Leave

176. Casual leave on full pay may be granted upto 08 days in a calendar year and the unutilized leave will lapse at the end of the calendar year. Sundays and holidays falling in between the periods of leave will not be taken into account for calculating the period of casual leave availed. Casual leave cannot be combined with any other leave.

Note:-An IE Joining service in the middle of a year may be granted the full period of 08 days' casual leave or any portion thereof by the authority, competent to sanction such leave at his discretion taking into account the circumstances of the case. Industrial Employees are also entitled to half days casual leave at par with other central Government employees.

Hospital Leave/Injury Pay

177. Hospital leave may be granted to industrial employees whose duties involve handling of dangerous machinery, explosive materials, poisonous drug and the like or the performance of hazardous tasks while under medical treatment in a hospital or otherwise for illness or injury, if such illness or injury is directly due to risks incurred in the course of duties.

Hospital leave shall be granted on the production of medical certificate from an authorised medical attendant.

Hospital leave may be granted for such period as the authority granting it, may consider necessary and Leave Salary for Hospital leave shall be calculated as below:-

(i) Equal to leave salary while on earned leave for the first 120 days on any period of such leave and

(ii) Equal to leave salary during half pay leave for the remaining period of any such leave.

Hospital leave shall not be debited against the leave account and may be combined with any other kind of leave admissible except casual leave, provided the total period after such combination does not exceed 28 months. The period of leave will be such as may be certified by the authorised medical attendant to be necessary. The certificate of a superior officer not below the rank of a gazetted officer that the injury was directly due to risks incurred in the course of duties may be accepted for the purpose. But the amount of leave will be restricted to that recommended by the authorised medical attendant. The Hospital leave will commence from the date of the accident. Duty pay allowed for the number of hours actually worked on the day of the accident will be deducted from the leave salary for the day of the accident. Payment to an industrial employee on account of personal injury caused by accident arising out of and in the course of his employment will be made in accordance with the provisions in the Workmen's Compensation Act 1923. The injury leave allowance payable should not be deducted from the compensation payable under Workmen's Compensation Act 1923. However, it is permissible to deduct from the leave allowance under the said article the amount of any compensation only under Sec 4(i) (d) of the Act and not any lump sum compensation that may be payable under clause (a) to (c) of Section 4(i) of the said Act.

Payment of Hospital leave will be made for the number of working days including paid holidays but excluding Sundays in the case of piece workers and working days excluding paid holidays and Sundays-in the case of day workers.

A Register for payment of injury pay will be maintained in Accounts office to record all payments made to industrial employees.

Court Attendance Rules

178. Industrial employees who are granted leave for attending court as witness on behalf of Government and where under local rule cannot claim remuneration from the State authorities concerned are entitled to normal wages which they would get had they not been precluded by order of the court from attending their normal duties. In admitting leave (which with allowance due will be equal to normal wages exclusive of profits) the certificate from the court regarding attendance of the individual concerned will be looked for in audit.

179. The G.M. is allowed exercise discretionary powers to grant short leave without pay on two occasions for not more than 2 hours in a month, in recognized genuine cases. In very exceptional and emergent cases only short/petty leave without pay for more than two occasions or for more than 2 hours on any one occasion may be granted at the discretion of the G.M.

Special Casual Leave

180. Special Casual Leave on full pay up to maximum of 30 days may be granted to industrial employees in any one calendar year as per terms and conditions as enumerated under Appendix –III of CCS (Leave) Rules as amended from time to time. (Annexure – W).

Special Leave with wages for obtaining medical treatment during working hours

181. The time spent by workers for receiving medical treatment during working hours will be treated as under:

(i) In case of injuries/sickness arising out of work.

a) The time spent in dispensary/Ambulance room within the factory premises will be treated as duty.

b) The time spent in dispensary/hospital outside the factory premises will be treated as special leave with wages.

(ii) In case of injuries/sickness not arising out of work, the time spent upto a limit of 2 hours at a time will be treated as special leave with wages. The concession will be limited to two occasions in a month.

The period of absence will be from the time the worker leaves work spot till he returns to duty at work spot. Workers who do not join duty prior to their proceeding to receive medical attendance and workers who are not in a position to return to duty within the stipulated time limit of 2 hours as well as those who do not return to duty before the closing of working hours will not be entitled to receive the benefit of the concession given above.

The question whether the injury/sickness arose out of work or otherwise will be decided on the basis of the report of the Medical Officers on duty at the dispensary etc. where the worker receives the treatment.

Calculation of leave pay

182. Calculation of leave pay for Earned Leave is to be made in the same way as is done in respect of regular establishment after the issue of D.OP.T OM No.12012/1/97-Estt (Leave) dated 20/07/1998 which stipulates entitlement of 30 days EL to Industrial employees with same inclusive clause for intervening Sundays and Holidays as for regular establishment, guided under CCS (Leaves) Rules. Hence calculation is to be made under the formula (P/N) irrespective of day worker or piece worker and irrespective of whether guided under Factories Act or under Department Rules. Sundays and holidays falling within the spell of leave will form part of the leave. Pay for the purpose of leave allowance under the Departmental Rules both in respect of day workers and piece workers should be taken as pay on the date preceding that on which leave commences. However for

calculation of leave pay under Factories Act, Pay and profit for the month immediately preceding the availed leave should be taken with reference to Section 80 of the Factories Act which stipulates that a worker granted leave under Section 78 or section 79 of the Factories Act shall be paid leave wages at a rate equal to the daily average of his total full time earnings for the days on which he actually worked during the month immediately preceding his leave exclusive of any overtime and bonus but inclusive of dearness allowance and cash equivalents of other benefits.[Section 80 of the Factories Act was substituted by Act 94 of 1976].

Calculation of leave wages under Factories Act (Section 80) is permissible only in the case of Earned Leave or Annual Leave, granted to the industrial employees who are guided under Factories Act for the purpose Earned Leave entitlement. All other kinds of leave to Industrial Employees in Defence Establishments are admissible as per provision of CDS (IE) Leave Rules or Department Rules and hence Leave wages for such leave is mandatorily to be calculated under Departmental Rules only.

183. Blank.

Leave on half pay

184. The IEs are entitled to Half Pay Leave as follows:

(a) The half leave is to credited in the half pay leave account in advance in two installments of ten days each on the first day of January and July of every calender year.

(b) The half pay leave shall be credited @ 5/3 days for each completed calender month of service which is likely to be rendered in the half year of the calender year in which an IE is appointed.

(c) The credit for the half year in which an IE is due to retire or resigns from the service shall be allowed similarly @ 5/3 days per completed calender month up to the date of retirement or resignation .

(d) When an IE is removed or dismissed from service or dies while in service, credit of half pay leave shall be allowed at the rate of 5/3 days per completed calender month up to the end of the calender month preceding the calender month in which he is removed or dismissed or dies.

(e) Half pay leave can be accumulated at the rate of 20 days per year without limit.

(f) Half pay leave not exceeding half the amount of half pay leave due may be commuted on production of medical certificate . When commuted leave is granted, twice the amount of such leave shall be debited against the half pay leave due and full leave wages will be paid.

(g) During leave on half pay, an IE will be paid leave wages at half rate of pay drawn immediately before proceeding on leave.

Maternity Leave

185. Absence from duty in connection with motherhood may be granted on full pay for a maximum period of 180 days in all cases to the female Industrial employees (including apprentice) with less than two surviving children. Maternity Leave is not debited to the leave account and may be combined with any other kind of leave except Casual Leave.

Maternity leave may be granted in case of miscarriage including abortion (abortion induced under the Medical Termination of Pregnancy Act, 1971 should also be considered as a case of abortion). In such case Leave should not exceed 45 days and should be supported by a medical certificate from an authorised Medical Attendant or a Registered Medical Practitioner.

Paternity Leave

185A. Absence from duty may be granted on full pay (based on last pay drawn) for a period of 15 days to the male Industrial employees with less than two surviving children, during the confinement of their wives for child birth and on valid adoption of a child below the age of one year. Paternity Leave may be availed up to 15 days

before or up to 6 months from the date of delivery or from the date of valid adoption of the child. Apprentices are also eligible for such kind of leave. It cannot be debited to the leave account and may be combined with any other kind of leave except Casual Leave.

Child Care Leave

185 B. Subject to the fulfillment of all conditions and as amended from time to time, in terms of Rule 43(C) of CCS (Leave) Rule, women industrial employees having minor children below the age of eighteen may be granted child care leave by an authority competent to grant leave, for a maximum period of two years, i.e, 730 days during the entire service for taking care of upto two children whether for rearing or to look after any of their needs like examination, sickness, etc.

Leave to Female Government Servant on adoption of Child

185C. I. Granted to a female industrial employees, subject to fulfillment of all attached conditions, with fewer than two surviving children, on valid adoption of a child below the age of one year, for a period of 180 days immediately after the date of valid adoption.

II. Leave salary will be equal to the pay drawn immediately before proceeding on leave.

III. This leave may be combined with leave of any other kind.

IV. Facility is not admissible to the female industrial employee already having two surviving children at the time of adoption.

V. Leave is not debited against the leave account.

Extra-ordinary Leave

186. Except in case of an employee in permanent employment the duration of EOL on any one occasion shall not exceed the following limit:-

(a) Three months.

(b) Six months in cases where a Govt. servant has completed one year continuous service on the expiry of the leave of the kind due and admissible, and the request for the leave is supported by a Medical Certificate.

(c) Twenty four months where the leave is required for the purpose of prosecuting studies certified to be in public interest, provided the Government servant has completed three years continuous service on the date of expiry of leave of the kind due and admissible under rule.

(d) (i) Without the consent at the president no it shall be granted leave of any kind for a continuous period according five years.

(ii) The authority empowered to grant leave may commute retrospectively:-

(a) Periods of absence without leave into extraordinary leave.

(b) Extra-ordinary leave granted into leave of a different kind, if the latter type of leave was admissible at the time extra-ordinary leave was granted.

All leave except extra-ordinary leave taken otherwise than on medical certificate for a cumulative period of more than 6 months in the preceding year as on 1st July of a particular year shall count for increments in the post in which he was working at the time of proceeding on such leave provided it is certified that he would have continued to hold the post but for going on leave.

Leave Encashment at the time of availing LTC

186A. Industrial employees may be permitted to en-cash earned leave up to 10 days at the time of availing of Leave Travel Concession while in service, subject to the conditions as stipulated under Rule 38 A of Leave Rules and as amended from time to time.

(Authority: - Annexure – 'K')

Overtime

187. Any work done under proper orders outside the normal working hours or on a Sunday or a paid holiday will be treated as overtime. Orders for working overtime are required to be issued strictly in conformity with the provisions under Sections 51 to 56 of the Factories Act, 1948, as modified by exempting rules, if any, framed by the State Government under powers conferred in accordance with Section 64 and exemption in force as per Section 65 ibid.

188. Work done in a Sunday for which a compensatory off is arranged within three days immediately before or after a Sunday is to be treated as work done on a normal working day and not as an overtime work. If the compensatory off is granted within three days immediately before the Sunday, it will for the purpose of calculating weekly hours of work be included in the preceding week. In cases where work done on Sunday is not treated as work done on a normal day, work done on Sunday should be treated as overtime and taken into account in computing the total hours for overtime irrespective of whether compensatory off is given or not.

189. Overtime may be systematic or casual. Any overtime worked by a shop or a section as a whole irrespective of the period involved or overtime worked by any individual exceeding 14 calendar days (including Sundays and gazetted holidays) at a time is classified as systematic overtime. Overtime worked by individual members of a shop or section for a period not exceeding 14 consecutive calendar days will be classified as casual overtime unless it is sanctioned by the DGOF in which case it is to be treated as systematic overtime.

190. The General Manager is competent to sanction both casual and systematic over time in terms of instructions issued by the OFB from time to time.

191. Payment of overtime under Departmental rules will arise when a workman works beyond the normal working hours of Ordnance/Ordnance Equipment Factories which has been fixed at 44 ¾ hours per week i.e. 8 hours on all week days and 4 ¾ hours on Saturdays.

192. Payment of overtime under Section 59 of the Factories Act, 1948 arises for work done beyond 9 hours a day or 48 hours in a week. The total of the overtime hours worked in a week should be divided into overtime hours under Factories Act and Departmental overtime.

193. In all cases where overtime is admissible to a worker both under the provisions of the Factories Act and under Departmental rules, the overtime will be calculated as under:-

(i) For work in excess of normal working hours and up to 9 hours on any working day or 48 hours in a week, overtime will be paid at the rates prescribed in the Departmental Rules. For calculating overtime pay under this item Basic pay (Band Pay + Grade Pay) and dearness allowance will be taken into account.

(ii) For work in excess of 9 hours on any day or 48 hours in a week, overtime will be paid at the rates as prescribed in Section 59 of Factory Act 1948. For calculating overtime under this item, the expression basic wages, as mentioned in Section 59 of the Factories Act include basic wages and dearness allowance only.

194. For computing actual hours of work performed and the normal working hours the period of lunch break and rest period are not counted. The number of hours, for which Saturday bonus is paid without actual work, being performed will not reckon for the purpose of computing normal working hours.

195. The split up between hours of overtime under departmental rules and Factories Act may be done by

ascertaining the 'hours of overtime under Factories Act' in the first instance. The difference between the total hours of overtime and overtime under Factories Act will be overtime under Departmental Rules. Thus if a worker works for 54 hours in a week,

Overtime under Factories Act is 54— 48 = 6 hours
Total overtime hours is 54— 44 ¾ = 9 ¼
Overtime under Departmental Rules is 9 ¼ - 6 hours = 3 ¼ i.e. the difference between 48 and 44 $^{3/4}$ hours.

Calculation of OT hours will be done on weekly basis or daily basis whichever is beneficial to the workers. If a worker is absent on Saturday and the number of hours is 10 hours per day on week days then the hours worked is 50 in a week. Calculation of overtime hours has to be done on daily basis being more beneficial i.e. from 8 hours to 9 hours, 1 hour under Departmental Rules and from 9 hours to 10 hours i.e. 1 hour under Factories Act.
Departmental overtime @ 1 hour per day for 5 days = 5 hours
Overtime hours under Factories Act @ 1 hour per day for 5 days = 5 hours
Total OT hour @ 2 hours per day for 5 days =10 hours

Night Shift bonus

196. A night shift represents the hours worked between the termination of the day shift and the normal opening hours of the next day (A day shift will be 12 hours from the normal time of work in a factory). The piece workers who perform overtime work under Departmental rules in the night shift will be paid an extra half hour pay termed as 'Night shift bonus' calculated at the hourly rate of 1/200 of the monthly basic pay plus dearness allowance, special pay, personal pay, pension (to the extent taken into account for fixation of pay in the case of re-employed pensioners) for every hour of systematic overtime under Departmental Rules worked on the Night shift in addition to their piece work earnings. The Night Shift bonus is not admissible to the day-workers.

Calculation of overtime

197. Calculation of overtime wages may be made in accordance with the following formula where:
'P' stands for monthly basic pay [i.e Band Pay + Grade Pay]
D.A.-Dearness allowance

197A. **Overtime payment to Day workers**

(i) (**P + DA)/200** for every hour of overtime work between 8 hours and 9 hours on any day or between 44 ¾ hours and 48 hours in a week.

(ii) **[2 (P+DA)/200]** for each hour of overtime work beyond 9 hours a day or 48 hours in a week.

Note- Piece workers who are put on the duties of the day worker for part of a wage period are to be paid O.T.A. under Departmental Rules also as admissible to the day workers, for the period he is employed on day work.

198. **Departmental overtime to Piece workers**

No overtime will be admissible to piece workers for working departmental overtime in the day shift but for the purpose of calculation of Piece Work Earnings the notional time wage element in respect of overtime upto 9 hours a day or 48 hours a week will be determined at the rate of P/200 per hour, where 'P' represents the 'pay' to which Piece work rate has been correlated. As per correlation of piece work rate to the revised pay of RPR, 2008, the P/200 per hour is calculated taking 'P' as ₹ 7100 as explained in para 149. However, Night Shift Bonus is admissible to a piece worker for the Departmental overtime when he works systematic overtime in the Night Shift.

199. **Overtime under Factories Act to Piece workers**

As per Section 59 of Factories Act, 1948 a Piece Worker is entitled to wages at the rate of twice his ordinary rate of wages for each hour of overtime under Factories Act. For each hour of overtime in excess of 9 hours on any day or 48 hours in a week an amount equal to P/200 for every hour of OT worked is added to the Nominal Time Wages of a pieceworker for the calculation of Piece work earnings. This 'P' is the correlated 'Pay'(₹ 7100) and the difference of pay due to increment is paid separately. Thus out of double Basic wage (or 'P'), one 'P' for OT wages calculation is taken in the calculation of Nominal Time Wages (NTW) & Incremental Pay and as the Piece workers of Ordnance Factories are entitled to an additional payment of 25% of Basic pay for each hour of work beyond 9 hours in a day or 48 hours in a week as per Government of India, Ministry of Defence No. 045/1/1643/D (civ-II) dated 13-02-1963, the piece workers of ordnance factories are entitled to get another P/200 of the monthly basic wage plus 25% of the basic wage plus twice dearness allowances and accordingly the formula for calculation of overtime payment to Piece Worker for each hour under Factories Act is **P/200 +1/4 * P/200+2D/200.**

Note 1:- Periods of idle time caused by stoppage of power, break-down of machinery or other causes, beyond control should be reckoned for purpose of computing working hours for overtime under Factories Act. Such periods however, not reckonable for computing working hours for the payment of overtime allowance under Departmental Rules

Note 2:- Work done by industrial employees out-side the factory/workshop premises will also be taken into account for computing overtime hours provided the nature of duties performed by the individuals outside the factory workshop premises is similar to that done by them inside. For this purpose, a certificate to the effect that the nature of the work done outside the factory premises is similar to the nature of work done inside the factory/workshop premises, will be furnished by the Head of the Factory/Workshop.

Note 3:-The overtime allowance in respect of industrial employees who are employed whole time outside the factory will, however, be regulated according to the nature of their engagement i.e. as to whether they are to be treated as workers or non-workers. For this purpose they will be treated as workers when either they report for duty at the factory and then go out for work or mark their attendance in the Section located outside the factory premises which has been registered as a Factory in addition to the main Factory. In other cases they should be treated as non-workers and will not be governed by the Factories Act.

Note 4:- IEs paid from the Defence Services Estimates will also be eligible for overtime allowance for performing overtime work while on tour/temporary transfer. For working out overtime allowance, the working hours of the establishment to be visited while on tour will be taken into account. Time spent for journey shall be excluded for computing overtime hours.

Cost Accounting

200. Cost Accounting of Labour Payment means absorption of expenditures in Cost of Production relating to :-

(i) IEs payment

(ii) Payment to Contract Labour engaged in Production Jobs within factory premises.

The documents used for such absorption are:

(i) PW Cards
(ii) DW Cards
(iii) Allocation Sheets (including allocations for contract labour payments).
(iv) Labour Punching Media

For each section there will be two labour rates, one for Piece workers and other for Day workers. The labour rates will be worked out with reference to actual payment made for the month.

- In respect of piece workers labour rates will be on the basis of Standard Man Hour (SMH) (excluding 25% built in incentive). For day workers it will be on the basis of hours actually worked by them.
- While calculating labour rates, all elements of pay (excluding Productivity Linked Bonus, arrears of pay and Allowances, etc.) will be taken into account.
- Labour estimates will be priced in computer, on half yearly basis with reference to average direct labour rate based on the actuals of last six months of respective section and estimated VOH, FOH rate per SMH of the section concerned.

For accounting of all elements of pay admitted to Industrial Employees (both Day workers & Piece workers) as labour cost, the following operating procedure are to be followed :

Accounting of Labour Cost for payment to Piece Workers:

i) For each section/shop, each month there will be a levy rate per SMH for Piece Workers, which will be worked out based on the total actual gross wages paid to all piece workers(both IPW & GPW) of the shop/section and total SMH (Piece Work card hours excluding 25% inbuilt incentive) of the section/shop concerned ;

Formula to be adopted :

Labour Cost in respect of Piece Work Payment =

$$\frac{\text{Gross Wages paid to the Piece Workers X Quantum of SMH indicated against Work order and Warrant No in the PW Cards.}}{\text{Total SMH discharged through PW cards}}$$

Note: All pay element to be included in gross wages excluding following:

a) Productivity linked Bonus

b) Arrears of Pay & Allowances [Arrears of Pay & Allowances pertaining to previous years will be treated as Kept out of Production (KOP)] will be booked to indirect work order 01/00047/00.

c) Idle time beyond control (to be treated as KOP).

d) Re-imbursement of Medical Expenses to IEs.

Note: Gratuity and Leave Encashment payment to IEs forming part of Superannuation charges should not be included in the gross wages.

ii) This rate will be applicable to actual SMH of PW Cards of the shop/section concerned for reckoning the labour cost against particular work order and warrant on which they were employed and will be reflected in Labour Abstract as per work order and warrant No. shown in the PW Cards.

Accounting of Labour Cost for payment to Day Workers

i) There will be no levy rate per SMH for the purpose of cost accounting of wages paid to DWs. The amount of gross wages actually paid to Day Workers will form the basis for arriving at the labour cost against concerned work order and warrant noted on the day work card/allocation sheet on the basis of the formula –

Labour Cost in respect of Day Work Payment =

$$\frac{\text{Gross Wages paid to DWs} \times \text{No. of Hrs. shown against particular work order, warrant as per DW Card/Allocation Sheet}}{\text{Total hours worked by the DWs}}$$

The amount thus worked out by applying the above formula will appear in Labour Abstract, work order, warrant wise.

ii) When an worker is deployed partly on Piece work basis and partly on Day work basis, as per the existing system, the individual is paid PW Earning (NTW+Profit) for the period he was engaged on the Piece work system and the time wages calculated at the rate of 1/N-S for the period he was deployed as a Day worker. For allocation of labour cost in such cases all elements of wages like duty pay, DA, HRA, TA, OT, OTB, NSA, Leave Pay etc., are to be bifurcated pro-rata for PW & DW Days and given treatment as per Piece workers and Day workers for reflection in the Labour Abstract.

Allocation of contract labour for Cost Accounting

200A. Expenditure on account of laborers engaged on contract within Factory premises on production job will be compiled against Major Head 2079-Defence Services – Ordnance Factories, Minor Head – 054 Manufacture, financial code head 805/11.

Separate warrants are issued by the Factory Management for deployment of contract labour. For easy identification, number '8' is used in the 5th digit of the warrant to indicate the same relates to 'Contract Labour'. Bills claiming payment for Contract Labour should clearly indicate the work order and warrant-wise break-up of payment. The number of labours, hours of engagement and payment involved against each work order and warrant should also be clearly specified in the bill for payment. Entire amount thus paid will constitute Direct Labour Charges.

Accounts Office will prepare allocation sheets for such payments for incorporation in labour abstract. Cost Cards should be maintained separately for manufacture of the items by own labour and contract labour. Separate estimates should be maintained for manufacture of same item by own labour and contract labour.

Hours of deployment of Contract Labour in Production jobs are also considered as SMH in addition to SMH of own labour force for determination of VOH and FOH rate. Labour Abstracts are prepared Work Order, Warrant-wise as per the procedure shown against allocation in COP. In all cost documents including principal ledger, accounts and reports wherever the entry 'direct labour' appears the same should be shown in two segments viz. (a) by factory/own labour, (b) by contract labour.

Labour charges booked under "01" (Fixed) and "02" (Variable) series are treated as Indirect Labour. Others are treated as Direct Labour.

Night Duty Allowance

201. Industrial employees are eligible for Night Duty allowance on the basis of weightage of 10 minutes for every hour of night duty performed between 22.00 hours and 6.00 hours at the rates specified in the Government orders issued from time to time. For calculation of weightage, duty for less than half an hour shall be ignored and duty for half an hour and more shall be reckoned as one full hour. The rounding off of fractions of an hour shall be made with reference to the actual hours of night duty performed in a month (i.e. wage period) and not on daily basis. Night duty allowance will not be admissible during overtime hours if any falling within the night duty hours. The allowance will not be treated as 'Pay' for the purpose of piece work earnings or for other allowances admissible to the employees.

The night duty allowance payable to the industrial employees will be booked to the work order of concerned job.

Note: - In the muster rolls, the period of night shift indicating the time of commencement and closing of such a shift in respect of workers on night duty should be specifically indicated by the factory.

During the normal hours of night shift duty (after excluding the period of recess, shift leave, overtime etc.) the net hours of work between 22.00 hours and 6.00 hours, performed by the workers i.e. the hours qualify for night duty allowance should be shown separately in muster roll and progressive weekly and monthly total carried over as done in the case of normal booking of attendance.

Paid Holidays

202. The industrial employees are entitled to 16 paid holidays. Out of these holidays, three holidays namely Republic Day, Independence Day and Mahatma Gandhi's Birth Day being National Holidays, are compulsory. The remaining 13 holidays will be determined every year by the establishments/organizations themselves on the basis of the guidelines issued by the Govt. from time to time. Holiday pay is not admissible separately to Day workers as the element of pay stands included in their daily wages. Holiday pay for piece workers is to be calculated based on the formula (1/N-S) X Actual Basic Pay where 'N' represents the number of days in a month and 'S' represents the number of Sundays in the month. Holiday pay is paid separately.

Holiday pay is not, however, admissible to them when the paid holidays fall within the period of leave without pay. It is not also admissible separately as an element of wages to the piece workers when the paid holidays fall within a spell of leave with pay/half pay in which case the entire period will be treated as leave with pay/half pay as the case may be and paid accordingly. Holiday pay is however, admissible for any paid holiday which may be affixed or prefixed to leave.

In the case of day workers, when paid holidays fall within a spell of leave with pay/Half pay, while the entire period will be treated as leave, no payment of leave salary will be made for the paid holidays within the period of such leave.

Labour Methods of payment and allocation.

Dearness Allowance

203. The rates and conditions etc. for the grant of dearness allowance are contained in Govt. orders issued from time to time.

The rates of dearness allowance will be determined with reference to the pay of the individual concerned. 'Pay' means the basic monthly rate of pay (Band pay plus Grade pay) and not the actual piece work or day work earnings.

Dearness allowance during leave will be based on the rate of pay (Band pay plus Grade pay) on which leave salary has actually been drawn. Therefore, for calculation of leave wages during half pay leave, pay for determining the rate of dearness allowance will mean half of the basic monthly rate of pay (Band pay plus Grade pay) drawn for the leave period.

204. Dearness allowance is admissible for the number of days an industrial employee is on duty or on leave with pay (paid holiday in the case of piece workers). Leave with pay includes injury, etc. for which pay is drawn. Dearness allowance will be admitted for complete days irrespective of attendance for part of a day. No dearness allowance is admissible for leave without pay and unpaid holidays. It is also not admissible when paid holidays fall within a period of leave without pay.

205. Calculation of dearness allowance for broken period of a month will be made exactly in the same manner as calculation of pay for a broken period of a month. Formula for calculation of DA:-

Rate for the month = (BP+GP) x DA%

DA for Day workers = Rate for the month/N-(S+H) x (Attendance + LP Days)

DA for Piece Workers = Rate for the month/N-S x (Attendance + LP Days + HP Days)

Where 'N' stands for the number of days in a month, 'S' for Sundays and 'H' for paid Holidays.

A worker is, therefore, eligible for full dearness allowance if he remains present during all the working days in a month. But if he is employed for any days in addition to the normal working days of the month, he will not be eligible for any extra dearness allowance for these days.

House Rent Allowances

206. HRA is admissible to the eligible Industrial employees in terms of MOF OM No. 2(13)/2008-E.II (B) dated 29-08-2008 (Annexure – L) w. e. f. 1.9.2008.

207. The House Rent Allowance is paid with reference to Band Pay plus Grade Pay and not with reference to the actual piece work or day work earnings or leave salary drawn. Those in occupation of Govt. quarters as well as those debarred for drawing the allowance are not eligible for the House Rent Allowance. List of industrial employees eligible for the allowance is indicated monthly in the muster roll along with other certificates under the signature of the officer competent to sign such certificates.

208. House rent Allowance is admissible for the number of days an industrial employee is on duty or on leave or paid holidays.

209. Calculation of House Rent allowance for broken periods of a month will be made exactly in the same manner as calculation of pay or dearness allowance for broken periods of a month.

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Children Educational Allowance and Hostel Subsidy:

211. Consequent upon the decisions taken by the Government on the recommendations made by the sixth central pay commission and in supersession of all earlier orders on the subject of Children Educational Allowances & hostel subsidy, Industrial Employees are entitled for Children Education Allowance re-imbursement or hostel subsidy for maximum of two children in terms of DOPT OM No. 12011/03/2008-Estt. (Allowance) dtd 02-09-2008 (Annexure – 'M') subject to fulfillment of conditions stipulated therein and as amended from time to time.

Insurance Scheme

212. The Group Insurance scheme, 1980 as contained in Annexure to Ministry of Finance OM. No. F. 15(3)/78-WIP dated 31-10-1980 and as amended from time to time, is equally applicable to Industrial employees and recovery of monthly subscription will be made from the wages of the Industrial employees as per the provisions of the said scheme.

Completion of Muster Rolls for payment

213. The determination of Gross wages of the Industrial employees rests with the Accounts Office and hence the Accounts Office prepares wages bill for the IEs in the Muster Roll based on the documents received regularly from the factory. Accordingly each element of wages (including Allowances) should be calculated by the Accounts Office separately in the appropriate column of the attendance record. All the elements of wages thus calculated will be totalled and recorded in the column for total. As each page of the record will contain names of 8 to 10 industrial employees, the accuracy of the gross wages (inclusive of Allowances) appearing against their names will be ensured by reconciling the grand total of the page by cross totaling the columns or totals (in case of computerized Wage Package these records may be maintained in magnetic media).

The next page will be completed in the same way and the columns and page totals of all pages will be copied down on a separate sheet at the end of the volume and preparing a summary of the record of totals, the total gross wages for the whole section will be arrived at. The gross wages of each industrial employee of the

Section will then be transcribed in the appropriate place of the muster roll. The total of gross wages thus recorded will be worked out and reconciled with the total of the records. The total sum reconciled will be passed for payment by an endorsement on the muster roll under the signature of the Accounts Officer. The muster roll will thereafter be sent to the factory for disbursement of wages after effecting recovery of all authorized deductions like license fee for quarters, hospital stoppage, fund recoveries, festival & other advances etc based on the deduction file received from the factory management.

Dates will be fixed by the General Manager in consultation with the Accounts Officer, by which the acquaintance rolls for Industrial employees are to be sent to the cash section. The Accounts officer will take all possible steps to forward the rolls by due dates.

Currently in all Ordnance Factories Muster Rolls for Acquittance for wages is generated through computerized wage package. The principles for accounts checking of acquittance rolls are enumerated under following notes.

Note 1:-The Acquittance Roll will be passed for payment by an Accounts Officer. When the Accounts Officer is granted casual leave or other leave and if no officiating arrangement is made in his place, the senior AAO/Section Officer is allowed to pass 'provisionally' pay orders on Muster rolls subject to counter-signature by the General Manager of the Factory before payments are made. The muster rolls which are so passed provisionally should be post-audited by the Accounts Officer on his return from leave. Under this arrangement no responsibility devolves on the General Manager as regard to the correctness of the muster rolls, countersigned by him.

Note 2:-The Section Officer I/C/Asst. Accounts Officer-in-charge of the Factory will pass the 'muster rolls' and the payment order will be countersigned by the officer-in-charge of the Factory before payment is made.

Note 3:-A review of primary documents e.g. attendance record, leave memos, gate pass, overtime rolls, day work and piece work cards, etc. will be carried out by a Section Officer/ Asst. Accounts Officer to the extent considered necessary by the Accounts Officer. A register of Review of Primary Documents in the proforma given in Annexure "O" is kept for the purpose of recording. The results of such review. The review should be completed before the master rolls are passed for payment.

Note 4:-The Calculation of various elements of wages should be subject to a test check by Asst. Accounts Officer to the extent of 3 per cent before the Muster Rolls are passed for payment. Selection of the items will be made personally by the Accounts Officer-in-Charge, Labour Section and the selection of the items should on no account be done in routine fashion. For this purpose it should be ensured that 3% items are selected in such a way that they include doubtful or complicated cases. A general scrutiny of pay records of Industrial Employees by the Asst. Accounts Officer should also be carried out. The result of the 3% check by the Asst. Accounts Officer will be recorded in register as per proforma given in Annexure 'N'.

Note 5:- Internal Audit, as prescribed in the Internal Audit Manual will be carried out by the respective Internal Audit cell, attached with each Accounts Office, functioning under Chief Internal Auditor (Factories), Kolkata.

Note 6:-The pay entitlements of the Industrial Employees shall also be checked to the extent of 1/6th of the total number of employees as to cover all the cases within a period of six months. This check will be carried out with reference to pay fixation proforma in the case of promotion/reversion, factory order and last pay certificates in respect of individuals who have come on transfer and the entertainment memos in the case of newly appointed workmen. A reference should be made to the latest audited document (including periodical increment certificate) for the purpose of this half yearly verification.

Note 7:- At the time of periodical visits, the inspecting officer, as nominated by the P C of A (FYs) will exercise a test check and general review over these payments, and for this purpose one month's wage sheet in a

half year should be checked in detail by the inspecting officer. The other months wage sheet should be generally reviewed, subject to the provision that if the inspecting officer has reasons to suspect the accuracy or authenticity of the sheets, he should increase the scope of the check.

Agreement Form of Labour

214. The Accounts Office will make out an agreement form of labour (IAF 13) in duplicate in which the total amount passed for payment will be entered section-wise. This will be forwarded to the General Manager of the Factory who will return one copy duly completed to show the amount actually paid, undisbursed wages, fines, licence fee, etc. recovered, income tax, provident fund recoveries and other deductions. All supporting schedules and documents will also be forwarded along with the agreement form of labour so as to reach the Accounts Office by 10th of the second month following that to which the transaction pertains

Payment to Industrial Employees

215. Cheques are issued by Accounts Officers attached to factories to heads of formations on net amount payable for the month to industrial employees. For this purpose, cheques in payment of Wage Roll will normally be issued by the Accounts Officer one or two days before the actual date of disbursement. As regards Supplementary payment, separate cheque is issued for the net amount as and when bills are passed.

Disbursement Certificate

216. A monthly Disbursement Certificate (IAFO 1929) is prepared by the Factory for industrial employees who are paid out of the cheques received monthly from the local Accounts Officer. The payment side of the certificate shows (i) the total amount passed for payment in the muster rolls (ii) deductions made there from, (iii) the net amount payable and the actual amount disbursed. Arrear wages paid and also the payments made through supplementary bills on account of discharge are also noted therein. The receipt side of the certificate shows (i) Cheques received from the Accounts officer and sums, if any, drawn on Emergency Cash Requisition and also (ii) any receipt for undisbursed wages remitted by MRO to the Tresury. The difference between the receipts and payment represents undisbursed amount which is required to be recorded on the payment side of the disbursement certificate and both the sides balanced. The Treasury Receipt for the undisbursed amount along with the disbursement certificate duly supported by requisite schedules should be sent to the Accounts Office on or before the 10th of the second month following.

217. Necessary punching media will be prepared in adjustment of the Treasury Receipt and recoveries noted in the disbursement certificates viz. licence fee, hospital stoppages, fund recoveries, etc. The original copy of the punching media will be sent to the E.D.P. section of the Main Office of P.C. of A (Fys), Kolkata. The relevant demands outstanding in the Demand Register should be closely watched and necessary action taken for prompt settlement where necessary.

218. The amount of deduction will be checked with relevant schedules. Licence fee recoveries shown in Disbursement certificate should be checked with the rent rolls at the time of audit. The total amount of deduction as noted in the Disbursement Certificate will agree with the total amount of deduction shown in the Agreement Form of Labour. The net amount payable as shown in the Disbursement Certificate is checked with the total amount shown as payable in the Agreement Form of Labour to see that they agree. The arrear wages paid as shown in the Disbursement Certificate will be verified with the list as well as with the entries in the Absentee Payment Register. The amount of the undisbursed wages which can be worked out from the details of the disbursement certificate will be checked with the grand total of the Absentee Payment Register to see that they agree.

Absentee Payment Register

219. Absentee Payment Registers are maintained separately for each section for each month in the loose leaf form in the factory in which all amounts remaining undisbursed on the regular pay day are noted and so also the

payments made therefrom. When all payments have been completed from a sheet in the Absentee Payment Register and necessary audit check has been carried out, the sheet will be removed from the register and attached with the last page of the relevant acquittance (Muster Roll).

Apart from the check mentioned in the previous Para, the following points are also to be verified: -

(i) The entries in the Register have been correctly made from the Acquittance Rolls.

(ii) The total of column of 'amount due' on each sheet are written both in words and figures.

(iii) The register should be initialed by the Auditor against each payment which has been attested by the factory office.

(iv) The grand total agrees with the amount shown as 'un-disbursed wages' in the Agreement Form of Labour.

Payment of arrear Wages

220. The claim for arrear wages becomes time barred after 12 months from the date the wages became originally due for payment. The authorities competent to sanction arrear wages are given below: -

Table-1

Periods of arrear of Wages	Authority	Remarks
Full powers up to three years.	Dy. General Managers	Financial concurrence is required where audit authorities are not in a position to investigate the claim due to limited period of preservation of records.
Full powers beyond three years but not more than six years.	General Manager	
Beyond six years	OFB	

Doubtful cases will however be referred to the Government of India for orders and the P C of A (Fys) will invariably be consulted when claims of the above nature are dealt with.

Belated Payments

221. Belated payments for work done in previous months are ordinarily inadmissible. If at the time of payment a workman discovers that he has not been paid for certain work he has done during the past month he will at once report the matter and after investigation any amounts due will either be paid to him on supplementary pay roll or included the wages for the following month. Beyond this, no belated claims will be admitted unless supported by a written order of the General Manager recording the reasons allowing the belated claims.

There will be no difficulty to book the expenditure involved to the out-turn order as usual if the payment is made in the year in which the Warrant is closed or running. But if the warrant was closed in the previous year, the out-turn charge (through piece work cards while making payment in the current year) should be relieved through a transfer voucher by crediting the out turn work order and debiting the work order under 02 series. Further, if the accounts of the previous year remain open at the time of payment, the actual cost can also be worked out by adjustment through a transfer voucher by debiting the out-turn order and crediting work order under 02 series. In no case, however, this work order should be operated without instruction from the Principal Controller of Accounts (Factories), Kolkata.

Financial Accounting of Labour Charges

222. All elements paid to IEs are compiled to Pay Code 01/805/03 (wages) & 08 (overtime) pre-fixed by Unit control code(s) identifying each element of wages. Recoveries and refunds are also compiled to relevant code

heads and relevant punching medium is prepared accordingly. This pay head will be charged with the entire amount while paying any advance or adjusting any debit/credit accounted for in the disbursement certificate. Similarly, the pay heads will be credited (as minus charge) with the entire amount while adjusting any treasury receipts for amounts deposited against the advance drawn. It is evident, therefore, (with reference to the entries in the disbursement certificate as explained in Para 216 to 218) that the amount of unclaimed wages is not charged to the pay head in the financial accounts although the same is fully charged in the Cost Accounts. The difference between the cost and financial accounts thus represented by the unclaimed wages is treated as 'Outstanding Liability'.

Cost Accounting Aspects: Day Work Cards/Piece Work Cards

223. The different productive/service section will issue day/piece work card in the prescribed forms to workmen showing the work to be done by any individual or a gang. The Piece work and Day work cards are prepared with reference to the Manufacture Warrant incorporating all identification particulars. The cards so distributed may be returned to Section for safe custody and ready reference. They should, however, at all times be readily accessible to the workmen concerned for reference.

224. In the case of day workers who are continuously employed on the same type of indirect work, no day work card are necessary but details of men so employed and the work order concerned on which they are employed are to be furnished by the Sections concerned to the Accounts Office. It should, however, be ensured that the financial limit laid-down for incurring expenditure by the G.M. against these work orders is not exceeded without the sanction of the DGOF.

Day work cards will be prepared periodically for each day worker and submitted to Accounts Office. These cards will show the ticket number, the name of the worker, the rate of pay, and the work order number and the warrant on which he was employed on each job during the period.

225. Having furnished the muster rolls, duly completed, to the factory management, the Accounts Office will complete the day work cards as regards to the amount debitable to each work order and warrant. For this purpose, the cards should first be posted on the relevant manufacture warrants, supplementary work orders drafts etc. concerned to see whether the work shown on the day work card has been authorized. The total time for which each workman was present on duty during the period according to the muster roll should be agreed with the total time booked to jobs through the day work cards for each workman. Any discrepancy should be brought to the notice of the management and necessary reconciliation made. After the timings have been agreed, the debit to each job will be calculated on the basis of time spent (in terms of hour) on each by the workmen and DW labour rate per hour for the month in respect of the section concerned. The total of debits to jobs thus allocated in respect of each man should agree with the total day earnings passed for payment to him in the muster roll. The completed day work cards should be passed thereafter to the E.D.P. Section for use by that Section in the compilation of labour abstracts, etc.

226. The day work card which is prepared in the kind of documents 17 does not furnish the particulars such as operations performed or the quantity passed in inspection. This can be checked while posting day work cards in the manufacture warrant. It should, however, be seen in audit that no job whose piece work rates have already been fixed is carried out on daily work basis. If any job whose piece work rate has been fixed is carried under exceptional circumstances on daily work basis, there will naturally be a variation between the estimated and actual cost. Under normal circumstances, the actual cost should be generally less than the estimated cost, which includes a percentage of piece work profit. As such, if the actual labour is greater than the estimated cost, the fact should be brought to the notice of the management for explaining the reasons for variation.

227. Separate statements for each section in respect of day workers employed continuously on one work order showing ticket numbers, names, etc. and the work orders involved will be received from the factory

monthly or periodically as agreed between the Accounts Office and Factory Management. These work orders will be copied in the Accounts Office Attendance Records for reference while preparing allocation sheets of labour.

Labour Punching Medium

228. Consequent on accounting of all elements of pay admitted to Industrial employees as labour cost, leave pay, Overtime bonus, dearness allowance, House Rent allowance, Transport Allowance, etc. will be booked to concerned job work order as indicated in Piece work/Day work cards. Hence, such payments will not be booked through Labour Punching Medium. However, for booking payments pertaining to arrears of Pay and Allowances, Productivity Linked Bonus, etc. the Accounts Office prepare labour punching media showing the section code number, the work order number and the total amount. All these punching media relate to indirect work orders only.

Preparation of Labour Abstract

229. All piece work cards, day work cards, allocation sheets and the labour punching media pertaining to a month are sent to the E.D.P. Section of the Accounts Office for the preparation of labour abstract through Costing Package. While forwarding these documents, the Labour Section also intimates control totals of each kind of document pertaining to each section. The Labour Abstract is prepared section-wise showing each work order and warrant the amount of labour booked. Charges shown in the labour abstract are inclusive of all elements of pay as mentioned in Para 200A and 200B above.

A top sheet is also prepared for each section showing the total charges booked against each work order series (01, 02, 70, 90, etc. series) and also the grand total for the section.

Allocation of DA etc.

230. As mentioned in Para 200 all elements of wages admitted to industrial employees are included in the Labour Cost and hence no separate allocation of charges for DA etc. is made.

Fixation of Piece Work Rate

231. Fixation of piece work rates for a piece of work/operation is only feasible if the particular work is measurable i.e. if a reasonable approximation of the volume and nature of work involved can be made. Accordingly, no piece work rates can normally be fixed for indirect services, repair job, etc. All sundry jobs where the exact quantum and nature of work is not susceptible of exact determination should be carried out on day work basis.

232. In the case of non-recurring jobs, that is, job for which the quantities are small and further orders are not anticipated, no standard rate form is obviously required and as such piece work rate will be fixed on the basis of estimates.

233. The essential factor involving a rate is determination of the hourly rate of the operator and the time required in hours to do the job. The time required can be estimated on an ad hoc basis or may be fairly calculated with reference to time taken actually in respect of similar jobs, if any. Recurring items of work should initially be undertaken normally on Day Work Basis. Piece work rates can be fixed only after proper time and motion study and watching performance for some period. The provisional piece work rate will show (i) the work, split up into operations together with the estimated time required for each operation (ii) the class or grade of labour anticipated to be employed (iii) the minimum rate of the grade of the employee for each of these operations and (iv) the actual amount of money in rupees for each of these operations.

234. By proper time and motion study the average time taken to do the job/operation should be determined on a data sheet by taking 8 to 10 readings through stop watch arrangements by engaging different operations of

the same trade and grade on the average time, an allowance up to 12½% may be added for machine break down, tool sharpening, fatigue, etc. on the total time inclusive of the allowance. Hourly rates of operation will be average of six month total gross wages paid to PWs divided by total SMH discharged through PW cards.

235. Piece work rates of operation or Estimates/rate Forms should be worked out to four places of decimal but while making payment of the monthly wages, rounding off will be done to multiples of nearest rupees.

236. It must be made clear to the operators that the rates are provisional and that they will be finalised within 3 months of the commencement of work at provisional rate. The rates will be finalised as a result of time study of various operations concerned.

Piece work rates, once fixed should not be altered unless there is a change in method of manufacture or change due to introduction of improved types of machineries or any other very special circumstances. As such, it should be ascertained before finalising provisional rates that they are neither tight nor slack i.e. they are really fair to the Government and the workmen.

237. Whenever a new piece work rate is fixed or an existing rate is revised by the Management, Accounts Office will see in post audit whether the new or revised rate is financially equitable with reference to data such as the rates of pay of the workmen, skill required, operation time, test/intervals and other allowances, etc. which will be furnished by the Management. The Accounts Officer will not merely check the arithmetical calculation but also scrutinize the rate and will have the right to challenge the same from financial point of view.

238. Any abnormal profit or loss should be subject to scrutiny for ascertaining the real cause and if it be due to wrong fixation, revision will be advised and looked for in audit. A register of profit and loss of individual piece work and gang work rates will be maintained by the accounts officer for the purpose of watching the abnormal percentage of profit or loss. The payment for profit element is restricted to 75% when the profit in respect of an individual piece worker exceeds 75%. Excess profit above 75% is booked to indirect work order no **02/00112/00.**

239. As rates for all operations and the quantum of different materials required for a job are fixed after actual establishment of the manufacture, addition to labour rate and/or material will not be necessary under normal circumstances. In exceptional circumstances only addition may be necessary for covering some job of a non-recurring nature such as bringing materials to the correct size or shape or to rectify defective forgings or castings or for similar jobs of a non-recurring nature. The use of such non-recurring rate form should be restricted to the absolute minimum and can be resorted only for special reasons to be recorded in writing for the scrutiny of the Accounts Officer in audit:

240. Blank

Increment

241. Periodical Increment Certificates are submitted to the Accounts Office by the Management duly completed and signed. After implementation of 6th CPC recommendations the date of annual increment for all Government employees has been fixed on 1st July each year uniformly and accordingly subject to fulfillment of all the conditions, as stipulated in relevant Government orders, all Industrial employees are entitled to annual increment on 1st July each year @ 3% on the total of existing Band Pay and Grade Pay rounded off to the higher multiple of ₹ 10. The incremental increase, so calculated is added to the Band Pay. It should be seen in audit that the increment certificates have been signed by the competent authority and that increments have been earned by virtue of qualifying service, as detailed by the administrative authorities in the increment certificates. A copy of the last increment certificate should be kept in the Accounts Office to verify the correctness of the drawn wages with reference to increase in the Band Pay.

Payment under Workmen's Compensation Act, 1923

242. If a personal injury is caused to a workman by accident arising out of and in course of his employment, his employer shall be liable to pay compensation in accordance with the provisions of the Workmen's Compensation Act, 1923, subject to the fulfillment of the conditions laid down in the Act.

The General Manager is competent to sanction compensation under workmen's compensation Act, 1923 upto the ceiling prescribed in the Act for all employees defined as 'worker' of the Factory with the prior concurrence of the Accounts Office. OFB has powers to sanction upto the ceiling prescribed in the Act. OFB is not required to obtain prior financial concurrence before according sanction but only a prior verification by the A.O. is required, which would ensure the correctness of the rates of pay and allowances on which payment is to be based. In cases where A.O. while verifying a case raises question about the applicability of the workmen's compensation Act, it is for DGOF to take a final decision and in case he decides to sanction payment under Workmen's Compensation Act, such payments will be made by the A.O. In such a case when the A.O. feels that the payment was not regular, he will place such payment under objection and if the objection is finally upheld, the payments will have to be regularised under the orders of Competent Financial Authority.

243. The convening of Court of Inquiry for enquiring into the causes of the accidents is an administrative matter and unless there is 'prima facie' a case of doubt, no objection seeking clarification on the proceedings of the Board of Inquiry need be made.

Every endeavor should be made for the expeditious disposal of payment of compensation under the provisions of Workmen's Compensation Act, 1923.

244. Payment on account of claims for compensation will be made on a Supplementary Roll to be preferred by management, duly supported by a copy of the relevant factory order. The payment of compensation being a statutory obligation and not a matter of discretion it is imperative that immediate action should be taken by the G.M. to initiate the claim and ensure prompt payment of compensation within one month from the date it falls due for payment.

Note: - For the purpose of calculation of wages under Section B (a) of the W.C. Act, 1923, only wages in respect of the last twelve calendar months which have fallen due for payment should be taken into consideration. For example, if a workman is paid on the 7th of each month and if he is injured on 5th January, the wages for preceding December will not enter into calculation but wages of December of the preceding year are to be included.

245. The accounts office will verify from medical report that the extent of injury is such as to bring the claims under the provisions of the Act. Payment will be passed at the scheduled rates laid down therein. In the case of injuries not covered under schedule I of the Workmen's Compensation Act, 1923 the loss of earning capacity will have to be assessed by the administrative authority that had the opportunity of seeing the workmen's work before and after the accident. For this purpose, the medical opinion regarding assessment of loss of earning capacity should indicate the particular items of the Schedule I of the Workmen's Compensation Act, 1923 to which the non-scheduled injury bears the closest resemblance. The General Manager while ratifying the medical assessment or amending the same with reference to other factors should specifically record in writing the merits of the case justifying the assessment.

246. The compensation under Workmen's Compensation Act, 1923 in the case of accidents while proceeding to the place of employment or coming back there from, may be paid provided the workman came by a permitted route over his employer's premises or over other premises which he would have no right to traverse but for his employment. In dealing with cases of accidents taking place outside the premises of the employer, payment of compensation will depend on whether (a) the workman was in any way subject to the contact of employer or (b) he was doing anything involved or connected with his duty to his employer.

247. Compensation under Workmen's Compensation Act, 1923 is payable also in respect of an accident occurred in course of a job entrusted to the worker by his superior officer. This need not necessarily be a job which under normal terms of his employment the workman has to do.
All payments under the Workmen's Compensation Act, 1923 will be recorded in the register of payment for injury pay.

Note: - The cost of law suits, in connection with the payment under the Workmen's Compensation Act, 1923 to be paid from the contingent grant and adjusted in the financial accounts under the appropriate detailed head, which are clearly admissible under rules, may be paid by Branch Accounts Offices.

Payment and adjustment of TA/LTC Claims

248. In the case of Industrial Employees transferred to other factories or to formation in another audit area, the demand will be intimated direct to Accounts Office attached to such factories or to the concerned Audit Officer, as the case may be, and his acknowledgement obtained for clearance of the demand from the Demand Register.

Demand Register will be reviewed by the Branch Accounts Officer monthly and a review report in respect of demands against Industrial Employees lying outstanding for more than one year/six months/ three months (separate statement for each category) and action taken to clear such outstanding demands will be sent to the P C of A (Fys).

Claims on account of travelling allowance, Daily Allowance and Leave Travel Concessions in respect of industrial employees of the factories and allied formation for journey undertaken will be audited by the Branch Accounts Office in accordance with the provisions contained Travelling Regulations.

The entitlements of TA/LTC claims have been revised w. e. f. 1.9.2008 vide GoI, MoF OM No. 19030/3/2008-E.IV dtd 23-09-2008 [Annexure – 'P'].

Casual Industrial Employees

249. Staff paid from the Incidental and miscellaneous grant as are not brought on the regular establishment are classified as 'Casual Employees' and they are employed through service contract.

Besides the casual employees paid from contingencies, casual personnel recruited on monthly scales of pay from regular pay or works head of accounts for specific jobs, e.g. as substitutes or temporarily increased work load will be designated as 'Casual Industrial Employees'. Employment of such personnel may be resorted to, where necessary, subject to the following conditions:-

(i) Men will be recruited in this category, only when it is clearly anticipated that they are not likely to be required from more than six months.

(ii) It should be clearly stipulated in their terms of appointment that their services will be liable to termination at any time without notice during the first six months.

(iii) During the period of employment not exceeding six months these men will be governed by the following conditions:-

(a) They will be paid the same monthly rates of pay as are prescribed for the corresponding category of regular industrial employees and their pay will be met from regular pay or works head of accounts.

(b) Leave and holiday will be admissible as for other regular industrial employees.

(iv) If for any reason the appointment is to continue beyond six months the individual will not be discharged and re-employed from the same date. Instead, he will be allowed to continue in service without any break and will be treated as a regular industrial employee from the date of his original appointment as casual industrial employee. This change of category from casual to regular will be declared even before the expiry of six months as soon as it is definitely known that the individual will continue in service beyond six months.

Note 1:- Industrial Employees who are appointed in casual capacity for a period not exceeding one month should be paid daily rates of pay as determined by local administrative authorities irrespective of the fact that their pay is met from regular pay or works heads of accounts.

Note 2:- Casual employees are to be treated as fresh entrant every time they are employed after a break in their service.

Medical Attendance

250. All civilian employees both gazetted and non-gazetted including industrial categories serving in the Ordnance and Ordnance Equipment factories and associated Inspectorates and their families are entitled to the concessions of medical attendance as laid down in Factory Medical Regulations. However, the employees who are living beyond a distance of 8 Kms radius from the factory premises (to be determined with reference to the main gate of the respective factories) may opt to be governed by Central Service (Medical Attendance) Rules, 1944 or CGHS, as the case may be and such employees will in case of emergencies, during the performance of their duties, continue to receive the treatment in the factory dispensary/hospital only to the extent statutorily admissible under the provisions of Factories Act, 1948.

Hospital stoppages

251. In cases where hospital stoppages are recoverable, hospital stoppage rolls will be prepared in I.A.F.A. 55 and sent by the Medical Authorities to the Audit Officer (Disbursing Officer in the case of Industrial Employees) for effecting recovery from the pay bill of the individuals concerned. The recovery in respect of industrial employees will be affected through their acquittance rolls and the credit thereof accounted for in the relevant disbursement certificate. While verifying the details of the disbursement certificates, the recovery for hospital stoppages should be checked by the Accounts Office with the relevant hospital stoppage rolls. The credit for hospital stoppages should be accounted for as miscellaneous receipts in the financial accounts.

In cases where no pecuniary benefit is accrued to an IE being on leave without pay, no recovery for hospital stoppage is to be made.

Fines

252. All persons employed on the industrial establishments, whether Day Workers or Piece Workers, with the exception of children below 15 years of age, are liable to fines under Section 8 of the Payment of Wages Act, 1936. Rules in regards to infliction of fines are:-

(i) The incumbents of the following appointments are empowered to impose fines on persons employed under them: -

(a) General Manager
(b) Dy. General Manager, Manager/Dy. Manager or Assistant Manager.
(c) JWM/Foreman or Assistant Foreman in charge of a section of a factory.

(ii) Fines may be inflicted for the following acts and omissions on the part of a person with the previous approval of the State Government or the prescribed authority, after giving him an opportunity for explanation :-

(a) Breach of Factory Rules.
(b) Drunkenness, sleeping on duty, idling or loitering about.
(c) Negligence, disobedience of expressed order relating to discharge of legitimate duties, malingering and deliberately delaying production.
(d) Riotous conduct or any act likely to cause disturbance of peace.
(e) Loosing identification tickets or not producing it when demanded.
(f) Smoking in unauthorised places, interference with any safety devises or failure to observe safety instructions.

(g) Willful damage of work in process or to property belonging to the Government.
(h) Distribution of or exhibiting inside Factory area of hand bills, pamphlets, posters, etc. without previous permission.
(i) Any conduct prejudicial to the health, hygiene, morals and safety of other employees in the factory.

Note 1:- The above list lays down the basic principles of general applicability. Items may be added to as necessary by the executive heads of the establishment concerned with the prior approval of the State Government or of the prescribed authority under Payment of Wages Act.
Note 2:- A notice specifying the acts and omissions should be displayed in English and in the language of majority of persons employed at the main entrance and other prominent places of the factory.
Note 3:- The Fine Register is to be laid before the General Manager at the end of each month for his approval.
Note 4:- Objects on which the proceeds of fine may be utilised will be laid down by the General Manager with the approval of prescribed authority. The proceeds will be applied only to such object and purposes.

253. The fine fund account maintained under section 8 of the Payment of Wages Act, 1936 is a Public Fund and the procedure for maintaining the accounts of the Funds is to record all these in the Register referred to in the previous Para.
A fine fund Account will be opened by the General Manager with the local branch of the State Bank of India or with a recognized bank and where banking facilities do not exist in a civil treasury.

254. Recoveries under Section 7(2) (c) of the Payment of Wages Act, 1936 from the workman on account of the value of tools etc. lost by them will be paid into the treasury in the usual manner and credited to Central Government Revenue.

255. The fine register will be audited monthly and fine fund accounts will be audited quarterly by the Accounts Office. In auditing the accounts it should be seen, that:-

(1) All transactions are in order and in accordance with the laid down rules.
(2) The receipts agree with the amount of fines recovered as shown in the acquittance rolls and the disbursement certificates.
(3) The transactions have been accounted for separately from the factory cash.
(4) The balance at the end of each financial year has been transferred to the Labour Welfare Fund.
(5) If expenditure is incurred from the fine fund and the labour welfare fund simultaneously for the same purpose it has been sanctioned by the competent financial authority and has been applied only to such purposes beneficial to the persons employed in the factory or establishment as are approved by the prescribed authority.

Soon after the audit is completed a report with any observation raised will be submitted to the Accounts Officer. A report will be sent to the PC of A (Fys) annually by the 1st of May regarding audit of the fine fund accounts for the whole year.

Scale Audit

256. The objective of Scale Audit is to ensure that authorized strength for each grade and trade of the Industrial Employees, as fixed by the OFB for each factory is not exceeded. The Accounts Office is required to check the actual strength with the sanctioned strength on receipt of Factory Orders notifying promotions, reversions, transfers to different trade/grades, etc. and bring to the notice of the management any variation noticed by them for regularization. A register will be maintained in the proforma given to Annexure 'Q' for this purpose.

257. The register in Ordnance factories is subject to audit by Internal Audit Cell functioning under Chief Internal Auditor (Fys), Kolkata.

Pensionary Rules

258. An industrial employee shall be retained in service till the last day of the month in which he attains the age of 60 years except in the case of an IE whose date of birth falls on 1st day of a calender month the retention of such IE be upon the last day of the month preceding to the month whose 1st day is his date birth. Whether his retention in service beyond the age of 55 years is in public interest will however be reviewed and decided six months before he attains the age of 55 years. In case it is found, his retention will not be in public interest, he will be given 3 months notice and retired from service. Similarly, an industrial employee may also voluntarily retire from service by giving 3 months notice after rendering 20 years of service.

259. Notwithstanding the above provision, the services of an industrial employee may be terminated, if it is in public interest, after he has attained 55 Years by giving 3 months notice.

260. Industrial employees who enter service on or after 01-01-2004 will be admitted to the New Pension Scheme in accordance with the relevant rules, as made applicable under the scheme.
[Auth: MoF, Deptt of Economic Affairs Notification No. 5/7/2003-ECB & PR dtd 22-12-2003 (Annexure – 'S')]

261. The whole temporary service followed by confirmation, whether in the same post or another post, which may either be as industrial or non industrial one, will be counted as service qualifying for pension, to the extent it would have counted had the service been rendered *ab-initio* in a pensionable establishment.

Note 1- The procedure laid down in CCS (Pension) Rules, 1972 read with relevant orders issued by Government would regulate the matter regarding application for the grant of pension to the Industrial Employees, appointed before 01/01/2004.
Note 2- The orders and procedure as are applicable for the non-industrial employee will be followed for verification of service for the purpose of pension.

262. Superannuation statement in respect of Industrial Employees is to be prepared by the Factory Management in the prescribed form and furnished to the Accounts Office concerned. Checks prescribed in Office Manual Part-II (Vol.-I) are to be carried out. Each Accounts Office will maintain a list (in the proforma given below) allotting a page for each establishment for watching the receipt and disposal of superannuation statements. Action taken to call for the superannuation statement from the defaulting establishment will also be indicated in the list in the remarks column:-

Section/ Group of the Accounts Office.	Name of the Establishment	Year	No. & Date under which superannuation list was received.	Remarks

The above list will be submitted to the Accounts Officer concerned every quarter for his inspection.

263. The date of birth shown in the superannuation statement should be compared with the date of the birth shown in the March Check Roll and also with the previous year's statement. In the case of new names it should be compared with LPC/ Check Rolls, etc, where pay was drawn. Audit checks should proceed from March Check Rolls/ LPC, etc. to the superannuation statement and not vice versa.
Discrepancies noticed should be promptly got rectified in consultation with the administrative authorities and orders of the competent authority called for in case of an individual is retained beyond age of superannuation or previous extension of service.

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Gratuity

267. (i) If an industrial employee retiring in accordance with the provisions of CCS (Pension) Rules before completing qualifying service of 10 years, he shall on discharge for causes beyond his control, i.e. on account of reduction in establishment or on reaching the age of superannuation or on medical grounds, get in respect of that service a gratuity equal to half a month's pay for each completed year of service as per provision contained in Rule 49 of CCS (Pension) Rules and in addition if he has completed five years' qualifying service shall be granted retirement gratuity equal to one-fourth of emoluments for each completed six monthly period of qualifying service, subject to a maximum of sixteen and a half month's pay or Rs. ten lakhs as per provisions contained in Rule 50 of CCS (Pension) Rules . However, if he has completed qualifying service of 10 years, he will be eligible for pension instead of service gratuity.

(ii) For the purpose of calculating gratuity pay referred to in clause (i) above means 'pay' as defined in FR 9(21) (a) (i), i.e. basic pay (Band Pay+ Grade Pay) substantive or officiating, non-practicing allowance and DA drawn on the date of retirement/Death.

268. All gratuity claims will be audited in Accounts Office with reference to the instructions contained above and any further orders that may be issued from time to time on the subject and recorded in a Register (Proforma given as Annexure-T) to be maintained for the purpose. IEs are also entitled to benefits under C.C.S. (T.S.) Rules, 1965.

New Pension Scheme (NPS)

268A. IEs joining service on or after 01.01.2004 are covered under the New Pension Scheme. In their case, no deduction on account of contribution towards GPF is made nor are they covered by the existing pension rules. Deduction is made @10% of Basic pay (Band pay + grade pay) plus DA thereon every month towards contribution to NPS. The Government makes equal contribution every month. The amount is invested in various Funds by a Nodal Agency, *National Securities Depository Ltd*. (*NSDL*). For the purpose of accounting, a unique identification number (PRAN) is allotted to the employees.

Discharge

269. Industrial employees, whose services are no longer required, may be discharged on the expiry of the period of notice to be served on them in writing. The fact of discharge will be notified by the Management in a discharge memo and sent to the Accounts Officer who will post it in the appropriate column of the Register of I.Es. The period of notice will be as indicated below -

	Period of service	*Period of notice*
(a)	For persons having continuous service for not less than 10 years.	3 months
(b)	For persons having continuous service less than10 years.	1 month

Note- It will be at the discretion of the appointing authority to give 1 month's or 3 month's pay in lieu of 1 month or 3 months notice of discharge as the case may be. Pay in lieu of notice means pay plus allowances which are otherwise admissible. Payment of notice pay should be booked to Work Order 01/00011/00 and kept out of production.

270. No notice is required in the case of those who are employed for specific jobs/periods or by way of substitution or for short periods of casual nature as for example for a period not exceeding 6 months. In the case of workmen absenting themselves without notice and as a result struck off the factories as a penal action, the question of notice or cash payment in lieu thereof will not arise.

271. An industrial employee who wishes to leave the service is also required to give notice in writing or to pay cash in lieu for 1 month or 3 months accordingly as his continuous service is less or not less than 10 years. In exceptional case, however, competent authority may, by mutual consent, waive the requirement of notice being given by the employee or shorten the period of notice. If an employee governed by the payment of Wages Act, 1936 fails to give requisite notice or compensate Government by an amount equal to his pay for the notice period, he has not worked, he will be called upon by the management to pay the same within a reasonable period, say, within a fortnight from the date of receiving the factory's letter. A specific date for the payment may, with advantage, be also fixed and the man warned that if he fails to comply with the demand, he will be liable for disciplinary action and be debarred from further employment under Government. In the event of his failure to pay the amount within the prescribed date or within any other date in case where an extension may be granted on the special merits of the case disciplinary proceedings should be started against him. Notwithstanding his liability to compensate Government, no deduction on account of notice pay can be made from wages as such deductions have not been specified in Section 7 of the Payment of Wages Act, 1936. Undisbursed pay, if any, should not therefore, be withheld from payment.

272. When an industrial employee is discharged, the wages earned by him shall be paid before the expiry of the second working day from the day on which his employment is terminated as per Section 5(2) of the Payment of Wages Act, 1936. The payment of day workers and individual piece workers (with reference to the individual piece work cards required to be called for from the sections concerned) should be made in full within the aforesaid time. The gang worker should, however, be paid in the first instance at their assigned monthly rate like day workers within the prescribed time limit and the profit earned, if any, may be paid later but not later than the date of regular payment for the month in which the discharge takes place. When, however, the gang works at a loss, the loss incurred in each case to Government on account of payment at the assigned monthly rate should be submitted to the P C of A (Fys) for sanction only when it exceeds the financial powers of the A.O./ACA/DCA etc. Otherwise it should be sanctioned by him and the overpayment adjusted to the proper head of account.

Last Pay Certificates

273. In the event of transfer of industrial employees from one factory to another or to some other establishment, no formal last pay certificates are required to be issued. A statement showing the rate of pay, the date upto which the individual is paid, outstanding, demands if any, and monthly piece work /daily work earnings for the three compete calendar months preceding the month of transfer should be prepared by the management and submitted to the local Accounts Officer for verification and countersignature. One copy thereof, after counter-signature, should be forwarded by the management to the General Manager of the factory to which the individual is transferred, and similarly one countersigned copy should be forwarded by the Accounts officer of the transferring formation to the other Accounts Officer.

General Provident Fund/Contributory Provident Fund

274 i) After introduction of New Pension Scheme, all IEs joining service on or after 01-01-2004 are not entitled to be a member of General Provident Fund. Only those Industrial employees who were appointed prior to 01-01-2004 remained entitled to subscribe in GPF.

(ii) The minimum rate of subscription in respect of G.P. Fund is 6% of emoluments. The emoluments mean the basic pay of Industrial Employees.

(iii) Recovery of subscription is rounded off to the nearest Rupee i.e. fraction less than 50 paise have to be ignored and those of 50 paise and more have to be rounded off to the nearest rupee.

In the case of Day Workers recovery of subscription will be made on the basis of monthly time Wages whereas in the case of Piece Workers, the recovery will be on the basis of monthly time Wages plus 25 per cent thereof.

(iv) The management prepares a monthly statement of recovery of GPF subscription called "change statement" in duplicate. This is prepared shop wise. In this statement, name of subscriber, Account Number etc. do not appear. Only the total amount, of subscription of the Section for previous month as well as the total amount of subscription for the current month will be indicated. If there is any change between the amounts of the previous and those of current month, the name, Account number, amount of subscription which contributed towards change will only be indicated.

275. On receipt of the statement in Account Office of the arithmetical accuracy of the total amounts the Factory as a whole as worked out on the top sheet will be verified and a punching medium debiting the pay head of I.Es and crediting Fund head will be prepared by Accounts Office. On receipt of the Recovery/withdrawal schedules from Labour/ pay Section, Fund cell of Accounts Office will reconcile total amounts compiled to Fund Heads with the printed compilation and sent them for computer processing in monthly batches for preparation of G.P. Fund Annual Accounts statement.

Works Committees and Production Committees

276. Members of the above committees will be treated as on duty for the time spent at the meetings of the committees held during the normal working hours. If the normal working hours are exceeded during a meeting, the time spent will be similarly treated and overtime will be allowed if admissible under departmental rules governing overtime pay, provided, however the rate of ,overtime allowance will not exceed the normal time rate. All expenditure in connection with the above committees including pay and allowances of industrial employees will be booked to Work Order 01/ 00006/00.

Attendance as a member in the aforesaid committee meetings or as an observer in the trade test board although falling outside normal duty is to be reckoned as duty performed. Besides this, appointment otherwise than on normal duty during normal working hours e.g. work in connection with factory canteen or co-operative organizations, except on leave is irregular and should be objected to in audit.

Audit of Manufacture Warrant

277. A manufacture Warrant duly checked with estimates or rate forms becomes the basis of admitting payment claimed through piece work cards. No operation shown on the cards in excess of the number authorized in the warrant will be paid but it will be referred back to the factory.

278. A test check of the postings in the warrant will be carried out while reviewing the primary documents. A second check will be made while linking the accounts copy of the completed warrant with the shop copy, which is due to be received in the Accounts Office early in the following month of its completion. It should be ensured that no extension of the working life of the warrant i.e. six months or one year as the case may be, is made without prior approval of the D.G.O.F. From the completed Warrants, it may appear that certain operations have not been executed, while a greater number than those provided in the original warrant have been actually executed, through additional operation on the authority of non recurring rate forms. The Accounts Office will therefore examine all warrants with a view to suggesting amendments where such over or under estimation of rates are of recurring nature. Again rejection at each operation of stage may also be scrutinized with reference to postings in the warrants and the actual number of warrants on which the warrant is completed to see that they do not exceed authorized limit without satisfactory reasons.

279. The number for which a replacement order or warrant is issued for the purpose of making good the number of articles rejected at any stage or operations should be duly reconciled with the number of rejection posted in the original warrant.

Provisional Payment

280. Provisional payment of pay and allowances, pending receipt of the L.P.C. can be made by the new establishment from the date of reporting for duty in that establishment on the basis of pay shown the transfer orders. For this purpose, the designation and the rate of pay (including the pay in the pay band and grade pay) in the old establishment should be shown in the transfer memos.

281. The above procedure will apply in cases of transfer to post carrying higher scales of pay. In the case of transfers to a grade/post carrying lower scale of pay, rates of pay to be admitted should be restricted to the existing pay in the Pay Band and Grade pay of the lower post, pending verification and readjustment on receipt of the L.P.C.

Training of Boy Artisans

282. The main schemes in operation in the Ordnance Factories for training of Boy Artisans are indicated below. Payment to the trainees will be regulated in accordance with the Government Orders, sanctioning the scheme as amended from time to time.

Training Scheme	Government letter under which the scheme has been sanctioned
1. Training of apprentices in Ordnance Factories under Apprentices Act 1961.	M of D letter No. 716/ Rev/A/TG/455/II/D(Fys) date d 10-03-1969
2. Scheme for the training of skilled crafts man.	Ministry of Defence letter No. 716/Rev/SC/A/76/3000/17/D (FY) dated 25-11-1970.

Register of Boy Artisans

283. A register (Proforma given at Annexure-U) will be maintained to ensure that the total number of Artisan trainees authorised to be trained is not exceeded and that their pay and allowances are regulated as laid down in Government letters. The actual productive work done by them will be charged to out-turn work order and the balance booked to relevant work order in 01 series.

284. The pay of the workmen trainees will, to the extent laid down for the purpose, be booked to work order 01/00014/00 and the balance charged to the out-turn orders on which they are employed. When competent trainees are put on piece work, they will be treated as full-fledged workmen and their entire earning debited to the out-turn orders concerned.

Subsistence Allowance

285. Industrial employees are treated on par with Non-Industrial employees for the purpose of grant of Subsistence Allowance when they are placed under suspension or deemed suspension and subsequent grant of pay and allowances on re-instatement as per Government orders regulating grant on subsistence allowance

Trade Test

286. Promotion to a higher grade in the same trade, transfer to a different trade and appointment as a tradesman will be subject to passing the prescribed trade test. For this purpose a trade test board will conduct tests as per details of specifications approved by the DGOF for each trade and grade.

287. Labour representatives from industrial employees appointed as 'observers' will be treated as on duty for the time spent by them in the meetings of the board held during the normal working hours. If the normal

working hours are exceeded during a trade test board meeting the time spent will be similarly treated and overtime will be allowed if admissible under the departmental rules governing overtime pay, provided however, the rate of overtime allowance will not exceed normal time rate.

288. The pay of the workman for the period he undergoes trade test or acts as an observer will be charged to W.O. 01/00049/00.

Promotion

289. A workman may be promoted to higher grade in the same trade, or transferred to a different trade provided the following conditions are fulfilled

(i) The workman has passed the prescribed trade test,
and
(ii) There is a vacancy in the new grade/trade.

Note: - To ensure in audit that the above conditions are fulfilled in each case, all Part-II Factory Orders notifying fixation of pay on promotion to a higher grade in the trade or transfer to a different trade should have prior concurrence of the Accounts Officer.

Fixation of Pay

290. Fixation of pay of industrial employees on appointments, promotions, etc. or transfer from one post to another should be regulated under relevant order applicable to non-industrial employees as amended from time to time. In case of promotion/reclassification made from lower industrial/non-industrial to higher non-industrial posts, the pay of the higher industrial/non-industrial post will fixed in accordance with the provisions of CSR.

Re-employed personnel

291. Initial pay of personnel re-employed in industrial posts is also to be fixed in accordance with of relevant provisions of CSR applicable to NIEs.

292. Marking of attendance in respect of industrial employees working in the detachments mentioned below, where the procedure prescribed above cannot be strictly adhered to, being located at considerable distance from the factory proper is to be regulated in the manner indicated below :

(i) **Kataya Ghat Pumping Station, Filter plant and similar places of work under OF Katni**

(a) Register should be maintained at the work shops with direction to the IEs to sign, or affix thumb impression as the case may be on these registers in the presence of in-charge shift as and when they attend duty shifts.

(b) These registers should be sent daily to the Section for preparation of casualty reports.

(c) The casualty report will be forwarded by the Section to the Gate Section.

(ii) **Power Station, Kateri and catchment area at Cordite Factory, Aruvankadu**

Attendance of I.E.s who report directly at Power Station, Kateri should be supervised by a NGO who is permanently stationed at the site. Daily mustering should be completed with reference to absentee numbers indicated over phone and casualty reports prepared daily should be submitted to Accounts Officer once in three days.

Note 1- As regards men detailed at catchments area their casualty should be ascertained over phone by the opening hour of the factory, provision for an attendance register at the work spot should also be made.

The attendance register should be sent once in three days to the factory for checking the casualty already ascertained over phone and reporting discrepancy, if any, to the Accounts Officer.

Note 2- As a general rule, the industrial employees will not be allowed to go out of the factory for lunch along with their section tickets. In respect of certain factories e.g. A.F. Kirkee, H.E. Fy., Kirkee and Cordite Factory, Aruvankadu in a very limited number of deserving cases industrial employees may, however, be permitted by the G.M. to leave the factory premises for lunch. In such cases, late attendance after lunch shall not be permitted beyond 15 minutes. An I.E. coming late in excess of 15 minutes will not be admitted in the factory for the rest of the day and he will be treated as on unauthorised absence from the place of work, for which disciplinary action may be taken on the merits of each case at the discretion of the G.M. in addition to the normal deduction of wages.

293. Casualty report in respect of late attendance and non-attendance of I.Es after lunch period will be furnished to the Accounts Office in the same manner as in the case of late attendance at the opening hour on the same day.

Departure - Workmen should leave their section only after the hooter.

Exception -In the case of Ammunition Factory, Kirkee and Ord. Fy. Khamaria, however, workmen working in buildings site far from the main gates due to employment in the danger areas may leave their sections slightly in advance of the hooter but should not pass through the gate before the hooter.

Transfer of Industrial Employees

294. The following concessions are admissible to the Workmen, non-industrial and non-Gazetted staff who are transferred from the existing factories/ inspectorates to the new Ordnance Factories which have been/are being established and may be established in future. These concessions will be admissible in all the above categories of employees who may be transferred to the new factories/inspectorates either on a temporary or a permanent basis to the extent indicated below provided that these concessions will not be admissible to individuals who may be transferred owing to shortage of work and/or to avoid retrenchment in the existing factories.

(i) Permanent Transfer

An advance of one month's pay repayable is not more than twelve equal installments is admissible.

Note - For this purpose the basic monthly pay (Grade pay and Band pay) of the individual at the time of his transfer will be taken into account. The recovery of the advance will commence from the wages of the month following that in which the advance is drawn.

(ii) Outstation Allowance

An outstation allowance of 25% of the individual's basic monthly pay at the old station at the time of transfer will be allowed for the first 3 months and 20% of the basic pay for the next 21 months.

Note - (a) Monthly pay will be exclusive of overtime pay drawn as well as dearness and other allowances.

(b) The outstation allowance will not be treated as pay for determination of the amount of dearness and other allowances.

(c) In factories/inspectorates, where a project allowance has been sanctioned, a workman may be allowed to draw for the first two years from the date of journey in the new factory/ inspectorate, either the outstation allowance or project allowance, whichever is more beneficial from time to time. After two years, he would be entitled to receive only the project allowance provided the same is continued and is otherwise admissible.

(iii) Advance of traveling allowance, journey time, journey time pay and traveling allowances

These will be admissible as on transfer subject to the following conditions:

(a) If the transfer is in public interest and not at the request or in consequence of misconduct on the part of the worker.

(b) Service will be treated as continuous.

(c) Joining time, joining time pay, T.A. will be admissible as on transfer under the provisions of C.S.R. and T.R.

(iv) Minimum monthly earnings in new Factory.

Workmen will be granted a minimum salary equal to their average monthly earnings until such time as they are put on piece work in the new factory/inspectorate or for 24 months from the date of transfer whichever is earlier. This does not apply to periods of leave or other absence from duty.

Note- (a) The average earnings will be calculated on the basis of actual earnings of the individual in the previous factory/inspectorate during the three complete calendar months, preceding the month of their transfer.

Note (b) The term "actual earnings" in (a) above means piece work and/or day work earnings including overtime pay, and overtime bonus but excluding dearness, house rent, compensatory and other allowances. For maintenance workers incentive bonus will be taken into account for the purpose of calculation of actual earnings. The overtime Pay and overtime Bonus will, however, be included subject to the following conditions: -

(i) That regular overtime was worked in the parent factory/inspectorate in the department in which the workmen was employed for at least three complete calendar months preceding the month of transfer, and

(ii) A quarterly certificate is furnished by the General Manager that he was granted a minimum salary equal to their average salary, including overtime allowance and overtime bonus, wherever applicable in the three months preceding the month of their transfer.

The payment of overtime allowance and overtime bonus in the above cases will, however, be subject to the same conditions as laid down under Notes (b) above.

In addition they will be entitled to advance of TA/DA as admissible under normal rule.

For the purpose of the above concessions, a new factory will be treated as "New" till three years from the date production starts and the same holds good for new inspectorate also. For this purpose, production would be deemed to have commenced even if there is only trickle production for each particular line of production of an identifiable product of the factory/inspectorate. Identifiable products of a new factory/inspectorate will be those as stated and accepted at the time of setting up of production. These concessions will be admissible for a period of 24 months to all employees to whom they are applicable and who are transferred to a new factory/inspectorate before it ceases to be new.

DGOF/DGI are to issue instructions indicating all identifiable items of production for the new factories/inspectorates.

Manager of the parent factory/inspectorate is to certify to the General Manager of the new factory/inspectorate that the workman concerned would have continued to have drawn overtime pay if he had continued there.

(iii) Overtime pay and overtime bonus will not be increased/decreased corresponding to increase/decrease of overtime hours in parent factory/inspectorate from time to time, but the same will cease to be included in the actual earning from the date on which regular overtime working is stopped in the parent factory/inspectorate.

Note (c) Workmen will be paid at their monthly rates at the new factory/inspectorate (including annual increment or pay increase due to promotions) and in addition they will be paid the difference, if any, between their basic monthly pay at the new factory/inspectorate and their monthly earnings. This additional payment will be treated as part of pay for the purpose of calculating leave pay.

Note (d) Should the basic monthly rate at the new factory/inspectorate exceed at any time the average earnings at the old factory/inspectorate, the additional payment will cease to be made.

Non-Industrial Staff

295. They will be granted protection of salary equal to their average salary including overtime allowance and overtime bonus for the last three months preceding the month of their transfer. The payment of overtime

allowance and overtime bonus will be subject to the same conditions as for workman. In addition they will be entitled to advance of TA/DA as admissible under normal rules.

This concession of protection will be admissible in respect of all NIEs transferred to new factories/ inspectorates for 24 months from their date of transfer.

On temporary basis for a period of not less than one month

Workmen will be granted a minimum salary as at (iv) of para 294.

296. Deleted

(Finance Division vide IS Note No. 01/Committee/Manual/FM-V Dated 21-2-2011 have confirmed that the said operation have been discontinued long back.)

Labour Welfare Fund

297. (i) The rates and conditions in regard to Welfare Fund as contained in Ministry of Labour Employment and Rehabilitation (Department of Labour and Employment) O.M. have been made applicable to civilians paid from the Defence Service Estimates in Industrial Undertaking.

(ii) From the year 1969-70 onwards the rates of grants-in-aid will be ₹ 2 per worker per annum. In addition a grant in aid upto ₹ 1 per worker will also be paid to match the subscription collected by the Labour Welfare Fund subject to the overall limit of ₹ 1 per worker per annum.

(iii) The grant-in-aid referred to above will not be subject to the further condition that the total grant payable to labour welfare fund will be reduced to the extent the amount of income realized on credits to funds from sources other than employees contribution such as fines, profits from canteens and miscellaneous receipt earned from other sources like cycle sheds, cultural programme etc.

Strength of labour vis-à-vis Load position

298. The Load of a particular production section is determined with reference to jobs to be performed by the section during a month based on the warrants, floated on the section. Warrants are floated on the basis of the Extracts received by the factory based on the order book (listing the indents available) of the OFB. The Standard Estimate provides time required for each job with details of the trade and grade wise requirement of Industrial employees. Thus the requirement of labour strength in a particular production section can be determined with reference to Standard Estimates and actual jobs performed by the section during a particular month. As the labour strength is related to production activities, monthly comparison of actual strength of labour in a section with the load of the section provides the basis for examining as to whether any section of a factory is over/under manned.

299. A check to this effect should, therefore, be exercised by the Accounts Officer, and if at any time, the strength of labour is not found to be commensurate with the load, the matter should be taken up with the management. For this purpose a register in the proforma given in Annexure 'R' will be maintained.

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Industrial Employees Grant Register

303. A watch should be kept over the I.E.s annual grant placed at the disposal of the factory maintaining a register as per proforma given in Annexure 'V' showing therein the progressive payment against the respective allotment.

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305. Blank.
306. Blank.

Pay Audit Work

307. Accounting of labour charges comprises mainly of pay audit work similar to that done in pay Section of the Main Office. In order to ensure greater speed & precision with specialized delivery of service, Labour Section should work on a functional basis having the following groups:

(a) Authorization Groups

To deal with initial fixation of pay as well as subsequent changes, higher audit and audit decision, complaint/ appeal, clarification of doubtful points and circulating of all important matters by obtaining orders of the P. C. of A (Fys), if necessary. (The authorization group being kept directly under an Indian Defence Accounts Service Officer when available)

The most important functions of the Authorization Groups are:

(1) Collection of orders connected with Pay Accounts of Civilians in General and C.D.S. (R.P.) rules in particular duly linked.

(2) Maintenance of Note Books showing the scales of pay in C.D.S. (R.P.) rules for the various categories of personnel.

(3) Maintenance of a Master Note Book and subject files as a consulting library on all pay matters.

(4) Vetting of audit reports to higher authorities routed through the P. C. of A. (Fys).

(5) Disposal of appeals on fixation of pay and connected matters.

(6) Initiation of original reference to higher authorities on matter of doubt in the implementation of Government orders on pay matters.

(7) Rendering such assistance as the administrative authorities may seek on pay matters.

(8) Fixation of pay wherever there is a change of entitlement other than those of a transitory or routine nature and to have them scrutinized by Test Audit Authorities e.g. initial fixation of pay under CDS (RP) Rules as well as fixation on promotion/reversion will have to be made by authorization Groups, whereas change in pay consequent on the grant of increments need not be scrutinized by authorization group.

(9) Safe custody of the files containing original proforma indexed and linked. The fixation proforma which are important documents crucially essential for audit should be filed separately from the ordinary correspondence files and arranged in separate files section-wise with proper index and cross references and their safe custody on permanent basis ensured for facility of reference at a future date.

(b) Disbursement Groups

To deal with normal pay bills, noting and recovery of demands, all complaints regarding delay in payment etc.

In addition to the arithmetical and routine check of pay bills, etc. duties of disbursement groups are:-

(1) To receive documents pertaining to fixation of pay initially and to pass on to authorization groups after verifying the actual pay drawn in the existing scale with reference to audited acquaintance rolls.

(2) To prepare fair copy of the fixation proforma in duplicate and to send one copy to the factory, retaining the other as office copy and also return the original fixation proforma to Authorization group. (The fair copy may be got compared and initialed by the clerks concerned in the Authorization Groups who had fixed the pay).

(3) To audit and pass claims based on the fixation of pay and deal with all other claims pertaining to pay and allowance.

(4) To deal with ordinary correspondence and routine appeals direct and dispose off important cases of' audit decision/reports, etc. through the authorization Groups.

(5) To feed the authorization groups with all factual data needed by them.

(6) To pass cent per cent Factory Order published with original pay fixation proforma.

(7) To check increment sheets with the dates of increment shown in the original fixation proforma with a view to accounting for variations, if any.

308. Blank

Claims of NIEs/NGOs etc,

309. Pre-audit and payment of all claims to pay and allowances of non-Gazetted and non-Industrial staff (NGO & NIE) serving in all the factories, inspectorates, Fixation of pay devolve on the Accounts Officers attached to the factories. Clarifications to problems arising out of practical application of Rules and orders in the matters of fixation, pre-audit and payment of the claims in Branch Accounts Offices are provided by 'Pay Tech' Section of Main Office. Medical reimbursement claims and traveling allowance, daily allowance and L.T.C. claims pertaining to NIE & NGOs of all the factories except the following are pre-audited and paid by the respective sections of the Main Office of the PCA (FYs) Kolkata.

However medical and TA & LTC claims in respect of NIE & NGOs of following factories are paid by the respective Branch Accounts Office.

(a) All Ordnance and Equipment Factories and allied inspectorates located in West Bengal and Tamil Nadu.

(b) Inspectorate of Metals Rourkela, which is under the payment of Accounts Office, Metal and Steel Factory Ishapore.

Note:- Matters regarding- medical re-imbursement claims of I.Es will however be dealt with by the group dealing with such matters in respect of non-gazetted and non-industrial staff.

310. Blank

311. Blank

Claims for Overtime Allowance and Night Duty Allowance of N.I.Es/N.G.Os

312. Overtime pay bills in respect of non-gazetted non-industrial employees serving in factories and allied inspectorate are drawn up by Heads of Offices and submitted to the Local Accounts Officers for audit and payment. The bills will be supported by Attendance Registers/Punch Cards. These will be checked cent per cent. Requisite certificate will be endorsed on the Bill. The rates of pay are verified from the office copies of pay-bills. Those bills must be passed for payment as expeditiously as possible and the due dates for receipt and payments of bills as agreed with the GM of the factory. The method of calculation of overtime pay bill is 1/200th of a month's pay for each hour of work in excess of the daily normal working of the factory/inspection section.

313. The payment overtime allowance to non-industrial and non-Gazetted employees in Ordnance/Ordnance Equipment Factories and allied establishments who have either the same total numbers of hours of work (irrespective of the time of commencement and closing of work) and have the same holidays as the Industrial Staff, when call upon to work overtime for production purposes, will be the same as for Industrial Employees. They will be paid at the time rate for work done between the prescribed hours of work and 48 hours a week or 9 hours a day. For this purpose, the 'time rate' shall mean single hourly rate of overtime allowance admissible in similar circumstances to the corresponding industrial staff in the same workshop/establishment.

314. For work beyond 9 hours a day or 48 hours a week, they will be paid OTA at the same rates as are admissible to the Industrial employees subject to the conditions laid down in Government orders issued from time to time.

315. A day shift will be 12 hours from the normal time of work in a factory.

316. A night shift will be the hours worked between the termination of day shift and normal beginning of day shift on the following day and beginning of a day shift as defined above. Rest/ intervals will be excluded from the time paid for.

317. Durwans, Fire Brigade Staff, Telephone Operators and Security Assistants posted in Ordnance and Ordnance Equipment Factories are entitled to overtime for work between 44 ¾ hours to 48 hours per week at single rate and for work beyond 48 hours in a week at the rates as is admissible to I.Es.

318. Overtime pay of re-employed pensioners shall be regulated as indicated below. -

(i) In the case of employees whose pay plus pension exceeds the sanctioned maximum pay of the post, overtime allowance is calculated on the maximum of pay plus the inclusive allowances.

(ii) In the case of those officers whose pay on re-employment posts is fixed without taking into account the entire pension or part thereof the amount of pension so ignored shall be ignored for the purpose of overtime.

(iii) In other cases, the overtime pay shall be calculated on pay plus pension plus the inclusive allowances.

319. The following categories will be paid OTA at 'slab rate' as per M of D OM No. 14(2)/76/D (Civ-II) of 25-6-83 and Ministry of Personnel Public Grievances and Pensions O.M. No. 15012/3/86-Estt. (Allowances) dated 19-3-91 viz.

(a) (i) Office staff (ii) non-industrial staff whose office hours are the same as those of the clerical and who are not employed in workshops and do not observe the same hours of works as industrial personnel.

(b) Cooks, water-carriers, Khansames, Chowkidars, Dhobi, Masalchi, Barbar and Mallies, etc. working in defence installations and Ordnance Factory who are regular employees and have fixed hours of work.

320. In cases when the last day of a month does not coincide with the last working day of a month, overtime pay for Sundays, Gazetted Holidays and also if any due, for normal working days should be claimed in the overtime bills of the respective month. Thus if the last working day of a month is Friday and an individual has completed the weekly limit of 44 3/4 hours of work on that day, the time pay upto and for that day will be payable in the bill for that month and the overtime pay due for Saturday in the bill for following month. In other words, if by the end of the month one has become entitled to certain overtime, it should be paid along with the earnings for the month without waiting for the completion of the week in the following month.

Registers, Reports and Returns,

321. Lists of Registers to be maintained together with their Fly Leaf Instructions and Reports and Returns to be rendered by the labour section are given in Annexure - X to this chapter.

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323. Blank
324. Blank
325. Blank
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328. Blank

Annexure - H

Subject:- ASSURED CAREER PROGRESSION SCHEME (ACPS) TO EMPLOYEES WHO HAVE PLACED IN SEMI SKILLED GRADE FOR 2/3 YEARS AS A TRAINEE

A reference was sent to DOP&T for clarifying the position regarding grant of 1st ACP to skilled Grade employees who were placed in semi skilled Grade for 2/3 years as a trainee in MOD.

2. DOP&T have offered their comments as under:-

"If in respect of skilled trade recruitment is made against posts sanctioned in the skilled grade (₹ 3050-4590) but the incumbents are allowed semi skilled grade for first two years for direct recruit with III/NCUT certificate or for 3 years for persons who are promoted from a lower grade after passing the prescribed trade test before they are placed in the skilled grade, then the semi- skilled grade in such cases may need to be viewed only as a trainee scale and such placement in the skilled grade after putting in the specific length of service in the semi- skilled grades may not be treated as promotion/up gradation and may not be offset against entitlement under ACP scheme. However, In respect of trade where posts may be sanctioned only in semi skilled grade if any, then regular incumbents of such posts in semi- skilled grade on promotion to skilled grade , where such avenues exists will be treated as being appointed on promotion and will not be covered by the above clarification'.

The concerned organizations may take necessary action accordingly.

3. This issues with the concurrence of Defence (Fin/AG) vide their U.O no. 756/PB/01 dated 17-10-2001.

(Based on DoP&T O.M No.35034/1/2000- Estt. (D) Dated 11/14 September, 2001)

(K Ganesan)
Deputy Secretary

AG/MP 4 (CIV) (a)	DGNCC/Pers (c)	DGDE/Admin
Air Hqrs/PC-5	DGAFMS/DG-2 (B)	DGAQA
NHQ/CP Dte	OFB Calcutta	DGQA/Admin-7B
R&D/Orng./DOP	DPR	CAO
MP.4/Civ(a)	R&D/DOP/MPD	

MoD I.D No. 11(5)/99-D (Civ.I) dated 30.10.2001.
Copy to:-
The CGDA, CDAs, CCA (Factory) Calcutta. Etc.

Annexure - I

No. 11(5)/ 2009-D (Civ.I)
Government of India
Ministry of Defence

New Delhi, the 14th June, 2010

To
The Chief of Army Staff
The Chief of Air Staff
The Chief of Naval Staff
The DGOF
& all Heads of Inter Services organization

Subject: Restructuring of Cadre of Artisan Staff in Defence Establishments in modification of recommendations of 6th CPC

Sir,

The matter regarding revision of pay scale of Master Craftsman in Defence Establishment has been under consideration of the Government for quite some time. Now in partial modification of the 6th CPC recommendations made in Para 3.8.27 of its report and amendment made in civilian in Defence Services (revised Pay) Rules, 2008, vide SRO 11 (E) dated 28.8.2009, I am directed to convey the sanction of the president for restructuring of Cadre of Artisan Staff in Defence Establishments as under:-

2. The grade structure in the industrial as well as in the non-industrial trades, wherever already available and the pay scales of the Defence artisan staff shall stand modified w. e. f. 1.1.2006 as under:

(i) Skilled	-Pay Band PB-1 Grade Pay ₹ 1900
(ii) Highly Skilled Grade II	- Pay band PB-1 grade pay ₹ 2400
(iii) Highly skilled Grade I	-Pay Band PB-1 Grade Pay ₹ 2800
(iv) Master Craftsman	- Pay Band PB-2 Grade Pay ₹ 4200

3. (a) Wherever the grade structure in the industrial as well as non Industrial trades is already existing in the ratio of 45:55, the erstwhile skilled and highly skilled, and 25% of Highly skilled in the grade of Master Craftsman, the following will apply:

- 45% of the posts may be granted the pay scale of skilled worker (Grade Pay of ₹ 1900 in the Pay Band PB-1)
- 25% of the remaining 55% may be granted the pay scale of MCM (Grade pay of ₹ 4200 in the Pay Band PB-2) and
- The remaining posts may be divided in ratio of 50:50 and re designated as highly skilled Worker Grade –II (Grade Pay of ₹ 2400 in Pay Band PB-1) and Highly skilled Worker Grade-I (Grade Pay of ₹ 2800 in Pay Band PB-1)

(b) The placement of the individual in the posts resulting from the restructuring shall be made w. e. f. 1.1.2006 in relaxation of the conditions, if any i.e. trade test etc. as one time measures.
(c) Highly skilled Grade I shall be en-bloc senior to Highly skilled Grade II.

4. (i) The posts of Master Craftsman shall be part of the hierarchy and the placement of highly Skilled Grade I in the grade of master Craftsman will be treated as promotion.
(ii) In the case of Defence establishments where there is no category of skilled workers and direct recruitment is made 100% at the level of Highly Skilled, the posts of Master Craftsman existing as on 1.1.2006 will be placed in

PB-2+GP-4200 and the remaining posts of Highly skilled Workers may be bifurcated in HS-I and HS-II in the ratio of 50:50.
(iii) In view of the above restructuring, the artisan staff may be allowed to give revised option for pay fixation w. e. f. 1.1.2006 within three months from the date of issue of orders in this regard.
(iv) The existing recruitment rules for the Tradesman may be amended and RRs for the post of MCM may be framed accordingly.

5. The expenditure involved will be debitable to the respective Heads of Defence Services Estimates.

6. To the extent of provisions indicated in the paragraphs above MoD letter No. 11(1)/2002-D (Civ.i) dated 20.5.2003 stands amended.

7. This issues with the approval of DOP&T UO No. 5358/10/CR dated 25.02.2010 and Ministry of Finance I.D No. 2 (16) E.III Desk/2008 dated 10.06.2010 and concurrence of Ministry of Defence (Finance AG/PB) vide their UO No. 164/AG/PB dated 14.06.2010.

(M. S Sharma)
(Under Secretary to the Government of India)

Copy to;

1.AG /MP-4(Civ)(d)	2.DGNCC/Pers(c)	3.DGDE/Admin	4. Air HQrs/PC-5
5.DGAFMS/DG-2(B)	6.DGAQA	7.NHQ/CP Dte	8.OFB, Kolkata
9.DGQA/Admin-7B	10.R&D/Orgn/DOP	11.E-in-C Branch/EIC	12.JS (Trg. CAO)/Coord
13.DPR	14.HQrs IDS(Dte. Of Pers)		

Copy also to:-
1.D(Apptt)/D(Fy-II)/D(R&D)/D(GS-I)/ D(GS-II)/ D(GSIII)/ D(QS)/D(Q&C)/ D(JCM)/ D(AG)/ D(N.II/ D(Air.III)/ D(Works)/D(O-II)/ D(med)/D(civ.II)/ D(GS-VI)/D(Mov)/D(QA)/D(HAL)

DISTRIBUTION OF PW PROFIT

Annexure - J

SECTION :
ASSEMBLY TOOL ROOM GANG NO: 097

SL NO	TKT_ NO	PER_NO	NAME	GRADE	PAY BAND	GRADE PAY	ATTENDANCE FOR THE MONTH						PROFIT %
							NO OF DAYS	LATE_DUTY(in mints)	OT HRS	LATE_OT(in mints)	SAT_DAYS	INPUT HRS	
1	205	100194	AJOY KR MONDAL	MCM	9300-34800	4200	18	0	27.75	0	3	162.00	60.3789
2	500	152939	D N GHOSH	MCM	9300-34800	4200	25	0	47.00	0	4	234.00	60.3789
3	609	100717	DHIMAN CHATTAPADHYAY	MCM	9300-34800	4200	23	0	45.00	292	4	211.13	60.3789
4	618	100790	ALOKE KR DUTTA	MCM	9300-34800	4200	20	0	29.75	34	3	179.43	60.3789
5	623	100889	DHANANJOY NATH	MCM	9300-34800	4200	25	0	47.00	0	4	234.00	60.3789
6	624	100890	BIMAL DAS	MCM	9300-34800	4200	25	0	47.00	10	4	233.83	60.3789
7	625	100891	MANISH CH GHOSH	MCM	9300-34800	4200	23	0	45.00	0	4	216.00	60.3789
8	636	101183	SUKANTA SUR	MCM	9300-34800	4200	25	0	47.00	6	4	233.90	60.3789
9	662	101767	A CHAKRABORTY	HS I	5200-20200	2800	25	0	47.00	0	4	234.00	60.3789
10	673	101850	SMT ASHIMA DAS	HS I	5200-20200	2800	19	0	37.75	68	3	178.87	60.3789
11	697	102110	DINESH BASAK	HS II	5200-20200	2400	21	0	43.00	255	4	193.75	60.3789
12	706	102176	ANUP KUMAR SAHA	HS II	5200-20200	2400	19	0	28.75	66	3	169.90	60.3789
13	714	102362	BADRI PRASAD	HS II	5200-20200	2400	25	0	47.00	230	4	230.17	60.3789
14	718	102288	PALLAB JANA	HS II	5200-20200	2400	25	0	47.00	0	4	234.00	60.3789
15	722	102376	SUBHAS GHOSH	SKD	5200-20200	1900	25	0	47.00	65	4	232.92	60.3789
												3177.90	

REMARKS:

1 TOT CARD HRS 4,077.34

PW PROFIT % = {1.25XTOT_CARD_HRS - INPUT_HRS}/INPUT_HRS i.e.
(1.25*4077.34-3177.90)/3177.90 = 60.3789

Calculation of Piece work Profit in respect of Shri Bimal Das:

2. NTW (NOMINAL TIME WAGE) = CORRELATED PAY(6th CPC)/(N-S)*NO OF DAYS WORKED
   e.g 7100/(31-5)*(25-0/480) = 6826.92
3. OT PAY = CORRELATED PAY (6th CPC)/200*OT HOURS WORKED
   e.g. 7100/200*(47.00-10/60) = 1662.58
4. TOTAL NTW = 6826.92+1662.58 =8489.50
5. Profit = NTW X Profit% e.g. 8489.50 X 60.3789/100 = ₹ 5125.86(say ₹ 5126)

Annexure- K

38A Encashment of Earned Leaves along with Leave Travel Concession while in services

Government servant may be permitted to encash earned leave up to 10 days at the time availing of Leave Travel Concessio n while in service, subject to the conditions that:

(1) Can be availed of during any leave except child care leave. Encashment of 10 days EL on LTC has no linkages to number of days and nature of leave availed.

(2) A balance of at least 30 days of earned leave may be available to his credit after taking into account the period of encashment as well as leave;

(3) The total leaves so encashed during the entire career does not exceed 60 days in the aggregate.

(4) The cash equivalent shall be calculated as follows namely:

$$\text{Cash Equivalent} = \frac{\text{Pay admissible on the date of availing of the Leave Travel Concession plus Dearness allowance admissible on that date}}{30} \times \text{Number of days of EL subject to the maximum 10 days at one time}$$

No House Rent Allowance or City Compensatory Allowance shall be payable;

(5) The period of leave encashed shall be deducted from the quantum of leave that can normally be encashed by him under Rules 6, 39, 39-A, 39-B, 39-C and 39-D

No. 2(13)/2008-E II (B) **Annexure- L**
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 29th August, 2008

OFFICE MEMORANDUM

Subject: Decision of the Government on the recommendations of the Sixth Central Pay Commission relating to grant of House Rent Allowance (HRA) and Compulsory (City) Allowance (CCA).

The undersigned is directed to say that, consequent upon the decisions taken by the Government on the recommendations of the Sixth Central Pay Commission, the President is pleased to decide that, in modification of this Ministry's O.M. no. 2 (37)- E.II (B)/64 dated 27.11.1965 as amended from time to time, O.M. No. 2(30)/97- E.II (B) dated 03.10.1997 and O.M. No. 2 (21)/E.II (B)/2004 dated 18.11.2004, the admissibility of these allowances shall be as under:-

(i) COMPENSATORY (CITY) ALLOWANCE:

The Compensatory (City) Allowance (CCA) stands **ABOLISHED.**

(ii) HOUSE RENT ALLOWANCE:

2. Based on the recommendations of the Sixth Central Pay Commission, the earlier classification of cities has been revised viz. A-1 to "X", A, B-1 & B-2 to "Y" and "C" & unclassified to "Z". In determining the revised classification, the population of Urban Agglomeration area of the city has been taken into consideration. Accordingly, the rates of House Rent Allowance shall be as under:-

Classification of Cities/Towns	Rate of House Rent Allowance as a percentage of (Basic pay + NPA where applicable)
X	30%
Y	20%
Z	10%

3. The term "basic pay" in the revised pay structure means the pay drawn in the prescribed pay band plus the applicable grade pay but does not include any other type of pay like special pay, etc. In the case of Government servants in the pay scales of HAG+ and above, basic pay means the pay in the prescribed scale.

4. In respect of those employees who opt to retain their pre-revised scales of pay, the pay for the purpose of these orders shall also include, in addition to the basicpay in the applicable pre-revised scales. Stagnation Increment(s), Dearness Pay and Non-Practicing Allowance as per orders in force on 1.1.2006.

5. The list of cities/towns classified as "X", "Y" and "Z" for the purpose of grant of House Rent Allowance is enclosed as Annexure to these orders.
6. The following orders have been issued by this Ministry in the past for grant of HRA/CCA at higher rates to the Central Government employees posted within the municipal area:-

(i) O.M. No. 2(4)-E.II (B)/65 dt. 05.11.74 (HRA/CCA at Delhi rates in Faridabad Complex).
(ii) O.M. No. 11023/9/E.II (B)/78 dt. 26.05.79(HRA/CCA at Delhi rates in Ghaziabad municipal area)
(iii) O.M. No. 21011/20/89-E.II (B)- Vol.II dt. 31.01.90 (HRA/CCA at Delhi rates in NOIDA).
(iv) O.M. No. 11013/2/81-E (B) dt. 03.08.82 (HRA at Mumbai rates in Navi Mumbai).
(v) O.M. No. 11013/1/87-E (B) dt. 12.10.87 (HRA/CCA at Jalandhar rates in Jalandhar Cantt.)
(vi) O.M. No. 11023/1/86-E(B) dt. 09.12.86 (HRA/CCA at Delhi rates in Gurgaon).
(vii) O.M. No. 11018/6/87-E(B) dt. 29.12.88 (CCA at 'B-2' class in Jamnagar).
(viii) O.M. No. 11018/2/83-E (B) dt. 14.11.86 (HRA at 'C' class in Mahe).
(ix) O.M. No. 2 (13) _E (B)/74- Vol-II dt. 16.04.92 (HRA at 'C' class rates in Goa and UT of Daman & Diu).
(x) O.M. No. 2(27)-E.II (B)/65-Vol.II dt. 09.08.65 (HRA at 'C' class rates in Coonoor).
(xi) O.M. No. 2(54)-E.II (B)/73 dt. 29.08.79 and O.M. No. 11016/2/81-E.II (B) dt. 30.04.81 (CCA in cities mentioned in these orders on the basis of costliness).
(xii) O.M. No. 11014/1/E.II (B)/84 dt. 05.02.90 (HRA at 'A', 'B-1' & 'B-2' class rates in Shillong).
(xiii) O.M. No.11021/1/77-E. II(B) dt. 06.04.78 (HRA at 'C' class rates in hill stations).
(xiv) O.M. No. 2(10)/91-E.II (B) dt. 05.02.98 (HRA at 'B-2' class rates in Jammu).
(xv) O.M. No. 2(30)/97-E.II (B) 18.05.98 (classification of Kolkata and Chennai as 'A-1' class cities)
(xvi) O.M. No. 2(3)/E.II (B)/04 dt. 01.03.04 (HRA at 'B-1' class rates in Goa and Port Blair and at 'C' class rates in the rural areas of A&N and Lakshadweep Islands).

However, due to (i) inclusion of Navi Mumbai within the UA of Greater Mumbai as per 2001 census, (ii) placement of existing 'C' class cities/towns as well as Unclassified places under new category "Z", (iii) abolition of CCA and (iv) up gradation of Jammu, Kolkata & Chennai on account of inclusion of UA, the special dispensation shall continue to be extended only to the following cities:-

(i) Faridabad, Ghaziabad, NOIDA and Gurgaon at "X" class city rates. (ii) Jalandhar Cantt. Shillong, Goa & Port Blair at "Y" class city rates.

7. All other conditions governing grant of HRA under existing orders shall continue to apply.
8. Special Compensatory Allowance @ 2.5% of basic pay admissible w. e. f. 01.08.97 to Group 'C', 'D' and Group 'B' non-gazetted employees whose pay scales correspond to or are lower than they pay scales of Group 'C' employees posted at Gandhinagar as per this Ministry's O.M. No. 2 (64)/97.E.II (B0 dated 04.07.2001, also stands **ABOLISHED**.

9. These orders shall be effective from September 1, 2008.

10. The orders will apply to all civilian employees of the Central Government. The orders will also be applicable to the civilian employees paid from the Defence Services Estimates. In respect of Armed Forces personnel and Railway employees, separate orders will be issued by the Ministry of Defence and the Ministry of Railways, respectively.

11. In so far as the persons serving in the Indian Audit and Accounts Department are concerned, these orders issue in consultation with the Comptroller & Auditor General of India.

12. Hindi version will follow.

Sd/-
(Madhulika P. Sukul)
Joint Secretary to the Govt. of India

To
All Ministries and Departments of the Govt. of India etc. as per standard distribution list. Copy to C&AG and U.P.S.C., etc. (with usual number of spare copies) as per standard endorsement list.

Annexure – M

No. 12011/03/2008-Estt. (Allowance)
Government of India
Ministry of Personnel, Public Grievances and Pensions
(Department of Personnel & Training)

New Delhi, the 2nd , September, 2008.

OFFICE MEMORANDUM

Subject: Recommendations of the Sixth Central Pay Commission-implementation of decisions relating to the grant of Children Education Assistance and Reimbursement of Tuition Fee.

Consequent upon the decisions taken by the Government on the recommendations made by the Sixth Central Pay Commission and in supersession of all earlier orders on the subject of Children Allowance and Reimbursement of Tuition Fee, the President is pleased to issue the following instructions:-

(a) Children Education Allowance and Reimbursement of Tuition Fee which were hitherto payable separately will be merged and will henceforth be known as 'Children Education Allowance Scheme'.

(b) Under the Scheme of Children Education Allowance reimbursement can be availed by Government Servants upto a maximum of 2 children.

(c) Reimbursement as indicated above will be applicable to expenditure on the education of school going children only i.e., for children from classes nursery to twelveth, including classes eleventh and twelveth held by junior colleges or schools affiliated to Universities or Boards of Education.

(d) Henceforth, the reimbursement of Children Education Allowance shall have no nexus with the performance of the child in his class. In other words, even if a child fails in a particular class, the reimbursement of Children Education Allowance shall not be stopped.

(e) Reimbursement for the following items can be claimed under this Scheme:

Tuition Fee, admission fee, laboratory fee, special fee charged for agriculture, electronics, music or any other subject, Fee charged for practical work under the programme of work experience, fee paid for the use of any aid or appliance by the child, library fee, games/sports fee and fee for extra-curricular activities. This also includes reimbursement for purchase of one set of text books and note books, two sets of uniforms and one set of school shoes which can be claimed for a child, in a year.

(f) The annual ceiling fixed for reimbursement of Children Education allowance is ₹ 12000.

(g) Under this scheme, reimbursement can be claimed once every quarter. The amount that be claimed in a quarter could be more than ₹ 3000, and in another quarter less than ₹ 3000, subject to the annual ceiling of ₹ 12000 per child being maintained.

(h) In case both the spouses are Government servants, only one of them can avail reimbursement under Children Education Allowance.

(i) Hostel subsidy will be reimbursed upto the maximum limit of ₹ 3000 per month per child subject to a maximum limit of 2 children. However, both hostel subsidy and Children Education Allowance cannot be availed concurrently.

(j) The above limits would be automatically raised by 25% every time the Dearness Allowance on the revised pay structure goes up by 50%.

2. In order to ensure that Government servants have no difficulty in claiming reimbursement, the procedure under this Scheme is being kept simple. Reimbursement should henceforth be made on the submission of original receipts on the basis of self- certification by the Government servant.

3. These orders shall be effective from 1st September, 2008.

4. In so far as persons serving in the Indian Audit and Accounts Department are concerned, these orders issue in consultation with the Comptroller and auditor General of India.

5. Hindi version will follow.

(Simmi R. Nakra)
Director (P &A)



Annexure - N

PROFORMA FOR THE REGISTER FOR RECORDING THE RESULT OF THE 3% CHECK CARRIED OUT BY THE SECTION OFFICER BEFORE MUSTER ROLLS ARE PASSED FOR PAYMENT

Sl. NO.	Section checked and No. of IEs involved	Name of the Auditor who passed the roll for payment.	Name of the S.O. responsible for 3% cheek.	Total No. cases checked showing Ticked No. of IEs.
1	2	3	4	5

Nature of discrepancy		On what account Pay, DA,HRA,CCA etc.	Initials SO(A)/AO	How and in which month's accounts adjusted	Initial S.O /A.O.
Short payment	Over payment				
6(i)	6(ii)	7	8	9	10

The results will be submitted to the Accounts Officer by 15th of each month.

Annexure O

FLY LEAF INSTRUCTION FOR THE MAINTENANCE OF THE REGISTER FOR REVIEW OF PRIMARY DOCUMENTS (PARA-213)

The register will be maintained in the following manner:

Sl.No.	Section	Total No of piece' work cards, leave memo overtime notes etc	Total No. of documents selected for review	Initial of the Accounts Officer	Results of review	Remarks of Accounts Officer
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Object

1. For the purpose of recording the result of such review.
2, The review should be completed before the muster rolls are passed for payment.
3. The total number of documents received during the month under each category will be entered in column 3.
4. The number of documents with particulars selected for review by the AO will be posted in column -4
5. The result of the review will be recorded in column 6.
6. The register will be submitted to the Accounts Officer by last date of each month and his remarks obtained in column 7 for further action.

Annexure – P

F. No. 19030/3/2008-E.IV
Government of India
Ministry of Finance
Department of Expenditure
******

New Delhi the 23rd September 2008

OFFICE MEMORANDUM

Subject: Travelling Allowance Rules- Implementation of the Sixth Central Pay Commission.

The undersigned is directed to say that in pursuance of the decisions taken by the Government on the recommendations of the Sixth Central Pay Commission relating to Travelling Allowance entitlements, sanction of the President is conveyed to the modification in the Travelling Allowance Rules as set out in the Annexure to this Office Memorandum in so far as they apply to civilian employees of the Central Government Separate orders will be issued by the Ministries of Defence and Railways in respect of their personnel.

2 The Grade Pay for determining the TA/DA entitlement is as indicated in Central Civil Service Revised Pay Rules 2008.

3 The term pay for the purpose of these orders refer to basic pay as defined in rule 3 (8) of Central Civil Services Revised Pay Rules 2008 and includes the revised non-practicing allowance if any, admissible in addition.

4 In respect of those employees who opt to continue in their pre-revised scales of pay, the corresponding Grade pay of the pay scale of the post occupied on 1/1/2006 would determine the TA/DA entitlements under these orders. However, for determining the Composite Transfer Grant for such employees, the term pay shall also include, in addition to the basic pay in the pre-revised Scales, stagnation increments Dearness pay and NPA as per orders in force on 1/1/2006.

5 **These orders shall take effect from 1st September, 2008.** However, if the Travelling Allowance entitlements in terms of the revised entitlements now prescribed result in a lowering of the existing entitlements in the case of any individual groups or classes of employees, the entitlements, particularly in respect of mode of travel, class of accommodation, etc. shall not be lowered. They will instead continue to be governed by the earlier orders on the subject till such time as they become eligible, in the normal course, for the higher entitlements.

6 The claims submitted in respect of journey made on or after 1st September, 2008 may be regulated in accordance with these orders.

7 **It may be noted that no additional funds will be provided on account of revision in TA/DA entitlements. It may therefore, be ensured that permission to official travel is given judiciously and restricted only to absolutely essential official requirements.**

8 In so far as the persons serving in the Indian Audit & Accounts Department are concerned, these orders issue in consultation with the Comptroller & Auditor General of India.

9 Hindi version will follow.

(MADHULIKA P. SUKUL)
Joint Secretary to the Government of India.

To

All Ministries/Departments of the Government of India etc.

Copy to

(I) All State Governments & Union Territories
(II) Governors of all States/Lt. Governors of UTs.
(III) Comptroller & Auditor General of India and all offices under his Control
(IV) Union Public Service Commission, Supreme Court, Election Commission, Central Vigilance Commission, Dept. of personnel (AIS Division), Lok Sabha/Rajya Sabha Sectt Commissioner, Municipal Corporation of Delhi and
(V) All members of Staff side of the National Council of JCM.

(MAHENDRA KUMAR)
Director (EG)
Ministry of Finance
(Deptt. Of Expenditure)
New Delhi.

Annexure to Ministry of Finance. Department of Expenditure O.M. No. 19030/3/2008-E.IV dated 23rd September.2008.

In supersession of S R 17 and GOI, MF No 10/2/98-IC & 19030/2/97-E.IV dated 17/4/1998, the following provisions will be applicable with effect from 1.9.2008.

2. **Entitlements for Journeys on Tour**

A. Travel Entitlements within the Country

Grade Pay (1)	Travel Entitlements (2)
Officers drawing grade pay of ₹10,000/and above and those in pay scale of HAG + and above	Business/Club Class by air/AC First class by train
Officers drawing grade pay of ₹ 7600, ₹ 8700 and ₹ 8900	Economy Class by air/AC First class by train
Officers drawing grade pay of ₹ 5400 and ₹ 6600	Economy Class by air/AC II Tier class by train
Officers drawing grade pay of ₹ 4200, ₹ 4600 and ₹ 4800	AC II Tier class by train
Officers drawing grade pay below ₹ 4200	First class/AC III Tier/AC Chair car by train

The revised Travel entitlements are subject to following -

(I) In case of places not connected by rail, travel by AC bus for all those entitled to travel by AC II Tier and above by train and by Deluxe/ordinary bus for other allowed.

(II) In case of road travel between places connected by rail, travel by any means of public transport is allowed provided the total fare does not exceed the train fare by the entitled class.

(III) **Henceforth, all mileage points earned by Government employees on tickets purchased for official travel shall be utilized by the concerned department for other official travel by their officers. Any usage of these mileage points for purposes of private travel by an officer will attract departmental action. This is to ensure that the benefits out of official travel, which is funded by the Government, should accrue to the Government.**

(IV) All Government servants are allowed to travel below their entitled class of travel.

(MAHENDRA KUMAR)
Director (EG)
Ministry of Finance
(Deptt. Of Expenditure)
New Delhi.

B. International Travel Entitlement.

(I) Cabinet Secretary /Secretary of GOI and Equivalent: - First Class

(II) Officers drawing grade pay of Rs 10,000 and above and those in pay scale of HAG - Business Club Class

(III) Others - Economy Class

C. Entitlement for Journeys by Sea or by River Steamer (SR,40)

Grade pay (1)	Entitlement (2)
Officers drawing grade pay of ₹ 5400/- and above and those in pay scales of HAG + and above	Highest Class
Officers drawing grade pay of ₹ 4200, ₹ 4600 and ₹ 4800	If there be two classes only on the steamer, the lower class
Officers drawing grade pay of ₹ 2400 and ₹ 2800	If there be two classes only on the steamer, the lower class If there be three classes, the middle or the second class. If there be four classes, the third class
Officers drawing grade pay less than ₹2400/ -	The lowest class

(II). Accommodation entitlements for travel between the mainland and the A&N Group of Islands and Lakshadweep Group of Island by ships operated by the Shipping Corporation of India Limited will be as follows

Grade pay (1)	Entitlement (2)
Officers drawing grade pay of ₹ 5400/- and above and those in pay scales of HAG + and above	Deluxe Class
Officers drawing grade pay of ₹ 4200, ₹ 4600 and ₹ 4800	First/ 'A' Cabin Class
Officers drawing grade pay of ₹ 2400 and ₹ 2800	Second/ 'B' Cabin Class
Officers drawing grade pay less than ₹ 2400/-	Bunk class

D. Mileage Allowance for Journeys by Road:

In supersession of SR 46 and the Government of India's Order there under. the scale pay ranges for travel by public bus/auto rickshaw, Scoter moter cycle , full taxi/taxi own car is revised as indicated belows.

Grade pay (1)	Entitlement (2)
Officers drawing grade pay of ₹ 5400/and above and those in pay scales of HAG + and above	Actual fare by any type of public bus including air-conditioned bus. **OR** At prescribed rates of AC Taxi when the Journey is actually performed by AC Taxi. **OR** At prescribed rates for auto rickshaw for Journeys by auto rickshaw, own scooter Motor cycle, moped etc.
(II)Officers drawing grade pay of ₹ 5400, ₹ 6600, ₹ 7600, ₹ 8700 and ₹ 8900	Same as at (I) above with the exception that journeys by AC taxi will not be Permissible
(III)Officers drawing grade pay of ₹ 4200, ₹ 4600 and ₹ 4800	Same as at (II) above
(IV)Officers drawing grade pay of ₹ 2400and above but less than ₹ 4200	Actual fare by any type of public bus other than air-conditioned bus. **OR** At prescribed rates for auto-rickshaw for journeys by auto rickshaw/own scooter/motorcycle/moped etc.
(V)Officers drawing grade pay below ₹2400 ordinary public bus only	Actual fare by. **OR** At prescribed rates for autorickshaw/own scooter/ motorcycle/ moped

(b) Mileage allowance for road journeys shall be regulated at the following rates in places where no specific rates have been prescribed either by the Director of Transport of the concerned State or of the neighbouring States.

(I) For Journeys performed in own car/taxi ₹ 16 per Km

(II) For Journeys performed by auto rickshaw own scooter, etc. ₹ 8 per Km

(C) The rate of mileage Allowance for journeys on bicycle on tour and transfer, is revised from 60 paise to ₹ 1.20 per kilometer.

Daily Allowance on Tour

Grade Pay	Daily Allowance
Officers drawing grade pay of ₹ 10,000/- and above and those in pay scale of HAG + and above	Reimbursement for Hotel accommodation/guest house of up to ₹ 5000 per day. reimbursement of AC taxi charges of up-to 50 Kms for travel within the city and reimbursement of food bills not exceeding ₹ 500 per day
Officers drawing grade pay of ₹ 7600 to ₹ 8900	Reimbursement for Hotel accommodation of up to ₹ 3000 per day. reimbursement of non-AC taxi charges of up-to 50 kms for travel within the city and reimbursement of food bills not exceeding ₹ 300 per day
Officers drawing grade pay of ₹ 5400 to ₹ 6600	Reimbursement for Hotel accommodation of up to ₹ 1500 per day reimbursement of taxi charges of up-to ₹ 150 per diem for travel within the city and reimbursement of food bills not exceeding ₹ 200 per day
Officers drawing grade pay of ₹ 4200 to ₹ 4800/-	Reimbursement for Hotel accommodation of up to ₹ 500 per day reimbursement of travel charges of up-to ₹ 100 per diem for travel within the city and reimbursement of food bills not exceeding ₹ 150 per day
Officers drawing grade pay below ₹ 4200/-	Reimbursement for Hotel accommodation of up to ₹ 300 per day reimbursement of travel charges of up-to 50 per diem for travel within the city and reimbursement of food bills not exceeding ₹ 100 per day

In case of stay journey on Government ships. Boats etc or Journey to remote places on foot/mules etc for scientific/data collection purposes in organization like FSI, Survey of India, GSI etc, daily allowance will be paid at rate equivalent to that provided for reimbursement of food bill. However, in this case, the amount will be sanctioned irrespective of the actual expenditure incurred on this account with the approval of the Head of Department/controlling officer for Journeys on foot, an allowance of ₹ 5 per kilometer travelled on foot shall be payable additionally.

4. D.A. on Transfer.

A. Accommodation and Mileage Allowance:

(I) Accommodation and Mileage Allowance entitlements as prescribed at Para 2 above except for International Travel for Journey on tour by different modes will also be applicable in case of Journeys on transfer. The general conditions of admissibility prescribed in S R 114 will however continue to be applicable.

(II)The provisions relating to small family norms as contained in para 4(A) of Annexure to M/o Finance OM F No10/02/98-IC & F No 19030/2/97-I IV dt 17th April 1998 shall continue to be applicable.

B. Transfer Grant and packing Allowance:

(I) The Composite Transfer Grant shall be equal to one month's pay as defined in Para 3 of this O M in case of Transfer involving a change of station located at a distance of or more than 20 Km from each other.

(II) In cases of transfer to stations which are at a distance of less than 20 Kms from the old station and of transfer within the same city. One third of the composite transfer grant will be admissible, provided a change of residence is actually involved.

At present only one transfer grant is permitted if the transfer of husband and wife takes place within 6 months of each other from the same place to the same place with effect from the date of implementation of these orders. In cases where the transfer take place within six months. But after 60 days of the transfer of the spouse fifty percent of the transfer grant on transfer shall be allowed to the spouse transferred later No transfer grant shall be admissible to the spouse transferred later in case both the transfers are ordered with 60 days. The existing provisions shall continue to be applicable in case of transfer after a period of six months or more. Other rules precluding transfer grant in case of transfer at own request or transfer other than in public interest. Shall continue to apply unchanged in their case

C. Transportation of personal Effects

Grade pay (I)	By Train/Steamer (2)	Rate per km for transport by road (3)
Officers drawing grade pay of ₹ 7600 and above and those in pay scale of HAG and above	6000 Kgs by goods train/4 wheeler wagon/1 double container	18.00 (₹ 0.30 per kg per km)
Officers drawing grade pay of ₹ 4200, ₹ 4600, ₹ 4800, ₹ 5400 and ₹ 6600	6000 Kgs by goods train/4 wheeler wagon/1 single container	18.00 (₹ 0.30 per kg per km)
Officers drawing grade pay of ₹ 2800	3000 kgs	9.00 (₹ 0.31 per kg per km)
Officers drawing grade pay below ₹ 2800	1500 kgs	4.60 (₹ 0.30 per kg per km)

The rates for transporting the entitled weight by Steamer will be equal to the pervailing rates prescribed by such transport in ship operated by Shipping Corporation of India.

D. Transportation of Conveyance.

Grade pay (I)	**Scale (2)**
Officers drawing grade pay of ₹ 4200/- and above and those in pay scale of HAG and above	One motor car etc or one motor cycle/scooter. Or one horse
Officer drawing grade pay less than ₹ 4200/-	One motorcycle/scooter moped. Or one bicycle

5 **T.A. Entitlement of Retiring Employees**

A. Transportation of Conveyance.

In Partial modification of S R 147 the expenditure on transportation of conveyance by government servants on their retirement shall be reimbursed without insisting on the requirement that the possession of the conveyance by them while in service at their last place of duty should have been in public interest.

B. Lumpsum Transfer Grant and packing Allowance

(I) The composite transfer grant equal to a month's pay last drawn as defined in Para 3 of this O M, may be granted in the case of those employees who on retirement settle down at places other than the last station(s) of their duty located at a distance of or more than 20 kms. The transfer incidental and road mileage for journeys between the residence and the railway station/bus stand etc, at the old and new station presently admissible are subsumed in the composite transfer grant and will not be separately admissible.

(II) As in the case of serving employees government servants who, on retirement, settle at the last station of duty itself or within a distance of less than 20 kms may be paid one third of the composite transfer grant subject to the condition that a change of residence is actually involved.

6. **The TA/DA rates mentioned in para 2 D(b) and (c) (mileage for road journey by taxi/own car/ autorickshaw/ own scooter/bicycle etc.), Para (3) (all components of daily allowance on tour including rate of DA for journey on foot) and para 4 (c) (rates of transportation of personal effects) of this Annexure, shall automatically increase by 25% whenever Dearness Allowance payable on the revised pay structure goes up by 50%.**

Annexure – Q

FLY LEAF INSTRUCTION FOR THE MAINTENANCE OF THE REGISTER OF SCALE AUDIT SHOWING THE AUTHORISED AND ACTUAL STRENGTH.

The register will be maintained in the following proforma :

-

Month	Sanctioned strength	Actual strength	Remarks
1	2	3	4

1. Separate page will be allotted for each trade.
2. Column 2 will show the sanctioned strength by each grade of the trade.
3. Column 3 will show the actual strength by each grade of the trade.
4. Suitable entries regarding promotions, transfers, etc. will be made in the remarks column.
5. The register will be submitted to the Accounts Officer on the last day of the month following that to which the entry relates.



Annexure- R

FLY LEAF INSTRUCTION FOR THE REGISTER OF NUMBER OF INDUSTRIAL EMPLOYEES ENEOLLED AND DISCHARGED MONTHLY TOGETHER WITH THE CORRESPONDING LOAD IN THE FACTORY.

Object:-To record the number of industrial employees enrolled and discharged etc. monthly also the corresponding load in the factory.

The register will be maintained in the following proforma :-

Section	Month	Labour strength on 1st.	No. of men enrolled or posted on transfer from other factories during the month	No. of men discharged or transferred to other factories
1	2	3	4	5

Strength on last day of the month	Datum Load		Actual load		Remarks
	No. of men	Direct labour amount	No. of men	Direct labour amount	
6		7		8	9

1. The register will be maintained separately for each section and posted monthly.
2. The strength shown in column 6 of the previous month will be brought forward to column3. Column 6 will represent the figure at by adding the figures in column 3 & 4 less shown in column 5.
3. The figures under column 7 and 8 will be posted in terms of direct labour.The register will be submitted to Accounts Officer on the 15th of each month

Annexure - S

NEW PENSION SCHEME

G.I., M.F., Notfn. No. 5/7/2003-.ECB & PR, dated
22-12-2003 — published in the Gazette of India,
Extraordinary, Part-I, Section 1, dated 22-12-2003

Introducing a new restructured defined contribution pension system for new entrants to Central Government Service.—

The Government approved on 23rd August, 2003 the proposal to implement the budget announcement of 200i-2004 relating to introducing a new restructured defined contribution pension system for new entrants to Central Governmentservice, except to Armed Forces, in the first stage, replacing the existing system of defined benefit pension system.

i. The system would be mandatory for all new recruits to the Central Government servicefrom 1-1-2004 (except the Armed Forces in the first stage). The monthly contribution would be10 per cent of the salary and DA to be paid by the employee and matched by the CentralGovernment. However, there will be no contribution from the Government in respect ofindividuals who are not Government employees. The contributions and investment returnswould be deposited in a non-withdrawable pension Tier-I account. The existing provisions ofdefined benefit pension and GPF would not be available to the new recruits in the CentralGovernment service.

ii. In addition to the above pension account, each individual may also have a voluntaryTier-II withdrawable account at his option. This option is given as GPF will be withdrawn fornew recruits in Central Government service. Government will make no contribution into thisaccount. These assets would be managed through exactly the above procedures. However, theemployee would be free to withdraw part or all of the 'second tier' of his money any time. This withdrawable account does not constitute pension investment, and would attract no special taxtreatment.

iii. Individuals can normally exit at or after age 60 years for Tier-I of the pension system. Atexit, the individual would be mandatorily required to invest 40 per cent of pension wealth topurchase an annuity (from an IRDA-regulated life insurance company). In case of Governmentemployees, the annuity should provide for pension for the lifetime of the employee and hisdependent parents and his spouse at the time of retirement. The individual would receive alumpsum of the remaining pension wealth, which he would be free to utilize in any manner.Individuals would have the flexibility to leave the pension system prior to age 60. However, inthis case, the mandatory annuitization would be 80% of the pension wealth.



Annexure – T

FLY LEAF INSTRUCTION FOR THE MAINTEANCE OF THE REGISTER OF GRATUITY CLAIMS (PARA – 268)

The Register maintained in the following proforma : -

Item No.	Section ticket number	Name of industrial employee	Amount concerned in	Initials Accounts Officer	Factory order, Part II number & date
1	2	3	4	5	6

NO. and date of the conti gent bill	Amount and details of the demand if any, adjusted against the gratuity claim	Initials of Accounts Officer authorizing payment	Details & disposal of payee's receipt	Remarks
7	8	9	10	11

The register will be made out with sufficient pages to cover at least 5 years transactions. Separate sets pages will be allotted for each factory and technical development establishment.

After audit of gratuity claims received in the Accounts Office, they will be entered in columns (1) to (5) of the register and returned to the Management duly concurred in. On receipt back of the contingent bill, together with a copy of the Factory Order, Part II sanctioning the gratuity from the Management, the bill will be audited and when the amount admissible is authorized for payment, the necessary entries to this effect will be made in columns (6) to (9). When the payee's receipt after disbursement of the amount is sent by the Management for verification by the Accounts Officer, column (10) will be completed. Column(11) will be utilized to show the number and date of the treasury receipt in the case of an undisbursed amount credited to Government.

The register will be submitted to the Accounts Officer on the last day of each month.

Annexure- U

FLY LEAF INSTRUCTION FOR THE MAINTENANCE OF REGISTER OF BOY ARTISANS (PARA-283)

Object: - To ensure that the number of boy artisan's sanction for training is not exceeded and also to watch their rates of pay, increments and terms of training.

1. The register will be maintained in two parts-Parts I and Part II.
2. Part I of the register will be maintained section-wise in the following proforma:—

PART-I
SECTION

Sl. No.	Ticket No.	Name of the boy artisan	Date of appointment	Rate of pay	Scale of pay	Date of increment	Amount paid				Date of promotion or discharge	Remarks
							Jan.	Feb.	Mar.	Etc.		
1	2	3	4	5	6	7	8				9	10

A separate page will be allotted for each section.

As soon as the sanction is received from the OFB, the total number of boys artisan to be recruited for training for the factory as a whole during a particular year and the date of commencement of their training together with authority thereof will be noted inside the front page of the register. Columns 1 to 7 will be posted soon after the recruitment of the boys in the factory and column 8 & 9 will be posted monthly commencing from the month in which the first payment is made.

3. After the posting in Part I have been completed, a summary will be made in Part II of the register in the following proforma:-

PART – II

Section	Month	No. of boys Paid	Total amount paid	Initials of Auditor	Initials of AAO	Remarks
1	2	3	4	5	6	7

4. The register will be submitted to the Accounts Officer on the 20th of each month.

Annexure- V

FLY LEAF INSTRUCTION FOR THE MAINTENANCE OF INDUSTRIAL EMPLOYEES GRANT REGISTER (PARA-303)

The object is to watch the progress of expenditure against the industrial employees grant.

The register will be maintained in the following proforma:-

Budget year..... Head of Account.....
No. and date of sanction..... Amount allotted.....

Sl. No	Expenditure for the month of…	Amount	Progressive total	Remarks
1	2	3	4	5

A separate page will be allotted for each locally controlled head of expenditure.

The amount allotted for each head and the number and date of the sanction will be entered on the top of the page against the space provided for the purpose.

The expended each month will be posted in column 3 and the progressive total struck in colunm 4.

The register will be submitted to the Accounts Officer on the 20th of each month.

Annexure - W

SPECIAL CASUAL LEAVE

A. For participation in Sports and Cultural Activities

(1) Sports events— At present Special Casual Leave is granted to Central Government servants for a period not exceeding 30 days in any one calendar year for—

i. participating in sporting events of national/international importance;
ii. coaching/administration of teams participating in sporting events of national/international importance;
iii. attending coaching or training camps under Rajkumari Amrit Kaur Coaching Scheme or similar All India Coaching or Training Schemes;
iv. attending coaching or training camps at the National Institute of Sports; Patiala;
v. participating in mountaineering expeditions;
vi. attending coaching camps in sports organized by National Sports Federation/Sports Boards recognized by Government (Department of Youth Affairs and Sports); and
vii. participating in trekking expeditions.

2. Special casual leave is also granted to Central Government servants for a period not exceeding 10 days in any one calendar year for participating in inter-Ministerial and inter Departmental tournaments and sporting events held in and Outside Delhi.

Besides the inter-Ministerial and inter-departmental sporting meets and tournaments, special casual leave will be available to the physically disabled Central Government employees who are sponsored to participate in sports meets/tournaments organized by different State Governments subject to the overall limit of 10 days in a calendar year.

3. The Government of India have had under consideration for some time past the question of granting some further incentives/facilities to sportsmen and sports women. The matter has been examined and the President is pleased to decide as follows:—

(i) In the case of Central Government servants who are selected for participating in sporting events of national/international importance, the period of the actual days on which they participate in the events as also the time spent in travailing to and from such tournaments/meets may be treated as duty. Further, if any pre-participating Coaching Camp is held in connection with the above-mentioned events and the Government servant is required to attend the same, this period may also be treated as on duty. Consequently, the existing provisions regarding grant of Special casual leave for the purposes mentioned in this item may be treated as cancelled.

(ii) The quantum of special casual leave for a period not exceeding 30 days in a calendar year allowed to Central Government employees for purposes indicated in items (iii) to (vii) in Para. 1 above, will cover also their attending the pre-selection trial camps connected with sporting events of national/international importance.

National Championships by National Sports Federation — For the purpose of availing the facilities mentioned in the O .M., referred to above, National Championships being conducted by the recognized National Sports

Championships being conducted by the recognized National Sports Federations in individual disciplines and National Games conducted by Indian Olympic Association should be recognized as events of National importance.

Events recognized by the International Sports Bodies— For the purpose of availing the facilities mentioned in the O.M. quoted above, the events recognized by the International Sports Bodies in the concerned disciplines and in which participation has been with the prior approval of the Government (Department of Youth Affairs and Sports) may be treated as sporting events of international importance.
It is further clarified that tournaments conducted by the Central Civil Services Sports Board are recognized as events of National importance for the purpose of availing benefits contained in this Department's O.M, dated 16-7-1985.

Managers, Coaches, etc. - Managers/Coaches/Masseurs/Doctors as may be approved or required by the Federations under rules to administer/coach/manage the teams participation in sports events of National/International importance may be treated as an integral part of the teams and these officials may also be allowed the same facilities as are available to sportspersons for such participation except that the question of grant of rewards in the form of advance increments could be considered on merits, if and when sponsored by the Departments concerned. However, the technical officials concerned with the administration of the tournaments will not be treated as part of the teams but will be given the facilities of availing of special casual leave as is admissible in the case of persons covered in Para. 1 (iii) to (vii) of this Department's O. M. of even number, dated 16-7-1985.

[G.I., Dept. of Per. & Trg., O.M. No. 611/85-estt. (Pay) (I), dated the 16th July, 1985, 07th November, 1988 and the 8th June, 1989 and O.M. No. 2801616/93-Estt., dated the 13th August, 1993]

For players seriously injured during sports competitions in Telecom Dept. - It was decided in the meeting of the Telecom Sports Control Board at New Delhi on 19-12-1987, that if in the event of any sportsman/woman getting seriously injured or being hospitalized during the Telecom Sporting events, he/she should be given special casual leave, but in any case the total number of special casual leave availed by him/her should not exceed 30 days in a year as imbibed in the instructions issued by the Department of Personnel and Training, New Delhi.

[GA., Dept. of Telecom, No. 17-26/87-Sports (T), dated the 30th December, 1987.]

(2) Cultural Activities— Home Ministry's O.M. No. 46/20/54-Estt.(A), dated the 16th June, 1958, provides for grant of special casual leave to Government servants who participate in sporting events of National/International importance and Inter Ministerial/Inter-Departmental tournaments and sporting events. It has been decided to extend this concession to those Government servants also who participate in cultural activities, like dance, drama, music, poetic symposium, etc., of an All-India, or Inter-State character organized by the Central Secretariat Sports Control Board or on its behalf subject to the overall limit of 30 days referred to in paragraph (d) of that OM. Special casual leave will not be admissible for practice or for participation in cultural activities organized locally.

[G.I., M.H.A., O.M. No. 27/3/68-Estt. (B), dated the 28th June, 1969.]

Representations have been received from various quarters that similar concession may be extended to Central Government employees for participation in National and International dancing and singing

programmes organized by Government of India/Government sponsored bodies. The matter has been considered and it has been decided that Government servants, who participate in dancing and singing competitions organized at Regional, National or International level may be granted special casual leave not exceeding 15 days in any calendar year. It is clarified that the special casual leave will not be admissible for practice in connection with such cultural activities.

The term 'Government Sponsored Body' mentioned in this Office Memorandum denotes institutions and organizations substantially controlled by Government and which receive substantial assistance from the Government in the form of grant-in-aid.

[G.I. Dept. of Per. & Trg., O.M. No. 28016/1/87-Estt. (A), dated the 9th September, 1987.]

Several instances have come to notice when Government servants are deputed to participate in International cultural events such as Festivals of India in foreign countries. Keeping this in view, it has been decided to extend the scope of the instructions issued vide 0M, dated 9-9-1987, to provide for grant of Special Casual Leave to Government servants to participate in International cultural events such as Festivals of India, abroad. The International cultural event for which Special Casual Leave is admissible should be one organized by the Government of India/a Government Sponsored Body. The term 'Government Sponsored Body' would have the same meaning as defined in OM, dated 9-9-1987.

The maximum limit of Special Casual Leave on account of participation in dancing and singing competitions at Regional, National or International level as well as participation in international cultural events would not exceed 15 days in any calendar year.

[G.I., Dept. of Per. & Trg., G.M. No. 28016/5/88-Estt. (A), dated the 1st April, 1992.]

(3) Mountaineering Expeditions — It has been decided that Government servants participating in mountaineering expeditions may be granted special casual leave not exceeding 30 days in any one calendar year, subject to the following conditions:—

a) that the expedition has the approval of the Indian Mountaineering Foundation; and
b) there will be no change in the overall limit of 30 days' special casual leave for one calendar year for participation in sporting event of National or International importance.

The period of absence in excess of 30 days should be treated as regular leave of the kind admissible under the leave rules applicable to the person concerned. For this purpose, Government servants may be permitted as a special case to combine special casual leave with regular Leave.

[G.I., M.H.A., O.M. No. 27/4/68-Estt. (B), dated the 6th November, 1969.]

(4) Trekking Expeditions — The question has been raised whether special casual leave could be granted to Government employees taking part in Trekking Expeditions also. The matter has been considered carefully and it has been decided that the period of absence from duty of Central Government employees participating in Trekking Expeditions may be regulated by the grant of special casual leave not exceeding 30 days in one calendar year, subject to the following conditions:—

1. a) That the expedition has the approval of the Indian Mountaineering Federation or is organized by Youth Hostels Association of India; and
   b) There will be no change in the overall limit of 30 days of special casual leave for an

individual Government servant for one calendar year for participating in sporting events of National or International importance.

2. The period of absence in excess of 30 days should be treated as regular leave of the kind admissible under the leave rules applicable to the persons concerned. For this purpose, Government servants may be permitted as a special case, to combine special casual leave with regular leave.

[G.I., Dept. of Per. & Trg., 0M. No. 2801612/84-Estt. (A), dated the 11th April, 1985 and Na. 28016/3189-Estt. (A), dated the 25th October, 1989.]

B. For Family Planning

(1) In the case of Male Employees — Male Central Government employees who undergo Vasectomy operation under the Family Welfare Programme for the first time may be granted special casual leave not exceeding six working days. Sundays and closed holidays intervening should be ignored while calculating the period of special casual leave. If any employee undergoes Vasectomy operation for the second time on account of the failure of the first operation, special casual leave not exceeding six days may be granted again on production of a certificate from the Medical Authority concerned to the effect that the second operation was performed due to the failure of the first operation.

(2) In the case of Female Employees — (a) Female Central Government employees who undergo Tubectomy operations — whether puerperal or non-puerperal — may be granted special casual leave not exceeding 14 days.

(b) In the case of female Central Government employees who undergo Tubectomy operation for the second time on account of the failure of the first operation, special casual leave not exceeding 14 days may be granted again on production of a medical certificate from the prescribed Medical Authority concerned to the effect that the second operation was performed due to the failure of the first operation.

(c) Female Central Government employees who have insertions of Intra-Uterine contraceptive devices may be granted special casual leave on the day of the IUCD insertion.

(d) Female Central Government employees who have reinsertions of Intra-Uterine Device (IUD) may be granted special casual leave on the day of the IUD reinsertion.

(e) Female Central Government employees who undergo Salpingectomy after Medical Termination of Pregnancy (MTP) may be granted casual leave not exceeding 14 days.

Female Government servants who undergo Salpingectomy operation with Medical Termination of Pregnancy and avail the facility of maternity leave for six weeks under Rule 43 will NOT be entitled to 14 days of special casual leave.

[G.I., Dept. of Per. & Trg., O.M. No. 28016/1/91Esft (A), dated the 13th May, 1992]

(3) Male Central Government Employees whose wives undergo Tubectomy operation - (a) Male Central Government employees whose undergo either puerperal or non-puerperal Tubectomy operation for first time or for the second time due to failure of the first operation Family Welfare Programme may be granted special casual leave for 7 days, subject to the production of a medical certificate stating that their have undergone Tubectomy operation for the second time due to the of the first operation. It shall not be necessary to state in the certificate that the presence of the Central Government employee is required to look after the wife during her convalescence.

(b) Male Central Government employees whose wives undergo Tubectomy/Salpingectomy operation after Medical Termination of Pregnancy (MTP) may be granted special casual leave up to 7 days, subject to the production of the medical certificate stating that their wives have undergone Tubectomy/Salpingectomy operation after Medical Termination of Pregnancy. It shall not be necessary to state in the certificate that the presence of the Central Government employee is required to look after the wife during her convalescence.

Special casual leave has to follow the date of operation — The grant of special casual leave to a male Government servant whose wife undergoes Tubectomy operation is intended to enable him to look after his family after the operation. In the circumstances, the special casual leave will necessarily have to follow the date of operation and there cannot be any gap between the date of operation and the date of commencement of special casual leave.

[G.I., D.P. & A.R., O.M. No. 3518/82-Estt. (A), dated the 13th October, 1982.]

(4) Special casual leave to women employees when their husbands undergo Vasectomy operation — The question whether women Central Government employees should be granted any Special Casual Leave when their husbands undergo Vasectomy operation in terms of this Department's O.M. No. 280 1613/75-Estt. (A), dated 6-8-1978, has been engaging the attention of the Government of India for some time. It has been now decided that special casual leave for one day, on the day when their husbands undergo Vasectomy operation may be given to women Central Government employees, to enable them to attend on their husbands.

2. These orders will take effect from the date of issue.

[G.I., Dept. of Per. & Trg., O.M. No. 28016/1/88-Esit. (A), dated the 2nd June, 1988.]

(5) In case of post-sterilization operation complications — A Government employee who requires special casual leave beyond the limits laid down for undergoing sterilization operation owing to the development of post-operation complications may be allowed special casual leave to cover the period for which he or she is hospitalized on account of post-operational complications, subject to the production of a certificate from the concerned Hospital Authorities/an Authorized Medical Attendant. In addition, the benefit of the additional special casual leave may also be extended, to the extent of seven days in case of Vasectomy operation and fourteen days in case of Tubectomy operation, to such Government servants who after sterilization operation do not remain hospitalized but at the same time, are not found fit to go to work, subject to the production of a medical certificate from the appropriate authority in the concerned hospital/Authorized Medical Attendant.

(6) Admissible for sterilization operation by laproscopic method also — A question has been raised whether these provisions relating to grant of special casual leave to male and female Central Government employees on account of puerperal or non-puerperal Tubectomy operations will be applicable also to cases where the sterilization of female Central Government employees is performed through operation under laproscopic method.

2. The matter has been considered in consultation with Ministry of Health and Family Welfare and it has been decided that the aforesaid provisions relating to grant of special casual leave to male and female

Central Government employees may also be applied to cases where the sterilization operation is performed by laproscopic method. Ministry of Finance, etc., are requested to bring this decision to the notice of all concerned serving under their control.

(7) No special casual leave for Salpingectomy operation undergone with 'induced abortion.— See GID (3) below Rule 43.

(8) For undergoing recanalization operation — Central Government employees who undergo operation for recanalization may be granted special casual leave up to a period of 21 days or actual period of hospitalization as certified by the Authorized Medical Attendant, whichever is less. In addition special casual leave can also be granted for the actual period of the to and fro journey performed for undergoing this operation. The grant of special casual leave for recanalization operation (without any commitment to the reimbursement of medical expenses) is subject to the following conditions:—

(i) the operation should have been performed in Hospital/Medical College/Institute where facilities for recanalization are available. If the operation is performed in a private hospital, it should be one nominated by the State Government/Union Territory Administration for performing recanalization operations.

(ii) the request for grain of special casual leave is supported by a medical certificate from the Doctor who performed the operation to the effect that hospitalization of the Government servant for the period stipulated therein was essential for the operation and post-operation recovery.

The concession indicated above is admissible to Central Government employees who—

a) are unmarried; or
b) have less than two children; or
c) desire recanalization for substantial reasons, e.g., a person has lost all male children or all female children after Vasectomy/Tubectomy operation performed earlier.

(9) Combining with regular/casual leave — Special casual leave connected with sterilization/ recanalization under family welfare programme may be suffixed as well as prefixed to regular leave or casual leave. However, special casual leave should not be allowed to be prefixed both to regular leave and casual leave. Special casual leave should either be prefixed to regular or to casual leave and not both. Similarly, special casual leave may be suffixed either to regular leave or to casual leave and not both. The intervening holidays and or Sundays may be prefixed/suffixed to regular leave, as the case may be.

[G.I., D.P. & A.R., O.M. No. 2801613/78-Estt. (A), dated the 6th August, 1979; No. 28016/1/80-Est. (A), dated the 30th April, 1981 and 28016/5/83-Estt. (A), dated the 25th January, 1984.]

(10) Not admissible to temporary status Mazdoors. — Benefit of special CL/Special increment cannot be allowed to casual labour with temporary status who undergo sterilization of their own or of their spouse.

[D.G. Posts. 45-56/92-SPB-J, dated the 15th March, 1995.]

C. For Ex- Servicemen

Appearing before Medical Re-Survey Boards and to go to Artificial Limb Centres for treatment, etc. — The Department of Personnel and Administrative Reforms have been receiving from time to time requests from Ministries/Departments for concurrence to the grant of special casual leave to Ex-Servicemen re-employed as civilians, for appearing before Medical Re-Survey Boards for assessing their disability pension and also to those Ex-Servicemen who had sustained injuries during operations and are re-employed as civilians, to enable them to go to Artificial Limb Centres for replacement of the artificial limb(s) or for treatment. This Department has generally been agreeing to such requests in consultation with the Ministry of Finance. However, with the increase in the number of such cases, the question of delegating the necessary powers to Ministries/Departments has been examined. It has now been decided that the Ministries/Departments Concerned may themselves decide such cases without reference to this Department or the Ministry of Finance and grant special casual leave to their staff under their administrative control for the purposes mentioned above. They can, in such cases, after satisfying themselves about the merits of each individual case, grant special casual leave up to a maximum of fifteen days in a year, including transit time both ways on the basis of medical discharge certificates.

The power of granting special casual leave under these orders will be exercised by the Head of Department as defined in SR 2 (10) in the case of Government servants under their administrative control and by the Ministries/Departments of the Government of India in other cases.

[G.1., Ð.P. & A.R., 0M. No. 28016/12/75-Ests. (B), dated the 4th May, 1976]

D. For Union/Association Activities

(1) Members/Leader/Secretary of Staff Side of JCM — At the request of the leader of the Staff Side, the Head of Department/Office, under which a, Member of Joint Council is serving, may sanction special casual leave of not more than five days in a year to enable a member of the Staff Side to attend Staff Side consultations. No travelling/daily allowance will be payable for journeys performed for such consultations.

Similarly, the leader of the Staff Side and, at above the Departmental Joint Council level, one Secretary from the Staff Side designated as such by the Leader, may be allowed additional special casual leave of not more than ten days in a year for preparing Staff Side cases and

The orders contained in this Ministry's O.M. No. 24/33/59-Ests. (B), dated the 4th January, 1960, regarding the grant of special casual leave up to a maximum period of ten days to the office bearers of the recognized service associations for participation in the activities of their associations will also continue to be applicable.

[G.I., M.H.A., O.M. No. 8/1/64-JCA, dated the 18th October, 1966 — Para. 7 (1) and (ii).]

In accordance with the instructions contained in Paragraph 7 (i) of the Ministry of Home Affairs, 0M. No. 8/1/64-JCA, dated the 18th October, 1966, at the request of the leader of the Staff Side, the Head of Department/Office under which a Member of a Departmental Council is serving, may sanction special casual leave of not more than five days in a year to enable to member of the Staff Side of the Council to attend to Staff Side consultations without any T.A./D.A. for the journeys. It has now been decided that instead of a total of five days' special casual leave in a year mentioned above, the Staff Side members of the Departmental Councils may be allowed for such consultations—

(i) One day's special casual leave for each meeting of the Departmental Council (No TA/DA would be admissible for these days) and in addition;

(ii) One day's duty period, on the day preceding the day of each of the Departmental Council, for consultations, as this will be treated as duty, TA/DA would be admissible.

This issues with the concurrence of the Ministry of Finance, vide their U.O. No. 3830/E. IV (B)/70, dated the 28th August, 1970.

[G.I., M.H.A., O.M. No. 816/70-JCA dated the 30th October, 1970]

(2) Union office-bearers/delegates - It has been decided that the facilities may be provided to recognized Unions/Associations of Central Government Employees to carry on their activities:—

1. Taking into account the present practice in various Departments, it has been decided that the existing position of special casual leave as laid down in Home Ministry's O.M. No. 24/33/59-Estt. (B), dated the 4th January 1960, be further liberalized as indicated below—

(a) Those office-bearers of recognized Service Associations/Unions of Central Government employees who are getting special casual leave up to a maximum of 10 days in a calendar year for participation in the activities of Associations may be allowed special casual leave subject to the same conditions as in the O.M. referred to above up to a maximum of 20 days in a calendar year.

(b) Special casual leave up to 10 days in a calendar year will be admissible to outstation delegate/members of executive committee of recognized All-India Association/Federation to attend its meetings.

(c) Special casual leave up to 5 days in a calendar year would be admissible to local delegates and local members of executive committees of all recognized Associations/Unions/Federations.

It is, however, clarified that those who would be availing of casual leave in their capacity as office-bearer under (a) above will not be entitled to avail casual leave separately in their capacity as Delegate/Committee Members under (b) and (c).

2. It is clarified that the special casual leave granted for purposes of Work connected with JCM as laid down in Paragraph 7 of M.H.A., O.M. No. 8/1/64-JCA, dated the 18th October, 1966, is in addition to the special leave mentioned in Paragraph 1 above for participation in the activities of the Associations/Unions.

3. It has been decided that the Chief Executive as defined in the Constitution of the Association/Union/Federation or the General Secretary, or where the Chief Executive has been specifically defined, the General Secretary may be brought on transfer to the headquarters of the appropriate Head of Administration as far as possible. In such of the Government departments/offices where a different practice is being followed now, the existing practice, if not less favourable, may continue.

4. It has been decided that three years should be the normal period of deputation for elected office-bearers of Unions, but may be extended in special cases.

[G.I., M.H.A., O.M. No. 27/3/69-Estt. (B), dated the 8th April, 1969.]

Clarifications — According to Order above, office-bearers of recognized Service Associations/Unions of Central Government employees are allowed special casual leave up to a maximum of 20 days in a calendar year for participation in the activities of Associations/Unions. Outstation Delegates /Members of Executive Committee of a recognized All-India Association

Federation are also allowed special casual leave up to 10 days in a calender year for attending meetings. similarly, the local delegates and the local members of Executive Committees recognized Associations /Unions/Federations are allowed special casual leave up to 5 days in a calender year for attending meeting Associations /Unions/Federations. A question has been raised as to how the grant of special casual leave should be regulated -

(a) in cases where a Union/Association/Federation follows a year other than the calendar year for purposes of its annual Elections; and

(b) in the case of office-bearers, etc., who come into office during the course of a year in casual vacancies.

The matter has been examined in consultation with the Ministry of Finance and it has been decided that (i) in cases referred to in Paragraph 1 (a) above, the entitlement of special casual leave should be regulated in terms of the year actually followed by such Union/Associations/Federation in place of the calendar year; and (ii) in regard to the case of office-bearers, etc., coming into office during the course of a year in casual vacancies referred to in Paragraph 1 (b) above, the competent authority may, at its discretion, grant special casual leave up to the maximum entitlement in a full year, having regard to the genuineness and merits of each particular case.

[G.I., C.S. (D.P.), O.M. No. 8/13/72-JCA, dated the 4th September, 1972.]

(3) In P & T. — In modification of the orders contained in Paragraph 1 of D.G., P. & T., No. 547/69-SPB. II, dated 30-12-1969 (not printed), it has been decided that special casual leave up to a maximum of 20 days in a year may be granted for the following purposes:—

1. (a) When Delegates to the All-India Conferences and Circle conferences and meetings and Members of the Executive Councils and circle and Divisional Executive Committees are required to attend such conferences and meetings.

(b) When members from outstations are required to attend monthly meetings with Heads of Circles.

(c) When members from outstations wait on deputation on the Minister/Minister of State/Deputy Minister and Director General.

2. Special casual leave may be allowed to members of the Unions coming from outstations to attend their monthly meetings with Departmental officers at Divisional level on the following conditions:—

a. That not more than two Members of the Divisional Union are allowed this concession during a year.
b. That special casual leave is allowed only for the day/days of the meeting and the actual time taken in the journey.
c. That the maximum limit of special casual leave allowed does not exceed 12 days in a year.
d. That the concession under this item will not bring an additional benefit to staff who under Paragraph 1 above are allowed the concession of special casual leave to the extent of 20 days in a year. If any official is required to meet the Divisional Head, the special casual leave granted to him for the purpose will be counted against those 20 days special casual leave in a year.
e. The local members may be given suitable off for the duration of meeting.

3. All the above-mentioned concessions are to be allowed subject to condition of exigencies of service.

[D.G., P. & T., Memo. No. 54/1/71-SPB. II, dated the 15th March, 1971.]

E. Miscellaneous

(1) Interview/Medical Examination to join Indian Naval Reserve— The period of absence from duty of civilian Government servants occasioned by their interview/medical examination, etc., in connection with their joining the Indian Naval Reserve and the Indian Naval Volunteer Reserve should be treated as special casual leave. This concession would, however, be admissible in those cases where it may not be possible for the government servants concerned to attend to their civilian duties after the interview/medical examination, etc. If a Government servant withdraws his candidature at the interview, he would not be entitled to any special casual leave.

[G.I., M.H.A., O.M. No. 47/4/62-Ests. (A), dated the 4th December, 1962 and O.M. No. 47/28/63-Ests. (A), dated the 20th June, 1963.]

(2) Transit Time to join training in Territorial Army, etc. — When Civil Government servants are called for training in the Territorial Army/Defence Reserve/Auxiliary Air Force, the period spent by them in transit from the date of their relief from civil posts to the date on which they report to military authorities and vice versa should be treated as special leave. During such periods, which should be restricted to the required for the purpose, they would be paid pay and allowances rates by their parent department/office.

[G.I., M.H.A., O.M. No. 36/15/64-Ests. (B), dated the 15th June, 1965.]

(3) To attend Competitive Examinations— The Government of India have had under consideration the question of treatment of period of absence from duty of Central Government servants appearing at departmental promotion examinations (open) competitive examinations. It has been decided that special casual leave may be granted to Central Government servants who are eligible to appear at departmental promotion examinations which are neither obligatory nor entail a condition of preferment in Government service [e.g., limited competitive examination for Section Officers' Grade of the Central Secretariat Service, departmental examination for recruitment to Grade IV of the General cadre of IFS (B), etc.]. Special casual leave will not, however, be admissible to departmental candidates for appearing at the open competitive examinations held by the UPSC, e.g., Combined Services Examinations, Stenographers Examinations, LDCs Examinations, Assistants' Examinations, etc., for direct recruitment. Special casual leave for the departmental promotion examination will, however, cover the actual duration of the examination concerned plus the minimum period required for the journey to and from the examination centre nearest to the headquarters station where such examination is held outside the headquarters. No travelling allowance will, however, be admissible to the Government servant appearing at the examination.

Government servants can combine special casual leave with ordinary casual leave (but not with regular leave) for the purpose.

The power of granting special casual leave under these orders will be exercised by the Head of the Department/Office concerned.

[G.I. M.H.A., O.M. No. 46-26/63, Ests. (A), dated the 2nd December, 1963.]

(4) To appear at the proficiency test conducted by the Subordinate Service Commission for grant of advance increments to Stenographers (ordinary grade)— A question was raised regarding the treatment of absence from duty of the candidates who appear for the proficiency test conducted by the Subordinate Service Commission for grant of advance increments to Stenographers (ordinary grade) in the Subordinate Offices of the Government of India in accordance with the recommendations of the Third Pay Commission. The question has been considered and it has been decided that the period of absence of the candidates may be treated as Special Casual Leave under the Ministry of Home Affairs, O.M. No. 46/26/63-Estt. (A), dated the 2nd December, 1963.

2. Government servants can combine Special Casual Leave with ordinary casual leave (but not with regular leave) for the purpose. The power of granting Special Casual Leave under these orders will be exercised by the Head of the Department/Office concerned.

[G.J., D.P. & AR., O.M. No. F. 28O16/5/80-Ests (A), dated the 23rd December, 1980.]

(5) For looking after work of co-operative societies formed exclusively with the Central Government employees — Members, Delegates of Members, Managing Committee Members and office bearers of Cooperative Societies (formed exclusively with Central Government employees) who are posted outside the headquarters of the societies, may be granted special casual leave up to a maximum period of ten days in a year plus the minimum period required for the journeys to attend such meetings.

Members of the Co-operative Societies whose bye-laws provide for Annual General Meetings/Special General Meetings of members will not be eligible for special casual leave and in such cases only the elected delegates will be eligible for this special casual leave. However, if the members are required to participate in any meeting outside the headquarters of the society for the purpose of electing their delegates, they may be granted special casual leave.

The power of granting special casual leave under these orders will be exercised by the Heads of Departments/Ministries concerned.

Special casual leave under these orders, will be allowed to be combined with ordinary casual leave only and not with regular leave. Sundays/Holidays intervening the period of special casual leave will not be ignored but will form part of special casual leave.

[G.I., M.H.A., O.M. No. 46/22/63-Estt. (A), dated the 14th January, 1964.]

The benefit of special casual leave as admissible in the Ministry of Home Affairs, OM of 14th January, 1964, may be extended also to those Government employees who are members, office bearers, etc., of such Co-operative Societies and who are posted at the same place as the Headquarters of the Co-operative Societies, subject to the following conditions: —

(i) Special casual leave should be granted only to cover the actual period of unavoidable absence and subject to exigencies of work. If the absence will be in the forenoon or in the afternoon, as the case may be, then special casual leave may be granted for half a day only to cover the actual period of absence.

(ii) The Government servant concerned should furnish a certificate from the Co-operative Society concerned to the effect that he actually attended the meeting, indicating the time and duration of the meeting.

(iii) The grant of special casual leave under this OM would be subject to all other conditions laid down in the Ministry of Home Affairs, O.M. No. 46/22/63-EStt. (A), dated the 14th January, 1964.

[G.I., M.H.A., D.P. & A.R., O.M. No. 28016/1/84Estt. (A), dated the 19th June, 1984.]

(6) Heads of Departments may grant special casual leave in cases of natural calamities, bandh etc. — Proposals have been made to the Department of Personnel and AR. for delegation of powers to Heads of Departments to grant special casual leave to Central Government employees who stay at places far from their headquarters, as a result of which they have to commute a long distance to their office, and due to dislocation of traffic arising out of natural calamities, bandh, etc., they are not able to undertake the journey and report to the headquarters for duty.

The matter has been carefully considered in consultation With the Ministry of Finance (Department of Expenditure). In accordance with the Department of Personnel and A.R.'s O.M. No. 27/6/71-Ests. (B), dated 1-11-1971, all the Heads of Departments have been authorized to grant special casual leave with the concurrence of the Ministry/Department administratively concerned. In view of the genuine difficulty felt in exercising of powers by Head of Department with the prior concurrence of Ministries/Departments, it has been decided that the following procedure may be adopted for granting special casual leave in cases of the kind mentioned in

Para. 1 above:—

(a) Special casual leave wherever admissible under the provisions in this regard may be granted by the Head of Department.

(b) All such cases where special casual leave has been granted should be reported to Ministry/Department/c. & A.G., as the case may be.

[G.I., D.P. & A.R., O.M. No. 28016/1/79-Ests. (A), dated the 28th May, 1979.]

Copy of G. I., Cabinet Secretariat (Dept. of Personnel), O.M. No. 27/6/71-Estt. (B), dated 1-11-1971

Special casual leave to employees who could not attend office on account of bandh, curfew, failure of transport etc.

The absence of Central Government employees on a day or days of a bandh may fall under one of the following categories: —

(i) where a Government servant had applied or applies for leave for the day or days of the bandh for genuine reasons, e.g., medical grounds, of which the competent authority is satisfied;

(ii) where the competent authority is satisfied that the absence of individual concerned was entirely due to reasons beyond his control, e.g., due to failure of transport or disturbances or picketing or imposition of curfew, etc.;

(iii) unauthorized absence, i.e., where conditions mentioned in (i) or (ii) above are not satisfied.

As regards the first category, leave of the kind due and admissible, including Casual Leave, may be granted to the Government servants concerned. As regards the second category, if the competent authority is satisfied that the absence was due to failure of transport facilities, special casual leave may be granted to such Government servants who had to come from a distance of more than 3 miles to their place of duty. If the absence was due to picketing or disturbances or curfew, then too special casual leave could be granted to regularize the absence without insisting on the condition that the distance between their place of duty and their residence should be more than 3 miles. Special casual leave in either of the cases mentioned above may be granted with the concurrence of the Ministry/Department concerned.

2. As regards the third category mentioned above, under the proviso to Fundamental Rule 17 (1), an officer who is absent from duty without any authority, shall not be entitled to any pay and allowances during the period of such absence. Unauthorized absence of this kind apart from resulting in loss of pay and allowances for the period of such absence, would also constitute a break in service entailing forfeiture of past service for all purposes, unless the break itself is condoned and treated as *dies non*. If the break is condoned and treated as dies non by the competent authority, the service rendered prior to the break will be counted for all purposes, but the period of the break itself will not count for any purpose.

3. There might, however, be a case in which a number of Government employees acting in combination or in a concerted manner may absent themselves from duty for a part of a day only. The provisions of Ministry of Home Affairs, O.M. No. 60/17/64-Ests. (A), dated the 4th August, 1965, shall not apply to such a case. Their absence even for a part of a day in the above circumstances shall be deemed to be unauthorized absence for a whole day, and action may be taken in regard to the unauthorized absence as outlined in Para. 2 above.

4. It is requested that these orders may be brought to the notice of all the Heads of Departments under your control for appropriate action and for informing the employees under them suitably in regard to the provisions contained in Paragraphs 2 and 3 above.

(7) For participating in activities of Kendriya Sachivalaya Hindi Parishad — The question whether Government servants participating in the activities of the Kendriya Sachivalaya Hindi Parishad should be granted any facilities by way of special casual leave has been under consideration.

Taking into account the fact that the activities of the Parishad have a relation to the Official Language policy of Government, it has been decided, as a special case, that Government servants may be granted special casual leave to the extent indicated below for work connected with the various meetings, etc., of the

Parishad—

(a) in connection with the general body meetings of the Parishad and on the occasion of its prize distribution, an office-bearer of the Parishad may be granted special casual leave up to the limit of five days in a year including the time taken on journeys, subject to the condition that the special casual leave will be confined to the days on which the meetings/ceremonies are held and the time actually taken on the journeys;

(b) for participation in the meetings of the Central Committee at Delhi, an office-bearer travelling from an outstation may be granted special casual leave up to a limit of five days depending on the distance of his place of duty from Delhi; and

(c) office-bearers working in the Central Secretariat at Delhi and going to different places for attending to activities of the Parishad other than those mentioned in (a) and (b) above may be granted special casual leave up to a limit of twenty days in a year for the outward and return journeys, subject to the condition that (i) the special casual leave will be restricted to the time actually spent on the journeys, and (ii) for reckoning the twenty days limit, such special casual leave as may have been taken in terms of (a) and (b) above will be taken into account.

All Ministries/Departments may please note that the total special casual leave granted to an individual during any one year for any of the purposes mentioned in (a), (b) and (C) above or for all the purposes taken together, is not to exceed twenty days.

[C.S., D.P. & A.R., O.M. No. 2801612/76-Estt. (B), dated the 29th June, 1976.]

(8) During Elections — *(a) General Elections to Lok Sabha/State Assembly*. — Every eligible voter is entitled to be registered in the Electoral Roll of a constituency in which he ordinarily resides. In some cases, it may happen that the Central Government employee residing, and enrolled as a voter, in a particular place/constituency, say Delhi (where election is to be held) may be employed in any office located at some other place, say, Faridabad/Ghaziabad, etc. In such cases, the individual Central Government employee may be granted special casual leave, if his office does not happen to be closed on that particular day, to enable him to exercise his franchise.

*(b) Bye-Elections to Lok Sabha /State Assemblie*s. — Same as (a) above.

(c) Panchayat/Corporation/Municipalities or other local bodies. — Central Government offices shall not be closed. Employees who are bona fide voters and desire to exercise their franchise should, however, be offered reasonable facility, subject to the normal exigencies of service, either by way of coming late to office or by being allowed to leave office early or a short absence on that day.

[G.1., Dept. of Per. & Trg., O.M. No. 12/4/86-JCA, dated the 9th March, 1987.]

(d) Biennial Elections to State Legislative Councils from Graduates Teachers Constituencies.— **** All Central Government employees who are University Graduates and are bona fide voters in the election to the Legislative Councils from Graduates and Teachers Constituencies may, in future, be allowed Special Casual Leave on the day of poll to enable them to exercise their right of franchise in such elections.

[G.I., Dept. of Per. & Trg., O.M. No. 12/7/94-JCA, dated the 16th May, 1994.]

(9) Special casual leave may be granted for the following purposes also: —

1. Training and duty as members of officially sponsored Auxiliary Police organizations, such as Home Guards, National Volunteer Corps, etc.

2. Training as a member of St. John Ambulance Brigade (to the extent not covered by ordinary casual leave due).

3. Periods spent in camp by Government servants to join the Urban Territorial Army, not exceeding 14

days, which can be combined with regular leave, where necessary.

4. Interview/medical examination at the time of actual recruitment, commissioning in the Urban Unit of the Territorial Army (to the extent not by ordinary casual leave due).

5. Training with P & T Units of Territorial Army.

6. Attending coaching or training camps under the Rajkumari Amrit Kaur Coaching Scheme or similar All-India Coaching or Training Scheme, provided the Government servants are selected or sponsored by a National Federation/Association recognized by All-India Council of Sports and approved by the Ministry of Education.

7. Participants in Republic Day Parades and rehearsals connected as members of the St. John Ambulance Brigade.

8. Donating blood to recognized Blood Banks on working day (for that day only).

9. For giving running commentaries over the All India Radio/Doordarshan in National/International meets to officials selected or sponsored by the National Sports Federation/Association recognized by the All-India Council of Sports and approved by the Ministry of Education.

10. Central Government servants who having joined Lok Sahayak Sena have won certificate of merit and are required to participate in the Republic Day Parade (for the period of stay not exceeding 14 days plus minimum period required for journey from headquarters to Delhi and back).

11. Attending Courts of law as jurors or assessors with the permission of Heads of Departments.

12. Government servants who are members of the Indian Institute of Public Administration and who are residing outside Delhi for attending authorized meeting of the Institute for a period not exceeding 6 working days in a calendar year plus journey time.

[G.I., M.H.A., Notes on Office procedure—Chapter 11]

(10) Special casual leave enhanced to 7 days to employees associated with the activities of St. John Ambulance Brigade— According to M.H.A., OM. No. 27/5/70-Estt. (B), dated 12-1-1971, Government servants, who have enrolled themselves as members of St. John Ambulance Brigade while performing such duties during office hours on working days may be granted special casual leave not exceeding three days per annum. Also, if the duties so performed extend to only half a day on any one occasion, the said 0M provide that only half a day's special casual leave should be allowed.

2. On the basis of a request made by the St. John Ambulance Association, the Ministry of Health and Family Welfare recommended for consideration of this Department, enhancement of special casual leave to members of St. John Ambulance Association, while performing duties to provide first-aid cover on occasions like festivals, natural calamities, major accidents, sports meet, etc., from the present 3 days to 7 days. The matter has been considered and it has been decided to enhance the quantum of special casual leave to Central Government servants performing duties in connection with the activities of the St. John Ambulance Association from the present 3 days to 7 days.

These orders will take effect from the date of issue.

[G.I., Dept. of Per. & Trg., O.M. No. 21011/2/88-Estt. (A), dated the 21st March, 1988.]

(11) Combination of special casual leave with ordinary casual leave/regular leave— A question has been raised whether ordinary casual leave can be sanctioned in combination with special casual leave on occasions for which special casual leave could be granted under the existing orders. It is clarified that as a general rule, it is open to the competent authority to grant casual leave in combination with special casual leave; but, in cases where it is permissible to grant regular leave in combination with special casual leave, casual leave should not be granted in combination with both special casual leave and regular leave.

[G.I., M.H.A., O.M. No. 46/8/67-Ests., dated the 22nd July, 1967.]



ANNEXURE 'X'

(Referred to in para 321)

REPORTS AND RETURNS DUE FROM THE LABOUR SECTION

Name of Report and Return	To whom due	Date on which the report and return should be received at the destination
1	2	3
Monthly		
1. Agreement form of labour	GM	As agreed between the GM and AO
2. Acquaintance rolls of labour	,,	,,
3. Expenditure on account of industrial employees against allotments	,,	10th of the following month
4. Indian Ordnance Factory Worker's Provident Fund Schedules.	PC of A (Fys) Fund Section	30th of the following month
5. I.P.W. and G.P.W. cards and proforma (KOD 18 & 19)	PC of A (Fys) EDP Section	2nd of the following month
6. Report on PW profit paid to PWs	PC of A (Fys) PR Section	25th of the following month
7. Day Work cards punching medium and dearness allowance percentage	PC of A (Fys) EDP Section	10th of the following month
8. Statistics of payments made to day workers and piece workers	1. GM 2. OFB and PC of A (Fys) PR Section	Shortly after the acquaintance rolls for a month are furnished. 20th of the following month
Annual:		
1. Report on audit of fine fund	PC of A (Fys) PR Section	1st of May

Note 1 – A labour efficiency statement is also required to be submitted for clothing factories only so as to reach PC of A (Fys), PR Section by the end of the following month.

Note 2 – Items 5, 6, 7 are not required to be rendered for those factories whose accounts have not been mechanized. Dates shown against these items indicate dates of dispatch from the Accounts Office.

Note 3 – There are certain other reports and returns viz. General State of Affairs, General State of Accounts, monthly Status of Work Report. Quarterly Statement on expenditure on training scheme, Quarterly reports on financial advice, Quarterly statements to idle capacity etc. which concern more than one section. For these returns, sections should complete their portions sufficiently in advance and forward the same to other sections for rendition of the same by the prescribed date.



Controller of Finance & Accounts (Fys.),
Account Office, Ammunition Factory,
Power Works Road, Kirkee, Pune - 411003

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MATERIAL ACCOUNTING

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Basic Concepts

329. Direct materials constitute about two third of the production cost. Major portion of the "Revenue Budget" relates to purchase of materials. Accordingly, proper control on provisioning, purchase, storage, utilization and disposal of materials is necessary for ensuring uninterrupted utilization of manufacturing maintenance and service facilities; consistent with production programme. The expenditure on purchase of materials should be within the allotment for the year. The objectives to be achieved under a proper system of material control are:-

(i) The provision of the required quantity of the right material at the right time and right place.
(ii) Minimum amount of capital should be blocked in working stock.
(iii) Comparing actual utilization of materials with estimates for ensuring corrective action.
(iv) Purchase of materials of the right quality and right quantity and at reasonable prices.
(v) Prompt action for utilization / disposal of scrap and other stores, which are considered as "Surplus / Unserviceable"

Material Control Procedure Covers

330. (i) Provisioning, purchasing and receiving of stores.
(ii) Storage and issue.
(iii) Usage.
(iv) Physical verification.
(v) Inventory Control.
(vi) Disposal of Scrap.
(vii) Proper accounting of the material.

331. (a) The Provision Section of the Factory is responsible for the assessment of the requirements of various materials and for taking action for obtaining the materials from various sources.
(b) The stores are received by the "Receipt Branch" of the Stores Department and after proper inspection, are accounted for by preparation of "Receipt Voucher" and kept in "Stores" for issue.

(c) The Store Holder issues materials on receipt of requisitions (Demand Notes) after verifying the quantity etc. provided in the Material Warrants.

(d) **The physical verification of stock is carried out continuously throughout the year by stock verifiers directly responsible to the Sr.G.M./G.M of the concerned factory.**

(e) The accounting of materials as well as payments to contractor/supplier/vendor is entrusted to the Local Accounts Office. The checks on purchase orders as well as the disposal orders are to be carried out by the Material Section of the Local Accounts Office.

Materials handled in a factory can be classified as

332. (i) Materials on "Stores charge"
(ii) Materials on "Production charge"
(iii) Stock pile items.
(iv) Inventory items.

333. Materials on "Stores charge" are those materials which are held in the custody of Stores Department. Material on "Stores charge" includes (i) Raw materials procured by the Factory, (ii) Manufactured products, including components or processed material produced in another Factory and (iii) Miscellaneous items of trade supply.

334. The materials on "Stores charge" may also be grouped as:
(a) Metals and raw materials for production including components or processed materials purchased from the market or received from other factories or recovered from the break-up of unserviceable articles borne either on the factory stock or deposit stock held on behalf of the DGOS.
(b) Tools and gauges.
(c) General Shop stores including –
- (i) Sundry Shop Stores e.g. oil, grease, brushes, buckets etc.
- (ii) Plant stores e.g. screws, nuts, drills, shovels etc.
- (iii) Packing Materials e.g. boxes, cases, containers etc.

335. These items are accounted for in the Priced Store Ledger maintained by the Local Accounts Office and the Bin Cards maintained by the Store Holder.

336. Materials falling under "Production charge" are items which are manufactured in the factories for issues to formation like arsenals, depots, other factories, private bodies and firms directly from production sections or which are utilized for further assemblies etc. without being brought on Store Ledger charge.

337. Stock Pile stores are strategic item of stores which are very difficult to procure. Reserve of such stores is built up separately in order to meet the demand of production in case of failure of supplies. The purchases are made from the Capital Grant of the Factory. Separate ledger and Bin Cards are maintained for these items. Accounting is done through "R" Series of vouchers.

338. Inventory Stores are items of expensive and quasi-permanent nature such as Office furniture, miscellaneous equipment, movable shop fittings etc. These stores are accounted for by each Shop or Section. The Accounting document is the Inventory List opened under the signature of the JWM of the Shop or Section. The entries are made by the shop duly attested by the JWM. Correct nomenclature, quantity, value, source of original receipt and location are shown.

339. Officer not below the rank of Jr. Works Manager/NT/Store is authorized to deal with "Receipts" (from outside sources) and "Issues of Stores" whether to "Shops" or "Outside the Factory". The authorization is to be notified by the General Manager or any other nominated Gazetted Officer. It should be ensured that the same individual is not authorized to deal with "Receipts" and "Issues" of Stores.

Receipts and Issue of Material

340. Receipts of materials – Raw materials are obtained by the factories by one of the following means:-

(a) Foreign Purchase of Stores.
(b) Central Purchase in India through a central authority.
(c) Local purchase by the SrGM/GM of Factories.
(d) Supplies from other factories.
(e) Supplies from other branches of Defence Departments.

(f) Supplies from departments other than Defence.

Besides these, the following internal transactions of the factories are also accounted for on the receipt side of the store accounting records.
(i) Receipts from the production of own factory, e.g. components etc. which are manufactured and taken on store charge for subsequent issue to outside parties for further processing (Trade Outsourcing)
(ii) Receipt from the returns by manufacturing shops of surplus materials, waste etc. to the Store Section.
(iii) Receipts from surpluses found after conducting stock taking exercise in the factories.
(iv) Receipts on account of transfers from capital assets.
(v) Miscellaneous receipts from sources other than those enumerated above i.e. estate produce, inventory etc.

Issue of Material – Material is issued by the Stores Section of the factory under proper authority for the following purposes:-

(i) Issues to manufacturing shops
(ii) Issues to other factories.
(iii) Issues to other branches of Defence Department.
(iv) Issues on payment to other Government Department etc.
(v) Issues on account of sale by auction etc.
(vi) Issues to Private parties/PSU

Besides the above, the following internal transactions of the factory are also accounted for as issues in the Store Ledger:

(a) Loss of Stores in Transit (D/D Vrs)
(b) Loss of Stores on Charge (D/D Vrs).
(c) Loss of Stores due to causes other than (a) and (b) above (D/D Vrs).
(d) Transfer to Capital.
(e) Miscellaneous.

Provisioning Stores

341. Proposals for purchase of stores whether in India or from foreign sources is to be based on actual requirements, if it is justified with reference to realistic production programme, taking into account the stock in hand, dues (i.e. orders placed for which stores are still to be received) and liabilities (i.e. requirement of materials for meeting the demands) and Work in Progress if any. In the case of maintenance and other general purpose stores not forming part of the manufactured stores, provisioning is made on the basis of the monthly average consumption for the past(24) twenty four months. Scales of consumption/usage where laid down by the manufacturer, particularly in case of Indirect Material like lubricants, oils, furnace oils, etc. shall also be taken into consideration.

342. In addition, provision of items of seasonal nature like timber, hides and tanning materials, steel scrap, etc. may also be made on the basis of the Monthly Average Consumption for the past (18) eighteen months, Provisioning has to be done in such a way that the optimum level of stock held by factories at any time will be the following :-

(a) Ordinary Indigenous Items	**As per the Stock Holding in terms of No. of days consumption fixed by OFB for each Factory.**
(b) Difficult Indigenous Items	8 Months requirement (exclusive of stock pile wherever authorized)
(c) Imported Items	12 Months requirement for non-stock-pile Items. 9 Months requirement (exclusive of stock-pile) in respect of items for which stockpile is authorized.

Indents are to be placed for Imported Stores

343. (a) 36 months in advance of the period of utilization which will be as per the Stock Holding in terms of No. of days consumption fixed by OFB for each Factory i.e. for requirement of 36 months plus No. of days holding fixed by OFB less stock and dues against firm demands (Indents placed by services are treated as firm).

(b) For difficult Indigenous Stores i.e. items where it is known from past experience or from information available that supply did not materialize or not likely to materialize in time and hence due to such anticipated long delays, provisioning for longer requirement is essential in the interest of production. 36 months in advance of the period of utilization which will be as per the Stock Holding in terms of No. of days consumption fixed by OFB for each Factory i.e. for requirement upto36 months plus No. of days holding fixed by OFB requirement less stock and dues against firm demands.

(c) For Ordinary Indigenous items : Upto 24 months in advance of the period of utilization which will be as per the Stock Holding in terms of No. of days consumption fixed by OFB for each Factory i.e. for requirements upto 24 months plus No. of days holding fixed by OFB less stock and dues against firm demands.

(d) For maintenance stores, 24 months in advance of the period of utilization which will be 12 months, and No. of days fixed by OFB for each Factory respectively for imported / difficult indigenous and ordinary indigenous stores.

Category of Item	Period of Utilization	Lead Time
Ordinary indigenous Items	As per the Stock Holding in terms of No. of days consumption fixed by OFB for each Factory.	Eighteen months (18**)** in advance of the period of utilization
Imported Items	Twelve (12) Months requirement for non-stock-pile Items. Nine (9) Months requirement in respect of items for which stockpile is authorized.	Supply Orders for imported stores will be placed Twenty Four (24) months in advance of the period of utilization
Maintenance Stores	Six (6) Months	Twelve (12) Months

Note 1:- Provisioning should not be made on the basis of the entire demand of the services, but on the basis of what the DGOF in consultation with the Sr GM/GM realistically expects to produce during the provisioning period. The production programme in respect of all end stores on a six monthly basis for a period of three years, duly supported by (a) service indents, (b) backlog carried forward from previous period, and (c) other related information, is to be forwarded to the finance Division of OFB by each Production Branch of OFB for scrutiny and concurrence. The Production programme thus prepared and concurred will form the basis for provisioning action. OFB will prepare and publish a Consolidated Production Programme incorporating these for the components and semis (Work-in-Progress) derived from these components for the corresponding end stores. This is to be done strictly on the standard scales of requirement as per estimates. These production programmes (duly concurred by Finance)are accepted for all planning purposes. Special instructions issued by OFB in consultation with Finance regarding provisioning period of particular stores may be considered in exceptional cases.

Note 2: Guidelines relating to procurement of Input materials including IFD items by Ordnance Factories against indent for specific types of stores from all indentors for the next three years (2 years + 50% option clause) requirement with PV clause for trade procurement have been issued by OFB

344. **Exception for arriving at monthly requirement of General purpose, Maintenance, Stores etc.-**
(i) In the case of certain stores where provision is to be made based on technical knowledge/usage taking into account the life of the stores required or economic batch quantity or for the minimum quantity of stores required for production or maintenance purpose.

(ii) Where consumption based on past average is not considered adequate due to high consumption of the items in the recent past or the increased consumption is due to commissioning of new plant etc., full justification is to be recorded with available data for the increased consumption. The assessed requirement is also to be reduced in cases where there is decline in production trends, residual life of plant etc.

345. The delivery dates shown in the indent should be staggered so that as far as possible the actual stock in the factory is restricted to the optimum level mentioned in para 342 above. Sr GM/GMs have complete freedom according to their judgment to maintain stock at optimum levels taking into account availability of storage space and production targets. However, the target inventory holding in terms of number of days of inventory, as issued by the respective operating divisions of OFB, are also to be taken into consideration for fixing the optimum level by the Sr. GM/GM.

346. **Emergent Provisioning:** There are certain items where stock should not be allowed to go below the critical level viz.

(i) Imported Items	9 Months requirement for non-stock-pile Items. 12 Months requirement for stock pile items.
(ii)Difficult Indigenous Items	6 Months requirement (inclusive of stockpile where authorized)
(iii) Ordinary Indigenous Items	3 Months requirement

347. In case where suppliers do not agree for staggered deliveries, Sr GM/GMs may at their discretion, supported by recorded reasons, take procurement action for lesser quantities than those envisaged in Para 342 above.

Material Planning Sheet

348. Material Planning Sheets are to be prepared by **the Factory.** A Material Planning Sheet will depict the following and is to be checked by the Local Accounts Office:

(i) Item description

(ii) Item code - All items are identified by unique code number.

(iii) Target for production – if the target programme is for more than one financial year, then the Material Planning Sheet should depict the year-wise target

(iv) Material estimate for the particular item and/or the quantity required per unit of end store.

(v) Stock quantity as on the first April of the current Year.

(vi)Dues in – Both from the private parties and the other factories

(vii)Work in Progress

(viii) Material already received in the current financial year till the date of generation of the Material Planning Sheet.

Authy: OFB Fin Div(Main) letter No.109/ FM-II dt. 07/02/2007.

Store Holders Inability Sheets

349. This is a document on which the Store Holder represents his inability to supply a store, when the stock has gone below a predetermined fixed limit, so that arrangements may be made for replenishment. It shows stock in hand, dues, **Work in progress,** average consumption, liabilities as on date and requirements to meet liabilities. SHIS for cases valuing less than ₹1,00,000 may not be vetted by LAO.

350. A Register will be maintained in the Local Accounts Office showing:

(i) The date of receipt

(ii) Store Holder's Inability sheet Number and date

(iii) Item code, Item quantity Qty. purposed & Qty. vetted

(iv) Estimated value, concurrence No(__) & date,

(v) Supply order no., rate & date of the last purchase of the same item are to be entered in the register.

The register is requred to be submitted to the LAO I/C in the first week of the month. SHIS will be checked by LAO as indicted below :

(i) The quantity of stock existing in the factory as noted on the date of inability sheet is correct.

(ii) The quantity authorized in a standard Material estmate per unit of production of end stores has been considered to work out the gross requirement as per notified target of production.

(ii) The Average Monthly Consumption in respect of Indirect/Maintenance Materials as noted in the Inability Sheet is correct.

(iii) The figures for 'dues', liabilities as noted in the Inability Sheet are correct.

(iv) The figures for 'WIP' as noted in the Inability Sheet are correct.

(v) Concurrence/vetting by the financial representatives and date of concurrence/vetting are to be prominently shown

351. ''Dues-in'' represented by Supply Order, Acceptance of Tenders, & I.F.D. are noted in the ledger by Factory Staff. Progress of supplies is also noted. SHIS already vetted by Local Accounts Office against which Tender enquiry is awaited and subsequently another SHIS, if any, has been received due to enhancement of production target is also to be considered.

(Note - Read with para 350)

Placing of Demand

352. Sr. GM/General Managers have been vested with full powers in regard to placing of demands on Central Purchasing Authorities. Demand Sheets together with relevant documents are received by Local Accounts Office for pre-audit, the estimated cost as noted in the Demand / Indent will be checked to ensure that the total value of demands is assessed as correctly as possible. The Local Accounts Office will return the demands / indents duly audited/observed as quickly as possible. In respect of specified items for which provisioning is done centrally by the OFB HQrs and imported items, the post audit comments are intimated to the Sr. GM/GM under advice to Operating Division and Finance Division of OFB within 10 days in the case of ordinary demands and 7 days in the case of urgent demands.

353. In cases, where considered expedient by the Sr.AO / AO a copy of the audit report may be forwarded to the Principal Controller of Accounts (Fys) for advance information and necessary action bringing out the special and unusual features of the provision proposed warranting special attention and action.
Note :- Supply Orders against Rate / Running Contracts upto ₹ one lakh are post audited by the AO.

Control of Demand

354. All demands should be scrutinized periodically at least once in a month to check these with reference to their expiry dates of supply and change in requirement, if any, so that where necessary prompt steps may be taken by the GM of the factory for initiating action in communication with OFB either for expediting supplies or for cancellation of demands. For this purpose two registers should be maintained separately – one for Central Purchase and the other for Foreign Purchase for watching the progress of the respective demands.

355. Blank

356. In the case of Inter Factory Demands, the supplying factory should furnish to the indenting factory a list of IFD outstanding for more than one year. The indenting factory can review the stock of components held and the manufacturing programme as modified and will confirm to the supplying Factory that the materials are still required.

Local Purchases

357. Financial powers of the Sr. General Managers / General Managers will be as per the Delegation of Financial Powers as amended from time to time by OFB.
The Work Managers and Officers above the rank of Works Managers have also been delegated powers for local purchase of stores upto specified limit. The objective of delegating such vast powers is to ensure availability of right materials at the right time for maintaining continuity of production and achieving production targets with least hindrance.

358. These powers are to be exercised in consultation with the Local Finance as per laid down TPC structure. The expenditure should be restricted within allotted budget grant. The purchase should conform to the stipulations laid down in Financial Regulations, OFB Procurement Manual and Orders issued from time to time, viz.-
(i) Every Public Officer should exercise the same vigilance in respect of expenditure from public money as a person of ordinary prudence should exercise in respect of expenditure of his own money.
(ii) The Expenditure should not be *Prima facie* more than the occasion demands.
(iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
(iv) The purchase is authorized.
(v) Quantity ordered is in conformity with the quantity of net requirement for the provisioning period as shown

in Material Planning sheet / SHIS. In other cases it should conform to the requirement taking into account the realistic production target for the provision period or average consumption for general purpose stores, stock and dues in.
(vi) Utmost publicity to be given for generating adequate competition in procurement actions.
(vii) Adequate competition has to be ensured. All established/ registered suppliers including the last supplier are to be covered by the tender enquiry. In case of inadequate competition the option of re-tendering, consistent with the required delivery schedule may also be examined.
(viii) The rates accepted are reasonable.
(ix) Terms of delivery and date of delivery have been specified and are related to rate of consumption.
(x) In case of articles of proprietary nature, necessary certificate has been rendered.
(xi) Tenderer is on the approved list of contractors of the Factory or the Central Purchase Organization and has not been black listed and the financial credibility and technical capability of the tenderer has been ascertained by the Factory.
(xii) Preference as to price or selection of tenderer, is covered by existing orders.
(xiii) Sanction for advance payments, if desired by the supplier, has been accorded by the competent authority as per prescribed policy.
(xiv) Grounds of emergency where necessary have been clearly explained and action to reduce dues-in against earlier orders, when feasible has been taken.

NOTE: Notwithstanding above, the procedures followed in respect of procurements by the Factory and financial concurrence thereof should adhere to the guidelines issued by Central Vigilance Commission and similar advisory/regulatory bodies from time to time.

359. The systems of tendering adopted are:-

(i) Open tender by advertisement,
(ii) Limited tender.
(iii) Single tender
(iv) Single Known Source (SKS)/Proprietary Article Certificate (PAC)

360. All purchases of ₹ One lakh and above are required to be made by issuing tenders as per the provisions of GFR, 2005. In respect of all purchase of stores for more than Rupees Ten lakhs in each case a Tender Purchase Committee (TPC) of appropriate level will scrutinize tenders received and decide about the purchase. Please refer to Delegation of Financial Powers of OFB /GM as amended from time to time.
Procurement of stores valuing up to ₹ Ten lakhs would not be required to be processed by TPC. These cases would be processed by the Officer in charge of PV Section, and the same would be submitted for pre audit to LAO before release of purchase order on file.

361. The association of the Finance Representative is to bring in financial expertise in the decision making process. The Tender Purchase Committee has to ensure adherence to various rules/ orders on the subject. The decision of the committee has to be in record and made available to the Local Accounts Office. The supply order will be post audited with respect to SHIS, CST, tenders/quotations, Technical Evaluation Committees minutes and the decision arrived at by the appropriate level of Tender Purchase Committee and the Sanction by Competent Financial Authority. The procedure and action by the Financial Representatives in respective committees as well as by the LAO during scrutiny of the cases have been laid down in a separate chapter (VII) in this manual (Para 522 to Para 525) The procedures for procurement in Ordnance Factories have been laid down in the Ordnance Factory Board Procurement Manual.

362. Financial Scrutiny would clearly bring out financial implications and repercussions of exercise of any power and would project alternatives available to aid decision to the best course from financial point of view.

363. Contracts are ordinarily required to be made on the authorized tender form. Comparative Statement of Tenders indicates the names of tenderers, their respective quotation and the recommendation of the authority delegated with powers of placing the order. The last paid rate will invariably be quoted on all CSTs. In cases where a store is being purchased for the first time, a suitable remark explaining why this information cannot be indicated will be made out on the CST.

364. For procurement of stores or components beyond the financial powers of TPC level I constituted at factory level, the case for procurement will be forwarded to the Ordnance Factory Board along with the recommendation of TPC level I at the factory level.

365. No Tender Purchase Committee is necessary for the following :-
(i) For purchase of canalized items, where both the price and source of supply are determined by Govt. and Semi Govt. Agencies.
(ii) For purchase of stores, Sub-Assemblies, Components etc. from collaborators under collaboration Agencies.

366. Supply Orders for the amount more than ₹ 10 Lakh are received in the Accounts Office for Pre/Post Audit. Supply Orders upto ₹ 10 Lakhs i.e. non TPC cases will be received in Accounts Office for pre-audit and the same will be audited in full i.e. 100% .

367. Both the copies of supply Orders are to be endorsed by Assistant Accounts Officer with the words “Post Audited”. One copy of each Supply Order is retained and the other copy is returned to the Factory. The entries in the Supply Order Register are to be made for all supply Orders including those returned with observations. Suitable note is to be kept in the Supply Order Register to watch the return of the Supply Order “Returned with Observation”. Since the commitment is noted in such cases the progressive expenditure of commitment will agree with the figures furnished by the factory.

Excess/Short Supply

368. Excess/Short supplies are accepted provided that (i) the value of excess/short supplies does not exceed 5 percent of the original value and (ii) the total value of the supplies made does not exceed the financial powers of the Officer originally sanctioning the contract, and there is tolerance clause to the effect in Tender Enquiry and Supply Order. If any excess supply is made to avoid cutting bars or rods or due to any other valid reasons e.g. to suit trade unit for complete barrel, packet, pieces, lot sizes etc. the following procedure should be observed in regard to the payment of suppliers' bills :-

For orders placed by the General Manager when the total value of supply (inclusive of the excess) is within his financial powers, a covering sanction of the GM will be required before payment of the bills. When the value of total supply exceeds GM's financial powers, bills may be passed as interim payments for excess value. Objections can be waived by C of F & A (Fys) and the AO in terms of Rule 177 FR Part-I (Vol. I). In all other cases where sanction of the OFB is required, an interim payment may be made with the prior approval of C of F & A (Fys). A similar procedure will be observed in respect of orders placed by OFB.

Important Points.

368. (a) The general directive regarding purchase of components for which capacity has already been created in Ordnance Factories for production is that clearance should be obtained from the Ordnance Factory Board. To meet immediate requirements when the item is used by more than one factory, the factory initiating the purchase against their own requirements should inform sister Ordnance Factory / Factories using stores regarding price at which order has been placed. Last purchase price paid by factory or sister factory for the item will be taken into consideration before placement of new orders. When orders are placed by GMs to meet emergent requirements for which OFB has placed orders, care will be taken to ensure that the orders are not placed with defaulting firm.

(b) General Managers may enter into contracts for fabricating / processing of raw materials / stores including purchase of machined components and semi-fabricated items such as forgings, castings, etc. as per the production requirement; and also in case of IFD supplies, if the sister IFD factory is unable to deliver the required quantity in time.

369. Blank.

Contracts given to other than the lowest tenderer

370. These are scrutinized regularly by AO and a register showing statistics in regard to tenders other than the lowest accepted by Administrative authorities is maintained. This will also be reported to CF&A (Fys)/PCA (Fys) through periodic TPC/PNC report.

Local purchase against Inter-Factory Demands

371. Factories situated far away from big trade centers like Kolkata, Mumbai experience considerable difficulty in procurement of materials which are urgently required at times to avoid delay in production. To meet such emergencies, a factory encountering such difficulties may be allowed to ask another factory located near big trade centers to make local purchase on its behalf. Such local purchase will be made by the latter factory on the authority of inter-factory demands placed by the former factory duly concurred in by the Local Accounts Office of the indenting factory. The supply Order to be issued by the purchasing factory will be checked by the Local Accounts Office with reference to the inter-factory demands. Since such occasions will be rare, no transfer of funds will be made between factories. It should be ensured that the method of purchase is resorted to only in exceptional cases.

372. Blank.

373. Blank.

Provisional Payment

374. Sr. GM/General Manager / DDGOF, OFB Hqrs. are competent to authorize provisional payments in consultation with Accounts Officer concerned, C of F&A / Jt. C of F & A/Dy. C of F & A/ Asstt. C of F & A (Fys) respectively.

375. Payments made in exceptional circumstances in anticipation of the receipt of the sanction of appropriate authority or of additional funds to cover the expenditure are known as "Provisional Payments".

376. Cases may arise where sanction of appropriate authority exist and funds are available yet final payments cannot be made to the parties concerned on account of lack of documentation or for lack of time for verification of the particulars or for the completion of audit requirements, in these cases Provisional Payments may be authorized by SrGM/GM with concurrence of respective C of F & A.

377. Provisional Payments will not be made without appropriate sanction from the Competent Financial Authority. In the case of lack of funds, it should be ensured that funds should be forthcoming from Ordnance Factory Board. When third parties are involved e.g. contractors and there is a definite legal liability to pay, payment should not be withheld but each case should be decided on its merits and on the strength of the legal aspects of the claims, legal advisers may be consulted in doubtful cases.

378. In rare cases where the General Manager does not agree with the views of the Local Accounts Office, he may authorize provisional payments on his own responsibility and report such cases to the Member concerned with copy to Member (Finance) with proper justification and recorded views of the associated finance. Responsibility for watching clearance of provisional payment cases vests with the General Manager. Progress will be watched by the Chief Internal Auditor (Fys).

379. In the cases of HQrs level, disagreement between Competent Financial Authority and Finance Member will be referred to the Member concerned for finalization of the case in consultation with the Member (Finance).

Note: The detailed procedure for making provisional payments in the accounting system of the Ordnance Factories is given in the Annexure to Department of Defence Production letter No. C 4(4)/Admin/62/OFB Dated the 28th June 1988.

Cases where prior financial concurrence is necessary/not necessary

380. In regard to requirement of prior financial concurrence for orders placed by the Ordnance Factory Board/General Managers, please refer Delegation of Financial Powers of OFB /GM as amended from time to time.

Advance Payment

381. For purchase within their financial powers, advance payment may be authorised by the GMs as per the Delegation of Financial Power as amended from time to time.

Note :- The claim for 100% spot payment would be preferred by the Sr GM/GM on behalf of the contractor duly supported by proforma invoice and cheque in payment thereof would be handed over to the General Manager. The cheque will be handed over to the contractor after delivery of the stores duly accepted by the Competent Inspection Authority

Note :- All Spot payment cases should be regularized within 3 months from the date of payment else further spot payments to the firm may not be made.

382. Blank.

Payment of Local Purchase Bills : procedure in Material Section of Local Accounts Office dealing with payment of bills

383. (i) Bill is checked with relevant Supply Order in respect of quantity, rate and terms of delivery . It will be seen that the enfacement of "Pre Audited", "Post Audited" or "Not Selected for Post Audit" as the case may be under the dated Signature of the Asstt. Accounts Officer has been made on the Supply Order.

(ii) Bills are in the prescribed form i.e. Contractors' Bill (IAFA – 68 revised) and in original .

(iii) Bills have been duly receipted and signed in full by the suppliers and that vernacular signatures are translated.

(iv) Detailed calculations working upto the total amount, and the total amount are shown both in words as well as in figures.

(v) There are no erasures and alternations and that any alternation in the total amount are attested by the Counter Signing Officer concerned as many times as they are made.

(vi) These bills are signed in ink, no bill or voucher signed with a rubber stamp will be accepted.

(vii) That Revenue Stamp is affixed to bills for sums in excess of ₹ 5000/.

(viii) That the signature of the Officer certifying the bill tally with the Specimen Signature held in the Local Accounts Office to ensure that the signature on the bill is genuine. For this purpose, suitable Register containing the Specimen Signatures of the Officers authorised to certify such claims should be maintained.

(ix) Funds in the relevant head are available.

(x) Prescribed Certificate on payment of "Sales Tax" and other Govt. duties have been rendered and enclosed.

(xi) Receipt of Stores has been certified by Asstt. Accounts Officer, Material Section.

(xii) In the case of advance payment, prescribed documents viz. Inspection Note and No. and Date of Rly. Receipt/Postal Receipt No. has been furnished.

The bill is passed for payment when the above requirements are complied with and appropriate endorsement on the bill is made.

Procedure for Passing of Bills

384. (i) Endorsement of "paid and cancelled" is made on the bill and relevant Supply Order. The amount passed for payment and no. and date of Receipt Vouchers are entered on the reverse of the Supply Order. The bill is also stamped "Paid and Cancelled". In cases where part supply is made only, entry to be made on the reverse of the Supply Order with suitable indication against items for which payment has been made. The Contractors' copy of the Supply Order will be received only with the final bill for supply against the order.

(ii) The amount passed for payment will be noted in Supply Order Register maintained as per Sl.No. 10 of Appx. "A" against the relevant Supply Order. Under computerised system the payment will be updated in supply order master file of inventory package.

The amount passed for payment will be noted in Supply Order Register maintained as follows:

Sl No	SO No. & Date	Nomenclature of Store	Amt	Bill No & Dt	DV No & Dt	RV No & Dt	Value	Difference, if any	Adjustment Vr No & Dt
1	2	3	4	5	6	7	8	9	10

Authority : Serial No. 10 of Annexure A of Office Manual Part VI Vol. I 193 edn.

(iii) The details of the bill will be entered in the Register of Payments to local purchase contractors.

(iv) Endorsement for passing the bill is made on the reverse of the bill under the dated initial of the Auditor passing the bill showing :-

(a) The amount passed for payment.
(b) Treasury on which cheque is to be issued.
(c) Name of Contractor.
(d) Amount in figures and words.
(e) Reference to page number in Register of payments.

The Asstt. Accounts Officer initials the bill after checking.

(v) Enfacement to the effect "Paid and Cancelled" vide D.V.No. and date should be endorsed on bills and connected documents under the dated initials of the Asstt. Accounts Officer.

(vi) In cases in which more than one bill is disposed of on the same day in respect of one and the same contractor the consolidation of the amounts passed for payment will be done on any one bill quoting reference to other bills and one cheque will be issued. Each bill will be endorsed "Audited and Passed" paid by inclusion in Bill No..... for ₹..... Use of IAF(CDA-13) should be avoided as far as possible.

(vii) The authority for passing bills will be as follows:

Sl No	Amount of Bill	Financial power for passing of Bills.
1	Upto ₹ 50,000 (Fifty Thousands)	Assistant Accounts Officer of the Bill Section Concerned
2	Upto ₹ 25,00,000 (Twenty Five Lakhs)	Sr Accounts Officer/ Accounts Officer of the Bill Section
3	Above ₹ 25,00,000 (Twenty Five Lakhs)	Officer In-Charge of Br AO

Authority : Defence Account Code and powers delegated by CGDA time to time.

(vii) Punching Medium in duplicate will be prepared duly signed by the AAO where the amount is upto ₹ 5,00,000, by the Accounts Officer when the amount is upto ₹ 25,00,000, and by the Group Officer upto ₹ 1,00,00,000. For amount exceeding ₹ 1,00,00,000 punching medium is also to be signed by the concerned Group Controller.

(viii) Punching Medium induplicate will be prepared duly signed by following officers:

Sl No	Amount of Bill	Punching Medium will be signed by
1	Upto ₹ 5,00,000 (Five Lakhs)	Assistant Accounts Officer of the Bill Section Concerned
2	Upto ₹ 25,00,000 (Twenty Five Lakhs)	Sr Accounts Officer/ Accounts Officer of the Bill Section
3	Above ₹ 25,00,000 (Twenty Five Lakhs)	Officer In-Charge of Br AO
4	Above ₹ 1,00,00,000 (One Crore)	Group Controller
Note: For Transfer Entry i.e. for rectification of erroneous Classification in PM AAO has no authority, for TE upto ₹ 25,00,000 (Twenty Five Lakhs) – SrAO/AO, for TE upto ₹ 1,00,00,000 (One Crore) – Br AO I/c, for TE above ₹ 1,00,00,000 (One Crore) – Grp CF&A		

Authority : Para 58 of Defence Account Code.

(ix) Cheque forwarding memo (Cheque Slips) with copy to the GM is made out under the signature of the SAO/AO of the Material Section. It will be the responsibility of the D section or the G section as the case may be, of the BrAO to ensure that the Cheque slip is dispatched simultaneously with the advice for NEFT or the cheque. It may be noted that issue of physical cheque to the vendors should be reduced to bare minimum and all payments are to be made through e-payment mode.

Submission of Bills to the Accounts Officer

385. The bills with all the relevant documents and registers referred to above will be submitted to the Local Accounts Office. After necessary scrutiny, AO will sign the bills for payment, Supply Order Register, endorsement on the reverse of the Supply Order on record in Accounts Office, Register of Payments to contractors (Income Tax Register), Punching Medium for amount over ₹ 5,00,000 and cheque forwarding memos will be initiated by him. All corrections will be attested by him.

386. Passed bills are entered in Daily payment sheets and sent along with bill to Disbursement Section for issue of Cheques. The no. and date of the Disbursement Vouchers is noted on the passed bill by the Section making out the Daily Payment sheets.

Disbursement Section forwards the cheque with the 'Forwarding Memo' made out by M Section. Copy of the forwarding memo is sent to the General Manager. On return of bills from Disbursement Section the no. and date of the Disbursement Voucher should be noted in "Bill Register" and "Register of Payment to Contractor" against the relevant entry. This step is very important as the issue of cheques for bills passed for payment is ensured by this noting. In case of payments through ECS/NEFT or any other electronic mode as per the norms under CVC guidelines or Banking regulations, proper validation checks are to be carried out by the Disbursement Section and a register in this regard has to be maintained. Daily/Monthly reconciliation statements with the banks and the payments issued have to be recorded in the register and appropriate endorsements by the Accounts Officer and Group A officer of the Local Accounts Office are to be kept. Moreover, it has to be ensured that no cheque payment is resorted to the beneficiaries who have already exercised their option of taking payments through electronic mode as far as practically possible. Issue of manual cheques to the beneficiaries who have already exercised mandate for electronic fund transfer has to be supported by proper authorization from Group A officer in the Local Accounts Office (in case of offices with SAO/AO in charge the same has to be authorized by him). The register of manual cheques has to be maintained and periodically reconciled with the register of e-payments.

387. Register of Payments to contractors (Income Tax Register) should be reviewed quarterly by the Accounts Officer for ensuring compliance with the above instruction. Double payments to contractors must be avoided by referring to the entries in this Register.

Income Tax Deductions and Uploading

388. The Income Tax deductions from the contractors bills are consolidated monthly in the Form 24 G. Form 24 G is a single monthly statement where the Accounts Office will consolidate the payment details for each DDO (Drawing and Disbursing Officer) for each type of deduction (TDS Salary/TDS Non Salary).

The Consolidated Form 24G is uploaded to Income Tax department and BIN (Book Identification Number) is generated. The BIN generated will be intimated to the Factory Management. In turn, the DDO (Factory Management/Allied Establishements) prepares a consolidated statement in Form 26Q for TDS Non Salary deductions contractor wise and 24Q for TDS Salary deductions individual wise. Both the forms are uploaded by the DDO s quarterly duly indicating the BIN. Uploading takes place only when the amounts and BIN are tallied. This information is reflected contractor/individual wise against his PAN number in the Income Tax website.

INCOME TAX

388A. The provision of Income Tax Act as detailed in Chapter-XVII B entrusted the following responsibilities on DDOs :

1. Deduct Tax at sources at the time of payment;
2. Deposit Tax so deducted in Government Account through book entry;
3. Issue TDS Certificates to the deductees;
4. File quarterly statements within specified times.

388B. The applicability of TDS on suppliers bills has been clarified by the CBDT. Though it is clear that TDS is not applicable on contracts of sale of goods, but the same is applicable in the following cases :

a) Works Contracts;
b) Service Contracts;
c) Maintenance Contracts;
d) Transport Contracts and
e) Material Contracts involving labour element
f) Consultancy Contracts.

388C In the case of an office of the Government, where tax has been paid to the credit of the Central Government without the production of a challan, the tax so deducted and who is responsible for crediting such sum to the credit of the Central Government, shall —

(a) submit a statement in Form No. 24G within ten days from the end of the month to the agency authorized by the Director General of Income-tax (Systems) in respect of tax deducted by the deductors and reported to him for that month; and intimate the number (hereinafter referred to as the Book Identification Number or BIN) generated by the agency to each of the deductors in respect of whom the sum deducted has been credited. BIN consist of receipt number (seven digit unique number generated on successful acceptance for Form-24 G) of Form No. 24G, DDO sequence number and date on which tax is deposited & Transfer Voucher Date i.e. the last date of month for which Form 24 G Statement is filed.

b) Statement of deduction of tax under sections 193 to 196D i.e. Form No. 26Q in respect of third party deductees.

c) Issue TDS Certificate in Form-16A to third party deductees under Section 203 of the Income Tax Act, 1961.

Sales Tax

388D. Branch Account Offices are responsible for calculation, deduction, compilation vis-à-vis filing of Form-24 G, Form-26 Q and issue of Form-16 A. It is further enjoined upon that Br. A.O. in Charge to nominate one suitable S.A.O. / A.O. by name and also an alternate link officer who will be responsible for filing Form 24G & 26 Q to the nearest agent authorized by the Director General of Income Tax (Systems) as well as issue of Form-16A to all concerned.

388E. From **1st July 2010**, Rate of deduction is @ 2% on all contract payments including subcontract and advertisement contract payments. The tax is required to be deducted if a single payment exceeds Rs. 30000/- or if the aggregate payments exceed ₹ 75000/- per annum. The Accounts Officer (AO) will sign the statement statistic report. In case the AO (PAO) is also a DDO, whose details are being given in the statement, statistic report is to be counter signed by the person who is his immediate superior i.e. Br AO I/c. The statement should be furnished electronically. Form-26 Q is required to be submitted quarterly and it should contain following information :

Tax Deduction Number (TAN), Permanent Account Number (PAN) of all deductees; Particulars of the Tax Paid to the Central Government; Book Identification Number (BIN) – this is generated on submission of Form-24G.

Form-24G is required to be submitted monthly (within ten days from the end of the month), Form-26 Q is required to be submitted Quarterly :

Sl No.	Date of ending of the quarter of the financial year	Due Date
1	30th June	15th July
2	30th September	15th October
3	31st March	15th May of the Financial Year immediately following the Financial Year in which deduction is made.

Further, BAO is required to issue a certificate of tax deduction at source u/s 203 to the person from those income the TDS has been done, in the prescribed proforma i.e. Form No.16A within prescribed time. As per proviso to section 206(2) , w.e.f. 1.4.2005,BAO is responsible for deducting tax, and is mandatorily required to deliver such returns on the computer readable media, after the end of each Financial Year and within the prescribed time. The responsibility of e-TDS i.e. monthly filing of Form-24G, Quarterly filing of Form-26Q, Annual submission of return and issue of For-16-A in respect of deduction made for contractor's bills rests with Br. Accounts Offices.

388F Levy of sales Tax on Stores purchased by Ordnance and Ordnance Equipment Factories will be regulated in accordance with Govt. Orders on the subject. Sales tax on stores purchased will be levied as per Govt orders on the subject. However, if due to increase of Excise Duty/Sales Tax/Service Tax etc., the total value of the contract exceeds but contract does not provide such provision, approval of competent TPC / CFA has to be obtained. No increase of statutory duty during extension period with LD can be given. No enhancement in rates/prices should be made unless the contract specifically provides for it. Such situations may arise in those cases where the contract provides for price variation clauses or the change is due to variation in Excise/Custom Duties/other Government taxes & levies and the contract provides for payment of these duties on the basis of actual rates, provided the supplies are made during the original delivery period. Consultation with Integrated Finance in such cases would be required if the original contract was concluded with the concurrence of Integrated Finance or, after increase in value, the contract falls within the delegated powers of the CFA, exercisable with the concurrence of Integrated Finance.

Special Instruction for Payment of Bills

389. (a) All local purchase bills should be disposed of within seven working days of receipt in Local Accounts Office.

(b) In cases of bills for Supply of Electricity, Telephone Charges, Water Charges, Other Statutory Dues, etc. where there is a provision for rebate for payment by stipulated date, care should be taken to accord priority, so that the payment reaches the party by due date. Loss of rebate due to delay by Factories / Local Accounts Office has to be regularized as Cash Loss.

(c) Bills will be taken for payment according to the date of receipt in Local Accounts Office. The date of receipt of resubmitted bills i.e. the bills returned earlier by the Local Accounts Office on specific objections / observations will be counted from the date of receipt of the resubmitted bill at Local Accounts Office but not the date when the original bill was submitted. When General Manager personally makes a request in writing for payment of a bill by a specified date, payment should be made by that date. If for unavoidable circumstances, the Sr. GM/GM's request cannot be complied with, the fact should be explained to him well in advance, if possible by personal discussion.

(d) All points of objections / observations should be raised in the first instance and piece meal objections / observations must be avoided. If the reply to the objections /observations gives rise to a further query, the

same should as far as possible be settled by personal discussion / contact. If in any case a bill is required to be returned twice over or when a request made by a GM cannot be acted upon, the same should be put up to the Group Officer (or in his absence to the Senior Accounts Officer) for his consideration and orders.

(e) In regard to bills for Spot Payment, cheque would be issued only against bills preferred by the Sr. GM/GM on behalf of the contractor duly supported by the proforma invoice. The relevant Supply Order should invariably be audited before the bill prepared for the proposed Spot Payment is admitted and Cheque/payment is handed over to the G.M 's representative. As and when the cheque is issued, it will be entered in the "Register of Payments to Contractors" in the usual manner. These advance payments are noted in the Demand Register. Factory Authorities will forward covering bills from the contractor duly receipted for the amount of cheque and indicating other usual particulars e.g. reference to the Supply Order, description of stores, unit of quantity, total quantity of stores delivered, rate and total cost duly certifying the receipt of the stores in good condition. In cases, where Receipt Vouchers do not accompany such receipted bills, it should be ensured that they are received within a reasonable time. Cases of unusual delay should be brought to the notice of the Factory Management at the appropriate level and discussed in the Liaison Meeting.

(f) In the case of part supplies a certificate to the effect "Supply Not Completed" will be endorsed on the bill and Contractor's Copy of Supply Order will be forwarded with the Last Bill. In cases where a contractor loses the original Supply Order, a certificate on the following line should be obtained from the contractor before payment is made: "It is certified that payment has not been obtained by me previously and I shall not again prefer a claim if the lost copy of the Supply order is found ".

Loss of Cheques

390. In cases where Cheques are reported as lost, intimation should be sent to the banker under "Registered Post / Ack. Due" to stop payment of the cheque by the Local Accounts Office. On receipt of intimation from the Bank, Accounts Section of Main Office should be addressed for confirming that the paid cheque has not been received by them. After completing this cycle and obtaining of Non-Payment certificate, fresh cheque will be issued to the contractor, on receipt of Indemnity Bond duly scrutinized by the factory authorities. Indemnity Bond is not necessary in the case of cheque issued in favour of Govt. Departments / Bank. The payee should furnish a certificate stating that he has not received the cheque alleged to have been lost and that it will be returned to the drawer if found.

Purchase of Coal and Coke

391. (a) Demands for certain items e.g. steel, timber, leather, coal and coke are submitted when requirements are specially called for by the OFB from time to time. On approval of the demand for coal and coke, which are central purchase items, a Supply Order will be placed by the GM on the Deputy Coal Commissioner (Distribution)Calcutta in the same as in the case other local purchase stores.

(b) As bills for the cost of coal and coke will be paid by the P C of A(Fys) Rly Section, one copy of the Supply Order will also be forwarded to him, Freight Charges, Wagon Charges, Labour Department Central Cess and Sales Tax where leviable, are also paid along with the cost of coal and coke. Of these, sales tax is booked to central purchase code and others to transportation head. These charges are incorporated in the demand note enclosed with colliery bills for cost of coal submitted by them to the GM of the Factory for countersignature.

(c) The Vouchers for coal and coke will be priced provisionally taking into account all the charges mentioned above and necessary adjustments made with reference to the paid bills received from the office of the Principal Controller of Accounts (Fys), Rly section. No inspection fee is to be added to the cost of coal and coke as no separate debit on this account for inspection carried out by the Organization of the Coal Commissioner is received.

392. Blank

393. Blank

Purchase of Gas and Electricity

394. Supply of gas and electricity is arranged with the companies as per terms of agreement, a copy of which is supplied to Accounts Office. When the bills are preferred by the companies the same will be checked with reference to conditions of supply, stipulated in the agreement form and payment regulated accordingly. Special care will be taken to ensure maximum advantage to State in respect of days of grace, maximum / minimum demand clause etc.

395. Bid Security

Amount of Bid Security: Amount of EMD may be three percent of the estimated value of the goods to be procured which should be mentioned in terms of absolute value subject to maximum of ₹ 50 lakhs. (as per instruction of Para 4.9.2.2 of OFB PM 2010).

The bid security may be accepted in the form of Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee from any of the Public Sector Banks or a private sector bank authorized to conduct government business, as per Form DPM-13, safeguarding the purchaser's interest in all respects.

395A. **Validity of the Bid Security:** The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period.

Refund of Bid Security of Bidders: Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest on or before the 30th day after the award of the contract. The Bid Security of the successful bidders should be returned, without any interest whatsoever, after the receipt of Performance Security from them as called for in the contract.

395B. **Exemption from Submission of Bid Security:** Bid security is not required to be obtained from those firms who are registered with the Central Purchase Organization (e.g. DGS&D), National Small Industries Corporation (NSIC) or concerned Departments or Ministries of the Government of India. Bid security need not be asked for if the value of the tender is ₹ two lakh or less.

395C. **Forfeiture of the Bid Security:** The bid security/earnest money will be liable to be forfeited if the bidder withdraws or amends, impairs or derogates from the tender in any respect within the validity period of his tender. No separate order is required for forfeiture of Bid Security which follows on default and should be credited at once to the Government Account.

Security deposit/ Performance Security Deposit (PSD)

396. Performance Security Deposit (PSD) payable to the purchaser may be furnished by the supplier in the form a Performance Bank Gurantee (PBG) issued by a public sector bank in the format prescribed in DPM 15, or any other format as stipulated in the Rule 206, FR part I Vol I. Supply Order does not become a legal instrument unless T.E condition including submission of PBG to the extent of 10% of the total Contract Value is submitted within 30 days of the receipt of Supply Order by the Contractor irrespective of the registration. The custody of the Security Deposits and responsibility of verifying the genuineness of the same from Bank rest with Factory Management. (As per OFB MM Division circular dated 27/03/2012 and dated 03/05/2012).

396A. As per Para-7.7.1 of DPM-2009 as well as OFB PM-2010, Performance Security Deposit payable to the Purchaser may be furnished by the Supplier in the form of a Performance Bank Guarantee (PBG) issued by a

Public Sector Bank in the format prescribed in DPM-15, or any other form as stipulated in the Rule 206 of FR Part I Vol I. Submission of Performance Bank Guarantee to the extent of 10% (in case of Store Procurement) and 5% (in case of P&M procurement) of the total Contract Value (or as per the terms & conditions of the supply order)is mandatory, within 30 days of the receipt of Supply Order by the contractor. PBG so submitted by the contractor should remain valid for a period of sixty days beyond the date of completion of contractual obligations, including warranty. The BG is returned to the supplier on successful completion of all his obligations under the contract. In case the execution of the contract is delayed beyond the contracted period and the purchaser grants extension of delivery period, with or without LD, the supplier must get the BG revalidated, if not already valid. The PBG is also to be submitted by the contractor in case of contracts relating to acquisition of Plant & Machinery vide Para-26 of DPP-2011. The format of the PBG is given in Form DPM-15 or any other form as stipulated in the Rule 206 of FR Part I Vol I may also be accepted as Security Deposit. Firm's request and ground of acceptance of SD in the form other than BG should be recorded in writing while according approval for the same. In such circumstances, contractors should be asked to lodge SD through Bank Draft / Cheque to be drawn in favour of PCA (Fys), Kolkata. However, indemnity bond as PSD is acceptable from Defence PSUs.

396B. The custody of the SDs and verification of the genuineness of the same from Bank rest with OF Management. Soon after receipt of Bank Guarantee or any other form of Security Deposit, Factory Management has to submit a copy of the SD along with a certificate of proof of verification of the instrument to the Branch Accounts Office. As per Para-214 of Defence Accounts Code each contract is treated separately and properly recorded in a Register of Security Deposit. LAO should maintain a Security Deposit Register contract-wise. Format for the SD register will be as follows :

Sl No	SO No & Date	Delivery Period	Name of the Contractor	Total Value of Contract	Amount of PSD	Instrument Details & Dt of PSD	Name of issuing Bank	Validity of PSD	NOC for release of SD No & Date	Remarks i.e. Renewal, forfeiture etc.
1	2	3	4	5	6	7	8	9	10	11

Note: Separate folio will be allotted for each contractor and the task holder & AAO concerned will initial each entry in the register.

The OF management should maintain similar register and review the same at their level regularly. The copies of SD instruments received from OF will be the source document. LAOs should keep regular watch on the validity of the SDs so received.

In case of refund of SD i.e. returning of Performance Bank Guarantee to the contractors, the Factory Management should obtain a No Demand Certificate from the Branch Accounts Office. LAOs after due verification all records and the SD Register, should issue such No Demand Certificate to the Management.

396C. OF Management has to encash the forfeited S.D. by depositing the same in the Bank against PCA (Fys) A/c No.4051000000 and not to G.M.'s Public Fund Account, through MRO. The Accounts Officers are authorized to receive / release / forfeit and renew security deposits lodged by Contractors / Suppliers / Lease Holders in the shape of Bank Deposit at call. Bank Fixed Deposit Receipts, Post Office Savings Bank Pass Books, Govt. Papers, Bank Guarantee etc. For deposits tendered in cash, Treasury Receipt should be forwarded to the Local Accounts Office for adjustment. Govt. will not pay any interest on any deposits held in the form of cash. LAO has to carry out necessary financial adjustment and send a copy of the PM along with MRO, received from factory, to Accounts Section, M.O. for further necessary action in this regard. The follow up action of MRO should be taken to ensure deposit of the forfeited SD to Govt. Account. In no case, deduction from the first bill against the same contract by Account Office for adjustment of Security Deposit is permissible. In cases where the material has been supplied by firm and the same has been accepted in Inspection but Security Deposit in form of Bank Guarantee has not been submitted by the contractor, specific approval of G.M. with concurrence of Branch Accounts Office In-charge for acceptance of SD through instruments other than BG is required. Such cases should not be in a routine manner rather in rarest of rare cases and contractor should be intimated that Govt

would not be liable to give any interest on the SD amount deposited. A Photostat copy of the OMRO should be retained by Accounts Office as its record. In no case, such deposits will be lodged in GM's Public Fund Account.

396D. For deposits tendered in cash, Treasury Receipt should be forwarded to the Local Accounts Office for adjustment. Govt. will not pay any interest on any deposits held in the form of cash.

396E. All Security Deposits on receipt will be recorded in the Security Deposits Register which will be maintained in two parts one (IAFA-525) for security deposits tendered in cash and the other (IAFA-285) for all other security deposits. All transactions must be noted at the time of their occurrence and a receipt of IAFA-299 granted to the depositor. Transaction on account of a Security Deposits tendered in cash and refund of these will be entered in the cash Security Deposit Register (IAFA-525) accordingly to relevant columns.

397. The Accounts Office should maintain a Security Deposit Register contract wise. The copies of SD instruments received from Factory Management will be the source document. The Accounts Office should keep regular watch on the validity of the SDs so received. The accounts Office is expected to intimate the Factory Management the cases of SDs which are likely to expire within one month for getting the same revalidated.

398. An agreement will be effected between the figures on account of Security Deposits appearing in the printed compilation received through Accounts Section of Main Office and those in the Cash Security Deposit Register (IAFA-525) of Local Accounts Office, Accounts Section of Main Office will be furnished with the necessary agreed figures from the Local Accounts Offices for the purpose of Annual Review of Balances.

399. (a) Balances, outstanding as a result of the security deposits remaining un-refunded on 31st March each year will be verified directly from the entries in the Register (IAFA-525).

(b) As soon as the balances have been proved (for the purpose of Review of Balances), a Certificate to that effect will be endorsed in the Register (IAFA-525) under the signature of the Officer-in-Charge of the Section.

Refund of Security Deposits

400. On the expiry of a contract and after fulfilling all undertakings the refund / release of a security deposit will be made to a contractor on production of a "No Demand Certificate" from the Accounts Office . Accounts Office after due verification of all records and SD register should issue such No Demand Certificate to the Management. After verification, necessary entries will be made in the Security Deposit Register and initialed by the Accounts Officer before the refund of security deposit / release of documents by the Management.

401. The period of limitation for recovery by contractors of security deposit from Govt. is 30 years, from the date of deposit as provided in Article 145 of the First Schedule of the Indian Limitation Act 1908.

402. At the close of each Financial Year all cash Security Deposits remaining unclaimed for three years exclusive of the year in which the deposit was made and all balances of Security Deposits of not more than one rupee in amount will be transferred to the credit of the Govt. Suitable note will be kept in the Security Deposit Register. In the case of Cash Deposits, the GM will be informed, so that suitable entries may be made in the register maintained by him. Sums credited as above will not be refunded without the sanction of the Officer-in-Charge, Accounts Office, who will authorise payment after ascertaining that the amount was really received and was carried to the credit of the Government, as lapsed and that the claimant's identity and title to the money are certified by the Officer signing the application for refund.

Agencies making payment for purchase of stores and the inclusion of the payments in the cash compilation statement Agencies making payment for purchase of stores

403. (a) Procedure for payment of bills relating to local purchase contract is outlined at Para 383 above.

b) (i) **Purchases from DGS&D**

General Managers of Ordnance, Ordnance Equipment & Clothing Factories have full power to place order when the item is available on DGS&D Rate Contract. Financial concurrence is required. However, non availability certificate from Depots / DGOS is not necessary. Sr GM/GM places indents on DGS&D, who in turn advices the firms on whom RC has been concluded to supply the material to the indenting factory. After supply is materialized Regional Pay Accounts Officer of DGS&D at New Delhi, Kolkata, Mumbai and Chennai releases payment to the firm based on Inspection Report issued by the consignee factory. After payments, the amounts are debited direct against the 'Proforma Balance of the Defence' through the Central Accounts Section of the Reserve Bank of India, Nagpur. At the end of each week the respective Pay Accounts Officer will send an advice to the DAD cells stationed at New Delhi (attached with PCDA New Delhi), Mumbai (attached with PCDA Navy), Chennai (attached with CDA Chennai) & Kolkata (attached with CDA Patna). PAO/DGS&D after releasing payment raises debit along with supporting Paid DVs on weekly / monthly basis for Defence transactions to concerned DAD Cells. DAD Cells releases suspense head and books the amount to the concerned service code head of the factories prefixing "07", as mentioned in Supply Order. After booking to the service code, DAD Cells prepares PCDA / CDA-wise top list showing details of the Paid DVs, received from PAO/DGS&D. Simultaneously DAD Cells send Paid DV directly to the Br. Accounts Offices (Fys). The supporting bill from the PAO/DGS&D, inter-alia, invariably contain the following information:

(I) Reference to the consignees' connected supply order.
(II) Head of Accounts, sub-heads, grants etc. to which the expenditure is debitable.
(III) Accounts Office in whose books the debits are adjustable.
[Particulars at (I) and (II) will be furnished on the basis of the information given in the Supply Order by the consignee].

On receipt of the advice along with bills and vouchers from the Regional Pay & Accounts Officers, Accounts Section of Main Office debits the amount to "Reserve Bank Suspense". Store Section (Section-08) of Main Office of Pr. Controller of Accounts (Fys) Kolkata on receipt of the top list from DAD Cells allocates the amount to the unit code head of the concerned factory with service head as mentioned in the top list of DAD Cell for appearance of the amount in CCO-2 for the concerned month. After allocation, details of the Paid DVs extracted from top lists are scheduled to the concerned Br. Accounts Offices.

(ii) On receipt of the advice along with bills and vouchers from the Regional Pay & Accounts Officers, Accounts Section of Main Office debits the amount to "Reserve Bank Suspense".

(iii) In case any rectification of code head is required that should be done by Br. A.O. through T.E. and a copy of the T.E. rectifying code head should be forwarded to Store Section & EDP Section of PCA (Fys). In case it is found that the relevant Supply Order is not pertaining to the Factory or other units under its jurisdiction, such cases should be referred to PCA (Fys) alongwith copies of the documents including Paid DVs received from DAD Cell for withdrawal of booking and allocation to the unit code head of correct consignee as per Paid DV. Br. Accounts Offices have to verify CCO-2 every month and on receipt of the details from PCA (Fys), Store Section Note the transactions in Asset Register for Central Purchase transactions. They have to acknowledge receipt of Main Office letter within a week of the receipt of the same. Further, since DAD Cells send the Paid DVs to Br. A.O.s simultaneously with sending of top list to Main Office, the Br. A.O. should acknowledge receipt / report non receipt of the Paid DVs while acknowledging M.O. letter in the following format :-

Sl No	Particulars	To be filled by BAO
1	PCA (Fys) Store Section Letter No. & Date in which intimation of Allocation received	
2	PCA (Fys) Allocation No. & Month	
3	Station of DAD Cell	
4	DAD Cell letter No. & Date in which Paid DV received / Shown in M.O. letter (to report non receipt of DV)	
5	Week /Month Ending (shown in forwarding letter of DAD Cell	
6	T.E. No. & Month (as shown in DAD Cell's letter)	
7	Code Head as per Paid DV	
8	DV No. & Date (received / reported as non receipt)	
9	Amount of DV	
10	Supply Order No. & Date	
11	Percentage of Payment made as per Paid DV	
12	Receipt Voucher No. & Date	
13	In case of non receipt of Paid DV, action taken by Br. A.O.	

In Case the amount shown as allocated in PCA (Fys) letter, but the Paid DVs against such allocation made has not been received such non receipt of Paid DVs should be taken up with concerned DAD Cell (citing details available in M.O. letter) with a copy to PCA (Fys). If any Paid DV erroneously sent to Br. A.O. by DAD Cell but not pertaining to the factory or other units under its jurisdiction such cases should be re-directed to the Accounts Office of the consignee shown in the DV instead of returning the same to DAD Cell. A copy of the letter, in which Such Paid DVs have been re-directed to the correct A.O., should also be sent to DAD Cell concerned and Store Section, M.O. for re-allocation to the correct unit code head of the consignee. If such Paid DVs, received by Br. A.O.s, are not pertaining to factory organization but it is noticed that the amount of DV has been booked erroneously to the code head pertaining to factory organization such cases should be returned to DAD Cell for rectification of booking under intimation to Store Section, M.O. with clear copies of all the documents (even forwarding memo) received from DAD Cell. A periodical report on the actual expenditure and flow of vouchers will be sent as per requirement of OF Board. The objective is to ensure booking in time and that heavy booking during March and subsequent periods i.e. March (Final), March(Supplementary) are avoided to the extent possible.

(c) Purchase through the Department of Defence Supplies

The orders are placed by the Director of Defence Supplies. Payments are made against the supplies by the PCDA (HQrs.) New Delhi. The amount is compiled to the Central Purchase Code Head (Revenue / Capital) without the Unit code No. of the Factory. The amount compiled is to be reflected in the All India Compilation. Individual allocation to the factories is done by Accounts Section on receipt of detailed statement of factory-wise allocation from the PCDA(HQrs), New Delhi and the details of allocation (i.e. month's Accounts, Amount) from accounts Section . The scrutiny and further action to be taken by AOs is the same as in the case of Central Purchase Vouchers.

In the case of these payments there will be difference between the figure reflected against Central Purchase Code in the All India Compilation and the CCO-2 statement of all factories on this account for any month due to time lag in the booking of expenditure by PCDA(HQrs). New Delhi and its detailed compilation by Accounts Section.

(d) Direct contract for supply of materials concluded by GM/OFB with foreign suppliers

Based on the terms of contract and after ensuring availability of foreign exchange GM/OFB advises Local Accounts Offices / Principal Controller of Accounts (Fys) to open "Letter of Credit" through authorized banks. When the foreign bank makes payment to the supplier, reimbursement is made by the Reserve Bank of India to the State Bank of India or any other Bank authorised by Govt. for dealing with such "Letters of Credit" against documents which are required to be produced as per terms and conditions of the contract. The authorized bank sends the original documents to GM/OFB and GM/OFB advises Local Accounts Offices / Principal Controller of Accounts (Fys) of the amount paid for value of stores and other incidental charges. After noting the details in "Register for Letters of Credits". Stores Section advises "Accounts Section" about the detailed code head to which the payment is to be booked. Copy is endorsed to the concerned Accounts Offices for linking the transaction with the amount to be booked in the Cash Compilation. Accounts Section carries out the necessary adjustment and advises the concerned Local Accounts Offices suitably.

It is necessary for "Store Section" to watch for the receipt of intimation about payment from "Reserve Bank of India". To facilitate this, GM/OFB should intimate "Store Section", as and when they get the document from Reserve Bank of India. The expenditure is booked to the appropriate code head only after allocation is carried out by Accounts Section.

(e) Book Debits

In the case of supplies received from Non-Military Departments, book debits are raised based on accepted copy of voucher from consignee. In regard to stores received from Navy, Air-Force and MES, the adjusting punching medium is prepared by the Local Accounts Office on receipt of the priced copy from the LAO of the consignor indicating the code to which the credit is to be afforded. (This kind of transaction is also referred to as ISA vr or OMD transaction.

(f) Incidental to the purchase of stores are the charges on account of customs duty, sea freight and transportation charges.

(g) Custom duty is payable by the CDA in whose audit jurisdiction the port of Disembarkation is located with the exception of the bills, for stores landing at Kolkata Port. For Ordnance Factories the main Ports are Kolkata and Mumbai. For stores landing at Kolkata , Customs duty is paid by "Stores Section" of the Office of the Principal Controller of Accounts (Fys). The bills of entry prepared and countersigned by the Embarkation Commandant and duly completed by the Customs authorities is submitted to the Stores Section for issue of cheque in favour of the customs authorities concerned. The following audit checks are to be exercised :-

(I) that the duties relate to goods duly authorised for purchase.

(II) that the debt is a proper charge against work or other expenditure unit etc.

Cheques are to be made out within twenty four hours of the receipt of bill of entry and handed over to the representative of the Embarkation Commandant. Responsibility for obtaining refund in case of provisional assessment vests with the Embarkation Commandant. The Payments are booked to the relevant Head of Account and the concerned Local Accounts Office is advised about the details of the amount booked, Invoice No. and date etc. to facilitate linking of payments and allocation of the correct amount to the cost of Stores / Machinery.

Transportation charges Sea Freight etc.

404. The amounts are booked to the Transportation Head by the Rly Section of the Office of the Principal Controller of Accounts (Fys) with reference to Military Credit Notes, etc. Transportation charges on the Stores will not be directly allocated to the Cost of Stores. The said charges will be booked to the Variable Overhead Expenses of the Factory concerned. Sea Freight charges are booked by the Controller responsible for payment to the "Transportation Head".

Customs duty on Imported parcels received by post

405. Custom duty on imported parcels will be paid by the factory concerned in cash to the postal authorities from their imprest. In case the amount exceeds the amount available in imprest, the factory will obtain an advance from the Accounts Officer concerned, The Accounts Office will treat such payment as ad-interim payments and note the same in the Register and watch its clearance. A contingent Bill duly supported by the postal cover will be forwarded by the factory to the Local Accounts Office for adjusting such ad-interim payment. Contingent bill will be passed and demand cleared. In the case of items to be brought on "Stock Charge", Customs duty paid will be added to the cost of Stores

Availing and utilization of Input Tax Credit:-

406. It has been decided that Ordnance Factories should avail and utilize the facilities of Input Tax Credit (ITC) available under various Rules, viz. CENVAT Rules, VAT Rules of various States. [(i) PCA (Fys)'s circular no S/IV/046-Part/C Trade dt 09/06/05, (ii) OFB circular no 30/Policy/CT dt 25/07/05 and (iii) PCA (Fys)'s circular no A/II/102/XI dt 06/02/07 refer].

The ITC system are based on self-assessment with provisions for scrutiny, audit etc. by the Department. Factory management will be responsible for preparing the Returns and maintaining the records in connection with availment / utilization of ITC. However, it will be the responsibility of LAO to provide requisite support to the Management on as and when necessary basis. Primarily, LAO will be responsible for the following:-

a) ITC is availed on the basis of proper duty paying documents, (documents to be reckoned as 'proper duty paying documents' are defined under Rule 07 of CENVAT Credit Rules, 2002, Rule 4A of Service Tax Rules, 1994 and VAT Rules of the concerned States). While admitting bills for purchases of Stores, Capital Goods and Services from a registered 'Dealer', LAO shall always insist that the claim should be supported by valid 'Duty paying documents/Tax invoices'.
b) Availing /utilization of ITC pre-suppose the possibility of a departmental scrutiny and audit which may be ordered at a later date. Thus, it will be incumbent on the LAO to preserve the original copies of 'Tax Invoices', in the chronological order. These documents may be preserved for a period of ten (10) years. These documents will be produced by LAO, as and when required by the management.
c) During the preparation of Returns or in a connection with maintenance of records, Factory management may require the help of LAO. In all such cases, LAO will render necessary assistance.
d) Once, management informs LAO regarding utilization of ITC, same will be accounted for in terms of provisions contained in PCA (Fys)'s circular no A/II/102/XI dt 06/02/07.

Notes to para — (a)

1. Subject to amendment from time to time, CENVAT credit may be availed on the basis of documents prescribed in Rule 7 of CENVAT Credit Rules 2002 and Rule 4A of Service Tax Rules 1994.
2. In respect of VAT Credit, forms of proper duty paying documents have been prescribed under the VAT Rules of concerned State Governments.

406A. Other receipt where financial adjustments are not made:

(i) Receipts from other Ordnance/Ordnance Equipment Factories Production / Stores.

(ii) Receipts from production of own factory e.g. components etc. which are manufactured and taken on stores charge for subsequent issue for manufacture.

(iii) Receipts from the stores returned by Production Section on return notes comprising of materials not utilized, scraps etc.

(iv) Receipts from surplus found at the time of stock-taking.

(v) Receipts on account of transfers from Stock Pile.

(vi) Miscellaneous Receipts e.g. transfers from inventory.

Accounting of Receipts

407. (a) All materials handled by Receipt Branch will be entered in Material Inward Slip in form IAF(Fac) 151, recording full particulars of the stores and the results of their examination and inspection. Materials not handled by Receipt Branch, such as material received by post will be similarly entered on a M.I. Slip, on its being handed to Store Holder for custody, if it is to come to stock or deposit ledger charges, M.I. Slip will be given consecutive serial No. from 00001 to 99999. From the number it is possible to know the month of transaction. M.I. Slip will normally be prepared, numbered and dated on the same day of the receipt of stores. The No. of copies to be made out will be according to local convenience. For taking stores on regular stock or deposit stock charge the M.I. Slip itself will be allotted "S" or "D" Series Receipt Voucher. In other cases e.g. machinery, stock pile, medical, nominal etc. items, a voucher on Form IAF-2096 is prepared quoting M.I. Slip No. and allotting specific series of vouchers e.g. "M", "R", "Med", "N" etc.

(b) Surplus voucher in Form IAF (Fac) – 45 is made out for receipts from surplus found at stock taking.

(c)Transfer vouchers on IAFZ-2096 made out for transfers from Stock Pile / Capital are allotted Receipt Voucher No. in stock series.

(d) **Receipts from Factories Own Manufacture**

The Inspection Note made out is used both as an Issue Voucher and Receipt Voucher.

(e) **Miscellaneous Receipts**

These are taken on charge by a certified receipt voucher (IAFZ-2096).

408. Receipt Vouchers are allotted continuous Serial No. under "Stock Series" and forwarded to Accounts Office. Drill followed in regard to the receipt and accounting of the Receipt Vouchers is outlined as **para 407**.

Pricing of Receipt Vouchers

409A. For proper and quick pricing of Receipt Voucher, it is necessary that supply Orders, Priced copies of Inter Factory Vouchers paid bills, paid vouchers / Invoices received from various sources etc. are properly arranged and kept. When a voucher is priced with reference to paid vouchers / priced copies of vouchers received from Local Accounts Office of Consignee Factories / formation, the pricing is viewed as final. In cases where these documents are not available, it is necessary to price the receipt vouchers with reference to the rates in the relevant supply orders, acceptance of tenders, last available rate, rate in the priced vocabulary of Ordnance Stores. Such vouchers are treated as "Provisionally Priced Vouchers". The difference between the value provisionally taken and corrected value is adjusted by making an adjustment voucher. The adjustment vouchers are classified as Plus Receipt Adjustment (KOD 21) where the actual value is more than the Provisional Value, minus Receipt Adjustment Voucher (KOD 29) where the actual value is less than the provisional value. Consecutive Nos. are allotted for Adjustment Vouchers from a Register, where in the serial No. brief particular and amount are recorded. To ensure proper accounting adjustment pertaining to plus receipt adjustment are given serial No. 210001 onwards. Care should be taken to see that the adjustment voucher No. and date are quoted on to the relevant Receipt Vouchers and that all adjustment vouchers duly approved are accounted for both in the Priced Store Account and the Priced Store Ledger.

Sl No	Voucher No & Dt	Qty	Provisional Dt	Estimated value	Actual Value	Difference	Adjustment Vr No & Dt	Remarks
1	2	3	4	5	6	7	8	9

Authority : Serial No. 12 of Annexure A of Chapter VI of Office Manual Part VI Vol. I 1993 edn

(B) **Method of Pricing Receipt Vouchers**

(i) Local Purchase Stores

The Receipt Vouchers should be priced by the Accounts Office with reference to the rates quoted on the Supply Order including Sales Tax. Excise Duty, etc. but excluding Railway Freight / Transportation Charges, if any.

(ii) Central Purchase Stores

CP Vouchers will be priced with reference to paid bill, if available, Otherwise with reference to rates in the ATs, etc. Drill followed in this regard to the receipt and accounting of the Receipt Voucher is outlined at Para **403(b)**.

(C) **Receipt of Coal and Coke**

Receipt of Coal and Coke will be provisionally priced with reference to the supply order and taking into account other charges such as labour, departmental charges, central cess and sales tax, where leviable. Necessary adjustments are made on receipt of vouchers for linking purposes.

(D) **Receipts from other branches of the Defence Departments including transfers from Deposit Stock.**

The voucher will be priced at the rate in the relevant stock book or priced vocabularies concerned.

(E) **Receipts from Production of own Factory**

The receipts under this category (with the exception noted below) should be valued at the actual cost of production as shown in cost cards. In cases where complete costs are not available in time, the vouchers will be priced provisionally at estimated rates noted in the cost cards and modified to the extent necessary with reference to any changes brought to light since the estimation of aforesaid rate.

Note – Vouchers in respect of timber, leather and other items of manufacture for stock, the production cost of which cannot be ascertained till the end of the year will be priced at predetermined standard Production Rates. These rates will be fixed in consultation with the GM. The difference between the standard and "actual" production cost will be included as profit or Loss in the Annual Accounts.

(F) Receipts from other Factories

These are valued as per *OFB price List* or priced copies of *Issue vouchers*. If these are not received in time, they should be valued provisionally at the last receipt rate or on estimated basis.

(G) Receipts from the Departments other than Defence (including MES, IAF, IN and Defence Production and R/D Organization).

These are priced with reference to priced copies of Issue vouchers received. Otherwise provisional pricing has to be done based on latest rates available.

(H) Receipt by return of surplus materials or scraps from shops

These will be priced at the moving average ledger rate.

(I) Receipts from surplus found in stock taking

These will be priced at the moving average ledger rate.

(**J) Receipts on account of transfer from Stock Pile / Capital**

At the rate at which issues are priced i.e. the value taken from ledger for stock pile items / capital block register.

(K) Care should be taken to include incidental charges like customs duty, insurance, etc. while valuing the stores. The assessment of customs duty must be made with reference to rates available in the customs tariff book / details available with factory to ensure that the allocation will compare favorably with actual charges.

(L) There are two categories of scrap - ferrous and non-ferrous scraps. The rate quoted on the priced copy of the vouchers received from the Accounts Office may be different from the rate at which the scraps are revalued by the Accounts Office. The difference is adjustment by means of an adjustment vouchers and booked to Code 27 Adjustment of the P.S.A. Such adjustments are kept out of Production Account. Non-ferrous scraps are grouped in 27 grades according to the composition. For the purpose of revaluation of the scrap, the revaluation of virgin metals like zinc, copper etc. will be made based on the rates given in "Metal Market Review". If the price as on the date notified by the OFB for revaluation is not available, the price as on the nearest date available should be taken. For purposes of pricing, the scraps are divided into ten major categories. The valuation is to be done on the percentage of current market rate of virgin metals as noted in the orders issued by O.F.B.

Primary Stores documents and their transmission to the Accounts Office

410. The primary store documents are the Receipt Vouchers, Issue Vouchers Demand Notes and Return Notes. With the introduction of computerized Material Planning Sheets, the documents are sent by Store Section of the Factory to the Accounts Office through Data Processing Cell of the factory under a covering Note giving total No. of each type of document forwarded in the batch. These documents are properly serialized, item code wise, showing the 10 digit code No. for material code indicating on the reverse of these documents the two digits bin line No. and the bin balance correct to two places. The documents are punched, verified and transmitted to the Local Accounts Office within two days from the date the transaction took place. The Officer-in-Charge Data Processing Cell keeps a track of all documents and expedites "Stores Section" for missing documents. At the end of the month, Stores Section furnish to Local Accounts Office a Skeleton List showing the first and last number of each type of document for the month and also the documents either cancelled or left blank.

Drill for Processing of Primary Documents

411. After the month is over, Skeleton list in respect of all primary documents (viz. Receipt Vouchers, Issue Vouchers, Demand Notes and Return Notes) showing the Voucher type, starting serial number, ending serial number, serial numbers of vouchers cancelled, blank numbers etc. will be received from factory. The documents received from factory management should be reconciled with the skeleton list in order to ensure that all the documents mentioned in the skeleton list are received in Accounts Office and accounted for in the PSL and PSA for that month. The Inventory Package provides a separate option for verification of transaction data with reference to the skeleton list of the primary documents and generates a separate report for verification. Missing / wanting vouchers may be called for from the factory for corrective action before finalizing PSL. Additionally a BPLN check is also provided for in the Inventory Package to check continuity of documents as well as correctness of quantities recorded in the documents and the balance after record of such quantities. The use of BPLN check option enables continuous quantitative reconciliation of the Bin and PSL balances. This would finally ensure that all the primary documents are accounted for correctly in the PSL / PSA.

(a) The Receipt and Issue Vouchers on receipt by the Receipt Task Holder will be passed on to individual responsible for maintaining the P.S.S.

(b) Separate schedule will be maintained for "Receipt" Issue transactions as per annexure given below. The Vouchers will be entered in Serial Order and the date of receipt will be posted against the voucher immediately on receipt.

Sl No. of the Voucher	Date	Value	Batch No for Ledger Posting	Remarks
1	2	3	4	5

Authority : Serial No. 15 of Annexure A of Chapter VI of Office Manual Part VI Vol. I 1993 edn

(c) Thereafter the vouchers will be priced, classified and posted under relevant heading of the PSA and passed on the same day for posting in the PS Ledger after batching them. This should be done expeditiously.
(d) As the month advances the task holder maintaining the P.S.S. will liaise with the Staff of Factory for missing numbers.
(e) When the month is over, Skeleton list received from factory showing the Voucher type, starting serial number, ending serial number, serial numbers of vouchers cancelled, blank numbers etc. should be watched. It should be ensured that all vouchers have been received; Missing / Wanting vouchers may be called for from the factory.
(f) When all the vouchers have been accounted for, the P.S.S. will be totaled and closed. Except blank and cancelled numbers the serial number of vouchers that could not be received / accounted for should be noted as opening number for the next month's account.
(g) When closing the P.S.S. in addition to the certificate regarding the agreement of the P.S.L. and P.S.S. balances the number of vouchers not accounted for, brief reason should also be recorded in the P.S.S. over the signature of AO of Material Section.
(h) In the case of Issue Vouchers, in addition to the above drill, it should be ensured that copies meant for consignee Accounts Offices are sent immediately after pricing. This should not wait till the preparation of I.A.F(Fac)-17 at the time of closing the accounts for the month. In the case of payment issues, action for recovery and intimation to other Audit Officers should be initiated without any delay.
(i) The Material Ledger Group should also make out a list of Demand /Return Notes not accounted for on the line indicated above. The figures of outstanding should also be checked with the Annexure to figures reflected in the month's progress report – Proforma "B".

Processing of Demand and Return Notes by Material (Ledger) Section

412. Demand and Return Notes on receipt will be entered in the schedule of Demand/Return Notes given below. The objective will be to watch the receipt of all documents except cancelled and blank Nos. and for ensuring that the documents received are posted in the Priced Store Ledger and corresponding Demand and Return Notes are received in duplicate. These are arranged ledger – wise and rated. After rating the documents are priced and made into convenient batches ledger–wise . A top sheet is attached showing batch No. K.O.D., total of quantity and total of value. These are entered in the Control Register. The batches are then taken up for posting. After posting, the duplicate copies of Demand Notes / Return Notes are made into convenient batches and totaled for value, then the Material Abstract will be generated and batch nos. will be indicated where the total values do not tally. Immediate action should be taken to rectify the mistakes by making out adjustment documents as necessary. The total value of all Demand / Return Notes including adjustment documents will be intimated to the PSA Group for inclusion of these figures in the Monthly PSA. Details of Demand / Return Notes which could not be accounted for in the month will be also furnished with reasons for the same. The duplicate copy will then be taken up for posting the Demand / Return Notes in the accounts copies of relevant Material Warrants.

DEMAND/RETURN NOTE Number	Date	WO No		Batch Number for Ledger Posting

Authority : Serial No. 14 of Annexure A of Chapter VI of Office Manual Part VI Vol. I 1993 edn

Note 1 - In factories working on the "Except System" components manufactured in the factories are not taken on charge in store ledger but are borne on production ledger charge (having been kept in component store) from where they are drawn for purposes of assembly on "Red Demand Notes". Any surplus components so drawn will be returned through Red Return Notes. These documents will not, therefore, be accounted for in Store Ledger or Store Account.

Review of Primary Documents

413. All store documents of the value upto ₹ 1,00,000 will be reviewed by the AAO and those over ₹ 100,000 reviewed by the AO. The review will cover rating, pricing and posting of the documents. In addition the Accounts Officer will select at random 1% of the ordinary vouchers including Demand and return Notes and 16% of the payment Issues and loss statement for review of rating, pricing and posting by AAO. Result of review will be recorded in a Register given below.

Sl No	Date	No & Dt of the document selected for review	Result of the review	Remarks	Initials
1	2	3	4	5	6

Authority : Serial No. 13 of Annexure A of Chapter VI of Office Manual Part VI Vol. I 1993 edn

There are, however, certain items of work e.g. posting in Principal Ledger, Block Register, Production Cards, check of Warrants with Standard Estimates, Posting of Warrants Linking of vouchers etc. which are finally dealt with by the assistants concerned and are not ordinarily submitted to the AAO or the Accounts Officer for his approval. In these cases, the AAO and Accounts Officer should exercise a test check.

Bin cards and Priced Store – cum – Provision Ledger

414. The important records used for the Accounting of Stores are Bin Cards and the Priced Store-cum-Provision Ledger.

415. The Bin Cards are maintained by the Store keeping staff of the factory. One bin card is maintained for each item of stock. In cases in which more than one bin card are maintained for one item of stock a suitable note is kept in the relevant ledger folio of the number of bin cards maintained for the item concerned and the locations of stock. Receipt, Issues and balance quantity of stores are recorded in the Bin Card. The balances in the Bin Card must at all times agree with actual stocks and ledger balances. To ensure that ledger balances do not fall out of line with bin card balances, the factory management should ensure that adjustment vouchers are prepared in cases where the physical receipts are different from the quantity shown on the Receipt Voucher.

416. The Priced – Store-cum-Provision Ledgers are maintained in the Ledger Group of the Material Section of the Accounts Office. The Ledger Folio is opened for each item of stores.
The AAO of Material section is responsible for the maintenance of the "Register of Unorthodox Balances" and noting the column for Serial No., ledger folio balances, quantity and value immediately as they are noticed. He will get these noted by Auditors responsible for reviewing ledger for completing the column, Voucher Number and date under which adjustments are carried out with initials of auditor. This Register will be submitted to the Accounts Officer once a month. Proper checking of Skeleton list has to be conducted to avoid "Unorthodox Balances"

417. The work connected with the maintenance of Provision-cum-Price Ledger is very important. Responsibilities of the Staff, Asstt. Accounts Officers and Accounts Officer are listed below:-
(i) The staff in Ledger section will be responsible for reconciliation of Bin Card with Ledger Balances and for reviewing the ledger periodically. Detailed statistics should be maintained in a register allotted to each period etc.
(ii) The AAO will keep a list of Ledger Folios value up to ₹ 10,00,000 and carry out a detailed review of the ledger rate with reference to procurement rate from time to time.
(iii) The Accounts Officer will keep details of folios of ₹ 10,00,000 and above for review on the above lines, By these reviews it is possible to eliminate abnormal results in the accounts of factories due to erroneous pricing of material documents.

Priced Store Account

418. A priced store account detailing the receipt and issue transactions from stock in each month under the various heads specified in forms IAF (Fac) 15 for receipts and IAF (Fac) 16 for issues will be prepared by the Material Section and submitted to the Costing Section by the 15th of the Month following for the purpose of posting in the Principal Ledger.

The Accounts Officer is required to watch that the recovery and adjustment of the cost of stores issued from stock on payment and issued to Departments other than Defence, IAF, IN, MES, R & D Organisation are affected promptly. In the case of book adjustments, necessary debits will be raised against the consignee's Accounts Offices, on receipt of the receipted copies of vouchers from the consignee. A special endeavor should be made to obtain the receipted copies of vouchers so that the figures of Store-in-Transit do not get inflated. For payment issues, the value, which is recoverable through pay bills, recovery memos to Controllers concerned will be issued on IAF(A) 57-A. Cost Accounting adjustments will be made in the Principal Ledger as and when the amount appears in the cash compilations, but in the case of other Controllers, such adjustments will be made on receipt of acknowledgement of the IAF(A) 57-A. A Statement showing the details of outstanding on the last day of the previous quarter in respect of payment issues to other than Defence Departments (including Air Force, Navy, MES and R&D Organization) should be sent to the Stores Section of the PCA (Fys), so as to reach on or before the 10th of the month following the quarter.

The Profit or Loss on sale or surplus, obsolete, scrap and waste stores will be determined taking into account the condition of the store and its book value and the sale price recoverable. The profit and losses so arrived will be accounted for against proper Code Nos. in Priced Store Account to facilitate entry in Principal Ledger.

A watch should also be kept over loss exhibited in the Priced Store Account but awaiting sanction of the competent Financial Authority.

The quantitative balance of the Priced Store cum Provision Ledger will be agreed periodically (usually a month) with those shown in the Bin cards. When the issues already priced require adjustment on account of Provisional Rates having adopted or on account of adjustment being intimated by other agencies, or for incorrect pricing, necessary adjustment vouchers should be prepared and accounted for in the accounts then open. All such adjustments must be completed by the time the March (Supplementary) accounts are closed. The Monthly Store Accounts including March (Supplementary) Accounts will then be consolidated and the Annual store account be submitted to the P C of A(Fys) on or before the date prescribed. Balance Sheets for each category of Stores purchased/sold should also be prepared separately at the end of the year for reconciliation with the balances struck out in the Principal Ledger.

Codification of Material

419. Each item of material is identified by a Code Number allotted to it by the Factory concerned. In all accounting documents, the material involved is identified by using the code number consisting of 10 digits. The first 2 digits represent priced vocabulary of Stores Number of the Ledger, the next 4 digits represent the folio Number of the Ledger concerned, and the last 4 digits denote the Sub Number.

420. Where finalization of nomenclature, identification, specification etc is immediately not possible, a code number under 99 series may be allotted as a temporary measure. This code will finally be reviewed and regular code allotted once information is available.

Review of Ledgers

421. (i) A moving Average Ledger Rate should be worked out as and when fresh receipt voucher posted in PSL in respect of each ledger folio. The rate is based on the values of receipts as per receipt vouchers and the opening value divided by the total quantity of fresh receipt voucher and opening quantity. Thus if V1 and V2 be the Opening Value and Value of receipts and Q1 and Q2 be the Opening Quantity and Quantity of fresh receipt voucher –

$$\text{Moving Average Ledger Rate} = \frac{V1+V2}{Q1+Q2}$$

(ii) This rate is adopted for pricing issues for the subsequent transaction. New rate is worked out whenever there are fresh receipts.

(iii) The rate is worked out correct to two decimals and is indicated in the rate column of PSL.

(iv) It is of paramount importance that the working out of such rate is correct, incorrect working out of the rate lead to wrong pricing of material documents which in turn result in wrong compilation of the cost of articles manufactured in the factories. Even when the incorrect rating is detected subsequently to set right the same involves a chain of adjustments. A report for rate variation has to be generated on monthly basis for proper check of the correctness of the ledger.

Adoption of Moving Average rate for pricing documents

422. The following categories of issues are priced at moving average ledger rates:

(i) All issues to shops on Demand Notes.

(ii) Issues to other factories on 'S' series Issue Vouchers.

(iii) Issues on payment to Air Force, Navy, Research and Development Organization. No departmental charges will be levied in respect of such issues.

(iv) Issues on payment to MES. Departmental Charges at 5% will be levied only if the cost of the stores is debitable to work / projects.

(v) Issues to other Branches of Defence Department.

(vi) Issues to Capital

(vii) Losses – D.D.Vouchers.

(viii) Issues on payment from stock in other cases should be priced on the following basis :-

(i) Moving Average Ledger Rate plus,

(ii) Departmental Charges of 5% plus,

(iii) An additional charge of 5% on the inclusive rate of (i) and (ii).

423. When adjustment Receipt Vouchers are made out for the difference between the correct value as per paid vouchers / priced copies of vouchers, etc. and the value provisionally taken into account, adjustment of the Moving Average Ledger Rates and adjustment to issues subsequent to receipt vouchers concerned will be made.

Note : Outstanding Assets/ Liabilities on account of under/ excess pricing of receipt vouchers which could not be adjusted in the same financial year may be cleared by operation of capital Outlay as directed vide PCA(Fys) letter no. S/III/4105/XIX Dated 4/25-9-95.

424. The Moving Average Ledger Rate is also adopted for pricing materials provided in (a) Standard estimates (b) S.W.O.Ds (c)Replacement Warrants, (d) Non-Recurring Revisions to Materials (e) Semi statements (f) Receipt from Other Defence Departments [when Priced Vocabulary of Ordnance Stores (P. V.O.S.) rates are not available]. In such cases, freight charges are not added as the ledger rate is inclusive of these charges.

Rating, pricing and batching of Demand/Return Notes and Issue Vouchers is done by the Material Ledger Section.

Unorthodox Balances – Review of

425. Types of Unorthodox Balances are :

(i) Plus Quantity Minus Value
(ii) Plus Quantity Nil Value
(iii) Nil Quantity Plus Value
(iv) Nil Quantity Minus Value
(v) Minus Quantity Plus Value
(vi) Minus Quantity Minus Value
(vii) Minus Quantity Nil Value

426. These balances arise in the ledger as :-

(i) Stores documents are not promptly priced and posted chronologically as per Bin Page Line Number (BPLN) in the ledgers.
(ii) Moving average Ledger Rates are not worked out after every receipt transaction.
(iii) adjustment to receipt vouchers have been carried out without giving counter adjustment to subsequent issues documents (demand note, return note and Issue vouchers).
(iv) Prompt action is not taken to obtain the wanting receipt documents.

Note: Carrying out skeleton list check and BPLN check will eliminate the possibility of Unorthodox balances .

427. An Unorthodox Balances Register as given below should be maintained wherein all the unorthodox balances should be noted. The unorthodox balances recorded in the register should be reviewed promptly and adjustment documents as necessary made out every month and a certificate to the effect furnished to the Stores Section of *P C of A (Fys)* through the monthly Progress Report (Proforma B). As the Bin balances is reflected on the reverse of each document, reconciliation of the quantity should be carried out by referring to the Bin Cards.

Sl No	Ledger Folio	Balance		Reasons	Adjustment Vr No & Dt	Initials
		Quantity	Value			
1	2	3	4	5	6	7

Authority : Serial No. 17 of Annexure A of Chapter VI of Office Manual Part VI Vol. I 1993 edn

Reconciliation of Bin Card and Ledger Balances

428. The reconciliation of Bin card and ledger balance is a continuous exercise and is to be carried out at the time of posting of each primary store documents in the PSL with reference to the Bin card balance shown on the reverse of the primary document. Also, at the time of forwarding monthly PSL to the factory Management the BPLN for all the item code transacted during the month is to be furnished to the concerned section of the factory for acceptance of the BPLN quantity. In case of discrepancy resulting in the non acceptance of the quantity detailed investigation should be made in consultation with the Store Section of the Factory to identify the reason for non reconciliation. Further, results of physical stock verification are recorded on Stock Taking sheets in Form No. IAFO-1935. The form inter-alia contains the actual physical balance and bin card balances against each item as on the date of stock taking. These sheets are received in the Ledger Section for entering the ledger balances as on the date of stock taking after reconciling with the bin card balance. This reconciled balance should be entered in the Stock Taking sheet under the Column Ledger Balance. Enfacement to the effect, "balance as on ———————— reconciled with ledger balances found to be ————————————" should be made under the dated initials of the Auditor. He should also ensure that the discrepancies between the physical balance and ledger balance are noted in the Register for Progressing

Discrepancies and watch the receipt of the discrepancy (excess)/ discrepancy deficiency voucher. In part "A" of the Registers the progress of Stock Verification is recorded. It must be ensured that the date of stock taking is noted in the appropriate columns by the GMs Stock Verifier. This is necessary for ensuring that Physical stock taking, as per orders, have been carried out for all verifiable items during the year.

Note 1 – When any surplus is found in respect of items not borne in Priced Stock Ledger or Deposit Stock Ledger, the above procedure will be followed with the only exception that Certified Receipt Voucher (CRV) on IAFZ – 2096 will be prepared instead of Discrepancy Voucher on IAF (Fac) – 145.
Note 2 – Ledger folios which contain entries more than three years old and record "Nil" balance both in quantity and value continuously for three years or more should be removed from current volumes and filed separately for future reference. Corresponding bin card also should be removed. These folios and bin cards are termed as "Non-effective folios". Such non-effective folios should be reviewed at the end of each financial year and ledger folios and bin cards older than ten years should be viewed as dead and destroyed unless reference to these old ledger sheets / bin cards is necessary for settling discrepancies, disputes etc. at the time of destruction.
Note 3 – List of Non-Effective Folios and Bin Cards removed is furnished to the GMs SV Group and A.O.

Co-ordination Group in Ledger Group

429. Material Section of Accounts Office should control the allotment of adjustment vouchers under the various kinds of documents (K.O.D.) as under:

KOD 21,29 – Plus and Minus Receipt
KOD 24,26 – Plus and Minus Issue
KOD 27,42 – Plus and Minus Demand Notes
KOD 22,47 – Plus and Minus Return Notes

430. The Material /Ledger section should ensure that the adjustment documents duly approved are posted in the Ledger and the PSA.

431. In addition, there are certain adjustments which are termed "For PSA only". In the case of wrong codification e.g. booking of LP of Stores to CP of Stores Code, Ledger is not affected. An adjustment voucher for PSA only is made as under:-

PSA Only

02	05	Net effect
(+)	(-)	Nil

Where a transaction is posted in a wrong folio "Y" instead of "X" the regular adjustment is carried out affecting Ledger and consequently PSA (though PSA balance does not change)

Folio X (+) Qty & Amount

Folio Y (-) Qty & Amount
Net effect Nil

Monthly extraction of ledger balances for reconciliation with PSA Balances

432. Once in every month, the value and balance at the close of the month for items transacted during the month will be extracted from PSL and will be kept recorded.

433. Blank

434. Blank

Review of Stock Holdings

435. Factory Management submits to Local Accounts Office the quantitative or Folio – wise data of the stores every month under the following categories:-

(i) Working Store
  (a) Ordinary Stores
  (b) Maintenance Stores
(ii) (a) Stores surplus to the provisioning period
  (b) Stores declared as surplus
(iii) Waste and Scrap Stores
(iv) Obsolete Stores
(v) Blocked Inventory
(vi) Reserve Stock
(vii) Stock Pile

436. Based on this, Local Accounts Office furnishes the value of the stores under the above categories periodically to the Operating & Finance Division of OFB with copy to the P C of A (Fys). This enables the authorities to find out whether the stock balances are at appropriate levels.

Monthly Review of Slow-Moving / Non-Moving Stores

437. Factory carries out with the assistance of accounts staff a review of all non-moving and slow moving items of stores. Slow moving items are those which have not drawn for a continuous period of one year from the date of receipt, Stores which have not been drawn for a period of three years or more from the date of receipt should be classified as "Non-Moving". Careful review is carried out for ascertaining the reasons for such accumulation and also for exploring the possibilities of utilization in own or other factory or for disposal action. AO renders the review report to PC of A (Fys). OFB is kept informed about the result of review by the GM. Such of the slow-moving and non-moving items which are found ultimately in scrutiny as surplus to requirement of factory are included in the material aid list and circulated to other factories. During the course of scrutiny of purchase order AOs are required to see that the certificate on the following lines is endorsed on these orders:
"Certified that the items of stores proposed to be purchased is not included in the materials aid list reports".

Analysis of Stock

438. The value of stock at the close of month by AO is analyzed under the following categories :

1. Working Stock
  (a) Ordinary Store
  (b) Components
2. Maintenance Stores
3. Surplus Stores
4. Obsolete Stores
5. Waste Products

Note : There are certain items which are declared as "Blocked Inventory" by the factory management. These items comprise of the raw material piled up in the Stock charge due to cancellation of orders/extract from the indentors/OFB.

439. The correct classification is the responsibility of the factory. Reports received from Accounts Offices will be consolidated at the PR Section of PCA(Fys) and rendered to OFB.

Computerization of Provision-cum – Priced Stores Ledgers

440. The Priced Stores Ledger is printed out every month based on primary documents. Pricing of Demand/ Return Notes and working out Moving Average Ledger Rate has to be done. In addition, material abstracts, PSA (Receipts) and PSA (Issues) are prepared from the priced documents. Adjustments are to be carried out. The opening balances of the ledger are arranged ledger folio-wise. The outputs those are to be generated include (i) printed priced stores ledgers (ii) printed issue vouchers and demand/return notes (iii) updating of closing balance.

441. Blank

Accounting of Containers and Packages

442. (i) All containers and packages either received free or on payment will be accounted for separately in the same M.I.Slip for main stores. Containers and packages for which value has been charged separately by the supplier will be priced and taken on ledger charge. Containers / Packages which are received free i.e. are not charged separately, will not however be priced separately. Containers received free but expected to be of some value will be sentenced by Works Inspection Section as "Miscellaneous Receipts". These should be priced at Ledger Rates / Last auction rate / Assessed Rates as applicable. If they are of insignificant value which are not charged separately i.e. supplied free along with the stores e.g. small tin bottles, gunny bags, other packing stores etc., which are expected to be of no value except as scrap, will be accounted for as scrap only after the contents have been emptied. These packages will not be accounted for at the time of receipt itself. These scraps will be returned by shops to stores on a periodical basis as in the case of shop scraps. The scraps will be priced at Ledger Rate/Last Auction Rate/Assessed Rate as applicable.

(ii) Accounting of special Packing Cases /Crates for Machinery Items

The cost of packages i.e. Packing Cases/Crates in which the machinery items are packed as shown in the consignor's issue voucher will be added to the cost of machinery treating the charge as incidental to the transfer of machines and taken on charge accordingly. The scrap or repairable packages will be returned to stores as "Miscellaneous Receipt". This procedure is applicable when packing cases are used for both old and new machines.

(iii) Accounting of Packing Cases, Crate, all types of bags and similar packing stores used for transport of materials between factories.

All containers and packages after manufacture or purchase used for transport of materials between factories will be vouchered first as serviceable and after use may be vouchered as "Repairable", if found in such condition. The consignor factory will indicate the condition in which they have been vouchered and the value thereof. The consignee factory will take them on charge in the condition in which they have been vouchered.

(a) If the packing cases have not been vouchered for separately they should be brought on charge by the consignee factory as found on receipt.

(b) If they have been vouchered as serviceable, but on examination are found as "Repairable", they will be brought on charge as such and the difference in value will be written off on an expense voucher, but if on receipt they are sentenced as Unserviceable/Scrap, difference in value will be regularized under a Loss statement / Transit Loss.

(c) If vouchered as "Repairable", the consignee factory will bring them on charge as found on receipt. If found as scrap, the charge in condition will be adjusted by expense voucher. No Loss statement will be necessary.

(d) If the empty Packing Cases / Containers other than those dispatched for the first time after Manufacture / Purchase are sent to another factory for re-use, they will be vouchered by the consignor factory as "Repairable" and the Consignee Factory will bring them on charge as "Repairable/Scrap" as the case may be. The transaction of transfer of stores between factories and if any change in condition takes place in transit, and found on receipt will be regularized as loss in transit. If the empty packing cases are dispatched first after they have been made / purchased they shall be vouchered by the consignor factory as serviceable. If at the consignee factories these are sentenced as non-repairable/scrap due to the change in condition, the store will be regularized under a Loss Statement.

Package Accounting

443. In certain cases Components Parts, Accessories etc. are received in packed condition. It may become necessary to account for the stores in packed condition on the basis of marking on the packages without opening of the packages and inspection. Accounting of the stores in terms of packages without prior inspection is called "Package Accounting". The inspection is carried out only at the time of assembly, when the packages are drawn for utilization in production. The work should be so phased that the packages can be drawn, opened and inspected within the guarantee period prescribed in the contract for obtaining free replacement of deficiencies for which claims have to be preferred. The following Register should be maintained by accounts Office

Proforma – "A"

Register for verification of packages preferring claims with collaborators

Consignment	1	2	3	
Package Serial Nos	1-20	21-40	--	
Rt. Vr. No & Date Package No.	Date of receipt	Date of Intimation of Deficiencies	Date of receipt	Date of intimation of Deficeincies
1	2	3	4	5

444. The Factory Management will also furnish a Certificate to the Accounts Officer in the Proforma given below indicating the position of receipt of the consignment and verification of contents.

Statement showing the receipt of consignments and verification of contents

Consignment No.	Name of Carrying Vessel	Date of Landing of Package in India	Serial No. of Packages	
			From	To
1	2	3	4	5

Date of Opening and Verification of contents	Shortages/Damages defected, if any	Date of Communication of shortages/ damages to M/s	Remarks
6	7	8	9

"Certified that the entries shown above have been verified and found correct."

Accounting Procedure

445. Normal procedure of accounting i.e. preparation of receipt vouchers, Issue Vouchers. Demand Notes is followed except that the Unit of accounting is packages.

(1) Packages comprising of one set of subject stores is accounted for separately and is posted in the Ledger folio for the set.

(2) Separate folios will be opened when the composition of set changes due to deletions.

(3) After the stores are accounted for in the main folio (1) above, components will be transferred to other different folios depending on the type of sub-assemblies according to which the components are drawn by different manufacturing sections of the Factory. The transfer will be effected by adjustment vouchers to be accounted for in the Priced store Accounts as adjustment under "Issues" and "Receipts" (PSA code –80 and 27). The drawl of components is made by Demand Notes.

(4) Another ledger folio is maintained for recording all deficiencies / damages detected in the packages, seals of which are broken open for one reason or another.

(5) First ledger folio will be posted with reference to documents mentioned in (1) above.

(6) Second ledger folio will be posted with value only with reference to the discrepancy voucher for deficiencies / damages. This folio will always indicate minus balance. When the shortages etc. are made good by replacements, the item replaced will be taken on charge and posted in this folio. Receipt Vouchers should be linked with corresponding discrepancy vouchers. The credit balance will progressively reduce when free replacements are made.

(7) All packages brought on charge of the second folio should initially be brought on charge on the first folio and then transferred to second folio.

(8) The management maintains two registers in addition.

(i) Package Accounting Register (PAR)

(ii) Broken Seal Register (BSR)

446. PAR records details of receipt of all packages. BSR records details of packages seals of which are broken. Transfer to BSR from PAR is made through transfer voucher. Reconciliation of total CKD packs with balances of PAR and BSR will only be verified by audit.

447. A deficient packages is transferred from PAR to BSR only when.

(i) Payment to the firm is involved in replenishment i.e. shortages / Damages occurred during Ocean / Train Journey.

(ii)When a non-trivial discrepancy is detected after it has been issued to and opened in the production line, such deficiencies are made good by drawal of the deficient items from another similar package through Nominal Demand Notes and the packages is transferred to BSR by Nominal Transfer Voucher. There is no necessity for the section to give another Demand Note as the original Demand Note is for the all pack including deficient items.

448. In the case of these non-trivial deficiencies, the value of deficiencies and value of replacement will be charged to a Suspense Account called "Due from M/s……..". This amount will be posted with reference to the Discrepancy Vouchers on and receipt vouchers prepared for deficiencies and replacements, respectively.

This account is a nominal one and will not be reflected in the Principal Ledger. The balance of account will represent "Value of Stores" due for replacement by the firm.
(i) When the packages are damaged in transit they will be taken on charge at full serviceable value and the deficiency adjusted by means of D.D. Vouchers. Recoveries from the carrying companies will be watched in the normal manner.
(ii) The normal procedures for allocation of Rly. Freight, Customs Duty etc. will be followed as usual in this case.

449. As the value of the vouchers will be over ₹ 10,000 and as the balances in the ledger folios will be several lakhs of rupees, the Accounts Officer should exercise 100 percent check on rating, pricing and posting of all documents relating to CKD packs. The extracted value balances as on 30th June, 30th September, 31st December and 31st. March should also be checked by the Accounts Officer.

Control on Utilization of Materials

450. Materials which form part of the product are called Direct Materials. However, materials which are not directly used in the production activities and are not critical from the production point of view are treated as indirect materials. Immediately on receipt of warrants, Costing Section checks the Material Warrant with the relevant Standard Estimate to ensure that the quantities of drawls and recoveries are as per the Standard Estimate. The following stamp is affixed on each warrant with dated initials on "Top Sheet":-
1. Date of receipt in Costing Section
2. Date of sending to Material Section.
3. Date of receipt of shop copies in Material Section.
4. Date of return to Costing Section duly paired

451. The progress of movement of warrant is to be watched through top sheet. The Warrant is to be forwarded expeditiously but not later than two working days after the receipt of warrant in Costing Section. The initials of the staff dealing with Material Warrants posting is obtained on the Warrant Register maintained by Costing Section. While forwarding Material Warrant, all Demand and Return notes including Transfer Vouchers, Foundry Cost Statement, Scanting Statements, Red Demand and Return Notes for drawl of Components will be posted through on the relevant warrant with the least possible delay and the balance struck off on the warrant in order to verify that :-
(i) The material demanded is provided for in the warrant and that no excess demand has been made.
(ii) The work order and warrant numbers quoted in the demand and return notes are correct, and
(iii) In case of excess drawl of materials, the surplus materials have been duly returned.

452. Any discrepancy noticed will be reconciled by reference to management. Cases of over issues and under recoveries should be vigorously pursued for regularization or satisfactory reply justifying the drawls, etc. All warrants on completion should be carefully examined with a view to suggesting amendments to the Standard Estimate. Instances where cheaper substitutes have been used will be examined with a view to consider the possibility of their permanent incorporation in the Standard Estimate.

453. A test check of the postings of Demand and Return Notes on Warrants is carried out monthly by a AAO not belonging to the Material Section nominated by the Accounts Officer. The selection is made by the Accounts Officer from the Material Abstract for the month. In carrying out his test check, the Section Officer should specially verify the nomenclature of stores and the unit thereof shown on the Demand/ Return Notes with that noted as the Material Warrant. As soon as the check is over, the result thereof with particulars of Demand and Return Notes subjected to test check will be submitted to the Accounts Officer for approval in a Register maintained for this purpose Proforma given below. Any discrepancy noticed should be pursued till the objection is finally settled. Arrangements should be made with the management for sending shop copies of completed Manufacture Warrants to Labour Section and Material Warrants to Material Section together with

the list of completed warrants, Additional copy will be received in Costing Section for completing the column, "Date of completion as per list of Completed Warrants". The postings in the shop copy will be compared with these in the Accounts Copy and action taken to reconcile any discrepancy between the two, the pairing should be completed. Objections if any raised and the warrant should ordinarily be passed on to costing section within 3 working days from the date of receipt of shop copies from the management. List of Demand / Return Notes etc. which could not be posted due to non-availability of warrants or quoting of fictitious work order should be pursued with costing Section / Management to finality.

Sl No	Month	Total No of Demand/Return Note as in Material Abstract	Sl No of Demand Note/Return Note Checked & found correct	Discrepancies noted – Sl No, Value & Date of Demand/Return Note	Action Taken for settlement	Initials of the SAO/AO conducting the check
1	2	3	4	5	6	7

Authority : Serial No. 19 of Annexure A of Chapter VI of Office Manual Part VI Vol. I 1993 edn

454. In the case of indirect Series Warrants, Warrants / S.W.O.Ds should be an addition. In additions details on non-expendable items drawn against Work Order No. 01/00037/00, 02/00006/00 and 02/00008/00 should be made out and furnished to the Group concerned for verification of the entries in the Inventory List.
Under computerised system the processing of Demand /Return Notes is done along with all other primary documents pertaining to stores through the PSL module of Inventory package. An output generated in this package viz. DNRNFL (Demand Note Return Note File) is used in Costing Package for the purpose of validation with warrant files and generation of Material Abstract. The output data file for abstracts is used for the purpose of generating any report relating to documents pertaining to any material warrant, hence sending of material warrants to Material Section is now dispensed with.

Scheduling of Issue Vouchers

455. Number of copies of Issue Vouchers to be made and their disposals are as under :-
(A) Issues to Other Defence Departments viz. Army, Navy, Air Force, MES, R & D Organisation and Inspection Organisation :-
6 copies of Issue Vouchers
(i) One copy retained by the consignor.
(ii) Two copies to the Consignee.
(iii) Three copies to the Consignor's Local Accounts Office.

Consignee will return one copy duly receipted. Consignor's AO will price the vouchers at the Average Moving Ledger Rate and retain third copy as Office Copy. He will forward the first copy duly adjusted along with a copy of Punching Medium to the Controller of Receiving Services. The second copy will be forwarded simultaneously to the consignee LAO for verification of necessary credit in the ledger.

Note – In the case of Issue of Stores to MES debit for the same will be raised by the AO of the Consignor Factory through Defence Exchange Accounts. For this purpose, the DID Schedule duly supported with copies of vouchers and Punching Medium will be forwarded to the Accounts Section of the P C of A(Fys) Kolkata by the Accounts Office concerned for onward transmission to the Regional CDA.

(B) Issues to Non-Military Departments and Payment Issues

5 copies of Issue Vouchers

(1) One Copy retained as Consignor's Copy.
(2) Three Copies to the Consignee
(3) One Copy to the Consignor's AO

Out of three copies transmitted to the consignee two copies should be sent back duly receipted to the consignor of which one copy (duly receipted by the consignee) is sent to Local Accounts Office. AO raises debits against the consignee department or watches credit recovery as the case may be.

(C) Issues to Ordnance & Ordnance Equipment Factories (IFD Issues)

Six(6) copies of Issues Vouchers to be prepared.

1. One copy to be retained as Consignor's Office Copy.

2. 3 copies to be forwarded to the Consignee Factory along with the Stores (Out of which one Issue Voucher will be priced by the Consignor Local Accounts Officer). On receipt of the stores along-with the said copies of Issue Vouchers the Consignee Factory will return one copy of the Un-priced Issue Voucher to the consignor duly acknowledging receipt of stores. The consignee factory will prepare Receipt Voucher for the said store and forward one copy of the receipt voucher along with the priced copy of Issue Voucher of the consignor factory to his Local Accounts Officer for necessary accounting in the PSA , PSL and preparation of Responding IFD P.M at his end.

3. The balance two copies of Issue Vouchers are to be forwarded to his Local Accounts Office by the Consignor Factory. Both copies will be priced, one copy will be retained by the Consignor Accounts Officer for accounting purposes and the other copy will be sent to the consignee Accounts Officer with IFD P.M.

(D) Detailed Procedure for receipts and Issues (Linking of Stores)

(I) The receipts supplied by other factories can be sub-divided into two classes-

(i) from their stock and

(ii) from their production.

Priced copies of the vouchers with IFD P.M are forwarded by the Accounts Officer of the Issuing Factory. An I.D. List (in duplicate) is made out by the Accounts Officer of the Issue Voucher indicating the number and date of the vouchers and their amounts. Before issuing the list, the total will be agreed with the total in the PSA as well as IFD P.M and issued against the code number of each consignor factory for issues from stock. Similarly for issues from "Production", agreement with the figures in the manufacturing statement will be ensured by the Local Accounts Office.

On receipt of the monthly lists the vouchers received from the LAO of the Issuing Factory will be checked with details of the vouchers noted on the monthly list. Missing Vouchers will be called for while acknowledging the receipt of the list. Accounts Officers of the Issuing Factory will watch with reference to the Office Copies and it has to be ensured that the acknowledgements and responding P.M., are received back promptly.

(E) IFD Punching Medium

The detail procedure for preparation of IFD Punching Medium as per PCA (Fys) letter No. PR/O/1094/I dt. 16/03/1993 & 12/01/1996. A separate sub compilation introduced for IFD transaction w. e. f 1995-1996 for concurrent monitoring of the position of IFD Issues and Receipts. It is not a part of main compilation, but serves the purpose of MIS Report.

To maintain the distinct identity, the PM in respect of IFD transactions forwarded to PCA (Fys) / EDP Section have a separate Class of voucher Code viz. II (and not '2') and the following procedure should be adopted for compiling such transactions.

I.A.I: *Prelude to the procedure to be adopted:

a) 95= Category code for Issue

b) 96= Category code for Receipt

c) 01= Last two digits (issue code)

d) 02= last two digits (Receipt Code)

e) 99/090/01= Suspense code for both Issue & Receipts.

I.A.II: The Consignor Factory LAO on receipt of the Issue Voucher from Management should price the same immediately and prepare PM for each Issue Voucher ('P' as well as 'S') Consignee wise by charging Suspense

Code with Consignee Factory unit code with a contra minus charge to the Issue Code of the factory 95/——/01. The blank will be filled by the Consignee Factory Unit Code. To illustrate , if stores were issued by MSF, Ishapore – Unit Code – 103 to GCF, Jabalpur- Unit Code -104, MSF will minus charge 95/104/01 with unit code 103 on top and Plus charge 99/090/01 with unit code 104 on top. Thereafter Priced copies of issue vouchers along with the copies of PM should be forwarded to the consignee LAOs. A separate TE Register shall be opened for IFD transactions only exactly on the same format as for other transactions for control and linking purpose. At the end of the month, a list in duplicate for each Consignee Factory will be prepared by the Accounts Officer of the Consignor Factories on IFA (17). The total value of this ID List for each Consignee Factory should tally with the total value of issue shown against that factory in 95/ Consignee Fy. Code/01 in the class II PMs forwarded during the month. In other words it must be ensured that total value of issue shown against each Consignee Factory in the Manufacturing A/c Statt. 'A' and PSA (Issue) tallies with the total amount compiled in the CCO2 against 95/Consignee Fy. Code /01 against each Factory.

I.A.III: The Consignee LAO will, subsequently on linking of Issue Vouchers so received from the Consignor LAO with the receipt vouchers prepared by the Management , prepare Responding PM relieving the suspense code 99/090/01 with unit code of the Factory by minus (-) charge and debiting IFD Receipt Code of the Factory from whom the stores was received. In the Example given in para I.A.II above, GCF on preparation of Receipt Vouchers will minus charge 99/090/01 with unit code 104 on the top and charge 96/103/02 with Unit code 104 on top. It may so happen that Receipt Vouchers in some stray cases have been received by the A.Os against which neither any Issue Voucher nor any copy of PM has been received from the Consignor LAOs thereby creating liability/ minus Asset. A.Os should prepare the PMs in such cases also in the same manner as above. Total value of such receipts taken on charge as reflected in the PSA (Rt) for the month should tally with the amount booked against 96/———/02 in CCO 2 for the same month Consignor Factory-wise.

I.A.IV: At the end of the year, the total appearing under IFD issue Codes will represent the Services rendered to other Ordnance Factories which should agree with credit item 2 of Finished Stock Account and credit item 05 of Store A/c. Similarly, the balance at the end of the year under Suspense Code would represent the Stores in transit (SIT) of that Factory. The same of this net generation and the opening balance of SIT should be the closing balance of SIT and is to be reflected against Asset item 2(d) in the Statement of Assets and Liability.

I.A.V : An illustration showing how the PM should be prepared for regulating the IFD transaction is given below. The same has been prepared assuming that stores valuing Rs. 100/- has been issued from GCF(107) to GCF (104).

PUNCHING MEDIUM										
IFD Transactions							(Consignor)			
MONTH	08/10	CDA	07	SECTION	46		CLASS OF Vr.	II	Vr. No.	0

Classification Code	RECEIPTS		Classification Code	CHARGES	
	R (1)	M.R. (2)		C (3)	M.C (4)
			000107	0	100
(In adjustment of I.Vr. No.			95/104/01		
	Date)				
			000104	100	0
			99/090/01		
				100	100

PUNCHING MEDIUM									
IFD Transactions						(Consignee)			
MONTH	08/10	CDA	07	SECTION	42	CLASS OF Vr.	II	Vr. No.	0

Classification Code	RECEIPTS		Classification Code	CHARGES	
	R (1)	M.R. (2)		C (3)	M.C (4)
			000104	100	0
(In adjustment of I.Vr. No.			96/107/02		
	Date) of Factory-				
			000104	0	100
			99/090/01		

(II) To ensure that (i) all issue vouchers relating to inter-factory transactions have been received and properly linked with receipt vouchers and (ii) all receipt vouchers have been properly linked with the respective consignor's issue voucher and (iii) all the Store-in-Transit figures have been correctly arrived at. A Register for linking Inter Factory receipt are maintained in two parts. In the first part separate pages are allotted for receipts from each factory. Priced copies of issue vouchers as and when received from the Accounts Officers of the issuing factory are noted in the Register. On receipt of the monthly list, it will be verified that all the vouchers have been received and the amount of each voucher agrees as per list. Immediate action should be taken to call for wanting vouchers and sort out discrepancies if any. The Register will be maintained in the following Proforma :-

Serial No.	Consignor's Name	Issue Vr. No. & Date	Description of Stores	Qty.	Value
(1)	(2)	(3)	(4)	(5)	(6)

I.D.List for the month	Receipt Vr.No. & Date	Month of the PSA	Value	Difference between value in in Col. 6 and Col.10	Adjustment Vr. No.& Date	Remarks
(7)	(8)	(9)	(10)	(11)	(12)	(13)

The No. and date of the receipt voucher and the amount will be noted on the duplicate copy of the I.D. List. Completed lists should be forwarded to the AO of the issuing factory within a period of three months. In respect of issue vouchers for which receipt particulars could not be quoted on the list, progress of clearance should be communicated from time to time to the consignor's AO.

The Register should be submitted to the AO by 10th of each month.

(III) On his part, the consignor's AO should watch for the return of the duplicate copies of the ID List and ensure that the corresponding Receipt Vouchers are quoted.

A summary of each month's transaction should be made out in the following Proforma.
(i) Opening Balance (No. of Vouchers and Value).
(ii) Receipts during the month (No. of Vouchers and Value should agree with the total of ID Lists received during the month).
(iii) Linked during the month (No. of Vouchers and Value).
(iv) Closing balance – No. of vouchers and Value

(IV) At the end of the financial year, consolidated I. D. List for issues from Stock/Production is sent to the consignee factory. This list will be compared by the AO with the monthly ID List to ensure that details agree month-wise and the consolidated total is correct. A summary in the Proforma at above should be prepared duly reconciled with consolidated I.D. List figures and Stores in-Transit figures. Cases of delay in accounting of stores should be taken up with Factory Authorities.

(V) Normally the priced copies of issue vouchers should be received well in advance of the receipt voucher for accounting the stores. Cases do arise where issue vouchers are not floated in time, to have proper record of such receipt vouchers (C.R. Vrs.) Register in the following proforma is maintained :-

Serial No.	Consignor's Name	Receipt Vr.No. & Date	PSA for the month	Description of Stores
(1)	(2)	(3)	(4)	(5)

Quantity	Value	Issue Vr. No. & Date	ID List for the month	Value	Difference between value in Col. 6 & Col. 10	Adjustment Vr. No. & Date	Remarks
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)

The Register should be submitted to the AO by 10th of each month.

(VI) Other procedure is as for Part I of the Register. The unlinked items represent receipt vouchers for which issue vouchers / priced copies of issue vouchers have not been received, These should be pursued with the factory and AO of the consignor factory.

(VII) The figures reflected in the Annual Audit Certificates, Quarterly follow-up reports and the statements of Assets and Liabilities should be based on the summaries and details of unlinked vouchers should total up to the figures reflected as outstanding.

(VIII) Normally there should not be any outstanding items for more than 3 months as the procedural instructions on accounting of inter factory transfers cover all types of cases. Consignee factory has to inspect the material immediately on receipt from consignor factories and discrepancies if any may be settled by both the factories by raising the Discrepancy Report (DR) by the receiving factory. In cases of disputes between two factories, the consignee factory is required to bring on charge the materials as vouchers and float a D.D. Vr. cum loss statement. The Loss statement is to be referred to the OFB for deciding as to which factory should bear the loss. In case the DR is not resolved between the two factories and dispute still persists, the same may be brought to the notice of TS Division who will intervene and take suitable corrective action.

Disposal of surplus stores and waste products etc. on Ordnance Factories

Definitions

456. (a) ***Waste Products*** – Items such as coal dust, coal ashes, sand dust, zinc dross, metal residues (sieved dust), brass/ H.F. splashings and furnace sweepings.

(b) Scrap – The item scrap means stores beyond economical repair / unserviceable, waste stores which have been utilized and have served their purpose and have been condemned under proper authority to be of no use except as scrap.

(c) Metallic Scrap – Both ferrous and non-ferrous including borings and turnings, swarfs and other type of metallic scraps of industrial re-rollable and melting categories.

(d) Surplus Stores – These are stores which cannot be utilized against present or anticipated requirement over a period to be determined on the merit of each case or which are liable to deteriorate by the time they could be issued in the normal course of events. The term includes waste products scraps, obsolete, obsolescent, Unserviceable, repairable and serviceable stores.

Note – All stores and waste products in excess of the factories requirement for the provisioning period will be treated as "surplus". This definition is for purposes of reviewing factories stock and does not necessarily mean that the quantity so arrived at will be disposed off.

(e) Declared surplus – The declared surplus are those which on being determined as surplus stores have been declared to DGS&D/*MSTC* for disposal in the best interest of the State.

457. Blank

458. Reserve/Guiding price for surplus stores upto Rs. 10,000 in a single category and surplus MT Stores upto Rs 25,000 in a single category and guiding prices of waste / guiding prices of these stores for re-auction are fixed by the General Managers of factory. A committee in this regard should be specifically constituted by the SrGM/GM and one financial representative at appropriate level (to be nominated by the Officer in- charge of the LAO or the CF&A (Fys)) Guiding Prices should be fixed not more than two days before the auction. The guiding price should made known to the auction supervisor on the day of the auction itself, half an hour before the auction. All Officers including the Accounts Officers connected with the fixation of guiding price and the auction supervisor must treat the reserve / guiding price as Strictly Confidential. The AAO should note description of stores, quantity, rates of highest bidder in accounts copy of auction list and sign the factory copy for surplus with supporting documents viz. sale account, auction catalogue, treasury receipt, guiding price with alternation approved by competent authority will be checked and forwarded to the Accounts Office concerned.

459. Sale release order received from Factory Management will be checked in respect of quantity, value, etc. The correctness of the amount booked in the cash compilation will be verified for sale value, sales tax, Income tax, excise duty with reference to the Sale register.

460. Blank

461. On receipt of approval of sale order, full details are noted in the Sales Register. MRO received for Security Deposit is adjusted and noted in the Security Deposit Register. MRO received for sale value is adjusted for sale value, sales tax, etc. The MROs are forwarded to Accounts Section of the Office of the P C of A (Fys) in the normal manner. Action to pay dues on account of sales tax / excise duty to the relevant authorities should be taken on receipt of contingent bill from the factory. All the sale proceeds will be reflected in the cash compilation statements viz. deduct head under "Revenue Expenditure" for realization on account of "Sale of Scrap" and

revenue head for receipts for realization on account of sale of surplus stores.

462. Cinders (Picked), saw dust and coal dust may be sold to staff of the factories and allied establishments e.g. Inspectorates and Accounts Staff as well as Tea and Cooked food Canteens attached to factories.

463. Payment issue rate for unserviceable timber/scrap wood or any other items of similar nature should be fixed in consultation with representative of the Local Accounts Office.

Stock Verification

464. The Stock Verification Group working under GM in the factory will furnish the Accounts office with "Stock Taking Sheets" in duplicate. The group is responsible for physical verification of stock (including Stock-pile Items), Deposit Stock Items, Inventory Articles (including technical books in the library and school books), Machines and Buildings, Electrical installation and Medical Stores on Factories books at least once during each financial year. List of certain valuable items will be prepared by the Stock Verification Group these items will be verified at more frequent intervals. In addition, at least 10% of the items should be verified by the factory staff.

465. In selection of 10% items, factories should select those items which are costly per unit, those frequently received and issued and easily saleable in the market and in general items which deserve greater vigilance. As far as possible stock verification of items held both in stock and stock pile should be done simultaneously.

466. Result of stock verification of stock and stock pile items will be entered in Form IAFO-1395. Stock Verifiers will enter in the appropriate columns the Date, Serial no., Nomenclature of stores, Ledger Folio No. (Material Code No.), Store Accounting Unit, Bin Card balance on date of verification, physical balance found on physical check and the date of last verification. Each sheet will be signed by the Stock Verifier.

467. The following Certificate will be endorsed on the Stock Taking Sheet by the Factory Representative:
"I certify that all of the stock or godowns pertaining to the item or items mentioned in the Stock Taking Sheets have been shown to the Stock Verifier."

468. In the next line below the last entry in the 'Balance' Column of the Bin Card, the Stock Verifier will enter in Red Ink, the balance found on physical verification and the word 'Verified'. The entry will be signed and dated by him on the date of stock-taking. The figures will be entered as above even if agreeing with the balance shown in the Bin Card. Subsequent postings in the Bin Card will be carried out on the basis of this balance. On each stores ledger folio, the stock verifier will enter the date of latest stock verification in the place provided and initial the entry.

469. The Accounts Office receives the original and duplicate copy of the Stock Taking sheets. The Accounts Office will compare the balance as per Bin Card with the ledger balance taking into account all documents upto the date of stock verification. Reconciled balance will be noted on both the copies of the stock Taking Sheets and passed on to the factory. As annual reconciliation of Bin Card with ledger balances as on 31st March of each year have been dispensed with, great care will be taken in reconciling these balances. It will be ensured by Accounts Office that –

(i) Stock verification as laid down in standing orders is carried out.

(ii) The results of stock verification of stores as laid in various regulations are recorded periodically by a responsible officer of the Stock Taking Staff (this will be ensured by checking the Stock Taking Sheets for ledger items and standard memo for other items with the Weekly Progress Report).

(iii) The system of verification adopted is adequate and proper.

(iv)The discrepancies found are simultaneously accounted for by means of proper documents signed by proper authority.

(v) Where possible the staff responsible for the verification of the items is independent of the staff for physical custody or for keeping accounts of stock.

470. A self – contained explanatory note giving the general position and results of stock verification carried out during the year should be appended to the Annual Audit Certificate. The note should inter-alia contain information as to whether stock taking was completed, the particulars of factory where the position was not satisfactory, whether the results of stock-taking revealed a satisfactory state of affairs, the particulars of factory where the position was not satisfactory and whether the discrepancy between ground and book balances were considerable and if so their extent and their values and such other information as will enable a complete appreciation of stock-taking carried out during the year. A Register in the following Proforma is maintained for this purpose.

Proforma "A" – Stock Verification Progress Chart Month.....

Nature of Items	Total No. of items	Addition during the Month	No. of items to be verified during the month	No. of items verified during the month	Balance on the last date of the month	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Proforma "A" will be maintained for each month separately.

Proforma "B" – Chart to watch the progress of discrepancies

Stock Taking Sheet No. & Date	Particulars of Discrepancy		Adjusted Under		Quantity and Value of		Date of sanction	Remarks
	Surplus Qty.	Deficient Qty.	No. & dt. of Surplus Voucher	No. & dt. of deficiency voucher	Surplus Voucher	Loss Statement		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

This Register is submitted to the Accounts Office on the last working day of each month.

LOSS

471. In the case of discrepancy between the Priced Store Ledger Balance and the actual stock, a discrepancy voucher on IAF (Fac) 144 for the gross loss will be prepared and posted in the ledger with a view to keeping the balance always and at any time in agreement with the physical ground balance. The discrepancy will subsequently be investigated and settled. Pending settlement of the discrepancy, the Discrepancy Voucher should be entered in the Objection Register and watched. If on final settlement a loss settlement is necessary the loss statement portion IAF (Fac) 144 will be completed and written off or sanctioned for the net loss.

471A. All cases of losses shall be reported and investigated in accordance with the procedure laid down in the administrative regulations and instructions of the respective services and the results of investigation shall be communicated to the competent financial authority through the usual channels for further action as laid down in clauses (a) and (b) below:

(a)If the investigation shows that the loss is not due to theft, fraud or gross neglect, it shall be written off by the competent financial authority after obtaining audit reports from the financial adviser concerned.
(b) If it is decided that the loss is due to theft, fraud or gross neglect, the competent financial authority shall in consultation with his financial adviser, take action according to the circumstances of the case, with the object of making recovery of the amount lost to the extent possible from the guilty persons and also from the supervising officers if laxity of supervision has facilitated the theft, fraud or gross neglect.

The competent financial authority will be determined with reference to the gross loss. The net value of the loss in a loss statement to be actually written off by the competent financial authority will be arrived at after deducting recovery, if any, made from the Individual(s) concerned whether such recovery Is in the nature of a penal deduction or otherwise. All losses in respect of Ordnance and Ordnance Clothing Factories should be reported to DGOF / Chairman, OFB who will arrange for the assembly of a Court/Board of Enquiry to investigate the loss.

472. Before the Accounts Officer agrees to write off the amount involved he will scrutinize each item of loss to ensure that :-
(i) the loss statement has been correctly prepared and priced.
(ii) no breach of accounting rules has contributed to the loss
(iii) the loss has been properly investigated according to rules.
(iv) the remedial measures suggested are satisfactory.

473. On receipt of the loss statement duly sanctioned, the objection should be cleared from the Objection Register. In other cases, where no loss is involved and the discrepancy is settled otherwise by suitable action after investigation, the relevant objection should also be cleared from the Register.

Deficiencies and Damages in Transit

474. The full quantity as vouchered is brought on charge and a discrepancy voucher in Form IAF (Fac)-144 is to be made out for the quantity less received. Claim is preferred against Railways for the discrepant item as detailed below:

475. Cost of stores as per invoice rate/S.O. Rate/AT Rate, etc. plus 5% Departmental charges plus cost of Special Packing if any plus Freight Charges as per Credit Notes. For recovery of any compensation for loss etc., a formal claim (priced claim) must be received by the Rlys. Within six months from the date of Rly. Receipt. All such claims received from management should, therefore, be priced and returned expeditiously.

476. Loss in Transit in respect of foreign supplies are due to:
(a) Losses occurring in transit upto the Port of Disembarkation in India.
(b) Losses occurring in India during transit from Port of Disembarkation to the ultimate of actual issue.
(c) Articles taken on charge in unopened packages as per marking on the packages, and found deficient by the consignee at the time of actual issue.

477. In view of the fact that losses occurring in items (a) and (b) above arise before accounting for the stores by consignee, the loss which would represent value of stores paid but not received are treated as "Cash Loss" and no adjustment to Store Account is necessary.

478. Item (c) will be treated as "Losses in Stock" as the consignee has in fact undertaken a responsibility for the content of packages while accounting for the stores in terms of marking on the packages. The receipt vouchers for the stores will be prepared as per marking on the packages and the vouchers will be priced by the Accounts Officer for quantities as per markings at the rates shown in the invoice. The difference between this quantity and the quantity actually passed in inspection should be treated as stores loss and accounted for as such. However, regularization of all the above mentioned losses is to be watched and monitored.

479. The amount of gross loss posted in the ledger will also be accounted for in the P.S.A. under the appropriate head for the discrepancy. The loss thus accounted for will be booked to Work Order 01/00007/00 and 01/00030/00 as the case may be through Allocation Sheets. If during the same year as that of Discrepancy Voucher, the discrepant store is physically received in part or in full, it will be brought on ledger charge as usual and necessary adjustment voucher should be prepared to reduce the amount accounted for in the PSA. Recoveries/replacement effected subsequent to the year in which the discrepancy voucher was prepared should be accounted for as Miscellaneous Receipts in the accounts for the year in which they materialize. The net loss written off by the Competent Authority will be included in the appropriation Account for the year in which the sanctions are accorded.

Loss on Sale of Stores

480. No loss Statement is necessary for the difference between the book value and sale value of surplus, obsolete and waste stores, if all the procedures for disposal action have been followed scrupulously.

481. (a) The vouchers are priced at the moving average Ledger rate. For accounting the difference between the sale value and ledger value, an adjustment voucher is simultaneously made out for the difference between the book value and sale value. If the difference is plus i.e. (Loss) adjustment issue voucher is made out. If the difference is minus i.e. (Profit) adjustment receipt voucher is floated.
The adjustment vouchers are accounted for as adjustment "For PSA only".
Profit Adjustment - plus (+) to issue PSA code concerned.
plus (+) to receipt PSA code (profit on sale of store)

Loss Adjustment - minus (-) to issue PSA code concerned.
plus (+) to issue PSA code (loss on sale of store)

(b) Issues from stock on payment will be made in accordance with the procedure laid down in Para 422(viii) ante the loss if any, arises will be regulated in accordance with the provisions of FR Part-I.

Losses due to change in Condition of Stores

482. Sentencing of the serviceable stores as repairable or unserviceable should be done by the authorized inspector on examination order.

Serviceable stores sentenced as repairable

483. The stores should be drawn on Demand Notes at their full ledger value against work order 01/00043/00 and after repair returned to stores on Return Notes against the same work order at the original value at which they were drawn for repair. The repair cost will thus remain charged to production against work order 01/00043/00. A formal loss statement is, therefore, to be obtained, The loss statement should, however, be sanctioned by the CFA and included in the Appropriation Accounts.

Serviceable stores on stock charge found unserviceable

484. The factory will prepare "D" statement on IAFZ-2096 and send them together with the examination order to the Accounts Office for pricing and counter signature. The "D" Statement for scraps should be priced at the ledger rate for scraps. If such rates are not available in the ledger, they may be ascertained from other factories and if these are not forthcoming the management may be asked to fix a rate, failing which $1/10^{th}$ of the ledger rate for stores found unserviceable should be adopted as a last recourse. The difference between the ledger value and scrap value will be written off on loss statement as in other cases.

485. When repairable stores are drawn from stock against work order 01/00043/00 and are rendered serviceable after repair, they should be returned to stock at the rates for repairable stores at which they are originally drawn for repair. Subsequently, a condition voucher appreciating the condition from repairable to serviceable should be prepared.

Important Rules on Losses

486. Court of Enquiry is necessary for
(a) losses which require the sanction of the Govt. of India.
(b) loss due to inaccuracies in previous stock taking.
(c) loss of arms, ammunition and explosives.
(d) loss due to theft, fraud, neglect, fire or due to any unusual occurrence.

487. Holding of court of inquiry is discretionary in cases where loss of stores is not due to theft, fraud or neglect or when the amount of loss written off is within the financial powers of authorities lower than the Govt. of India. Consultation with finance is not necessary. Administrative Authority and Audit Authority will be responsible within their own sphere for the expeditious conduct of enquiries.

488. Blank

Nominal Vouchers

489. Stores will be accounted for by nominal series of vouchers for very limited and essential purposes. Broadly the following categories of transactions will be documented by nominal vouchers –
Receipt – (a) Loan items
(b) Stores wrongly received.
(c) Stores returned by parties to whom the same were issued on loan/as assistance for fabrication.
(d) Stores received for rectification or/repair or processing.
(e) Samples for test.

490. In order to show the true physical balance of any item of stores, loan transaction which are accounted through nominal vouchers are posted in Bin Card under the authority of nominal receipts and issue vouchers. These are not posted in the Priced Stores Ledger as the issuing formation is still the holder of the stores in question.

491. For reconciling the ledger and bin card balances, the nominal transactions are ignored. The correctness of the nominal transaction will be verified from the Loan Register maintained by the factory. The Loan Register is verified in the local audit.

Inflation in Accounting

492. The cost of production of components and materials utilized in the out-lines of a factory which are received from other factories is included in the Consolidated Production and finished Stock Account twice – once in the factories manufacturing the materials and components and then in the accounts of factories utilizing the same stores in the out turn. Thus the Cost of Production as shown in the Production and finished Stock is inflated to this extent. Similar is the position in respect of materials and components utilized in the out-turn from those put to stock from own factories production. With a view to eliminating this inflation in figures, a list of items in the store ledger of which the major portion is supplied from own factory production and / or from production of other Ordnance Factories will be completed by the General Manager of the Factory and these items of stores will be termed IFD Stores even though some quantity thereof are received from other sources like local purchase, central purchase etc. The ledger folios will be prominently marked with a cross and Demand / Return Notes relating to these items will be segregated by the Provision Section of the Factory by allotting distinguishing Code Number and separate material abstract will be prepared from such Demand / Return Notes. The figures compiled in such abstract will represent cost of materials and components received from other factories and own factories production and utilized in the out-turn and will be exhibited in the Production and Finished Stock Account by a Foot Note.

493. The factory will review periodically and change of working of ledger folio mentioned above in cases when the items of stores previously purchased from trade are subsequently produced by the factory.

Components manufactured for further utilization in the same factory

494. In some factories materials manufactured for stock are retained on production charge on Priced Production Ledger(PPL), Work Order Serial "41" will be operated for manufacture of such components and component stock voucher will be prepared for posting into PPL. These components will be drawn for utilization on concerned out-turn orders on Demand Notes with distinctive colour and code number, so as to differentiate them from ordinary Demand Notes / Return Notes. These Demand Notes are accounted for separately by Accounts Office. 41 Series work order is credited with the value of Demand Notes less Return Notes in order to avoid inflation in accounts. Accounts Office maintains the Priced Production Ledger. These items are subject to stock verification in the normal manner. Bin Card balances for these items are reconciled with ledger balances. The reconciled balance is noted by Accounts Office in the relevant Stock Taking Sheets.

495. This procedure will not apply to (i) articles manufactured for stock for utilization against indirect work orders (ii) manufacture of Plant and Tools.

Linking of Receipt of Stores

496. In the case of all stores for which payments are made/book debits are received/priced copies of issue vouchers are furnished, hundred per cent linking has to be done. Linking consists of two parts.

(A) Linking payments with receipt vouchers. Unlinked items represent payments made for which receipt vouchers are awaited. These are called "Outstanding Assets".
(B) Linking of Receipt Vouchers with payment made, where the unlinked vouchers represent stores received for which payments are to be made. These are called "Outstanding Liabilities".

Proforma of Register for linking payments with receipts

Sl. No.	Supply Order Invoice D.D Schedule No. and date	Nomenclature of Stores	Amount	BillNo./Disbursement Voucher No. and date
(1)	(2)	(3)	(4)	(5)

Receipt Voucher No. and date	Value	Difference	No. and date of Adjustment Voucher
(6)	(7)	(8)	(9)

Quantitative Linking of Stores in respect of paid vouchers, as well as for reconciliation of financial and cost accounts of debits and payments on this account, is done by the Accounts Office. A monthly print out of linked items as well as outstanding item is generated separately for assets and liabilities against each source of receipt. It should form the basis for compiling various reports and returns on outstanding assets and liabilities. The above reports will be submitted to the Accounts Officer for review on 25th of each month.

497. In regard to cases where 100% / 90% advance payments are made, a register is maintained for watching the consignee's receipts as well as for ascertaining Outstanding Assets / Liabilities. Register is maintained in the following Proforma:-

Sl. No	AT No & Date S.O. No. & Date	Nomenclature of Stores	Amount of DV			
			100% Final	100% Advance	90% Advance	10% Balance
1	2	3	4	5	6	7

D.V.		Receipt Vr. No. & Date		Amount of Receipt Voucher
No. & Date	Quantity	No. & Date	Quantity	
8	9	10	11	12

Difference between value of D.V. & value of receipt voucher	Adjustment voucher No. and date	Outstanding Assets	Outstanding Liability
13	14	15	16

498. Separate Register must be maintained for each type of purchase. These Registers are submitted to the accounts Officer on the 25th of each month.

499. Review of the Register is made with a view to ensure that:-

(i) Total amount of payments/debits as per Asset Register agree with the cash compilations figures for the month.

(ii) The total figures as per Liability Register agree with the figures booked under the relevant code of the PSA for the month.

(iii) In case of outstanding assets where advance payments are made for local purchase of stores, details of cases pending over three months are furnished to factory for expeditious action for accounting of the stores. For Central Purchase stores review should also be made on above lines.

(iv) In regard to outstanding liabilities, the receipt of the relevant bills will be watched. It will be ensured that the outstanding liabilities do not relate to cases where payments have been made by referring to the endorsement on reverse of Supply Order by thorough scrutiny of outstanding items. As claims are time barred after 3 years, no reminders should be sent to the factory by A.O.

500. The above procedure applies to Customs Duty debits also.

501. In regard to linking of inter-factory receipts detailed procedure is outlined at Para 455(d).

502. With the bifurcation of the Ordnance Factories budget from that of the Army from 1st April 1987, receipts from Army units and establishments is to be treated as payment services. On receipt of priced copy of issue voucher from consignor's Local Accounts Officer a financial adjustment debiting the relevant factory head and crediting the Army head should be made. Wanting copies should be called for to enable 100% linking of quantity by the Accounts Office. At the end of the year balance sheets are made out for store receipts category-wise viz. local purchase, central purchase, other Govt. Departments, custom duty, foreign purchase etc. Details of outstanding assets / liabilities should be listed out under the dated initials of Auditor/AAO/AO and kept in safe custody for future reference.

Linking of issue of stores

503 (a) Stores issued to other factories – A monthly List (in duplicate) for each factory will be prepared by the Accounts Office of the issuing factory on form No. IAF (Fac) 17 giving the numbers and dates of the vouchers and their amounts. The totals should be agreed with the total in the Priced Store Account and the list forwarded to the respective Accounts Offices who will acknowledge receipt of the same. Accounts Office of the issuing factory will be responsible for watching the receipt of such acknowledgement through his office copy of the list. The Accounts Office of the receiving factory will take immediate action to settle discrepancies, if any. LAO will enter the receipt vouchers numbers and amounts against each voucher and return one copy of the list duly verified. At the end of the year, the values of the monthly lists will be consolidated and the consolidated lists will be forwarded to the respective Accounts Offices for verification.

(b) Stores issued to arsenals, depots – Separate lists in IAFZ-2014 will be prepared for different formations in which the designation of the consignee and the numbers and dates of the vouchers forwarded will be entered. These lists with supporting vouchers will be sent to the LAO concerned for verification of the necessary credits for stores and their acknowledgements obtained. The issues are to be reconciled with the Production Ledger Card received in the Costing section. The quantity and value of issue are required to be reconciled with the CCO2 booking on monthly basis. The price of Store issue Voucher is also required to be verified.

ABC Analysis

504. ABC analysis is based on the concept of selective inventory management. It underlines the important principle of "vital few – trivial many". Statistics show that just a handful of items account for the bulk of the annual expenditure on materials. These few items, therefore, hold the key to an effective inventory management and hence they may be classified as 'A' category materials. 'B' and 'C' category items are much more numerous but their value is less significant. ABC analysis thus attempts to identify all the items into three categories based on their annual usage in value terms.

1. 'A' category items are higher value items in terms of annual usage. While such items account for about less than 10% of the total number of items, but they account for about 70% of the total value of consumption.

   'A' category items should be closely monitored to see that:

   (a) The requirement is correctly worked out based on the Production Programme, estimates, stock and dues.

   (b) Maximum economy is achieved by ensuring sufficient competition during procurement.

   (c) Supply is staggered to ensure minimum cash outflow while at the same time ensuring adequate stock.

   (d) Assets and Liabilities against 'A' category items should be carefully monitored and timely action taken to link and clear the outstanding items.

Contracts for Lease

505. Contracts for the leasing of Canteens, shops etc. on Factory Estates will be concluded by the General Manager in the manner stated below :-

As far as possible, advertisements should be published calling for tenders and giving general particulars of the rights which it is proposed to lease and the address at which detailed particulars can be obtained. Tenders may also be invited by letters to well-known contractors. The last date for submission of tenders and the minimum sum per month which will be accepted should also be specified in the advertisement and notices. The minimum sum should be assessed rent of the building or buildings to be leased but it is not necessary to mention (it in the tender notice). The tenderer should also be asked to quote prices he may charge for the various articles or classes of articles which he is called upon to sell and also give an idea of the quality of articles which must be maintained.

Advertisement and calls to tender must be issued sufficiently (but not exceeding six weeks) before the day of opening of tenders. Tenders should be opened on a date sufficiently previous to the date on which the contract is to come into force. The period between the issue of tender notices and the date on which the contract becomes effective may be as much as six months ahead for every important contract and normally not less than six weeks.

The Comparative Statement of Tenders together with the remarks and recommendations of the General Manager and the draft agreement should be forwarded through the Accounts Officer to the P C of A (Fys) for audit scrutiny, if the contract is made for one year or under. If the contract is made for a longer period than one year, the above documents should be forwarded through the Accounts Officer and the P C of A (Fys) to the OFB/DGOF for his approval. When financial concurrence has been obtained, the contracts will be signed in accordance with the rules on the subject.

Note – Contracts for leasing of immovable properties such as land, house, etc., will be signed by the OFB/DGOF. In the case of petty contracts for other than immovable properties such as selling rights of sweetmeat stall etc., may be signed by the General Manager.

506. Blank

Medical Stores

507. Medical stores are received in the factories from two sources, viz. (i) by local purchase, the cost being debited to "incidental and miscellaneous expenses – miscellaneous " and (ii) by transfer from other departments of the Army e.g. medical stores depots. The cost of those stores received from both the sources will be debited to work order under 01/00020/00. No priced Store Ledgers or Priced Accounts will be maintained for these stores by the Accounts Office.

508. The factories will maintain quantitative ledger for medical stores and this ledger will be audited to the extent of 33 1/3 per cent with reference to copies of receipt and issue vouchers received by the Internal Audit Cell every month. The audit will be carried out to see that:-
(i) The receipts as shown in the receipt vouchers audited have been accounted for in the factory ledgers;
(ii) All issues struck off from the factory's ledger are supported by proper vouchers;
(iii) The balances as shown in the ledgers have been correctly calculated.

509. During audit, it will also be confirmed that the receipt vouchers received from the factories incorporate in them all issues made by medical store depots and other departments of the Army as per copies of issue vouchers received from the consignor's L.A.O.

510. The procedure outlined in LAO's Hand Book should be followed in auditing the ledgers.
Note 1 – The cost of lymph vaccines supplied by Civil Institutions to the dispensaries attached to the Ordnance and Equipment Factories will be adjusted as Cost Accounting transaction and included in the general indirect charges and charged to the Production Accounts of the factories.
Note 2 – Inter-Departmental Adjustments are required in respect of stores and equipment supplied from one service to another (viz. Army, Navy, Air Force and M.E.S.).

Deposit Stock
511. Stores which are the property of other branches of the Armed Forces (D.O.S, Air Force, and Navy) sent to Ordnance Factories for repair, conversion, utilization or break up and ultimate disposal are called Deposit Stock. Such stocks will be stored physically separate from stocks which are the property of the factory. The factory will maintain an unpriced ledger for them and no corresponding priced ledger will be maintained in the Accounts Office. The factory will submit to the Accounts Office, every month, skeleton lists of receipt and issue vouchers and demand and return notes. The entries in the factory Bin Card will be checked monthly with reference to the above documents. Audit of Bin Cards for Deposit Stores will be conducted on the general principles of local audit.
Note 1 – Components rendered surplus by cancellation of service demands may also be placed in Deposit Stock.
Note 2 – Plan size stores as distinct from over size which can be utilized by factories in major assemblies to be issued against service demands may be held in factory stock.

Transfer of Deposit Stock to Factory Stock proper
512. No repair to stores of deposit stock should be carried out until a definite need for repair becomes known. The actual cost of all repairs is chargeable to the owner (DOS, Air Force or Navy). Such cost should not include any profit or involve any loss to the factory.

If, after repair, the stores are not required by the owner but they are required by the factory, they should be transferred to factory stock proper with the prior approval of the OFB / DGOF and specific concurrence of the owner is not required. In case where a factory has an urgent need of any item, the transfer may be carried out and the expost-facto sanction of the OFB/DGOF obtained. Thus Deposit Stock can be classified into the following categories:-
(a) Stores held in Deposit Stock and which when drawn are to be rectified or repaired and issued in part or in full satisfaction of an extract or an inter factory demand; and
(b) Stores held in Deposit Stock, and which are required to be drawn for rectification or repair and after completion thereof are to be issued direct to the owner.

Those falling under (a) will be drawn from Deposit Stock on regular "D" Series Issue Vouchers and will be brought on charge in the Factory Stock at Priced Vocabulary Rate. Issues of such stores, from stock

will be made in the usual procedure. Those falling under (b) will not be taken on charge in the Factory Stock. Issues of such stores will take place on "D" Vouchers.

Break-up and Disposal of Surplus Deposit Stock

513. The prior concurrence of the owner is necessary before the break-up of or declaration as surplus of stores or the produce arising from break up of such stores can be effected while the store is still held in Deposit Stock. All packages or components found to be beyond economical repair will, however, be deemed to have been held as unserviceable and prior approval of the owner for declaring them as scrap is not necessary.

If the owners do not give concurrence to the break-up or disposal by declaring as surplus, they should be asked by the factory to give definite disposal orders by the stores to enable the deposit stock to be removed from the factory custody.

As regards adjustments involved in respect of disposal of surplus deposit stock, procedure outlined by the PC of A(Fys) from time to time should be followed.

Reserve Stock Pile Items

514. Strategic items of stores which are very difficult to procure in case of failure of normal supplies, are classified as stock pile items by the OFB/DGOF. Accordingly, a reserve of such stores may be built up separately from working stock in order to meet the demands of future production in case of failure of normal supplies.

The following procedure should be adopted for compilation of Stock Pile transactions.

a) Code Head for Creation of Stock Pile Item : 01/925/31

b) Code Head for withdrawal of Stock Pile Item : 01/925/32

c) Code Head for Transfer from Stock Pile to Working stock : 01/806/02

(i)P.M. for Transfer from stock to Stock Pile:

PUNCHING MEDIUM										
MONTH		CDA	07	SECTION			CLASS OF Vr.	II	Vr. No.	0

Classification Code	RECEIPTS		Classification Code	CHARGES	
	R (1)	M.R. (2)		C (3)	M.C (4)
			000101	xxxx	
			01/925/31		
			000101		xxxx
			01/806/01		
				xxxx	xxxx

(ii)P.M. for Transfer from stock Pile to Stock:

PUNCHING MEDIUM										
MONTH		CDA	07	SECTION			CLASS OF Vr.	II	Vr. No.	0

Classification Code	RECEIPTS		Classification Code	CHARGES	
	R (1)	M.R. (2)		C (3)	M.C (4)
			000101		xxxx
			01/925/32		
			000101	xxxx	
			01/806/02		
				xxxx	xxxx

515. All expenditure for stock piling will be met from Major Head - 130A (b) (i)/ (ii) 5 Ordnance/Clothing Factories - Defence Capital Outlay. Although these items are purchased from Capital Head, they differ from Capital Assets proper as they are store item intended for future production. Accordingly, the following accounting procedure is to be followed in respect of these items.

(i) The factory will maintain a separate Bin Card for each of these items, a separate store ledger known as Capital Store Ledger should be maintained by Ledger Group of Accounts Office. This ledger, like the Priced Store Ledger, will also be located in the Provision Section in order to afford facilities of quick reference to the Management. A separate series of vouchers under "R" series will be operated upon in each and every transaction.

(ii) No Stock Pile items should be used by factories without prior approval of the OFB/DGOF. As and when reserve material are required to be used in production, they are to be first transferred to stock ledger and then issued on demand notes as usual, The transfer of materials from and to the reserve stock and working stock should be made only on transfer voucher (IAFZ-2096). The turnover of reserve items, if and when ordered from time to time by the OFB/DGOF should likewise be made on transfer voucher.

(iii) The value of purchase of stock-pile items should be reconciled with the figures of cash compilation through a Linking Register to be opened for the purpose, Losses and Discrepancies of stock-pile items will be regularized as in the case of regular capital items,

(iv) Separate Manual Schedule for "R" series receipt and issue vouchers will be maintained as in the case of "B" and "M" series. As Stock Pile items are different from Capital Assets no Depreciation should be charged on these items.

(v) The Capital Store Ledger serves the purpose of both Block Register and Priced Store Ledger. But no priced store Account need be prepared monthly. Any information regarding the position of these items should, however, be furnished to management as and when required.

(vi) A subsidiary account to capital assets account viz. "Capital Assets Account - Stock Pile" should be maintained in the Principal Ledger to account for these stock pile items.

Letter of Credit (LC)

516. A letter of credit is an instrument through which authorized officer(s) in Accounts Office of purchaser (GM of Ordnance Factory) instructs/authorizes the overseas Branch of a designated Bank to execute/discharge the LC in favour of seller's Bank. It is also a written understanding given by the buyer's bank (the issuing bank) on behalf of and at the request of its customer (the applicant) routed through the agency of a bank in the seller's country (advising bank) to the seller that it (issuing bank) guarantees to pay the seller for the goods within a specified time provided that the conditions laid down in documentary credit are fully satisfied. While an LC can be established in any of the 27 Public Sector banks besides SBI, it has been decided after careful consideration that for the present LCs may be opened only through the State Bank of India, Bank of Baroda and Canara Bank. The format for LC is given at Annexure -AB.

Forms of Letter of Credit

516A. Basic forms of Letters of Credit (L of C): Basic forms of LCs as applicable to Defence Departments are as follows:

(a) Revocable letter of credit.
(b) Irrevocable letter of credit.

(c) Confirmed letter of credit.
(d) Revolving letter of credit
(e) Divisible and non-divisible letter of credit

(a) Revocable Letter Of Credit: A revocable letter of credit is one which may be amended or cancelled by the issuing bank at any moment without prior notice to the beneficiary. Therefore, such a type of letter of credit does not give complete sense of security to the beneficiary. However, the notice of amendment or cancellation is effective only upon receipt of such notice by the advising bank. If the advising bank has undertaken liability (i.e. paid, negotiated or accepted) against documents, which appear on the face of it to be in conformity with the terms and conditions of the credit, before receiving notice of amendment/cancellation, the issuing Bank is bound to reimburse the advising bank. If the letter of credit is silent as to whether it is revocable or irrevocable, the credit is deemed to be irrevocable.

(b) Irrevocable Letter Of Credit: When the issuing Bank gives a definite, absolute and irrevocable undertaking to honour its obligations, provided the beneficiary complies with all the terms and conditions, such a credit is known as an irrevocable letter of credit. It means that the letter of credit cannot be amended, cancelled or revoked without the consent of the parties to the letter of credit. This gives the beneficiary a definite protection.

(c) Confirmed Letter Of Credit: A confirmed letter of credit is one in respect of which another Bank in the beneficiary's country adds its confirmation at the request of the issuing Bank. This undertaking of the confirming Bank to pay/ negotiate/accept is in addition to the undertaking of the issuing bank. This is an added protection to the beneficiary. This is not to be agreed to as it undermines the credibility of our Nationalized Banks.

(d) Revolving Letter Of Credit: In such Letters of Credits, the amount is restored, after it has been utilized, to the original amount. Such credits are used when the buyer is to receive partial shipment of goods at specific intervals over a long duration. It can be cumulative or non- cumulative in nature. It avoids opening letter of credit for each and every consignment.

(e) Divisible and non-divisible LCs: The above mentioned Letters of Credit could be divisible or non-divisible. Divisible Letters of Credit could be opened when more than one beneficiary is allowed and payment has to be made as per the consignment.

Procedure for opening Letters of Credit and working of the LC mechanism:
516B. Opening of Letters of Credit: The procedure for opening of an LC would generally include steps as given below: -

(a) Step-1: Receipt of PBG and receipt of intimation from the Supplier regarding readiness of goods for dispatch by the contract concluding authority as per contractual terms from the supplier.

(b) Step-2: The contract concluding authority seeks FFE release from the appropriate authority.

(c) Step-3: On release of FFE the contract concluding authority forwards the case for opening of LC to the Principal Controller/Controller of Defence Accounts/Accounts Office concerned, who after proper scrutiny of all details for correctness, authorizes the bank to open the LC. The bank establishes the LC and intimates the Principal Controller/ Controller of Defence Accounts/Accounts officer concerned and the contract concluding authority.

Payment through Letter of Credit:

516C. The letter of credit mechanism operates as follows:

(a) The Buyer through the Accounts officer requests the issuing bank to open an LC.
(b) The Issuing Bank conveys LC through the Advising overseas branch of the bank.
(c) The overseas Advising bank discharges the credit in favour of the beneficiaries bank.
(d) On submission of stipulated documents as per terms and conditions of Supply order.

Essential elements of LC

516D. The format of the Letter of Credit is given at Annexure -17. Following essential elements are to be clearly stipulated while opening a Letter of Credit:

(a) Type of LC
(b) Name and address of applicant and beneficiary
(c) Amount of credit and currency
(d) Validity of LC
(e) Latest shipment date (delivery date as per contract)
(f) Basis of delivery (FOB/FCA/CIP/CIF)
(g) Contract No. and date
(h) Shipment from ..... to .....
(i) Consignee and ultimate Consignee
(j) Part shipment allowed/not allowed
(k) Documents required to be produced by the beneficiary for release of payment against LC
(l) LD Clause
(m) Any other special instructions.

Documents to be provided by the seller

516E. Documents to be provided by the Seller: Paid shipping documents are required to be provided to the advising Bank by the Supplier through his bank as proof of dispatch of goods as per contractual terms to get his payment against the Letter of credit. The advising overseas branch of Bank forwards one set each of these documents along with detail advise to the Issuing Bank Accounts Officer and the Landing Officer, as specified in the Contract, for getting the goods/stores released from the Port/Airport. These documents, the details of which should be specified in the contract, include:

(a) Clean on Board Airway Bill/Bill of Lading
(b) Original Invoice
(c) Packing List
(d) Certificate of Origin from Seller's Chamber of Commerce
(e) Certificate of Quality and current manufacture from OEM
(f) Dangerous Cargo Certificate, if any.
(g) Insurance Policy of 110% if CIF/CIP contract.
(h) Certificate of Conformity & Acceptance test at PDI, signed by Buyer's and Seller's QA Deptt.
(i) Phyto-sanitary/Fumigation Certificate, if applicable
(j) Performance Bond/Warranty Certificate
(k) Authenticated signature of the supplier or his authorized representative should be available with the bank and verified by them before releasing LC payment.

Extension of LC: Action by Accounts Offices

516F. Points to be checked: The following points should be checked by the Contract concluding authority before initiating the case for extension of LC:

(a) Extension of delivery date in the contract and corresponding amendment in LC for latest date of shipment.
(b) Performance Bank Guarantee (PBG) extension.
(c) Onus of charges for LC extension.

An LC may be extended only with the prior concurrence of the IFA, where the LC was originally opened with the concurrence of integrated finance, and approval of the CFA.

Delivery Schedules

516G. Delivery of goods: The normal schedule for delivery of goods in case of LC and DBT payment terms should be as follows:

(a) L/C Payments: Six months from the date of signing of the contract which will include:
(i) Obtaining export license and giving notification of readiness for opening of L/C by the seller - 45 days.
(ii) Obtaining Foreign Exchange Release and opening of L/C through the Principal Controller/Controller by the buyer - 45 days
(iii) Validity period of L/C - 90 days. The LC will be opened three months prior to the expiry of the delivery period only. In case the spares under procurement are in large quantity or their technical production cycle is long as specified by the seller in the RFP, the LC shall be opened for more than one quarter as per the terms of the contract.

(b) DBT Payments: Preferably within three months of the signing of the contract.

ADJUSTMENT VOUCHER

517. The Voucher which is prepared to correct the value of provisionally priced Receipt Vouchers, to correct the wrong codification of RVs in respect of PSA Code and the wrong quantity mentioned for a particular Receipt Voucher.

517A. The Receipt Vouchers are priced with reference to Accepted Tender Rate (Supply Order Rate), Priced Vocabulary Rate in r/o IFD item issued by OFB and also mutually agreed rates for lesser value IFD items, Cost of Production in case of receipt from the production of own factory. After pricing the vouchers these are accounted for in PSA.

517B. Receipt Vouchers are priced provisionally in case of conditional incidence of custom duties or other taxes and duties and also in cases where complete cost of items is not available in Pricing source documents as mentioned above However on receipt of the complete information/documents, the RVs are re-priced correctly after making an Adjustment Voucher. The adjustment vouchers are classified as Plus Receipt Adjustment (KOD 21) where the actual value is more than the provisional value and Minus Receipt Adjustment (KOD 29) where the actual value is less than the provisional value.

517C. Further, PSA Adjustment and QTY. Adjustment are required when the vouchers have been wrongly codified and quantified. For this, the adjustment vouchers are also generated. Such cases are happened on rare occasion.

517D. It should be ensured that all Adjustment Vouchers duly approved are accounted for both in the Priced Store Account and the Priced Store Ledger.

The Adjustment Voucher should depict all the following information:-

SL.NO.	RV.NO. (Linked)	DT.	QTY.	PROV. PRICE	ACTUAL PRICE (Ref document)	DIFFERENCE VALUE	PSA CODE	CORRECT PSA CODE (if rectified)	CORRECT QTY.	ADJUSTMENT TYPE.

Register, Reports and Returns

518. List of Registers to be maintained together with the fly leaf instructions and of reports and returns to be rendered by the Material Section are given in Annexure "Y" & "Z" respectively to this Chapter.

519. A computerized Inventory Package containing Supply Order Module, PSL/PSA Module, IFD Module and Assets & Liability Module has been developed in the VISUAL FOXPRO platform. The reports/ registers which can be generated through Inventory Package need not be maintained manually. However print outs of the same will be taken on monthly basis and maintained in separate files.

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ANNEXURE-"Y"

(Referred to in Para 518)

LIST OF REGISTERS MAINTAINED IN THE MATERIAL SECTION AND THEIR FLY LEAF INSTRUCTIONS

Sl.	Name of Register	Para No.
*1.	Bill Audit Register	
*2.	Supply Order Register (Commitment Register)	
*3.	Register showing statistics in regard to tenders other than the lowest accepted by the Administrative Authorities	
*4.	Register on Working on Contracts	
*5.	Register of Payments to Local Purchase Contractors (Income Tax Register	
*6.	Objection Book on Local Purchase Bills	
*7.	Objection Register / File	
8.	Register for linking payments and for watching the consignee's receipt in respect of payments of 100 % final, 100 per cent advance, 90 per cent advance and 10 per cent balance made by Pay and Accounts Officers to Contractors as well as for executing Outstanding Assets and Liabilities for a year	Incorporated in paras 498 499
9.	Register of linking of local/foreign purchases	380
10.	Register of Central and Foreign Purchases for watching progress of old demands	354
11.	Register for noting down the provisional pricing of vouchers.	430
12.	Register of Review of primary documents.	420
13.	Register of Schedules of Demand and Return Notes.	419
14.	Registers of Schedules of "S" Series Receipt and Issue Vouchers	418
15.	Register of Unorthodox Balances.	432
16.	Stock taking Progress Register	472
17.	Register of Inability Sheets	349
18.	Register of 10 percent checking of demand and return notes in material warrants	457
19.	Register of Danger/Ordering Level.	423

* For Fly Leaf Instruction, see O. M. Part II, Volume II, Chapters on Stores (Contract) and Stores (Audit) Sections.

Note: The reports/ registers which can be generated through Inventory Package need not be maintained manually. However print outs of the same will be taken on monthly basis and maintained in separate files.

Serial No. 9

FLY LEAF INSTRUCTIONS FOR THE MAINTENANCE OF REGISTER FOR LINKING OF LOCAL/FOREIGN PURCHASES

[Authority-Para 380 (ii) Chapter VI, Section I, O.M. Part VI)

Object:-To ensure that for all payments made or debits received for the purchase of stores, the stores have actually been received and brought on charge in the Priced Store Ledger and amounts adjusted in the Price Store Accounts.

The Register will be maintained in the following proforma:

Serial No	Supply Order Invoice/ D.D. Schedule No and date	Nomenclature of Store	Amount	Bill No / Disbursement Vr. No. and date
1	2	3	4	5

Receipt Vr. No. and Date	Value	Difference	Number and date of Adjustment Voucher
6	7	8	9

2. Separate parts will be maintained for local and foreign purchase.

3. The register will be submitted to the Accounts Officer on the 25th of each month.

Serial No. 10

FLY LEAF INSTRUCTIONS FOR THE MAINTENANCE OF REGISTER FOR WATCHING PROGRESS OF OUTSTANDING DEMANDS IN RESPECT OF CENTRAL/FOREIGN PURCHASES

[Authority-Para 354, Chapter VI, Section I, OM Part VI.]

Object: - To watch the commitment and expenditure and progress towards the clearance of outstanding demands for Central/Foreign Purchases.

The Register will be in maintained in the following proforma:

Serial No	No.and date of demand sheet	Estimated cost of demand	Progressive total commitment carrying	OFB's Indent No. and date	A.T.No. and date
1	2	3	4	5	6

Value as per A.T	Difference plus or minus between Colmn. 3 and 7	Voucher No. and date	Value	Progressive total payments as per compiled actual for each month	Remarks
7	8	9	10	11	12

2. The Register will be submitted to the Accounts Officer on the 15th of each month.

Serial No. 11

FLY LEAF INSTRUCTIONS FOR THE, MAINTENANCE OF REGISTER FOR THE PROVISIONAL PRICING OF VOUCHERS

[Authority-Para 430 Chapter VI, Section 1, OM Part VI.]

Object:- To record all provisional pricing of vouchers and watch their final adjustments.

The Register will be maintained in the following proforma:

Serial No	Voucher No. and date	Quantity	Provisional date	Estimated value
1	2	3	4	5

Actual Value	Difference	Number and date of adjustment voucher	Remarks
6	7	8	9

2. If the difference (vide column 7) is charged to the store indirect charges of the factory as per 409-A of the O.M. Part VI, the number and date of the memo under which the C.C. of A (Fys)'s approval is obtained, should be noted in Column 9.
3. The register will be submitted to the Accounts Officer on the 10th of each month.



ANNEXURE "Z"

(Referred to in Para 518)

LIST OF IMPORTANT REPORTS AND RETURNS DUE FROM MATERIAL SECTION

Sl. No.	Name of the Reports and Returns	To whom due	Due date to reach the destination
Monthly			
1.	Monthly Expenditure report	PCA (Fys) "S" Section	
2.	Progress Report monthly (Proforma 'B')	-do-	10th of the following month.
3.	Report on Analytical value of stores	-do-	10th of the following month.
4.	Report on clearance of Assets & Liabilities	-do-	10th of the following month.
5.	Report on linking of CP vouchers transactions	-do-	5th of the following month Within a fortnight of receipt of CCO-2.
6.	Outstanding amount of advance payments on account of purchase of steel	-do-	10th of the following month.
7.	Priced Store Account	PCA (Fys) "AA" Section	By middle of the month follo wing -
Quarterly			
1.	Air lifting of stores in respect of Ordnance & Clothing Factories.	PCA (Fys) Store Sec.	15th of the month following each quarter
2.	Report on cases where receipt vouchers/certificates not received within 3 months of 100 advance payments without consignee's receipt note. For the supplies made against contract placed by DGS&D, New Delhi and payment of 2% bills without consignee's report	-do-	1st day of every quarter.
3.	Export carrying report of Ordnance Fys	-do-	15th of the month following each quarter
4.	Disposal of Surplus etc. stores under orders of the Director General, Supplies & Disposal.	-do-	10th of the month following each quarter
5.	Return of Income Tax prepared from the Register of payments to local purchase contractors.	Asstt. Director of Inspection (Income Tax)	10th of the month following the quarter
6.	TPC /PNC Report	PCA (Fys) Store Sec.	15th of the month following each quarter
Half Yearly			
1.	Trade Purchases resorted to consequent on Short/Non-supply of I.F.D. items	P.C. of A (Fys) "PR" Sec.	April to September – 15th Dec October to March – 15th June

Annually			
1.	Export Earning Report of Ord. Factories	P.C. of A (Fys) "S" Sec.	15th September each year
2.	Statement of Contracts given to other than the lowest tenders.	-do-	16th April each year
3.	Consolidated Statement of Losses of stores sanctioned during the year for inclusion in the Appropriation Accounts with Annexure detailing heavy losses	PC of A (Fys) "FA" Section	On or before the date prescribed
4.	Consolidated Store Account with subsidiary statement and Balance Sheets (LP, CP, FP etc.)	PC of A (Fys) "AA" Sec/Costing Section	On or before the date prescribed for the year. by the P. C. of A. (Fys.)
5.	Certificate a) of reconciliation of stores ledger balances with Bin card balances b) of reconciliation of consolidated stores ledger figures with the consolidated store accounts figures c) regarding reconciliation between financial and cost accounts in respect of stores purchased	PC of A (Fys) "AA" Section	On or before the date prescribed for the year.by the P. C. of A. (Fys.)

Note- There are certain other reports and returns which concern more than one Section. Material Section should complete its portion in time to enable the rendition of the reports by the prescribed date.



ANNEXURE AA

Subject: Procedure for provisional payments in the re-organized accounting system in Ordnance Factories.

The following procedure will be followed regarding provisional payments in the context of the re-organized accounting system in Ordnance Factories. The procedure will be brought into with immediate effect.

2. All proposals for provisional payments will be sent by the concerned DGM(or in his absence, Manager) to A.O. i/c to enable him (AO i/c/DCDA/JCDA) to endorse his remarks on each such proposals regarding the advisability or otherwise of making provisional payment orders, which should be recorded in writing. Wherever the G.M. from the recommendations of A.O. i/c/DCDA/JCDA, the reasons there in should also be recorded by him(GM). However, GMs orders should treated as final and implemented as such.Differences of opinion between the GM and A.O. i/c/DCDA/JCDA would be communicated by the factories concerned to OFB agreeably to the instructions contained in Para 14, Government of India, Ministry of Defence Letter No.1(82) / D / (Fy-I) dated 3.5.1979.

3. The responsibility for pursuing and finalizing the provisional payments made will devolve on the GMs who should ensure that suitable records are maintained for the purpose in the concerned sections. A suitable Register will be maintained by each factory for watching clearance of Provisional payments and quarterly reports will be sent to the GMs. At the end of each financial year all outstanding provisional payments made during the year will be reported by the GMs to the respective members of the OFB with copy to C. of A. (Fys) and Member/Finance. This report will be submitted by GMs so as to reach the Board on or before 30th May of the following financial year duly confirmed by the Accounts Officers i/c. The documents maintained by the Factory Management as well as Accounts for provisional payments will be susceptible of check by internal audit.

4. The procedure to be followed at the factory level will mutatis mutandis, apply to provisional payments relating to DGOF HQrs. Accordingly, provisional payments proposals relating to DGOF HQrs. will emanate from the level of the ADGOFs or above, who will forward such proposals to the C. of A.(Fys) for endorsement of recommendations as regards the advisability or otherwise of making provisional payments. The proposal will thereafter be forwarded to the concerned DDGOF for final orders in writing which will prevail. Necessary records will be maintained as in Para 3 above, the documents be susceptible of check by internal audit. Cases of difference of opinion, if any, between the Controller of Accounts(Fys) and concerned DDGOF will be reported by the latter to the Member concerned who will decide each case in consultation with Member/ Finance. The responsibility for pursuing and finalizing provisional payments made in DGOF HQrs. will rest with the respective Divisions of the HQrs. At the end of each financial year, all outstanding provisional payments made during the year will be reported by the concerned DDGOF to the Member concerned with a copy to Member/Finance duly confirmed by the Controller of Accounts (Fys).



Annexure - AB

Letter of Credit Format (Referred to in Para for 516)

Form of Doc Credit (40A) : Irrecovable/revocable/revolving/confirming.
Doc Credit Number (20) :
Expiry (31D) : Date : 12 months after issuance of Documentary credit.
Applicant bank (51) : ----------

Beneficiary (59) : ----------

Amount (32B) : Currency :
Amount :
Max Credit Amount (39B) : Not Exceeding
Available with/By (41) : By payment.
Partial Shipments (43P) : Allowed/Not Allowed. Transshipment (43T): Not allowed/allowed. Loading in Charge (44A) : (Port of Loading).
For Transport to (44B) :----------(Port of Discharge).
Shipment Period (44D) : ----------
Descript of Goods (45A) : ----------
Documents Required (46A) : + Signed commercial invoice in six copies.
+ Two copies of original clean on board bills of lading made out to order and endorsed in blank, showing applicant as notify party and marked : Freight payable at destination.
+ Packing list in six copies.
+ Certificate or origin issued by a chamber of commerce.
+ Lot acceptance certificate signed by the seller's and the Buyer's quality assurance representatives or alternatively the seller's quality assurance representative and armscor or the directorate product system support of the south African national defence force.
Additional Cond (46A): + Telegraphic reimbursement is allowed.
+ This credit will automatically revolve cumulatively on an annual basis as indicated below, and will accordingly be automatically extended upon transmission of a notice to this effect by means of an authenticated telex/swift message from the beneficiary's bank to the issuing bank not later than 15 days prior to the expiry of the relevant validity period.

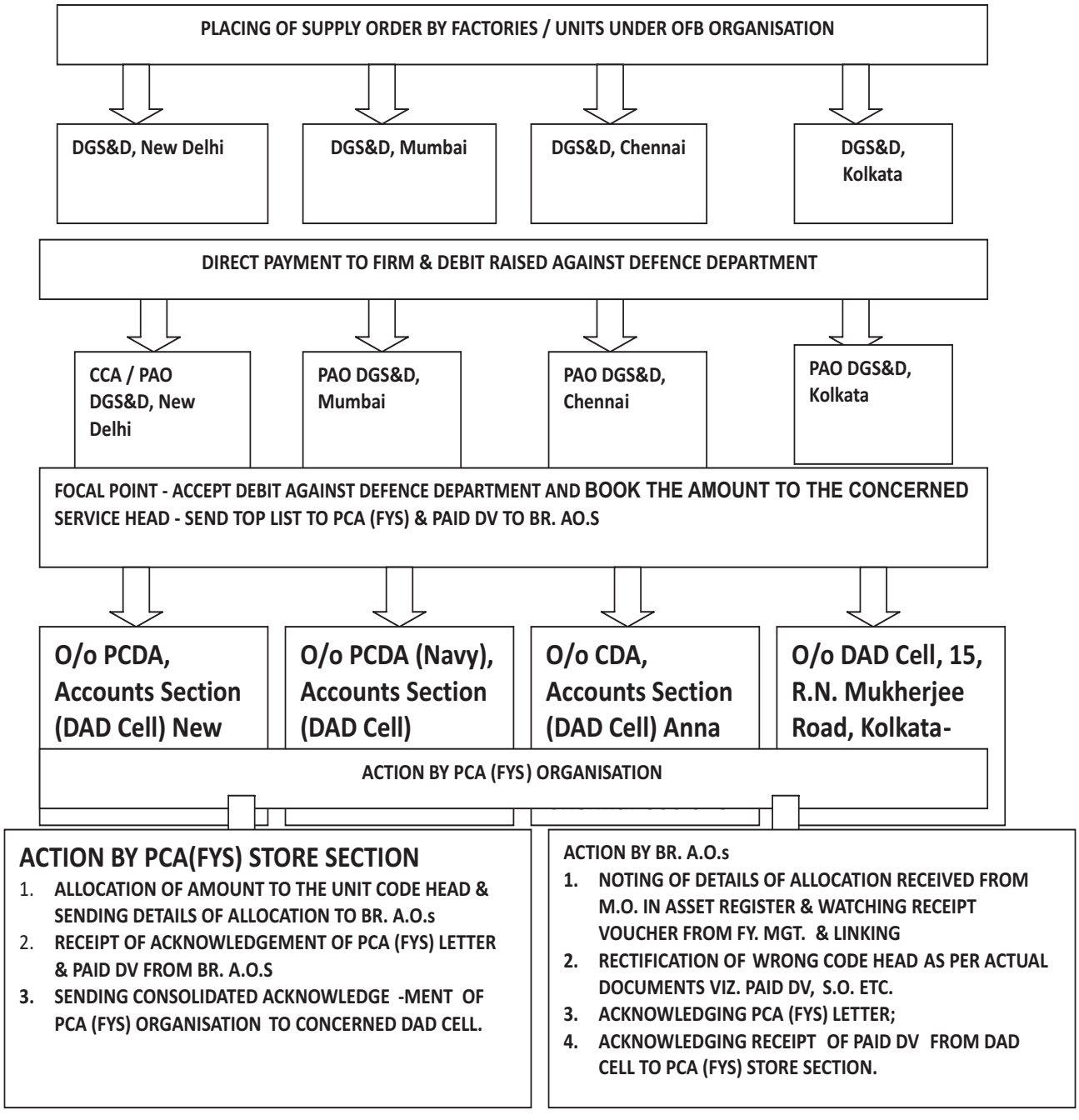
Stage	Amount	Validity Period

+ Maximum utilization under the credit will be
+ Confirmation charges for the letter of credit are for the beneficiaries account.
+Late Shipment is acceptable.
Details of Charges (71B): All charges outside India are for beneficiary account. Presentation Period (48): Within 21 days after shipment date.
Confirmation (49): Confirm.
Reimbursing Bank (53): ----------
(78): + Documents must be forwarded to us by courier in one lot.
+ We hereby engage that payments made under and in compliance with all the terms and conditions of this credit will be duly honoured by us upon presentation of the stipulated documents.
+ Paying bank may claim reimbursement telegraphically from the reimbursing bank for value 3 days after their authenticated telex/swift advice to the issuing bank of any conform drawing presented under this credit.
(57) : ----------
(72) : ----------



ANNEXURE AC

CENTRAL PURCHASE OF STORES AND PLANT & MACHINERY THROUGH DIRECTOR GENERAL OF SUPPLY & DISPOSAL (DGS&D)



ACTION BY PCA(FYS) STORE SECTION

1. ALLOCATION OF AMOUNT TO THE UNIT CODE HEAD & SENDING DETAILS OF ALLOCATION TO BR. A.O.s
2. RECEIPT OF ACKNOWLEDGEMENT OF PCA (FYS) LETTER & PAID DV FROM BR. A.O.S
3. SENDING CONSOLIDATED ACKNOWLEDGE -MENT OF PCA (FYS) ORGANISATION TO CONCERNED DAD CELL.

ACTION BY BR. A.O.s

1. NOTING OF DETAILS OF ALLOCATION RECEIVED FROM M.O. IN ASSET REGISTER & WATCHING RECEIPT VOUCHER FROM FY. MGT. & LINKING
2. RECTIFICATION OF WRONG CODE HEAD AS PER ACTUAL DOCUMENTS VIZ. PAID DV, S.O. ETC.
3. ACKNOWLEDGING PCA (FYS) LETTER;
4. ACKNOWLEDGING RECEIPT OF PAID DV FROM DAD CELL TO PCA (FYS) STORE SECTION.

1 **FLOW of INDENTs**

PLANNING SECTION

Receives Extracts from OFB and translates into Work Orders & Warrants

Standard Estimates are prepared by the section (alternate Material & Routes are mentioned in the estimates)

Material Planning Sheet is prepared for flow of the Raw Materials/Components

Branch Accounts Office (COSTING SECTION)

Extracts and Warrants are entered into the Registers maintained for the

Estimates are Priced based on the Moving Average Ledger Rate for Material and Hourly Rate for pricing Labour Cost

Overhead Calculation is carried out section wise based on SBC & CBC decisons

Branch Accounts Office (COSTING SECTION)

- Warrant - wise Standard Cost has been arrived at
- Posting in Cost Cards and comparison with Standard Cost

Accounting of End-Product Issues are carried out on the basis of the Production Ledger Card, Inspection Note and the Production Issue Voucher

2 **FLOW of Production**

Production Shops

Work Order & Warrant from Planning Section

Estimates with Rejection Percentages

Warrants for Production

Material Warrant - Demand Notes to STORE

Manufacturing Warrant - Issued for Labour Engagement

STORE SECTION

Material Planning Sheet from Planning

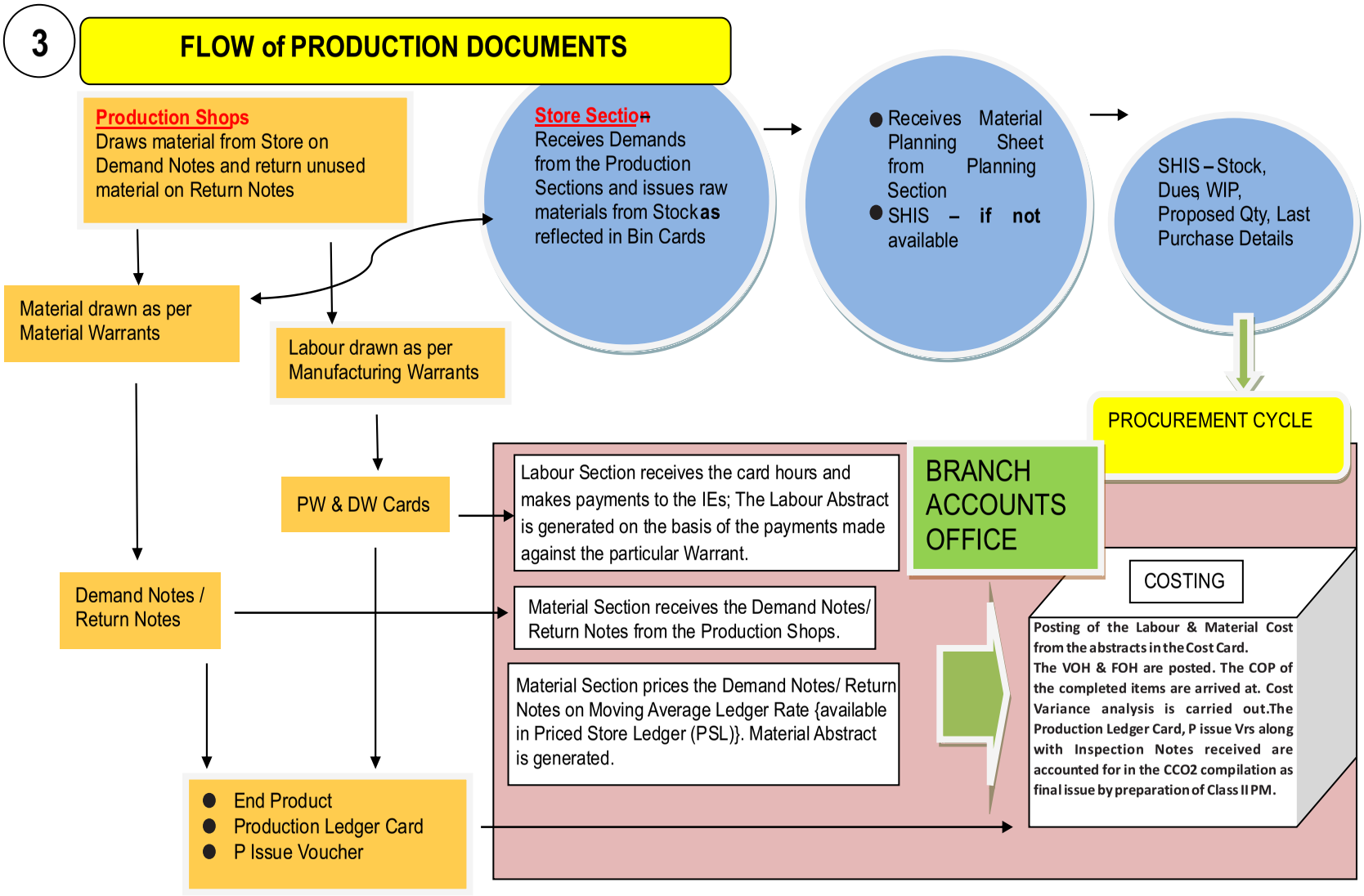
Demand Note/Return Note from Production Shops

Issues from Store

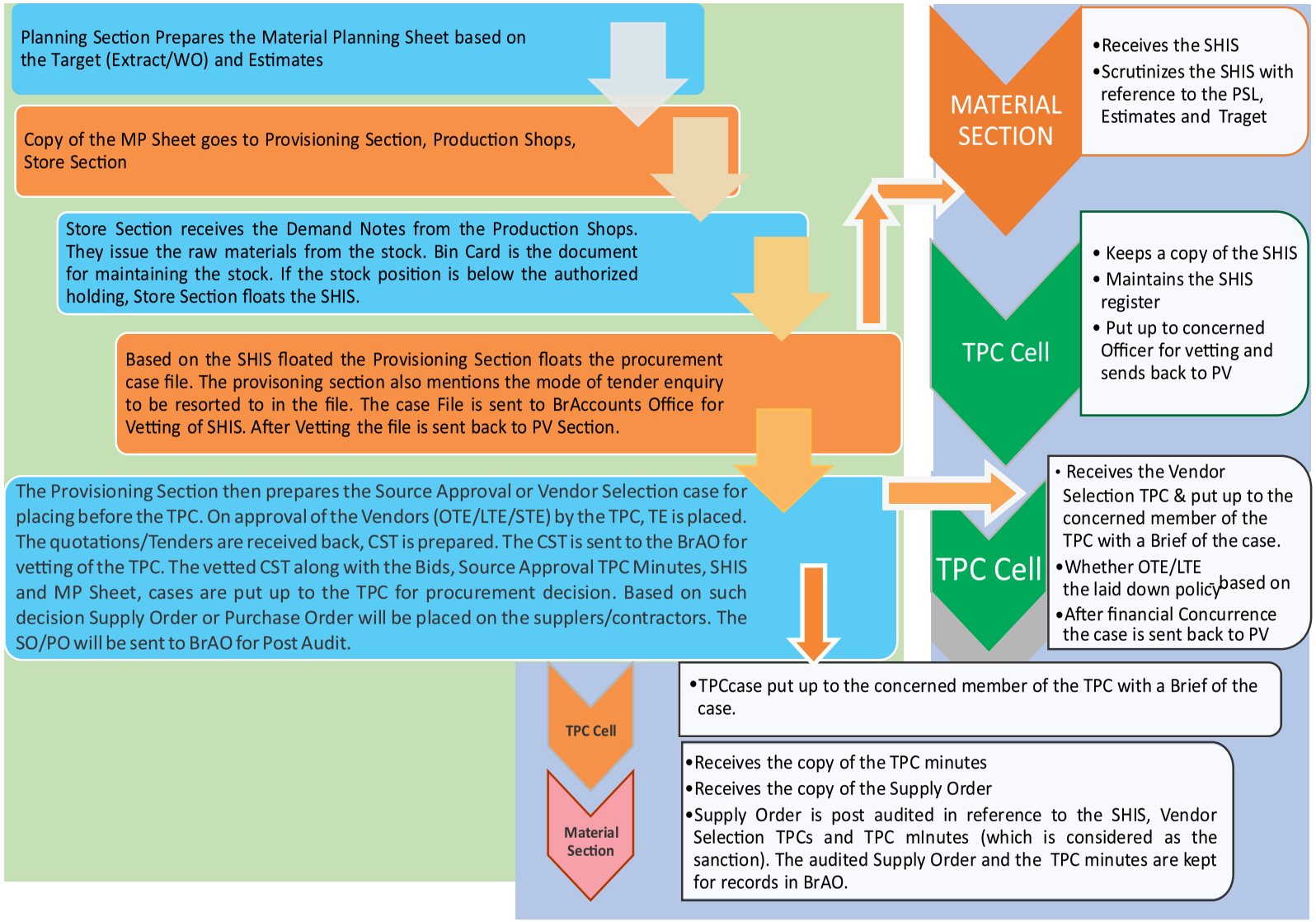
Stores (Raw Material) available are issued to store

If Stores are not available in the stock or will be exhausted soon - SHIS generated

3 FLOW of PRODUCTION DOCUMENTS



4 FLOW of SHIS, TPC & SO



FLOW of RECEIPT VOUCHER and PAYMENTS

5

Vendors supply the material ordered for to the Factory

At the Gate Office, Inward Gate Pass is prepared (IGP)

The store in the packed condition is received by the QC section. The inspection of the stores is carried out and Material Inward Slip is generated by the QC section. MIS sentencing is done.

The store is sent to the Store holder. The Store Holder enters the receipt in the Bin Card. The Receipt Voucher is prepared

The RV is forward ed to the Provisioning Section or the Bill Section for preparation of bill based on the RV as well as invoice already received by the Bill section from the supplier. The bill is countersigned and forwarded to the BrAO for payment

INVENTORY ACCOUNTING CYCLE

The Copies of RV are received in the BrAO. This will remain as liability till the payment is made and linked. In case of payments made without corresponding asset, this will remain unlinked Asset.

The PSA for the monthly transaction is maintained at the BrAO. Monthly store account will be generated

The PS L is updated on the basis of the RV and the rate at which the payment is disbursed for the particular item. Moving Average Ledger Rate is updated. The Demand Note/ Return Note will be priced at this rate

The balance of the PSL will be reconciled with the Bin Card Balance and the inventory accounts is maintained by the BrAO

PAYMENT CYCLE

Audited bills are passed for payments. Cheque Slip, Punching Medium and DP sheet prepared (DV No). (NEFT mandate are kept in the audit section and reference will be quoted by them while forwarding the passed Vouchers)

The passed bills along with PM, Cheque Slip, NEFT advice are received at D Section, payment scroll/cheque (consolidated for the day) ae prepared and register for payments are maintained

Bills Received from the P V or Bill Section is entered into the Bill inward register in the BrAO

Consolidated Cheque/individual cheque/ payment advice are transmitted to the Bank (authorized banker or through SBI-CMP) for accrediting the Beneficiary. Copy of cheque slip will be transmitted to the beneficiary by fastest possible means and a copy to be handed over to the executive in case of electronic payments

Bills are distributed to the task holders for scrutiny of the bills with respect to the post audited SO and TPC minutes.

The reconciliation statements from the Bank on daily/weekly/monthly basis will be linked at D section. The paid Vrs will be returned to audit section for custody and arriving at Average Ledger Rate

6

FLOW of IFD DOCUMENTS & LINKING

Consignor Factory produces the IFD item. Prepares 6 copies of Issue Vouchers. Send three copies to attached BrAO for pricing.
Out of the three retained Vouchers, sends two un-priced Vouchers to Consignee along with the item and retains 1 copy of un-priced Issue Vr.

3 copies of Issue Vr received from the Consignor Factory Management are priced on the basis of

- Either the available IFD price (from OFB)
- Or based on the COP of the item

The BrAO returns 1 copy of the Priced Issue Vr to the Consignor Fy and retains 1 copy. The other copy of the priced Issue Vr is sent to the

1 Copy of Priced Issue Vr

2 copies of un-priced Issue Vr and 1 copy of priced Issue Vr is sent to the consignee with the Item.

1 ID list for all IFD transactions for each consignee factory will be prepared by the BrAO and forwarded to respective BrAO for linking

ID list for the month of all IFD transactions

Consignee Factory on receipt of the material and the priced Issue Vr would prepare the Receipt Voucher. The Consignee Factory would forward the Receipt Vr so prepared along with the priced Issue Vr fr om the consignor to the BrAO attached to it.

1 Copy of Priced Issue Vr

The BrAO of the consignee Factory may or may not receive the copy of the Priced Issue Vr from the Consignor Factory. If it is received, then they will wait for the RV from the Consignee Factory. After receiving both the Linking will be carried out.

ID list received from various consignor Factories will be watched by the BrAO for linking



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CHAPTER-VII
FINANCIAL ADVICE

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Note : The chapter has been newly added, and new paragraphs have been included

522. The scheme of Integrated Financial Advice has been introduced in the Government Departments vide Ministry of Finance, Deptt of Expenditure O.M. bearing F.No.10(29)- E.Coord/73 dated 6th Oct 1975 and strengthened vide O.M. F.No.5(6)/L&C/2006 dt. 1/6/2006. (Annexure AD) In order to bring about a closer association between the Administrative Ministries and their Financial Advisers and to enable the latter to play a more effective and constructive role, Government had introduced in October 1975 the Scheme of Integrated Financial Adviser under which the Financial Advisers become a part and parcel of the Administrative Ministry concerned and are, therefore, more closely associated with formulation and implementation of proposals.

IFA System in Ministry of Defence

523. There is a separate Finance Division of the Raksha Mantralaya (Ministry of Defence) for dealing with all Defence matters having a financial bearing. The head of this Division is the Secretary (Defence Finance) [or Financial Adviser (Defence Services)]. In accordance with GOI policy, the scheme of Integrated Financial Adviser was introduced in the Department of Defence Supplies and Defence Production (including Research and Development Organization and Director General of Quality Assurance) in May 1976. Government decided to introduce the system in the Department of Defence with effect from 1st August 1983 and orders to that effect were issued on 16th July, 1983. Thus there is now complete integration of the former Defence Division of the Ministry of Finance with the Defence Ministry.

IFA in Ordnance Factory Organization

523A. The Finance & Account function relating to Ordnance Factory Organization has been fully integrated with the management function from the Factory level upwards to the level of Ordnance Factory Board vide Para-C of MOD (Deptt of Prod) letter No. 8(2)/74/1/D(Fy-I) dated 9th January 1979. (Annexure B of Chapter - I) The role of Controller of Finance, Controller of Accounts (Fys) and Chief Internal Auditor (OF) was defined vide MOD (Deptt of Prod) letter No.1(82)/78/D(Fys-I) dated 3rd May 1979. (Annexure D of Chapter - II)

Procedures and manuals for dealing procurement cases

523B. As per CVC guidelines every Government Department dealing with public procurement should have well framed Codes and Manuals incorporating procedures to be followed in dealing with the cases. Ministry of Defence (Deptt. Of Defence Production), New Delhi vide letter No.01/5/SP/C/Part/4847/D(Prod) dt. 11th January 1973 as amended vide Min of Def Corrigendum No.01/5/SP/C/1966/D(Prod) dt. 17/3/1975 (Annexure AE) addressed to DGOF, Kolkata had prescribed "Provision Procedure" to be followed by OF organization for dealing with procurement cases. Ministry of Defence vide their letter No.3(10)/87-D(Prod) dt. 9/9/1987 had directed OFB to follow DGS&D Procedure for reckoning ranking of tenders. Ordnance Factory Board for the first time in 1992 had published "Material Management" handbook. Defence Procurement Manual (DPM) was published in 2005, OFB's "Material Management-2005" was in line with the DPM 2005. Subsequently DPM-2006, DPM-2008, DPM-2009 and Supplement to DPM-2010 were published by the Ministry of Defence. The present OFB Procurement Manual-2010 was published in 2010 and duly approved by DDP. When necessitated, besides these Manuals, General Financial Rules-2005, Financial Regulations (Defence Services) Part-I (Vol-I) especially chapters for contracts as well as Procurement Manual of Ministry of Finance are referred for guidance and taking important decisions. Guidelines issued by Central Vigilance Commission are also strictly followed to maintain transparency in the procurement system.

Evolution of delegation of power in OFB organization

523C. In 1962, after the Chinese War, for the first time Government of India, Ministry of Defence had delegated financial powers to the Director General of Ordnance Factories and General Managers of Ordnance & Clothing Factories vide MoD letter No.4(11)/63/II/D(Fy) dt. 14/2/1964. (Annexure AF). After the formation of Ordnance Factory Board, financial powers were delegated in 1979 (as amended in 1982) (Annexure AG) and subsequently in 1986 [MoD (Prod) letter No.2(6)/85/D(Fys) dt. 10/6/86], 1999 [vide MoD (Deptt of Prod) letter No.PC-1 to 2(2)/96/D(Fy-I)/99/D(Prod) dated 30/11/1999]& 2006 [vide DDP letter No.5(12)/99/d(Prod)/B dated 20/12/2006] in the field of procurement of Stores, Plant & Machinery and in other areas. In Para-3 of MoD (Prod) letter No.2(6)/85/D(Fys) dt. 10/6/86, (Annexure AH) approval of Ministry of Finance was accorded to the effect that Ordnance Factory Board may, under the authority of resolution to be passed in Board, delegate any of its financial powers to the General Managers of Ordnance Factories, Addl DGOFs of OEF HQrs & AV Hqrs, NADP Ambajhari etc. or to the specified officers in OF Board. The condition subject to which such re-delegation would be made should also be decided by OF Board. OFB had delegated power to G.M. and down the line officers of Ordnance Factories vide OFB Order No.439/BS dated 11/4/2007. The delegation and re-delegation by OF Board shall at all time remain compiled in the book of Delegation of Power and issued for reference by all concerned. The book shall be updated and issued by the Secretariat of the Ordnance Factory Board. The latest booklet for Delegation of Financial Power was published in December-2012. In 2013, OF Board has decided to enhance powers for procurement Stores of the functionaries in Board level and factory level vide OF Board Order bearing No. 472/BS dated 8/8/2013. (Annexure AI)

Procurement management

523D. Financial powers of the Sr. General Managers / General Managers will be as per the Delegation of Financial Powers as amended from time to time by MoD/OFB as the case may be. The Work Managers and Officers above the rank of Works Managers have been delegated powers for local purchase of stores. The object of delegating such powers is to ensure availability of right materials at the right time for maintaining continuity of production and achieving production targets with least hindrance.

These financial powers are to be exercised in consultation with the Finance as per laid down Delegation of Financial Powers. The expenditure should be restricted within allotted budget grant. The purchase should conform to the canons of financial propriety and Orders issued from time to time. Few indicative tenets of prudent financial managements may be listed as:

(i) Every Public Officer should exercise the same vigilance in respect of expenditure from public money as a person of ordinary prudence should exercise in respect of expenditure of his own money.

(ii) The Expenditure should not be *Prima facie* more than the occasion demands.

(iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

(iv) The purchase is authorized.

(v) Quantity ordered is in conformity with the quantity of net requirement for the provisioning period as shown in Material Planning sheet / SHIS. In other cases it should conform to the requirement taking into account the realistic production target for the provision period or average consumption for general purpose stores, stock and dues in.

(vi) Utmost publicity to be given for generating adequate competition in procurement actions.

(vii) Following has to be ensured: Adequacy or otherwise of competition, all established/ registered suppliers including the last were covered by the tender enquiry. In case of inadequate competition a scope for re-tendering, consistent with the required delivery schedule, may be put in effect.

(viii) The rates accepted are reasonable.

(ix) Terms of delivery and date of delivery have been specified and are related to rate of consumption.

(x) In case of articles of proprietary nature necessary certificate (with financial concurrence) has been rendered.

(xi) Tenderer is on the approved list of contractors of the Factory or the Central Purchase Organization and has not been black listed and the financial credibility and technical capability has been ascertained by the Factory.
(xii) Preference as to price or selection of tenderer, is covered by existing orders.
(xiii) Sanction for advance payments, if desired by the supplier, has been accorded by the competent authority as per prescribed policy.
(xiv) Grounds of emergency where necessary have been clearly explained and action to reduce dues-in against earlier orders, when feasible has been taken.
NOTE: Notwithstanding above, the procedures followed in respect of procurements by the Factory and financial concurrence thereof should adhere to the guidelines issued by Central Vigilance Commission and similar advisory/regulatory bodies.

TPC and pre-audit of Supply Order

523E. In respect of all purchase of stores for more than Rupees Ten lakhs (₹10,00,000) in each case a Tender Purchase Committee (TPC) of appropriate level will process the procurement cases as per Delegation of Financial Powers of OFB /GM as amended from time to time. Procurement of stores valuing up to ₹ Ten lakhs would not be required to be processed by TPC, however, the delegated financial powers will be exercised with or without concurrence of Finance as the case may be. For cases of procurement Value of ₹ 15000 to ₹10,00,000 cases would be submitted for pre audit of Supply Orders by BrAO. It should also be kept in mind that the procurement procedure followed should not be in contravention to the Defence Procurement Manual (DPM) for store purchases & Defence Procurement Procedure (DPP) for Plant & Machinery.
(Auth: OFB Order No. 472/BS dated 8th August 2013)

Modes of Tender:

523F. The following are standard methods of obtaining tenders.
(i) Single Tender Enquiry (STE)
(ii) Limited Tender Enquiry (LTE)
(iii) Advertised Tender Enquiry (ATE)

(i) Single Tender Enquiry: Rule 154 of GFR-2005, procurement from a single source may be resorted to in the following circumstances:- (i) It is in the knowledge of the factory that only a particular firm is the manufacturer of the required goods i.e. there is only single known source (SKS). (ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source. The reason for such decision shall be recorded. Approval of Competent authority shall be obtained. (iii) For standardization of machinery or spare parts to the existing sets of equipment, the required item is to be purchased only from a selected firm i.e. on the basis of proprietary article certificate (PAC). Single known source (SKS) certificate or Proprietary Article Certificate (PAC) in the prescribed format shall be provided by GM/Sr GM before procurement and financial concurrence for issuing PAC will be required as per the delegation of financial powers.

(ii) Limited Tender Enquiry: LTE is resorted to when the sources of supply are definitely known and possibility of other source(s) is less. In LTE following categories of supplier will be included: i. Registered Suppliers; ii. Past Suppliers; iii. Likely suppliers as informed by the User. iv. Firms who are known to have the capacity to supply. It shall be certified that the demand is urgent and any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of urgency.

(iii) Advertised Tender Enquiry (ATE): Subject to exceptions for which STE and LTE may be issued, invitation to tenders by advertisement (in the form of a Tender Notice or NIT) shall be used for procurement in Ordnance Factories. There are two forms of ATE:
(a) **Open Tender Enquiry**: When publicity is given for bidding by only Indian firms it is called Open Tender Enquiry (OTE) or National Competitive Bidding (NCB). This shall be resorted to for procurement of indigenous items.

(b) **Global Tender Enquiry**: Publicizing the requirement globally is known as Global Tender Enquiry (GTE) or International Competitive Bidding (ICB). The NIT is called Global Tender Notice. This method shall be resorted to in cases where it is felt that the stores, plants/machines of the required quality, specifications etc. may not be available in the country and/or it is also necessary to look for suitable competitive offers from abroad. This method of procurement involves payment to foreign suppliers in foreign currency. For imported items, MOD directives regarding non-association of Indian Agent, Agency commission, Inspection of Book of Accounts shall form the integral part of the Tender Enquiry and specific confirmation from various firms shall be taken before evaluation of the offer.

e- tendering

523G. All the tender notices shall be published on OFB's website, government web site for tenders (**tenders.gov.in**) and factory's own web site. NIT shall be issued to all known OEMs or potential suppliers by post and also by fax/ e-mail. Copy of transmission / postal receipt shall be retained in the relevant file. Copy of the Global Tender Notice shall be sent to Indian Embassies in the prospective suppliers' countries and to the Commercial Attache of those countries in their Embassies in India, requesting them to give wide publicity of the requirement in respective countries.

CVC has issued a directive vide its Order No.98/ORD/1 dated 18-12-2003 making it mandatory to use web-site in all cases where open tender system is resorted to. Hence, the full tender document shall be published in the internet website for all OTE and GTE cases, excepting those involving documents of classified / secret / sensitive nature like plant/factory layouts and proprietary /licensed technology and design details, for which PQ+TE procedure is to be followed.

Tender Purchase Committee:

523H Prior to formation of OF Board, Tender Purchase Committee was introduced in DGOF Organization including Ordnance Factories vide Govt. of India, Ministry of Defence (Deptt of Supplies) O.M. No.F.7(67)/73-DS dated 20/2/1978. (Annexure AJ) In the said O.M. amongst others it was stated that for tender enquiries, opening of tender etc. DGOF should follow DGS&D procedure. In Ordnance Factories organization Competent Financial Authority is the Chairman of the TPC and is a part of the TPC (OFB Order No.2/BS dated 19/23-5-1979 & OF Board Secretariat Note No.18/FIN/BS dt. 18/4/2002. (Annexure AK). In the Board Order bearing No.472/BS dated 8/8/2013 delegating higher power to various authorities it has been stipulated that the powers of TPC are concurrent with the delegated powers of the Chairman of the TPC. After setting up of the Ordnance Factory Board, four tier TPC was structured for the first time vide OF Board, Fin. Divn. No.246/II/79/OFB dt. 27/2/1980 (Annexure AL) this has been amended time to time.

DETERMINATION OF COMPETENT FINANCIAL AUTHORITY

523I. Option clause is a part of Request for Proposal / Tender Enquiry, the Competent Financial Authority should be determined with reference to total value of the tender including option quantity for finalization of initial procurement / placing supply order. It may be pertinent to mention before floating tender the need for insertion of option clause should be scrupulously examined with care and caution. The period for which option clause would be sought should also be examined by the competent authority.

(Auth: Annexure-II to OFB Order No.400/BS dt. 6/9/2000 read with MOD Acquisition Wing letter bearing no. DID No. *4(55)/D* (Acq)/08 dt 2-2-09 received under AFA (0) No. *529/AFA (0)/08 circulated vide* CGDA NEW DEL, (PRINCIPAL IFA WING) No. PIFAlGen CorrlIFA Navy Dated /3/2009 as Govt. Order No.1 of 2009)

Vendor Registration

523J. OFB should recheck the credentials of all the vendors registered with the Factories, so that ghost firms can be rejected. Such check should include a onetime check of the owners of the firms, their addresses and

other details and most importantly, their manufacturing capacity by site visits/ inspections. Based on the information furnished by the firms in the Vendor Registration Request (VRR) Forms, classification of the firms will be done by a multifunctional team of group 'A' officers from production, quality control, planning, material management and finance functions. The committee will be headed by AGM/QC. Qualification of Firms shall be done as per guidelines and marking scheme given in Guide for Appendix 'I' of the OFBPM 2010. The firms qualifying shall be subjected to capacity verification.

Finance Member should only examine the documents submitted by the firm as required in Part-II of Vendor Registration Request (VRR) Form duly filled in. They have no role to play for Capacity Verification. The role of finance member will also be restricted to only Commercial documents provided by the vendor.

523K. TPC STRUCTURE FOR STORE

OF Board (CHAIRMAN OF TPC & FINANCE MEMBER)

	Level-I	Level-II	Level-III
OTE/LTE	ABOVE ₹ 200 Cr.	₹ 100 to ₹ 200 Cr.	₹50 to ₹ 100 Cr.
PAC / STE	ABOVE ₹ 3 Cr.	₹ 2 to ₹ 3 Cr.	₹ 1 to ₹ 2 Cr.
Chairman	Chairman / OFB	Member / P&MM	Member/Operating Division
Finance Rep	Member / Fin (CoF will represent the Committee only in the absence of Member/Fin.)	CoF /DDG(Fin)/ JCF	CoF/DDG(Fin)/JCF/AFA

(Auth : OFB Order No. 434/BS dt. 16/5/2007, No. 434/BS Corr-II dt. 16/12/2008, No.434/BS-III dt. 8/2/2009 & No. 434/BS Corr-IV dt. 16/12/2010 & Level-IV as existed)

523L. TPC Structure in Factories for Procurement of Store in OFs

	Level-I	Level-II	Level-III	Non TPC (*Level-IV)
OTE/LTE	UPTO Rs. 20Cr	From ₹ 1 Cr to 5 Cr	From ₹10 Lakhs to 1 Cr	UPTO ₹ 10 Lakhs
PAC / STE	UPTO Rs 1 Cr	From ₹ 1 to ₹ 50 Lakhs		
Chairman	Sr. G.M / GM	Addl GM / MM	Jt. GM/MM	*DGM/ WM - I/C of Material Management*
Finance Rep	C F&A (Fys) Addl CFA/JCFA (only if CF&A is absent and duly nominated by competent authority)	Addl CFA/JCFA	Dy CF&A /ACFA	*ACFA/Sr.AO/ AO*

(Auth : OFB Order No.436/BS -Corr dt. 16/5/2007, 436/BS -Corr-III dt. 18/12/2007, 436/BS Corr-IV dt. 26/3/08 436/BS Corr-VII dt. 10/9/2010, 436/BS Corr-IV dt. 16/12/2010)

* This is now treated as non TPC cases, however, in Board letter referred above it is mentioned as Level IV TPC cases.

Committees other than Store and P&M procurement at factory level

523M. As per OF Board Order No.469/BS dated 10/2/2012, the finalization of the procurement cases through LTE/OTE/STE under Contingent, Miscellaneous and other Heads (Labour Contracts, Maintenance – M&E, I&M etc) where the Head of the Department is the competent financial authority will be done in TPC level-I of the establishment where the finance will be represented by Controller of Finance & Accounts / Addl Controller of Finance & Accounts/Branch In-Charge of the Local Accounts office attached to the factory.

Local Purchase Committees

523N. In Ordnance Factories, the definition of Goods, as covered in the nature of delegation of power of the Govt Orders issued from time to time, stands for, "Procurement of Stores (such as raw materials, components, castings/forgings, spares, tools, gauges, inspection aids, fixtures etc. for production, maintenance & other related activities) and conclusion of contracts for fabrication/processing/development of stores". In other-words for LPC purpose the expenditure for procurement on emergent basis and compiled against code head 01/806/01 may be categorized as goods for Ordnance & Ordnance Equipment Factories.

As per **Rule 145 GFR** Purchase of goods upto the value of ₹ 15,000/- (Rupees Fifteen Thousand) on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent financial authority in the following format.

"I, _____, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

As per **Rule 146 of GFR** Purchase of goods costing above ₹ 15,000/- (Rupees Fifteen Thousand) only and upto ₹1,00,000/- (Rupees One lakh) only on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under.

"Certified that we _____, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question. "

Processing of Cases from ₹ 1,00,000 (one Lakh) to ₹ 10,00,000 (ten Lakhs)

523O. It has been decided by OFB that the cases valuing less than ₹ 10,00,000 (Ten Lakhs) TPC may not be held in order to facilitate the procurement on a fast track mode. However, as per GFR the purchases above ₹ 1,00,000 (One Lakh) will be done through tendering. The cases below ₹ 10,00,000/ (Ten Lakhs) but above ₹1,00,000/ (One Lakh) will be processed on file by the Provisioning section of the Factory. The SHIS will be vetted by the BrAO as per laid down procedure, source/vendor selection will be carried out on file with the concurrence of Finance. The CST will be vetted by the BrAO and the final procurement decision will be taken on file. The case will be concurred by the Finance Representative and put up for sanction of the Competent Financial Authority (as per delegation of Financial Powers)

Procurement of Plant & Machinery

523P. In Ordnance Factory Board organization procurement of Plant & Machinery is funded from either of the following two budgetary sources :- (i) New Capital (NC) Grant; or (ii) Renewal & Replacement (RR) Fund.

Respective plan for procurement of plant and machinery

523Q. Each Factory finalizes its perspective plan for next five years based on the modernization needs of the particular Factory. The perspective plan of the factory should be in consonance with perspective plan of Ordnance Factory Board and in accordance with the guidelines issued by OFB from time to time. Based on the

perspective production load, each factory will prepare Annual RR Plan for procurement of Plant & Machinery and requirement of P&M under NC Grant.

523R. TPC STRUCTURE FOR PLANT & MACHINERY (OFB LEVEL)

	Level-I	Level-II	Level-III
OTE/LTE	Cases Requiring approval of Ministry i.e. ABOVE ₹ 50 Cr	₹ 35 Cr to ₹ 50 Cr.	₹ 25Cr. to ₹ 35Cr.
PAC / STE	ABOVE ₹ 3 Cr	From ₹ 2 Cr to ₹ 3 Cr	From ₹ 1 cr to ₹ 2 Cr
Chairman	Chairman / OFB	Member / P&MM	Member/Operating Division
Finance Rep	Member / Fin (CoF will represent only in the absence of Member/Fin.)	C of F / JCF/Dir (Fin) / Jt. Dir /Fin) /AFA	Controller of Finance/JCF /Dir.(Fin) / Jt. Director(Fin) /AFA

523S. In Factories

	Level-I	Level-II
OTE/LTE (Both NC & RR)	UPTO ₹ 25 Cr.	UPTO ₹ 1 Cr.
PAC / STE	UPTO ₹ 10 Lakhs	
Chairman	General Manager	Addl GM
Finance Rep	CF&A/ Addl CFA/JCFA	Addl CFA/JCFA/DCFA/ACFA

(Auth : OFB Order No. 434/BS dt. 16/5/2007, No. 434/BS Corr-IV dt. 16/12/2010, No. 434/BS Corr-V dt. 20/4/11; OFB Order No.436/BS Corr-V dt.27/01/2010, 436/BS Corr-II dt. 21/6/2007 & 436/BS Corr dt. 16/5/2007)

New Capital (NC) grant

523T. Procurement under NC is resorted to against:

i) Sanctioned Projects;

ii) Normal NC to meet contingent inescapable requirement towards

a. creation of additional capacity to cater for sustained increase in production load;
b. creation of balancing capacities for new stores;
c. meeting shortfall in existing capacity;
d. improvement in reliability/quality of product etc.

Since procurement under normal NC will enhance the capital assets, a thorough review is to be made for assessment of capacity before floating such proposals. Due care is to be taken to raise such demand and adequate justification is to be given in a statement of case clarifying the necessity and inescapability of the equipment. A time frame is to be drawn up for procurement of machines under NC so that the project can be implemented within the specified time. The time frame will consist of lead time for contracting the machine, manufacture, inspection, erection and commissioning. For procurement of Plant & Machinery beyond the delegated power of G.M., the factory will forward to OFB : i) Specifications, ii) Estimated Cost; and iii) List of prospective suppliers duly recommended by level I TPC for approval of OFB.

Process for Procurement of P&M under New Capital:

523U. All NC demands in the prescribed format duly vetted by LAO will be forwarded to OFB, keeping in view the points as mentioned for initiation of demands against Renewal & Replacement (ref. Para 523V to 523X below). Such NC demands shall also have enclosures of documents as mentioned under Renewal & Replacement procedure except condemnation report for clearance of Operating Division from necessity angle and concurrence of Finance Division from expenditure angle, prior to obtaining approval of Member/Operating Division. On receipt of OFB approval, factory shall follow the procedure detailed below .

Renewal & Replacement (RR) Grant

523V. RR fund is a non-interest bearing fund which is provided by transfer of funds from Consolidated Fund of India annually. The actual expenditure on Renewal and Replacements will be debited to a revenue head under the Consolidated Fund of India. This will be simultaneously relieved through a deduct entry under the revenue head by contra debit to the RR Fund. Sale proceeds of machineries procured under RR Fund is treated as deduction from RR expenditure and compiled to 01/813/01 (minus charge).

Plan Finalization Committee (PFC)

523W. OFB level PFC is headed by the Concerned Operating Member/ Addl. DGOF in association with DDG/Engg., DDG/Operating Division and Controller of Finance/Addl. Controller of Finance. PFC/OFB will examine the recommendations of PFC/Factory and accord approval of RR demands. PFC normally approves RR Plans by First Quarter of the financial year. New Capital projections are based on the long-term project plan or for investments of isolated nature, the specific requirement of the factory etc. Format of RR/NC Demand is available in Appendices to OFB's PM-P&M.

Process for RR procurements

523X. (a) Based on Perspective Plan and need for modernization, each factory shall prepare its annual Renewal and Replacement (RR) Plan as per the prescribed format. Plan Finalization Committee (PFC) of Factory concerned shall scrutinize the RR Plan. Any RR proposal above ₹ 1 Cr will be scrutinized by Group CF&A. GM will forward RR plan to OFB. It shall consist of RR Demands for each P&M, along with related documents. The same will be examined by the Plan Finalization Committee (PFC) of OFB.

(b) The P&M demanded under RR need not be on exact like-to-like basis and may have modern improved features and/or modified capacity to suit future requirements. The following points should be kept in view, while finalizing the RR plan :

(i) List of P&M available with the factory, their original cost and procurement year.
(ii) Philosophy/concepts relating to investment for replacement.
(iii) Introduction of latest technology through RR scheme due to change in product mix
(iv) Sustained and futuristic requirement of users
(v) Outsourcing and cost benefit analysis
(vi) Up-gradation of technology
(vii) Improvement in productivity and quality
(viii) Saving in material and manpower cost
(ix) Flexibility

(c) Each demand under RR plan to be submitted to OFB for approval shall be accompanied by the following documents/information :

(i) Budgetary quotation from potential suppliers/Last paid rate(not older than two years) of similar/comparable machines procured by any Ordnance Factory.
(ii) Details of items to be produced in those machines, with annual load/capacity of such items
(iii) Time cycle for each component/end product.

(iv) Condemnation reports (CR) declaring machines to be replaced as 'Beyond Economical Repair(BER)'.
(v) Factory TPC recommendation giving mode of tendering and prospective list of suppliers.
(vi) Demand in the prescribed format duly vetted by BrAO.
(vii) Cost benefit analysis, if cost of machine exceeds ₹50 Lakh.
(viii) Specification drawn out after market survey should be enclosed in the RR demand at the PFC stage. Tendered Specification shall not be at variance with PFC approved specification.

(d) The factory shall submit the Annual Replacement Plan in Proforma A, B, C & D.
(i) Proforma A: It shall consist of realistic assessment of previous approved plans stating inter-alia the cash flow materialized as well as cash flow envisaged in the subsequent years.
(ii) Proforma B: It shall contain P&Ms for replacement, with description, registration numbers and estimated cost. It shall contain only those machines, which have been recommended as BER by Technical Board of Examination and approved by GM.
(iii) Proforma C: Additional information in support of P&Ms projected in proforma B.
(iv) Proforma D: Budget allotment vis-a-vis utilization pattern for last three years against RR grant.
Note: After approval by PFC/OFB, changes by factories are not acceptable.

(e) Against approved RR plan of factory, GM is authorized to purchase of P&M within their delegated financial powers. For purchase of machines(approved by PFC/OFB) beyond the delegated powers of GM, factory will float Tender Enquiry and forward its TEC recommendation to OFB. Based on TEC/OFB's approval, factory will open the price bids and forward its TPC recommendation to OFB for approval of OFB/MOD, as the case may be.
(f) Certain sanctioned projects are supported by RR funds; because a part or whole of the Plant & Machinery against the project is proposed to be procured in replacement of the existing plant & machinery. Such RR demands will not require the approval of PFC even though the fund provision through budget will be made centrally year-wise.
(g) All high value spares of specific Plant & Machinery beyond the amount of ₹ 25 lakhs, procured against LP may be capitalized in the same financial year and booked against the present book value of the plant & machines.

Financial appraisal of Capital Investment:
523Y. A capital investment proposal will require financial appraisal which would involve the following sequence of steps:
(i) Estimation of the initial capital investment and the timing of cash out flow.
(ii) Estimation of the production level at the time of full production.
(iii) Estimation of future cash out-flows considering various production factors.
(iv) Estimation of future in-flows based on the estimated volume of production & prices, etc.
(v) Working out the net in-flows.
(vi) Proposal Evaluation, based on accepted financial evaluation techniques like IRR etc.

Projectization of high value procurements
523Z. Proposals for capital investment valuing ₹ 50 Cr or above shall ideally be done as projects. Even if it is not practicable to prepare a detailed Project Report for such individual RR Proposals, these shall incorporate realistic estimated costs (with full details of all cost elements) and PDCs with activity milestones, based on which OFB shall accord the sanction. OFB shall monitor such approved projects. OFB shall examine the case of cost overrun beyond 10% of the original sanctioned cost and time overrun beyond two years, for the reason leading to such circumstances.

Bidding Procedures
523AA.: Following types of bidding procedures can be adopted depending on the complexity of the item to be purchased. The particular procedure to be followed in a case shall be decided in advance and mentioned in the NIT.

(i) Single-Stage, Two-Part Bidding Procedure (Two Bid system): This is the normal procedure and is applied for most of the Plant & Machineries. Complete technical specifications are prepared in advance. Bidders are asked to submit two sealed bids simultaneously, i.e. in two parts as under: (a) **Technical bid (or Techno-commercial bid)** consisting of all technical details, unpriced copy of price bid along with commercial terms and conditions. (b) **Price bid** indicating item-wise price for the items mentioned in the technical bid. Initially, only the technical bid is opened on the date and at the time specified in the bidding documents. The price bid remains sealed and is held in custody by the factory. The objective is to evaluate the technical bids without referring to price. Bids that do not meet qualification criteria or do not conform to the specified requirements may be rejected as non-responsive / deficient bids. **Only the price bids of the technically responsive bidders** are opened in public on the date and at the time intimated to them in advance. The price bids of the technically responsive bidders are evaluated. Following approval by the Competent Financial Authority or TPC, the contract is awarded to the bidder who submitted the lowest evaluated substantially responsive bid.

(ii) **Two-Stage Bidding Procedure: This procedure allows for finalization of** specifications and/or screening of potential suppliers in the first stage and issue of formal tender documents in the second stage. (a) **Expression of Interest (EOI) before TE (EOI+TE)**: Where technical specifications need to be iterated more than once i.e. the specification of the desired plant or machinery is not clear, this type of two stage tendering process should be resorted to. In the first stage, a notice shall be issued calling for **Expression of Interest (EOI)** / Request for Information (RFI) from leading experienced and knowledgeable manufacturers/ suppliers in the relevant field through open advertisement. The broad objectives, constraints, pre-qualification criteria for short-listing of vendors, application format, etc shall be published while calling for EOI. The firms shall be asked to send applications in stipulated format on or before a stipulated date & time, along with their detailed technical proposals that will be considered in finalizing tender specifications. On receipt of the applications, technical discussions/presentations may be held with the short-listed manufacturers/suppliers, who are prima facie considered technically and financially capable. At this stage, expert bodies like DRDO Units/Universities/Institutes and other stake holders may also be involved who can add value to the decision making on the various technical aspects and evaluation criteria. Based on the discussions and presentations, for which proper records should be kept, broad based specifications shall be finalized to provide equitable opportunity to the prospective bidders. In the second stage, techno-commercial bids are called from the short-listed firms as per the usual two bid tendering system. If EOI does not contain PQ criteria, then after finalization of specifications, TE is to be published in the internet as per usual procedure. (Ref: CVC circular No 01/02/11 Dt 11/02/2011 on Transparency in Tendering System.) (b) **Pre-qualification** (**PQ) before TE (PQ+TE)**: This is applied to the cases where technical specifications have been finalized, but involves documents of classified / secret / sensitive nature like plant/factory layouts and proprietary/licensed technology and design details. Pre-qualification (PQ) of the bidders is done in the first stage of the tender. The NIT shall include the particulars of the tender along with the complete pre-qualification requirements and would follow all the procedures of publicity that are normally followed for open tenders including publicity on the web site. In the second stage, the complete tender documents are issued to the pre-qualified vendors for submitting their techno-commercial and price bids. The pre-qualification criteria shall have both technical and financial criteria commensurate with the requirements of the particular procurement. They shall be made neither very stringent nor very lax to restrict/facilitate the entry of bidders. It is also necessary to make well defined PQ criteria, for example if not clearly stating the cut off dates regarding work experience, which may result in stalling the process of finalizing the contract. Meaning of "similar plant/equipment/work" should be clearly defined. [Ref: CVC circulars (OM) No. 12-02-1-CTE-6 Dtd 17/12/2002 and 07/05/2004 and CVC circular No. 005/VGL/7 Dtd 28 Feb 2005.]

(iii) **Two-Stage, Two-Part Bidding Procedure**: As per this procedure, the bidders are requested to submit offer in two sealed bids simultaneously, one containing the technical proposal and the other the price proposal.

Initially, only the technical proposals are opened on the date and at the time specified in the bidding documents. The price proposals remain sealed and are held in custody by the Purchaser. **In the first stage**, the technical proposals are evaluated. If amendments or changes are required in specification/scope, they are discussed with the bidders. All the bidders are then advised in writing of the changes required. The objective is to ensure that all technical proposals conform to the same acceptable technical standard and meet the desired technical requirements. **Deficient Bids** : Bids of bidders who are unable or not prepared to amend their technical bids to conform to the final technical standard required by the Purchaser shall be rejected, with approval of appropriate TPC, as deficient bids.

In the second stage, the bidders are invited to submit revised technical proposals and supplementary price proposals. The supplementary price proposal must only contain changes in price resulting from changes in the technical proposals. Supplementary price proposal that contain changes other than those discussed during technical evaluation may result in rejection of the bids. The original and supplementary price proposals, and the revised technical proposals are opened in public on the date and time intimated to the bidders. They are evaluated.

After according approval of CFA / appropriate TPC, the contract is awarded to the bidder who submitted the lowest evaluated substantially responsive bid. This bidding procedure is suitable for procurements for large/complex plants and machines where alternative technical proposals are possible. This is an alternative to EOI+TE procedure and is useful when the likely suppliers do not reveal full technical details of available equipments during BQ or EOI stage.

Pre-Bid Conference

523AB. In case of turn-key contract or contract of special nature for purchase of sophisticated and costly equipment, a suitable provision shall be kept in the tender enquiry document for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specification and other allied technical details of the plant, equipment and machinery projected in the tender enquiry document. Representations, if any, received during the pre-bid conference shall be critically examined. The objective shall be to allow a level playing field as wide as possible. The date, time and place of pre-bid conference shall be indicated in the tender enquiry document for information of the interested bidders. This date shall be sufficiently ahead of tender opening date. Any amendment shall be duly notified to all bidders who purchased the bid documents or shown interest in case of e-procurement.

Technical bid opening:

523AC. On the due date and time of Tender opening, the bids received in time shall be opened in the presence of two Gazetted Officers nominated by Sr. GM/GM and authorized representatives of the participating bidders. The purchase officer shall not open the bids on his own. The authorized representatives, who intend to attend the tender opening, shall bring letters of authority from the corresponding bidders. A statement with signatures will be prepared for all the representatives present. Bids shall be opened immediately after the deadline of receipt of bids with minimum time gap in between. Bids received after due date of tender opening will be marked 'Late' and the same need not be opened and the same shall be returned in due course.

The quantity, prices, delivery etc will also be circled and initialed with date. Any corrections, alterations, erasing and cutting etc observed on the tender will also be circled, initialed with date to indicate the fact that such entries were there at the time of receipt of bidders.

. The sealed covers containing **the price bids will not be opened,** but the sealed price bid envelopes shall be signed by both the opening Officers and handed over to the D.O./G.O. of Engineering Office for safe custody. After opening, every tender shall be numbered serially, initialled, and dated on the first page by all the officials authorized to open the bidders. Thereafter, both the opening Officers shall be counter sign all pages of technical bids (all copies).

The tender opening officers shall mark **Blank bids**, if any. The tender opening officials shall mark the original, duplicate, triplicate copies in a tender set. The tender opening officers shall read out the salient

features of the bids like description and specification of the P&Ms, terms of delivery, delivery period, discount if any, whether EMD furnished or not and any other special feature of the tender for the information of the representatives attending the tender opening. Technical Evaluation Committee is represented by an appropriate level finance member as defined in the constitution of different level TPCs. (Refer OFB letter quoted under para 523L & 523S)

Financial Evaluation Techniques

523AD. For financial evaluation of investments valuing between ₹ 50 lakhs and ₹ 2 crore, simple evaluation techniques detailed below are to be adopted:-

(i) **Investment/Turnover Ratio**: This is calculated by dividing the incremental value of issues by the cost of investment. The value should be greater than or equal to 1.

(ii) **Payback Period**: This shall be calculated by dividing the investment value by the estimated savings for a particular year at full production level. The Payback should be within the life of the machine as per relevant depreciation policy. This method favours investment which generates sufficient cash inflow in initial years. However, it fails to consider time value of money. Since the life of most machines is taken as 20 years, the Payback should be within that period. It is emphasized that the factory has to carry out the estimate for one year only.

For investment proposals valuing more than ₹ 2 crore, the financial evaluation is to be done by Internal Rate of Return (IRR). IRR is the discounted rate at which the net cash-flow from operations will equate the initial capital outlay over a certain period. Mathematically, the value of IRR is determined :

Σ At / (1+r) n = 0

T =1

Where **n** = Total period in years in which cash flow is expected

T = Time under consideration

At = Net Return in the year

r = Internal Rate of Return

523AE. General Points related to IRR Calculation

(a) **Cash Flow**: IRR shall be calculated considering the net cash flow, i.e. sum of cash inflow (+ve cash flow) and cash outflow (-ve cash flow), for a period of 10 years. Net cash inflow in real terms is computed first and inflation is applied on that to arrive at net cash inflow in nominal terms for all the 10 years, which is finally used in IRR calculation. The year of first output from the new investment is to be treated as Year1 (Y1) and subsequent years as Y2, Y3 and so on. The investment (cash outflow) may occur either in a single year or in a period of two or more years. The year prior to Year1 is considered as Year-1 (Y-1), the year prior to Y-1 as Year-2 (Y-2) and so on.

(b) **Rate of Inflation**: The annual rate of inflation based on monthly Wholesale Price Index (WPI) for 'All Commodities' as reported by the Economic Adviser, Ministry of Commerce and Industry is to be considered as the rate of inflation in the calculations. The rate as prevailing in the month of January is to be used in the next financial year beginning from April. For example, the inflation percentage for January 2013 is used for all proposals in the year 2013-14. This is computed by taking monthly WPI (all commodities) indices for Jan '13 & Jan '12 from Monthly Bulletins published by various authorities and those may be available from websites.

(c) **Hurdle Rate**: The IRR should be equal to or more than the 'hurdle rate' i.e. the minimum acceptable rate of return. As recommended by AFF, the hurdle rate for OFB will be prevailing benchmark rate of interest plus 1% (100 basis points) to take into account a risk premium. The benchmark rate to be considered is the interest rate on government's short-term borrowing from the RBI or the Ways and Means Advances (WMA), which in turn is equal to the RBI's 'repo rate' (also called 'bank rate'), which may be revised from time to time.. For example, the repo rate was 9.5% in March 2012 and 7.5% in March 2013. The repo rate as on 1st April is to be used for the all proposals in that financial year. Thus, hurdle rate is equal to 1% above the repo rate as on 1st April of the year.

d) **Strategic Investments**: A proposal whose IRR is below the hurdle rate should normally be rejected. However, where for strategic considerations a proposal needs to be cleared, the same should be clearly stated along with the specific strategic issues. The possible strategic considerations can include: (i) Strategic significance of the product;(ii) End User Requirement; (iii) Item having constant threat of import ban / sanctions;(iv) Balancing

facilities; (v) Manpower availability; (vi) Assured load over a long period of time; (vii) Latest technology that improves quality, reduces unit cost and opens possibilities of future load; (viii) Item with long lead time

(e) The calculation of IRR considers many cost related data while assessing the viability of investment in future. **The Value of Issues** approximates the sale price of items when issued to the sole customer. In the assessment of net cash in flows and cash out flows therefore various working data are used, assuming that the trends projected during the product cycle based on past experience would follow a stable and consistent pattern. Therefore, anticipated load based on long-term plan and its dependability are important for IRR assessment.

Investments above ₹ 1 crore fall under two broad categories: **Category I:** Renewals and Replacements involving a single machine or a cluster of machines, investments in intermediate product or operation or for import substitution. **Category II:** The following types of investments are covered in this category:

- Modernization involving purchase of a new plant (e.g. explosive production plant) or replacement of a large number of machines by one or more technically advanced machines having significant impact on production
- Capacity augmentation of an existing product
- A new product line
- Greenfield projects

523AF Methodology of financial appraisal for Category I: Under this method, the savings in costs will be considered as cash in-flows. The key cost elements that need to be considered in projecting savings are - Manpower, Material, Energy, Consumables including Tools & Fixtures, Repairs & Maintenance, Rejection, Rework.

523AG. Usable value: Since the projections will be made for a ten-year period, it is necessary to arrive at a notional resale value of the machinery at the end of this period, although the machinery may have a much longer economic life. For this purpose, the Written down Value at the end of ten years, less 20% as obsolescence factor, may be considered as the notional resale value of the machinery sought to be purchased. This notional resale value will be an element of cash inflow. If the machine life is less than 10 years, only the scrap value has to be considered. The scrap value of the plant / machinery to be replaced will also constitute an element of cash inflow. **The scrap value is to be decided on the basis of market rate and past experience**.

523AH. Methodology for Category II: Under this method, the cost of all plant and machinery irrespective of their category will form a part of the total investment cost i.e., outflow. The net inflow will be the differential of value of issues and cost of production for the period of forecast plus any notional resale value of investment. The value of issue will comprise of the cost of material, manpower, VOH and FOH. In case the product is available in the domestic market, the issue price for the purpose of computation will not exceed the domestic rate. Similarly in case of import substitution, the import price is to be considered as issue price if the same is lower than the proposed price. Form 2A is the primary form and captures the volume, numbers and the rates. Form 2B works out the projected cash inflow in real terms. Form 2C calculates the IRR, using cash inflows in nominal terms.

The effect of increased/changed volumes of production over the years will be reflected for computation of inflows. After working out the year-wise net inflow in real terms, the same has to be escalated by the annual rate of inflation of 5% to arrive at the net inflow in nominal terms. The rate of discount, at which the Present Value of inflows equals the Present value of outflows, is the assessed IRR, found by solving the IRR equation, through iterations. The Payback period can also be worked out from the above data.

CIVIL WORKS

524. In Ordnance Factories generally procedures applicable in Military Engineering Services (MES) are followed except in some limited cases where contract is concluded departmentally. Thus, by and large, Ordnance Factories follow MESR and Defence Works Procedure (DWP)-2007 as amended from time to time.

The general basic principles involved in carrying out Civil works are as follows :-

i. Works/services will be executed after issuance of Administrative Approval by competent authority as per delegated financial power followed by formal allocation of funds and technical sanction.

ii. New works should be sanctioned after due diligence taking into consideration existing assets/infrastructure and time & cost required to complete new works.

iii. New works and services would be undertaken after taking into consideration of the financial liability of ongoing works & services in tandem with the Annual Budgetary allocation.

iv. If an approved work is not commenced within **one year** of the date of Administrative Approval, fresh Administrative Approval of the Competent Financial Authority (CFA) would be essential.

524A. Go Ahead Sanction: Emergency Works: Notwithstanding the procedure described above, for safety/security or other technical reasons, Competent Financial Authority may resort to selective tender for completion of work in a time bound manner. Such cases should be processed in terms of provisions relevant for 'go-ahead' sanctions, i.e. para 34-37 of MES DWP 2007

i. During the course of financial years, all units will restrict expenditure within the allotted fund under respective code head. The final cost of any service will not exceed the amount of Administrative Approval by more than 10%.

ii. Proposals would be processed in consultation with associated Finance as defined in Delegation of Financial Power.

524B. Civil Works Committee Structure

LEVEL OF TPC	NATURE OF CASE	FINANCIAL LIMIT	CHAIRMAN OF TPC	FINANCE MEMBER	OFB Order
LEVEL-I	AON & Adm. Approval installation for production purpose	₹ 5 Cr.	Sr GM/GM	C F&A/ Addl CFA/JCFA *	463/BS dt. 14/2/2011
	AON & Adm. Approval – Building (other than production) / Roads but excluding Residential & Amenity Building	₹ 1 Cr.			
	AON & Adm. Approval – Residential, Hostel Accommodation & Amenity Bldg.	₹ 1 Cr.			
	REVENUE CIVIL WORKS :-	₹ 50 Lakhs.			
	PERIODICAL SERVICE OF BUILDING	Full Power			
LEVEL-II	AON & Adm. Approval – Building / installation for production purpose	₹ 1 Cr.	AGM [EO (Civil)]	Addl CFA / JCFA **	
	REVENUE CIVIL WORKS	₹ 10 Lakhs			
	PERIODICAL SERVICE OF BUILDING	₹ 1 Cr.			

LEVEL OF TPC	NATURE OF CASE	FINANCIAL LIMIT	CHAIRMAN OF TPC	FINANCE MEMBER	OFB Order
Declaration/Disposal of surplus serviceable/unserviceable stores, scrap etc.					
LEVEL-I	**Serviceable stores – drums, containers, packages etc**	**Full powers**	**SrGM/GM**	**CF&A**	**439/BS dt 11/04/07 & 454/BS dt 19/02/08**
	Serviceable stores other than drums, containers, packages etc	**₹ 50 Lakhs per case**	**SrGM/GM**	**CFA**	
	Unserviceable stores	**Full powers**	**SrGM/GM**	**CFA**	
LEVEL-II	**Unserviceable stores**	**₹ 25 Lakhs**	**AGM**	**Addl CFA/JCFA**	**439/BS dt 11/04/07 & 454/BS dt 19/02/08**
LEVEL-III	**Unserviceable stores**	**₹ 10 Lakhs**	**JtGM/DGM**	**DCFA/ACFA in charge of BAO**	**439/BS dt 11/04/07 & 454/BS dt 19/02/08**

524C. Classification of Works: For purpose of budgeting and control the works in all units under Ordnance Factory Board are divided into two broad categories, namely:

a. Capital Works or 'Original Works' as defined by MES/DRDO/other PWO

Capital Works comprise works/Services like construction of buildings, workshops, storage depots, etc. including their internal fittings and fixtures as well as roads, blast pens, Electrical and Mechanical Services, water supply, drainage, other utility services, arboriculture etc. as well as additions. Reconstruction of buildings and roads, widening of roads, additions and alterations necessitated by administrative/technical reasons, works necessary to bring into use the buildings and services newly purchased/acquired or those previously abandoned or rendered unusable by extraordinary causes such as storm, fire or earthquake also fall in the category of Capital Works. Furniture would not normally be procured under Civil Works. However, the same may be allowed in the cases, such as new auditorium etc., where fixed furniture is part of Project.

b. Revenue works or 'Repairs' as defined by MES/DRDO/other PWOs

Revenue Works comprise of all maintenance and periodical services, renewals and replacements as well as alterations and improvements necessitated by technical or engineering reasons. All Revenue Works shall be executed only under delegated financial power of Competent Financial Authority at unit level of OFB in consultation with associated finance. Stability testing of building/structure etc for purpose of issuance of Annual Certificate to the State Authorities will be categorized as Revenue Works. Repair of Furniture would not be covered under Civil Works. In case where repairs and additions and alterations to a building become necessary at the same time, the work will be sanctioned as one project and treated as a Capital work for all purposes.

524D. <u>Processing of Works</u>: Following are main stages in the planning, sanctioning and execution of Capital Works:

i. Statement of Case for New Works.
ii. Approval of Annual Development Plan at OFB
iii. Acceptance of Necessity
iv. Preparation of Approximate Estimates
v. Administrative Approval
vi. Tender Action
vii. Acceptance of Contract

viii. Execution of Works

In case, situation demands, following actions are also taken, within the provisions of extant instructions:

ix. Issuance of Revised Administrative approval

x. Go-ahead sanction for emergency works

xi. Reduction of scope of work

524E. Statement of Case for New Works Demands for new works/services in the form of a Statement of Case shall be approved by Competent Financial Authority. The Statement of Case will inter alia explain:-

a. The need for and scope of the works proposed: whether besides construction works, the proposed project includes procurement / manufacture / installation / storage of new / special equipments or armaments, or setting up new operation related facility including special repair and maintenance of capital assets with which the civil works have to be integrated.

b. The type of construction required – authorized or special.

c. The target date of completion.

d. Availability of Location/Land. If land is not available, the time likely to be taken for obtaining the same and for site development, etc.

e. Extent of enabling works and external services or utilities of preparatory nature required.

f. Need for engaging consultancy for the total project or any part thereof, viz., pre-and post-administrative approval planning, design, detailed engineering, project management, etc. If consultant is engaged, consultancy charges not exceeding 8%, would be added for developmental works.

g. Cost estimate

h. An Engineer appreciation.

524F. Approval of Annual Development Plan at OFB: HOD of Unit would forward Annual Development Plan (ADP) for Capital Works, in consultation with associated finance. ADP would be approved by Member/Operating Division, in consultation with OFB/Finance. Approval of ADP would cover Acceptance of Necessity (AON). After approval of ADP, individual proposal would be processed as per procedure. Supplementary ADP would be approved at OFB, on file, in consultation with Finance Division.

524G. Acceptance of Necessity: For proposals with estimated cost beyond delegated financial power of OFB, (if approved, in ADP) Competent Financial Authority (CFA) at OFB will authorize HOD of Unit to convene a Recee-cum-Citing-cum-Costing Board. For other cases CFA at OFB or Unit will convene a Recee-cum-Siting-cum-Costing Board. Decision taken by the Board would be recorded as Board Proceeding (BP).

524H. Preparation of Approximate Estimates (AEs): It will be prepared by competent authority as per the lines indicated in the approved 'Statement of Case' and/or Board Proceedings/DPR. Consultancy charges, if any, will be included in the Approximate Estimates. Contingency charges would be added, if work is executed through MES/DRDO or other PWOs/agencies as per their procedure. It will be ensured that AEs are updated in conformity with prevailing percentage of market variation and difference in cost of stores. If work is executed through MES or other PWO, rates as per their procedure would be applicable.

Special items of works or Superior specifications can be included with proper justification and specific approval of the Competent Financial Authority.

Approval of estimate by competent officer in factory would be would be considered as technical sanction.

524I **Administrative Approval**

Administrative Approval will be accorded by the CFA, in consultation with associated Finance, after scrutiny of Approximate Estimates. It will state clearly whether the works being approved are authorized or special. At the stage of according Administrative Approval, it will be ensured that Approximate Estimates shall include prevailing percentage of market variation.

Time for completion of the works will be clearly indicated in the Administrative Approval. Delay in commencement of the works beyond 12 months would necessitate a Revised Administrative Approval.

524J. **Tender Action**

After the schedule of work for a project or sub-project has been technically sanctioned by the competent authority tenders will be issued through e-procurement mode only, if executed through departmental contract. MES/DRDO, other PWOs/ agencies would follow their procedure.

In case only a resultant single quoted tender is received, the same can only be accepted after permission of next higher CWC.

524K. **Acceptance of Contracts:**

Decision on acceptance of contract will be taken in appropriate level of CWC as per the delegation of Financial Powers. MES/DRDO & other PWOs/agencies would follow their procedure.

524L. **Execution of Works:**

(a) **Supervision**: During execution of works, supervision will be carried out by site-in-charge as per directive of engineer-in-charge, who will be nominated by HOD of unit.

(b) **Measurement**: Measurements for the works would be jointly carried out by contractor & site-in-charge and recorded by site engineer and/or consultants, appointed, and authorised representative of Contractor.

(c) **Technical examination**: Technical examination of work at site would be carried out by officer nominated by HOD of unit.

(d) **Payment**: Payment would be made after audit of documents by LAO concerned based on bill signed by authorised representative of HOD of unit.

524M. Revised Administrative Approval

In case it becomes necessary to obtain a revised administrative approval, a revised estimate will be prepared; the original and revised figures being shown in parallel columns of a comparative statement. The reasons for the excesses should be set out clearly and concisely in the remarks column of such a comparative statement.

There is no limit as to the number of times that an estimate may be revised. Revised Administrative Approval will be accorded by the CFA in consultation with associated Finance.

Revised Administrative Approval will be essential before tender action if there is any change in scope of work due to any reason, irrespective of whether the cost is within the tolerance limit or not.

Reduction of Scope of a Project:

524N. When the scope of a work service is reduced for administrative or other reasons prior to tendering, the Administrative Approval need not be revised; but the approved amounts for the abandoned or reduced items of the service and the total approval amount will be reduced accordingly.

Disposal of stores

525. Reserve/Guiding price for surplus stores upto ₹ 10,000 in a single category and surplus MT Stores upto ₹25,000 in a single category and guiding prices of waste / guiding prices of these stores for re-auction are fixed by the General Managers of factory. A committee in this regard should be specifically constituted by the SrGM/GM and one financial representative at appropriate level (to be nominated by the Officer in- charge of the LAO or the CF&A (Fys)) Guiding Prices should be fixed not more than two days before the auction. The guiding price should made known to the auction supervisor on the day of the auction itself, half an hour before the auction. All Officers including the Accounts Officers connected with the fixation of guiding price and the auction supervisor must treat the reserve / guiding price as Strictly Confidential. The AAO should note description of stores,quantity, rates of highest bidder in accounts copy of auction list and sign the factory copy forsurplus with supporting documents viz. sale account, auction catalogue, treasury receipt,guiding price with alternation approved by competent authority will be checked and forwarded to the CDA mentioned below for further action, similar action will be taken on receipt of auctioneer's commission bill. With reference to the note in the sale Register the receipt of the adjusted copy of the Sale Account will be watched. Payment issue rate forunserviceable timber/scrap wood or any other items of similar nature should be fixed in consultation with representative of the Local Accounts Office.

STRUCTURE OF COMMITTEE FOR DISPOSAL OF STORE

LEVEL-I	**Serviceable stores – drums, containers, packages etc**	**Full powers**	**SrGM/GM**	**CF&A**	**439/BS dt 11/04/07 & 454/BS dt 19/02/08**
	Serviceable stores other than drums, containers, packages etc	**₹ 50 Lakhs per case**	**SrGM/GM**	**CFA**	
	Unserviceable stores	**Full powers**	**SrGM/GM**	**CFA**	
LEVEL-II	**Unserviceable stores**	**₹ 25 Lakhs**	**AGM**	**Addl CFA(Fys)/ JCFA(Fys)**	**439/BS dt 11/04/07 & 454/BS dt 19/02/08**
LEVEL-III	**Unserviceable stores**	**₹ 10 Lakhs**	**Jt. GM/ DGM**	**DCFA ACFA in charge of BAO**	**439/BS dt 11/04/07 & 454/BS dt 19/02/08**

Contracts for Lease

525A. Contracts for the leasing of Canteens, shops etc. on Factory Estates will be concluded by the General Manager. As far as possible, advertisements should be published calling for tenders and giving general particulars of the rights which it is proposed to lease and the address at which detailed particulars can be obtained. Tenders may also be invited by letters to well-known contractors. The last date for submission of tenders and the minimum sum per month which will be accepted should also be specified in the advertisement and notices. The minimum sum should be assessed rent of the building or buildings to be lease. The tenderer should also be asked to quote prices he may charge for the various articles or classes of articles which he is called upon to sell and also give an idea of the quality of articles which must be maintained. Advertisement and calls to tender must be issued sufficiently (but not exceeding six weeks) before the day of opening of tenders.

The Comparative Statement of Tenders together with the remarks and recommendations of the General Manager and the draft agreement should be forwarded to the Local AccountsOffice for audit scrutiny. Financial concurrence needs to be obtained as per the delegation of financial powers.

Note – Contracts for leasing of immovable properties such as land, house, etc., will be signed by the OFB/DGOF. In the case of petty contracts for other than immovable properties such as selling rights of sweetmeat stall etc., may be signed by the General Manager.

NEGOTIATION

525B. As per Para 4.15.5 of OFBPM-2010, wherever negotiations are conducted by the TPC, minutes of the TPC meetings should be recorded clearly and expeditiously. Detailed record of discussions regarding compliance with tender will be placed on record in the form of minutes of the meeting. TPC will also consider and evaluate all the technically and commercially acceptable bids to determine L1 and make unambiguous specific recommendations giving reasons for making the recommendations. It is desirable that the TPC should analyze various relevant indices to arrive at the reasonability of rates as well as wherever feasible the respective General Managers should attempt to ascertain a benchmark price for the items. The benchmarking exercise should ideally be carried out by an internal committee of experts based on the requirement of input material and labour as well as market conditions. The committee for benchmarking may either be the respective TPC or specifically appointed by the General Managers. Alternatively, General Managers may obtain the benchmark from the Rates & Estimates or IED section of the factory and place on the case file for deliberation of the TPC. The Members of TPC will render their expert advice/opinion in their respective fields and such advice will be deliberated by all the members of TPC. Unless there is a difference of Opinion among the members, the decision of TPC will be considered as collective decision of all Members and Chairman of TPC.It is desirable that the TPC should analyze various relevant indices to arrive at the reasonability of rates as well as wherever feasible the respective General Managers should attempt to ascertain a benchmark price for the items. The benchmarking exercise should ideally be carried out by an internal committee of experts based on the requirement of input material and labour as well as market conditions. The committee for benchmarking may either be the respective TPC or specifically appointed by the General Managers. Alternatively, General Managers may obtain the benchmark from the Rates & Estimates or IED section of the factory and place on the case file for deliberation of the TPC.

MINUTES OF TEC/TPC

525C. It is mandatory to record the deliberation of the TEC/TPC Meetings even if unanimous decision is arrived at. Copy of the minutes is to be forwarded to the Branch Accounts Office for maintenance of records in TPC binders. The TPC binders are to be maintained by the Material Section. The sanctions ideally to be issued for each procurement by the Competent Financial Authority will also be kept by the Material Section in a systematic fashion. Once the Supply/Purchase Orders are issued, those orders are to be linked to the respective TPC minutes and sanctions. The supply orders will be pre-audited/post audited as per the value of the case.

OVERRULING

525D. The difference of opinion, if any, should be recorded in writing which may be overruled by Chairman/TPC with suitable justification in writing. Thus Finance Members before approving TPC Minutes should be ensured that all the deliberation in the Meeting have properly been recorded in the Minutes. In case of difference of Opinion they should record their views on the TPC Minutes itself. The case where the view of the Finance Member is overruled by the CFA, the details of the case is to be forwarded to the next higher CFA and Financial Advisor. All cases of such overruling will be reported to the PCA(Fys) by the respective Finance Member and to Member Finance, OFB by the concerned CFA for examination.

DURATION OF CONTRACT:

525E. Contracts will be normally for one year only but may be for shorter periods. If it be considered advisable in the interest of the State to conclude a contract for a period longer than one year but not exceeding three years, the covering sanction/order must be recorded on file. For periods exceeding 3 years the sanction of the Government of India should be obtained. (Auth Rule-246 F.R. (DS) Part-I)

When a contract is likely to endure for a period of more than five years, It should, wherever feasible, include a

provision for an unconditional power of revocation or cancellation by Government at any time, or the expiry of six months notice to that effect. (Auth Note-2 under Rule-245 F.R. (DS) Part-I) The contract document should categorically mention the conditions like Price Variation clause and staggered delivery schedule.

SANCTIONS AND MODIFICATIONS OF CONTRACTS

525F. Contracts must be sanctioned by competent authority i.e by the appropriate level of TPC and once sanctioned no contract rates may be increased without the sanction of the authority next higher to the one which sanctioned the contract. (Auth. Rule-247 (i) F.R.(DS) Part-I) The provisions of this rule do hot apply in cases where (a) an enhancement of contract rates is due to customs or excise duty being imposed or increased as contemplated in the Indian Tariff Act, or (b) where provision exists in contract for the enhancement of contract rates under specified circumstances. (like predefined PV Clause etc.). Enhancement of contract rates may be sanctioned by the authority that sanctioned the contract. (Note under Rule-247 F.R.(DS) Part-I). This denotes that formal approval of the competent Financial Authority is required in these cases also as the total value of the Contract exceeds.

Modifications in the conditions of an existing contract which do involve an enhancement of the contract rates and or delivery period etc. may be sanctioned by the authority (TPC) sanctioning the contract provided that both parties to the contract are agreed. In such cases the contractor's agreement should be taken in writing before sanctioning any modification. All amendments must be signed by both parties to the contract.

If at any stage, it is found that the terms of a contract are contrary to the original intentions or otherwise defective, steps should be taken forthwith to revise it in a suitable manner.

As per Rule-204 G.F.R.-2005 Price Variation Clause may be adopted for contracts running for 18 months or more – a pre-determined formula or percentage may be arrived at the TPC or any formulae laid down by OFB from time to time will be adopted . It has to be ensured that - No price variation will be admissible beyond the original Scheduled Delivery Date for defaults on the part of the supplier. Price variation may be allowed beyond the original Scheduled Delivery Date, by specific alteration of that date through an amendment to the contract in cases of Force Majeure or defaults by Government.

Contract document, where necessary, should be executed within 21 days of the issue of letter of acceptance. Non-fulfillment of this condition of executing a contract by the Contractor or Supplier would constitute sufficient ground for annulment of the award and forfeiture of Earnest Money Deposit. (Auth Rule 204 (vi) of GFR-2005)

TRANSFER OF CONTRACTS

525G. When a contractor desires to transfer a contract, the party who is willing to take up the supply should be called upon to execute a fresh contract.(Auth : Rule-251 F.R. (DS) Part-I Vol-I) The Fresh Contract should be at same rate and the new contractor should accept lower rate if market trend is downward. The new contractor should take all the liability of old contractors. Otherwise it may be treated as L-1 backed out and re-tendering to be resorted to.

ROLE OF BRANCH ACCOUNTS OFFICE: FUNCTIONING OF TPC CELL

525H. In Ordnance Factories organization the structure of the TPC and various purchase committees have been laid down along with the Delegation of Financial Powers. Standard operating procedures for TPC are laid down in the Procurement manuals. The processing of case is the responsibility of the concerned section of the Ordnance Factory or the concerned division of OFB. As per the system, each case file comes to Branch Accounts Office at four or five stages for different activities. The process flow has been delineated in the chart annexed to this chapter. Following steps are followed:

1. The SHIS comes to the Material Section for vetting of the Quantity required. The vetting is done on the basis of the material ledger maintained by the Accounts Office by the designated Accounts Officer. Various checks carried out by the section for vetting of SHIS has been laid down in the para 350 of this

manual. It is desirable that high value SHIS is vetted by ACFA/DCFA in charge of the Accounts Office.

2. Source Approval or Vendor selection process involves concurrence by the respective Finance member of the TPC. The case file is forwarded to the LAO for verifying the previous suppliers and established suppliers as well as the verification of the conditions of the tender to be issued. This is carried out by the supplier order group of the Material section before placing the file for concurrence.
3. The CST is vetted by one of the designated representative of the Accounts Office. The case for discussion in the TPC is put up by the concerned section of the Ordnance Factory and a brief is sent to the respective Finance Representative well in advance for study. Based on the inputs a Finance Brief is prepared by the LAO for the concerned Finance member of the TPC. In Level I & Level II cases, the secretariat of the Group Controller carries out this function.
4. After finalization of the TPC the minutes are forwarded to the LAO for their record and this forms the basic document for post audit of the supply order or purchase order (the contract for all practical purposes). The post audit of the supply order or purchase order is carried out by the Material section of the LAO.
5. Post contractual cases of DP extension, amendment to the contracts, re-fixation of DPM etc. are also forwarded to the LAO/CF&A. These cases are scrutinized by the LAO with reference to the supply orders and TPC minutes before putting up to the Finance member.

525I. A dedicated TPC cell is to be put in place by each Branch Accounts Office and Group Controller's office for dealing with all TPC, TEC, CWC and other procurement/disposal committee cases. The composition and strength of cell will be decided by the Group Controller. The duties and responsibilities of the TPC Cell of the LAO/ CF&A may be listed as under:-

i) To coordinate each and every case which comes to the LAO and to maintain record of each case linking all four stages at which the file comes to LAO/CF&A office.
ii) To verify MP Sheet / SHIS attached with the Brief for TPC Member of all levels of TPCs to ascertain justification of requirement inter-alia confirming that the MP Sheet / SHIS so submitted has been vetted.
iii) To verify the minutes of the source approval or vendor selection TPC and the conditions of the tender.
iv) To scrutinize quotations of the firms to see the Address / Fax No. / Telephone No. of the firms and to see whether all the terms and conditions mentioned in TE have been accepted by the firms and there is sufficient bid validity.
v) To verify Comparative Statements / Ranking Statements prepared. It is the responsibility of the TPC cell to check the variation of rate with reference to LPR.
vi) To check RBI Whole Sale Price Index for material, Labour, Electricity etc as prevailed in LPR and that of as on the date of receipt of the Brief from Fy. Mgt. / date of TPC, LME prices for metal, CMIE index etc. This cell should clearly mention the indices in their Brief for all levels of TPCs.
vii) The Cell should prepare a self contained analytical Brief for the Finance Member of TPCs.
viii) The Cell should also be responsible for processing of DP extension cases submitted for deliberation in TPCs.
ix) The TPC cell shall scrutinize pre-audit of Supply Order cases valuing upto Rs.10 lakhs for which TPCs are not held. However the post audit of Supply Orders may continue to be conducted by Material Section for Store items / Costing Section for Plant & Machinery items.
x) This cell shall maintain register for TEC / TPC cases and DP extension cases separately for each TPC level-wise.
xi) This cell shall also deal non-TPC cases i.e. cases below ₹10 lakhs.
xii) This cell shall co-ordinate with other groups of the Accounts Office in order to prepare Financial Advice Report i.e. monthly / quarterly Report and send the same to Group Controllers to enable Group Controllers to consolidate. The consolidated report will be analyzed by the TPC cell of the

Group Controllers office and forward the same to PCA (Fys), Kolkata in format circulated under M.O. Circular No. S/II/031/Corr/TPC/VII dated 17/04/2013.

xiii) The Cell should maintain TPC Level-wise Guard File where the Minutes of TEC/TPC/PNC be kept systematically.

xiv) This cell should also be responsible for processing cases of nomination of member in various committees other than TPC/TEC cases wherever necessary.

xv) Complaint cases lodged by the firms regarding placing of Supply Orders or any arbitrary and unilateral action on the part of Purchasing Organization will be dealt with by the TPC cell. This Cell should process and monitor such cases. The matter should be submitted to DCFA/ACFA in Charge of the Accounts Office, who in turn would submit his comment to factory management under intimation to Group Controller.

xvi) DCFA/ACFA-in-Charge of Account Office as well as Group Controllers may carry out surprise check once in a fortnight / quarterly on the functioning of TPC Cell. The onus of improper functioning vis-à-vis non maintenance of Guard File of the Minutes of TEC/TPC/PNC by TPC Cell will rest on Branch Account Office-in-Charge.

xvii) TPC cell would also be responsible for processing of cases requiring clarification of doubts. Direct reference by Branch Accounts Offices to PCA (Fys) / Finance Division is not desirable. They should refer the matter to Group Controller for clarification. If Group Controller deems fit, he may refer the case to the higher formation with his comments and recommendations on the issue raised.

xviii) Orders procurement related matters issued by MoD, OFB, PCA (Fys), Central Vigilance Commission, Ministry of Finance & other Govt Departments and clarifications thereon should be updated and kept systematically for easy reference by the TPC cell.

ROLE OF PRINCIPAL CONTROLLER OF ACCOUNTS (FYS) :

525J. PCA (Fys) may make arrangement for availability of Finance Rep. of designated level in all the factories for attending TPCs as per scheduled dates. In case, DCFA/JCFA/Addl CFA is not available in particular factory with reference to the TPC structure, PC of A (Fys) / C of F & A (Fys), holding group charge of that factory, will nominate appropriate officer for attending the TPC on his / her behalf. (436/BS –Corr dated 16/5/2007) Accordingly, PCA (Fys) has issued an Important Circular bearing No. S/II/031/Nomination/Vol-I Dated 11th September 2013 prescribing competent authorities for nominating alternate member of the TPCs as follows:

Level of TPC	Finance Member	Authority nominating alternate member
Level-I	Controller of Finance & Accounts (Fys)	PCA(Fys)
Level-II	Addl. Controller of Finance & Accounts / Jt. Controller of Finance & Accounts	PCA(Fys) Group Controllers (if alternate officer available in his Group)
Level-III	Jt. Controller of F inance & Accounts / Dy. Controller of Finance & Accounts	Group Controller
Level-IV	DCFA / ACFA/ Sr. AO / AO	Group Controller

525K. As per directives of CGDA HQrs Office, PCA (Fys) with approval of CGDA has issued a circular for monitoring the financial advices rendered by Finance Member of TPC/PNC cases held in Factories. The format of the report, as approved by HQrs Office (No. AT/III/A/11178/TPC/PNC/09/11 dated 05/04/2013) was circulated vide PCA (Fys) important Circular No. S/II/031/Corr/TPC/VII Dated 17th April 2013. The various parts of the Report are tabulated below:

Part – I (A)	I) Quantity of TPCs held during the quarter for both Store and P&M items Civil Works, Contingency Purchase
	ii) No of cases delegated to lower level of Officer for attending TPC Meetings
Part – I (B)	i) Details of T.E.s Floated For Store Cases
	ii) Source Development against OTE inter-alia indicating whether OTE for Source Development actually results in RST
Part-II	i) Savings achieved due to Finance Advice (not out of negotiations)
	ii) Negotiations held with L-1 / Other than L-1 and whether negotiation Held on the basis of pre-assessed rate
	iii) No of cases where cartelized rates observed
	iv) No of cases where extension of bid validity sought for and whether such Effort resulted in higher price.
	v) No of cases where Scecurity Deposit waived / not obtained.
	vi) No of overruling cases (other than DP Extension)
	vii) DP extension cases – no of times granted, DP extension without LD In processing DP extension cases, whether Finance Member overruled.
Part-III	i) Delays in processing of procurement cases (Stores + I&M Contingency)
	ii) Delay aspects on the part of Branch Accounts Offices & Financial Advisors

525L. The periodicity of TPC/PNC report is quarterly. The following table shows periodicity and the due date of the TPC report to be complied by every authority:

By Whom	To Whom	Periodicity	Due by which report should be received by the Reporting Office
Branch Accounts Office	Concerned Group Controller	**Monthly**	7th of the following month
Group Controller	PCA (Fys)	**Quarterly**	15th of the month following each quarter
PCA (Fys)	**CGDA** & Member/ Finance, OFB	**Quarterly**	25th of the month following each quarter

525M. The store section of the PCA (Fys) will be responsible for monitoring the TPC/PNC reports received quarterly from the Group Controllers. The reports received will be consolidated by the store section and analyzed. The consolidated report along with comments of the PCA(Fys) will be rendered to the CGDA and Member/Finance, OFB. It will be also the responsibility of the Store section to issue clarification/guidelines, orders, circulars etc related to Financial Advice functions. The store section will also coordinate and refer matters related to Financial Advice to the OFB , CGDA & MoD as the case may be.

Annexure – AD

F. No. 5(6)/L&C/2006
Government of India
Ministry of Finance
Department of Expenditure
**

New Delhi, dated the June 1, 2006

OFFICE MEMORENDUM

Subject: Scheme of 'Integrated Financial Adviser'

Under the existing scheme of Budgetary and Financial Control and Delegation of Powers outlined by this Ministry vide 0M No. 10(29)-E. Coord/73 dated 6th October, 1975 and subsequent instructions in this regard, the Ministries have an Financial Adviser who is responsible both to the administrative Ministry and the Ministry of Finance. With his assistance, administrative Ministries freely exercise the enhanced powers delegated to them and, outside the scope of the delegations, he functions under the guidelines of the Finance Ministry.

2. After the introduction of the scheme, the Indian economy has matured and we are attempting to keep pace with the fast growing economies of the world. Therefore, it ¡s imperative that our systems match the needs of a fast growing economy. The role of Financial Adviser assumes great importance in such a scenario and the scheme has been redefined in this context. The redefined Charter for Financial Adviser annexed to this memorandum outlines the features of the Revised Scheme of integrated Financial Adviser.

3. This comes into force with immediate effect.

(Adarsh Kishore)
Finance Secretary and Secretary (Expenditure)

To,

1. Cabinet Secretary
2. Principal Secretary to the Prime Minister of India
3. All Secretaries to the Government of India (By name)
4. All FAs (By name)
5. All Heads of Public Sector Enterprises

ANNEX to Annexure-AD

REDEFINED CHARTER FOR FINANCIAL ADVISERS

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Introduction

The Scheme of Integrated Financial Adviser currently operates in accordance with Office Memorandum No. 10(29)-E. Coord/73 dated 6.10.1975 issued by the Department of Expenditure, Ministry of Finance. The scheme provides that the Financial Adviser would be responsible both to the Administrative Ministry and to the Ministry of Finance. The scheme also briefly indicates the functions of the Integrated Financial Adviser along-with the modalities for functioning. A copy of the OM is appended (ANNEX-I).

2. The last thirty years since introduction of this scheme have seen the Indian economy grow from a less developed stage to one of the fastest growing economies of the world. This growth has been the result of well-structured economic reforms and conscious policy decisions. The last two decades have witnessed a plethora of reforms in monetary and fiscal management of the country. We have now reached a stage from where further progress requires a renewed effort. The second-generation reforms are throwing up complex challenges which, *inter alia*, call for a re-look at some of the institutionalized financial management systems.

3. The institution of Financial Adviser (FA) occupies a unique position in the functioning of Government of India. Having served well till now, time has come for it to be brought in sync with the fast changing socio-economic scenario and attendant attitudes, processes and systems in the Governmental functioning. It is necessary that the role, authority as well as accountability of the Financial Advisers be redefined and codified in unambiguous terms, and their capacity enhanced to meet the emerging challenges. Ministry of Finance has internally reviewed the scheme in this context, and the concept of redefined the charter for the Financial

Advisers, as outlined in the ensuing paragraphs.

4. The overarching concept in redefining the charter for Financial Advisers is that Financial Advisers are meant to assist in the achievement of objectives/goals of their respective Administrative Ministries, as approved by the competent authority; and that they must commit themselves to facilitate implementation of the approved programmes, with due financial prudence, to ensure that monies allocated are spent on time, in the prescribed manner, to achieve the intended outcomes defined in measurable and monitorable terms. Assisting Administrative Ministries in ensuring 'value for money' would be a key objective for Financial Advisers, with emphasis on improving the quality of expenditure and requisite systemic improvements/capacity building for this purpose. It may also be reiterated that FAs represent the Ministry of Finance in regard to all financial matters.

5. The more complex responsibilities envisaged for FAs must be accompanied by corresponding authority and capacity. It would, therefore, be necessary to ensure that FAs are suitably empowered, and appropriate measures are taken for capacity building both institutionally and individually. The organizational resources, structure and processes themselves may need to be augmented I modified, and I.T. enabled systems, latest financial management practices, knowledge management structures etc. put in place.

Role of Financial Advisers

6. The role of Financial Adviser is now conceived to be akin to the role of the Chief Financial Officer in a corporate structure, with specific responsibilities for ensuring fiscal prudence and sound financial management. They would bring requisite financial expertise, and overall perspective of financial management of the Government, as enunciated by the Ministry of Finance, ¡n rendering professional advice to the Secretaries of the Administrative Ministries on all matters which have financial implications.

7. The role 'of Financial Adviser will be crucial for successful planning and implementation of various schemes and projects. Value for money will be the most important parameter in evaluating such schemes and projects. Therefore, it is imperative that outlay for a scheme is intrinsically linked with the Outcome Budget and Performance Budget.

8. In rendering their advice, the Financial Advisers would be expected to accord priority to macro management with a view to help in achieving the outcomes set by the Ministries as goals for themselves.

These macro issues could include schematic appraisal and concept functions, revenue management, subsidy management, fiscal resource transfer issues, defining and evaluating outcomes besides maintaining and safeguarding the budgetary integrity, etc. FAs would also be expected to look at the total picture of resources for the sectors in which they are functioning, and assist the Secretaries of the Administrative Ministries in moving towards greater resource mobilization, including in terms of enabling policy and regulatory framework to attract private sector funds. FAs would in no case be assigned any routine administrative functions of the Ministry.

9. Appendix 2 of DFPR is an indicator of overall expanse of duties and responsibilities of the Financial Adviser (ANNEX-II) However, following are some of the specific tasks which the FAs would be responsible for:

(i) Budget formulation: FAs would continue to be responsible for budget formulation. They would bring in more analytical inputs into the budget formulation process, for improved budgeting and facilitating moving from 'itemized' to 'budgetary' control of expenditure. The present system relies largely on previous year's programme allocations and continuing commitments, without any real evaluation and expenditure analysis. FAS would now increasingly be required to assist the Administrative Ministries/Departments ¡n moving towards zero based budgeting, and assist in better inter se programme prioritization/allocation within the indicated budgetary ceilings, based on analysis of expenditure profiles of each programme/sub-programme and information on cost centres / drivers; assessment of output, outcome and performance and status of the projects/programmes (e.g. priority to last mile projects). Chief Controllers of Accounts/Controllers of Accounts (CCAs / CAs) will support them in this function. Such an analysis at the time of initial budget formulation should, over a period of time, help in enforcing hard budget constraints and reducing reliance on supplementaries. As

the FAs' internal budgetary exercise becomes more rigorous, their involvement in MoF's budgetary processes will increase.

(ii) Outcome Budget: Administrative Ministries will now be required to prepare their respective 'outcome budgets' by late March each year, on the basis of the 'Annual Financial Statement' presented in the Parliament in February. The 'outcome budget' would reflect the outlays in terms of outcomes, defined in measurable and monitorable terms. Reasonability of budget estimates, vis-à-vis the intended outcomes, will be ensured through specific appreciation of the unit costs of outcomes/delivery. Major schemes should have built-in provision for their evaluation by independent agencies, which may be appointed by the Administrative Ministries and / or Planning Commission / MoF. FAS would be actively involved in the preparation of outcome budgets. They would also assist the Administrative Ministries in clear definition of measurable and monitorable outcomes with specified deliverables; setting up appropriate appraisal, implementation / delivery, monitoring and evaluation systems; and ensuring actual achievement of the intended outcomes.

(iii) Performance Budget: Administrative Ministries will also be required to prepare their respective 'performance budgets' by late March each year, indicating the 'outcome' of the 'Outcome Budget' of the previous fiscal year at least upto December end. Thus, while Annual Financial Statement and Outcome Budget would be for the ensuing financial year, the Performance Budget would present the picture of actual achievements / performance for the financial year gone by. FAs would be actively involved in, and coordinate under the overall direction of the Secretaries concerned, the preparation of performance budgets for their respective Administrative Ministries. In essence, Budget Formulation, Outcome Budget and Performance Budget must link present, future and past ¡n an integrated manner.

(iv) FRBM related tasks: - The Fiscal Responsibility and Budget Management Act requires the Government to place disclosure statements before Parliament alongwith the Annual Financial Statement and the Demands for Grants. CCAs I CAs as heads of the Accounts wing shall render their professional expertise in the functioning of financial management system. FAs would be responsible for preparation of these statements in respect of their Ministry / Department for incorporation in the consolidated statements compiled by the Ministry of Finance for the Government as a whole. FAs would also provide requisite information and material as input for FM's quarterly review of fiscal situation to be presented to the Parliament.

(v) Expenditure and cash management:-FAs would continue to be responsible for expenditure management and cash management. MoF's initiatives for better expenditure management through sophisticated exchequer control mechanisms would also be supported by FAs with improved cash management, through monitoring of monthly cash flows effectively in the context of cash expenditure/commitments to be agreed to mutually between the MoF and the Ministries / PSUs / Autonomous institutions. This would help tighten the system of receipts and payments monitoring, and secure greater convergence of revenue inflow and expenditure outflows, so that borrowing and thus debt charges can be minimized. FAs would also ensure that release of funds to State Governments I other agencies is linked to the scheme-wise I project-wise utilization certificate and audited expenditure of previous years. Utilization certificates should reflect outcomes, or at least the physical outputs. FAs will also ensure that unspent balances with the State Governments and other agencies are not transferred to Public Accounts; and in case such transfer is permitted, these should be duly audited. The expenditure management function would also be closely linked to the 'outcome budget'. CCAs / CAs will support FAs in the discharge of these responsibilities.

(vi) Project / programme formulation, appraisal, monitoring and evaluation: Rigorous / effective project / programme formulation, appraisal, monitoring and evaluation are vital for high quality investment decisions and successful / timely delivery of intended outcomes. The Administrative Joint Secretaries have to take the lead role in project I programme formulation, implementation and monitoring. FAs should take the lead in ensuring high quality appraisal and evaluation with requisite rigour. MoF have issued clear guidelines in this regard, which need to be adhered to scrupulously.

(vii) Screening of proposals: FAs would be responsible for examining and forwarding all proposals, which need to be referred to any Department in the Ministry of Finance.

(viii) Leveraging of non-budgetary resources for sectoral development: FAs would assist the Administrative

Ministries in evolving strategies for optimizing private sector investment and Public-Private Partnership in the sector, through enabling policies/schemes and appropriate regulatory framework, formulating projects for external funding, and taking innovative measures for leveraging of non-budgetary resources for sectoral development. In addition, the present role of FAs in assessment and leveraging of IEBR for investment programmes of the Public Sector Undertakings will continue.

(ix) Non-tax receipts: Non-tax receipts have assumed greater significance in the context of the need to limit fiscal and revenue deficits, as mandated by the Fiscal Responsibility and Budget Management (FRBM) Act. An optimum non-tax receipt budget would, therefore, be prepared by FAs, in consultation with the Administrative Divisions. FAs would, thereafter, periodically review the various non-tax revenue receipts under control of the Ministry/Department to which they are assigned, in the context of market trends and other sectoral developments. FAs would need to act as a catalyst in moving towards a regime in which the user charges recover the cost of service fully or substantially, as per the Government policy in this regard, and in case of only partial recovery to ensure that the subsidy element is clearly quantified. In the case of rent, licence fees, royalties, profit share and dividends, the duties of FAs would include conducting periodical reviews, and giving their considered comments and recommendations regarding the reasonableness of return to the Government on the deployed public resources. CCAs / CAs shall assist FAs in relation to estimation and flow of non-tax revenue receipts.

(x) Tax Expenditure:-FAS would also monitor tax expenditures, i.e. the revenue foregone by Government on account of various exemptions and concessions. This is important since tax expenditure constitute a significant part of overall Government spending. Within the administrative Ministry, such proposals should be routed through the Financial Advisers before finalization.

(xi) Monitoring of assets and liabilities: Each Ministry must have a comprehensive record of its assets and liabilities. FAs would cause appropriate action for initial building up of such records and their on-going updation, as also for the maintenance and optimum utilization of the assets Government guarantees should also be monitored. FAs in Ministries with significant real estate assets/property (land, buildings etc.) will cause a critical analysis of their utilization, including review of property encroached upon, property involved in disputes/court cases etc., and also be the catalyst to ensure necessary action for their availability and fullest utilization. The progress would be regularly reviewed, and corrective action taken on an on-going basis.

(xii) Accounts and Audit: FAs would be kept informed about the overall quality of maintenance of departmental accounts by their respective CCAs I CAs. FAs would also regularly review the progress of internal audit and action taken thereon, so as to make it an important tool for financial management Action taken on audit paras may also be monitored on a regular basis.

(xiii) Procurement and contracts: Significant amount of monies are spent by Government on procurements and contracts. FAs would be required to set up strong internal systems to ensure due diligence and strict observance of MoF's guidelines in this regard. (The guidelines are being revised, and new guidelines are expected to be issued shortly).

(xiv) Financial Management Systems: FAs would periodically review the financial management of the various programmes / projects of the Ministry from the systems point of view, and take appropriate action for making the financial management systems more effective.

(xv) Nominee Director on Boards of Public Sector Undertaking: Financial Advisers are often Government's nominee Directors on Boards of Public Sector Undertakings (PSUs). This role assumes increasingly more important dimensions with the greater autonomy being granted to PSUs. FAs would need to bring strong requisite expertise to bear on all major issues considered by the Boards. Separate guidelines will be issued regarding the nomination and functioning of FAs as Directors of Boards of PSUs, in consultation with the Department of Public Enterprises.

(xvi) Use of technology: Increased use of technology as an advanced tool, especially communications and information technology, should be encouraged not only in his division but also in the domain of Ministries / Departments with the view to ensure better utilization of resources available with the Government and improve delivery of public services to achieve the intended results. Economy, efficiency and effectiveness

would be the guiding principles.

Involvement in Key Processes of Ministries

10. It is important that FAs are fully involved in the key processes / activities of Administrative Ministries which have clear economic and financial dimensions. Administrative Ministries shall, therefore, invariably involve FAs in all such activities and decision making processes which would, inter alia, include the following but may not be limited to:-

- Formulation of annual/5-year plans, and other important is consultations with Planning Commission like mid-term appraisal.
- Preparation of 'outcome budget', 'performance budget' and evaluation of actual outcomes.
- All proposals for consideration of CNE / SFC / EFC/ PIB / Cabinet / Cabinet Sub-Committees, or otherwise referred to the Ministry of Finance.
- Externally aided projects, and other strategies to encourage larger resource mobilization for the sector, including through Public Private Partnership (PPP), appropriate regulatory structures etc.
- Policy / programme formulation and other major decisions, to facilitate proper appreciation of the consequential financial implications.

11. Ministry of Finance has been increasingly moving towards macro management of issues, and delegating more powers to the Administrative Ministries. This delegation is reviewed periodically and is suitably enhanced as and when required. As such, the Financial Advisers have adequate financial powers. Exercise of these powers, and necessary financial analysis, may require the FAs to call for relevant records/reports/files relating to various decisions, contracts etc. FAs' involvement would, therefore, specifically include the right of access to all records, reports, audits, reviews, documents, papers, recommendations or other material which are the property of the Ministry/Department, or which are available to the Ministry/Department, and which relate to programmes and operations with respect to which that Ministry/Department calls for accounts, data and reports.

12. FAs would be consulted in all cases relating to the exercise of the delegated financial powers. While normally FAs' advice would be expected to be adhered to, there could be instances II cases in which the Administrative Ministries feel that there are valid reasons for some modification / deviation. In such rare instances, Secretaries of Administrative Ministries can exercise their power to overrule FAs' advice by an order in writing.

Reporting Systems

13. FAs will be required to prepare an 'Annual Finance Report', which would be a factual report indicating the operational aspects of financial management of the Department/Ministry, including information on the resource requirement, pattern of expenditure with reference to outlay / budget, opening and closing unspent balances, opening and closing position of utilization certificates, position of non-tax revenue (user charges, dividends etc.) with reference to previous year, FRBM related activities etc, and suggestions for improvement.

14. FAs would also be required to furnish an 'Annual Outcomes and Systems Report', which would give factual information regarding the outcomes achieved vis-à-vis intended (as per Outcome Budget), policy and systems changes / improvements and action-taken / results- achieved in regard to those aspects of FA's role which are not included in the Annual Financial Report.

15. 'Annual Financial Report' and 'Annual Outcomes and Systems Report' would be factual reports to be submitted to Secretary (Expenditure), through the Secretary of the Administrative Ministry, by June 30 of the

next financial year. The 'Annual Financial Report' would be prepared on the basis of the information contained in the provisional accounts released by the Controller General of Accounts in the month of May. The structure of the reports will be intimated separately.

16. In addition to the above, FAs would be mandatorily required to send disclosure statements concurrently to the Secretary of the Administrative Ministry and Secretary (Expenditure) whenever there are deviations from, or violation of, the provisions in paras 13-15 above. They may also be required to send any other information / report periodically, or as sought from time to time.

Roles and responsibilities of CCAs / CA

17. As the overarching concept now adopted is that the Financial Advisers are meant to assist ¡n the achievement of objectives / goals of their respective administrative ministries it follows that the role of Chief Controller of Accounts (CCAs) / Controller of Accounts (CAs) should undergo a parallel change as the basic accounting and financial inputs for the Financial Advisers come from the CCAs / CAs. In the last three decades the role of CCAs I CAs has undergone subtle, unrecorded changes that need to be formally spelt out and institutionalized in precise and unambiguous terms. Not only do the accounts wings operating under CCAs / CAs need to catalyze changes in existing system protocols in order to synergise and integrate all interrelated aspects with the changing paradigm of financial management they in turn need to be strengthened and empowered to effectively cope with the changed demands made on them.

18. While the CCAs / CAs as head of the accounts wing, under overall superintendence and control of Financial Advisers, discharge their duties and responsibilities within the ambit of their respective administrative ministries lending their professional expertise to provide Accounting and Accountability support.

19. The spectrum of work for which CCAs / CAs will be responsible, in the revised outcome driven financial and accounting regime, are enumerated below:

(ί) Receipts, Payments and Accounts:

- Accurate and timely payments in conformity with prescribed rules and regulations.
- Timely realization of receipts.
- Timely and accurate compilation and consolidation of monthly and annual accounts.
- Efficient service delivery to the Ministry /Department by the banking system.
- Adherence to prescribed accounting standards, rules and principles.
- Timely, accurate, Comprehensive, relevant and useful Financial Reporting

(i) Internal Audit / Performance Audit

The Internal Audit Wings working under the control and supervision of CCAs/CAs shall assist the Financial Advisers in the appraisal, monitoring and evaluation of individual schemes. Moving beyond the narrow myopic confines of compliance / regulatory audit, Internal Audit would focus on:

- Assessment of adequacy and effectiveness of Internal controls general , and Soundness of financial systems and reliability of financial and accounting reports in particular;
- Identification and monitoring of risk factors (including those contained in the Outcome Budget);
- Critical assessment of economy, efficiency, delivery mechanism to ensure value for money; and
- Providing an effective monitoring system to facilitate and course corrections.

(ii) Other financial management activities :

- Budget formulation including the 'Outcome' and 'Performance Budget'.
- Expenditure and Cash Management
- Estimation and flow of non-tax revenue receipts.
- Monitoring of Assets & Liabilities.
- Disclosure and reporting requirement under FRBM Act.

Interaction between MoF and FAs

20. The system of interaction between the MoF and FAs would be institutionalized to facilitate better two way communication and development of shared perspectives on financial issues. The Administrative Ministries would be clustered ¡n three groups for this purpose, viz. economic infrastructure sector, social sector and other Ministries. Secretary (Expenditure) would be meeting the FAs of each of these groups once in a quarter. These interactions will provide a forum to share the vision, priorities and concerns with the FAs who, in turn, would get an opportunity to apprise MoF about their activities, important developments and problems.

21. The quarterly interactions between the FAs and Secretary (Expenditure) would inter alia, cover the following areas:

- Implementation /compliance of decision taken in FM's quarterly meetings.
- Discharge of responsibilities detailed in this charter, specifically the functions defined in para 8 above.
- Initiatives taken as a catalyst for policy formulation/review and systems' improvements in the concerned Ministries.
- Identification of points for action on emerging sectoral issues, including potential opportunities within the sector/Ministry.
- Major proposals I projects currently in different stages of preparation / approval by the Administrative Ministries for the consideration of CNE / EFC f PIB I Cabinet / Cabinet Sub-Committees. ,

22. The interactions could also be used for reviewing progress on MoF's specific priorities, as also those outlined in the Budgets Specific agenda items may also be developed for FM's quarterly meetings with FAs, on the basis of these monthly interactions.

Capacity Building

23. The Integrated Finance Division may require strengthening in some Ministries for assisting the Financial Adviser ¡n his redefined role. Such strengthening may include need for using information technology, setting up knowledge management structures, building requisite data bases, networking with relevant institutions I expert bodies etc. It may also require changes in the various decision making processes, conflict resolution, problem solving, programme/project formulation / appraisal, monitoring, evaluation etc., and delegation by FAs within their own divisions. The staff / officers would also require specialized training for rendering better professional advice. In addition, consultants may be required for specific tasks from time to time.

24. At the beginning of each Financial Year, the Financial Advisers should review the existing expertise, structure and processes of the Integrated Finance Division (IFD) under their respective charges, to assess / evaluate it's strengths, weaknesses and potential for development. In doing so, the expertise available in the set-up of CCAs / P&AOs would need to be fully taken into account. FAs would also need to clearly assess the expertise, knowledge, skills and equipment (computers / internet etc.) required for effective functioning of the IFD. On the basis of this analysis, FAs would formulate by June 30, each year, specific time bound Action Plans for such organizational strengthening and changes as may be required. They would also need to put in place a strategy for further development of requisite skills etc., through training of existing staff and their replacement by suitably qualified personnel, wherever necessary. Creation of posts may be avoided while strengthening / restructuring the IFDs. Instead, proposals for engaging consultants for a limited time, under GFR 2005, may be sent for approval of Secretary (Expenditure), through the Secretary of the Administrative Ministry, if considered absolutely essential. An 'IFD Manual' would be prepared in due course, to facilitate more effective functioning of the Integrated Finance Divisions.

26. FAs would be the nodal points within their respective Ministries for all activities relating to Plan, Budget and Programme / Project evaluations. As such, any units ¡n the Ministry currently looking after the functions of undertaking evaluations, preparing Annual / Five Year Plans etc. should function under the overall supervision and control of the Financial Adviser.

27. Over a period of time, the enhanced capacity and expertise of IFDs, coupled with increased delegation of purely routine financial activities to the Administrative Divisions of the Ministries, would enable FAs to take on a more active macro-management role. This will also significantly enhance FAs' role in, and value-addition to, the budgetary management and project/ programme appraisal processes. FAs would also be expected to build-up an appropriate system of networking with Financial Advisers of autonomous organizations and institutions within their respective sectors, which are receiving budgetary support, to ensure optimum utilization of their resources.

F. No. 10(29)-E. Coord/73
Government of India
Ministry of Finance
Department of Expenditure
**

ANNEX-I to Annexure-AD

New Delhi, the 6th October, 1975.

Office Memorandum

Subject: Scheme of 'Integrated' Financial Adviser

Under the existing scheme of budgetary and financial control and delegation of powers to Ministries as introduced vide this Ministry's OM No. 10 (3)-E. Coord/67 dated 18th October, 1968, the Ministries have an Internal Financial Adviser, who is in charge of their Budget and Accounts Section and is required to be consulted in all cases of exercise of delegated financial powers and an "associate" Financial Adviser based in the Department of Expenditure, who is required to be consulted in matters falling outside the delegated field. The associate' Financial Adviser is attached to a group of Ministries. In pursuance of the policy to delegate enhanced financial powers to the administrative Ministries to match their responsibilities and to improve their competence in the field of financial management by developing appropriate internal attitudes and skills, this question whether the functions of the 'associate' Financial Adviser and the Internal Financial Adviser could, with advantage be integrated in a single official, forming part of the administrative Ministry, has been under consideration. It has been felt that Ministry in a larger measure than at present to enable him to play a more effective and constructive role in its developmental activities and should bring his financial expertise to bear in assisting the Secretary of the administrative Ministry and other senior officers in the planning, programming, budgeting, monitoring and evaluation, functions of the Ministry. A scheme of 'Integrated' Financial Adviser has accordingly been drawn up in consultation with Department of Personnel & Administrative Reforms, the salient features of which are outlined in the Annexure

2. In the new scheme, the Financial Adviser will be responsible both to the administrative Ministry and to the Ministry of Finance. With the assistance, the administrative Ministry will be able to feely exercise the enhanced powers delegated under the Department of Expenditure OM No. F 10(13)-E. Coord/75 dated 10th April, 1975 and outside the scope of the delegations, he will function under the general guidance of the Finance Ministry. He will assist in budget formulation, scrutiny of projects and programmes for approval by the Ministry of finance and post budget vigilance to ensure that there are neither considerable shortfalls in expenditure nor unforeseen excesses for which provision has not been made either in the original budget or in the revised estimates. The close association of integrated Financial Adviser and his staff with the formulation and implementation of all proposals involving expenditure should facilitate the more effective discharge of the Financial Adviser's responsibility. It is cardinal to the working of the new scheme that the Financial Adviser should be associated with the formulation of schemes from the initial stages. The Financial Adviser will also be responsible for preparation of the Ministry's performance budget and monitoring of progress of schemes against the budget. The maintenance of an efficient accounting system is necessary for this purpose.

3. In matters involving any deviations from the budgeting and accounting procedures, consultations with the Budget Division of the Department of Economic Affairs, will continue to be obligatory. Similarly, in respect of the formulation of the Ministry's development plans, Plan Finance Division in the Department of Expenditure would have to be consulted. The Public Investment Board (PIB) and Expenditure Finance Committee (EFC) procedure would also continue to be applicable, the Integrated Financial Adviser taking on the role at present discharge by the Establishment Division and the Staff Inspection Unit of the Department of Expenditure would also not be affected by the proposed changes.

4. In the first instance, the scheme will be introduced in the following Ministries/Departments:

(i) Health & Family Planning;

(ii) Works and Housing;
(iii) External Affairs
(iv) Education and Social Welfare
(v) Information and Broadcasting
(vi) Science & Technology; and
(vii) Shipping & Transport (where the scheme has already, been introduced as an experimental measure).

5. It is proposed to extend the scheme to other Ministries/Departments soon thereafter.

6. Pending further consideration of the need for formation of centralized or decentralized, single or multiple level cadre of finance and accounts and scheme for absorption of the present associate finance staff in such cadres, in the initial stage, the Financial Adviser, the officers and staff working in the associate Finance Divisions in the Department of Expenditure will be transferred to the administrative Ministries as follows according to requirements:

· Officers of services other than the Central Secretariat Service will be treated as on deputation to the administrative Ministry instead of to the Finance Ministry

· Officers of the Central Secretariat Service including Grade T and selection grade will be treated as transferred to the administrative Ministry

· Members of the decentralized cadres of various grades of CSS will be transferred on loan basis from their present cadre to the cadre of the administrative Ministry on a purely temporary basis.

7. When the scheme is introduced, certain changes will be necessary in the organization structure in the administrative Ministry and in the Department of Expenditure. Creation/abolition of some posts will be involved. The details of the revised organizational structure in the administrative Ministry out of the posts and personnel to be transferred from the Department of Expenditure to the administrative Ministry along with the work will be communicated to the respective Ministries separately.

8. The new scheme will be introduced in the Ministries/Departments mentioned in para 4 as soon as suitable officers to man the posts of Integrated Financial Adviser become available. A separate communication will be sent to them in this respect.

9. The administrative Ministries/Departments are also requested to make necessary arrangements for housing the additional staff to be transferred from the associate Finance/Divisions in the same building, as such arrangements are essential for the proper functioning of the Scheme.

-Sd/-
(NNK Nair)
Joint Secretary to the Govt. of India

To,

All Ministries/Departments of the Govt. of India.

Appendix II to Annexure-AD

ITEMS OF WORK TO BE HANDLED BY INTERNAL FINANCIAL ADVISERS

The Internal Financial will be in overall charge of Budget and Accounts in addition to the Internal Finance Section. It will be his duty -

(i) To ensure that that the schedule for preparation of budget is adhered to by the Ministry and the Budget is drawn up according to the instructions issued by Finance Ministry from time to time.

(ii) To scrutinize budget proposals thoroughly, before sending them to Ministry of Finance

(iii) To see that complete departmental accounts are maintained in accordance with the requirements under the General Financial Rules. It should, in particular, be ensured that the Ministry not only maintains account of expenditure against the Grants or Appropriations directly controlled by it but also obtains figures of the expenditure incurred by the subordinate offices so that the Ministry has a complete month to month picture of the entire expenditure falling within its jurisdiction;

(iv) To watch and review the progress of expenditure against sanctioned grants through maintenance of necessary Control Registers and to issue timely warnings to Controlling Authorities where the progress of expenditure is not even.

(v) To ensure the proper maintenance of the Register of Liabilities and commitments as required under the GFRs to facilitate realistic preparation of budget estimates, watching of book debits and timely surrender of anticipated savings;

(vi) The screen the proposals for supplementary demands for grants

(vii) To formulate the foreign exchange budget for the Ministry and to process individual cases for release of foreign exchange in accordance with the instructions issued by Department of Economic Affairs from time to time;

(viii) To advise the Administrative Ministry on all matters falling within the field of delegated powers. This includes all powers other than those devolving on a Ministry in its capacity as Head of Office. It has to be ensured by I.F.A. that the sanction issued by Administrative Ministry in exercise of delegated powers clearly indicates that they issue after consultation with I. F.A.

(ix) To identify, in particular, specific savings in cases of creation of posts and to maintain a Register for this purpose.

(x) To scrutinize proposals , for re-delegation of powers to subordinate authorities;

(xi) To keep himself closely associated with the formulation of schemes and important expenditure proposals from their initial stages;

(xii) To associate himself with the evaluation of progress/performance in the case of projects and other continuing schemes and to see that the results of such evaluation studies are taken into account in the budget formulation;

(xiii) To watch the settlement of audit objections, Inspection Reports, draft audit paras, etc;

(xiv) To ensure prompt action on Audit Reports and Appropriation Accounts, Reports of Public Accounts Committee, Estimates Committee and Committee on Public Undertakings;

(xv) To screen all expenditure proposals requiring to be referred to Finance Ministry for concurrence or comments;

(xvi) To ensure regular and timely submission to Finance Ministry of quarterly staff statements and other reports and returns required by Finance.



Annexure - AE

True copy of Government of India, Ministry of Defence, Deptt of Defence Production, New Delhi letter No. 01/5/SP/C/Part/4847/D(Prod) dated 11th June'73 as amended vide Min of Def Corrigendum No. 01/5/SP/C/1666/D(Prod) Dated 17-3-1975

To
The Director General Ordnance Factories,
6, Esplanade East,
Calcutta - 1

Sub: Provision procedure

Sir,

I am directed to say that in supersession of the orders on the subject contained in this Ministry's letter no. 12/38/64/D (prod) dated 2-9-65 as amended/extended from time to time, the President has been pleased to decide that provisioning of stores required for use in Ordnance & Equipment factories should be made on the basis explained below.

WORKING STOCK OF STORES (MATERIAL/COMPONENTS/PACKAGES PROCURED THROUGH CENTRAL PURCHASE AGENCIES:

2. Normally, provisioning should be made on the basis of six months requirements as assessed with ref. to firm demands from the services and other indentors. Indents placed by the services etc. will be treated as a firm demand for the purpose of materials provisioning.

3. (a) as regards items of imported origin, indents may be placed upto 36 months in advance of the period of utilization which will be 12 months i.e. for a requirement upto a maximum period of 48 months less stocks and due against firm demands. As regards difficult indigenous items (i.e. where it is known from past experience or available information that supply did not materialise or is not likely to materials in time and hence due to such anticipated long delays provisioning for longer requirements is essential in the interest of production), indents may be placed upto 36 months in advance of the period or utilization which will be 6 months i.e for requirement upto a maximum period of 42 months less stocks and does against firm demands. For ordinary indigenous items, indents may be placed upto 2 months in advance of the period of utilization, which will be 6 months i.e. for a requirement upto a maximum period of 30 months less stocks and dues against firm demands.

(b) Assessment or requirements of the following items may be made with reference to the monthly average consumption of the past 18 months.

TIMBER ITEMS, ITEMS OF SEASONAL NATURE OTHER THAN TIMBER SUCH AS HIDES AND TANNING MATERIALS, STEEL SCRAP.

Provisioning of tool, steel may also be made on the basis of past average consumption till computerized material provisioning system is introduced in the factories concerned.

4. Provisions for general purpose stores and maintenance stores which are not required directly against production will normally made on the basis of the monthly average consumption of the preceding 18 months. As regards imported items indents may be placed 24 months in advance of the period of utilization which will be 12 months. For difficult indigenous items, indents may be placed 24 months in advance of the period of utilization which will be 12 months and for ordinary indigenous items indents may be placed 24 months in advance of the period of utilization which will be 6 months.

N.B. (i) exception may be allowed in the case of certain stores where provisions is required to be made on the

basis of technical knowledge after taking into account the life of stores required or for the minimum quantity acceptable to the purpose.

(ii) Where recruitments assessed on the basis of past consumption is not considered adequate, due to high consumption of the items in the recent last or due to commissioning of the new plant etc. requirements may be increased based on the available dated and full jurisdiction recorded. Similarly, where any reduction is foreseeable for reasons such as declining production trends or the residual life of the plant concerned the assessed requirements should also be reduced and full justification recorded.

5. In order to avoid over provisioning it should, however, be ensured that subject to the above exceptions, provisioning is not made on the basis of the entire demand of the services but on the basis of what the DGOF/GMs realistically expects to produce out of that demand during a particular provisioning period. The delivery dates shown in the indents should be staggered so that as far as possible, the actual stock at the factory, is restricted to the optimum levels as laid down in para 9 below.

PROVISION AGAINST ADHOC REQUIREMENT

6. The procedure prescribed above will also be adopted for provisioning for adhoc demands and supplementary indents if necessary, will be placed to procure the stores.

PROVISIONING BY LOCAL PURCHASE

7. If the cost of the requirements of an item calculated on the basis indicated in the preceding, paragraphs does not exceed ₹ 50,000/- (Rupees fifty thousand only), these requirements may be met by direct purchase. While placing supply orders, a stipulation should be made for staggering of supplies so as to ensure that approximately not more than 6/12 months' recruitments would be in stock at any time.

Stock Pile

8. (i) Stock files of non-perishable imported materials shall be built upto 9 months requirements and of indigenous materials difficult to obtain upto 4 months requirements except in cases where higher limits have already been specifically authorized by the Govt. maximum monthly production envisaged during 1972-73 to 1974-75 on the basis of 2-10 hours shifts where it could worked, may be taken as the basis for calculation of the authorized stock pile holdings.

(ii) The DGOF/GM should ensure that the stock piles are adequately turned over from time to time.

(iii) The stock piles referred to above will be entirely distinct from the current and forward provisioning programme and any other stocks that are referred to above.

(iv) Each item of stock-pile should be reviewed every 3 years or as soon as it comes to notice that the indigenous production of the imported items has developed satisfactorily or the supply position of the indigenous item has improved or the production of the relevant and store has been discontinued.

9. With reference to paragraph 3(a) and 8 above, the optimum levels of stocks held by factories at any time in respect of imported stores, difficult indigenous items and ordinary indigenous items may be as follows:

(a) Imported items: 12 months' requirement for non-stockpile items; 9 months' requirements (exclusive of stock pile) in respect of items for which stockpile is authorized.

(b) Difficult indigenous items: 9 months' requirements (exclusive of stockpile, wherever authorized)

(c) Ordinary indigenous items : 6 months' requirements.

The GMs will have complete freedom according to their judgment in maintaining stocks subject to ceiling limits mentioned above and availability of storage space to meet production targets.

10. For the purpose of emergent provisioning, the General Managers should fix critical levels in respect of individual items at their own discretion, keeping in view the production programmes. However, for their guidance, the critical levels which should be treated as ceilings and which should not be exceeded are given below:

(a) Imported items: 9 months' requirement for non-stockpile items; 12 months' requirements inclusive of stock pile, for which stockpile items.

(b) Difficult indigenous items: 6 months' requirements (inclusive of stockpile, wherever authorized)

(c) Ordinary indigenous items : 3 months' requirements.

The GMs should take action to resort to direct purchase as far as indigenous items are concerned and take urgent action through the DGOF for imported items to maintain the stocks above critical levels. In respect of ordinary indigenous items which are easily procurable and/or where suppliers will not agree to staggered deliveries, GMs may, at their discretion, take procurement action for lesser quantities than those envisaged vide para 3 (a) and 10 above without hampering their production programs.

N.B.- The quantum of stock mentioned in paragraphs 9 and 10 above will be determined with reference to current production programme of the factories.

11. It will be necessary for the GMs to review their inventories and requirements from time to time and take necessary action for the disposal of surpluses, if any, as per laid down procedures or procurement action for the deficiencies.

12. This issues with the concurrence of the Ministry of Finance (Defence) vide their U.O no. 678/II/OF dated 12/3/73 and no. 3411/11/OF dated 18-5-73.

Yours faithfully
(T. S. Narsimhan)
Under Secretary to the Govt. of India

Copy to:
The CGDA New Delhi, The DADs New Delhi, The CDA (Fys) Calcutta, DFA (Fys) Calcutta etc.
Copy signed in ink to:-
The Controller of Defence Accounts (Fys) Calcutta-13



Annexure - AF

No. 4 (11)/63/II/D (Fy)
Government of India
Ministry of Defence

Dated the 14th Feb'64

To
The Director General Ordnance Factories
5 Esplanade East, Calcutta-1

Sub: Delegation of administrative and financial powers to the DGOF and General Manager of Ordnance and Clothing factories

****

Sir,

I am directed to state that the financial powers delegate to Director General of Ordnance Factories, General Managers of Ordnance and Clothing factories in various matters have been reviewed in the light of the present emergency and the President is pleased to lay down the revised financial powers of the DGOF and the General Manager, in Annexures-I and II respectively to this letter.

2. The powers delegated in annexure-I to this letter will be exercised by the DGOF in consultation with the Internal Financial Advisor, or with the concurrence of the Deputy Financial Advisor (Fys) as indicated against each item. Where such consultation/ concurrence has not been specifically indicated, the powers will be exercised without any consultation/ concurrence.

In cases where the powers are to be exercised in consultation with the Internal Financial Advisor, it will be open to the DGOF not to accept the advice tendered by his Internal Financial Advisor and to take such action as he considers appropriate on his own responsibilities where the advice of internal Financial Adviser is not accepted and the powers delegated to DGOF are exercised, the Internal Financial Advisor may, if he so desires, request that such cases be reported to the Ministry of Defence giving his views and simultaneously endorse a copy of his note to the Financial Adviser to the Ministry of Defence.

3. The powers delegated in Annexure II to this letter will be exercised by the General Managers with the concurrence of Accounts officers, except where otherwise indicated.

4. This letter will have effect from 14-5-1963 and supersedes Ministry of Defence letters:-

(i) No. F.19/US-DPPC/38 Dated 7-8-1958
(ii) No. F.19/US-DPPC/58 Dated 13-12-1958
(iii) No. F.13(3)/59/D(Budget) Dated 8-7-1959
(iv) No. 051/E/C/Budget/ 7018/D(Prod) Dated 18-2-1960
(v) No. 4(11)/63/II/D(Fy) Dated 14-5-1963

5. This letter issues with the concurrence of Ministry of Finance (Defence) vide their UO No. 3013/OF Dated 12-2-1964.

Yours faithfully
Sd/-
(S. V. Iyer)
Under Secretary to the Govt. of India

Copy to:-

1. The Controller General of Defence Accounts, New Delhi
2. The Director of Audit , Defence Services, NEW DELHI
3. The Senior Deputy Director of Audit Defence Services, Calcutta
4. The Controller of Defence Accounts (Fys), Calcutta
5. The Controller of Defence Accounts/ Eastern Command, Meerut
6. The Controller of Defence Accounts/ Southern Command , Poona
7. The Jt. Controller of Defence Accounts (Eastern Command), Patna
8. The Deputy Director of Audit , Defence services Poona
9. The Controller of Defence Accounts (Western Command), Meerut
10. The Assistant Audit Officer, Defence Service, Kanpur
11. The Assistant Audit Officer, Defence Services, Kirkee
12. The Assistant Audit Officer, Defence Services, Bangalore
13. The Assistant Audit Officer, Defence Services, Secunderabad
14. The Assistant Audit Officer, Defence Services, Dehradun
15. The Assistant Audit Officer, Defence Services, Jabalpur
16. The Dy. Financial Adviser(Fys), Calcutta
17. The Dy. Financial Adviser(Budget), New Delhi
18. The Dy. Financial Adviser(Prod), New Delhi
19. The Dy. Financial Adviser(O), New Delhi
20. Under Secretary-D (Prod), New Delhi
21. Under Secretary-D (O-I), New Delhi



Annexure - AG

No. 1(82)/78/D (Fy.I),
Government of India
Ministry of Defence,
Department of Defence Production
New Delhi, the 31st , December, 1979

To
The Chairman,
Ordnance Factory Branch
6, Esplanade East,
Calcutta.

Subject: - Re-delegation of powers of the ordnance Factory/Board to the General Managers etc., in the Ordnance Factories.

****

Sir,

I am directed to refer to this Ministry's letter No.1(82)/78/D (Fys.I), dated 9.2.1979 and to convey the sanction of the President to the re-delegation of powers of the Ordnance Factory Board to the General Managers etc. in the Ordnance Factories, as given in the enclosed annexure. The General Managers etc. will exercise these delegated powers in consultation with their local Finance/Accounts officers/and subject to the availability of the budget provisions for the respective expenditure. Necessary guidelines for the exercise of the delegated powers will be issued separately by the Ordnance Factory Board.

2. The delegation of powers granted under letter No. 4(11)/63/II/D (Fy.), dated 14.2.1964 stand superseded to the extant powers have been re-delegate under their letter.

3. This issues with the concurrence of Ministry of Defence/Finance Branch vide their U.O. No. 3096, Proj-I, dated 6.2.79.

Yours faithfully,
Sd/-
(D. M. L. Malhotra)
Under Secretary to the Government of India.

Copy to –

1. All General Managers,
2. CGDA, Calcutta.
3. Controller of Accounts (Fys.),
4. DADS,
5. Director of Audit (Factories), Calcutta,
6. Member Personnel (Finance) OFB, Calcutta,
7. All Sections of Department of Defence Production,
8. IFB/2 Copies.

FINANCIAL POWERS

Sl. No	Nature of power	Authority	Extant to which delegated.	Remarks.
1.	2.	3.	4.	5.
1.	Placing of indents on central purchase Agency and supply orders Orders against rate Running Contracts.	G.M Jt. G.M. Dy. G.M. Dy. Manager.	Full powers Full Powers ₹ 2 lakhs ₹ 50,000/ -	GMs of ord Fys. should be direct Demanding officers in all rate/running Contracts.
2	Direct purchase of all stores required for production as well as maintenance. Such as raw materials, components, castings, forgings, spares, tools gauges and fixtures etc. including contracts for fabrication/processing of raw materials.	GM/VFJ Jt. G.M. /VFJ Dy. G.M. /VFJ Manager. DM/VFJ Other,GMs Dy. GM/Manager Dy. Manager	₹ 50 lakhs in each case. ₹ 20 lakhs in each case. ₹ 10 lakhs in each case. ₹ 4 lakhs in each case. ₹ 25 lakhs in each case. ₹ 10 lakhs in each case. ₹ 4 lakhs in each case.	
3	These powers will apply to Rate/Running Contract items, also when Rate/Running Contract holders fails.			
4	Direct purchase of steel and Alloys From public sector undertakings	All GMs Jt. GMs Dy. GM/Manager Dy. Manager	Full Powers ₹ 25 Lakhs Rs 20 lakhs Rs 2 lakhs	
5	Direct purchase of Canalised items Mentioned in import Trade policy Hand Book form public sector Undertakings/ Government Departments	Same as against Sl. 3		
6	Placement of Development orders	GM	Upto ₹ 2 lakhs in case GMs will have the discretion to waive Risk Purchase and other Penalties in these cases and also to consider claims for prime variation On merit upto a limit of 10%. Reasons to be recorded in writing	
7	Note applicable to Sl. No 2 to 5 (I) All purchases will be made on the basis or tenders which will be scrutinized and decided by Tender purchase Committees of appropriate level. (II) Normally, purchases beyond ₹ 25,000/ - in value will be made on the basis of open tender. In special circumstances, purchase may be made on the basis of limited tenders, single tender or negotiation. Whenever limited tender is resorted to reasons			

	for doing so shall be recorded in writing. Single tender/negotiated (ab initio) purchases may be made upto a calling of Rs 5 lakhs with the approval of G.M. only. In respect of proprietary article or where there is only a single known source of supply/repeat orders shall be treated as single tender purchases and may be resorted to only when there is no downward market trend. (iii) As regards tender and contract forms, terms and conditions including payment terms. And other procedural details, guidelines issued by O. F. Board shall be adhered to			
8	Dispatch/collection of Stores by other than Shortest route or cheapest Mode of dispatch.	G.M Jt. G.M.	Full powers ₹ 50,000/ - on each occasion	
9	Note:- Powers subject to a certificate that to maintain continuity of production normal mode of conveyance cannot be resorted to.			
10	Manufacture of components & semis for stock towards Anticipated service orders.	G.M	₹ 50,000/-	Not applicable to obsolescent & Perishable items

No.12 (109)/81/D (projects)
Government of India
Ministry of Defence,
Department of Defence Production
New Delhi, the 17th February, 1982

To
The Chairman,
Ordnance Factory Board
6, Esplanade East,
Calcutta. 700069

Subject:- Re-delegation of powers of the Ordnance Factory Board to the General Managers etc. in the Ordnance Factories.

****

Sir,

I am directed to refer to this Ministry's letter No.1(82)/78/D (Fys.I), dated 31st December 1979 and to convey the sanction of the of the president for the following amendment to that letter:-

For Sentence The General Manager etc. will exercise these delegated powers in consultation with their local finance/accounts officers and subject to the availability of the budget provision fo r the respective expenditure.

Read The General Managers etc. will exercise these delegated powers in consultation with their local Finance/Accounts officer unless otherwise specified and subject to the availability or the budget provision for the respective expenditure.

to the availability or the budget provision for the respective expenditure.

Sl. No	Nature of Power	Authority	Extent to which delegated	Remarks
1	2	3	4	5
1	**FOR** Placing of indents on Central purchase Agency and Supply orders against Rate Running Contracts **READ** Placing of indents Central purchase Agency and supply orders against Rate Running Contracts.	G.M Jt. G.M Dy. G.M/ Manager Dy. Manager G.Ms Jt. G.Ms Dy. G.Ms Dy. Manager	Full Powers Full Powers ₹ 2 Lakhs ₹ 50,000/- Full Powers Full Powers ₹ 10 Lakhs ₹ 4 Lakhs	GMs of Ord. Fys should be direct demanding Officer in all Rate/Running Contracts GMs of Ord. Fys should be direct Demanding Officer in all Rate/Running Contracts upto ₹15,000/ - Financial Consultation is not necessary.
2	**FOR** Direct purchase of all stores required for production as well as maintenance Such as raw materials, components, castings, forgings, spares , tools gauges and fixtures etc. including contracts for	GM/VFJ Jt. G.M. /VFJ Dy. G.M. /VFJ Manager/ Dy. Manager/VFJ Other ,GMs	₹ 50 lakhs in each case ₹ 20 lakhs in each case ₹ 10 lakhs in each case ₹ 4 lakhs in each case ₹ 25 lakhs in each case	
	These powers will apply to Rate/Running Contract items, also when Rate/Running Contract holders fails.			
	READ Direct purchase of all stores required forproduction as well as maintenance Such as raw materials, components, castings, forgings, spares, tools gauges and fixtures etc. including contracts for fabrication/ processing of raw materials	GM/VFJ Jt.G.M. /VFJ Dy.G.M. /VFJ, Manager Dy.Manager/VFJ Other ,GMs Jt.GMs Dy.GMs/Manager Dy.Manager	₹ 50 lakhs in each case ₹ 20 lakhs in each case ₹ 10 lakhs in each case ₹ 4 lakhs in each case ₹. 25 lakhs in each case ₹ 15 Lakhs in each case ₹ 10 lakhs in each case ₹ 04 lakhs in each case	Upto ₹ 15000/ financial consultation is not necessary
	These powers will apply to Rate/Running Contract items, also when Rate/Running Contract holders fails.			

3	**FOR** Direct purchase of steel and Alloys from public sector undertakings	All GMs Jt.GMs Dy. GMs/Manager Dy. Manager	Full Powers ₹ 25 Lakhs ₹ 10 lakhs ₹ 2 lakhs	
	Read Direct purchase of steel and Alloys from public sector undertakings	All GMs Jt.GMs Dy.GMs/Manager Dy. Manager	Full Powers ₹ 25 Lakhs ₹ 20 lakhs ₹ 2 lakhs	Upto ₹ 15000/ - financial consultation is not necessary
4	**FOR** Direct purchase of canalised items mentioned in Import Trade Policy Hand Book from MMTC /STC Public Sector Undertaking/Government Departure	All GMs Jt.GM s Dy.GMs/Manager Dy.Manager	Full Powers ₹ 25 Lakhs ₹ 10 lakhs ₹ 2 lakhs	
	Read Direct purchase of canalaised items mentioned in Import Trade Policy Hand Book from MMTC/STC/Public Sector Undertaking/Government Departments, by tender of any type including single tender. Note under Sl. No. 5	All GMs Jt. GMs Dy.GMs/Manager Dy.Manager	Full Powers ₹ 25 Lakhs ₹ 20 lakhs ₹ 2 lakhs	Upto ₹ 15000/ - financial consultation is not necessary
	FOR Note applicable to Sl. Nos. 2 to 5			
	READ Note applicable to Sl. Nos. 2, 3 and 5			
	<u>In the note under Sl. No. 5</u> **FOR** (ii) Normally, purchase beyond ₹25,000/- in value will be made on the basis of open tenders. In special circumstances purchases may be made on the basis of limited tenders, single tenders or negotiation. Whenever limited tender is resorted to reasons for doing so shall be recorded in writing. Single tender/negotiated (ab initio) purchases may be made upto a ceiling of ₹ 5 lakhs in respect of proprietary articles or where there is only a single known source of supply. Repeat orders shall be treated as single tender purchases and may be resorted to only when there is no downward market trend.			

	READ (ii) Normally, purchase beyond ₹25,000/ - in value will be made on the basis of open tenders. In special circumstances purchases may be made on the basis of limite d tenders, single tenders or negotiation. Whenever limited tender is resorted to reasons for doing so shall be recorded in writing. Single tender/negotiated (ab initio) purchases may be made upto a ceiling of ₹ 10 lakhs in respect of proprietary articles and ₹5 lakhs where there is only a single known source of supply with special specific approval of G.M. However, direct purchase by single tender for other items can be resorted to upto ₹ 1000/- in each case by Managers/Dy. G.M., Jt. G.Ms, G.Ms. Repeat orders shall be treated as single tender purchases and may be resorted to only when there is no downward market trend.

2. This issued with the concurrence of Finance Branch vide their U.O. No. 305/IF (DP -I), dated 17.2.1982

Yours faithfully
-Sd/-
(D. M. L. MALHOTRA)
Under Secretary to the Government of India

Copy to :-

All General Managers
CGDA, New Delhi.
Controller of Accounts (Factories), Calcutta
Controller of Finance, Calcutta
Director of Audit, Defence Services, Calcutta
Director of Audit (Ord. Fys), Calcutta
All Section of Department of Defence Production
I.F. Branch 2 copies

Annexure – AH

No.2(6)/85/D (Fy.I),
Government of India
Ministry of Defence,
Department of Defence Production & supplies,
New Delhi, the 10th June, 1986

To
The Chairman& DGOF
Ordnance Factory Board,
6, Esplanade East,
Calcutta-700001

Subject: Additional delegation of Financial Powers to Ordnance Factory Board

****

Sir,

I am directed to refer to Ordnance Factory Board's U.O. No. EPL/COM/BS dated 29.7.1985 containing their proposal No. 596/POL/Del-I dated 29.7.1985 on the revision of financial powers to Ordnance Factory Board & General Managers of Ordnance Factories. The proposals has been examined in consultation with Ministry of Finance and sanction of the President is hereby conveyed to the delegation of enhanced financial powers to the Ordnance Factory Board has given in the annexure to this letter. The delegation is subject to the conditions mentioned against the various entries in the annexure.

2. It has been decided with the approval of Ministry of Finance that the general guidelines mentioned in the Delegation of Financial Power Rules (DFPR), 1978 as amended from time to time shall apply to the Ordnance Factory Board. Accordingly, Rules 20(2B) of DFPR 1978 will no longer cover the Ordnance Factories organization which shall henceforth be governed by both GFR and DFPR. This will, however, not affect the powers already delegated to the Ordnance Factory Board where the powers may be in excess of the limits on delegation of financial powers mentioned in the DFPR. To the extent known such existing powers of the OF Board are also mentioned in the annexure to this letter. Remaining such powers, if any, may also be intimated in due course for similar inclusion.

3. It has also been decided with the approval of Ministry of Finance that the Ordnance Factory Board may under the authority of resolutions to be passed by it and in consultation with FA (DS) delegate any of its financial powers to the General Managers of the Ordnance Factories. It may also similarly delegate any of its powers to any specified officers in the factory or in subordinate organizations like HQrs or Addl. DGOF at Kanpur/Avadi; Staff College, Ambajhari on Controllers of Safety, Puna or to specified officers in office of the OF Board. The conditions subject to which such redelegation will be made shall also be decided by the Ordnance Factory Board in consultation with the FA(DS). The first set of power so delegated by OF Board may be notified within 3 months from the issue of this letter. The delegation to the OFB and the redelegation by OF Board shall at all times remain compiled in the book of delegation of powers issued for reference by all concerned. The book shall be updated and the reissued every year by the Secretariat of the Ordnance Factory Board.

4. This issues with the concurrence of IF (DP-I) vide the U.O. No. 889/DEA (DP&R), dated 22nd may 1986.

Your faithfully,
(Ajbir singh)
Under Secretary to the Govt. of India

Copy to :

JS (Personal), Ministry of Finance
FA (DS)
CGDA, New Delhi
CDA (Fys), Calcutta
DADS , New Delhi
DADS (Fys), Calcutta
IF (DP-I) – 4 copies
D (Proj-I)
D (Proj-II)
D (Prod)
D (Fys-II)

Annexure to D (F) lot No. 2(6)/85/D (Fy-I) Dated 10-6-86

FINANCIAL POWERS OF ORDNANCE FACTORY BOARD
INDENTS CONTINGENCIES AND PURCHASES

Sl. No	Nature of Power	Authority	Extent of Delegation	Whether concurrence of Finance needed	Remarks
1	Indents for raw materials & stores required for production against firm orders & maintenance stores	OF Board	Full Powers	Yes	Within limit fixed by Govt.
2	Indenting for stockpiling of stores	OF Board	Full Powers	Yes	
3	Indents for Plant and Machinery for sanctioned projects or for renewal and replacement	OF Board	Full Powers within sanctioned limits	Yes	
4	Direct purchase of all stores including stores required for production as well as maintenance such as raw materials, components, castings, forgings, spares, tool, gauges and fixtures etc. contracts for fabrication/processing/development of stores	OF Board	₹ 1 crore in each case but ₹ 30 Lakh on a single or negotiated tender. ₹ 20 Lakh on proprietary items	Yes	(i) Purchase will be made by competent authority on the recommen dation of Tender Purchase Committee (ii) Normally purchases will be made on the basis of open tenders. It may be made on the basis of limited tenders, single tenders or by negotiations, subject to the conditions laid down by OFB. (iii) Where DGS&D has entered into rate contracts for items, OFB will operate on such contracts except in a situation where resort to purchase under these contracts will held up production. (iv) No monetary ceiling will apply to purchase on Steel and alloys from Public Sector Under takings and to canalized items.
5	Direct purchase of Plant and Machinery exclusive to the requirement of DGOF as agreed to with the Department of Supply	OF Board	₹ 1 crore in each case but ₹ 30 Lakh for a single or negotiated tender. ₹ 20 Lakh for proprietary items	Yes	
6	Direct purchase of P&M other than those covered by 5 above.	OF Board	₹5 lakhs in each case.	Yes	
7	Direct purchase of P&M required in emergency.	OF Board	₹ 20 lakhs in each case	Yes	

8	Contracts for modifications and reconditioning of machines	OFB	₹ 5 lakhs in each case	Yes	
9	Erection of P&M procured against sanctioned project	OFB	Full power	Yes	
10	Erection of P&M other than 9 above	OFB	₹ 20 Lakhs in each case	Yes	
11	Contracts for engagement of Consultant or Specialist (other than foreign Consultancy)	OFB	₹ 20 Lakhs per annum	Yes	
12	Waiving of e-recoverable compensation or loss arising due to failure of contract	OFB	₹ 1 Lakh in each case	Yes	
13	Payment of advance or earnest money and provisional payments	OFB	Upto 2% of CIF value	Yes	Subject to provisions of financial rules and taking suitable security or safeguard and placing on record public interest served.
14	Placement of order on more than one tenderer at different prices in response to bid received	OFB	Full powers if price differential between highest and lowest bid accepted does not exceed 10% and reasons are placed on record	Yes	
15	Acceptance of Price increase against fixed contracts	OFB	Same powers as in case of negotiated contracts	Yes	Subject to revised price being within the delegated powers of OFB
16	Disposal of surplus Plant & Machinery	OFB	₹ 10 Lakhs in each case	Yes	Subject to the condition that normal procedure of disposal is resorted to
17	Disposal of Stores, Scrap, Obsolete and Waste Material	OFB	Full powers except in case of stores which are required to be declared to DGS&D as per rule 124 (1) of the GFR	Yes	-Do

18	Leasing out Lands & Buildings	OFB	Existing powers to continue	Yes	Subject to provisions of regulations governing the lands & buildings
19	Waiver of security deposit	OFB	Full powers	Yes	Subject to satisfaction about the state and financial standing of the concerned
20	Contracting for loading or unloading and transporting of materials by Private Contracts and by other than shortest route.	OFB	Full powers	Yes	Subject to placing on record, public interest served
21	Contracting for testing of items/subassemblies at Govt. Test House or in other reliable testing centers	OFB	Full powers	Yes	
22	Sanction for wharfage, demurrage or freight including air lift	OFB	Full powers	Yes	Subject to provisions that necessary control is exercised in case of air lifting of stores it should be resorted only in case of extreme urgency and with concurrence of their Internal Financial Adviser.
23	Determination of payment terms in purchase cases under delegated powers or where Govt. has specifically authorized the purchase	OFB	Full powers	Yes	Subject to provisions of Financial Rules
24	Extension of delivery period against orders placed	OFB	Full powers	Yes	After placing on record the reasons and the public interest served
25	Issue of stores and material from Factory stock to private firm, Govt. Deptt and State undertakings, subject to recovery or adjustment of cost thereof as computed by Finance and Acco unts Branch	OFB	Full powers	Yes	Subject to suitable security and safeguard as enumerated in the M of D letter no. 14.2.64

Expenditure on Schemes, Projects and Civil Works

1	Expenditure on Civil works & services of the sanctioned projects including issuance of administrative approval for civil work under sanctioned projects. Expenditure on water, power, air conditioning, steam and fuel oil distribution, chilled water plants and other services under sanctioned projects.	OFB	Full powers	Yes	Within the financial limit in the sanction.
2	Sanction of capital investment for production of items indented by the services or for diversification or augmentation of available capacity for production	OFB	₹ 20 Lakhs for each scheme	Yes	Schemes or projects costing above ₹ 20 lakhs are subject to provisions to rule 18 of DFPR and orders of government there under and subject to second provisions to rule 26(1)
3	Sanction for new works including residential /hostel accommodation and special repairs and issuance of administrative approvals for civil works under the sanction	OFB	₹ 25 Lakhs for each scheme	Yes	
4	Sanction of expenditure in excess of sanctioned amount in projects sanctioned by Govt. or OFB	OFB	15% or ₹ 1 crore which ever is less in case of projects sanctio ned by Govt. and 15% in the case of projects sanctioned by the OFB	Yes	
5	Re-appropriation within a "project sanction" of amount debitable to the same "demand for grant" between plant & equipment and civil works and vice versa	OFB	Full powers within the sanctioned cost of the Project enhanced within the limits in Sl No. 4 above.	Yes	
6	Demolition of Buildings Direct contracts for civil works on contractor	OFB OFB	₹ 1 lakh Full powers through comparative tenders ₹ 25 Lakhs in each case through single tender.	Yes Yes	Subject to provision of rule 24 of DFPR 1978. In respect of sanctioned projects, full powers is subject to Govt. policy on under the agency of E -in-C's branch to the available extent within the time allowed for computation of works

Release of Foreign Exchange

1	Release of Foreign Exchange	Chairman OF Board and ADGOF (AV)	Full powers upto ceiling of ₹ 1 crore in each case	Commitment to be got noted by Finance	
2	Release of addl. Foreign Exchange in excess of amount released	Same authority which released the original Foreign Exchange	Full powers provided original release plus the additional release is within Foreign exchange ceiling indicated against item 1 above		
3	Revalidation of Foreign Exchange sanction	-do-	Full powers within ceiling indicated against item 1 above	If by revalidation release of addl. Foreign Exchange is involved the additional commitment is to be got noted by Finance	(i) If the order is directly placed by the OFB, the validity period of Foreign Exchange release is 6 months from the date of release (ii) If the order is to be placed through a Central Purchasing Agency, the ind on the CPA is to be placed within six months and the order on the CPA is to be placed within 1 month from the date of release of Foreign Exchange (iii) All proposals for revalidation of Foreign Exchange shall be got noted by Finance with full details
4	Release of additional Foreign exchange against Fixed P rice Contracts, where price increase is allowed.	OFB	Full powers within ceiling indicated against item 1 above		

IV Regularization of losses.

1	Irrecoverable loss of Stores or Public money due to theft, fraud or negligence.	OF Board	Existing powers will continue		
2	Irrecoverable loss of stores not due to theft, fraud or negligence.	OF Board			
3	Irrecoverable loss of Public money not due to theft, fraud or negligence.	OF Board			
4	Loss due to rejection in manufacture	OF Board			
5	Loss of revenue (including irrecoverable route and damages) irrecoverable loans and advances	OF Board			
	Note: 1. Apart from powers in item No. 4 above, OFB/DGOF will be competent to regularise all avoidable rejection in manufacture, within its financial powers for write off of stores as shown against item 1 to 3 above irrespective of percentage of rejection. 2. The delegation is subject to the condition that reasons for irrespective losses and unavoidable losses due to rejection are to be fully investigated and placed on record and that remedial action taken to prevent recurrence and to reduce unavoidable rejection in manufacture in future should also be placed on record.				
Contingent and Miscellaneous Expenditure					
1.	Contingent and Miscellaneous Expenditure	OFB	Full power in respect of recurring and non - recurring expenditure	Only in cases where amount exceeds ₹ 20,000	Subject to limits and conditions in Rule 13 of DFPR and Schedules V & VI thereunder applicable to the power delegated to "other departments of Central Govt". But power of OFB are limited to those of "Heads of department in relation to i) purchase of Motor Vehicles ii) Rent
2.	Cash awards for effecting economy in manufacture in Ordnance Factories	OFB	Full power within the provisions in the budget	Only in cases where amount exceeds ₹ 5000/-	

3	Expenditure on award of long service badges to employees.	OFB	Full power within the provisions in the budget	Only in cases where amount exceeds ₹ 5000/	
	Grant Loans Civil Trade & Re-appropriation				
1	Grants and Loans	OFB	Full power	Yes	Subject to Budget Provisions and in accordance with rules framed by Ministry of Finance.
2.	Grant of Ex gratia payments in cases of accidents in Ordnance Factories to employees whose wages do not exceed ₹ 1000/-pm	OFB	Upto ₹ 5000/ - in case of death Upto ₹ 250 in case of serious injuries	No	To employees who die in accidents or suffer total permanent disablement and whose wages exceed ₹ 1000/ - pm, amount of compensation as admissible to highest wage earner viz. ₹ 900/ - to ₹ 1000 /- pm under Workmen Compensation Act.
3.	Compensation under the Workmen Compensation Act.	OFB	Full power upto the ceiling prescribed in the Act.	Yes	
4.	Powers to waive overpayment of Pay & Allowances	OFB	Full power	Yes	Provided the amounts are physically impossible to recover without incurring undue expenditure for recovery (subject to the condition as laid down in Rule 17 of DFPR, 1978 as amended from time to time.)
5.	Rectification/replacement of product after issued to Civil Trade	OFB	Full power	No	
6.	Powers of re-appropriation	OFB	Full power, if reappropriation does not exceed 10% of the original budget provision.	Yes	Subject to instructions on permissible re-appropriation between the sub-heads within minor heads control by OFB under the same demand for grant.

Annexure – AI

ORDNANCE FACTORY BOARD
'AYUDH BHAVAN'
10-A, S. K. BOSE ROAD,
KOLKATA – 700 001

ORDER NO. 472/BS Dated 08.08.2013

Sub : Delegation of Financial Power for procurement of Stores in OFB and Factories.

****

As resolved by Ordnance Factory Board in 6th (2013) Board Meeting held on 31.07.2013 approved the proposal for procurement of Stores in OFB and Factories as under
Accordingly, Board Orders No. 439/BS doted 11.04.2007 and 455/BS dated 25.07.2008 stands modified accordingly -

Nature of Power	Authority	Extent to which delegated	Remarks	Whether Finance is to be consulted
Procurement of Stores against LTE/OTE, rate/running contract place by DGS&D or OFB from Rosoboronexport, Russia	WM/DGM Jt. GM Addl. GM GM/Sr. GM Member / Op Div Member / P&MM Chairman / OFB	₹ 20 Lakh ₹ 2 Crore ₹ 10 Crore ₹ 50 Crore ₹ 100 Crore ₹ 200 Crore Full	Fin power is irrespective of currency of payment	Yes

Board also resolved that the cases of value upto ₹ 10 lakhs (as against the existing limit of ₹ 2 lakh mentioned in BS Note No. 436/BS-Corr-VII dated 10.09.2010) would not be required to be processed by TPC. These cases would be processed by the officer-in-charge of MM Division and the same would be submitted for pre-audit to LAO before release of purchase order. TPC cases shall be processed through the related TPC. The powers of the TPC are concurrent with the delegated powers of the Chairman of the TPC.

This issue in consultation with Finance Division vide their Note No. 465/FMII/B.M/2013 dated 06.08.2013

(RAVI KANT)
SECRETARY/OFB

ALL MEMBERS/OFB
All Sr. General Managers/General Managers

Annexure- AJ

D.G.S. & D. Procedure is applicable to OFB/DGOF

EXTRACT OF Para 14 & 15 of Ministry of Defence (Department of Defence Supplies) Office Memorandum No. F.7 (67)/73-DS dated 20th February 1978 addressed to D.G.O.F., Calcutta & Copy endorsed to all concerned.

"14. For the issue of the tender enquiries, the opening of the tenders etc., the D.G.O.F. will generally follow the D.G.S. & D. procedure. The Supply Orders will be issued subject to the general conditions of Contract, contained in the Form D.G.S. & D. (Revised), excluding Clause-24, as already adopted by D.G.O.F.

15. This issues with the concurrence of Integrated Finance (DS) vide their U.O. No. 325/IFA/DSR/78 dated 9/2/78.

-Sd/-
(V. LAKSHIKANTHAN)
Deputy Secretary to Government of India"

Extract of Ministry of Defence Letter No. 3 (10)/87-D (Prod) dated 9th September 1987 addressed to D.G.O.F. Calcutta

Subject: - Procurement of Store — Ranking of Offers

Sir,

I am directed to refer to you DO. No.537/BOARD/MM dated 30/6/87 and to state that the matter regarding taking into account statutory levies while considering and comparing various offers has since been re-considered and it has been decided with the approval of the Secretary (Exp) and Secretary (DP&S), that the procedure followed by the DGS&D in this regard should be adopted by the Ordnance Factories as well. As such, the price quoted by the firm plus excise duty, Sales Tax and any other Government levies should be taken into account wile fixing ranking of quoted offers.

2. Necessary instructions be issued to all the Ordnance Factories for compliance.

3. This issues with the concurrence of the Finance Division vide their U.O. No.930/IF (DP-I) dated 7.9.87.

Yours faithfully,
-SD/-
(RAM GOPAL)
Under Secretary to Govt. of India"

Annexure- AK

Ordnance Factory Board.
6, Esplanade East
Calcutta – 69

Case No. Orders/BS

Order No. 2/BS

Date: 19/23 .5.79

Subject : Powers delegated to the Board – Exercise by the Members.

The undersigned has been directed to state that the Ordnance Factory Board in exercise of its delegated powers, has ordered as follows:

a) The powers of the Board can be exercised by the Member/Members concerned, so far as they are relevant to the functioning of their divisions subject to the condition that where financial implications are involved, the concurrence of Member/Finance would be required.

b)

i. the above exercise of power would however be subject to the purchase of Materials by the Board would be based on the decision of the Tender purchase Committee, which have been constituted by the Board;

ii. All new capital schemes and all matters which require the approval of the Ministry will be put up to the Board. or

iii. All proposals for availing of consultancy or for sale of consultancy by the Fys. would be put up to the Board for approval.

iv. On all issues, considered major by the Members concerned the papers would be shown to the Chairman before issue of the executive orders, so that necessary co-ordination and uniformity could be taken care of.

v. Sanction of addition to the man power would require the approval of the Board.

vi. Any change in the working of systematic overtime in the factories would require the approval of the Board.

2.0 This issues in consultation with Member/Finance

-Sd/-
C. M. CHANDRASEKHARAN
Secretary
Ordnance Fy. Board

All Officers

All Sections

Copy to:
1) The Controller of Accounts/Fys.
9, C. R. Avenue, Calcutta – 72
2) The Jt. Controller of Finance,
6, Esplanade East, Calcutta – 69
3) The Chief Internal Auditor
9, C. R. Avenue, Calcutta – 72

NOTE: BOARD SECTT

Sub : Determination of Competent Financial Authority in relation to TPCs.

Ref : Note No. 476/FM-II dated 15.3.2002

***

The memorandum submitted under the above quoted reference on the subject was discussed during the 03rd (2002) Board Meeting held on 26.03.2002. The relevant extract from the minutes of the Board Meeting is appended below for information and necessary action please.

"Board deliberated on the details submitted in the memorandum and observed that the competent financial authority is also the chairman of the Tender Purchase Committee (TPC) and decisions are taken in the Tender Purchase Committee in consultation with the members of the TPC and signed by all members including Chairman of the TPC. As the competent financial authority is also the Chairman of the TPC, there is no need to change in the system and present system has to continue."

(J. L. MISHRA)
SECRETARY/OFB

CONTROLLER OF FINANCE (M)

NOTE NO. 18/FIN/BS DATED 18.04.2002

Copy to: -

SECTION FM-II

Annexure- AL

(COPY)
No R&D/II/79/OFB
ORDNANCE FACTORY BOARD
(FINANCE DIVISION)
6, Esplanade East, Calcutta -69, Dated 27th Feb, 80

Sub : Delegation of powers to Factories.
Ref : M of D letter No. 1(82)/78/D(Fy.1) Dt 31.12.79

Under the letter quoted under reference, substantial financial power has been delegated to the GMs, Jt. GMs, Dy. GMs, Managers and Dy. Managers of the factories for procurement, disposal, construction and maintenance, erection and various other activities at the factory subject to the following :

(i) These powers will be exercised in consultation with local Finance/Accounts Officers of the concerned factory.

(ii) The expenditure arising from the exercise of these powers will have to be restricted within the allotted budget grants

(iii) These powers will be exercised in accordance with the guidelines issued by OFB.

The following guidelines are hereby issued in terms of sub para (iii) above

2. Exercise of all financial power will have to conforms to the stipulation laid down in the Financial Regulation especially Canons of Financial Propriety.

3. To ensure that the expenditure arising out of the exercise of financial powers does not out-strip the Budget grants, it will be necessary to make adequate arrangement for watching progress of commitment/expenditure vis-à-vis available budget grants under appropriate heads.

4. The basic purpose of the delegated powers is to enable factories to keep in readiness the inputs and facilities essential for maintaining continuity of production and achieving the production targets without hindrance the exercise of powers by the factory officer in consultation with the local finance/accounts officer is intended to bring in financial expertise in decision making process. The Finance/Accounts Officer thereby becomes the part of the management

5. All efforts should be made to resolve differences in view point through personal discussions instead of making to and fro reference in writing. There it is considered necessary to keep a record of such discussion agreed minutes should be drawn up and recorded.

6. Financial consultation in distinct from financial concurrence. The officers exercising the delegated powers may decide not to accept the advice tendered by finance but this they will do entirely on their own responsibility and for reasons to be recorded in writing. Such cases will be reported monthly to the General Manager by the concerned factory officers. Where the GM over rules the advice of the Finance, he should report on a monthly basis to the concerned operating Member and Member/ finance of the OFB.

7. In regard to the powers relating to purchase of stores instructions were circulated to all the GMs and Local Accounts Officers under DGOF's letter no. 02/policy/SP/DP Dated 28.11.78 for constitution of Tender Purchase Committee headed by the GMs of the concerned factories since slabs of power have now been delegated to the different levels, separate Tender Purchase Committee will have to be constituted by the General Manager for each level of delegation.

8. With respect to item 2 of the delegation of power stipulated in the Ministry of Defence letter under reference Tender Purchase Committee will be constituted at the factory level for dealing with purchases exceeding ₹ 50,000/- in value in all the factories other than VFJ, such Tender Purchase Committee for purchase

upto ₹ 4 Lakhs will be headed by the Deputy Manager in charge of procurement and for purchases upto ₹ 10 Lakh by the Deputy General Manager/Manager in charge of procurement, the Accounts Officer of the Factory will be Member of these TPCs apart from other concerned officers. For purchases over ₹ 10 Lakh General Manager will be the head of the TPC and the JCDA/DCDA will be the Member of the committee. So far as VFJ is concerned, TPC for purchase upto ₹ 4 Lakhs and ₹ 10 Lakh would be headed by the Deputy Manager and Deputy General Manager/Manager respectively, the Accounts Officer being the member of the committee. For purchase upto ₹ 20 Lakhs and above ₹ 20 Lakhs, however, the TPCs will be headed by Jt. General Manager and General Manager respectively with JCDA/DCDA as a member from the Accounts side

In the TPCs headed by GM/Jt GM, the Manager(User), Manager (Procurement) and other concerned officers will also be Members

The above compositions of TPCs will be followed, mutatis mutandis for items 3 to 5 and 24 to 26 of Min of Def letter under reference.

9. General Manager will ensure that all purchases(both exclusive and non-exclusive items) above ₹ 50,000/- are hence forward made on the basis of recommendation of Tender Purchase Committee the states of the meeting of the Tender Purchase Committee should be notified sufficiently in advance so that briefs and relevant files can be studied by the committee Members, including the Finance representative, before they attended the meeting of the Tender Purchase Committee. Minutes of the meeting shall be drawn up and this shall be the basis for further purchase action.

10. All cases of procurement will have to be preceded by a provisioning scrutiny of the demands based on which purchase has been proposed to be made. Orders should continue to be placed on the existing standard form and terms and conditions.

11. In the deliberation of the Tender Purchase Committee, efforts should be made to come to a consensus as regards selected source (s) of supply giving due weightage to the following factories:-

I) Whether the ordnance Factories have got capacity for manufacture of the item, and cost of production in ordnance Factories in case capacity exists, the justification for purchase from outside.

II) The most economic price, consistent with quality, the last purchase price and justification for higher prices if the price is variable, whether a well-defined price variation formula based on acceptable documentation has been proposed.

III) Delivery schedule offered vis-à-vis the rate of consumption of the factory.

IV) The reliability of the firms based on past performance.

V) The adequacy or otherwise of competition, whether all established past suppliers, including the last, were covered by the tender enquiry; in case the competition is inadequate whether there is scope for retendering consistent with the required delivery schedule. The necessity for placing “development” or “Educational” orders for the minimum quantities would also need to be considered in the contexts

12. Wherever the Tender Purchase Committee considers it necessary to report to negotiation with the tenders either on price or on commercial terms or for obtaining any clarification, such negotiation should be so broad-based as possible so that all the tenderers within the competition zone get equal opportunity to review their price, terms and conditions etc.

13. In case of single tender purchase, assessment of reasonableness of the price will have to be made either obtaining the break-up of the price quoted to see that the origin of profit is unreasonable or a technical assessment (such as type and weight of material, labour hours involved, technology etc.) in consultation with the technical officers of the factory. Where possible comparison may be made with last purchase price of comparable stores.

14. The above are general guide-lines and need not be viewed or rigid standards. Various other problems arising in the process of tender selection will have to be tackled on their merits, keeping in view the dictate of financial propriety and the exigencies of production/service.

15. Further clarifications if any, on these guidelines may be sought from the undersigned.

16. These guidelines have been formulated in a joint meeting of Member/P&MM, Member/Finance and CDA/Fys.

17. Chairman, OFB has seen.

Sd/-
Dipankar Sarkar
Controller of Finance.



PROCUREMENT CYCLE

Material Planning Sheet is floated by the Planning section of the Factory indicating :

- End Product
- Work Order
- Warrant
- Estmate No & Qty
- Target Qty

Store Holders Inability Sheet is generated by the Store Section indicating:

- Linked with the MP Sheet No & Dt
- Stock, Dues, WIP, Last Purchse Details
- Proposed Qty for Procurement

SHIS is forwarded to Branch Accounts Office for Vetting - This is the acceptance of Necessity

- The Mode of Tendering is decided at this stage
- The qty for tendering is also frozen at this stage

After Vetting of SHIS, the provisioning section takes action for identifying the Vendors (LTE/STE or OTE) and convenes the Source Selection TPC

Tenders are received and a CST is prepared. The CST is vetted by the BAO and put up to the TPC for procurement Decision

- L1 Vendor decided
- Rate is decided

Supply Order is placed on the L1 Vendor. The Supply Order is sent to BAO for Post- Audit of Supply Order



Controller of Finance & Accounts (Fys.),
Jabalpur Group of Factories,
Accounts Office, Vehicle Factory,
Jabalpur - 482009

CHAPTER-VIII

OVERHEADS ACCOUNTING INCLUDING TOOL ACCOUNTING

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VIII

OVERHEADS ACCOUNTING INCLUDING TOOL ACCOUNTING

Definition of Overheads

526. Overheads charges constitute a class of cost, which cannot be directly charged to the product. Thus, apart from direct costs like 'labour' and 'Material' which can be easily determined through the system of labour bookings , Return and Demand-Notes or transfer vouchers etc., there are other costs which have to be necessarily incurred generally for the production. Such charges may be in the form of services rendered by other sections i.e. service sections like power, steam, gas, stores etc. or may be incurred in the section itself, on account of general shop labour, supply of oil, lubricants, cotton waste, sundry shop stores, miscellaneous equipments etc. To arrive at the true cost of production, it is therefore essential that a proper system of accounting of such charges and distribution thereof to the manufacturing orders is adopted.

Classification of Overheads

527. The Overheads incurred in the Ordnance Factory are broadly classified into 'Variable' and 'Fixed' according to the nature of the expenses and are treated as class of costs '36' and '39' respectively.

528. Variable overheads are expenses which generally vary in sympathy with the load on the factories i.e. they increase or decrease with every increase or decrease in load though not in direct proportion. Fixed overheads are items of expenditure which by their very nature do not depend on the volume of manufacture (load), but generally remain constant irrespective of the load involved.

529. The variable overhead expenses of any shop comprise of items of expenditure which relate to-

- repairs, maintenance, running of machinery
- general shop labour
- various allowances and incentives paid to industrial employees for supply and maintenance of service such as power, steam, gas etc.
- pay and allowances of personnel deployed for generation, distribution, maintenance, repair etc. of utilities (Electricity, Water, steam and gas) for the part of utilities cost which cannot be charged direct due to general nature of their usage.

All such expenses are booked against '02' series of work order.

530. The fixed overhead expenses comprise of items of expenditure relating to the pay and allowances of staff and officers of the factory other than those treated as Variable, cost of various training schemes, repairs and maintenance of buildings, roads, railway sidings and electrical installations, depreciation of buildings, machinery and assets other than machinery, social overheads such as estate dispensary, conservancy, road lighting, factory school, Labour Welfare Fund, Central Administration of both factory and Accounts, pay and allowances of Accounts Office etc. The expenses pertaining to fixed overheads are booked to '01' series of work order.

War Insurance Charges

531. The Ordnance Factories are normally designed, equipped and staffed in such a way so as to enable them to rapidly expand in war time to produce an output enormously greater than normally required. War requirement/or installed capacity is generally computed as the maximum capacity of the plant on the basis of two shifts of 10 hours each per day for 25 days per month in the case of batch operation plants and three shifts of 8 hours each per day for 22 days per month in respect of continuous process plants. This is the peak load of a factory. The normal capacity of a factory is based on the Datum load. Datum load is 45% /40% each of the items

of production at peak load for general Engineering factories/process factories. Thus under the normal circumstances the fixed overheads incurred will be for the war requirement whereas the capacity utilized will not.

532. Before the commencement of the accounting year therefore, the surplus of all the elements of fixed overheads which are being maintained at war requirement and which are over and above what will be required for the year's production programme should be identified with reference to the installed capacity and the cost of these assessed separately. When the actual load is poor, say 60 per cent of full single shift load, although the fixed charges were expected to remain the same, only 60 per cent of the fixed charges would be recovered. The cost of balance 40% should be treated as war Insurance charges and deducted from the estimated fixed overhead charge's of the factory for the year.

532A. In the present scenario, the war insurance charges are not applied while calculating the fixed charges and the total capacity of a factory is utilized in production of the items manufactured.

533. The system of charging both Fixed and Variable overhead charges to jobs as a percentage on Direct labour expenditure has under gone change with effect from 01.04.2009. In the new system rate of levy of fixed and variable overheads (FOH &VOH) are worked out "per SMH" (Standard Man Hour) of deployment into direct production jobs (i.e. booked to Direct Series of Work Order). Hours of deployment of Day Workers into production job will also form part of SMH. In case of deployment of Contract Labour in production jobs (expenditure debitable to 805/11), hours of deployment of Contract Labour in production jobs also needs to be considered as SMH for determination of VOH & FOH rate per SMH for each production section.

Items kept out of production

534. In addition to the above cost of surplus capacity, there exist certain other items of fixed overheads which do not, in any way, contribute to the production and must therefore be kept out of the production cost of the factory. A list of such items is indicated at para 578. The balance of fixed charges after deducting the above items will form overheads chargeable to the year's production as "rate per SMH" on the estimated direct labour hours.

Departmentalization of overhead - Cost Centre concept

535. The first step in the accounting and allocation of overheads is their departmentalization. The overhead expenses (whether variable or fixed) pertaining to each shop or cost centre are collected together, so that the overhead charges for a shop or centre may be charged to particular shop or cost Centre.

Cost Centre

536. With the increase in the number of production lines, diversification of products, addition of versatile and automatic machines having disparate cost requirements and widely differing skills for supervision operation and maintenance, the original concept that all products make equal demands on the total facilities in a shop may not be valid in many cases. The levy of overhead charges at a uniform rate on all products manufactured in a shop may no longer be viewed as rational.

537. Criteria for deciding on cost centre are:

(i) Diversity or dissimilarities of items manufactured involving various use of labour, equipment, supervision etc. which calls for differential application of overheads.

(ii) Identification of functional responsibility for the purpose of management and cost control.

(iii) Since proliferation of cost centres will lead to increase in the complexity and cost of costing, the number of cost centres should be such as to provide optimum control, commensurate with the Cost and Management Accounting efforts.

(iv) As frequent changes in the number of cost centres is not desirable, the changes should not normally be made more frequently than once in a year.

538. Accordingly, a 'cost centre' is a distinct clearly defined and well-knit unit of endeavour, for which the direct cost and indirect expenses are capable of being determined by measurement or objective assessment. It may be a location or a group of work points/equipments which is treated as functional unit for "cost ascertainment", by identifying the overheads with it and for 'cost control' in consonance with the responsibility area defined by delegation of power.

539. With a view to collecting together these types of expenditure, it has been laid down that the last two digits of '01' and '02' series of work order numbers should be used to indicate the shop or manufacturing centre for which the expenditure is incurred.

540. The shop or centre in a factory may be 'productive', 'service' (non-productive) or both. The total variable overhead expenditure for the factory plus such proportion of the fixed expenditure as is chargeable to the output, has to be charged to the outturn of the factory. To this end, and with a view to obtain correct allocation of costs, the overhead expenditure pertaining to any productive shop/cost centre in any cost period is to be charged to the production of that shop during the period. It is at the same time necessary that the overhead expenditure for the same period pertaining to the service sections should also be charged to the cost of outturn of the factory. For this purpose, the overhead expenses of the 'Service Sections' are allocated to the "Production Sections" in proportion to the service rendered by the former to the latter (or any other suitable basis) and added to the overhead expenses of the latter in accordance with the instructions issued by the Principal Controller of Accounts (Factories) from time to time.

'Budget Committees' and estimation of rates per SMH for levy of 'Variable' and 'Fixed' charges.

541. The Variable and Fixed charges are levied as rate per SMH on direct labour hour. These overhead rate per SMH vary from shop to shop. The overhead rate per SMH to be levied are to be pre-determined for each financial year based on the assessment of direct labour hours, variable charges, fixed charges for the different shops/cost centres of the factory.

542. Before the commencement of the financial year, the anticipated expenditure for the ensuing financial year against the various indirect work orders under '01' and '02' series should be worked out, based on the past actuals, taking into consideration the anticipated changes on account of production programme for the ensuing year. Similarly a realistic estimate of the production of principal items expected from various production shop/cost centres should be drawn up on the basis of orders existing as well as other known factors. The anticipated output from the different sections should preferably be drawn on the monthly basis. Having worked the anticipated output for different sections, steps should be taken to find out the direct labour hours requirement for each quarter of different sections/ cost centres from standard estimates, manufacturing warrants S.W.O.Ds etc. The direct labour hours so arrived at will be used as reference point for working out variable/fixed overhead rate per SMH. The anticipated variable/fixed overhead for the purpose of charging to the Cost of Individual jobs in an equitable manner, a rate is worked out, separately for each production section/Cost Centre using the formula given below:

$$\frac{\text{Total Variable/Fixed Charges (including share of service section) of the Production Section}}{\text{Total Production Man Hour or Standard Man Hour (SMH)}} = \boxed{\text{Variable/Fixed Overhead Rate (per SMH)}}$$

543. A suitable percentages should be added for Ad-hoc orders based on past performance of shop/ cost centre and anticipated feeding of such orders, to the section during the quarter. A suitable adjustment should be made for factors such as unexpected hold up, delay in procurement of materials etc. The entire forecast should be on realistic basis taking into account the capacity of these sections, process involved and other similar factors having a bearing on the output of the factory/section/cost centre. To the direct labour hours so arrived at, suitable percentage should be added for taking into account the latest actual and possible future trends.

544. Improvement in the system is possible by keeping:

(i) Item-wise production programme up to date.

(ii) Linking between the budgets for O.T. Hours and the present production programme, so that the overtime programme can be divided with reference to past practice and other considerations based on the following formula.

The formula for assessment of man-hours required for Production

(i) Standard man-hours for the production of Principal Items of manufacture during the year as per standard Estimates.

(ii) Add Standard man-hours required for non Principal Items by applying ratio, which the direct labour content of the principal items bear to that of non-principal item.

(iii) Add/Deduct Standard man-hours employed on increase in/decrease in semi-manufacture.

(iv) Total man-hour for Direct Labour will be total of (i), (ii) and (iii).

(v) Add estimated man-hours required for indirect labour to be assessed either on the basis of the ratio of number of men on indirect labour as furnished against item 1 (b) and 1(a) of the Financial Activities Report/or on the basis of rates of Basic Direct Labour minus the Piece Work Profit to Basic Indirect Labour.

(vi) Add 15 per cent of the total of (iv) and (v) to cater for estimated absenteeism.

(vii) Total man-hours required for Direct and Indirect-Labour (iv) + (v) + (vi).

545. As regard variable overheads the anticipated expenditure against various work orders should be worked out based on past actuals and taking into consideration likely charges that may take place on account of increase or decrease in load in various sections. The framing of the budget would largely depend upon load and should be adjusted according to the anticipated output. In order to get a realistic estimated expenditure of variable charges for a year, it will be estimated for each quarter separately and then aggregated for the year as a whole. The expenditure against work orders such as Power, fuels, consumables etc. should be assessed on a more realistic basis since these are related to the output. The variable charges will first be estimated for each quarter of the year separately, and then aggregated for the year as a whole. As a result the budget figures for each quarter will be available against which the actuals can be compared and analyzed.

546. After the variable overhead charges of each section have been estimated, the percentage adopted for distributing the charges of one service section to other service/production sections should be reviewed so that under the conditions anticipated to prevail in the coming quarter, the percentage would form a fair basis for distribution. The fixation of these percentages for distribution of 'service' department charges depends on factors like nature of 'service department expenses', nature of the services rendered, nature of the production departments and degree or extent of the service received by each production section. Due to efflux of time and with the change in the nature and extent of service required to be rendered to Production Departments, with

the advancement of technology in the methods of production, the percentage of distribution of service section charges to production section should conform to the changed circumstances. Otherwise the same would result in disproportionate charging of 'Service Sections' expenditure to 'Production Sections' leading to unrealistic fixation of overhead rate per SMH and vitiation of the cost of production in the factory. To the extent possible, the allocation of Service Section charges to 'Production Section' should be made as a single distribution i.e. the 'the allocation of service section charges to ' Production Section' should be made as a single distribution i.e. the 'Service Section' Charges' of 'Gate Office' may be distributed to 'Production Sections' direct on the basis of strength of Industrial Employees instead of distributing the charges first to other service section like 'Maintenance Sections' and then re-distributing these charges. This is adopted as method of simplification.

Step Ladder Method

547. The 'Service Sections' are arranged on the left hand side and the 'Production Section' on the right hand side. The 'Service Section' that should be placed first is the one which generally receives the least service of all rendered to it by other department, the next department to the right being the next in order according to the service rendered to it and so on to the direct manufacturing department at the extreme right. The criterion is that the total benefits rendered by the department should be greater than the sum of the benefits received from the right. This arrangement and the percentage of distribution of expenses by direct allocation to 'Production Section' as well as by the "Step Ladder Method" require good judgment on the part of the person who lay out sheet. The percentage of distribution is based partially on facts and partially on estimates. Computation may be simplified and the number of entries reduced by distributing as one amount the cost of a number of departments of alike general nature, for example, Welfare expenses, and medical expenses may be distributed direct to sections as one amount.

548. Similarly steps should be taken to assess the consumption of Direct Material shop/Cost centre wise as the distribution of the expenses of the Store Section is to be done on the basis of direct materials. After the direct labour hours, the indirect charges and the percentage for distribution of service sections expenses are suitably worked out for various sections/cost centres, the rate per SMH of variable overheads for different shop/cost centre should be arrived at.

549. The 'Central Budget Committee' comprising of the General Manager as 'Chairman', Local Accounts Officer and a selected AWM/WM as Member reviews the entire data. While assessing of all factors involved in the fixation of variable overhead rate e.g. anticipated direct labour hours, anticipated direct material, anticipated variable charges, anticipated changes in load is the responsibility of the factory, the Accounts Office should closely associate themselves with the work and render all the assistance required. The Accounts Office will work out the rate per SMH of variable overheads for different production sections. Section Budget Committees will be closely associated with the work, Section Budget Committee comprises of:

Divisional officer of particular Shop/Cost Centre	-	Chairman
Head of particular section }		
Representative of the local }	-	Members
Accounts Office }		

It is necessary that the G.M. should himself preside over the Central Budget Committee so that not only his knowledge of the entire operation brings to bear the right balance between the various parts of the budget estimate but also his authority secures adequate commitment at all levels. The representative from the Accounts Office should be at a level not lower than the Branch-in-charge.

550. The necessity for the utmost care in the fixation of rates for the variable charges should be borne in mind. This is one of the most important phases in Cost Accounting and the individuals entrusted with the task should get a clear idea of the production programme for the quarter, a complete understanding of the peculiarities of each manufacturing shop or centre and an accurate idea of the rate of fluctuation of variable expenditure in each shop or centre with the variation in load. A close and actual study of the statistics available from year to year as well as those available up to the latest month is absolutely necessary. The exercise of collecting the various data should be initiated sufficiently in advance of the commencement of the financial year so that the leviable rates per SMH of variable charges are available by the beginning of the new financial year.

551. In order to obtain a proper functioning of the committee, it will be necessary to maintain suitable records of the expenditure incurred on '01' and '02' series of work orders in every shop. Although the information may be partly obtainable from Accounts Office, it may not be possible to collect full information from these because the Accounts Office may not have received information from the shops towards the close of particular month. The Budget committees will therefore, devise a suitable method of collecting the required data in the sections which may be supplemented by information available in the Accounts Office for forecasting the expenditure, for the ensuing financial year based on past actuals.

552. Apart from production and Service (Non-Productive) section, there are semi-productive sections in Ordnance Factories which are mainly engaged in maintenance work either mechanical, electrical or building.

553. The productive work done by these sections will be mainly capital services and/or payment services. As these items of work are also subject to a fixed programme, sufficient data should be available to the Central Budget Committee to fix the 'overhead rate' in a realistic manner.

554. The total variable charges of these sections will be determined in the normal manner. The amount pertaining to the productive portion will be segregated on the basis of the formula A x B/C where 'A' will be the total variable charges of the section as arrived at from the Step Ladder, 'B' the Direct Labour hours and 'C' the Direct Labour hours plus the variable indirect labour hours of the semi-productive section concerned (i.e. the labour hours compilable/compiled to '02' series work orders). It is given below :

Total Variable Charges (including share of service section) of the Production Section / Total Production Man Hour or Standard Man Hour (SMH) of the production section	=	Variable Overhead Rate (per SMH)

555. The above guidelines are intended to be of general applicability with a view to ensure uniformity in procedure. However, if in any particular quarter, the application of the above mentioned formula is expected to result in abnormally high or low rate per SMH of variable overheads, a reasonable alternative method may be adopted by the Central Budget Committee. Suitable remarks should be made on the statements.

Procedure for Accounting Variable Overhead Expenses

556. The accounting of Variable Overhead Expenses involves:

(i) The collection of actual variable expenditure for each shop or cost centre monthly for each costing period.

(ii) The charging to each job executed during the period i.e. a month, its proportion of variable overhead charges by levying the appropriate rate per SMH fixed by the Central Budget Committee on Direct Labour hours.

The actual variable overhead expenditure is compiled in IAF (Fac)-102.

Note - After collection of actual variable charges the amount thereof chargeable to production i.e. the leviable amount should be determined. For this purpose any item of expenditure which are to be kept out of production will be excluded.

557. Some items of variable charges are accounted for in the work orders under the '02' series through primary documents. The total expenditure booked under '02' series (whether the expenditure is booked initially in the primary cost accounting records or in the primary financial records) should represent the total of the variable charges for the factory concerned. So far as the expenditure initially booked in the cost accounting records through material and labour abstracts is concerned, these will be charged to these work orders directly through these documents and no other documents will be prepared. The necessity for some media through which expenditure or receipt can be booked to '02' series work order, will arise only in respect of items which do not pass through primary cost accounting records, but which are compiled direct in the financial account e.g. Pay and Allowances of personnel deployed for generation, distribution, maintenance, repair etc. of utilities (Electricity, Water, Steam, Gas) for the part of utilities cost which cannot be charged direct. Similar treatment should be accorded to the cost transaction which originates outside the basic primary cost documents and financial accounts e.g. Consumption of cost of utilities and fuel in non-production area such as maintenance, repairs etc. These items should be incorporated in the cost Accounts through the medium of allocation sheets in the prescribed proforma, in accordance with the principles outlined below:

(i) Pay and Allowances of all categories of staff chargeable to work orders under '02'series.
The Accounts Office should maintain a register for this purpose. Soon after the close of the month the office copies of bills, contingent bills and traveling allowance bills for the previous month should be obtained from factory office. The pay and allowance of the personnel employed in service sections like power, Steam, for which specific work order 02/00013/00 exists, should be compiled to this work order.

Any amount chargeable direct to an outturn work order should be compiled by means of transfer vouchers.

02/00013/00 –Cost of Utilities : The expenditure against this work order will be booked through labour and material abstracts. Such expenditure directly booked to this work order and other items of variable expenditure relating to the respective service sections will be included in the respective cost statement. The total cost thus arrived at will be distributed to the various manufacturing sections and other services through these statements and accounted through allocation sheets.

For identification purpose, control codes 1,2,3 etc. may be used at 3rd digit of this W.O. i.e. say- for Power Electric:- W.O. No. 02/10013/00, for Power Steam:- W.O. No. 02/20013/00, for Power hydraulic:- W.O. No. 02/30013/00 and so on for compressed Air, refrigerated water and Gas making etc.

(ii) 02/00120/00 -Miscellaneous indirect services for other factories. Actuals available in the Accounts office should be adjusted against the work order concerned.

(iii) 02/00117/00 -Recovery of cost of electrical energy and water etc, supplied (Cash).

(iv) 02/00117/00 -Recovery of cost of electrical energy and water etc. supplied (Cost), power and water used for lighting, water supply etc. Figures compiled in the relevant schedule of the Manufacturing Account statement B, will be adjusted against the work order concerned. Allocation sheets should be prepared separately for 'Cash and Cost'.

(v) 02/00112/00 - Other Miscellaneous Receipts the actuals as far as known to the Accounts Office should be

adjusted through allocation sheets.

Charging of Cost of Utilities and Fuel in Ordnance Factories:

The utilities consumed in production activities include Power, Water, Steam and Gas.

(i) The cost of utilities and fuel consumed in non-production activities e.g. maintenance, repairs etc will be charged to cost of production as an element of VOH.

(ii) The cost of utilities and fuel to the extent consumed in production activities will be charged as an element of Direct Cost under a separate class of cost '30'. The detailed instruction is given in para 602A.

Accounting of expenditure on warranty services:-

For free of cost warranty services to be provided within stipulated warranty period.

(i) Warrants for items to be rectified/replaced within warranty period are to be issued under the direct outturn work orders allotted to various indentors (Viz. 90 series for Army, 86 series for Navy and 85 series for Air Force etc.)

(ii) In the ten digit warrant number, the last digit to be used for identification of the job. For this purpose of identification, say 3(three) may be used at the tenth digit of the warrant number (Example: A warrant of a number 0711139010, will be numbered for warranty replacement will be 0711139013)

(iii)Expenditure under different heads pertaining to cost cards of all such warrants to be transferred to indirect work order 02/20018/00 (in order to identify the cost incurred towards warranty service, identification mark '2' to be used at the third digit of indirect work order 02/00018/00) In the indirect expenditure statement of Annual Accounts volume – I, indirect work 02/20018/00 to be reported separately. Booking appearing in such cost cards under fixed and variable overhead to be relieved by means of minus allocation.

(iv) In respect of item which are to be rectified: - Factory Management should receive the items under 'Nominal vouchers', open work order under the respective indentors and specific warrant identified with tenth digit as mentioned in point (ii) above. All primary documents like piece work cards, demand notes, return notes related to rectification should bear the work order and warrant specified as above. After rectification the items to be issued by the management through nominal series issue voucher.

(v)In respect of items to be replaced: - Factory Management prepares a regular series receipt voucher. The same are to be priced by Br. AO at the rate to be decided in consultation with the Management but in no case, it should be less than scrap value of the items. Manufacture for replacement warrant will be done by opening a work order and warrant as mentioned in (iv) above. While issuing stores against replacement the same will be through regular series issue vouchers which will be priced at 'Zero value'. The value of the item taken on stock for replacement will be credited to work order 02/10121/00 (in order to identify the value of item taken on stock for replacement for warranty service, identification mark '1' to be used at the third digit of indirect work order 02/00121/00) to indicate the cost of warrant during the month. A separate PSA Code 18.1 has been opened to account for such receipts.

Power Cost Statements

558. The statement is compiled, in IAFO-2469 (revised) to determine the cost of generation and distribution of electric power and also to allocate the cost incurred every month to the respective productive or service section concerned. Proforma-A in which the statement is prepared is given at Annexure-A to the Proforma. All expenditure in connection with the generation and distribution of electric power, excluding the fixed charges

relating thereto, is incorporated in this statement. The total cost thus arrived at is divided by the total units of power shown as consumed for lighting and power purposes and the rate per unit of power is determined upto four places of decimal. Thereafter the cost of power consumed by each shop for each section/cost centre as shown in the statement (this is determined, either by meter reading or by any other technical calculation) is calculated and recorded in that statement. The amounts allocated to 'Service Sections' are re-allocated to productive section or are incorporated in the cost statement for these service sections. The charges relating to the productive sections are included in the variable expenditure statement for the shop concerned.

559. Electricity is purchased from State Electricity Boards who insist on a certain minimum amount being paid irrespective of the energy consumed. The factories have to provide for their requirement based on demand during emergency. Judicious split up of the minimum charges has to be made so that the charge for current consumption is not inflated. In certain cases alternating current is purchased from the supply companies and converted into Direct Current e.g. Gun and Shell Factory, Cossipore. In these cases, the power factor is an important aspect to be watched as with a fall in the power factor, factories will have to pay more for the Current consumed. The limit below which the power factor should not fall, when a higher rate per unit will have to be paid by the consumer will be laid down in the agreement with the supply companies and the Accounts Officer should watch this aspect so that he may take up with the G.M., the cases where power factor is below the standard.

560. Electric power may be generated in three ways (i) Steam engines or (ii) Oil engines or (iii) under hydro-electric schemes. In cases where steam engines are used, the rate of evaporation of feed water per unit quantity of fuel from month to month should be watched and compared with the standard evaporation expected of the quantity of fuel in use. The units of power produced per unit of quantity may also be profitably compared from month to month. The cost per unit of power generated and distributed should also be compared from month to month and the reasons for wide variations, if any, should be investigated. Economy in the consumption of power in the various productive sections may also be investigated by a comparative study of the out-turn in each shop in each month and relative power consumption.

In cases where power is generated through oil engines the quantity of power produced per unit quantity of oil may be compared with advantage.

Steam Cost Statement

561. The principle underlying the compilation of this statement is the same as that explained under electric power cost statement. Here also, the quantity of feed water evaporated per unit quantity of fuel used should be watched and compared from month to month and with the standard rate also. The proportion in which the total steam cost should be allocated to the various sections using it will be indicated, in the statement by Management (this will be determined on the basis of quantity of steam used or other technical considerations by the Management) and the amount debitable to each will be calculated and shown therein. Just as in the case of electric power cost, the cost of steam will be included in the shop variable expenditure statement or taken into the step ladder or to other cost statements.

Gas Cost Statement

562. The principle of preparing this statement is also similar to that of the electrics power cost statement. The total expenditure exclusive of the, fixed charges on account of gas making, is charged to various work orders or sections in accordance with the proportion fixed by the management of the factory. The amount allocated to other sections, but which cannot be allocated direct to particular work orders should be included in the variable expenditure statements of the section concerned. The amount allocated direct to work orders should be debited to those work order through transfer vouchers debiting the work order concerned under the class of cost 'other charges' and crediting work order 02/00117/00 with a corresponding amount. The rate of consumption of coal and coke per gallon of oil used, the labour expenditure per gallon of oil etc., may be

usefully compared from month to month. It will also be advantageous to compare the total gas produced every month with corresponding out-turn in sections using gas.

563. The variable expenditure statement for various sections will be prepared from the following documents:

(i) The sectional variable charges statement (SVC).
(ii) Power Cost, Steam Cost, Gas Cost etc. statements

564. The sectional variable charges statement shows the monthly expenditure incurred under '02' series work orders for the shop concerned, whether in the shop itself or in other shops. The expenditure shown in these statements comprise of labour, material and other charges for the month as well as upto the end of the month of account i.e. current and progressive items of expenditure are shown in two separate columns.

565. The SVC statement is generated from data maintained for various abstracts in computerised costing package soon after the preparation of labour, material, transfer voucher abstracts, and component abstracts. Proforma in which the statement is tabulated is given below:-

Code no. of Factory		Factory		Sectional Fixed charges Statement	
Section	Work Order	Class of Cost	Opening Balance	Current Expenditure	Closing Balance
1	2	3	4	5	6

Sectional Variable Charges Statement.....
Factory.....
Month.....

Description

Section	Section of the Factory
Work Order	Relevant number under 02 series.
Class of Cost	11..... Labour
	21..... Material
	43..... Other Charges
	44..... Pay and Allowances

Columns 4, 5, 6 indicated opening expenditure, current expenditure and Progressive Expenditure. The total for each section is indicated separately.

566. Section variable charges statement is printed in triplicate of which two copies are sent to the respective Accounts Officers, who pass on one of the copies to the General Manager of the Factory. Before forwarding the statement, general scrutiny should be made to ensure that the fictitious work orders appearing in the abstracts are properly reviewed and transfer vouchers made out. Due note of the adjustments carried out should be made in the statements. A Register of Fictitious work orders must be maintained to ensure that transfer vouchers are reflected in the subsequent month's tabulation.

567. The Statement should be critically examined against the particular quarterly budgetary position and suitable action taken on controllable items by the shop/Cost Centre manager. The shop committee should meet once in a month for making comparison between anticipated and actual variable expenditure incurred.

In the case of the majority of the work orders either the expenditure is beyond the control of the local Factory Management or the expenditure is not of any significant amount. There are a few work orders where, expenditure booked is considerable and local control is possible. If attention is focused on these, the objective of budgetary control of overhead can be achieved. Some of the work orders are the following:-

02/00001/00 General Shop Labour.
02/00008/00 Tools for General- shop use.
02/00007/00 Sundry shop stores and, articles of expendable nature for shop use.
02/00006/00 Miscellaneous Equipment and movable shop fittings.
02/00121/00 Miscellaneous Scraps and surplus components.

Concurrent control is essential. Suitable registers should be opened by the sections/cost for recording drawal of tools for general shop use, sundry shop stores etc. and watch the actual drawal, with reference to the budget which would, be framed on the basis of norms.

568. In addition, the Accounts Officer should personally examine the expenditure against the following work orders in depth:

02/00016/00 Maintenance; repair etc. of machinery etc.
02/00013/00 Cost of generation, distribution, maintenance and repair etc.

569. While making comparison shop committee should ensure.

(i) That documentation and accounting are complete.
(ii) Abnormal variations due to various causes like belated documentation and accounting as well as wrong pricing should be analysed.
(iii) In respect of heavy expenditure on account of repair to furnace, overhauling of process plants (W.O.-02/00016/00)the charges are spread over more than one quarter.
(iv) Scraps arising in a shop are required to be returned against relevant outturn orders and only miscellaneous scraps which cannot be identified with the concerned job are to be returned against variable work order 02/00121/00. Heavy booking against this work order would indicate a tendency to accumulate the scrap on the shop floor and return the same in bulk against the above work order. Variations on this account would require corrective action for ensuring compliance with the procedure.

570. The variations on account of Direct Labour and Direct Material will be analysed as under:
(i) Variation between programmed output and actual output.
(ii) Variation between the estimated and actual overtime bonus.
(iii) Whether variation in material is due to bulk drawal. Reasons for such bulk drawal.
(iv) Whether there are any belated documentation or accounting.

571. A quarterly analysis of variations and action taken thereon will be indicated to the Central Budget Committee by the Shop Committee. Normal variations (excluding seasonal factors) against each item should range within +5% of the budgeted provision. Reasons for variation between the budgeted actual figures are not only to be analysed by the Central Budget Committee in detail but the recommendation of the GM for wiping out the gap between the actual and estimated expenditure are also to be recorded. Reports to be rendered by the AO to OFB and Principal Controller of Accounts (Factories) and GM are:-

Annual Report : **Forecast budget report** 10th April of each year

Quarterly Reports: 15th of the second month following the quarter

572. A Proforma in which 'Annual' and 'Quarterly' reports are to be furnished is placed below:-

PROFORMA - A

Stament of FOH / VOH charges budgetted for the year ..... and pre-determined percentage for levy of Overhead charges to production as per current guideline.

Sl No	Section	Estimated Over head Expenditure chargeable to production (in ₹)	Estimated Direct Labour Charges (in ₹)	Estimated Direct Labour Hours (SMH) (in Hrs)	Predetermined Leviable percentage of O.H charges	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

PROFORMA - B

!nalytical Statement of Over head Charges (VOH / FOH) for Quarter ending .....

Sl No	Section	Estimated OH charges for the Quarter (in ₹)	Actual Overhead charges for the Quarter (in ₹)	Diffrence between Col (3) & (4) (in ₹)	Estimated Direct Labour Charges (in ₹)	Actual Direct Labour Charges (in ₹)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Difference between Col (6) & (7) (in ₹)	Estimated Direct Labour Hours (SMH) (in Hrs)	Actual Direct Labour Hours (SMH) (in Hrs)	Difference between Col (9) & (10) (in Hrs)	Predetermined Percentage of Overhead	Amount of Overhead Charges levied to production at Predetermined Rate (in ₹)
(8)	(9)	(10)	(11)	(12)	(13)

Difference between Col (4) & (13) (in ₹)	Progressive Total of Col (14) (in ₹)
(14)	(15)

573. A detailed time table for meeting of the Shop Budget Committees and the Central Budget Committees should be drawn up and the same strictly adhered to. Similarly schedule for quarterly review meetings should also be arranged. Any departure from these schedules should be brought to the notice of the GM well in advance for his acceptance and further necessary action.

574. Sufficient attention should be given at all levels of the management including Accounts in the matter of budgeting of overheads and scrutiny of actuals against the budget.

575. The orders provide for alteration in the rate per SMH of levy during the year, if sizeable fluctuations in the direct labour hours and/or variable charges consequent on sudden fluctuation in production programme and or on account of unforeseen circumstances. The basic principle to be adopted would be to retain the initial rates per SMH as for as possible. An adjustment through a supplementary levy at the end of the year will be made only when annual under/ over absorption exceeds 5 per cent of the total overhead charges for the year.

Control of Variable expenditure

575A. The expenditure on items of variable overheads of a Factory fluctuates from period to period not necessarily in direct proportion to the volume of production but largely so, and in sympathy with it. Methods of control have, therefore, to be instituted with a view to enabling the Management to judge that such expenditure is not proceeding at a rate unwarranted by the load of the factory. For this purpose, a comparison of the ratio of indirect labour to direct labour from month to month will be greatly helpful in as much as the fluctuation of indirect labour will be mainly due to the fluctuation of variable overheads (the fixed overheads remaining more or less undisturbed). Attempts should be made to locate the particular items of variable charges fluctuating abnormally i.e. not at par with the fluctuation of the load. This can be done by scrutiny of the variable overhead statements of the periods involved. Again comparison of the different elements of cost i.e. labour, material, variable overheads and fixed overheads through suitable graph charts for different periods will reveal the abnormal fluctuation in any particular class of cost not compatible with the other elements. Attempts to go deep into the primary documents should therefore be made in order to determine the reasons for abnormal fluctuations and to suggest to the Management the remedial measures thereof. In this connection instructions issued by PC of A (Fys) from time to time should be carefully followed.

Fixed Charges

576. As in the case of 'Variable Overhead Expenses', the accounting of 'Fixed Overhead Expenses' also involves two phases viz. collection of the actual fixed charges and charging them to jobs. The collection of the fixed charges from the various documents as detailed below and the allocation of these charges to various sections is done on the basis indicated in subsequent paragraphs.

Estimates of elements of fixed charges

577. The total fixed charges work order wise for a year in respect of each shop/cost centre will first be estimated based on the actual fixed charges for the year, duly taking into account the known/foreseeable changes on account of increase or decrease in the incidence of the fixed charges in the ensuing year. As in the case of variable charges suitable details should be maintained in the sections/cost centres as the, Accounts Office will have the actuals up to a certain period only for the previous year at the time of estimating the charges.

578. From the total fixed charges, work order wise deductions have to be made for War Insurance Charges and Items to he kept out of production.

(A) War Insurance Charges

It is deleted in view of the reasons detailed in 532A

B. Other items to be kept out of production

Thereafter the charges required to be kept out of production under the existing orders not covered under the above sub-para and not treated as War Insurance Charges should be segregated.

Items of expenditure under '01' series which are required to be kept out of production are: -

Work Order	Description
01/00007/00	Miscellaneous store adjustment including losses (beyond control), stores scrapped due to obsolescence and changes in process of manufacture etc., loss due to revaluation of stocks, Auctioneer's commission, loss on sale of stores and loss of stores in transit should be booked under this work order with suitable control codes.
01/00010/00	Payment of retrenchment compensation to surplus worker under Industrial Disputes Act.
01/00011/00	Idle time beyond control.
01/00014/00	Training in India other than Ordnance Factories and Training of Apprentice under Act and other National Scheme undertaken by Ordnance Factories.
01/00131/00	Miscellaneous credit adjustments including profit on sale of store (Recovery of loss in transit and Profit on sale of stores).
01/00044/00	Preliminary Expenses. All expenditure in connection with planning and modernisation of an existing Factory or a new Project should be initially booked to the respective work orders and subsequently transferred to this work order by affording corresponding credit to work order 01/00154/00 or 02/00122/00 as the case may be. The expenditure so transferred should be kept out of production for that year. When any preliminary expenses accumulated are required to be charged to production in subsequent year this should be made by allocating the expenditure to work order 01/00032/00.
01/00046/00	(i) Care and custody of (a) surplus stock, (b)emergency reserve, (c) stockpile items, (d) stores and plant during the period between its declaration for disposal and removal after disposal and (e) preparation and removal of old redundant machine for sale should be booked under this work order. Control codes 1,2,3,4,5 may be used in the first place of the main work order for surplus stock, emergency stores, stock pile items, stores declared for disposal and preparation and removal of old redundant machine for sale respectively. (ii) Loss of stock pile items. Loss of stock pile also include loss arising out of transfer to other Military Formations.
01/00050/00	Residual value of machine etc. sold out and book value of machines transfer to other Military Formation. Residual value of machines etc. is a debit work order related to credit work order 01/00151/00.
01/000151/00	Book value of machines transferred to other Military Formation and sale Proceeds of machinery.

Fixation of leviable rate per SMH of fixed charges

579. The Direct Labour Hour (Production Man Hour or Standard Man Hour) for the ensuing year will be estimated on the basis indicated at para 542.

580. The fixed charges comprise of certain item of expenditure which is directly accounted for under '01' series through primary document such as indirect material booked through Demand Note/Return Note, indirect labour booked through Day Work Cards/Allocation sheets. However certain elements of fixed charges are not booked through primary documents such as Pay and Allowances, Depreciation, losses, profits etc.. In order that these latter charges may also be compiled under the relevant work orders, certain adjustments through allocation sheet are required to be made every month. The intention is that the total figures booked under 01 series, (whether the expenditure incurred is booked initially in the primary cost Accounting Record or in the primary financial accounting records) should represent the total of the fixed charges for the factory concerned e.g. expenditure on work order 01/00026/00 - Services for OFB will be charged to this work order directly through these records and no other document will be prepared. The necessity for the same media through which expenditure/or receipts can be booked to '01' series of work orders will arise only in respect of item which do not pass through primary Cost Accounting Records but which are initially compiled direct in the financial accounts e.g. W.O. 01/00004/00 Pay and Allowances of Gazetted Officers and NGOs. W.O. 01/00027/00 Central Administration (Factories), 01/00028/00 Central Administration (Accounts). Similar treatment should be accorded to the cost transaction which originate outside the factory but are required to be included under '01' series e.g. Stationery, stock forms and binding, etc. through the medium of allocation sheets in the prescribed proforma in accordance with the principle outlined below.

Pay and Allowances of Clerical and other Staff, NGOs, Officers etc

581. (i) Pay and Allowances of Clerical and other Staff, NGOs, Officers etc-
Procedure outlined against variable charges will be followed. The work orders are 01/00001/00- clerical staff, 01/00003/00 Peons, Orderlies, messenger etc. 01/00004/00 – Gazetted Officers and NGOs, etc.

(ii) 01/00027/00 and 01/00028/00 -Central Administration (Fys) and Central Administration (Accounts) respectively.

These amounts communicated annually by the Principal Controller of Accounts (Factories) should be debited to this work order through the allocation sheet at the rate of 1/12th month, subject to readjustment of revision of estimate. The total of the amount thus charged should subsequently be reconciled with the final figure that will be communicated by the Principal Controller of Accounts (Fys) and necessary adjustment allocation sheet put up in the March (Final) and March (Supplementary) Accounts.

The Annual Accounts Section of the Office of the PC of A (Fys) works out the figures on the following basis:

Expenditure on the OFB Directorate including Addl. DGOF (OEF) HQrs [Addl. DGOF (HVF) HQrs] is classified as (a) Effective Charges representing pay and allowances and other miscellaneous charges and (b) Non-effective Charges -Superannuation charges and Government contribution to Provident Fund. The total of (a) and (b) is then distributed over factories on the basis of direct labour incurred by each factory and intimated to the Accounts Offices for adjustment through allocation sheets.

(iii) Central Administration (Accounts)

Expenditure on the PC of A (Fys), Main Office (excluding that of Railway Section) less 12.5% to cover expenditure incurred on audit and accounts work of allied inspectorates, R&D Establishment is apportioned first between (i) accounts and (ii) internal check (44 % and 56 % respectively). The cost of EDP Section attached to the main office is then added with the Accounts cost. The total of both (i) accounts and (ii) internal check is

then distributed over factories on the basis of Pay and Allowances of the Branch Accounts Offices and intimated to Accounts offices for adjustment through allocation sheets.

(iv) 01/00037/00 -Incidental and Miscellaneous Expenses

All expenditure on Incidental and Miscellaneous charges will be booked to this work order . In addition the cost of clothing/uniforms supplied to persons (Other than IEs) should be booked to this work order. [Financial adjustment for expenditure under labour and Material is made. Any part of the expenditure chargeable to other direct work orders should thereafter be adjusted through a transfer voucher by debiting the work order concerned and crediting this work order.

(v) 01/00012/00 -Government contribution to I.O.D.P Fund

The amount should be ascertained from the Pay bills of the factories every month and allocated to the work order through allocation sheets. The total amount thus allocated should thereafter be reconciled with the actuals communicated by the PC of A (Fys) and re-adjustment carried out through allocation sheets where necessary. After introduction of General Provident Fund, Government contribution to IOB Fund and IOFWP Fund have been abolished.

(vi) 01/00012/00 -Government contribution of I.O.F.W.P. Fund

Same as (V) above

(vi) (a) 01/00012/00 – Govt. Contribution to IODP & IOFWP Fund.

Same as (V) above

(vii) 01/00013/00 -Superannuation charges should be calculated based on the rates/percentage for various categories intimated from time to time.

The amount of superannuation charges debitable to the overheads of the factories during a year on account or pensionable establishments employed in the factories and in the Accounts Offices should be worked out separately and allocated monthly.

Superannuation charges are to be calculated for temporary personnel who are eligible for pension (i.e. IEs, N.I.Es, N.G.Os & G.Os) monthly, with reference to the posts actually held from time to time. For this purpose, the register will be maintained in the following proforma.

Sl	categories	Trade	Number of persons falling in the categories shown in Col. 2	Maximum of Scales	Rate of superannuation charges	Amount of superannuation charge Col.4 X Col. 6
1	2	3	4	5	6	7

Register of Superannuation Charges

The Register will be maintained section/cost centre-wise in loose sheets and a new sheet will be opened monthly for each section to record the superannuation charges of the respective section.

In respect of Industrial Employees, the register for superannuation charges will be maintained separately for each section on the lines indicated above.

Separate sheets will also be maintained monthly to record the summary of all sections/cost Centres so that the reconciliation of the overall position of the factory could be carried out with the monthly actual strength statement furnished by the Management to Accounts Office.

The Register will be submitted to the Accounts Officers on 10th of each month.

(vii)(a) 01/10013/00 –Government matching contribution towards of New Pension Scheme to be booked against this work order.

(viii) 01/00029/00-Factory Accounts Office

The figures should be extracted from office copies of pay bills, travelling allowance bills and contingent Bills of the Accounts Office and debited to this work order through allocation sheets. This is subject to reconciliation and adjustment with the actuals compiled in the financial accounts as intimated by Accounts Section of the Principal Controller of Accounts (Fys).

(ix) 01/00038/00- Stationery, stock forms, printing and binding to be adjusted through allocation sheets at 1/12th of the average of past three years actual every month. At the end of the year, the totals should be reconciled with the figures intimated by P.C. of A (Fys) and adjusted.

(x) 01/00017/00-Maintenance of buildings roads etc. The actuals in this respect are available from Labour Abstract, Material Abstract, Transfer Voucher Abstract. Allocation sheets are prepared for Pay and allowances and other allowances. Expenditure compiled to the financial account and not finding place in the above documents viz. Electricity and Water charges are allocated through allocation sheets. To ensure agreement, transfer entries are made out debiting 'Minor Maintenance Head' in the financial compilation and crediting the 'Head for wages of IEs for Labour and deduct head for other expenditure.

For identification purpose, control codes 1,2,3 etc. may be used at 3rd digit of this W.O. as decided by local Accounts Offices, for example- for Maintenance of Telephones - W.O. No. 01/10017/00, for Electrical Maintenance of all installations and buildings at factory estate - W.O. No. 01/20017/00, for Electrical Maintenance of all installations and buildings inside the factory premises - W.O. No. 01/30017/00 and so on.

The expenditure on maintenance of industrial and office buildings provided exclusively for the Technical Development Establishment which are situated in the factory are booked in the books of the M.E.S. The maintenance expenditure of buildings which are partly used by factory and partly by the Technical Development Establishment are booked in the books of the factories. Maintenance work of all buildings, whether partly or fully used by the Technical Development Establishment, will be carried out from the factory budget. Full maintenance charges for building used exclusively and *pro-rata* charges for building used partly by the Technical Development Establishment will be debited against the M.E.S. by the Accounts Officer. The credit work order is 01/00141/00.

(xi) 01/00039/00-Miscellaneous indirect services rendered by other factories and formation—proportionate share intimated by other Accounts Officers should be allocated.
Training Expenses incurred other than by OFIL (Ordnance Factories Institute of Learning) but by the Factory itself to be collected by the Branch AO concerned and to be reflected against appropriate work order in Indirect Expenditure Statement. Such expenditure where necessary to be distributed amongst the beneficiary factories as per percentages intimated by the PCA(Fys), Kolkata. Training expenditure thus transferred to other Ordnance Factories, if any to be accounted under credit work order No. 01/00141/00. Share of Training expenditure thus received from the Branch AOs of sister factories if any, needs to be accounted under debit work order 01/00039/00.

(xii) 01/00015/00- Maintenance of Railway siding

These charges at 1/12th of the estimated amount should be adjusted through allocation sheet every month. At the end of the year, the total thus adjusted should be reconciled with actuals and necessary adjustments carried out through adjustment allocation sheets.

(xiii) 01/00018/00 -Depreciation charges on Capital Assets other than Buildings and Machinery **and 01/00019/00** depreciation charges of Buildings.

The actuals available from the Block Registers should be adjusted monthly through allocation sheets.

(xiv) 01/00151/00 - Book value of machines transferred to other Military Formations and Sale proceeds of machinery-Actual figure available in the Accounts office should be adjusted through allocation sheet against this work order.

(xv) Credit Work Orders

01/00141/00- Miscellaneous Indirect Service for other Factories and formations. In the case of two or more factories having common Estate the Accounts Office of the factory incurring the expenditure apportions the charges on suitable basis to other factories and formation. While the total expenditure is booked to the appropriate indirect work order, credit is taken against this order.

Thus the total cost of medical establishment will be compiled to work order 01/00020/00 viz. Estate dispensary and Hospital (including Hygiene Cell) etc. in the factory to which Medical Establishment is attached. Proportionate cost will be compiled to W.O. No. 01/00141/00 and the amount will be intimated to the Accounts Office of the other factory on whose behalf the expenditure is incurred. The latter will adjust the amount in his accounts under work order No. 01/00020/00. All adjustments should be carried out through allocation sheets.

The cost of medical establishment i.e. own Factory Dispensary will be compiled to work order 01/10020/00 in order to identify the own factory dispensary cost. (in order to identify Factory Dispensary cost the identification mark '1' is required to be used at the third digit of indirect work order 01/00020/00)

Both cash and cost expenditure which relate to factory hospital to be accounted for and shown against indirect work order 01/00020/00 in the accounts of factory to which the hospital is attached. Total expenditure, thus booked to work order 01/00020/00 and the portion of depreciation charge, superannuation charge etc. which relate to factory hospital but not booked to work order 01/00020/00 are to be distributed by the Accounts Office of the Factory to which the hospital is attached to the service receiving factories in proportion to the strength as on 1st April of the accounting year. No distribution is to be made on account of hospital expenditure for services rendered to OFIOL (RTI), RCS and RMC etc., since the expenditure on OFILs (RTI), RCS and RMC etc. are ultimately included in Central Administrative Charges and distributed to all the

factories.

Annual Accounts of the factory to which these hospitals are attached will show element-wise expenditure (both cash and cost) booked indirect work order 01/00020/00. Proportionate share of cost as mentioned in above paragraph has to be transferred to service receiving factory/factories annually by the branch AO of the factory in whose Principal Ledger total expenditure of hospital has been posted. Expenditure, thus transferred is to be shown against indirect work order 01/10141/00 (in order to identify hospital cost for other factory the identification mark '1' is required to be used at the third digit of indirect work order 01/00141/00)

A statement showing details of expenditure indicating separately cash and cost portion of the expenditure booked to work order 01/00020/00 is required to be furnished along with Indirect Expenditure Statement of the year to the office of the PCA(Fys). In that statement portion of depreciation charges, superannuation charges which pertain to factory hospital need to be indicated. Such portion of cost date need not be included in the expenditure under W.O. 01/00020/00 but to be shown against relevant work orders.

In the accounts of service receiving factories proportionate levy of hospital charge would be accounted for as cost data on account of service received from other factories and to be shown against the indirect order 01/10039/00 (In order to identify the hospital cost, received from other factories identification mark '1' is required to be used at the third digit of indirect work order 01/00039/00).

(xvi) 01/00140/00 -Miscellaneous Adjustment.
01/00140/00-Miscellaneous Receipts

Unclaimed wages lapsed, lapsed deferred pay of Boy Artisans and Apprentice, Cost of capital assets other than machines transferred to other Military Formations and "MODVAT credit benefit" should also be booked to this work order.

In Syllabus of work order item no (iv) has been inserted against this work order for accounting of "MODVAT credit benefit vide PCA(Fys) Letter No. PR/O/VIII/146/Amdt/IV, dated 18.06.2003.

The actual figures as far as known to the Accounts Office should be adjusted against the work orders concerned. The receipts should be noted in the allocation sheets.

(xvii) Again some expenditure on account of 'loss on the sale of stores', 'stores adjustments' (01/00007/00) , profit on sale of stores, surplus at stock taking (01/00131/00) are dependant upon contingencies which cannot be accurately forecasted. Variations due to all such expenditure/relief should be segregated in the analytical data supplied to the Central Budget Committee.

(xviii) 01/00007/00 -Miscellaneous Stores Adjustments (beyond control) to be kept out of production and 01/00030/00 -Miscellaneous Stores Adjustments (within control) Chargeable to production. The expenditure is to be debited through allocation sheets. The figure should be reconciled with the figure shown in Store Accounts.

Allocation sheet will be used only when, Demand/ Return Notes are not used for clearing Unorthodox Balances.

(xix) 01/10034/00 -RR Fund equivalent to depreciation of Machinery under Capital Grant. The cost of discarded capital assets or assets transferred to other military formations, also hire charges, interest, depreciation and maintenance charges payable on assets hired or taken over from other departments should

be allocated to this work order through allocation sheets.

(xx) 01/00131/00 -Miscellaneous Credit Adjustment including Profit on Sale of Stores-Figures compiled in the Priced Store Accounts should be adjusted. Recovery of losses in transit as booked in financial compilation should be allocated.

(xxi) Expenditure on Transfer of Technology (TOT):-

Expenditure towards TOT is incurred from I&M grant (Code head 810/11), the same should be booked against W.O.01/00037/00('1' is to be put in the third digit of main work order 01/00037/00 to identify " contingent expenditure relating to TOT charges") under class of cost "43" (other charges). However, in case one factory is operating more than on TOT agreement, for identification purpose, control codes 1,2,3 etc. may be used at 3rd digit of this W.O. i.e. - for TOT agreement no. 1 - W.O. No. 01/10037/00, for TOT agreement no 2 - W.O. No. 01/20037/00 and so on. The expenditure booked in these W.O.'s (i.e.01/10037/00, 01/20037/00 etc.) under class of cost "43" should agree with compilation appearing in CCO2 against code head 810/11.

Simultaneously, the entire amount of TOT expenditure booked to W.O. 01/10037/00, 01/20037/00 .....etc., should be transferred to outstanding asset as "unabsorbed amount of Deferred Revenue on account of TOT charges" through indirect work order 01/10154/00('1' is to be put in the third digit of existing main W.O. 01/00154/00 to identify "unabsorbed fixed charges on account of TOT charges")

(xxii) Contract Labour Deployed on Indirect/Non production jobs:-

1. The expenditure will be met from (other expenditure Minor Head 800) Financial Code 810/08.
2. The relevant supply order/contracts should provide the scope of work, details of jobs to be performed and date by which the work should be completed amongst other relevant details.
3. Expenditure on Contract Labour engaged in indirect/Non-production jobs will be accounted under Fixed Overheads.
4. Indirect Work Order No. 01/70037/00(Expenses on contract labour) under class of cost "43" (other charges) is required to be operated for booking and monitoring/control purpose. The Work Orders 01/10037/00 to 01/60037/00 have been allotted for booking of expenditure incurred towards 'TOT'(Transfer of Technology) out of I&M Grant(810/11) therefore '7' in the 3rd digit of this Work Order will denote expenses on Contract Labour. Amount so booked should tally with the financial compilations (Code 810/08)

(xxiii) 01/00055/00- Expenditure incurred towards Environment Protection and Effluent Treatment plant to be booked to this work order. Process work order 03/00439/00 for Effluent Water is being operated by chemical factories and the expenditure is being apportioned to the processing cost of the end products which are involved in generation of polluted water. In the Ordnance factories not producing chemicals, the processing of polluted water cannot be attributed to any end product and the work order 01/00055/00 allocated not only for 'Treatment of Effluent Water' but also towards Environmental Protection.

(xxiv) 01/00056/00- Expenditure relating to Information Technology – Hardware, Software, maintenance, computer stationery and IT training including expenditure for EDP operations in factories is booked to this order.

(xxv) 01/00057/00 - Expenditure on Ordnance Development Centre (ODC):-

OFB has created/setup twelve autonomous ODCs by restructuring the existing Research and Development (R&D) setup. For the purpose of accumulation of expenditure and accounting as per code heads allotted by PCA (Fys) Accounts Section, each ODC and each R&D Project will be treated/reckoned as separate cost centre. ODC wise distribution of factories is as under.

FACTORY		CONCERNED ODC		REMARKS
UNIT CODE	FACTORY	UNIT CODE	ODC NAME	
129	OFCH	232	ODCOFCH	
137	OFBOL			
126	OFV			
121	OFBA	226	ODCBA	
140	OFI			
106	CFA			
101	AFK	222	ODCAFK	
113	OFK			
109	HEF			
142	OFDR			
104	GCF	223	ODCGCF	
123	OFDC			
107	GSF			
105	RFI	221	ODCRFI	
117	SAF			
128	OFT			
116	OFC	224	ODCOFC	
132	FGK			
102	OEFC			
108	OCFS			
110	OPF			
120	OCFAV			
130	OEFHZ			
131	VFJ	229	ODCVFJ	
138	GIF			
119	MPF	231	ODCMTPF	
118	OFBH			
134	HAPP			
103	MSF	227	ODCMSF	
112	OFKAT			
115	OFM			
127	OFAJ	228	ODCAJ	
111	OFA			
136	OLF	230	ODCOLF	
114	OFDUN			
122	OCFC			
133	OFMK	225	ODCMK	
125	HVF			
135	EFA			

OFB issues extracts authorizing factories to undertake R&D project for development based on the proposals of ODC. On receipt of Extract for ODC the concerned Factory prepares separate estimate for each R&D project undertaken by ODC. The expenditure incurred against each R&D project undertaken by ODC will be booked to work order 01/00057/00 by the Local Accounts Office of the factory to which ODC is attached. Total expenditure booked to Work Order 01/00057/00 during a month will be relieved by contra crediting to Work Order 01/20141/00. Identification mark '2' in the 3rd digit of this Work Order denotes expenses on R&D, ODC expenditure.

The Description of existing Work Order 01/00045/00 (page 15 of Syllabus of Work Orders, Part – I) has been modified as under

Work Order	Description of Work Order	Remarks
01/00045/00	Share of R&D/ODC Expenditure debitable to factory.	Amount of share intimated by concerned LAO attached to ODC(s)

At the close of each month, an amount equivalent to the total cost booking under labour and material only(exclusive of overhead) linked with R&D works appearing in the relevant cost cards will be transferred by debiting concerned ODC and by crediting the factory who has incurred the expenditure. Requisite PM will be as follows :

Particulars	Code	Charge		Journal Entry
		(+)	(-)	
Labour Expenditure Booked in cost card	899XXX(use Fy. Code) 805/03 000XXX(use ODC Code) 812/05	 x	x	(i) Dr. Wages A/C Cr. Notional cash A/C (ii) Dr. Notional cash A/C Cr. Revenue Outlay A/C
Material Expenditure Booked in cost card	000XXX(use Fy. Code) 806/16 000XXX(use ODC Code) 812/11	 y	y	(i) Dr. Misc. Charges A/C Cr. Revenue Outlay A/C (ii) Dr. Revenue Outlay A/C Cr. Misc. Credit A/C

The expenditure other than labour cost and material cost such as Officers Pay, TA/DA, Overtime, Information Technology etc. exclusively for ODC. Local Accounts Office of the factory to which ODC is attached will prepare Financial Punching Medium directly against ODC as and when the expenditure incurred by operating the relevant code heads for ODC. Since this expenditure is directly compiled to ODC code head no further allocation under W.O. 01/00057/00 is required.

The entire amount of financial compilation made during the month except heavy expenditure on Transfer of Technology (812/25) under all code heads of concerned ODC attached to factory will be allocated to indirect work order 01/00057/00 as under.

Class of cost	Description
Labour (11)	Expenditure compiled to 812/03,812/05 (if not already appeared in cost tabulation through Labour Cards)
Pay & Allowances (14/44)	Expenditure compiled to 812/01,02 & 812/04, 812/06 to 09
Other Charges (43)	Expenditure compiled to 812/10, 812/17 to 24 , 812/25 (Portion to be charged during the year) & 812/26

In case huge expenditure is incurred on Transfer of Technology, then the same will be distributed over a period decided by ODC/OFB. Portion decided to be charged in the accounts for the year concerned to be allocated against WO 01/10037/00, 01/10037/00etc under class of cost 45 similar to the procedure followed in case of a factory. Unabsorbed expenditure of TOT, if any to be accounted as Assets outstanding.

Total expenditure booked to W.O. 01/00057/00 during a month will be relieved by contra crediting to W.O. 01/20141/00(in order to identify R&D, ODC expenditure the identification mark '2' is required as '1' is marked for Hospital cost)

Final Action by LAO of the factory to which particular ODC is attached:-

(i) OFB will intimate percentage of distribution ODC wise amongst factories based on assessed benefit likely to be derived by the factory after successful development of project.

(ii) At the end of the year LAO of the factory, to which particular ODC attached, will work out total revenue expenditure incurred in respect of ODC for the year as follows:

(i)

Particulars	Amount
a) Expenditure incurred exclusively for ODC appearing in CCO-2 under ODC Unit code of following classification code: (812/01 to 812/04) (812/06 to 812/10) (812/12 to 812/24) (812/26)	X
b) Labour (812/05)	Y
c) Material (812/11)	Z
Total	(X+Y+Z)

The total amount will be distributed amongst factories based on the percentage as intimated by OFB for the purpose.

(i) Share of R&D expenditure thus received from the LAO of the Factory t o which R&D Centre (ODC) is attached will be booked to W.O. 01/00045/00 for exhibition in Indirect Expenditure Statement in the Production Account. Ultimately expenditure booked in the W.O. 01/00045/00 will be charged to COP as an element of fixed overhead.

(ii) For any good output (successful product) a CRV will be prepared by the Factory who has manufactured out of R&D project. Such CRV will be priced on a realistic basis as per rate intimated by concerned ODC and will be taken on stock charge under PSA code 0018, No financial compilation inCCO-2 is required.

(iii) Issues to indentors, if any will be made through 'S' series Issue Voucher.

Basis of Allocation of charges which cannot be definitely allocated to any particular section

582. There are certain items of fixed charges which cannot be definitely allocated to any particular section, but which are common to the factory. The total expenditure for each such item of the factory should be allocated to the sections on some pre determined basis which should be approved by the G.M. of the factory. Some items of this type are mentioned below and against each is shown, the basis which may be adopted to allocate it to the various sections/cost centres. The list is not exhaustive and it is also probable that local conditions may warrant the use of an alternative basis which would give a more equitable allocation of the charges even for the items included therein. In such cases, the local Accounts Officer should arrive at a suitable basis in consultation with the management.

Basis	Work orders	Description
(i) Number of workmen in each section	01/00023/00 01/00023/00 01/00141/00	Conservancy, road lighting and maintenance Estate Revenue & expenditure Miscellaneous in direct services for other factories/ formations
(ii) Number of employees in each section	01/00140/00 01/00036/00 01/00125/00	Unclaimed Wages lapsed Accident prevention Rates, rents & Taxes, recovered from occupants of factory quarters.
(iii) On the basis of Direct Labour in section.	01/00045/00 01/00035/00 01/00024/00	Departmental experiments Manufacture, up keep of samples etc. Factory School.

(iv) **In proportion to the Capital value of each type of asset in the shop.**

01/00018/00 - Depreciation charges on Capital Assets other than Building and Machinery.

01/00019/00 - Depreciation charges on Buildings.

(v) **In proportion to the Capital value of Buildings in each shop.**

01/00017/00 - Maintenance of Buildings, Roads etc.

(vi) **On the basis of percentages to be fixed by Management and Accounts Office.**

Work order No.	Description
01/00011/00	Idle time beyond control.
01/00022/00	Labour Welfare Fund
01/00005/00	Police, Gate Keepers and Watchmen including Factory Defence.
01/00005/00	Civil Defence Measures and Fire Protection
01/00023/00	Estate Revenue and Expenditure
01/00027/00	Central Administration (Factories)
01/00037/00	Incidental and Miscellaneous Expenses
01/00038/00	Stationery, Stock forms, printing and binding

(vii) **On the basis of the salaries of staff in each section**

01/00013/00 - Superannuation Charges.

(viii) 01/00001/00 - Clerical and other staff. Pay of clerks etc. in GM's office to be distributed on the basis of percentage fixed by Management. Pay of clerks etc. employed in shop to the shop concerned others to be distributed on the basis of 'Direct' Labour.

(ix) 01/00003/00 -Peons, orderlies and messengers.
01/00004/00 -As indicated above, Gazetted Officers and NGOs—To be allocated to the section in which the personnel are employed.

(x) **Percentage to be fixed by Accounts Officer**
01/00028/00 - Central Administration (Account).
01/00029/00 - Factory Accounts Office

583. After the posting of the fixed charges section/cost Centre wise, a step-ladder will be prepared for allocating the charges of services sections to production sections. The percentages or factors of allocation to each productive shop will be fixed, in consultation with the Management of the factory and should represent fairly the relations between the value of the service rendered by service section and production activities of the factory.

584. The method of allocating Service Section charges to Production Sections is called 'Step Ladder' method because the sheet on which it is worked out resembles the steps of a ladder when it is finished. The distribution is done in the same manner as for variable charges.

585. The chargeable fixed charges estimated for each production shop plus the share of service and non-production sections will form the basis for fixing rate per SMH.

586. The rate per SMH will be determined separately for each production, semi productive sections for the year as a whole.

587. The above exercise should be initiated sufficiently in advance of the commencement of the financial year so that the leviable fixed charges are available by the beginning of the new financial year. These rate per SMH should ordinarily be operated for the whole year.

Ascertainment of the actual fixed charges

588. The Sectional Fixed charges (SFC) statement is generated from data maintained for various abstracts in computerized costing package soon after the preparation of labour, material and transfer voucher abstracts, sectional variable charges statements and component abstracts.

The sectional fixed charges statement shows the monthly expenditure incurred under '01' series work orders for the shop concerned, whether in the shop itself or in other shops. The expenditure shown in these statements comprise of labour, material and other charges for the month as well as upto the end of the month of account i.e. current and progressive items of expenditure are shown in two separate columns.

589. Expenditure booked to '01' series of work orders for the current month (excepting overhead charges) are sorted by class of cost (only one column which designates the labour, material and other charges), the main number of the work order and then the sub-numbers of the work order which denote the section for which the

expenditure is incurred. The cards are tabulated in the following form for each shop separately as sorted out.

Sectional Fixed Charges Statement.....
Factory.....
Month.....

Code no. of Factory		Factory		Sectional Fixed charges Statement	
Section	Work Order	Class of Cost	Opening Balance	Current Expenditure	Closing Balance
1	2	3	4	5	6

Description

Section — Section of the Factory
Work Order — Relevant number under 02 series.
Class of Cost e.g. — 11..... Labour
21..... Material
43..... Other Charges
44..... Pay and Allowances

Columns 4, 5, 6 indicated opening expenditure, current expenditure and progressive expenditure. The total for each section is indicated separately.

The final total for all the shops is taken on a plus at the end of the statement for the last shop which is agreed with the total for '01' series of work orders less the amount of overhead charges. Quarterly statement of actual fixed charges section wise is worked out.

590. The difference between the chargeable fixed charges and the actual levied amount should be shown-as under/over absorbed fixed charges provided the same does not exceed ±5% of the chargeable amount. If it or the difference exceeds 5%, the difference will be charged to production by re-levying the difference over all the work orders in proportion to the value of direct labour.

Sectional fixed charges statement is printed in duplicate of which one copy is sent to the General Manager of the Factory. Before forwarding the statement, general scrutiny should be made to ensure that the fictitious work orders appearing in the abstracts are properly reviewed and transfer vouchers made out. Due note of the adjustments carried out should be made in the statements. Register of Fictitious work orders must be maintained to ensure that transfer vouchers are reflected in the subsequent month's tabulation.

The SFC Statement should be critically examined against the particular quarterly budgetary position and suitable action taken on controllable items by the shop/Cost Centre manager. The shop committee should meet once in a month for making comparison between anticipated and actual fixed expenditure incurred.

In the case of the majority of the work orders either the expenditure is beyond the control of the local Factory Management or the expenditure is not of any significant amount. There are a few work orders where, expenditure booked is considerable and local control is possible. If attention is focused on these, the objective of budgetary control of overhead can be achieved.

591. Blank.

592. If the shop/sections working are taken as one 8 hours shift, there will be no surplus capacity in the factory when all the sections are working over time. Hence, there may be no War Insurance Charges.

593. **Registers, Reports and Returns**

List of registers to be maintained together with their fly leaf instructions and reports and returns to be rendered are given in Annexure 'AP' and `AQ', respectively to Chapter X.

594 to 600. BLANK.



PROFORMA – A

Factory
FORMAT
Statement of gas

I.A.F.O – 2469
(Revised)

Hydraulic
Electric
HP & L P Air

Power Cost
and distribution

Fixed charges ..... per unit

Nature of Expenditure	Detail	Total Cost ₹	Qty. per unit generated	Code no. of section	Light Power	Total	Cost of Energy consumed
A-Works Cost					Material consumed	Material consumed	
1. Fuel Tons at ..... Per ton (i) Coal (ii) Oil *Less proceeds* *of sale of ashes* Total Fuel							
2. Water (when supply is paid for)							
3. Motive Power Elec/Steam/Hydr. (H.P. Air including L.P. Air Cost of purchase)							
4. Lubricants (i) Cylinder Oil (ii) Crank Chamber Oil							
5. Salaries & Wages (operation only)							
6. Waste and Miscellaneous Stores							
	Absorbed in Power House/Loss						
	Total Units Generated			Variable Cost per unit			

	For the month	For the Previous month	For the corresponding month of the previous year	Remarks
7. Repairs & Maintenance of plants additions, alterations etc.				
Total Repair & Maintenance				
8. Power Factor Surcharge				
9. Rental of meter				
10. Miscellaneous Charges				
Total				

ANNEXURE TO PROFORMA-A

WORK ORDER

Cost of Steam/Gas for the month of ……

Item	Quantity	Price per unit qty.	Qty. per 1000 Cu DCM of Gas/Steam	Cost of 1000 Cu DCM of Gas/Steam	Cost	Section	Number of DCM of Gas/Steam used	Charges for Gas/Steam
Oil								
Fuel a) Coal-Steam b) Coke c) Wood								
Petrol								
Waste & Stores Repairs								
Depreciation Gas Plant value								
Depreciation on Building value								
Number of Cubic DCM of Gas/Steam made during the Month of …….. Cubic DCM Total Cost of Gas per 1000 Cub DCM								

PROFORMA – B

1. Total quantity of feed water evaporated.
2. Actual evaporation of feed water.
3. Equivalent evaporation from and at 212°F.
4. Number of shifts worked per day.
5. Machinery-Number of boilers cleaned during the month.
6. Quantity of feed water evaporated per unit (B.T.U.) generated.
7. Maximum load on the station in K. Watts (DC)
8. Average load on the station in K. Watts (DC).
9. Working hours of plant.

Machinery Number of boiler	Total number of Boiler Hours	Coal burned per square ft. grate per hour
Number of hours steamed by each		
Boiler during the month		
Machine number of generators	LOAD FACTOR	$\frac{\text{Unit generated x 100}}{\text{Generator K.W. Hours}}$
Number of hours each generator under load during the month	Total number of generator K. Watt hours	



Controller of Finance & Accounts (Fys.),
Account Office, Heavy Vehicle Factory,
Avadi, Chennai - 600054

CHAPTER — IX
COST ASCERTAINMENT AND COST CONTROL

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Flow of documents

601. Flow of the documents in the existing system followed by Ordnance Factory:

Indent from Defence to OFB

↓

Extract from OFB to Factory

↓

Receipt of Extract in the Ordnance Factory

↓

Issue of Manufacture and Material Warrants by the factory

(i) Authorization is made based on the provisions made in standard estimate for repeat items and spot estimates for casual items of production.

(ii) Warrant is the authority for utilization of labour and drawal of material

↓

Verification of Warrant details from relevant estimate and opening of cost card and PL card for each warrant by Branch Accounts Office

↓

Receipt of PW/DW card, allocation sheet etc, calculation of rate of VOH and FOH per SMH/MH separately for PW and DW for each month and preparation of labour abstract by AO

↓

Preparation of Material Abstract based on material demand/return note etc.

↓

Preparation of Transfer Voucher abstract and Component abstract by AO

↓

The figures appeared in labour, material, transfer voucher, component abstract are posted in the relevant cost card month-wise.

↓

Indirect expenditures are summarized and SVC, SFC, MCC (for indirect work orders) are prepared. Actual variable and fixed overheads incurred, amount of under/over absorptions of overhead are worked out by AO.

↓

Quantity produced and accepted are noted in relevant Production Ledger (PL) and Cost card. Quantity issued to the indentor is noted in the PL card. Cost of production is worked out for the quantity accepted through relevant cost card. Abnormal variation of cost, if any, between the estimate and actual under any element is analysed.

↓

On completion of production against a particular warrant and on receipt of shop copy of completed warrants the relevant cost card is finally closed and the total actual expenditure is compared with the estimated cost element-wise. Variation in any element of cost is analysed. Abnormal rejections, if any, KOP value is worked out and intimated to OF Management for investigation and regularization of loss.

Direct Expense

601A. For accounting of cost of utilities and fuel as an element of direct cost, following guidelines are issued: -

I. Cost of utilities & fuel consumed in production activities will be charged as an element of direct cost.

II. in case of non-production activities, the existing system i.e. consumption of cost of utilities & fuel in non-production area e.g. maintenance, repairs etc. will continue to be charged as an element of VOH.

III. Where cost of utility like electricity is traceable, as in case of meters attached to specific CNC machines the actual cost should be charged directly to the corresponding work orders.

IV. Where the cost of utilities to be charged to outturn work orders is not directly traceable, it should be determined with reference to 'Base Units' i.e. Metric tons in respect of foundries and Chemical plants and SMH in respect of Machine plants.

V. All relevant estimates are to be revised afresh incorporating consumption of fuel for production under material element and consumption of Electricity and water under 'Direct Expenses' (a new element of cost to be inserted).

601B. Accounting Of Cost Of Utilities (power & Water)

Cost of Utilities consumed in production will be charged as an element of direct cost against new nomenclature 'Direct Expenses' under a separate class of cost '30'.

By the 5th of the following month, Factory Management will furnish statements showing outturn work order/warrant wise break up of quantity/unit of utilities consumed in production during the previous month to LAO separately for electricity and water.

For Cost booking LAO will price the statement (s) against each work order /warrant on the basis of prevailing rate allocating the cost under class of cost '30' separately for Electricity (power)and Water. This allocation (Priced Statements of utilities consumed production) will be used for compilation of Transfer Voucher Abstract in addition to other inputs like priced Transfer Vouchers, Overhead, allocation etc.

After receipt of actual bill for the month in respect of such utilities, the difference between the amounts admitted for payment and the amount allocated as direct cost will be booked to existing cost work order 02/00013/00 and be accounted as VOH.

In the relevant cost cards, in addition to posting of labour and material, the expenditure on account of cost of utilities appeared in the relevant Transfer Voucher Abstract under class of cost '30' needs to posted under separated column viz. 'Direct Expense'. For that purpose a separate column for noting of direct expenses will be provided in Cost Cards.

601C. Accounting Of Fuel Cost

Fuel is purchased under Store Head and expenditures are accounted under material. Hence, Cost of fuel consumed in production will be accounted for as direct material.

For drawl of fuel for production purpose, concerned section will quote relevant out turn work order and warrant no. in the demand notes. Accordingly, the cost will appear in material abstract, which will be posted into the concerned cost cards. Thus cost of fuel consumed for production will appear under direct material cost.

For drawl of fuel for non-production purpose, existing work order 02/00014/00 needs to be indicated in the Demand Notes which will be accounted as indirect material under variable overhead.

For financial purposes, payment of power, water etc. will continue to be made out of I & M grant. Total cost compiled as Direct and indirect (utilities- Power & water) should match the compilation appeared in CCO-2 against respective heads 810/01 and 810/02 after due adjustment of opening and closing liability.

Standard Estimates

601D. Standard Estimates or Rate forms of Labour and Material are being maintained for all the important standard items of production/manufacture in each Ordnance Factory. These estimates are prepared by the Ordnance factory after assessment & ascertainment of proper time and motion studies keeping due allowance

for wastage and rejections affording credit for any standard recoveries etc. The percentage of rejections is indicated as a range between 'minimum' and 'maximum' percentage. On receipt of these estimates in the Local Branch Accounts Office for pricing and post audit the 'Labour Section' will verify the labour operations and rates with reference to the original sheets of piece work rates viz. data cards, operations sheets, rate forms etc., as the case may be. The Labour and Material estimates will there after be sent to the costing section for entering on the costing package maintained in the computer system for pricing and posting in the cost card for warrant quantity as and when opened with reference to warrant released by the respective Ordnance Factory Management. Similarly, the material portion will also be verified by with the 'Material Section' and sent to costing section for pricing through package and posting in the cost card for warrant quantity. Labour estimate print out should be given to the Labour section and material estimate print out handed over to Material section for record. Variable and Fixed rates at annual budgeted rate are levied by the system at the time of pricing. The Priced Estimate Report containing summary of the value under labour and materials, variable and fixed overheads, showing the minimum and maximum rate of estimate with reference to rejection will then be forwarded to the respective Ordnance Factory as required, retaining a copy for use in the account office.

601E. The priced estimates forwarded by the BAOs is treated as financial vetting of estimates by the BAO. Any amendment to these vetted estimates by the factory should again be submitted to the BAO for audit and re-vetting before the amended hours are used in production / material is authorized for drawl through demand notes. BAO before vetting the revised estimates should verify, with reference to data available with them, whether the increase / decrease is at par with the actuals of the pattern of utilisation in the earlier warrants. Any change in estimate by the factory IED section can be done only with pre-concurrence by costing section of LAO. The concordance list shall be prepared viz-a-vis previous estimates by the IED and when agreed by costing section based on sound justification will be frozen and no changes thereafter are permitted unilaterally by the IED section.

After commissioning of latest technology machines the Factory should be insisted to review all the estimates and submit updated / revised estimates for financial concurrence. In any case wherever latest machines are introduced review should be insisted by the costing section every 6 months by enlisting latest installed machines in the near past..

Whenever the PW profit % exceeds 50% the BAO should forward the list of related labour estimates to the factory to review the authorization with a request to downwardly revise the SMH requirement for the connected operations of the estimates. A monthly list of profit % exceeding 50% may be generated from the wage roll package and sent to costing section in soft and hard copy. Thereafter the costing section may take up the same with IED Section for remedial action. Periodical reminders and follow up action through ULMC etc may be done.

Similarly, whenever the factory resort to service assistance, due to capacity constraint of the factory man power and to achieve a higher target, BAOs before accepting the proposal for service assistance should insist on submission of a separate estimate for the concerned product after removing the man power authorization from the original estimate and ensure inclusion of authorization for drawl of the outsourced material (partly / fully completed component) also in the estimates. The separate estimate thus generated shall be put up along with the MP sheets for service assistance.

Note: From 01.04.2009 the computing of Direct Labour Rate is done by dividing gross wages of direct employees of each shop with SMH discharged shown in the Piece Work Cards relevant to that shop

Repricing of Estimates

602. Whenever amendments to the Estimates (Labour and Material) are received from the respective Ordnance Factory Management after concurrence/vetting by the costing section for updating the estimate master in the package by the Local Branch Accounts Office attached with the Ordnance Factory. In the case of standard estimates, pertaining to inter-factory demands. The date on which the last re-pricing of a standard

estimate was carried out should be shown in ink on the estimate supported by the dated initial of the auditor concerned.

Note: For IFD issues the OFB fixes price yearly for principal items and for non principal items the respective GMs fix the price and hence the requirement of re-pricing of estimates more frequently does not serve any purpose.

603. Standard Estimates are not prepared for work of a casual nature for which spot estimate or supplementary work order drafts are prepared in the same way as estimates.

Note: For simplification in the system of Cost Accounting and Financial control, spot estimates instead of detailed estimates are prepared by the management in respect of small order i.e. where the aggregate of direct labour (indirect labour charge; in respect of jobs done on indirect work order) does not exceed 10,000. In the case of a service order or urgent (priority) category the limit of 'small orders' may be raised so as to include orders covering direct labour (indirect labour value in respect of the jobs done on indirect orders).

Extracts

604. An extract is the authority for the manufacture of an article in a factory. It is issued by the OFB to enable the factory to undertake manufacture in respect of all outturn work orders and certain indirect service work orders. One extract is placed for one work order i.e. for one kind of article only.

605. Copies of all the extracts as well as amendments/alternations relating thereto will be received in the Accounts Office directly from the OFB or through the Finance Division OFB, Kolkata if they relate to Army, Navy, A.F., M.E.S. or stock orders.

In the case, where it may appear that the issue of the extract is objectionable, the Accounts Officer should expeditiously take up the matter with the respective G.M. of the Ordnance Factory or the OFB, Hqrs Office Kolkata through the Principal Controller of Accounts (Fys) Kolkata. The OFB Hqrs Office will then, if necessary, be requested to instruct the respective Ordnance Factory not to proceed with the extract which has been objected to until the objection has been fully settled.

Classes of extracts

606. Extracts are divided into the following classes:

Class I for Army Orders and miscellaneous services like repairs for Navy and Air Force
Class II for payment services
Class III for inter-factory services
Class IV for stock (Internal to Factory other than capital)
Class V for capital services

Register of Extracts

607. A register of extracts (vide Sl. No. 15 of Annexure 'AP' to Chapter X) will be maintained in the Accounts Office to watch the receipt of all extracts issued, the progress of completion of extracts with special reference to the P.D.C., if any, mentioned in the extracts as well as to ensure that the quantity ordered on the extract is not exceeded - in actual manufacture.

When extract is completed, the remark "Completed" will be written against it in the register. The information will be obtained from the production cards.

608. A register of IFDs will also be maintained in the Local Branch Accounts Office in the prescribed proforma set out at Sl. No. 20 of Annexure 'AP' to Chapter X for ensuring in audit that the quantity ordered on an IFD is not exceeded in actual manufacture.

Note-(1) Whenever an Extract is received, it should be entered in the costing package maintained in computer.

Procedure of placing extracts

609. Class I and Class II extracts are issued to factories by the OFB on the basis of demands placed it from time to time on behalf of the Army or other Government departments etc. as the case may be. If such an order is received by factory direct, the G.M. applies to the OFB for a class I extract when the order is on behalf of the Army and for a Class II extract in the case of a Payment Order the value of which exceeds financial power of the GM.

610. All applications for extracts in respect of orders placed on Factories by Local Military Authorities should be carried out under Class-I extract. Supplies of Stores and equipment to Air Force, M.E.S., Navy and Defence Production Research and Development organisation will be treated as Class-II Orders. However, miscellaneous services like repairs for Navy, Air force will be treated as Class-I order.

611. Class-IV and Class V extracts are issued to factories by the OFB from time to time on the basis of application from the GMs of factories. The procedure for placing Class III open extracts has been detailed in para 614.

612. Extracts are not required for minor repairs or conversion, repacking or breaking up of stores carried out by factories on the direct requisitions of army formations (i.e. arsenals and ordnance depots) if the cost of any such transaction does not exceed ₹ 10,000. For all such orders (work orders 05/00003/00 and 05/00005/00) exceeding this amount, the G.M. should apply to the OFB for a Class I extract.

Open extracts

613. Before the commencement of each financial year, open extracts for various services pertaining to all classes of extracts are issued to the factories by the OFB. An open extract is a general authority for factories to carry out miscellaneous and petty services falling under Classes I, IV and V for which specific sanction of the OFB is not required in each individual case. Under open extracts allotted for Class II, the G.M. can carry out work of payment services in each case upto the limit of his financial power without asking for separate extracts to the OFB. Similarly, a class III open extract is sufficient authority for a factory to undertake manufacture, repair or other work for another Ordnance Factory on receipt of an inter-factory demand (I.F.D.) from the later, without further reference to the OFB.

Note:- For manufacture or reconditioning of components of rifles, machine guns etc. open extracts will be issued and marked Class IV. A suitable register will be maintained in the Accounts Office for watching that, the monetary limits in this respect are not exceeded without proper sanction.

List of outstanding extracts

614. At the end of the year, a list of all out-standing extracts (including those outstanding from previous years) will be prepared for each class of extracts showing the extract numbers and the quantities outstanding as per production cards and the list will be sent to the factory for check and return. In factories where these lists are prepared by the Management, the Accounts Office will check the outstanding shown therein. Any discrepancies should be settled at once. When an extract from the outstanding list is completed, the remark "completed" should be entered in the outstanding list.

When an extract is altered or cancelled, necessary note will be made on the extract as well as in the register or the outstanding list as the case may be.

For budget purposes, the outstanding values of all extracts under each class should be worked out. This will be the amount which is required to be spent in the next year i.e. any expenditure already incurred should be excluded. This can be done by pricing the outstanding quantities at full standard rates and deducting there from the value of unfinished semi manufacture, making an allowance for any undue fluctuation that might have occurred on account of excess cost of tools or change in the material values or on cost charges.

Cancellations of extracts

615. When a Class I extract is cancelled, as much of the expenditure as has already been incurred on it will be transferred to some other warrants, if possible, and any scraps or components returned to store.

In the case of all other extracts, such expenditure should be adjusted to general indirect charges under orders of the P.C. of A (Fys), but, where a Class III extract was issued in satisfaction of some arsenal demand, the expenditure should be transferred to work order. In the case of Class II extracts, a loss statement will be necessary to write off the net loss under the sanction of the Competent Financial Authority.

616. Whenever, a demand or extract is cancelled, credit will be taken for it in the year in which it is cancelled irrespective of whether the cancellation is effected in the year in which it was placed or in a later year. On receipt of intimation that a demand or extract has been cancelled, a report will be sent to the OFB by the factory through the Accounts Officer regarding the actual loss sustained on account of commitments etc. entered into before receipt of the cancellation order, in order that the factories budget may be reimbursed to the extent necessary.

617. The term "actual loss" referred to in para 616 will cover the- cost of labour employed and material used in the manufacture of stores of which further use cannot be made. It does not include material purchased and taken into stock for eventual use in complying with demands that may be placed later for the same store or for a store in the manufacture of which similar material is used.

Excess manufacture

618. There are three categories of excess manufacture, each of which is described below separately:

(i) Excess manufacture covered by original extract.

(ii) Excess manufacture not covered by original extract but exempted from covering sanction.

(iii) Excess manufacture not covered by original extract and requiring covering sanction.

There are certain stores, e.g. complete rounds of OF ammunition which are required to be manufactured in complete units. A list of such stores is maintained by the O.F.B. If demands of D.O.S. for any of them are less than a whole number, of units, the OFB will issue extracts for the next greater whole number of units and authorize the factory to place the balance not required by the D.O.S. into stock under a special head.

In respect of manufacture of steel excess manufacture and issue upto 5 per cent of the total quantity ordered on an extract placed on behalf of the Ordnance Factories will not require further covering sanction.

In all other cases when a warrant is completed and if it is found that the quantity actually manufactured exceeds that authorised on the corresponding extract, the excess should be placed under objection and the G.M. of the factory be requested to obtain a covering extract from the OFB.

Work-order

619. Work order is the identification code used in Cost Accounting for identifying the expenditure on labour, material, expenses and overheads both fixed and variable. Work order consists of nine digits where the first two digits denote the work order serial viz. 01 for fixed overhead, the next five digits denotes the main work order number viz. 01/00001/00 denotes the Pay & Allowances for clerical staff. The last two numbers denote the sub number indicating the section for which the expenditure is incurred.

Example: 70/20700/00.

The first two digits are used to indicate Classification of Indenters (70-IFD). The next five digits stand for the Description of Work.

Procedure of placing warrants

619A. Separate Warrants are generally issued for each and every extract. In order to ensure that the warrants are completed within the period of the six months, large extracts may be divided into convenient compartments, in which case warrants will be issued for each compartment. On the contrary, extracts on which similar stores are ordered may be pooled together as in the case of the Rifle Factory and warrants issued against the pool for mass production, provided the quantity ordered on a warrant is expected to be completed within the period of normal duration of warrants.

Duration of warrants

620. (i) Normal duration of Warrants for work other than capital works (new or repair) is a period of six months only, further extension, where necessary, being subject to the prior approval of the OFB. Where work passes from one shop to another, separate Warrants will be issued for each shop and the time limit will apply to the duration of Warrant for each shop. The date of commencing production work on a warrant may be some weeks after the date of issue of the warrant and the period will be counted from the date of commencing work on the warrant i.e. the date of performance of the first operation on each warrant.

(ii) Warrants for production of **armoured vehicles,** ordnance and carriage components which take longer period than six months for completion, may be issued for one year without reference to the O.F.B. Further extension, where necessary, for a warrant for important service stores will be subject to the prior approval of the O.F.B.

(iii) In the case of warrant for .303" MK 7 type cases, bullets and caps, warrants for empty cases and bullets will be issued for 3 and 4 months respectively while warrants for empty caps will be issued for 5 months in the first two 5 months period of the financial year and the last warrant being for a period of 2 months only.

(iv) For a warrant planned for completion in six months but whose completion is delayed on account of replacement of rejections or by change of design, approval of the OFB should be obtained for extension of its life.

Note—Old items of semi-manufacture on which no further expenditure has been incurred should be reviewed periodically and referred to the factory for action.

(a) **Warrants and preliminary check thereon**

621. A "manufacture warrant" (a work order sheet at the clothing factory) is prepared by the factory for each item of work ordered to be done in a factory, quoting therein the original authority for doing the work, drawings and estimates prepared therefore, the description and quantity of work to be done, the work order and warrant numbers allotted to the work, the operations to be performed (these are not shown in work order sheet) and the rate to be paid for each operation. These rates are taken from the "standard estimates" or "rate forms" maintained in the factory, copies of which (where they exist) are also supplied to the Accounts Office.

Simultaneously with the issue of the "manufacture warrant" detailing labour operations and rates etc. a "Material Warrant" is also issued authorizing the quantity of each kind of material required and showing other identification particulars as on the manufacture warrant. On the authority of these warrants the manufacturing shops can demand the material required and authorised and execute the work specified in the manufacture warrant.

Note: "If the manufacture of an article has to be done in two or more Sections separate warrants (manufacturing and material) showing the same work order and warrant number are issued to all the Sections

(b) **Register of Warrants**

This register is maintained to have an effective control on the receipt and disposal of warrants and also for the opening and closing of cost cards. The register will be maintained in the following proforma:

Sl. No.	Work Order No.	Warrant No. and date	Section which warrant issued	Page No. of extract Register	Date of receipt of warrant in Accounts office	Date of forwarding duly checked to				Date of opening cost cards	Date of completion as per list of completed warrants	Remarks
						Labour Section		Material Section				
						Date	Initial	Date	Initial			
(1)	(2)	(3)	(4)	(5)	(6)	(7)				(8)	(9)	(10)

The register should be divided into block of work orders (04, 10, 70, 90 series etc.) and depending on past experience a suitable number of pages should be set aside for each block.

Postings should be made according to the date of receipt of the warrant. Immediately on receipt of the warrant from the management, costing section should check the material provisioning and labour rates with reference to standard estimates, extracts etc. and enfacement "checked with estimates" should be marked on these warrants. They should forward the 'Manufacture Warrant' to Labour Section and `Material Warrant' to Material Section through a Top Sheet.

The progress of movement of warrants from costing to Labour/Material Sections should be watched through the top sheet.

The verification of warrants with Standard estimates should be done immediately after receipt in 'C' Section.

As soon as a warrant is posted in the register, it should be cross-linked i.e., the relevant page No., Serial No. etc. of the register should be noted on the warrant itself for facility of future posting and easy reference.

While forwarding the manufacture and material warrant to 'Labour' and 'Material' Sections respectively the dated initials of auditors concerned should be obtained in the register in token of acknowledgement. Care should be taken to see that the initials are neat and recognisable and easily readable.

Arrangements should be made with management for sending shop copies of completed manufacture warrant to 'Labour Section' and Material Warrant to 'Material Section' together with a completed list of warrants. Additional copy of the list of completed warrants will be received in Costing Section and column 9 of the register filled in.

On receipt of the shop copies of completed warrants with the list of completed warrants in 'L' and 'M' Sections the pairing should be completed and objections, if any, raised and the warrant should ordinarily be passed on to the 'C' Section within 3 working days from the date of receipt of shop copies from management.

Full particulars will be recorded in col. 10 in respect of (a) Warrants which are short closed (b) replacement warrants and (c) items manufactured in excess of sanction and action taken to regularise the same.

Note- A Register of supplementary work orders draft and Non-recurring rate-Form-showing all details commencing from the preparation of supplementary work order draft/Non-recurring rate Forms upto the point of completion will also be maintained in the Costing Section. The register should be reviewed by the A.O. every month.

Cost Card Register

622. Check list (in lieu of manual register) generated at the time of opening of cost card can be kept as a record centrally. The above list should be submitted to the AO every month for his review.

Cost Card Register is maintained on-line in the following proforma:

Sl No.	Referenceto file containing list of completed warrants	Warrant No. & Date	Date of completion	Date of closing cost card	Reference to objection/observation raised (if any)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

The register may be conveniently be divided into block of Work Orders (04, 10, 70, 90 series etc.). The above registers should be reviewed by the A.O. every month.

Cost Cards

623. Cost Cards by warrant will be maintained on the system in computer in the Local Branch Accounts Office. For this purpose Cost Card will be opened in computer through package, immediately a warrant is issued duly filling particulars regarding Extract Number, Quantity ordered, Work Order/ warrant number, nomenclature of material and estimated cost under different element of cost. Print out of checklist should be taken for authorization of opening of cost card by the Section Officer/Asst. Accounts Office of costing section. In the case of warrants which are carried forward from the previous years, Semi cost cards should be generated and print out should be taken and kept in costing section for ready reference.

Posting in Cost Cards

624. EDP section of all Branch Accounts Offices will be required to furnish monthly to the costing section the following abstract before 15th of month following that of the account to which they relate:-

(i) Labour and Overhead Abstract

(ii) Material Abstract

(iii) Transfer voucher, Allocation Abstract, Component Abstracts. Component Abstracts are prepared through costing package from Red demand note and Return Notes.

The formats for maintaining the information through Costing Package is appended below:

Labour and overhead abstract for the month of.....

Factory	Work Order	Warrant	Section	Amount	Variable Charges	Fixed Charges	Total	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Material Abstract

Factor y	Clas s of cost	Mont h	Work	Warrant	Section Order	Kind of Documen t	Vr No.	Amount	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

(Section Total, Warrant Total and Work Order total are also given).

Transfer Voucher and Allocation Sheet

Abstract Month...

Factory	Work Order	Warrant	Section	Class of Cost	Amount	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

(iv) Component Abstracts

Red Demand Note & Red Return Notes are the basic documents for preparation of Component Abstract.

Work-Order Tabulation

625. After generation of abstract, the Branch Accounts Office will post the expenditure in the relevant cost cards, figures relating to each warrant through costing package.

Clearance of Fictitious Work Orders and Warrants

626. While posting in the cost cards as well as while compiling the actual variable and fixed charges cases of fictitious work orders / warrants would necessarily arise. Print out of un-posted items of expenditure in respect of fictitious work order/warrants will be taken every month through costing package and kept in costing section. One copy of un-posted items list of labour abstract will be sent to labour section and copy of un-posted items list of Material abstract will be sent to material section, they in turn will intimate the correct work orders and warrant numbers to costing section for rectification thereof.

The number of fictitious work orders/warrant could be reduced considerably by diligent scrutiny of primary documents before sending them to the EDP section and validation of primary documents before generation of the abstracts.

The information regarding Fictitious Work Orders/Warrants will be maintained in the following format through Costing Package/Register.

Month and Serial No.	Class of cost	Work Order No. as per abstract	Warrant Number as per abstract	Amount	Correct Work Order No.	Correct Warrant Number	Has correct posting been made	No. & dated of transfer voucher	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Transfer Voucher

626(A). If materials drawn against one order and are unavoidably used for another, the concerned AWM will prepare a transfer voucher crediting the Order on which the materials were drawn and debiting the order for which the materials have actually been utilized. Similar transfer vouchers are prepared for correction of wrong booking of Labour, for rectification of mistakes and transfer of expenditure from one work order to another. All such transfer vouchers enfaced with certificate as to the necessity of their preparation will be sent to the Accounts Office duly signed by as Assistant Works Manager. These transfer vouchers will first be registered in the Costing Section and given a serial number and passed on to the Material and Labour Sections for checking and posting on warrants. The Materials and Labour (where necessary) will then be priced by the Material and Labour Section, respectively and the transfer voucher will be returned. The Costing Section will add the overhead charges. Thereafter, these transfer vouchers alongwith allocation sheets etc. are sent to EDPs Section for the preparation of the abstract of transfer vouchers, which when received back will be posted in the cost cards through costing package.

Note: Transfer vouchers prepared by the Accounts Office for readjustment or corrections should be signed by the Accounts Officer.

Systematic Review of the Cost Cards

627. To ensure the correctness of the postings of costs from the abstracts, previously it was necessary that a verification of postings into the cost cards had to be made by the Asst. Accounts Officer (Fys). After computerisation, cost cards are generated through system and posting in the cost cards are being done from respective labour and material abstract through the computerised package. As such the percentage check that was done previously has no relevance as possibility of any omission or error in posting does not arise in the mechanised system and hence the work has been dispensed with. However, pricing of Material are being test checked intelligently through system by AAO/AO/SAO of the section.

Closing of Cost Card

628. The list of Warrants completed during a month is to be received by the Costing Section by the 10th of the following month. As soon as the lists of warrants completed during a month are received in 'Costing Section' necessary action in the following manner should be taken to close the Cost Cards:

(i) All cost cards pertaining to closed warrants should be closed in computer through costing package and print out of the following should be taken as follows:

(a) CLOSED COST CARD
(b) PRODUCTION LEDGER CARD
(c) MANUFACTURING WARRANT
(d) MATERIAL WARRANT

Then the manufacturing and material warrants should be given to the labour and material section respectively for pairing the same with the completed shop copies and return to the costing section.

(ii) In the case of warrants running from the previous year it should be ensured that the cost card has been debited with opening semi, if any. Replacement Warrants and warrants for tools and gauges manufactured on the parent Work Order with Sub numbers will similarly be annexed with respective cost cards and all enclosed to the cost card for the parent Work Order. It should be ensured that the details of all expenditure recorded against a warrant should be available when a warrant is finally closed, no matter how long a warrant has been running. The original cost card of the past year/years in regard to a warrant closed in the current year should be made available. Accounts Officers are to ensure that cost card for all carry forward warrants for any year are readily available.

(iii) The Class of cost-wise expenditure debited to the work done during a year by Section and month separately and the class of cost-wise value of the opening semi, if any, will be cross totaled and reconciled. The total figures under each elements of cost appearing in the cost cards for replacement and tool and gauge warrant will be brought forward and debited separately to the cost card for the parent Work order. All the debits viz. the opening semi expenditure during the year, cost of replacement, tools and gauges charges by class of cost will be cross totaled and reconciled.

(iv) At the end of the year in the case of running warrants the value of closing unfinished semi should be priced as indicated at Para 713 and deducted from the total expenditure element-wise to determine the cost of production of completed articles.

(v) It should now be determined whether any avoidable rejection has occurred in the warrant. The amount of avoidable rejection should be calculated in accordance with the principles stated in para 679 and deducted from the expenditure recorded in the cost card. The amount deducted will be shown in Production Account. It should be ensured that all the steps should be done through computerized package.

(vi) The normal cost of production of the articles completed will be arrived at by excluding the difference

mentioned in (v) above from the total cost of production inclusive of the cost of rejections. The unit cost of Production will then be worked out under each element of cost by dividing the normal total cost by the number of articles completed.

Manufacturing Warrant & Material Warrant is generated by Factory Works Office through PPC. After computerization of Costing work, Manufacturing and Material Warrants to Labour & Material sections for manual posting in the Warrants have been dispensed with.

Comparison of 'Actual costs' with 'Estimated Costs'

629. The next step is to compare the actual unit cost under each element as well as the total thereof with the estimated figures recorded on the cost card. The actuals are likely to vary from estimates to estimates due to various reasons of which some are mentioned below:

(i) For purposes of variance analysis, the actual rejection should be compared with the minimum percentage of normal rejection provided in the estimate and not with the maximum limit. Drawal in excess of the Minimum rejection percentage is made through N.R.Ms or through a sub warrant of the main warrant.

(ii) When an alternative material either authorised in the standard estimates or a new one is proposed to be drawn, the same is also authorised on N.R.Ms. The financial effect in such cases will be determined on the basis of difference in value between the standard material normally used as per the estimate and the alternative material used.

(iii) The labour cost which includes dearness etc. may vary from the estimates due to the variation of the actual rate of labour during production from the estimated labour rate used at the time of opening of the warrant. It may vary due to rejections, replacement and performance of more or less operations than provided in the estimates. It may also vary due to wrong preparation or pricing of piecework cards or employment of day workers instead of piece workers involving changes in the method of Manufacture. Further, the Labour cost is also liable to vary due to wrong posting in cost card or wrong assessment of the value of semi etc.

(iv) The material cost is liable to vary from estimate to estimate on account of reasons at (i) and (ii) above. In addition due to the time lag involved the moving average ledger rate prevailing at the time of pricing the estimate may not be the same as the rate -prevailing at the time of drawal of different materials provided in the warrant. Again there may be variations due to rejections, replacement wrong preparation of pricing of Demand Return Notes, Transfer Vouchers, and Wrong assessment of the value of semi use of differently costly materials over and under drawal of materials etc.

(v) The overhead charges may also vary due to variations at (iii) above. It may also vary due to the variations of the rates of overheads from estimated ones. Further, the overhead charges are also liable to variation due to wrong posting of cost cards, wrong assessment of the value of semi etc.

(vi) A Prima facie scrutiny of the percentage of different periods or checking of the postings in warrants may some times reconcile the variations. Again more detailed scrutiny with reference to original documents viz. piece work cards, day work cards, Demand/Return notes, N.R.Rs/N.R.Ms. Replacement warrants etc. may some times be essential for tracing the reasons for variations. A thorough re-examination of all the primary documents involved may at times be the last recourse of reconciliation when the reasons for variations are deep rooted, specially in the case of compensating errors. It may, however, be said that the analysis of the reasons for variations in respect of items of considerable labour and material value, processed through different sections for a considerable length of time and susceptible of wastage and rejection at every stage of manufacture will normally involve a greater extent of scrutiny. The extent one may have to dive deep into original documents for tracing out the reasons for variations depend entirely on the nature of variation and the mode of approach for reconciliation.

630. The Accounts Officer should carry out a diligent perusal and scrutiny of details in respect of cost cards :–

(i) Where the variation between the estimated and actual cost is more than 10% under Labour/ Material Heads.

(ii) Pertaining to warrants the estimated value of which is Rs. 10,000 and above.

(iii) All Civil Trade Warrants.

(iv) All warrants in which rejections have taken place.

(v) Any other warrant presenting unusual features.

631. All cost cards pertaining to items (i), (iv) and (v) above with detailed cost analysis will be passed on to the factory management by the A.O. for information and comments. All comments should be given in the spirit of healthy co-operation and should be calculated to enable the management to effectively control the cost.

632. Once the cost cards are closed, the AAO(Fys), costing Section should thoroughly scrutinise all the cost cards and offer critical remarks on points of an interesting or unusual nature. The Accounts Officer, who is required to sign all cost cards is expected to exercise a diligent overall check on all cost cards and should thoroughly check all the cost cards pertaining to case mentioned above.

Quarterly reports on closing of Cost Cards

633. Quarterly reports in the Proforma, given below are to be rendered by the AO to the concerned Group Officer with a copy to Main office, Kolkata by the 15th of first month following the next quarter i.e. report for quarter ending March should be rendered by 15th July. Specific reasons for non compliance of the checks prescribed at various stages of maintenance of cost cards should be given. They should also highlight any irregularity noticed during test checks. Random checks will be carried out by the respective Cs of F & A of the Group.

Proforma

(a) Opening of Cost Cards :

Certified that -

(i) The cost cards in respect of all warrants received from the Factory Management during the quarter ending _____ have been opened in the system immediately after receipt of the warrants.

(ii) All warrants received during quarter ending _____ have been checked with relevant estimates immediately on receipt, through the package.

(iii) The checklist of opening of cost cards generated has been checked and initialed by the concerned section officer/Asst. Accounts Officer.

(iv) The element wise estimated cost has been noted in pencil at the time of opening the cost cards, on the reverse of the Cost Cards.

(v) The opening entries in the cost cards have been checked and got initiated by the concerned Asst. Accounts Officer (Fys).

(b) Posting to expenditure from various abstracts into the cost cards:

Certified that -

(i) The posting of expenditure from the various abstracts during the quarter ending _____ into the Cost Cards costing package have been completed and test checks at the prescribed percentage has been carried out by the concerned Asst. Accounts Officer (Fys).

(ii) Un-posted items relating to fictitious W.O./Warrant number in the Abstract is being watched in the

(1) Opening of Cost Card

Month	No of item test checked by A.O	Results of the test check and irregularities noticed during test check

(2) Posting of expenditure from various abstracts into the cost cards

Month	No of item test checked by A.O	Results of the test check and irregularities noticed during test check

(3) Closing of Cost Cards

Month	No of item test checked by A.O	Results of the test check and irregularities noticed during test check

(4) Cases of variation between actual and estimated cost by more than 10 %

No. of Cases reported to the GM	Exact nature of the Variances element wise	Preventive measures suggested to the GM	No. of objection raised during the quarter ending	No. of objections settled during the quarter	Progressive No. of outstanding objections month and year-wise
(1)	(2)	(3)	(4)	(5)	(6)

Note : The AOs may narrate the nature of variances and the preventive measures suggested to the GMs' in a separate paper and Annex the same to quarterly Report, if the space provided for this write up in the above proforma is found to be insufficient. They may also add useful comments in this regard.

Important points

634. (i) Cost Cards should be closed with the cost data available in the Card itself observations on discrepancies/deficiencies found during scrutiny may be raised separately and pursued through objection Register. It is not necessary to open a separate file for each Cost Card. All the objections/observations should invariably be entered in the 'Audit Progress Register' maintained for each section i.e. Labour, Material, costing separately and their clearance should be watched through the 'Register' which should be submitted to the A.O. once in a month.

(ii) When an alternative material is actually used, estimated cost as exhibited in the cost card should be repriced so that it will reflect the cost of materials actually used in the manufacture. In cases where a alternative materials used are more expensive than the normal ones, it is open to the AO, to enquire into the same and if the reasons as given by the management are not satisfactory the extra expenditure should be placed under objection for regularisation.

(iii) As NRMs are to be issued in these cases and NRM's where the financial effect upto ₹10,000 are sanctioned by JWM of Rates and Estimates Section, the review by A.O. will be done in selected cases which call for remedial action. The financial effect is determined on the basis of difference in the value between the standard material normally used as per estimate and the alternative materials utilised. For purposes of arriving at the financial effect of NRM and non-recurring alternative material forms, a list of commonly required materials with current rates should be prepared by the Rates and Estimates Section of the Factory in consultation with the Accounts Officer. The latter should intimate the changes in the rates of material at the beginning of every quarter to 'enable the factory to up-date their rate lists.

(iv) To facilitate ascertainment of the expenditure against NRMs, NRRs and Replacement warrants the fifth digit of the Warrant (which consists of 5 digits) will indicate the control numbers for NRRs, NMRs etc.

Thus '1' is for NRRs
'2' is for NRMs
and '3' is for replacement Warrants.

(v) The period of retention of cost cards is two years from the date of closing of cost cards. It should be ensured that the details of all expenditure recorded against a warrant should be available when the warrant is finally closed no matter how long the warrant is running i.e. the cost card relating to semi warrants of previous years should be available.

Concurrent Review of Production cost and Production activities

635. Concurrent review of cost as and when they are compiled is necessary to bring out significant Variation in costs properly and promptly to the notice of the factory management, so that remedial measures may be taken in time. This review enables the Accounts Officer to have a clear picture from the cost accounting point of view of the overall activity of the factory and he should be able to spot out any abnormal features revealed in the Production costs in the Store Accounts or in the utilisation of Labour.

636. Normally warrants where the estimated cost is ₹ 5 lakhs or more should be selected. AOs are free to fix a lower limit depending on the production activity of the factory. In addition warrants for production of the items which are very important and sensitive in nature are to be selected even though the estimated cost may not be ₹ 5 lakhs or more. The selection will be made by scrutinising the Material abstract relating to each of the month and picking out warrants where the expenditure has been heaviest. Having selected the warrants, the

relevant cost cards and the production ledger cards pertaining to these warrants are segregated. The 'postings and related documents are scrutinised to see:

(i) The progress of expenditure against these warrants.
(ii) The Progress of issues as against quantity manufactured.
(iii) Quantity of rejections and significant variations in cost as compared to estimates.
(iv) Discrepancies in pricing etc.

637. The object of the review is to spot out:

(i) Heavy rejections.
(ii) Delay in documentation such as delay in preparation of Demand Notes in some cases, Return Note in many cases.
(iii) Considerable delay in inspection leading to accumulation of items.
(iv) Delay in either issue or preparation of 'P' issue vouchers.
(v) Non-closure of warrants even when production is complete or almost completed.
(vi) Cases of substantial variation between actual and estimates as revealed by the expenditure recorded even when a warrant is running.
(vii) Cases where, expenditure on tools have not been properly recorded/allocated.

638. Detailed analysis of these warrants is incorporated in a quarterly report called 'Concurrent Review of Production cost and Activities' and is sent to the PR Section of the office of the Principal Controller of Accounts (Factories) by 30th of the month following the quarter. The proforma for the rendition of the reports are :

PART-I

Sl. No.	Work Order number	Warrant number	Date of issues of warrants	Particulars of stores	Quantity ordered	Qty. completed	Qty. issued	Estimated values of the warrant	Estimated values of the quantity completed	Total expenditure booked including opening semi	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

PART-II

Sl. No. of Part I of the report	Particulars of the stores	Quantity completed	Quantity rejected	Quantity issued	Estimated values of the completed quantities	value of the quantity issued (for 70 series only)	Total expenditure booked	Detailed reasons for variation between estimated and actual costs. Comments on non - documentation delay in closure of warrants etc.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

639. Copy of the part of the report, containing the details of warrant number, estimated cost, actual expenditure etc. is sent simultaneously to the management indicating inter-alia the salient/abnormal features revealed for their comment. The points taken up are indicated in Part II of the Report for information of Main Office. To achieve the objective of highlighting abnormal /irregular features in the progress of manufacture to the notice of management for corrective action in times, it is necessary for the AO to consult the original documents, analyze the cost closely and critically for detecting abnormalities/irregularities like belated documentation, advance labour payments before drawal of material, overdrawal of material, loose estimation, non-closure of warrants within the stipulated period even when production is completed. A certificate that such scrutiny has been carried out is required to be furnished along with the report.

640. Part I and Part II of the report are divided into two parts:-

Part IA. New warrants taken up for review for the first time

IB- Warrants shown in the previous reports and carried forward. Once an item is incorporated in Part I of the report the same should continue to be shown till the Cost Card is closed and irregularities/abnormalities, if any, are finally settled. Similarly, detailed reasons for variation etc. should be indicated in Part IIA and IIB of the review in respect of the items included in Part IA and IB, respectively.

641. Blank

642. In analysing the reasons for variation between 'Actual' and 'Estimated' costs, vague remarks like under drawal of materials. bulk drawal of materials, fluctuation in ledger rate/overhead percentages which are obvious should be avoided. The cost data should be analysed on the basis of primary documents available in the Accounts Office. Only when abnormalities are found, factory should be addressed.

Comparative study of costs

643. These are two categories:

(i) Comparison of cost of manufacture between one factory and another factory for items of common production.

(ii) Comparison between Ordnance Factory cost and Trade prices when stores are being procured from both the source.

Item (i) A Register is to be maintained to record separately the items classified under three sections given below:

(a) For common items of production between two or more factories.

(b) For components/stores simultaneously received from out of the manufacture of more than one factory and being assembled in the factory.

(c) Components manufactured in own factory production as well as obtained from different factories.

Up to-date element-wise costs are obtained from the concerned factories in respect of all the three cases mentioned above. Cost detailed is to be obtained at an interval of six months. If actuals are not available the estimated costs are to be obtained. Initiative for items (b) and (c) should be taken by the Accounts Office of the factory finally assembling the stores. Details are noted in the register maintained in the following proforma

PROFORMA

Comparison of cost of manufacture between one factory and another for items of commonproduction
Name of Component/Store
Required for work order

	Cost of..... Fy.			Cost of..... Fy.		
Year	Labour	Material	Expense	VOH	FOH	Total
1st quarter actual/ estimate						
2nd quarter actual/ estimate						
Total						

Result of review in respect of item i(a) and i(b) & i(c) with GM's remarks will be included in the Concurrent Review Report. For item i(b) and i(c) the financial advice will be given about off-loading of the store from the costlier factory to the cheaper one or to own factory depending on availability of capacity, scope for cost reduction etc.

Item (ii) falls under two categories:
(a) for items procured from other factories as well as from trade.
(b) for item procured simultaneously from trade and from own factory production.

644. Accounts Officer of the consignee factory should promptly intimate the trade prices of such items to the AO of the consignor Factories, if the trade price is lower than the Consignor's cost of production as vouchered. The Accounts Officer of the consignor factory will investigate the causes and bring it to the notice of the management for reducing the cost. As cost analysis of trade price is not available, broad assumptions have to be made taking into account the fact that sales price includes selling and distribution costs and profits. If trade prices are higher, advice should be rendered so that management can negotiate for lower prices or restrict the order to the minimum.

645. The study of the economics of each proposal has to be done intelligently and not on a routine basis. Petty cases should be ignored. Controversies should be sorted out by personal discussion with the respective G.M. of OFs and OEFs. No hindrance to production should be caused by withholding concurrence particularly in the case of emergency purchase. At the same time it should be ensured that the financial interest of Govt. is safeguarded.

Except system

646. The production of an item may be turned and completed in one section or may be partly done in different sections and completed in another. In such cases the normal procedure of compilation of costs will be computation of cost against section/sections concerned with reference to the markings of original documents viz. Demand Notes, Return Notes, Day/Piece work cards etc. with Section(s) code numbers and postings accordingly in the warrants. The actual expenditure in the relevant cost card is posted showing section number as tabulated in various abstracts showing the expenditure. Items are also manufactured for stock in the case of known demands and omnibus orders.

647. But in case of items comprising many components, which are of peculiar in certain factories due to main items of production therein being so composed, the above procedure is not suitable either for building up the stock or for meeting demands. Each kind of component is turned out independently and finally assembled. Instead of taking the finished component to stock as complete and subsequent drawal to assembly work order, the components are kept on production charge.

648. The work orders for components are in 40 series and the components are held on production charge as finished components till they are drawn for assembly in the main out-turn work order. This being an exception to the general procedure of manufacturing the components on stock series work orders and drawal from stock in the main (assembly) work order or as a stage process of production of the completed item against the main work order is called 'except system'. The orders for manufacture of components are called 'Except orders' and the components are known as 'except components. As illustrated in para above, it may be state that in Ammunition Factory Kirkee, certain components, which are required in bulk for consumption on assembly work orders for which regular and continuous demand exists, are manufactured on separate work orders under '40' series of the Part II of Syllabus of Work Orders, for each components. The authority (viz. extract) for issue of warrants on 40 series of Work Order is the same as that for regular out-turn order. The system is in vogue at Ammunition Factory, Kirkee, Ordnance Factory Khamaria, Rifle Factory Ishapore, Ordnance Factory Trichurapalli, Ordnance Factory, Varangaon, HV, Fy. Avadi.

Detailed procedure

649. The finished components instead of being utilised directly on the assembly work orders or being taken on regular stock charge are sent to a component stores where they remain on production charge. A separate production card is maintained for each of the component. The receipts in the Production 'card is posted, as usual, from the Inspection Notes IAFO-1937 (Departmental advice notes) and thereafter drawal and return of components to and from the assembly work orders are accounted through Red Demand Notes IAFO-1895 and Red return Notes IAFO-1895A specially adopted for this purpose. The Red Demand and Red Return Notes are initially priced at the actuals of previous year actuals or at estimated rates, in the absence of actuals and adjustments to Red Demand and Red Return Notes, if any, are passed after closing of cost card of 40 series.

650. A separate abstract called 'Component Abstract' is prepared on system from Red Demand/Return Notes. The total value of the components thus debited to the various Work Orders is credited in lump to an omnibus Work Order 40/00000/00 in the tabulation under class of cost 23.

651. The cost of the components that appear in the cost card of the assembly warrants are as departmental material under class of cost 22 and the cost of assembly only is exhibited there, under each element of cost. As a result, the detailed cost of the finished product is not reflected exactly under each element of cost in the cost card. Therefore, in order to find the detailed cost of the end product under each element of cost, the value the components appearing in the class of cost 22 is ignored and the unit assembly cost; analysed under each element is taken over to a cost statement prepared for this purpose. The cost of the components appearing in the cost card under class of cost 22 is analysed under each element of cost with reference to average actual cost for the component for the half year or for the year as the case may be. Where this is not possible in respect of any particular components, standard estimates may be used as the basis for split up of the component cost. The element wise cost of the components is then taken in the above cost statement and added to the unit assembly cost. The total thus arrived at represents the detailed cost of the finished product. In ignoring the cost of the departmental material, the cost of production will not be affected in any way, as the assembly cost as well as the cost of component appears all individually and element-wise in the master card tabulations. Inflation in cost is not therefore possible in the above system.

652. The unused components in the component store at the end of the year will represent finished but unissued production, on the component work order concerned. Components not used by the Sections in a year are shown as semi manufacture at the end of the year against the assembly work order on which they were drawn.

Note : In some factories e.g. Vehicle Factory, Jabalpur the component abstract instead of being tabulated mechanically is prepared manually in a register. As it is compiled manually, more information is

embodied therein for convenience.

In case of this factory, as the components are manufactured against the series under which end products are manufactured the necessity for crediting the total value of components in the lump sum to any omnibus work order to avoid inflation in accounts does not arise.

653. There is another system which is known as 'Priced Production Ledger', system Under this system material and components manufactured in the factory for further utilisation in production of that factory will not be transferred to stock but will be retained under production charge on priced production ledger. Work order serial 41 will be operated for manufacture of such components and components stock voucher will be prepared for posting in priced production ledger. These components will be drawn for utilisation on concerned out-turn orders on Demand Notes with distinctive colour and code Number so as to differentiate them from ordinary Demand Notes. Return Notes, where necessary will also be prepared separately. Demand/Return Notes will be accounted for by Accounts Office separately and Accounts Office will afford credit in accounts with identical value of such Demand Notes less Return Notes under 41 series in order to avoid inflation in accounts. Priced Production ledger will be maintained on Store Ledger sheets by Accounts Office. Bin Cards and Tally Cards will be maintained as usual by the factory. Materials and components held under Priced Production Ledger are subject to usual stock verification. Adjustments on account of surplus or deficiencies found in stock-taking will be made against work orders:-

01/00131 and 01/00030/00 respectively of the Syllabus of Work Order Part I

654. There are certain factories like Rifle Factory, Ishapore and Ammunition Factory, Kirkee where both the 'Except System' and 'Priced Production Ledger' system are in vogue.

Visit to Shops by Accounts Officer

655. As a local Financial Adviser to the General Manager and cost-cum-management Accountant of the Factory, Branch AO-in-charge is expected to have some first hand knowledge of the performance in the important production shops/sections for an on the spot study there. With this aim in view, the Accounts Officer should frequently visit the Production shops/sections where more important items of production are manufactured to make himself familiar with the process of manufacture machine utilisation, bottle, necks in production, if any, etc. While attention should be focused mainly on the important/sensitive items of production, it is also desirable that Accounts Officer should visit other shops as well to get himself acquainted with the actual performance of production effort of the factory as a whole.

656. Such visits to the shops are all the more necessary for the following reasons:-

(a) Accounts Officers are frequently required to comment on the comparative cost of manufacture between one factory and another and between Factories cost and Trade price. This can be done only when Accounts Officer understands the technique of Manufacture, the difference in practice between the Trade and Ordnance Factories and critically examine the process of manufacture and discuss the matter with the management.

(b) Veracity of the estimates can also be examined by an on-the-spot study of the actual utilisation of labour/material.

(c) It will be possible for the Accounts Officer to ascertain the accumulations of work-in progress and the reasons thereof. He can render suitable advice for speedy completion of warrants and early liquidation of the work in progress. Accounts Officer can also examine on the spot why certain warrants are lying outstanding in the semi stage and if it is due to shortage of materials/ components, reasons therefore should be investigated to see whether timely provisioning action was taken and if necessary, it would be more prudent he may take up the matter in advance with the AO of the Feeder Factory in case the warrants are outstanding for non-supply

of components from there. Besides making routine correspondence with the management for clearance of the outstanding warrants/ work-in-progress, Accounts Officer should also scrutinise on the spot the exact difficulties experienced by the shops in completing the warrants, discuss matter with the shop foreman and other supervisory staff and where necessary, render suitable advice to short close the warrants etc.

(d) Irregular flow of documents and belated documentation are some of the inherent problems in the factory. Accounts Officers can improve the position by his frequent visit to the shop by persuading the management at the shop level to prepare the document in time and send them in an even flow.

(e) The budget of variable overhead charges is framed for each shop by the shop budget committee and finalised by the Central Budget Committee. The success of the budgeting depends on how realistically the programme of production and variable charges are assessed. Accounts Officers visit to the shop will help him to know the trend of production and with reference to that he can scrutinise how far the programme of production assessed for a quarter in respect of a particular shop is realistic and can be achieved with available facilities.

657 . The above reasons are not comprehensive but are highly indicative of the need for frequent visit to the shop by the Accounts Officer. Personal contact with Managers and JWM of shops cannot be entirely replaced by Reports and Returns. Cost control involves people, planning, co-ordination, motivation and communication which can be improved by maintaining personal contact. Further more, the cost control should be exercised at the point at which costs are incurred. Frequent visits to the shop will help Accounts Officers to know as to how far such controls are affected by the management. The effectiveness of the Accounts Organisation depend on how far the Accounts Officers are effective as the field representative of the PC of A (Fys) Kolkata.

658. It should, however, be ensured that Accounts Officer visit to the shop does not in anyway hamper the production activities there. Accounts Officer should conduct the study tactfully in the shops in close consultation and co-operation of the factory staff, impressing upon them that the visit is to gather knowledge, for better appreciation of their difficulties and for rendering suitable advice and not for raising any objection.

659. These frequent visits should also help Accounts Officer to appreciate the financial implication as and when there is any change in process or variation in the quantum of production. While Accounts Officers may not raise any objection/observation based purely on the facts/information gathered or the conclusion drawn by such visits to shops, he should however invariably examine as to what extent the details available in the document received from the Factory Management for the particular shop are in conformity with such facts/information etc. gathered during the visit to the shop. If the information gathered by the Accounts Officer is at variance with the facts revealed there in, the documents available with him he should try to arrive at the correct factual position by calling for details or clarification from the management. What is required to be borne in mind is that the facts he gather and conclusion he draws by his visits to the shop should be verified as correct before he takes any further necessary action including discussion in the monthly liaisons meeting with the General Manager. The items discussed will include progress of production against targets, inventory levels, undue accumulations of semi, progress of expenditure against budgeted, heavy rejections, high incidence of N.R.Rs/N.R.Ms, cases of uninstalled machinery, internal administrative difficulties of Accounts Office etc. Such meetings will help the Accounts Officer in quickly ascertaining the views of the General Manager on important issues.

Cost Analysis and Cost Presentation

660. Many items of production in the factories are of the assembly type where the finished store consists of a number of components. The cost of such components is included under the element 'Material' in the compiled cost for the final completed one. Accordingly, if the cost of the finished stores reported analytically from cost cards under elements of labour, material and overheads, the record element of Labour and overheads will represent as incurred for the finishing and assembly operations only.

661. Accordingly, where the component required the final store are manufactured in own Factory order to reveal the true elements of Labour, Material and Overheads expenditure incurred in the production of the items, the cost of such components is appearing as Material in the final store should analysed under the respective elements of cost that-the cost of the final store as reported, can reflect element-wise analysis for the components as well. The following points are to be noted in this connection: -

(i) This analysis will be confined to Principal items of production.

(ii) Only the principal factory-manufactured component will be analysed for the purpose of presentation of the final cost of the assembled product.

(iii) A list of principal items for which the analysis is to be carried out is intimated by OFB and the principal components requiring analysis will be noted against each item of the list with reference to the standard estimates.

(iv) The analysis will be incorporated in the reported cost for the final items in the half yearly statement of rates as well as the annual statement of principal items of production.

(v) The element wise analysis for components should be based on average actual cost for the component for the half-year or year as the case may be. Where this is not possible in respect of any particular component, standard estimates may be used as the basis for split up of component cost. The splitting up of the components into the different elements of cost should be in proportion to the same element in the actual cost or estimated cost as the case may be.

(vi) While reporting the cost for the finished items, suitable annotation should be given in the remarks column indicating the components as well as the basis of split up.

Planning and control of - Manufacture of Components

662. There should be proper planning and effective control over production/procurement of various components required for final assembly of products. In assembly line manufacture, final assembly of a product would remain incomplete due to non availability of even one or more of the components. This entails undue delay in completion of the warrant and in some cases loss to the state. Absence of proper planning and uncoordinated production also leads to heavy accumulation of components in some cases. The programme of production of components in the own factory or procurement of the components from sister factories against I.F.Ds should be so planned as to have a built up stock of components for three months requirement at least to ensure continuity of production and to avoid any hold up in the final assembly stage. For this purpose, it is necessary for the management (Planning and Progress Section) to make out a programme for the manufacture/procurement of the component based on their requirement with reference to the orders for the main stores on hand and take action for placing warrants in their own factory or IFD on the feeder factories well in advance to ensure regular flow of the components. It would also be necessary to conduct concurrent review of the progress of production of the parent warrant vis-à-vis progress of the production/procurement, of components relating to it, at least for the main item of production. It would also be required to be seen whether there is accumulation of some components due to increased/unmatched rate of production on the one hand and shortage of certain other components on the other hand-creating bottlenecks in the final assembly.

Study of production trends in Ordnance Factories

663. Factory Accounts Officers should maintain close watch so that cases of sizeable shortfall in production as well as considerable accumulation of factory manufactured store/components can be detected in time the reasons for shortfall/accumulations pin-pointed, the extent of extra expenditure including expenditure in foreign exchange from alternative sources determined. The consequences of shortfalls/accumulations like failure to maintain schedules of delivery, idle labour, idle machines, under absorption of overhead expenditure can also be highlighted through this process. The exercise need be confined to only important and costly items of end products and crucial components/sub-assemblies/IFDs etc. The exercise will require systematic

maintenance of certain records and rendering of certain reports as indicated below.

664. In order to facilitate the exercise, A.O. should keep them fully informed of the production programme of the end stores/important components and also equip themselves with list of critical components/sub assemblies required for the main product showing details as to the number required for each unit of the main product and the source of regular/alternative supply.

PROFORMA FOR OUTGOING IFD REGISTER

Name of the cost product for which the stores have been ordered..... Components Work Order Number of the end product.

Sl No.	No. & date of IFD	Name of Fy. on which placed	Nomenclature of the Store Components	Ordered Unit/ Quantity	Scheduled date(s) of delivery		Actual deliveries			Remarks
					Qty.	Date	Qty.	Date	Rt. Vr. No.	
										(This column may be used to note reasons for delay in delivery, details of suspension, short closure/ cancellation. In cases where procurement has to be made from other sources the details of such sources indicating indigenous or foreign as also the extra expenditure involved including extra expenditure in foreign exchange should also be indicated in the column.

Shortfalls

665. Shortfalls in production as exhibited in the output report or as ascertained from any other source should be examined critically and the causes and consequences should be ascertained. The causes may be broadly categorised as-

(i) non supply/short supply of critical components in matching quantities either from own factory production or from other factories on which IFDs have been placed.

(ii) shortage of raw materials/tools in cases of own factory products.

(iii) shortage of trained/qualified labour.

Proforma for Outgoing IFD Register

666. The main causes as above should be further analysed to see how far they were unavoidable and whether all possible steps were taken to prevent them. For example, cases of non supply/short supply of IFDs components can further be examined to see whether the correct delivery schedules were indicated in the relevant IFD or not, whether timely action was taken by management to obtain supply from alternative sources etc. Cases where procurement from alternative sources entails additional expenditure in home currency or expenditure in foreign currency such instances will have to be highlighted. Shortage of tools can be further analysed to find out whether lopsided planning for production of tools was the primary cause. Shortage of labour may be further analysed to see whether it was due to the required type of labour having not been recruited and trained in time or whether, if available, they were diverted to the production of other items. If later is the case, whether such diversion is justified on ground of high priority could also be looked into.

667. When the source of supply is to another factory, the AO of the factory responsible for issuing the main product will not only watch receipts of components through the outgoing IFD Register mentioned in para 666 but also liaise with the AO of the other factory, who in his turn will watch the flow of issue of components from his factory through the IFD Register (in coming).

Inspection Notes and Production Card

668. As and when the manufacture of articles is completed, they will be inspected by the Inspection Section or the Work Inspection Section as the case may be. The detail of articles inspected, quantity accepted and quantity rejected are shown in the Inspection Note or Departmental Advice Note (IAFO-1937), In the Ammunition Factory, Kirkee and Leather Factories this is called an 'O' voucher. This is used for all articles (including components) manufactured in a factory. One copy of the Inspection Note will be sent to the Accounts Office from which the quantity accepted is posted on the Receipt side and quantities rejected, if any, will also be posted under the column "Rejection" of the production Ledger Card [IAF (Fac) 39]. One production card should be opened for each item/warrant simultaneously with, the opening of the cost card, and columns of the cards filled in strictly in accordance with the heading provided in the cost cards. Extract numbers should be entered in the production card as soon as the relevant extract is received and any addition or alterations to the extract should also be noted therein. Issues are posted from the Production Issue Voucher. The pricing of Issue vouchers is done at the actual Cost of production as shown in the cost cards. In cases where the completed cost cards are not available in time, the vouchers will be priced provisionally at estimated rates and modified to the extent necessary with reference to any change brought to light. The vouchers in respect of, leather and other items of manufacture for stock the production cost of which cannot be ascertained till the end of the year will be priced at pre-determined standard production rates. These rates will be fixed in consultation with the General Manager of the factory in the beginning of the year taking into account the past actuals, anticipated fluctuations during the year, estimated fixed and variable overhead charges, and keeping in view of any change in the method of manufacture and appreciable and definite changes in price levels of labour or raw materials used. The difference between the standard and actual production cost will be included in the 'Profit or loss' in the Annual Accounts.

669. The issue vouchers will be priced at the prescribed rates as indicated in the next para and the values are also posted in the production cards. At the end of the year the production cards should be balanced and any balance not issued during the year will be checked with a statement of 'finished but un-issued stores' received from the factory, as on 1st March of each year. Accumulation of end products should be examined with reference to Production Ledger Cards. The prospects of utilization of accumulated components in future production or their disposal otherwise, should be enquired into and the views of the management obtained. If there is hold up in production by way of suspension, cancellation/short closure of extracts, it should be looked into and reasons brought out clearly.

In respect of accumulation of finished products the causes indicated in the factory's output report should be checked with reference to whatever records are available in Accounts Office. If accumulation represents production in previous year, views of the management regarding prospects of clearing them and/or the possibility of loss on account of deterioration should be obtained and indicated.

Note 1-In some factories, the receipt on the production cards are posted from vouchers prepared monthly by the factory on IAFZ-2096 from Inspection Notes etc. The quantities shown on the vouchers are checked with the quantities as paid for in the Corresponding manufacture warrants by the labour/Costing Section before they are posted in the production card.

Note 2-In the case of Clothing Factory, Shahjahanpur, Ordnance Parachute Factory, Kanpur and Clothing Factory, Avadi, the production cards will be posted from the details shown in the summary of Inspection Notes and 'Statements showing Garments finally passed in inspection' respectively after these documents are duly checked with relevant Inspection Notes i.e. a summary of total number of Garments paid for under each work order on all benches will be made out from the Preliminary Labour Abstract made out specially for these factories. These will be checked with those shown in relevant Inspection Notes.

Pricing of Issues from Production

670. Production vouchers for stores issued will be sent by the respective Ordnance factory to the Accounts Officer (Costing) of LAO for Pricing which should be done as follows after carrying out following checks:

(i) The Inspection Note is signed by the Inspection authority authorized to sign

(ii) Issue voucher should contain dispatch details

(III) It may be verified from relevant data in online or offline that the production actually took place by verifying drawal of material and booking of labour.

1. Issues to Army

Issue vouchers will be priced with reference to Ordnance Factory Board Firm Price List and straightway debited to relevant Service Head. Para 455(A) also may be referred to.

2. Issues to other factories

(a) These should be priced at actual cost of Production as shown in the cost cards. When actual costs were not available, issue vouchers should be priced at the estimated rates. Issues to other factories where rate has been fixed by OFB,Kolkata the same rate should be adopted for pricing issues to other Ordnance factories & Ordnance Equipment Factories.

(b) It was decided to discontinue the system of Inter Factory Adjustment of costs in respect of issues from production of one Ordnance/Ordnance Equipment Factory to another from 1-4-78. The difference between the actual costs of inter-factory issues and the corresponding estimated cost as advised to the consignee Ordnance Factory should be retained in the books of the consignor Ordnance Factory. The difference plus or minus as the case may be at the consignors end should be aggregated through a Variance Account maintained by the consignors factory for the year and for the factory as a whole. At the end of the financial year, the balance remaining in the Variance Account should be exhibited as a net figure in the Finished Stock Account of the Consignor Factory as debit item 4B or credit items 7B of the Finished Stock Account.

(c) In view of the radical nature of the change and corresponding increase in the responsibility for correct pricing of issue vouchers from feeder Factories it is necessary that :-

(i) Standard Estimates are re-priced at regular intervals.

(ii) GMs of OF&OEF are to notify promptly all revisions to estimates.

(iii) The pricing of inter-Factory production vouchers valued at ₹ 5 lakhs and above should be signed by the concerned Accounts Officer of Br.AO, who will ensure that estimate adopted are prima facie correct and up-dated.

Note- The cost cards for the above orders should show the full cost inclusive of full fixed charges, as in the case of other out turn orders, irrespective of the rate at which recovery may have to be made. The difference between the actual cost with full fixed charges and the amount recovered will be exhibited as profit or loss, as the case may be, in the 'Finished Stock Account'. But the irrecoverable amount of the recoverable cost and not the actual cost with full fixed charges will be treated as cash loss to be written off by the CFA.

(d) The variance are collected through a Register showing difference on account of Inter-Factory issue value and actual cost given below.

Object: To record difference between the actual cost of Inter-Factory issues and the corresponding estimated cost as advised to the consignee factory. The register is maintained in the following proforma :-

Description of the article and catalogue/number			
Warrant No. and Date	Total value of 'P' issue vouchers charged at Estimated rate, during the year against the warrant	Actual cost	Difference
(1)	(2)	(3)	(4)

Total.....
Net Difference.....

The Register will be submitted to the Accounts Officer (Costing) by the 10th of each month for review

The procedure for scheduling of the priced copies of vouchers and transmission of the monthly D. lists is the same as that for 'issue from stock of factory' as outlined at Para 455(D) of Chapter VI on 'Material Accounting'.

3. Issue to own Factory Stock

The issues are valued at actual cost of production as shown in the cost cards. In cases where the completed costs are not available in time, the vouchers will be provisionally priced at estimated rates noted in the cost cards and adjusted subsequently with reference to actual cost.

4. Issues to Capital

Issues to Capital will be priced at actual cost of production. The issue vouchers for capital services will be allotted capital series Numbers (B or M). It should be seen that the register number allotted to the assets are quoted by the factories on these vouchers.

5.(A) Issues vouchers for Indian Navy, Indian Air Force will be priced with reference to rate fixed by OFB Kolkata and straight away debited to relevant service heads. For issues to other Defence Depts. Issue vouchers will be priced with reference to Issue Prices and straight away debited to relevant heads of Accounts.

Issue vouchers will be priced with reference to actual cost of production and straightway debited to relevant service Heads like issues to Army.

5.(B) Issues to Military Engineering Services (MES)

Issue Vouchers will be priced with reference to actual cost of production. For Accounting of transaction, Note below Para 455(A) to be referred.

Note- When, however, materials are supplied by the Indentors, the assessment of the charges will be as above together with 2% on the value of material supplied by the Indenters.

(C) Work done by OF&OEF for their own schools or hostels for Apprentices, all Staff club and recognized welfare measures (such as Canteens, etc.) in their corporate capacity and private work done for individual members of the permanent Staff of the factories and Allied establishments will be valued on the following basis:

(a) Direct Labour Plus (b) Direct Materials Plus (c) Variable indirect charges of the various sections through which the work would pass (calculated at the latest estimated rate) and plus (d) 5 per cent of the sum of (a), (b) and (c).

When, however, materials are supplied by the customers the assessment of the charge will be as above together with 2 per cent of the value of materials supplied by customers

(D) Work done for Government servant other than individual members of the permanent staff of the factories and allied establishments and also in exceptional cases for private individuals and firms :-

Charges will be recovered at actual manufacturing cost, packing and freight charges actually incurred being levied in addition. When, however, materials are supplied by customer, the assessment of the charges will be as above together with 2 per cent on the value of materials supplied by customers.

(E) Payment Orders from other Government Department both Central and State, Semi-Government and Public bodies such as Municipalities, Local Boards, Educational Institutions etc.-These are priced at quotation rates fixed by the GM/OFB/Ministry of Defence as per Government orders on the subject.

Note 1-A Register of quotations in respect of payment issues will be maintained in the Accounts Office.
Note 2-A Register of payment services will be maintained in the Accounts Office to watch the recovery of stores issued on payment.

Schedule of 'P' Vouchers

671. All production vouchers ('P' vouchers) will be posted in a schedule as they are received and priced. This schedule will contain all the 'P' Vouchers received in month serially and the amounts will be entered in separate columns which will be opened for the various classifications and also in the total columns. The monthly total will thus give the value of issues to various Factories, Inspectorates, R&D Establishment, MES, Own Factory stock and Army etc. A summary of vouchers not received/not accounted for during the month will also be given at the end of the posting after reconciling with the list of 'P' Vouchers cancelled, treated as blank etc. furnished by the Factory Management by the 2nd working day of the following month. Prompt action to account for these vouchers should be taken. The schedule of 'P' Voucher, maintained in form IAF (Fac-36) duly completed should be submitted to the Accounts Officer by the 15th of each month. The schedules of 'P' Voucher is required to be maintained in the same way as the Schedule of 'S' Vouchers and the percentage checks prescribed on the same as for 'S' Series Vouchers. List of unaccounted vouchers should be shown at the time of closing the schedule for any month.

Manufacturing Account Statement 'A'

672.(A) A statement of services known as Manufacturing Accounts Statement 'A' showing the value of issues under different heads is to be completed by the 20th of the month following that to which it relates, for the purpose of posting in the Principal Ledger. This account will be compiled in IAF (Fac)-116 from the original vouchers independently and agreed with the schedule of 'P' Vouchers. As no vouchers are prepared in respect of the following work order, the expenditure incurred thereon should be compiled from the respective cost cards:-

Repairs	Work Orders
05/00001/00	Minor repairs (costing ₹10,000 and under)
05/00002/00	Re-forming, re-sizing QF fired cases.
05/00003/00	Major conversions, repacking, or breaking up of stores received from units and Arsenals (costing above ₹ 10,000).
05/00004/00	Minor conversions, repacking or breaking up of stores received from units and Arsenal (costing under ₹ 10,000).
5/00005/00	Major Repairs (costing more than ₹ 10,000).
5/00006/00	Reforming, re-sizing clips Q.F. Cartridges

Manufacturing Account Statement 'B'

672.(B) Another statement known as Manufacturing Accounts Statement-"B showing miscellaneous receipts such as recovery of licence fees, sale of stores not held on stock charge etc. is to be prepared by the 20th of the month following that to which it relates for the purpose of posting in the Principal Ledger. This account is to be prepared with supporting schedules in IAF (Fac)-120.

The supporting schedule 1 to 4 is to be prepared as follows:

Schedule 1 [IAF (Fac)-120A]

(i) This statement relates to cost of electricity, water, licence fees recoverable, recovered and outstanding. The outstanding at the beginning of the month should be brought forward from the schedule of the previous month. The amount recoverable during the month is to be posted from details of licence fee bills for the month. Amount recovered and adjusted is to be posted from details of recovery such as treasury receipts, pay bills etc. This amount is also to be reconciled with the figures appearing in Cash Compilation. The difference between the total amount recoverable and the amount recovered and adjusted will represent the balance outstanding at the end of the month.

Schedule 2 [IAF (Fac)-120B]

(ii) This statement relates to free issue of Electricity, water and licence fee. Figures of Electricity and water are to be collected from details of statement of Electricity and water consumed as furnished by the General Manager and details of licence fee from the Rent Assessment Ledger.

Schedule 3 and 4 [IAF (Fac)-126]

(iii) This statement relates to sale of stores not borne on stock charge/miscellaneous receipts. This statement is to be prepared from the relevant details of recovery with reference to treasury receipts, pay bills etc. This type of miscellaneous receipt will occur from sale proceeds of grass, cost of staff pass and brass tickets etc. The amount so compiled is to be reconciled with the amount appearing on this account in the Cash Compilation.

At the end of the year, the monthly account is to be consolidated in order to reconcile the total of the ledger posting with the figures of the consolidated account.

Packing of Ordnance Depot Stores

673. Packing receipt and issue. To cover packing charges for articles issue to formations under the control of.

Cost of Packing	Work Orders
06/00007/00	D.O.S.
06/00008,/00	D of A
06/00009/00	Cartridges S.A. Ball 303" MK-VII Charger packed
06/00010/00	Bundle packed
06/00011/00	Cartridge S.A. Ball 303" MK-VII in cartons
06/00012/00	Cartridge S.A. Ball 303" MK-VII stripless

674. BLANK
675. BLANK
676. BLANK
677. BLANK
678. BLANK

Abnormal Rejections in Manufacture

679. i) For the purpose of ensuring effective cost control and cost comparison, the cost of any abnormal rejection in manufacture is treated as an item not chargeable to the normal cost of production of an article and is, therefore, shown as a separate item in the Production Account.

(ii) Except for petty or adhoc orders which are undertaken on SWODs and for which no standard estimates are prepared, normal rejection inherent in the manufacture of an article should always be included in the estimate for the manufacture and all rejections beyond the percentage provided for in the estimate should be regarded as avoidable and written of on loss statement after necessary investigation. There will be two rejection percentages-one showing the normal rejection and the other, the maximum beyond which the rejections should be treated as abnormal. For the powers delegated to GM's of the respective OF&OEF and the OFB/DGOF, Kolkata for regularization of all such losses refer Para 680(A) & (B).

(iii) The regularization of abnormal rejection beyond maximum ceiling by loss statement should be related to a period which covers a reasonable volume of production. The period should normally be 3 months for short cycle products and 6 months for long cycled ones.

(iv) The cost of rejection upto the maximum percentage as authorized in the standard estimate will be included in the cost of production and that beyond the maximum percentage provided in the estimate shall be excluded from production account and regularized as loss, cases of avoidable rejections have been broadly categorized into three types as follows :-

(a) Where an item involved manufacture of various components and assembly and the estimates provide different percentage of allowance for rejection for different components and one manufacture warrant is issued to cover complete production of batch, avoidable losses should be determined component wise, and the total amount for the warrant regularized on one loss statement.

(b) Production consists of Casting or Forging and Machining thereof and the estimates provide for rejection allowance at casting/forging stage and the machining stage. In cases where independent warrants for casting/forging and machining are being issued, the losses will be dealt with independently without linking the warrants viz. casting/forging losses will be separate and the machining losses will be separate and will be regularized if they exceed the allowable percentage in such cases. In case only one warrant is issued, the case for loss will arise only if the overall rejection exceeds the allowance percentage for the quantity processed in a batch e.g. if the overall allowable rejection percentage is 16 at casting stage and 12 at machining stage, there will be a case for regularization only if the rejection exceed 28% of the quantity processed in a batch.

(c) Production of a component is planned stage wise, there being a separate warrant for each stage. In such cases not only the various warrants for a particular stage but all stages for a particular component shall be combined for practical convenience. Where production is in big quantities, 6 months may be considered as period for grouping and reckoning the loss, but if the production is small, loss shall be determined for the year as a whole. The Ordnance Factory Board will decide the period of grouping.

(d) There will generally be a large number of warrants, at the end of each financial year, where only a part of the quantity ordered on the warrant is completed. For the purpose of production accounts, the cost of completed quantity of each such warrant will be worked out by including the cost of actual rejections upto the quantity at the maximum prescribed percentage of unavoidable rejections, if any, merged with the work in progress (un-finished semi) and carried over to the next year.

On such part completed warrants, regularization action, if any, will be progressed separately.

(e) A review of the cases where actual rejections have been found to be lower than that provided for in the estimates should be carried out from time to time to refix the minimum percentage on a realistic basis, and as with improvement in production technique rejection become lower, provision in the estimates for rejection should be suitably reduced where warranted.

(f) For purpose of regularization of losses on adhoc orders for which no estimate exist, the normal rule as provided for in F.R. Part I will be followed. If the loss is categorized as unavoidable, the certificate of unavoidability of rejection loss in manufacture under Rule 169 FR Part I will however be issued by O.F.B.

(g) All avoidable rejection losses requiring regularization will be categorized as store losses. The consolidated figure of such losses formally written off should be reflected in the Appropriation Account for the year.

(h) Each case of loss due to rejection beyond unavoidable rejection percentage will be examined on its merit and categorized as due to theft, fraud or neglect or not due to theft, fraud or neglect in accordance with the procedure laid down in Rule 162 FR Part I.

(i) The delegation of financial powers for regularization of abnormal losses as prescribed vide part (ii) above should be viewed as supplementary to the financial powers of various authorities, as prescribed in Rule 162 FR Pt. I and wherever the value of the avoidable loss to be written off by such competent authority irrespective of the actual percentage of rejections.

679A. Calculation of rejection percentage in production process and assessment of percentage and value of rejection (Production Loss Statement) is detailed below:

(i) The process means the quantity processed for manufacture of product irrespective of ordered quantity. The total process quantity is ordered quantity plus normal rejection plus abnormal rejection (if any).

(ii) As per OFB Circular No. 278/SRB/OSW /P(c)/99 dated 03-03-1999, it was clearly mentioned that shop is authorized to draw only upto quantity of finished item for which warrant is issued. If any rejection occurs during the production process, the required quantity of material to replenish such rejected quantity can be drawn on the basis of a certificate obtained from quality control section.

(iii) To avoid confusion only processed quantity is considered in the present guideline.

II) METHODOLOGY FOR CALCULATION OF ABNORMAL REJECTION

The following methodology may be adopted for calculation of Beyond Normal Rejection (BNR) value.

1. The Warrant quantity will be sum of order quantity and process wastage like proof requirement, destructive testing requirement etc. because the components use for proof and destructive testing are also good output.

2. Sub-Warrant are to be issued as per actual rejection quantity. The issue of sub-warrant to cover up quantity rejected or quantity ordered is restricted to maximum “ONE TIME” during the period of one Financial year. Beyond that the warrant should be short closed and fresh warrant will be issued for further drawal of Labour and Material.

3. Rejection percentage should be calculated for combined quantity of rejection for main and sub warrants over processed quantity. Calculation of avoidable rejection percentage will be done by deducting UAR% from total

rejection%.

4. The unit value of avoidable rejection loss will be calculated on prorata basis i.e. total value of expenditure incurred during the process (less) value of scrap recovery (due to normal loss), if any, divided by total input units processed (including proof quantity (less) unavoidable loss (normal loss) units. Total cost of avoidable loss will be the unit cost of avoidable loss multiplied by avoidable rejection quantity.

5. Net loss to be regularized will be worked out by deducting scrap value of BNR quantity from the total value of avoidable loss.

6. The Material and Labour Estimates will be revised based on the above methodology.

680. Cases of avoidable rejections need not necessarily be categorized as 'due to theft, fraud or neglect'. Each case will need to be examined depending on its merit and categorized as due to theft, fraud or neglect' or 'not due to theft, fraud or neglect' in accordance with the procedure laid down in Para 161 FR Part I. Once the categorization is made in the normal manner, rejection losses may be written off by the competent financial authority as indicated below :-

A. Rejection losses not due to theft, fraud or neglect

1. **General Manager:**
   Upto an additional 50 % of unavoidable rejection percentage catered in the standard estimates subject to:
   a. ₹ 10 lakhs where there is no negligence.
   b. ₹ 2 lakhs where there is negligence.

2. **DDG/ Operative Division:**
   Upto an additional 75 % of unavoidable rejection percentage catered in the standard estimates subject to:
   a. ₹ 25 lakhs where there is no negligence.
   b. ₹ 10 lakhs where there is negligence.
3. **Ordnance Factory Board:**
   Upto an additional 100 % of unavoidable rejection percentage catered in the standard estimates subject to:
   a. ₹ 50 lakhs where there is no negligence.
   b. ₹ 20 lakhs where there is negligence.

All the above with the concurrence of LAO.
All other cases will require the sanction of the Govt. of India.

Note 1- The delegation is subject to the condition that reason for irrecoverable losses and unavoidable losses due to rejection are to be fully investigated and placed on record and that remedial action taken to prevent recurrence and to reduce unavoidable rejection in manufacture in future should also be placed on record. All other cases will warrant the sanction/approval of the Govt. of India.

Note 2 – While the GMs/OFB will be competent to regularize all avoidable rejections with the percentage limits fixed irrespective of the monetary value, in cases where the percentage exceed these limits but the amount of loss remains within the financial powers of the GM/OFB for write off of store losses under Rule 161 FR Part I, the same will be written off by the Authority under whose competency the amount falls.

Process Cost Statements

681. Broad details of the principles involved in "Process Costing" have been outlined at Para 62 of Chapter IV.

"Process Costing" is followed in the three Chemical Factories viz. Cordite Factory, Aruvankadu, High Explosives Factory, Kirkee and Ordnance Factory, Bhandara.

Process Cost Accounting-Cordite Factory, Aruvankadu

682. The Cordite Factory, Arunankadu is engaged in the manufacture of various types of propellants needed for use in Ammunition required by the Army, Navy and Air Force. The end products so far as this factory is concerned are:

(a) Various types of Cordite with varieties of Physical parameters and Chemical Composition.
(b) Rocket propellants and charges such as Arrow Charges, Mechanite charges etc.
(c) Various types of cellulose varnishes etc.

683. To obtain these products acids, acetone, gun cotton, nitro-glycerine etc. are required to be used with other chemicals and processes. The main acids required are Nitric Acid and Sulphuric Acid. These are mixed in different proportions and concentrations for different purposes. After absorption by other chemicals, the surplus acid is recovered and termed 'Waste Acid'. They are again separated and concentrated for re-use. Similarly, Acetone, which is used as a solvent, is again recovered when the product is direct and collected for re-use. It will be seen that acid and acetone will be in circulation in the plants and pipelines continuously. Fresh manufacture of acids and acetone is done to make up absorption in production, wastages in circulation consistent with the requirements of production. These acids and acetones are produced under process work orders.

684. In addition to the above items, Gun Cotton, Nitro-glycerine, various types of paste required for final extrusion are also prepared on process work orders though no question of recovery is involved.

Manufacture

685. The main manufacturing process is indicated below in brief:

(i) Nitric Acid- Produced in Bamag Nitric Acid Plant by Catalytic Oxidation of Ammonia with Air and Oxide of Nitrogen are to be absorbed in water to form Nitric Acid.
(ii) Sulphuric Acid- Sulphur is burnt to dioxide by oxidation (over catalysts) and mixed with Sulphuric Acid.

(iii) Nitro-Glycerine-Produced in the NAS/NG Plant by continuous Nitration of Glycerine to Nitro-glycerine with Mixed Acid.

(iv) Acetone- Manufactured from rectified Spirit in Acetone plant, Chemical reaction is aided by Zinc Oxide Catalyst.

(v) Mixing Acids- Distillation of weak Nitric Acid and concentration of Sulphuric Acid are only operationally processed as required in the manufacture of various items of production.

686. The Process Section and process work orders operated in Cordite Factory, Aruvankadu are shown below: -

Acid Section

Process Product	Work Order
Acid Nitric	03/00014/00
Acid Sulphuric	03/00015/00
Distillation of weak Nitric Acid manufacturing cycle 95 percent	03/00017/00
Concentration of Sulphuric Acid 95%	03/00018/00
Mixing Acids	03/00020/00
Manufacture of Sulphuric Acids 98% by contact Process	03/00265/00
Manufacture of oleum by contact process	03/00266/00
Distillation of weak Nitric Acid manufacture cycle 92%	03/00270/00
Concentration of Sulphuric Acid 95% strength (expressed as 100%) at the low rate production of 40 Tons and below per day.	03/00312/00

Gun Cotton Section

Process Product	Work Order
Cleaned Cotton Waste for manufacture of Gun Cotton	03/00016/00
Gun Cotton Service Wet Pulp	03/00259/00
Manufacture of type `A' N.C.	03/00281/00
Manufacture of Nitro-Cellulose Viscosity 2-2.5. CS.	03/00301/00
Manufacture of N.C. Type 'A' for S.U.K. Cordite	03/00325/00
Cleaning and Bleaching of raw cotton wa ste for the manufac ture 1/2 Sec. N.C	03/00330/00
Manufacture of Gun Cotton Wet Pulp with EAS	03/00357/00

Nitro-glycerine Section

Process Product	Work Order
Cordite Paste	03/00044/00
Conversion of one type of Cordite paste to another and conversion of NC/GC from one type of paste to another type of paste	03/00046/00
Drying Gun Cotton Wet Pulp	03/00047/00
W.M. Paste	03/00152/00
Manufacture of Cordite A.N. Paste	03/00241/00
Cordite CDT Paste	03/00254/00
Dried Type `A' N.C.	03/00282/00
Paste picrite Cordite	03/00283/00
Manufacture of Paste N.Q.	03/00297/00
Manufacture of paste for propellant SPA - I and SPA III	03/00299/00
Manufacture of paste SPA II	03/00300/00
Drying of nitro-cellulose Viscosity 2- 2.5-CS	03/00302/00
Manufacture of paste `N'	03/00305/00
Manufacture of paste N.Q.A.	03/00306/00
Manufacture of paste for propellant 81 mm Primary/Secondary/120 mm Secondary	03/00341/00
Manufacture of paste for Propellant M-7	03/00345/00
Manufacture of Nitro-glycerine by continuous Process	03/00360/00

Acetone Section

Process Product	Work Order
Acetone from Spirit Rectified	03/00157/00
Drying of Cordite and recovery of Acetone	03/00278/00

SUK Section

Process Product	Work Order
Manufacture of N.C. Paste for S.U.K. Cordite	03/00326/00
Manufacture of paste for arrow propellant	03/00331/00
Manufacture of paste for Mechanite 5A for EES	03/00332/00
Manufacture of Sea Hawk paste for propellant CSC/K	03/00333/00

687. The main basis for collection of costs of various processes are as under :

(i) Labour

The time spent by labour is indicated by the Factory Management through the normal Labour documents. The value is booked through Labour Abstract.

(ii) Materials

Raw Materials required are demanded on Demand notes in the normal course. At the end of each month, if any unused store is remaining in the shop, a return note is prepared in the same month. Simultaneously, a demand note in the following month is prepared. Thus quantity originally demanded less returns will be the quantity utilised in production. To enable the Accounts Officer to determine the total value of stores required for the process in question, Sectional Raw Materials Statements are furnished by the Management every month. This will agree with the materials drawn on 'Demand Notes' less those returned on 'Return Notes'. These are valued on the basis of monthly average ledger rate. Stores already partially or fully manufactured against other process Work Orders may also be required. Such stores are termed departmental material. The cost of Departmental Material is determined with reference to the production and Issue Statement. In addition to the above, Power, Steam, Fuel Furnace Oil is also included as Direct material.

(iii) Direct Expense

As detailed in para 601A, the direct expense is calculated on the basis of Electricity, Water utilized in production based on the data furnished by Factory Management/Allocation.

(iv) Variable Overhead Charges

Variable overhead charges in each process section are divided into allocated overheads and unallocated overhead. Repairs that can be directly allocated to a particular process are called 'Allocated overheads' and can be distinguished by the particular Code Number allocated to the various process and shown in the first two digits of the Main work order code i.e. the third and fourth place in the Work Order. Other indirect charges incurred by the Section itself or by other service sections as well as other overhead charges that cannot directly be allocated are collected separately and then distributed to the process concerned in proportion to SMH rate. Other charges such as power, steam, air, water etc. to be deleted as included in Direct Material/Expense.

(v) Fixed Overhead Charges

These are calculated on the quantity produced at pre-determined estimated leviable fixed charges.

688. The expenditure incurred in a particular process will consist of (i) Direct Labour, (ii) Raw Material, (iii) Departmental Material, (iv) Expense, (v) Allocated overheads. (vi) Unallocated overheads and (vii) Fixed charges.

689. A monthly 'Production and Issue Statement' is furnished by the Management. This Statement indicates on the receipt side the 'Opening Balance' (closing balance of the previous month) and the 'Quantity produced during the month' on the issue side, 'the quantities issued to other process work orders' or direct production work orders' and the 'closing balance' are shown.

Costing

690. The Cost of production of the processes of manufacture etc. is arrived at with the aid of the following three statements:-

Statement I	Statement in respect of raw materials.
Statement II	Statement in respect of allocated overheads.
Statement III	Statement of Cost of Production

Statement I

Raw Material Statement

Month		Dated	Section	
Work Order Wt. No	Nomenclature of materials	Demand Return Note	Rate ₹	Value ₹
03/.....	Material Code No.			
Opening Stock on Demand Used Returned				

The quantity of materials drawn returned to stock, materials remaining unused in the Section as given in the Sectional raw materials statement (with value etc.), materials transferred to and from other Work Orders as per transfer voucher abstract/allocation sheets etc. (with value) and value in respect of adjustments appearing in the material abstract.

As soon as the material abstract, transfer voucher abstract/allocations are generated, the raw material statement should be data entered and monthly posting should be done using costing package process menu. Before posting, it will be necessary to check in all sectional raw material statements whether previous months balance has been carried forward to current month.

Statement II

Allocated variable overhead charges

Items of expenditure appearing in Sectional variable charges statement which are charged directly to the process work order as agreed to by the Factory Management, are posted against each work order as indicated below:

Statement of allocated variable Section Charges

Particulars of charges	Work Orders		
	03/ /00	03/ /00	Total
Power Electric			
Steam			
Compressed Air			
Refrigerated Water			
Depreciation			
TOTAL			

The total expenditure for each work order is arrived at and carried over to Statement III 'Statement of Cost of Production'.

Statement III-Showing the Cost of Production and issue Rates are made out quarterly. (Generated by costing package). After posting all three months, Labour abstract, Raw material statements, and first two months production Issue statement, statement – III should be generated by operating quarterly closing menu of process costing in costing package. At the time of generation, the quantity produced is posted from production and issue statement, the cost of production for each is compiled from such monthly cost of production statements and units cost arrived at. The weighted average rate taking into account the quantity and value of opening balance and the quantity and cost of production during the quarter is also arrived at as under—
(Opening value + cost of production during the quarter)/(Opening Qty.+Qty produced during the quarter)

691. Thus process costs are worked out only once in a quarter. The pricing of production and Issue Statements both Receipts and Issues are however done on a monthly basis to avoid delay in the closing of cost cards relating to out-turn warrants. Initial pricing is done on the basis of cost of production arrived at during the previous quarter and value transferred to relevant work order and warrants. Adjustments are carried out after arriving at the actual rate. For Inter-Factory issues, the difference in value is taken to 'Variance Account'.

692. The "Production and Issue Statements" should be posted through Costing package. Credit to the extent of Total Issues from each process Work Order is given under Class of cost 23. The total Class of Cost 22 for each is arrived at and agreed with the figure under Class of cost 23.

Analysis of Rates

693. After the close of the accounts for each quarter, the value of process materials received by each process section is analyzed into basic elements of cost. These are then totaled and the cost of production is arrived at under the different elements of cost. The value of the opening balance is also similarly analyzed. The issue rate is arrived at under different elements by adopting the formula at para 690 above. These values will be used in analyzing the value of issues to all process Work Orders from the warrant.

High Explosives Factory, Kirkee

694. In the High Explosives Factory, Kirkee, the main Items of production are T.N.T. (Trinitro-Tolune), CE (Composition Exploding), P.E.K.I.(Plastic Explosives Kirkee) and Initiators like Fulminate of Mercury, Lead Acid and Lead Sulphate. Except in the cases of initiators, the manufacture of other items is the result of various processes. The following are the various process Sections and process products:

Section	Work Order	Process
1. Acid	03/00201/00	Manufacture of Weak Nitric Acid Normal 54-56%
	03/00202/00	Concentration of Nitric Acid in Ferrosilicon penciling Tower (T.N.T Cycle)
	03/00204/00	Concentration of Sulphuric Acid (Nitric Acid Cycle)
	03/00207/00	Detetrylation of CE Waste Acid (C.E. Cycle)
	03/00208/00	Denitration of Detetrylated Acid
	03/00210/00	Manufacture of sodium sulphite for T.N.T. Washing.
	03/00248/00	Denitration of Nitrobenzene Waste Acid.
	03/00265/00	Manufacture of S.A. 98% by Contact Process.
	03/00266/00	Manufacture of oleum by contact process
2. T.N.T.	03/00211/00	Mixing of Acids for M.N.T. Manufacture
	03/00212/00	Manufacture of M.N.T
	03/00213/00	Manufacture of T.N.T crude
	03/00214/00	Washing and sulphiting of T.N.T.
	03/00247/00	Acid Mixing for Nitro-benzene Mixed Acid
3. C.E.	03/00218/00	Manufacture of Crude C.E.
	03/00219/00	Purification of Crude C.E.
	03/00233/00	Granulation - Crude C.E.
	03/00234/00	Drying of C.E.
	03/00236/00	Manufacture of C.E. dust for P.E.K.I.
	03/00238/00	Manufacture of P.E. oil for P.E.K.I.
	03/00251/00	Sieving of Dry Granulated C.E.
4. Initiators	03/00226/00	Manufacture of Styphnic Acid

5. Work orders on which no expenditure is incurred. These Work Orders are for mere accounting of receipts and issues of waste Acids.

Work Order	Process
03/00230/00	Sulphuric Acid Drawn in bulk
03/00273/00	Receipt and Issues of M.N.T. Waste Acid
03/00274/00	Receipt and Issues of N.T. Waste Acid
03/00275/00	Receipt and issues of C.E. Waste Acid
03/00276/00	Receipt and issues of Detetrylated Acid
03/00277/00	Receipts and issues of Residual Sulphuric Acid

Ordnance Factory Bhandara

695. Main items of production are: -

1. Nitro Cellulose Powder
   - (a) N.C.P. 1140 for 7.62 MM
   - (b) N.C.P. 688 for 9 MM
   - (c) N.C.P. 1066 for 40 MM
   - (d) N.C.P. 1058 for 30 MM
2. Picrite
3. R.D.X Components
   - (a) RDX/TNT 60:40 Type A&B
   - (b) Torpex-5

(c) RDX/WAX 88:12
(d) RDX/WAX 95:5

4. Bonocord

The following are the various process sections and process.

Section	Work Order	Process
Acid	03/00309/00	Concentration of Nitric Acid 99% (H.E. Cycle)
	03/00310/00	Concentration of Nitric Acid 98% (Propellant Cycle)
	03/00311/00	Concentration of Sulphuric acid 95% strength (expressed as 100 %) at the high rate of production of above 40 tonnes per day
	03/00312/00	Concentration of Sulphuric acid 95% (expressed as 100 %) at the low rate of production 40 Tonnes and below per day.
	03/00364/00	Manufacture of weak Nitric Acid 69 to 73%.
	03/00215/00	Manufacture of Weak Nitric Acid Pure 58 to 60%.
N.C. Section	03/00319/00	Manufacture of Cotton linters cleaning
	03/00320/00	Manufacture of Nitrocellulose (Mechanical)
	03/00362/00	Manufacture of Clean Cotton linters from raw Cotton linters(Alkali treated and bleached)
	03/00322/00	Manufacture of RDX
	03/00323/00	Manufacture of RDX/TNT (80/2 0) – Type A
	03/00340/00	Manufacture of Crystallized RDX
	03/00353/00	Manufacture of Hexolite RDX/TNT (80/20)Type A
	03/00358/00	Manufacture of injected RDX
	03/00361/00	Manufacture of War Special No.8
Picrite	03/00314/00	Manufacture of Pentacrythritol Tetranitrate
	03/00317/00	Manufacture of Decyanadiamide
	03/00363/00	Recrystallisation of P.F. dust.
	03/00313/00	Manufacture of Hexamine
	03/00316/00	Manufacture of Calcium Cynamide
	03/00356/00	Manufacture of Crystallized Hexamined to RDX Specification

Work Order for more accounting of receipts and issues.

Work Order	Process
03/00277/00	Receipt and issue of Residual Sulphuric acid
03/00347/00	Receipt and issue of Sulphuric Acid from reclaimed acid for N.C. Section
03/00348/00	Receipt and issue of Nitric Acid from reclaimed acid from N.C. Section
03/00349/00	Receipt and issue of sulphuric Acid 95% in N.C. Section
03/00350/00	Receipt and issue of Nitric Acid 98% in N.C. Section
03/00351/00	Receipt and issue of Nitric Acid 98% in RDX Section
03/00352/00	Receipt and issue of Weak Nitric Acid recovered in RDX Section
03/00359/00	Issue of Calcium Cynamide for Dicyanadiamide Manufacture

Points of interest

696. (i) The levy of un-allocated variable charges and fixed charges is based on Labour Hour Rate at H.E.Fy. Kirkee and O.F. Bhandara.

(ii) The variation under different classes of cost between the actual and estimated costs are analyzed and Factory Management advised suitably for timely action. For this purpose, process Cost statements are forwarded to the G.M.

(iii) Accounting of Platinum Gauges used as catalyst Agent in the Manufacture of Nitric Acid.

The platinum gauges will be drawn against the Work. Order 02/00019/00 on a demand note for utilisation on the out-turn order concerned. The cost thereof is charged to the outturn under concerned on the basis of turn-over estimates made out by the management, through a Transfer Voucher debiting the out-turn and crediting Work Order 02/00019/00. At the end of the year, the residual value of the Platinum Gauge will be assessed and Return Note will be made out crediting Work Order 02/00019/00.

A register will be maintained in Accounts Office to note down the drawal, utilization and return of these guages.

Foundry and forging statements in the Metal and Steel Factory, Ishapore

697. Broad outlines of the procedure have been given at para 57 of Chapter IV.

698. Foundry Costing is applicable to the following shops in the Metal and Steel Factory, Ishapore.

Acid Open Hearth Basic Open Hearth Electric Furnace(2 Tons) Electric Furnace(12 Tons)	Now replaced by 15 ton electric furnace	Production of Steel Ingots

Foundry	Manufacture of steel casting, Iron Casting and Metal Casting
Bar Mill	Manufacture of Bloom fr om Ingots, Billets from Blooms and bars and rods from Billets
Melting Platform	Manufacture of Non-ferrous ingots (Brass ingots, Copper ingots, Aluminium ingots, MC Alloy ingots etc

699. The requirements of steel and other metals of the services and factories are pooled and manufacture is undertaken under the appropriate 03 series of Work Order.

700. The out-turn of foundries open hearth, Electric steel furnace, Bar Mills (Blooms and Billets, bars and rods) and Melting Platform (Non-Ferrous ingot) is accounted for as follows :-

(a) A foundry work order is allotted to each class of article e.g.

03/00001/00 - Iron Foundry
03/00002/00 - Steel Foundry
03/00003/00 - Brass Foundry
03/00004/00 - Steel Bars and Rod etc.

701. All expenditure which is ultimately chargeable to out-turn work order is debited in the first instance to the foundry order. The cost of production of foundry shops is arrived at through monthly foundry statement and then finally charged to the concerned out-turn work order and warrants through allocation sheets by debit to out-turn order under class of cost 22 by contra credit to class of cost 23 of foundry work order at a rate per kilogram Details of the procedure that is followed in connection with the foundry accounts of each of the above mentioned sections are given below:-

Foundry

702. (i) Iron, Steel and Metal Castings are produced in foundries located in Foundry shops. Labour payment is claimed through piece work cards.

Form II in Form IAF (Fac) 21 - Foundry Work Record is prepared for each kind of castings mentioned above from the labour (Piece work) cards received from the factory authorities. Piece work cards are enfaced with the grade of castings to which they belong and show the relevant out-turn work order and warrant number for which manufacture is undertaken. Proforma of Form II IAF (Fac) 21 is given below:-

Foundry Work Record

Month	Work Order		Gang No.			Description of Gang					
Description of Casting	Number of casting	Weight of casting	Wages Cost			Rate of moulding	Process cost		Total Cost	Warrant or S.W. Draft	Outturn work order
			Melting	Fettling	Moulding		Rates	Amount			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Form II - Shows the description of casting, number and weight of castings together with the wages cost under different operations such as moulding including core making melting, fettling etc. against each out-turn work order and warrant. All these details are taken from the piecework cards. Form II thus gives a complete record of quantity produced for different out-turn work order and warrant. This facilitates the preparation of allocation sheets for distribution of expenditure to the out-turn warrant. Form II is passed on to costing section for further action.

Form III (Foundry Metal Statement) - This shows the summary of the month's work and description of the composition of metal or scrap required for the manufacture of each class of casting under each grade. This is prepared by shop for each foundry process work order. It contains a complete record of balances of various items of stores at the beginning of each month, quantity drawn from stock, quantity expended during the month and the quantity in the shop at the end of the month. The total quantity of metal expended in production, the total weight of casting produced together with the loss in the process and recoveries of scrap, if any, are also shown in the form. On receipt in the Accounts Office of Form III from the factory authorities it is checked by the Material section office with regard to the stock shown in the beginning of the month Form III is rallied with the total quantity shown as manufactured in Form II. Any discrepancy found in regard to either over-payment or under payment of labour of over drawal/over consumption of material in relation to quantities in Form II and Form III is settled with the Management. A watch is also kept over any loss in manufacture in proportion to the total weight of costing issued. In order to arrive at the total cost of particular job undergoing different operations, the expenditure incurred on certain operations in previous months is linked up with that incurred for the remaining operations of the same job in subsequent months.

(iii) The Foundry Cost Statement Form I is compiled by costing section and is used to find out the inclusive cost as well as the detailed cost for each grade of casting under Iron, Steel, and Metal castings. Labour expenditure is taken from Form II and material and process material from Form III. The cost of process material is divided by the total weight of castings of all grades and the until rate is arrived at to determine the cost of process materials for each grade.

(iv) Variable and fixed charges are calculated on the basis of SMH rate thus arrived at forms the cost of out-turn. The expenditure divided by the out turn gives the cost per unit for each grade. As the moulding rate of castings produced varies considerably according to the nature of the castings produced, the moulding labour cost inclusive of overhead charges is charged direct in Form II to the different castings, which are valued at the flat rate arrived at as per Form II minus the moulding rate inclusive of overhead charges. The two costs viz. the mouldings and the process cost as per Form I give the total cost. Allocation Sheet (K.O.D-20) is prepared by

Accounts Office debiting the out-turn Work Orders and Warrants under class of cost 22 with the total cost of castings. Allocation Sheet (K.O.D. 25) is also prepared for relief to the Foundry process work order under class of cost 23 for the same amount. Transfer Voucher Abstract is made out on EDP machine debiting the out-turn work order and Warrant and Crediting the Foundry process work Order on the basis of the allocation sheets.

Specimen for Form I for Foundry Section is given below:
Work Order..... Factory.....

Nomenclature of manufactured stores	Qty. manufactured	Name of operation	Labour cost	Total material	Process material	Expense	Variable charges	Fixed charges	Total	Rate per kg.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Open Hearth (Metal and Steel Factory)

703. Steel ingots are produced in this shop. They are classified into four classes according to their composition viz. plain carbon steel, nickel steel, temper steel and alloy steel. Foundry Form I to III is prepared in the same way as in the case of foundries except in regard to the following details:

Foundry Statement I

704. (i) A new element of cost viz. ingot moulds charges under class of cost 40 appears in Form I (Proforma given at the end of this para). This element of cost is taken into account along with other elements of cost to arrive at the process cost and all-inclusive rate per Kg. The ingot moulds are drawn from stock against W.O. 03/00049/00. The value of ingot mould is chargeable at flat rate per 100 K.G. of ingot produced based on the actual of the previous year. At the end of the year the leviable mould charges is arrived at by taking into account the opening semi of moulds the expenditure on account of moulds during the year against W.O. 03/00049/00 and the closing semi. Any difference between the leviable mould charges and mould charges levied at the predetermined rate is adjusted. Mould charges appearing in Form I are debited to the concerned Foundry Work Order under class of cost 40 by contra credit under the same class of cost to the work order 03/00049/00 through Allocation sheet for the month although the value of moulds was originally booked to W.O. 03/00049/00.

(ii) Form II - Labour cost incurred is for melting operations only and is charged at a flat rate on the whole out-turn of each process work order. As moulds are drawn from stock, no labour for manufacture of moulds is involved and hence no separate labour cost for moulding is charged direct in Form II.

(iii) Form III - Difference classes of materials are shown in the form as expended for the different classes of ingots and their respective values from the material cost of the different classes of ingots produced. Thus the cost of different classes of ingots differs only in the material value.

Form I

Nomenclature	Estimate number	Qty.	Labour	Material	Process material	Expense	Variable charges	Fixed charges	Ingot mould charges	Total	Rate per kg.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Electric Steel Furnace

705. The procedure followed in respect of open earth applies to the electric steel furnace except that the total cost of electricity consumed in the furnace is taken in Form I.

Bar Mill (Metallurgical Factory)

706. Blooms, billets, bars and rods are produced in the Bar Mill. Blooms and billets are rolled into steel rods. Forms I to II are used separately for blooms and billets and bars and rods. There are several classes of steel rolled from ingots according to size, the rolling labour of which varies according to the Group under which a particular size falls. Foundry Forms I to III are prepared in the same way as in the case of other foundries except with regard to the following details:

(i) Foundry Form I - the elements of cost that are taken into account in the statement are the following:

(1) Rolling labour
(2) Miscellaneous labour
(3) Metals
(4) Process Material
(5) Direct Expense
(6) Variable charges
(7) Roll charges
(8) Fixed charges.

(ii) Rolling labour for blooms and billets and bars and rods is shown in the Form II separately against the outturn of each group. Metal expenditure for blooms and billets is obtained from Form III. Miscellaneous labour, process material variable and roll charges are apportioned/levied on the basis of rolling labour and the fixed charges on the total labour. The total of the expenditure thus arrived at forms the cost of out-turns for each class of steel under each group separately. Each class of group relates to various out-turn work orders and the cost as worked out each class or each group is distributed over the various out-turn orders concerned.

(iii) Rolls, which are used for the production of blooms and billets and bars and rods, are drawn from stock against the work order 03/00089/00. The value of roll is charged as a percentage of rolling labour on the actual of the previous year. At the end of the year, the leviable roll charges are arrived at by taking into account the opening semi of rolls, the expenditure on account rolls during the year and the closing semi. Any difference between the leviable roll charges and roll charges levied are adjusted.

Melting platform (Metal and Steel Factory)

707. The various kinds of non-ferrous ingots e.g. brass ingots, copper ingots, M.C. alloy ingots, cupro-nickel ingots etc. are manufactured in this shop. The Foundry Forms I to III are generally used in accounting for the out-turn Labour expenditure is taken from labour abstract and material expenditure from Form III into Form I under the respective heads. Variable and Fixed charges are added, Ingot Mould charges are levied on the quantity under each class ingot produced at flat rates, fixed by the Account Office in consultation with the G.M. The cost of power consumed for manufacture of brass and Cupronickel ingots in the electric furnace of the Melting Platform Shop is also added to the above charges in proportion to the out-turn. Moulds in this case are drawn against the W.O. 03/00050/00.

Forging Statements

708. Forging are made in B.S. Section (Productive Group) on the warrant issued as in the case of other manufacture and the accounting procedure followed in this respect is the same as that for other productive shop.

Timber Costing

709. BLANK

Process Costing at Ordnance Equipment Factory, Kanpur

710. Raw hides are purchased from contractors in wet and salted condition and weight immediately to ascertain their quality and stipulated weight ranges. For this purpose the hides are divided in six classes as indicated below:

Sl. No.	Class of hide	Weight range	
		Cow hide	Buffalo hide
1.	A	6-8 Kg.	16-20 Kg.
2.	B	8-10 Kg.	20 24½ Kg
3.	C	11-15 Kg.	24½-28½ Kg
4	D	-	29-33 Kg
5.	E	-	34 Kg and up
6.	Kattai (Young Buffalo)	-	12 Kg. to 14.50 Kg.

711. Random sampling of the salted wet hides are then made from each pile of hides. The selected hides are brushed to remove salt. The salt removed is weighted and the average quantity of salt per hide is determined. Then the weight of all the hides (without salt) is computed by deducting the total salt contents (arrived at on the basis of the average salt content and the total number of hides in the consignment) from the total weight of the wet and salted hides taken in the first instance. This exercise is for internal use only.

The payment is however made on the following basis:

On receipt of 'Dry Raw hides' are put in lime pits for about 12 days (C Grade Cow hides for about 5 days).

Material for this process is lime only. After this period, the hides are taken out, fleshed and unhaired. The felt (i.e. unhaired and fleshed hides) hides are then inspected and weighed in their limited state. The accepted hides are paid for at contract rate on the basis of limited pelt weight and brought to account as such. The rejected to the contractor on account of liming at the fixed rate, is credited to the process. Cost of process material like line etc. is distributed in proportion to the limed weight of the hides accepted during the quarter.

712. Process involved and the costing of the various products are given in Chapter IV of the Manual. Additional points are :-

Copies of the Annual statements showing the rates for tanned leather are forwarded to C of F & A i/c, Kanpur Group of Factories for his concurrence and GM OEF Kanpur. Special points, if any, requiring attention of the P C of A (Fys) may however be referred to Main Office.

Similarly the variations in the rates are carefully investigated and necessary remarks offered. Copies of these statements are furnished by the A.O. to the General Manager OE Fy. Kanpur. Special points requiring attention of the P C of A (Fys) may however, be referred to Main Office.

Semi Statements

713. At the end of each year, the actual stock will be taken by the respective Ordnance Factory & Ordnance Equipment Factory of the unused materials and part furnished works, full lists being made of all the articles found, showing the stage of manufacture each has reached, and the extracts and work Orders and Warrant numbers to which they have been charged. The physical verification of current items will be done on 31st March of each financial year. Verification of Non-moving and Slow moving warrants should be carried out by the end of February and Semi-Statements forwarded to the Local Accounts Office by early March. Verification of the other warrants should be carried out at the end of the Financial year and finished in consultation with Local Accounts Office by 15th April Factory orders are to be issued by the respective General Manager of an OF and office order by the Local Accounts Office stipulating specific dates for each step in the preparation scrutiny and finalization of semi-statements. A special cell should be formed in the costing section of the Local Accounts Office for the entire work of scrutiny and evaluation of work-in-progress as per annual semi-statements. The

semi-statements will be verified with reference to Manufacture and Materials Warrants, Warrant Registers, Cost cards and Production cards etc. as to verify the correctness of the quantities shown therein and the discrepancies observed in the semi statements should be sorted out by formal joints sitting of the Factory and Accounts representative according to a time line extending from 1st to 15th April. The evaluation of Work in Progress should be completed by the end of April. When there have been no articles finished on a work order the whole expenditure represents semi-manufacture and the items in the list pertaining to such order need not be valued in detail. In cases where rejections have taken place in the course of manufacture and N.R.Rs./NRMs/Replacement Warrants have been issued, the replacement expenditure that has been booked, should, in addition to the original cost, be distributed between the finished and unfinished articles in the same proportion in which the original cost is distributed except, of course, in cases where it is, definitely known or ascertained that the replacement cost solely relates either to the one or the other. The Semi statements will then be data entered in the computer and priced by the system. Print out of all semi cost cards is taken using Costing package.

714. The value of the semi manufacture under each work order and warrant will be posted in an abstract and also credited in the relevant cost card under each element of cost. A Master Summary will be prepared showing the value of the work in progress under each element of the cost work order wise. The total represents the value of work in progress as on 31st March by debiting the Balance Account and thereby exhibiting the balance as 'Assets' in the 'Statement of Assets & Liabilities'. In the following year, this asset representing work-in-progress as on 1st April will be debited to the work in progress Account simultaneously charging all the individual carry forward cost cards with the corresponding amount under each element of Cost. A close watch is to be kept on the actual position of physical pipe line by the factory so that it is generally computable within the usual normal level of work-in-progress vis-à-vis total production. In the case of elected principal items of production, surprise physical verification of the work in progress should be carried out by the Factory several times in a year.

715. Checks exercised by the Accounts office on semi statements are:-

(i) Costing Section - Scrutiny with reference to the warrant Register to ensure that all incomplete warrants have been included.

(ii) Material Section - Verification with reference to the postings in the relevant material warrants that the quantities of material shown are correct and the pricing of materials was do-neat the rate at which bulk of the Demand/Return Notes were priced.

(iii) Labour Section - Verification with reference to the postings in the relevant Manufacture Warrants that the operations shown as performed are correct and pricing of these operations are at correct rates.

(iv) Costing Section - Final Scrutiny with reference to the cost cards and production Ledger Cards levy Overhead and preparation of an abstract of semi in respect of the each work order and warrant for working out cost of production.

716. A close analysis of the outstanding warrants should be made and value of semi carried forward made year-wise 'Monthly Progress Report on the Liquidation of Warrants' is required to be rendered by the General Managers to the OFs duly vetted by the Accounts Officers. The GM renders the report to the Hqrs, so as to reach AO by the 10th day of the following month and the A.O. forwards the report duly checked, so as to reach OFB by the 20th of the following month. The details of the year upto which warrants are to be included as well as the period upto which details of end products and reasons for non-clearance are required to be indicated periodically by OFB. The proforma in which the 'Report' is required to be rendered is as under: -

Statement showing the position of outstanding warrants and the value of Semi (Work in progress) analysis under different columns on the last day of the month of.....

No. of outstanding warrants as on.....

Year	First day of the month				Last day of the month			
	Prod.	Capital	Tools & Gauges	Development orders	Prod.	Capital	Tools & Gauges	Development orders
	1	2	3	4	1	2	3	4

Value of Semi on.....

First day of the month				Last day of the month			
Prod.	Capital	Tools & Gauges	Development orders	Prod.	Capital	Tools & Gauges	Development orders
1	2	3	4	1	2	3	4

Reasons for Warrants remaining outstanding and values of semis as on the last day of the month

Suspension of orders
No. of Warrants

Year	First day of the month				Last day of the month			
	Prod.	Capital	Tools & Gauges	Development orders	Prod.	Capital	Tools & Gauges	Development orders
	1	2	3	4	1	2	3	4

Manufacture-completed but awaited inspection

First day of the month				Last day of the month			
Prod.	Capital	Tools & Gauges	Development orders	Prod.	Capital	Tools & Gauges	Development orders
1	2	3	4	1	2	3	4

Manufacture-completed but awaiting inspection

				Last day of the month			
Prod.	Capital	Tools & Gauges	Development orders	Prod.	Capital	Tools & Gauges	Development orders
1	2	3	4	1	2	3	4

Manufacture yet to be completed

First day of the month				Last day of the month			
Prod.	Capital	Tools & Gauges	Development orders	Prod.	Capital	Tools & Gauges	Development orders
1	2	3	4	1	2	3	4

Other causes

First day of the month				Last day of the month			
Prod.	Capital	Tools & Gauges	Development orders	Prod.	Capital	Tools & Gauges	Development orders
1	2	3	4	1	2	3	4

Remarks.....

These reports are reviewed at OFB level. The existing span of life of warrants viz., six months has not been modified after considering the reports from the GMs. Extension beyond six months in the few difficult cases require the sanction of the OFB.

717. Apart from the accumulation of unfinished work, the carry forward of semi for a number of years might perpetuate irregularities such as advance payment, wrong booking and payment against wrong warrants, non clearance of Inspection Notes against completed work resulting in marginal residual payments remaining un-cleared etc, Accordingly close review of the outstanding warrants at all levels is essential.

718. Suitable action must also be ensured for proper care and preservation where required to avoid any deterioration of the unfinished semi and to ensure their continued physical availability till the warrants are closed and final issues made.

Cost cards for certain Indirect series work order 01/00017/00 - Maintenance of Buildings, roads etc.

719. Cost Cards for certain indirect series work orders 01/00017/00 – Maintenance of Building, roads, etc.
Cost cards for certain Indirect series work order 01/00017/00- Maintenance of Buildings, roads etc. used for maintenance of Residential Quarters. Warrants may be allotted according to Types of Quarters. The postings of the expenditure in the relevant cost card will facilitate the compilation of total expenditure and check with estimated costs where available.

02/00018/00 - Repairs and conversion of break up of articles borne on Stock charges found repairable

720. Cost card is opened for ascertaining the total expenditure on repairs and for ensuring that the stores returned on Return Notes after repair are priced at the same value at which they were drawn. Formal Loss statement is prepared for the repair cost. Similarly when repairable stores are drawn from stock against the above work order, they would be returned at the rate at which repairable stores were drawn. Conditioning voucher would then be prepared for appreciating the condition of the stores. Cost card will reflect repair cost only.

01/00057/00 – Accounting of expenditure for manufacture of item in Ordnance Development Cell

720A. OFB will issue extracts authorizing factories to undertake R&D project for development based on the proposal of ODC. There will be ceiling for incurring expenditure against each R&D project. Factory on receipt of extract, prepare separate estimate for each R&D project. Warrants under W.O. 01/00057/00 will be issued to concerned section. As exception to normal procedure LAO will maintain cost card warrant wise for each project similar to procedure followed in case of in house R&D. At the close of each month, an amount equivalent to the total cost booking under labour and Material only exclusive of overhead linked with R&D works appearing in the relevant cost cards will be transferred debiting concerned ODC and crediting the factory who has incurred the expenditure.

Special Points

721. (A) Provision of 5% escalation may be allowed for inclusion in the element of material cost to provide for inflationary trends in material costs. This applied to estimates relating to payment issues of stores

manufactured in Ordnance Factories.

(B) Minimum Cost of civil trade quotation and regularization of cash loss in civil trade.

The minimum charge is allowed to be computed including direct labour and direct material charges, plus as much as the variable overheads as the market can bear. OFB had decided that the General Managers are competent to fix minimum sale price/offer minimum quotation at estimated price cost plus 20% of the total variable and fixed overhead charges subject to the provision of various orders on Civil Trade.

(ii) If warranted, the sale price will be fixed between the estimated price cost and estimated price cost plus 20% of the overhead charges by OFB.

(iii) The factories will forward the proposals to OFB Board for Fixation of sale price as at (ii) above even if the case falls otherwise under the financial power of the General Manager together with relevant details like estimated prime cost, fixed overhead and variable overhead charges, ruling market prices etc. Quotations below the maximum cost which exceed Rs. 2,000 should have prior approval of the OFB.

(C) Export Activities

Estimates should be priced on Top priority basis so as to reach the OFB on half yearly basis preferably in June and December of each calendar year. A.Os should keep close liaison with the factory management so that delays are avoided. JCs of A are also to pay particular attention to this and bring genuine difficulties to the notice to the GM promptly and correct pricing of the estimates is the responsibility of the A.O.

(D) Cost Cards for payment Issue/Civil Trade Orders Return of

Cost cards and the relevant documents relating to the payment services/Trade orders are to be retained by the Accounts Office till such time the entire amount recoverable from the party concerned are fully realized.

(E) Standard Estimates in respect of Civil Trade items - pricing and updating of

In addition to the rules laid down for pricing of materials for Civil Trade, it should be ensured that pricing is done very carefully and the re-pricing of the Civil Trade Estimates is made at least on a quarterly basis.

The AOs should obtain list of standard materials which are commonly used in Civil Trade Production from the Factory Management and the same should continuously be updated from time to time. Full co-operation should be extended to the factory management in preparation of estimates and price list of standard materials.

Registers, Reports and Returns

722. Lists of registers to be maintained together with their fly leaf instructions and of reports and returns to be rendered are given in Annexure 'AQ' and 'AP' respectively to Chapter X.

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Controller of Finance & Accounts (Fys.),
Account Office, Ordnance Factory
Ambajhari, DEF Project,
Nagpur - 440021

Chapter - X
Accounting of Capital Assets

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X

ACCOUNTING OF CAPITAL ASSETS

Classification of Capital Assets

731. Capital Assets in a Factory are classified under three main heads:

(i) Buildings,
(ii) Machinery and
(iii) Other items.

732. The items falling under buildings are:-

(a) Industrial Buildings within the four walls of the factory, whether used for production or non-production purposes and any factory sections (except offices) outside factory walls.

(b) Non-Industrial Buildings viz. office outside the factory perimeter wall, Hospitals/M.I. room, staff club etc. and

(c) Residential buildings

Machinery

733. Machinery (including air-cooling plants) steam launch, barges, locomotives, railway wagon, station wagons, motor lorries, weighing machines, swing machines, furnaces.

734. Other items are water or gas lines openly visible lines, filter units (filter plants for water supplies), incinerators, railway lines and railway sidings (if installed and or maintained by factories), tubewells, Remington Accounting Machines etc. lands roads, drains, telephones, chimneys, electrical installation, levelling site, jetties, steel furniture and fittings etc.

Classification of Electrical Installation

735. (A) All distributors underground and/or overhead, switchgear, transformers, rectifiers, and converter plants from the taking over point in the case of supplies generated upto the incoming terminal of the master or main switch board in the various shop/sections are viewed as machinery.

(B) The main switchgear, subsidiary, switchboards and distribution fuse boards or boxes together with their interconnecting wiring, also all internal wiring for lights and fans in the various shops and sections shall continue to be treated as building.

(C) Power wiring shall be included as part of the erection charges, if the machine which it supplies, where the consuming device is far from the section of shop main switchboard, then the cost shall commence from the outgoing terminal of its control switch, on the main switch board. Where it is far from a subsidiary switchboard or from a final distribution fuze board or box, it shall commence from the outgoing terminal of the control switch or fuze. All such wiring shall be included as part of the erection of machine or plant and its maintenance treated as for the maintenance of the machine, other than as may be specially erected for.

Note - As the cost of overhead of ground level bus bar system cannot be apportioned to individual motors they shall be classed as distribution boxes under 'C' above.

The criteria followed are: -

(a) In the case of expansible switch gear, transformers etc. they can be moved from place to place and require equally as much maintenance and attention as plant and machinery. Hence they are classified as 'Machinery'.

(b) Internal wiring underground cables etc. can be regarded as permanent and immovable equally as much as the buildings themselves, and in the event of the disposal of a buildings would normally be disposed of as an integral part of the building. Hence these are regarded as buildings.

Provisioning and Procurement of Capital Assets

736. Capital Assets on Block Charge will only include assets created against New Capital demands or Project under the Capital head of Account. Cash expenditure on Capital Assets is, therefore financed from New Capital Grant or project.

737. (a) General Managers (or competent authority) are authorized to take advance provisioning action for the items of plant and machinery which are due to replacement/renewals in the next 1-2 years in such a manner that the new plant and equipment is installed by the time the old plant and equipment has outlived its utility and has been condemned in accordance with the prescribed procedure. This advance provisioning action may be taken in consultation with the Accounts Officer concerned. Details of creation of RR Fund accounting thereof are enumerated in para 817.

(b) The purchase and other powers of the General Manager in regard to procurement of Plant and Machinery are: -

Description		Powers	
1	Procurement, modification and or reconditioning of P&M through LTE/OTE under NC and RR	GM AGM	₹ 25 crs ₹ 1 crs (Full for purchase from DGS&D under Rate Running Contract)
2	Procurement, modification and or reconditioning of P&M on single tender/resultant single tender or proprietary item under NC and RR	GM	₹ 1 cr in each case.
3	Erection & C ommissioning of P & M including installation of Services e.g. distribution of steam, compressed Air, Oil etc – Departmentally.	GM AGM	Full ₹ 25 Lakh
5	Erection & Commissioning of P & M including installation of Services e.g. distribution of steam, compres sed Air, Oil etc – through Contract.	GM AGM	₹ 25 Lakh ₹ 10 Lakh
6	Maintenance cover/ repair for P&M other than MT vehicles through contract.	GM AGM	₹ 50 Lakh ₹ 25 Lakh
7	Maintenance cover/ repair for P&M other than MT vehicles - Departmentally.	GM AGM	Full power ₹ 50 Lakh

(c) The instruction applicable to stores will apply to Plant and Machinery viz.

(i) A careful appraisal of the proposed investment should be carried out from various angles such as Prioritization of expenditure, scrutiny of demand from the relevant out turn, assurance of reasonable IRR, cost benefit analysis etc. In case of any deviation/short coming found in such appraisals and if the investment is still considered necessary on any other ground, approval of Ministry will be obtained.

(ii) Govt. sanctioned projects under 'New Capital' implies that OFB have already identified various categories of P&M, while obtaining sanction. The procurement shall be made in accordance with guidelines/ procedures laid down by OFB.

(iii) As per DDP letter No. 5(12)/D(Prod)/B dated 26.07.2010 , the difference between powers for procurement under New Capital Head for Govt sanctioned projects and not covered under Govt sanctioned projects ceases to exist.

(iv) As per DDP letter No.5(12)/D(Prod)/B dated 26.07.2010 , the investment can be made for creation/ augmentation of capacity required for production (including diversification/augmentation) / manufacture of products for Defence Forces, Civil Trade, Export and MHA.

(v) Fin. Power is irrespective of **currency of payment**.

(d) The General rules for replacement of Plant and Machinery are :-

(i) Replacement of Plant and Machinery will be on completion of expected life of machine.

(a) In the case damages or where replacement may be before expected life.

(ii) Replacement will be on 'like to like' basis taking into considerations, improvements in design and production techniques.

General Managers are also authorized to place indents valuing ₹ 1Crore in each case for Plant & Machinery to improve production or increase the rate of Production services.

(e) The financial powers of the General Managers of Ordnance and Ordnance Equipment Factories in respect of local purchase of Capital items of Plant and Machinery is ₹ 1 Crore in each case with financial concurrence. Purchase action is always taken subject to the observance of prescribed procedure. Immediately after the issue of supply order the General Managers/Officers incharge of Factories will send the duplicate copies of supply orders together with comparative statement of tenders and Annexure as detailed below duly completed to the Accounts Officers for post audit. While dealing with Supply Orders and indents etc. in respect of such items. Accounts Officers will carefully check that such powers are not exceeded.

Note - Plant and Machinery required in connection with production (to improve production or increase rate of production to meet service orders) of an item already established in ordnance and equipment Factories can be procured directly by the GMs within the limit of financial powers for local purchase of machinery. This power cannot however be invoked for procurement of Plant and Machinery required for establishing new items of production, unless it is covered by a new project sanctioned by the Government or specially authorised under Government orders. In all cases however a statement explaining the necessity for purchase is required to be furnished to the local Accounts officer along with the supply order. The points covered in the Annexure to this Chapter should be looked for in audit, while going through such proposals. The duplicate copy of the Supply Order will be retained by the Accounts Officer to enable the A.O. to pass the local purchase bill. Other documents will be returned to the factory management after examining the above points and ensuring in audit.

(i) That the purchase is authorized.

(ii) That the funds are available.

(iii) That utmost publicity has been given.

(iv) That the lowest tender has been accepted or the reason for the rejection of the lowest tender has been satisfactorily explained on the comparative statement of tenders.

(v) That the Plant and Machinery is required in connection with production (to improve production or increase the rate of production to meet service orders) of an item already established either under R.R. Fund or New Grant, and

(vi) That the powers are not invoked for procurement of plant and Machinery required for establishing new items of production unless it is covered by new project sanctioned by the Government or specially authorized under Government order.

Accounting of Machinery/items

738. As far as possible, the value of machinery items purchase from funds provided under Capital will be directly booked against the appropriate minor head for capital and to facilitate this relevant vouchers (which will be assigned numbers in the 'M'' series) etc. will be endorsed accordingly by the executive. In cases where this is not possible, they will be compiled to the head for stores, taken to stock and subsequently transferred to 'capital' Head by contra minus debit to the appropriate head and draws on demand notes on "Capital Work Orders' under 04 series. They are subsequently taken on the block register on the authority of Capital Services Voucher numbered in 'M' series. In respect of machinery items which are financed from the Renewals Reserve fund, necessary debits will be adjusted by the PCA (Fys) against Capital Head. These are not passed through stock but are taken in Block Registers through 'M' series vouchers. The relevant receipt voucher should be duly linked with the disbursement voucher through the medium of a linking register. The register is maintained in two parts:

Part I of the register will be maintained in the following proforma: -

Sl. No.	Bill No. disbursement Vr. No. etc.	Nomenclature of stores	Amount	Rt. Vr. No. & Date	Value	Different between Col. 4&6	No. & date of adjustment Vr
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

(a) Details regarding bill number, disbursement voucher number, together with amounts paid in respect of items of Capital nature, will be recorded month wise in the respective columns as and when the bill debit schedules etc. are received in the Accounts Office.

(b) The relevant factory receipt voucher number and date together with its value will be shown in column 5 and 6 while the difference in value and number and date of adjustment voucher will be recorded in column 7 and 8, respectively.

(c) The register will be submitted to the A.O. on the 10th of each month.

739. The expenditure on Capital items is booked against Major Head 4076 and is compiled as under:

Plant and Machinery	01/922/31
Freight Charges & Customs Duty	01/922/32

Deduct

Refund of advances against Plant 01/922/33 and Machinery arising out of cancellation of orders

Provision is also made for unit control Number.

058-Carry-in Normal Requirement U.K. Supply

059-Carry-in Normal Requirement Indian Supply.

061-New Demand (U.K. Supply).
062-New Demand (Indian Supply).

740. The total figures booked in the monthly, cash compilation—should be reconciled with the bills /DVs etc. received. Discrepancies should be settled in consultation with the Accounts Section immediately. The disbursement vouchers, bills of entry, details against debits should be scrutinized for ensuring that the classification is correct and pertains to the factory. Erroneous Classification is required to be rectified by Transfer Entry expeditiously and should not spend for the linking of the transaction. The bills of entry received in support of Customs Duty charged are correct and relate to capital. Items of debits/payments outstanding due to non-receipt of ' M' vouchers should be reviewed monthly and taken up with the factory authorities for, expeditious action. Review of the outstanding should be made monthly. The value of unlinked items as on 31st March is classified as "Outstanding Assets".

741. (a) In part II of the register, linking of the Receipt Vouchers with the corresponding debits/payment is made. Register will maintain in the following proforma and submitted to the A.O. in the 10th of each month.

Sl. No.	Receipt Vr No. & Date	Nomenclature of stores	Amount	Bill No. Disbursement Vr. No.	Value	Different between Col. 4&6	No. & date of adjustment Vr
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

(b) The number and date of the factory receipt voucher together with its value will be recorded monthly in the appropriate column.

(c) The corresponding bill number, disbursement voucher number etc. together with its value will be shown in column 5 and 6, while the difference in value and adjustment voucher number will be shown under column 7 and 8, respectively. It should be ensured that the monthly total as per schedule of Capital Series Vouchers agrees with the month's total in the linking register.

(d) Unlinked items represent those for which custom duty debits are awaited, payments are still due or debits are awaited.

(e) Value of all unlinked items of machinery as on 31st March represent outstanding liabilities i.e. items of Machinery for which payments are to be made/customs duty debits are awaited.

(f) Check of the outstanding liabilities should be made to ensure that payments made are not reflected in the outstanding Assets. Review of the Supply Orders for these items would aid in ensuring that payments are actually outstanding.

(g) In regard in customs duty, details of Bill of Entry, Name of ship, Date of sailing, particulars of Machinery Indent No are to be furnished to the Embarkation Commandant / PCA (Fys) so that details of debits can be obtained.

742. While pricing the 'M' series Voucher customs duty at tariff rate will be included if debits have not been received. Suitable linking registers should be maintained for ensuring that the debits are properly linked and that details are called for in respect of outstanding items. Article borne in the inventory lists of shops, when required to be shows in the block registers will be transferred, direct on regular voucher bearing issue vouchers in the inventory series and receipt number in Capital, series.

Pricing of 'M' Series Vouchers

743. Machines, etc. purchased locally are valued at purchase cost plus freight and/or other charges incurred. Machines etc. obtained from England will be priced by the local Accounts Office with reference to the Invoices and Bills of Entries for customs duty or extracts there from furnished to should be ensured that the monthly total as per schedule of Capital Series Vouchers agrees with the month's total in the linking register them monthly by the Stores Section of the Main Office. For this purpose, the sterling value in the invoices will be converted at the average rate of exchange. In regard to purchases from foreign sources, pricing should be done with reference to the various contracts, letters of credit issued, debit intimation received etc. The average rate of exchange of the currencies should be adopted for converting into rupee value.

Transportation, wharfage loading, unloading charges of Plant and Machinery and Stock Pile items

744. Military credit notes issued for transportation, wharfage, loading and unloading of machines will be prominently marked with the Capital Head of Account by the Management. While pricing the capital series of Receipt Vouchers transportation, wharfage, loading and unloading charges should be included. The above charges pertaining to capital head of account are compiled by the Railway/'Accounts' Section of the PCA (Fys). That section will render a monthly statement to the respective A.O. showing the details of all M.C. Notes compiled to the Capital Head during the month. On receipt Vouchers and adjustment of charges, where necessary, should be made by means of Capital Stores Adjustment Vouchers (plus or minus). The amount appearing in the M.C. Statement, which remain unlinked with the Receipt Voucher till the end of the year will be carried forward as outstanding assets in the Capital Assets Account. Similarly, the amount booked to the vouchers with reference to details of rail etc. charges furnished on the Receipt Voucher by the management but which remain unliked with any of the amounts appearing in the Military Credit Note Statement should, at the year-end, be carried forward as outstanding Liabilities.

Cost of erection and foundation of machinery

745. (A) General Manager of Ordnance and Ordnance Equipment Factories are empowered to sanction full expenditure in each case departmentally or ₹ 25 Lakhs in each case on contract. The powers of the AGM are ₹ 25 Lakhs for department works and ₹ 10 Lakh through contract for machinery. The contract work will be viewed as "General Minor Work" as per paras 4 and 13 of the Revised Works Procedure (extract given at Annexure A) Lump sum contract on IAFW-2159 will be concluded in such cases and the detailed procedure is laid down in Revised Works Procedure, M.E.S. Accountants Manual and Office Manual Part VIII.

(B) The cost of erection and foundation of a machine are obtained from the cost cards (for works done departmentally) and paid vouchers etc. (for contract work) which should be capitalized and shown separately in the Block Register.

(C) All erection and repair work will be carried out departmentally under the G.M's power as delegated to them without the need for the issue of Extract by the OFB/D.G.O.F.

Adjustment of the cost of Departmental Works

746. The labour charges incurred in connection with Capital Works carried out departmentally will in the first instance be charged to the detailed head 'Pay and Allowances of Staff' in the financial accounts and subsequently debited to the relevant detailed head under 'Capital' by minus debit to 'Pay and Allowance of Staff'. Similarly overhead charges and value of materials drawn for such Capital works will be debited to "Capital by operating the deduct 'Revenue Head'. The adjustment should be carried out monthly from the figures booked in the labour material and overhead abstracts for the previous month, after proper scrutiny. For this purpose, a Punching Medium for transferring these amounts from Revenue Head of Capital Head will be made out.

Manufacture of Machinery etc. by one factory for another factory to be capitalized in the later factory.

747. (A) Class III Extracts are issued by the OFB to all factories in the form of what are called "Open Extracts" for each financial year, before the commencement of the year. This extract is, therefore, a sufficient authority for the factory to undertake manufacture of machines etc. (items of Capital natures) required by another factory, on receipt of Inter Factory Demand (I.F.D.) without further reference to OFB.

(B) However, I.F.D. for the manufacture of such capital items should be issued by the factories requiring the capital items on the factory undertaking the manufacture, only on the authority of Class V extracts (sanctioning the capital expenditure involved).

(C) The factory undertaking the manufacture will book the expenditure under '70' Series Work Order. On completion of the manufacture, the completed machine will be issued on 'P' Series issue vouchers which should be enfaced with remarks capital 'P' Voucher. In the receiving factory, such 'P' series issue vouchers will be taken on capital charge directly on 'M' series Receipt Voucher. The A.O. of the receiving factory will link the 'M' series Receipt Vouchers with Priced copy of 'P' issue voucher received from the A.O. of the issuing factory and prepare punching medium for the value of machine issued by the factory undertaking manufacture as per priced copy of the issue voucher as follows: -

(i) Charge Code No. 922/31-the factory unit code should be the unit code of the receiving factory.

(ii) Minus Charge-Code No. 360/15-the factory unit code should be unit code of the issuing factory.

Financial adjustments to 'Capital Head' will be made for the entire cost of machine only when the actual issue of machine takes place.

(D) To facilitate provisioning of funds in the budget estimate and to ensure the inclusion of the expenditure on items completed during a financial year, the Accounts Office of the manufacturing factory will take special steps to intimate the final expenditure in respect of all such items completed during the year through 'P' vouchers to the Accounts Officer of the consignee factory sufficiently before the date fixed for closing of the Financial accounts of the year.

(E) Transportation charges paid on M.C. Notes on account of these machines should also be capitalized and adjusted. For this purpose, necessary transfer entry will be required at the end of the year to transfer the amount from Transportation to 'Capital Head'.

Manufacture of Machine Tools etc., by Machine Tool Prototype Factory, Ambarnath for transfer to Ordnance Factories on Capital Account.

748.(A) (i) An order authorizing supply of machine tools of M.P.F. manufacture, based on the Ordnance Factories demands duly concurred in by the Finance Division of O.F.B., will be issued by the OFB giving details of requirement of machine tools, Ordnance Factories Demand Numbers, consignees etc.

(ii) On the authority of the above quoted order, M.P. Factory will undertake supply of machine tools to the indenting factory ex-stock/ex manufacture against Class IV extract under stock series of work order. Issuing of IFD and Class V extract is not necessary in this case.

(iii) The completed machines will be issued on 'P' issue vouchers, which should be enfaced with the remarks "Capital 'P' Voucher".

(iv) In the receiving factory such 'P' series issue vouchers will be taken on charge directly on 'M' series Receipt Vouchers. The Accounts Office of the receiving factory will link the 'M' voucher with the priced copy of the 'P' issue voucher received from the Accounts Officer, Machine Tool Prototype Factory. He will prepare a punching medium for the value of machines issued as per 'P' voucher as follows:

Charge Code No. 922/31-Unit code of the factory receiving the capital item should be used.

Minus Charge Code No. 811/08-Unit code of M.P. Fy (119) should be used.

(B) Special Points common to Manufacture of Machinery

In the Capital Assets Account, this will be shown as "Receipt of Machine manufacture by one factory for another". Machine in transit will be accounted for in the statement of Assets and Liabilities.

Transfer of Machinery from one factory to another

749. Transfer of Machine is made through 'M' series Issue Vouchers. Procedure followed for preparation of I.D. list etc. is the same as for stores. Machinery issued but not accounted for are shown as "Machinery in Transit".

When machines are transferred from one factory to another, the residual value/book value of the machine including the residual cost of erection and foundation will be debited to the consignee Factory which will Capitalize the machine for the full amount of the debit. The expenditure incurred is the consignee factory for new foundation and re-erection of the machine should not be capitalized, but charged to revenue through W.O. 02/00016/00 i.e. the work of erection and foundation should be carried out under '02' series instead of '04' series. The same procedure will be followed when surplus machines are transferred from one shop to another of the same factory under orders of administrative authorities in the normal course.

Schedule of 'M' Series Vouchers

750. (1) Register is maintained on IAF (Fac) 36 separately for building and machinery (receipt and issues).

(2) All the vouchers will be posted in a serial order every month.

(3) As and when the vouchers are priced the value will be posted under appropriate column in the schedules viz. Local Purchase, Central Purchase, transfers from factory, Customs Duty, transportation charges etc. and also in the total column.

(4) A monthly total will be struck under each column.

(5) The register is to be submitted to the Accounts Officer on 15th of each month.

The objects are to ensure that the receipt of all 'B' and 'M' series vouchers prepared by the factory is accounted for and also to find out the value of issues to various factories etc. in respect of Capital Assets of the factory. Accuracy of postings the schedule will be proved annually and an agreement between the figures of block registers and the schedules will be effected before the Capital Assets Account of the year finally closed.

Accounting of Special Packing cases/crates for machinery items

751. The cost of packages as shown on the consignor's issue voucher should be added to the Capital cost of Machinery and taken on charge accordingly at the consignee and treating the charge as incidental to the transfer of machines. The scrap or repairable packages should be returned to stores under Work Order 02/00121/00-Proceeds from packages and scrap recovered from inventory, machinery etc. This procedure will apply when packing case are utilized for packing both old and new machines.

Accounting of Spare Parts of Machines

752. Spares may be divided into three categories: -

(a) Spare ordered separately for the plant and machines, so charged for separately.

(b) Spare ordered as extra with the plant or the machines and charged for either (i) separately or (ii) added to the value of the plant or the machines.

(c) Spare, which under the manufacturers practice is usually supplied with the machine but not separately, charged for, their value being apparently included in the cost of these plant or the machines.

(i) Spares should be taken to Stock Charge.

(ii) If the cost is initially met from the Capital grant, then the total amount should first be posted in the Block Register and simultaneously adjusted as transfer from 'Capital to 'Stock'.

(iii) The spare will be entered in the Priced stores with values based on the relevant 'S' series vouchers. In those cases where the values are included in the value of the machines, some assessed values should be given to the spares with corresponding reduction of the capital value of plant or machines.

Classification of Spares

753. A store will be "spare part" if the following conditions are fulfilled:-

(a) It is a store, which can in practice conveniently be held in stock even though, if abnormally bulky, some special arrangements for storage may have to be made possibly involving some other individual having the immediate custody on the Store Holder's behalf.

(b) It is a store which immediately on its being drawn from stock can, in practice without delay be embodied in a machine or plant where in the ordinary sense it looses its identity, at any rate for the time being while so embodied is a machine or plant.

(c) There is ordinarily no prospect of its being subsequently returned to stock as the same store if there is subsequently occasion to disassemble it from the machine or plant and return it to stock this would ordinarily be for the reason that it is work out and it would therefore return to stock as repairable or unserviceable i.e. as a store different in condition from that in which it was previously held in stock.

(d) If the store is so disassembled from a machine or plant, the conditions are that it would be necessary to replace it in the machine or plant by a store of the same nature for the machine or plant to be completed and capable of functioning or at any rate functioning efficiently.

Illustrative examples-Spare parts

Bearings, B-belts, Crankshafts, Armatures, Commentators, Armature Coils, Carbon brushes

Not Spare Parts

Tools Holders, Dividing Heads, Cutting tools such as grinding wheels or Milling Cutters
Note-These do not comply with condition 'C' above.

Block Register

754. The accounts of Capital Assets in the factories are maintained in two Block Registers on IAF (Fac) 77 by Accounts Office. One for Building items and the other for Machinery items. While the Block Register for Machineries will show only the Book Value of the Machinery, a complete record of accounts of the Building items of the factory will be maintained showing the depreciated value of the Buildings at the year-end. Block Register for Machineries will continue to show only the Book Value as it should remain in perpetuity whereas Block Register for Building and other items etc. will show: -

(i) The original purchase value
(ii) First year's depreciation charges
(iii) Opening balance of the book value of Capital Assets other than Plant & Machineries (depreciated book value in the case of depreciable items)
(iv) Additions during the year.
(v) Reduction during the year (including the annual depreciation) and
(vi) The closing depreciated book value at the end of the year.

' In the new computerized system and milieu the Block register is prepared and maintained through package. The program will be run in the month of April every year i.e. after closure of the financial year. After closing the Annual Capital Account a printout of Block register generated through package will be taken and kept for record as a Block Register.

755. Machineries and electric installation will be accounted for in the machinery block register on a Section wise/cost centre wise basis and separate pages will be allotted for each section/cost centre.

756. Separate pages will be allotted for each type of building in the 'Building Block Register".

757. An index will be maintained at the beginning of each register indicating the relevant page number for each type of Building or for each section in the case of machinery items in the respective block registers. All

uninstalled 'Plant & Machinery' will be entered in the 'Suspense Section' of the Block Register'.

758. Entries regarding original purchase value, first year's depreciation (except machinery items), opening balance of book value of each asset, additions and reductions during the year, annual depreciation charges and closing depreciate book value (except machinery items) will be posted under appropriate columns.

759. Blank

760. For purposes of identification, a register number is allotted by the factory to each Capital Assets and the number is marked in the Block Register.

761. Additions and reductions in the value of Capital Assets (other than depreciation) are noted in the Block Register on the strength of Capital Series (Building or Machinery) Vouchers. Such vouchers when received from the factory will be scrutinized to see that they contain the following information:-

(i) The register number of the machine or the identification number of the building, together with the assessed or actual cost, as the case may be, is noted in the case of all new assets brought on charge. Electric fans, telephones, steel furniture, motorcars, lorries etc. will also be identified by register numbers

(ii) All additions and alternations are linked with identification number or the register number of the original asset.

(iii) The name of the section/cost centre in the Capital Block Register under which the asset is borne is noted on the vouchers.

(iv) In the case of electrical mains and meters, electrical installation and fans in industrial buildings and on the factory estate other than quarters and telephone and telephone main, the fact that such items are depreciable at 6 .25% is noted on the vouchers.

(v) In the case of alteration, conversion, removal, re-erection etc. of a portion of a building or a part of a machine, the assessed cost of the portion of the original asset to be written off is shown in the voucher.

(vi) In the case of break up or demolition, the nature and cost of resultant scrap is furnished.

(vii) When assets are sold, the value realized together with the number and date of the relevant sale account and that of the treasury receipt is noted. A Sale Register will be maintained by the Accounts Office in the following proforma for the purpose of watching the recovery or adjustment of items of machinery sold or transferred from the factory: -

Issue Vr. No. & Date	Particulars	Qty.	Book Value	Rate at which sold	Name of purchaser	Amount realized	Remarks

(a) Full particulars will be entered when an item of machinery is sold or transferred.

(b) When a treasury receipt is received for the amount realized or adjustment is made for transfer of the asset suitable entries to the effect will be made in the "remarks" column.

(c) The register will be submitted to the Accounts Officer on the 1st of each month.

Information on the above lines should be obtained in respect of the M.E.S. Statement of Expenditure.

Depreciation on Plant and Machineries

762. (a) Plant and Machinery procured in the OF & OEF are depreciated at specified rates to recover the investments made for their procurement using the Straight Line Method. In this method, depreciation is charged uniformly over the life of an asset.

(b) Depreciation should be charged for all type of Assets in straight line method of depreciation, based on the period for which the Plant and Machinery and the Assets are expected to be in use not on usage basis vis-à-vis, as per the rates shown against each in the annexed table and rate thereof. Depreciation so calculated will be charged to production as fixed Overheads.

(c) Depreciation shall be calculated considering the life of P&M 20 years @ 5% of the cost of the Machine/Plant.

(d) For Tool Room Machine should be depreciated at the same rate applicable to machines installed in Production Shops. The G.M. being a Competent Authority, may, however, propose replacement of a Tool Room Machines which are unable to give the desired accuracy, the same may be retained in the Tool Room and utilized for lesser accuracy job or transferred to production shop at the end of 10 years. Thereafter, proposal for replacement may be processed against either under RR or NC, depending upon the location at the time of replacement. The replacement will, however, be subject to following the normal rules relating to the replacement of Plant & Machinery after undertaking necessary critical examination of its performance by a duly constituted Board of Officers.

(e) No depreciation should be charged in the case of Machines which are awaiting Installation and Commissioning. However, in the case of machines awaiting disposals depreciation should be charged as in the case of idle machines i.e., at half the normal rate, if book value exists against the machines awaiting disposals.

763 to 774 Blank

Physical verification of machinery/building etc. items

775. Verification of all items of Capital Assets of the factory will be carried out annually by the stock verification group of the GM with reference to the entries in the Block Registers. The stock verification Group will initial against the block register items in token of such verification each year. A report thereto will be received in the Accounts Office and settlement of the discrepancies reported will be watched by the Accounts Officer and any point of interest reported to the PCA (Fy).

776. The General Manager will also maintain lists of all assets under Plant and Machinery etc. Separate lists will be maintained for the different shops and these will be in accordance with the entries in the Block Registers of Machinery etc. maintained by the Accounts Officer.

777. The General Manager will maintain a “Register of Permanent” and “Temporary” buildings in which details will be entered for every buildings etc. in his charge.

778. Register of Factory Permanent and Temporary buildings will be maintained by the General Manager of Factories in duplicate. Corrected copy of the register will be sent quarterly to the Accounts Office for reconciliation of Register of Building with Block Registers for audit.

779. The General Manager is responsible for ensuring that the Register is corrected upto date and correspond to the existing permanent and temporary buildings.

780. Permanent and temporary buildings and other structures which form part of water supply, electrical or sewage purification installation will be shown separately in this register.

Un-installed plant and machinery

781. In order to find out cases of un-coordinated planning in the acquisition of plant and machinery and of those which involve blocking of substantial capital and to draw the attention of the management thereto, Accounts Officers will carry out a review once every quarter of the items of plant and machinery held in the suspense section of the Block Registers. All cases of uninstalled plant and machinery that would come to their notice in the course of their review will be taken up with the management with a view to ascertain the reasons for non-installation and to urge them to take action towards installation or disposal thereof. A quarterly reports in two parts as mentioned below will be prepared by the Accounts Officer in triplicate and two copies thereof forwarded to the Management with a request to return one statement with columns (4), (7) and (8) in Part I and columns (5) and (6) in Part II filled in by them.

Part-I

1. Serial Number
2. Description of the item, with registration Number.
3. Date of procurement (or month of preparation of Receipt voucher, if date of procurement is not known).
4. Purpose of procurement.
5. Original Book Value.
6. Depreciated book value as on the last day of the quarter to which the report relates.
7. Reasons for non-installation.
8. Action for disposal taken, if any.

Part-II

1. D.V. Number and month pertaining to advance payment/invoice No. and date/consignor, A.O.'s issue voucher No and date.
2. Details of the plant/machine.
3. Amount involved.
4 R/R No. and date if any known.
5. Whether received in the factory or not.
6. If received, reasons for non-preparation of receipt voucher/non-installation.

782. Based on the reports received from the Management, a quarterly report will be rendered to the PCA (Fys) showing the result of review in clear terms, divided into two parts, the first part to indicate overall position.

(I) the value of uninstalled (excluding un-installed surplus) machines borne in the suspense section of the Block Register, the value should not include non-machinery items like tools, jigs, furniture's, fixtures etc. and machinery items which do not require installation. Number of machines affected and the oldest date of receipt as per Receipt Voucher.

(ii) the value of Disbursement Vouchers pertaining to advance payments, invoice and consignor Accounts Officers issue vouchers, Number of machines involved and the oldest date of receipt of D.V. and the second part (i) to contain details of items of plant and machinery each valuing more than Rs. 1,00,000 which are required to be installed but are lying un-installed and (ii) other capital items such as tools, jigs, furniture's and fixtures.

783. Any special features which will come to notice in the course of two directional review will also be incorporated in a Special Section.

Disposal of surplus plant and machinery as well as vehicles

784. (i) Plant and machinery as well as vehicles can be termed as surplus when the same cannot be utilized further due to the long services rendered by them/technical inefficiency/having been rendered obsolescent. They can be categorized as:-

(a) Serviceable
(b) Unserviceable
(c) Repairable
(d) Beyond economic repairs.

(ii) The list of surplus plant and machinery as well as vehicles for which ultimate use is not foreseeable and for which replacement has already been received by the factory, should be circulated to all Ordnance Factories/Defence Installations. On receipt of a "Nil" reply from them, surplus report should be prepared in accordance with the existing instruction and submitted to the O.F.B. under the signature of the General Manager duly vetted and concurred by the Accounts Officer.

(iii) According to the existing procedure, surplus machines as well as vehicles irrespective of categories mentioned in item (ii) of a above para having book value upto Rs. 20,000 in single category should be disposed off through factory management with prior approval of OFB and financial concurrence.

(iv) For surplus machines as well as vehicles having book value more than Rs. 20,000 in single category irrespective of categories should be disposed off through D.G.S. & D. with the prior approval of OFB and financial authorities.

(v) Disposal should be normally by auction sale through approved auctioneers. This auction will be done through MSTC as per the guidelines issued by OFB vide OFB P/M Manual approved by competent authority.

(vi) At the end of each quarter, a report showing the value of surplus machines awaiting disposal should be furnished by the Accounts Officers to the PCA (Fys) in the proforma given below. While compiling the report cases of costly/ unutilized /scarc ely utilised machines declared surplus should be highlighted with details.

Proforma for Report on the disposal of Surplus Plant and Machinery in Ordnance and Ordnance Equipment Factories

Item	Numbers		Book Value	
	Current	Progressive	Current	Progressive
(1)	(2)	(3)	(4)	(5)
1. Surplus machines				
(a) Awaiting disposal at the beginning of the quarter				
(b) Machines declared as surplus during the quarter.				
Total of 1(a) & 1(b)				
2 (a) Surplus machines out of 1(a) previously reported to OFB				
(b) Surplus machines reported to DGOF during the quarter				
Total of 2(a) & 2(b)				
3 (a) Surplus machines out of 2(a) previously sanctioned by the OFB for disposal (i) Departmentally (ii) by DGS&D				
(b) Surplus machines sanctioned for disposal by the OFB during the quarter (i) Departmentally (ii) by DGS&D				
(c) Total of 3(a) & 3(b)				
4. Surplus machines disposed of during the quarter (i) Departmentally (ii) by DGS&D				
5. Surplus machines awaiting disposal at the end of the quarter [1(c)-4]				
(a) Number of machines borne at Nil value.				
(b) Number of value of items of tools if any included and				
(c) Number and value of other items of machinery and exhibited below				

Note: - Break up of items 5.

(A) (i) Surplus machines not reported to DGOF 1(c) Minus 2(c).
(ii) Surplus machines reported to DGOF but not sanctioned 2(c) Minus 3(c).
(iii) Surplus sanctioned by the DGOF but not disposed of 3(c)-4.
Total Surplus

Annexure (B)

Costly installed surplus Plant and Machinery the residual value of which exceeds ₹ 5,00,000.

Note-B: Expected sale value of machines sanctioned for disposal but not disposed of i.e., the number shown at Note (A) (iii) above should be indicated here, in consultation with the management.
For the next quarters report

Note -C:

The quantity figure for item 1(a)-item 5 of the Current Report
The quantity figure for item 2(a)-item 3-item A (i) of the Current Report.
The quantity figure for item 3(a)-item 2(a)-item A(ii) of the Current Report.

Write off of Capital Assets

785. In the case of Capital Assets other than Plant and Machinery lost or discarded by sale, by break-up or by transfer to other Defence formation, the residual book value on the 1st April less proportionate depreciation for the period in use, in the year in which they are lost or discarded is written off the books. In the case of inter-sectional transfer of Capital Assets, depreciation is charged to the section in which the asset is borne up to the end of the month in which the transfer takes place and thereafter to the section to which it is transferred. The break-up of any capital asset requires the sanction of OFB. In the case of break-up of unserviceable fans, telephone or any other capital assets of similar nature replaced at the expense of the Renewal/Replacement, OFB's sanction is not necessary provided sanction for the replacement, which is ipso-facto a sanction for the break-up of the original assets, exists at the time of break-up.

So far as Plant and Machinery is concerned, the value of the Capital Assets once formed cannot be reduced unless it is washed away by natural calamities, accidents or if the service of the machine is no longer required. In that event only the Assets can be discarded, sold out, transferred to other Ordnance Factories and may appear in the Credit Side of the Capital Account with its original value.

Expenditure on Work

786. All expenditure on works in connection with the Ordnance and Ordnance Equipment Factories should be recorded under Major Head 4076-Defence Capital outlay; Budget provision for the purpose will be made under the relevant heads. The Military Engineering Service carries out the Engineering 'Services' for Ordnance and Ordnance Equipment Factories, in accordance with the Regulations for the MES, Barrack synopsis. Separate budget provision for Revenue and Expenditure is made for such services, in the relevant Factory budget heads.

787. The cost of the maintenance of building with their connected roads drains. Etc., will be met from the factories budget. If any of the buildings become obsolete or are no longer required owing to cessation of manufacture, they should be transferred to the Quarter Master General free of charge for disposal. All building thus transferred should be noted in the Register of Military buildings.

788. General Managers are empowered to accept necessity and issue administrative approvals to new works. Special repairs and re-appropriation with the concurrence of the local Accounts Officer as mentioned below:-

Description	*Authority*	*Power*	*Remarks*
(i) Issue of Acceptance of Necessity & Admin approval (MES & Departmental Works) and placement of Contract (Departmental Contracts only) for Capital Civil Works for Ammunition Magazines, Production Buildings. Production Buildings include buildings/installations required for support services etc. which are directly related to production activities.	Sr.GM/GM AGM	₹5.00 Cr. ₹1.00 Cr.	(i) Annual Civil Plan to be approved by concerned Member/OFB (ii) Capital Civil Works include new civil works & special repairs. (iii) Direct Contract to be finalized through Competitive tendering. (iv) The power for revision of Admin Approval will be limited to an upward variation of 20% of the financial value of original Admin Approval, within the financial powers delegated under this item. (Consultation of Finance – YES)
(ii) Issue of Acceptance of Necessity & Admin approval (MES & Departmental Works) and placement of Contract (Departmental Works only) for Capital Civil Works for other than production buildings including roads but excluding residential accommodation and amenity buildings.	Sr.GM/GM PD/NADP	₹1.00 Cr. ₹1.00 Cr.	(i) Annual Civil Plan to be approved by concerned Member/OFB. (ii) Capital Civil Works include new civil works & special repairs. (iii) Direct Contract to be finalized through Competitive tendering. (iv) The power for revision of Admin Approval will be limited to an upward variation of 20% of the financial value of original Admin Approval, within the financial powers delegated under this item. (Consultation of Finance – YES)

Description	*Authority*	*Power*	*Remarks*
(iii) Issue of Acceptance of Necessity & Admin approval (MES & Departmental Works) and placement of Contract (Departmental Works only) for Capital Civil Works for other than production buildings including roads but including residential accommodation and amenity buildings.	Sr.GM/GM PD/NADP	₹1.00 Cr. ₹1.00 Cr.	(i) Annual Civil Plan to be approved by concerned Member/OFB (ii) Capital Civil Works include new civil works & special repairs. (iii) Direct Contract to be finalized through Competitive tendering. (iv) The power for revision of Admin Approval will be limited to an upward variation of 20% of the financial value of original Admin Approval, within the financial powers delegated under this item. (v) Scale of accommodation/laid down norms are to be followed. (Consultation of Finance – YES)
(iv) Issue of Acceptance of Necessity & Admin approval (MES & Departmental Works) and Direct Contract (Departmental Works) for Revenue Civil Works.	Sr.GM/GM AGM PD/NADP PD/OFIL	₹0.50 Cr. ₹0.10 Cr. ₹0.50 Cr. ₹0.10	(i) Annual Civil Plan to be approved by concerned Member/OFB. (ii) Direct Contract to be finalized through Competitive tendering. (iv) The power for revision of Admin Approval will be limited to an upward variation of 20% of the financial value of original Admin Approval, within the financial powers delegated under this item. (Consultation of Finance – YES)

Description	*Authority*	*Power*	*Remarks*
(v) Issue of Acceptance of Necessity & Admin approval (MES & Departmental Works) and Direct Contract (Departmental Works) for Periodical Service of buildings.	Sr.GM/GM AGM PD/NADP PD/OFIL	Full ₹1.00 Cr. Full Full	(i) Direct Contract to be finalized through Competitive tendering. (ii) The power for revision of Admin Approval will be limited to an upward variation of 20% of the financial value of original Admin Approval, within the financial powers delegated under this item. (Consultation of Finance – YES)
(vi) Sanction of expenditure for Applied Research & Development for carrying out product & process improvement and development of New products.	Sr.GM/GM Head of ODCs	₹ 25 lakh per project within budget provision. (Subject to R&D finalization committee approval) ₹ 25 lakh per project within budget provision. (Subject to approval of Annual Plan by Member/TS & PEDB)	The power is for expenditure in the areas of process and product and product improvement, cost reduction and product development. (Consultation of Finance – YES)

789. General Managers will have no financial powers for new construction of residential accommodation. New construction of residential accommodation will be sanctioned by OFB.

790. The Revised Works Procedure of Defence Services has been made applicable to O.F.B. organization. The General Managers are empowered to accept necessity and to issue Administrative Approval to New Works, Special Repairs and re-appropriation as indicated above.

791. Consequent on the above, proposals will be received from the General Manager along with full details a draft sanction for Accounts Officer's concurrence. In addition to the Audit Procedure laid down in MES Accountants Manual and Office Manual Part VIII, the instructions laid down in Annexure 'AM' to this Chapter will be followed before according concurrence to such proposals.

792. Expenditure pertaining to Factory Works undertaken by the MES authorities are debitable to Major Head 469, Sub Major Head D Minor Head 1(a) 1, Expenditure will be audited by the CDA concerned and finally adjusted by them in their books. To enable the books of the PC of A (Fys) being completed details of the charges booked in the account of the Controller of Defence Accounts will be furnished by them to the PCA (Fys) and / or to the Accounts Officers as outlined hereafter.

Annual Statement of MES Works

793. The following statements of expenditure will be furnished annually by the MES authorities through the CDA concerned to the Accounts Officers of factories. Statements 'A' & 'D' will on receipt, be forwarded by the Accounts Officers to the Accounts Section of the main office for necessary action. The work detailed in the other statement will be brought on charge in the Block Register after verification by the factory authorities of the identification numbers and allocation to sections.

(i) Statement 'A'-Showing expenditure chargeable to revenue i.e. on repairs and maintenance (not chargeable to Capital of Factory Buildings).

(ii) Statement 'B' - Showing expenditure incurred during the year on "carry forward" works, which remained in-completed on the 31st March of the year.

(iii) Statement 'C' - Showing expenditure on New Works during the year both under renewals/ replacements and new capital.

(iv) Statement 'D' - Showing expenditure on all items chargeable to renewals/replacements only during the year together with their respective allotments.

Incomplete Works

794. Expenditure of items not completed during the year i.e. these which are in progress will be shown separately in the Block Register under 'Suspense' and when the works are completed in subsequent years, the total upto date expenditure will be transferred from suspense to the section in which they should be borne. No depreciation is charged on incomplete works shown under 'Suspense'.

Monthly statement of MES Works

795. In addition to the statements referred to above monthly statement of expenditure pertaining to each factory will be rendered to the PCA (Fys) by the GE's Unit Accountant. Copies of these statements will be furnished by the PCA (Fys) to the Accounts Officers of the factories concerned, who will keep them in a separate file or post the details in a separate register, as convenient. The total of the amounts booked in respect of completed items of work only will be provisionally brought on charge in the Block Registers on 'B' series vouchers to be furnished by the Management, after adding thereto the necessary E.T.P. and audit charges. The amount thus arrived at will be adopted for the purpose of calculating depreciation with effect from the month following that in which the work is completed. The amount that is thus adjusted provisionally will be readjusted, if necessary, on receipt of the usual annual Statement 'B' and 'C' from the MES through the CDA concerned.

Works carried out departmentally

796. The division of responsibilities between the MES and the factory authorities relating to the execution of work services for Ordnance and Equipment Factories is laid down in Appendix 'E' of Regulations for the MES (Reprint 1968), General Managers will have discretionary powers for execution of new works departmentally or through direct contract (limit will be as per the delegation by OFB) if economical in which case funds are allotted to the factories for the purpose.

Adjustment of the cost of departmental capital works

797. The labour charges incurred in connection with Capital Works carried out departmentally will, in the first instance, be charged to the detailed head "Pay and Allowances of IE" in the financial accounts and subsequently debited to the relevant detailed head under "Capital" by minus debit to "Pay and Allowances of IEs". Similarly, overhead charges and value of materials drawn for such 'Capital Works' will be debited to "Capital" by operating the deduct head "Value of work" done for the MES etc.

Service rendered by Private Firms

798. The cost of services pertaining to Capital Assets borne on the building Block Register rendered partly or wholly by outside firms/contracts, is also charged direct to capital and taken on the Block Register on the authority of 'B' series vouchers.

Incidental Expenses

799. Incidental expenses such as cost of acquisition of land and legal expenses in connection therewith, incurred in respect of Capital Assets, will be adjusted by the Stores Section of Main Office on receipt of details from the Accounts Officers concerned. Such adjustments, as and when made will be intimated to the Accounts Officer of the factory concerned to enable the charges to be accounted for directly on Capital 'B' series vouchers prepared by that officer.

Depreciation of building

800. (i) All permanent building both industrial and non-industrial will be depreciated on the basis of uniform assessed life of 60 years after deducting the residual value equal to the normal amount of depreciation.

(ii) The depreciation will be charged from the first of the month following that in which the building is ready for use in occupation.

(iii) For temporary and semi-permanent building as also for hutted accommodation, life/lives will be assessed technically by the management in consultation with the MES representative and LAO and suitable depreciation rates arrived at. The re-assessed total value will not however be taken into consideration for the purpose of re-assessment of license fee in respect of residential buildings.

(iv) No extra depreciation should be charged for any buildings used for more than one shift.

Note: In the case of buildings, which have outlived their normal lives, a Technical Board will reassess the life as well as the value of such buildings.

Register of Buildings

801. The factory authorities will be responsible for the maintenance of the Register of Factory Buildings and assessment of rent in accordance with the rules as laid down in MES Regulations. For this purpose, the Garrison Engineer will notify the factory authorities the completion cost of the buildings as soon as the works are completed and also any amendments necessitated by works carried out by MES subsequently. The register of Factory Buildings will be compared with the Block Registers and any discrepancy brought to light will be taken up with the management of the factory. A certificate that such verification has been carried out will be furnished to the 'AA' Section of the PCA (Fys).

Capital Service Extracts

802. In regard to Capital Services undertaken by the factories departmentally, the cost of which is chargeable to New Capital or Renewals/Replacements, the previous concurrence of the Finance Division, OFB is invariably obtained before the issue of all Capital Service Extracts marked Class V and bearing special enfacement as to the new capital/renewal grant to which the cost is debitable.

This constitutes sufficient authority for carrying out such work to the extent of the funds allotted therefore. A separate letter of allotment to cover the expenditure on such departmental works is not necessary.

Factory Works Budget

803. The expenditure on Ordnance and Equipment Factories work will be watched in the following manner: -

(a) As soon as the factories work budget is approved, the OFB will make allotment for the sanctioned work and standing charges etc. to the MES authorities by commands and keep the balance as reserve with him under the various heads.

(b) The local MES officers should apply for further allotment required by them before incurring any expenditure exceeding the sanctioned allotment by 5 per cent. Any amount not required by them should be surrendered to the OFB.

(c) The requisition for funds and letters surrendering funds would be forwarded through the CDA concerned.

(d) The PCA (Fys) is required to keep an account of the reserves at the disposal of the OFB and all the modification made thereto from time to time.

(e) In the case of capital works undertaken by the factories departmentally, the allotment and commitment are watched by PCA (Fys) and Finance Division of OFB.

(f) Discrepancies, if any, in respect of the balance available under the reserve as shown by the OFB and as worked out by the PCA (Fys) should be brought to the notice of the OFB after one calendar month from the issue of the OFB's letter or extract showing the position of the reserve.

Annual Statement of Capital Expenditure

804. By the 15th November of each year, the Management will furnish to OFB, with a detailed statement showing the expenditure on all capital works during the preceding financial year through the local Accounts Office and the PCA (Fys).

Sanction for excess expenditure

805. The excess of the expenditure over the amount sanctioned in respect of a particular work chargeable to capital will require the same sanction as the original charge even after the close of the financial year. The ex-post-facto sanction of the Government of India covering the excess charges should be watched in audit by the Accounts Officer so far as expenditure on Capital Services incurred departmentally by the factories themselves, as distinct from the work undertaken by MES authorities is concerned.

Register of Sanctions and Expenditure

806. Register will be maintained in the prescribed forms and all items of Capital expenditure e.g. purchase of machine, erection of machine etc. done departmentally with the sanction estimated value will be entered indicating also the grant from which the expenditure is to be met. The actual expenditure will then entered to watch that it does not exceed allotment. In the latter case, further sanction will be necessary which will be obtained by management. In brief, complete audit check with regard to capital grant etc. will be exercised by the Accounts Officer and necessary statistics should be maintained for this purpose. The Register is maintained in the following proforma: -

1. Name of Work/Project etc.
2. Head of account.....
   - New Capital Grant
   - Renewals/Replacement
   - Amount sanctioned
   - No. & Date of sanction

Month	Actual Expenditure	Progressive total of each month	Savings/ Excess over allotment	Remarks
1	2	3	4	5

A separate page will be opened for each sanction of the item of expenditure.

Register will be reviewed by the Accounts Officer on 10th of each month

Register of Excess and Savings

807. All excess and savings should be noted separately in a register to be maintained for the purpose by the Accounts Officer in the same proforma given under para 806 and report submitted by him to the PCA(Fys). The PCA (Fys) will consolidate the figures for all categories and take necessary action for the regularization of the excess after the close of the year. In reporting items of excess expenditure for regulation under the orders of the OFB or the Government of India during/after the year as the case may be, only such items where the excess expenditure amount to more than 5 per cent of the estimated cost should be reported.

Note:1- Normal renewals/replacement once provided for in the renewals/replacement programme of a year should be treated as unforeseen items and not as additional items if not included in the sanctioned estimates for those years. The OFB will be viewed as the authority competent to appropriate funds to meet the expenditure incurred, in respect therefore from his reserve for unforeseen items or from accounts on cancellation of normal like to like replacement items already included in the sanctioned estimates for the year affected. He is also authorized to appropriate funds from his reserve for unforeseen items under renewal/replacement to meet the cost of new items of work on like to like and normal Wear and Tear basis.

Note :2- Whenever an item of work is sanctioned to be met from the OFB reserve for unforeseen items under renewals/replacements, the PCA (Fys) is required to see in audit that the same is on like to like and renewal wear and tear basis. For this purpose, the nature of the work sanctioned to be met from the grant will be clearly stated in each sanction.

Note: 3- If in MES budget estimates, separate allotments are sanctioned for the cost and erection of particular machine, the two allotments should be taken together in determining where there is any excess over the sanctioned grant.

Re-adjustment of Expenditure under Different Heads of Accounts

808. If a work is sanctioned by the Government of India to be met from Capital Grant in one year but is treated as for having to be met from Revenue Account in another year, necessary re-adjustment of the entire charges from the Capital Head to the Revenue Head should be made under the sanction of the Government of India in the following years accounts.

Purchase of Machines in-lieu

809. One or more machines can be purchased in lieu of a particular machine sanctioned with OFB's prior concurrence. But in the case of the renewals/replacement items, it can only be done if the cost and the purpose for which the new items are required remain the same. Prior approval of the financial authorities is also necessary in such cases.

Accounting of Tools

810. The term "loose plant and tools" shall include tools, jigs, gauges, fixtures, hand trucks, pulleys, benches, hardness testing apparatus etc. which are utilized in the factory as aids to manufacture. All items of loose plant

and tools purchased or manufactured costing ₹ 10,000 and above are required to be capitalized. The tool costs as shown in the estimate inclusive of overhead should form the basis for deciding whether an item is to be treated as capital or not. The requirement of such tools is included in the annual demands and financed from the New Capital Grant. As an exception to the above, tools having shorter life of one or two years, though costing ₹10,000 and above should also be treated as "Revenue Items" and the cost thereof charged to production as above.

811. (i) Tools and Gauges of standard type as well as tools for general shop used should be manufactured and required under indirect series work order 02/00008/00. Cost of these general and standard tools will be levied on jobs as an item of variable overhead. The last two digits of the work order 02/00008/00 will be utilized to indicate the Code Number of the user section to facilitate changing of the cost of tools to the variable overhead of the user section concerned.

(ii) The tools, gauges etc., which are peculiar to a particular, out-turn will be manufactured on direct series work orders. These will be manufactured and repaired under the respective out-turn work order by allotting number to the main out-turn warrant.

(iii) The rate and estimate section should authorize composite material warrants based on production programme of tools and corresponding standard Estimates for all items of tools using common unattractive material. The individual material warrant will be issued for jobs using costly and attractive materials to avoid risk of pilferage. The user section Code Number will be indicated in the last two digits of material warrants.

(iv) Manufacture warrant should be used separately for each tool.

(v) The control over the expenditure against the indirect series work order 02/00008/00 should be exercised through quarterly budget of variable overhead.

Accounting procedure for tools costing ₹ 10,000 and above

812. Tools Costing ₹10,000 and above both in Engineering Factories and other Factories are to be capitalized. The tool costs and shown in the estimate inclusive of overhead should be the basis for deciding whether an item is to be treated as capital or not. If it is to be capitalized, normal orders/procedure applicable for plant and machinery should be followed i.e.

(a) These should be a Class V Extract.
(b) Funds should be available.
(c) 'M' series vouchers should be prepared.
(d) The voucher will be priced and details will be noted in the "Valuable loose plant inventory Register". This will form a part of the Machinery Block Register.
(e) Value of the tools will be amortized.
(f) Stock Verification will be carried out by the OFB stock Verifiers.

813. In those cases where, production programme significantly changes from year to year requiring different degrees of utilization of the capitalized tools, these may be amortized (rather than depreciated) over production during its good/useful life. The rate of amortization will be assessed for each item of finished output depending upon the degree of utilization of the concerned tool.

For example, where the entire production Programme is phased out over different stages of manufacture from simple stage of manufacture involving simple assemblies, manufacture from simpler components to eventually more difficult components, suitable flat rates will have to be assessed for each stage of manufacture. The rate of amortization will be decided by the General Manager in consultation with the LAO / Controller of group of factories.

814. There may be cases, where expensive tools costing ₹ 10,000 and above may be completely used up in a few years time. In these cases such expensive tooling with short lives should be separately listed out by the GM in consultation with his Accounts Officer / Controller of Group of Factories. These tools should be amortized

over production during its good/useful life. A separate flat rate of amortization for each item should be fixed so that total cost of the tools minus residual value is wholly charged off over production of the given quantity of item, which uses up the given tool completely.

815. As the orders are effective from 1-4-1978, cases of small value tools capitalized on the basis of earlier orders, which have not been fully charged off, will continue to be borne on in the Block Register till they have been fully liquidated through normal depreciation under earlier orders.

Registers, Reports and Returns

816. Lists of registers to be maintained together with their fly-leaf instructions and of reports and returns to be rendered are given in Annexure 'AP' and 'AQ' to this chapter.

Renewal Reserve Fund

817. (i) Renewal & Reserve Fund was created in the Public Account of India for financing the replacement of the ageing plants and machinery of Ordnance Factories. RR Fund is a non-lapsable, revolving & non-interest bearing fund. The fund is financed by transfers from revenue head under the Consolidated Fund of India. As and when expenditure on renewal & replacement is incurred the revenue head under the Consolidated Fund of India is simultaneously relieved through a deduct entry under the same revenue head by contra debit to the Renewal Reserve Fund in Public Account.

The accounting procedure which was decided in consultation with C &AG of India was as follows:

(a) 'Renewal Reserve Fund Ordnance Factories' will be distinct subhead under the existing minor head "Renewal Reserve Fund of Government non-commercial Departments" below major head "8226-Renewal Reserve Fund" in the section "Reserve Funds not bearing interest".

(b) The Fund will be fed by transfer from Consolidated Fund of India annually. The withdrawals from the Consolidated Fund of India for credit to the RR Fund will be accounted for under the following head:

Major head : 2079 – Defence Services – Ordnance Factories
Minor head : Transfers to Reserve Funds and Deposit Accounts
Sub head : Renewal Reserve Fund Ordnance Factories
Detailed head : Inter-Account transfer

(c) The actual expenditure in renewal replacement will be debited to minor head "Renewal and replacements" under major head "2079- Defence Service-Ordnance Factories".

(d) An equivalent amount will be debited to the Renewal Reserve Fund as per the head of account at (i) above, by per contra credit to the following head of accounts:-

Major Head : 2079 – Defence Services – Ordnance Factories
Minor Head : Transfer from Reserve Funds and Deposit Accounts
Subhead : Deduct – Amount met from Renewal Reserve Funds Ordnance Factories.

Production action will be the same as detailed in Para 737.

(ii) Maintenance of Proforma Block Register

The Proforma Capital Block Register for machineries procured through Renewal Reserve Fund should be separately maintained. In this Proforma Block Register depreciation of each year worked out with reference to modified formula will be exhibited with no reduction of the Original Book Value. This Register will facilitate in future procurement of machinery on like to like basis.

(iii) Disposal of Plant and Machinery under Renewal Reserve

Sale proceeds of machineries under Renewal Reserve Fund should be treated as deduction from expenditure and compiled to Code No. 01/813/01 (minus charge).

(iv) Erection of Plant/Machinery Procured under Renewal Reserve Fund

Civil works to be carried out departmentally for machineries procured under Renewal Reserve Fund will be done under Work Order Serial No. '95' and the procedure for charging the expenditure after completion of work will apply mutatis mutandis here also as in the case of '04' series of Work Order. The civil works cost will, however, be booked to Code No. 01/813/01.

(v) Charging of depreciation of the Machine procured from Renewal Reserve Fund

The entire amount will be charged to Cost of Production as Overhead. Branch Accounts Offices should work out the depreciation in accordance with para 762 and booked to Work Order 01/00034/00 and the same should be shown in IE Statement.

(vi) Machinery purchased out of R.R. Fund for which payment has been made but not brought on charge during the year

If it so transpires that payment has been made for purchase of a machine but the same has not been received during the year, then the amount so paid cannot be taken to outstanding Asset Account, as the amount has to be charged to production during the year itself. In that event the receipt of Machine will be watched through a linking register to be opened for the purpose as per the existing Proforma shown in Para 738 ibid.

The Register will be subject to audit.

(Authority : Government of India, Ministry of Finance (Department of Economic Affairs) no. F.1 (140)-B (AC)/89 Dated 30-1-1991)

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ANNEXURE-'AM'

PROCEDURE FOR DEALING WITH THE PROPOSALS FOR FACTORY WORKS PROJECT

Acceptance of necessity/Administrative approval is the authority for the Engineers (MES) for execution of works. Accordingly, the main aim of the scrutiny by A.O. prior to concurrence to such proposal should be to satisfy that necessity of the work proposed actually exists and the most economical proposition has been put forward. For this purpose, no hard and fast rule can be laid down. Monthly scrutiny of the proposal is to be carried out in a general way based on well-informed judgment and appreciation of each individual case.

The current orders governing the execution of Factory works are contained in Min. of Def. letter no. B/01247/Q3W (policy)/2119/SO-III/D (W-I) dated 18-11-68 and 001/E/B/7110/D dated 25-1-72 as amended from time to time (Revised Works Procedure). It will be seen there from that the main stages in a works project are as indicated below:

(a) Acceptance of necessity.
(b) Administrative Approval.
(c) Appropriation of funds.
(d) Technical sanction.

As acceptance of necessity (A/N) of the work should invariably proceed the sanction for its execution i.e. A/A, proposals relating to A/N should be progressed first, and this should be followed by proposals for A/A. As, however, the limit of GM's financial powers for A/N and A/A whether for (i) Non-industrial and (ii) Industrial building the same, it is quite likely that GM's might like to progress combined proposals for A/N in order to avoid delay in the execution of work.

In dealing with the proposals for Factory Works Projects (Industrial and Non-Industrial), the following points be kept in view:

I. Acceptance of necessity (A/N)

(i) In order to determine the CFA for A/N, indication of cost of project is prepared by the Engrs. (MES) on the basis of user's requirement. For this purpose, a Costing Reece Board is required to be held in terms of para 11 of E-in-C's Pamphlet No. 13. Holding of this board cannot be dispensed with under any circumstances. It should be seen that all proposals are supported by the Reece Board's proceedings and they are framed in accordance with the Board's proceedings and the items of work included therein are essential.

(ii) Purpose for which the proposed construction(s) is/are required has to be seen. If in satisfaction of statutory requirement, the particular relevant statute should be ascertained (e.g. canteen under Factory's Act). The points to be seen should include such queries as, for example, how the purpose is served at present. Why the existing arrangement is not considered adequate, whether the possibilities of utilizing any surplus accommodation or any temporary buildings at the station which can be made habitable by carrying out repairs, additions and alternations have been examined and if so, with what results.

(iii) What are the Number and category of personnel proposed to be accommodated and whether the case of industrial and storage accommodation, whether the size of proposed accommodation is justified. Similarly in the case of industrial and storage accommodation, whether the size of accommodation is justified with reference to the number of machines to be installed and quantum of store to be stocked.

(iv) Whether the scheme is complete in itself or whether it is a part of larger scheme. (Para 31 of MES Reg. refers). In the later case what is the total expenditure involved in the overall scheme as a whole and the number of phases in which it is proposed to carry out the scheme. As it will not be possible for A.O. to verify that the item of work proposed by G.M. is not included in any other proposal sponsored by OFB/Govt. on an All India basis, OFB has issued necessary instructions to the GMs of the factories to certify in all proposals that the item of work is not included in any other scheme/proposal under consideration of OFB/Government.

(v) Proposals for industrial accommodation for housing, plant and machinery in anticipation of proper sanction of their procurement, should not normally arise. Proposal for industrial accommodation should be considered alongwith the proposals for procurement of plant and machinery and it should be viewed as a single project.

(vi) Is the proposal based on current scales? (Scales are laid down in Barrack Synopsis, Scales of accommodation (War) 1944/Govt. orders)

(vii) How the requirements of pathways, roads and other external services have been assessed and whether they have been reduced to the minimum and all avenues of economy explored? For this purpose, the proposed lay out of the building and that of the factory may be consulted.

(viii) Whether the site selected for the proposed construction is Government land. If not, the necessity for and economy of acquisition of private land and construction thereon should be examined.

(ix) In regard to proposals for augmentation of water and power supply, the total requirements, the rated and the present output, and their source and the deficiency should be looked into. How the deficiency is being met till the time of the proposal should be seen? How the requirements have been stipulated except for consumption of water for domestic purposes? The power and water requirements for purposes other than domestic consumption are assessed by the competent authority. The current scales for consumption of water for domestic purposes are as under: -

25 gallons per day per individual Plus 15 gallons per day per individual if water borne sanitation is provided/contemplated.

In assessing the requirements of water for domestic consumption, number in each family should generally be taken at 4 or 5.

In the case of proposals for replacements/renewals when the buildings were originally constructed, whether the buildings have outlived their normal life (this should be certified by the MES authorities) and what would be the residual life of the buildings after renewals/renovation and whether it would be an economical proposition vis-à-vis new construction.

No proposals involving a new practice/policy or which may have repercussions on other factories or other Arms of services should be considered.

II. Administrative Approval (A/A)

(i) To enable the Engineer to prepare detailed estimates (approximate estimate) a sitting Board is held as required under para 11 of E-in-C's Pamphlet No. 13. It should be seen that the proposal for A/A is accompanied by the sitting Board proceedings and the estimate has been prepared in accordance with the Board proceedings. In no case, the Holding of Board can be dispensed with. In the case of combined proposals for A/N & A/A, only one Board is held, which is called 'costing Reece-cum-sitting Board' and its proceedings should accompany the proposal. As the detailed estimate is available, no separate indication of cost for A/N is necessary in this case.

(ii) Any provision in the estimate, not recommended by the Board, should be satisfactorily explained.

(iii) Lights and fans etc. are according to the authorised scales. (Scales are laid down in barrack Synopsis and scales of accommodation (War 1944).

(iv) If any item of demolition is included in the estimate, it should be seen that credit for the materials recovered from demolition is afforded in the estimates.

(v) Fluorescent Lighting is authorised only in 'Industrial buildings'. Only these buildings, which are directly connected with production, should be viewed as 'Industrial' for this purpose. It should be seen that provision of fluorescent lighting is not made in Administrative Buildings. Storage accommodation, Canteen etc

(vi) Estimates should be checked arithmetically. It should be seen that in approximate estimate Part I, contingency has been provided only at 3% and Establishment charges at 2%.

(vii) In regard to the technical scrutiny of the estimates, it should be seen how the rates adopted in the estimate compare with rates for similar work sanctioned in the past in the station and certification of the S.I. (Fys) should be looked for in respect of correctness or otherwise of the estimates from technical point of view.

(viii) In the matter of specifications, it is for the Engineers to ensure that current specifications have been adopted. If any higher specifications are proposed, detailed reasons therefore, should be ascertained. For example, normal flooring for buildings is either of brick or cement, if mosaic flooring is proposed, it should not be accepted.

(ix) As for the incidence of cost for financing of repairs, renewals and replacements, it should be ensured that provisions contained in M of D letter No. 020/E/ B (Pt.) 2338/II/D (Fy) dt. 10-9-69 has been followed.

(x) If any additions become necessary through revision of scales or establishments or for other administrative reasons, a supplementary estimate is prepared and fresh acceptance of necessity and admin approval obtained from the competent authority empowered to accord such approval to the entire work i.e. to the original and supplementary ones, together as one item.

III. Technical Sanction

This sanction is accorded by the Engineers for each A/A issued. AOs need not look for such sanctions.

IV. Allotment of funds.

It should be ensured that the G.M. places funds at the disposal of the Engineers only in respect of sanctioned works and to the extent likely to be spent by the Engineers during financial year.

V. As regards the proposal for re-appropriation, it should be seen that (i) Re-appropriation is for authorised purposes.

(ii) Quarters proposed for re-appropriation are surplus to requirements.

(iii) Re-appropriation does not lead to demand for new construction at a latter date and will not involve any loss of revenue to the state. No proposals for new construction relating to residential accommodation should be accepted as residential accommodation has been specifically excluded from the scope of powers delegated to GMs.

VI. As it is necessary that sanctions for the execution of works should issue promptly, Accounts Officers should try to finalise all points of doubt arising in the scrutiny of proposals as quickly as possible.



ANNEXURE 'AN'

INFORMATION REQUIRED AGAINST NEW CAPITAL DEMANDS

1. Whether the necessity of new Demand is:-

(a) To balance the existing Capacity, if so

(i) State the particular operation done on the machine(s) and its existing capacity vis-à-vis the capacity desired of the machine.

(ii) How is the bottleneck being overcome new?

(iii) If the additional capacity is desired to meet a fresh demand known either for a defined period or of a permanent nature. State the particulars of the demand.

(b) To increase the existing capacity in view of increase of production:-

(i) Full details of the load on the proposed machine should be indicated.

(ii) How the requirements are being met at present?

(iii) Same as (a) (iii).

(c) For a new items of production:-

(i) What are the particulars of work?

(ii) Is the machine required for meeting a demand by Services? If so, what is the size of demand known either permanently or for a defined period.

(iii) What is the capacity of the proposed machine when compared to the size of demand as per (ii) above? If the capacity of the machine is appreciably higher than the size of demand, is the proposed machine the most economical to buy?

(d) To reduce manual labour.

(i) What is the anticipated saving per month in the expenditure on manual labour?

(ii) As against (i) what will be the expenses incurred per month in operating the proposed machine.

(e) To modernise the plant-full details of the saving expected in labour and materials (direct & indirect) together with any additional advantages of modernisation should be stated.

(f) Required as a stand by to meet emergency in break down.

(i) State clearly the reasons for having a stand-by plant.

(ii) Existing stand by plant, if any should be given.

2. State if the demand cannot be met from:-

(a) German Reparation Machines offered or allocated, and

(b) Known surpluses in other Factories or Government departments.

3. State, with reasons, if there is any urgency regarding delivery.

4. Where the quantity required is more than one, state if the purchase can conveniently be spread over more than one financial year.

5. State if:-

(a) Industrial buildings/accommodation will be available for installation of the plant.

(b) Demand is being put up separately for extension/additional space.



ANNEXURE 'AO'

INFORMATION REQUIRED AGAINST REPLACEMENT / BETTERMENT DEMANDS

1. Registered number of the Plant and Machine to be replaced together with:-
(a) Date of original purchase
(b) Original cost
(c) Book value, and
(d) Condition (whether beyond economical repair) may be stated.

2. State if the demand cannot be met from:-
(a) German Reparation Machines offered or allocated, and
(b) Known surplus in other Factories or Government Departments.

3. State, with reasons, if there is any urgency regarding delivery.

4. Where the quantity required is more than one, state if the purchase can conveniently be spread over more than one financial year?

5. State, if:
(a) Industrial buildings/accommodation will be available for installation of the plant.
(b) Demand is being put up separately for extension/additional space.



ANNEXURE 'AP'

LIST OF REGISTERS MAINTAINED IN THE COSTING SECTIONS AND THEIR FLY LEAF INSTRUCTIONS.

		Para
1.	Register of warrants	623(b)
2.	Cost Card Register	624
3.	Register for fictitious Work Order & Warrant No.	628
4.	Register for comparison of cost of common item of production between Factories	643
5.	IFD Variance Register	670 (d)
6.	Linking register for capital assets	738
7.	Machinery Sales register	761(vii)
8.	Register of sanctions of expenditure	806
9.	Register for superannuation charges	581
10.	Register for Supplementary Work Order Drafts and non-recurring rates	Note under para 623
11.	Schedule of P/Issue vouchers	671
12.	Block Register	754
13.	Register for Watching Treasury Receipt	761
14.	Register of Extracts	608
15.	Schedule of Capital Series Vouchers	750
16.	Register of quotations for payment Issues	670
17.	Register of payment services	670
18.	Register of IFD's	609

Note : Fly leaf instructions in respect of Registers at 1 to 9 above have been incorporated in the relevant para noted against each.

For Fly leaf instructions in respect of serial No. 19 see OM Part II, Vol. II, and Chapter on Store Audit Section.

Serial No. 10

Fly leaf instructions for the maintenance of register of supplementary work order drafts and non-recurring rates.

Authority: Para 621, Chapter IX, Section I, OM Part VI.

Object: To watch the progress of receipt and disposal of supplementary work order draft estimates and non-re-recurring rates.

The Register will be maintained in the following proforma-

Serial No.	Number & date of supplementary work order draft	Standard estimates of non recurring rates	Revision of piece work rate Forms	Date of receipt in Accounts Office	Date of the sending to Material Section	Date of return from Material Section	Work Order No. Original estimate number and Date in respect of revision of piece work rate forms	For S.W.O.D. & N.R.R		Date of amendment of estimate as per revision of piece work rate forms	Remarks
								Quantity	Value		
1	2	3	4	5	6	7	8	9	10	11	12

2. All details commencing from the preparation of the documents upto the point of completion of the work will be entered in this register.

3. The entries in the register will be made according to the dates of receipt of supplementary work order drafts and non-recurring rate forms.

4. The register will be submitted to the Accounts Officer on the 1st and 15th of each month.

Serial No. 11

Fly leaf instruction for the maintenance of register of schedule of 'P' issue vouchers.

Authy : Para 671, Chapter IX, Section I, OM Part VI.

Object: To arrive at the value of issue from production to various formations such as other factories, Inspectorates, MES, Air Force, Navy, own factory stock, private and other Government departments etc.

The register will be maintained on I.A.F. (Fac)-36

2. All 'P' voucher numbers will be entered in a serial order every month.

3. As and when the vouchers are priced, the amount will be posted in separate columns opened for various classifications and also in the total column.

4. A monthly total will be struck under each classification column.

5. A summary of voucher numbers missing or not accounted for during the month will also be given at the end of the postings.

6. The register will be submitted to the Accounts Officer on the 15th of each month.

Serial No. 12

Fly leaf instructions for the maintenance of Block Register.

Authy : Para 754, Chapter X, Section I, OM Part VI.

Object: To maintain a complete record of the accounts of the capital assets of the factory and to ascertain the depreciated value of the assets at the end of the year.

The register will be maintained on I.A.F. (Fac)-77.

2. Separate registers will be maintained for buildings, machinery and electrical installations. Separate pages will be allotted for each type of building in the building block register.

3. (a) Machineries and electric installations procured under N.C. Grant & Projects will be accounted for in the machinery block register on a section-wise basis and separate pages will be allotted for each section.

(b) Machineries procured under R.R. Fund will be accounted for in a separate Register named as

Proforma Block Registers vide para 817.

4. An index will be maintained at the beginning of each register indicating the relevant page number for each type of building or for each section in the case of machinery items in the respective block registers.

5.(a) Entries regarding the original purchase value first year's depreciation, opening balance of book value of each asset, addition and reduction during the year, annual depreciation charge and the closing depreciated book value will be posted under the appropriate columns in the cases of Building and other items only.

(b) As regards plant and machineries procured under "N.C. Grants & Project" as well as "RR Fund" entries will be made as indicated in paras 754 and 817, respectively.

6. The register will be submitted to the Accounts Officer on the 1st of each month.

Serial No. 13

Fly leaf instructions for the maintenance of register for watching treasury receipts.

Authy : Para 761, Chapter X, Section I, OM Part VI.

Object: To record the receipt of the treasury receipts and to watch the final adjustments thereof.

The register will be maintained in the following Proforma:-

Sl. No.	Name of treasury	Number& date of Treasury receipt	Details of vouchers to which the treasury receipt pertains	Total amount of treasury receipt	Classification code head	Month's account in which adjusted	Remarks
1	2	3	4	5	6	7	8

2. As and when the treasury receipts are received in the Accounts Office, columns 1 to 6 will be posted and column 7 will be completed after the amount has been included in the month's account.

3. The register will be submitted to the Accounts Officer on the 7th of each month

Serial No. 14

Fly leaf instructions for the maintenance of register of Extracts

Authy: Para 608, Chapter IX, Section I, OM Part VI.

Object : To watch progress of completion of Extracts

The register will be maintained in the following Proforma:-

Sl. No.	Extract Number& date	Quantity of value	Page number of warrant register	Quantity completed	PDC as per extract	Actual month of completion	Remarks
1	2	3	4	5	6	7	8

2. A separate part will be maintained for each class of extracts.

3. Postings will be made according to the dates of receipts of extracts.

4. Column 4 should show the serial number and page number of the warrant register in respect of all warrants, issued under each extract.

5. When an extract is completed, the work "completed" will be written in column 6 against the entry concerned.

6. The register will be submitted to the Accounts Officer on the 10th of each month.

Serial No. 15

Fly leaf instructions for the maintenance of schedules of Capital series voucher.

Authy: Para 750, Chapter X, Section I, O.M. Part-VI.

Object: To ensure the receipt of all 'B' and "M" series vouchers prepared by the factory and also to find out the value of issues to various factories, etc. in respect of capital assets of the factory.

The register will be maintained on IAF (Fac.)-36, separately for buildings and machinery (receipts and issues).

2. All the vouchers will be posted in a serial order every month.

3. As and when the vouchers are priced, the value will be posted in separate opened under various classification heads and also in the total column.

4. A monthly total will be struck under each column.

5. The register will be submitted to Accounts Officer on the 15th of each month.

Serial No. 16

Fly leaf instructions for the maintenance of register of quotations for payment issues.

Authy: Note under Para 670, Chapter IX, Section I, OM Part VI.

Object: To watch whether the quotations offered to civil trade are in conformity with various Government orders issued from time to time.

The register will be maintained in the following Proforma:-

Sl. No.	Civil Trade Estimate Number & date	Nomenclature of the item	Maximum cost	Minimum cost	Rate quoted to trade	Quantity	Remarks as to whether the quotation is in conformity with various Government Orders
1	2	3	4	5	6	7	8

2. On receipt of the approved copy of the priced estimate or other communications in the accounts office, the various columns of the proforma given above will be completed.

3. The register will be submitted to the Accounts Officer on the 7th of each month.

Serial No. 17

Fly leaf instructions for the maintenance of register of payment services.

Authy: Para 670 (Note 2), Chapter VIII, Section I, O.M. Part VI.

Object: To watch the recovery of value of stores issued on payment to other civil departments, factory personnel etc.

The register will be maintained on I.A.F. (CDA) 615 modified as under:-

Sl. No.	No. & Date of Issue Voucher	To whom Issued	Amount Recoverable	Amount recovered	When & how recovered & adjusted	Initials of SO (A)/ AAO/AO	Remarks
1	2	3	4	5	6	7	8

2. Separate folios will be allotted for each month.
3. The voucher number will be recorded in a serial order.
4. Details regarding number & date of relevant treasury receipt on which the amount was deposited and the month's account in which it was adjusted or the number & date of transfer entry through which the debit was raised will be noted in column 6.
5. The register will be submitted to the Accounts Officer on the 7th of each month.

Serial No. 18

Fly leaf instructions for the maintenance of register of IFDs.

Authy: Para 609, Chapter IX, Section I, O.M. Part VI.

Object: For ensuring in audit that the quantity ordered against IFD is not exceeded in the actual manufacture.

The register will be maintained in the following proforma:-

Sl. No.	IFD No. & Date	Quantity Ordered	Wt. No.	Quantity Ordered	Quantity manufactured	Remarks
1	2	3	4	5	6	7

2. Postings should be made according to the dates of receipt of IFDs.
3. Details will be recorded separately for each Factory by allotting separate pages.
4. The register will be submitted to the Accounts Officer by 15th of each month.

ANNEXURE "AQ"

(Referred to in Para 593, 722 and 816)

LIST OF IMPORTANT REPORTS AND RETURNS DUE FROM COSTING SECTION

Sl. No.	Name of Report & Return	To whom due	Due date to reach destination
1	**2**	**3**	**4**
		MONTHLY	
1.	Cost & Financial Review Report	PCA (Fys) PR Section	1st of the 2nd Month following to which it relate
2.	Punching Media and Transfer entries& Last Batch Certificate	PCA (Fys) EDP Section	Weekly Batch 7th, 14th, 21st& then daily basis till 5th of the month following
3.	Transfer Voucher & Allocation Sheets	-do-	13th of the following month
4.	Monthly Status of Work Report	PCA (Fys) PR Section	20th of the Month following
5.	Monthly Expenditure Return on Projects	OFB/PCA (Fys) PR Sec/GM of the fac tory.	-do-
6.	Liquidation of Outstanding Warrants	OFB/PCA (Fys) PR Section	-Do-
7.	Cost Card of Completed Warrants the cost of which vary by 10% or more than the Estimated Costs	GM of the Factory	-Do-
8.	Report on the Expenditure on Repair& Maintenance of Buildings (only when considered abnormal and unjustified by the Accounts Officer).	Finance Division, Ord Fy. Board	25th of the month following
9.	List of "P" Vouchers relating to I.D& Stock	Accounts Officer con cerned/"M" Section	By the end of the month following
10.	Progress to Issues to Army	PCA (Fys) PR Section	20th of the month following

	Quarterly		
1.	Maintenance & Closing of Cost Cards	PCA (Fys) PR Section	15th of the 1st Month of the Next Quarter
2.	Report of Financial Advice.	PCA (Fys) FA Section	3rd of the Month following the Quarter
3.	Report on Audit of Cost System	-Do-	10th of the month following the Quarter
4.	Report on Regularization of Out standing Rejection Losses	PCA (Fys) PR Section	10th of the 2nd Month following the Quarter
5.	Report on Disposal of Surplus Plant and Machinery	-Do-	10th of the 2nd Month Following the Quarter
6.	Statement of Outstanding Payment Issue	PCA (Fys) "S" Section	10th of the Month following the Quarter
7.	Report of Variable Overhead Charges.	OFB/CC of A (Fys) PR Section/GM of the Factory	12th of the 2nd Month following the Quarter
8.	Report of Fixed Overhead Charges	-Do-	15th of the 2nd Month following the Quarter
9.	Cost & Financial Review Report	PCA (Fys) PR Section	1st of the 2nd Quarter Following to which it relates
10.	Financial Progress Report on Projects	GM of the Factory	15th of the Month following the Quarter
11.	Exhibition of Rejection Losses in Appropriation Accounts	PCA (Fys) PR Section	20th of the Month following the Quarter
12.	Report on Special Unusual Features	-Do-	25th of the 2nd Month following the Quarter
13.	Report on Concurrent Review of Cost and Production Activities in Ordnance Factories.	PCA (Fys) PR Section	25th of the 2nd Month following the Quarter
14.	Report on Finalisation of Provisional Piece Work Rates	-Do-	20th of following month of the Quarter

15.	Report on Uninstalled Plant and Machineries	-Do-	25th of the 2nd Month following the Quarter
		HALF YEARLY	
1.	Statement showing rates of important Output Items pertaining to Class I & III Extracts	PCA (Fys) "AA" Section	25th May/November
2.	Basic Rates	Fin. Divn/OFB CC of A (Fys) "AA" Section	30th June/31st December
3.	Research & Development Expenditure Introduction of Suitable Machinery to watch that it does not became infructuous	PCA (Fys) PR Section	31st May/30th November
4.	Self Contained Report on Project	-Do-	30th June/31st December
5.	Trade Purchase resorted to consequent on Short/Non Supply of I.F.D. Items	Do-	15th June/December
6.	Slow and Non-Moving Stores (P.P.L. Items).	-Do-	2nd Month following Half-Year.
		ANNUAL	
1.	Annual Audit Certificate	PCA (Fys) FA Section	On or before the date prescribed for the year
2.	Statement showing estimated credit to Renewal Reserve Funds	PCA (Fys) AA Section	25th September.
3.	Annual Production, Finished Stock and Capital Accounts with Subsidiary Statements	-Do-	On or before the date prescribed for the year
4.	Report on variation in I.F.D. Transaction	PCA (Fys) PR Section	After Close of the Annual Accounts.

5.	Exhibition of Rejection Losses in Appropriation Account	-Do-	30th April
6.	Report on the Performance of the New Factory/Project	-Do-	After Close of the Annual Accounts.
7.	Report on Inventory of Immovable Properties belonging to Factories	-Do-	31st December
8.	Annual Forecast Budget of Variable and Fixed Charges	OFB/ PCA (Fys) PR Section/GM of the Factory	10th of April
9.	Report in respect of Abnormal Manufacturing Losses Kept Out of Production during the Year	PCf A (Fys) PR Section	After the close of the Annual Accounts





Controller of Finance & Accounts (Fys.),
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Raipur, Dehradun - 248008

CHAPTER-XI

RECONCILIATION OF COST AND FINANCIAL ACCOUNTS

	Para	Page
Basic Principles	836	395
Reconciliation between Cost and Financial Accounts	838	395
Details of Various Accounts	841	398
Annexure "AR"-Accounts maintained in Principal Ledger		
Annexure "AS"-Journal Entries (Explanatory Notes)		

Basic Principles

836. The object of reconciling cost with Financial Accounts is for ensuring that the data presented are correct as per financial data and that no item of expenditure is left out. Certain items of expenditure on purchase of stores appear in the 'Cost Accounts' as value of direct and indirect stores consumed. The value of closing stock plus value of stores consumed less opening stock represents the difference between value of stores received from outside including surpluses and stores issued outside including losses. While direct reconciliation with financial accounts is possible in the case of expenditure booked to the Head for "Incidental and Miscellaneous Expenditure", the figures in the Cost Accounts have to be derived as illustrated below: -

837. The wages of Industrial Employees in any financial year booked to the financial head represents the payments due for the period from March of the previous financial year to February of the current financial year. The payments for March of the current year will be made in the next financial year.

In regard to labour charges incurred on 'Minor Maintenance Works', Departmental Capital Works' etc., transfer entries are made by crediting the financial heads for "Wages of Industrial Employees" and debiting the appropriate head for "Minor Maintenance", "Capital" etc. "Un-disbursed wages" as on 31st March are not reflected in the 'Cash Compilation'. In the case of 'Wages Lapsed' to Government, appropriate entries are made, debiting the head for "Wages of Industrial Employees" and crediting "Miscellaneous Receipt Head".

838. Reconciliation between "Cost and Financial Accounts" is effected as indicated below: -

Financial Head

(i) Pay and Allowance of Industrial Employees as per Financial Compilation for any year.

Add

(ii) Pay and Allowance for March of the current year to be paid in April of the ensuing year.
(iii) Un-disbursed wages remaining unpaid on 31st March of the current year.
(iv) Unclaimed wages lapsed to Government.
(v) Labour charges incurred on Minor Maintenance work.
(vi) Labour charges on Departmental Capital work.
(vii) Labour charges incurred on free warranty service by minus debit to 805/03.
(viii) Labour Charges incurred on R &D work in respect of ODC and adjusted to ODC code by minus debit to IEs pay code of Factory.

Total (X)

Subtract

(A) Pay and Allowances of IES for March of the previous year paid in April of the current year.
(B) Un-disbursed wages remaining unpaid on 31st March of previous year.

Total (Y)

(X-Y) represents Net total.

This should agree with the total of direct, indirect labour and supervision charges.

839. Similarly in the case of Capital works done departmentally, transfer punching media are prepared charging of 'Capital head' and relieving the Heads for "Labour Charges" and crediting deduct Head for "Material and overhead charges". *The total expenditure on capital works as per financial accounts will agree with Cost Accounts.*

840. To facilitate reconciliation, integrated system of accounting is followed whereby the financial and cost Accounts are fully integrated. The "Capital outlay Account" & "Revenue outlay Account" is the Main Control Account. The balance of the "Capital outlay Account" & "Revenue outlay Account" viz. Net Capital should agree with the difference between the Debit and Credit side of the "Balance Account". The entire accounting system is based on the principle of Self-Balancing ledgers. Details are available in the accounts for 'Stores Accounts', "Production Accounts", "Finished stock Account," "Capital Accounts" and "Statement of Assets and Liabilities" for any financial year. The accounts are maintained in the "Principal Ledgers" (Annexure-AR). The Principal ledger is maintained for facilitating the preparation of consolidated Manufacturing Accounts and arriving at the Cost of Production under various categories. Entries in the ledger are posted from "Journal Entries" (Annexure-AS) made out with reference to (i) opening transactions viz. closing stock as on 31st March of the previous year, value of capital-Buildings, Plant & Machinery, Land etc. as on 31st March (ii) Payments made up to 31st March for which stores etc. are to be received in the current year i.e. Outstanding assets and liabilities as per different balances for stores, capital and other revenue transactions (iii) Cash Compilation Statements (iv) Priced store Accounts (Receipts and Issues) (v) Manufacturing Statements A and B (vi) Depreciation figures, (vii) closing value of Capital Assets etc. from Block Register for building and other items, (viii) Work-in-progress, finished stock in hand as on 31st March computed from the semi statements, production cards etc. (ix) Material Abstract, (x) Labour Abstract.

The heads of accounts in the principal ledger have been devised as to provide the information required for the compilation of final accounts and also for effecting a direct reconciliation of the figures compiled in the financial accounts with those compiled in the cost accounts to the extent they are so reconcilable. Strictly speaking, there is no item, which appears in the Financial Accounts of the factories, but does not appear in the Cost Accounts thereof. There are, however, items which are initially brought into different ledger accounts but ultimately kept out of production accounts of factories. These are expenditure on training scheme, abnormal profit or loss on sale of stores, cost of care and custody of surplus stock, cost of abnormal rejection and other infructuous expenditure as decided by the P C of A (Fys) to be kept out of production from time to time. On the contrary, there are items which although they do not appear in the Financial Accounts of factories, but they do appear in the Cost Accounts thereof. A few among these are, superannuation charges, assessed rent of rent free quarters, cost of central accounts and administration, departmental charges of on MES works, medical and surgical stores etc. A skeleton of the ledger showing the various accounts that are opened in the ledger with details of debit and credit heads under each will be found at Annexure 'AR' to this chapter. Annexure 'AS' contains an explanatory note and shows:

(i) The kind of journal entry to be made for each such head in each account

(ii) Sources from which figures should be extracted for posting into the ledger against each debit or credit head concerned in each of the ledger account

(iii) Explanations of peculiarities to be watched against each head in the accounts

840A. The reconciliation between revenue expenditure and Cost of Production is shown in the table below:

REVENUE BUDGET				RECONCILIATION WITH COP		
SL NO.	ITEM	MA (₹IN CR)	ACTUAL ₹ IN CR)	SL NO.	PARTICULARS	₹ IN CR
1	Manufacture (01/805/01-11)			1	Cost of Production	
2	Stores (incl. Custom duty) (01/806/01-29)			2	Add: Cost accounting Credit	
3	M/C & Equipment. (01/807/01,02)			3	Add: Under absorbed Overhead Charges	
4	Transportation (808/01-08)			4	Add: Abnormal Rejection Kept Out Of Production	
5	Other expenses (01/810/01-12)			5	Add: Amount kept out of Production	
6	Revenue Works (01/809/01,02,06,07)			6	Add: Accretion in WIP	
7	Research (01/812/01-03,06)			7	Less: Cost Accounting Debit	
				8	Less: Over absorbed Overhead Charges	
				9	Less: Excess value of material consumption than stores purchased	
				10	Less : Other Adjustment (Absorption of Preliminary Exp, Deferred Rev exp etc.)	
	Total				TOTAL	

Here, Cost accounting debit contains the following items:

1. Defence Accounts Department Charges
2. OFB expenditure.
3. Superannuation Charges.
4. Government Contribution to NPS.
5. Other Miscellaneous Charges.
6. Depreciation charges.
7. Store Losses.
8. Miscellaneous Adjustment.

Cost Accounting credits consist of:

1. Other Miscellaneous Credits.
2. Surplus at Stock taking.
3. Profit and Scale of Waste and Scrap.
4. Miscellaneous Adjustments.
5. Value of Process Materials Utilised on Indirect Work Orders.
6. Stock Adjustment P.S.A. Receipt Code 27.

840 B.The reconciliation of capital budget with Capital Account is shown in the table below:

CAPITAL BUDGET				RECONCILIATION WITH CAPITAL A/C		
SL NO.	ITEM	MA ₹ IN CR	ACTUAL ₹ IN CR	SL NO.	PARTICULARS	₹ IN CR
1	Civil Works (920/31-34,36,37)			1	Works financed from New Grant	
2	Plant & Machinery				By MES	
	New Grant (01/922/31-34,36)				By Factories	
	RR (01/813/31-34,36)			2	Machinery (New Grant)	
					Imported Supply	
					Local Supplies	
				3	Machinery (RR)	
					Imported Supply	
					Local Supplies	
				4	Net adjustment due to O/S assets and liabilities on unfinished semi on civil Works, Plant & Machinery etc	
	TOTAL				TOTAL	

Details of various Accounts

841. (a) The double entry system of book-keeping is followed. For every debit entry there is a corresponding credit entry. Accounts which are purely financial i.e. contains details of payments made, receipts, payments made of which receipts are awaited and receipts for which payments are to be made. Thus in the Customs Duty Account at Serial 1 of Annexure 'AR'. Payments made during the year will comprise of:

(i) Customs duty allocated to cost of stores.

(ii) Customs duty paid but not allocated due to non-receipt of stores (Outstanding Assets Accounts). Similarly Customs duty allocated to cost of stores will comprise of:

(a) Payments made during the year.

(b) Outstanding Assets as on 31st March: Payments made during the previous year for which stores were not received at the end of the year.

(c) Customs duty not paid during the year but carried forward for payments in ensuring year (Outstanding Liabilities)

841 (b). Details contains in the various Accounts are summarized below:

Sl. No.	Particular of Account	Deals with
I.	Custom Duty Account	Payment of Customs duty for purchase of stores and allocation to cost of stores.
II.	Store Cash Purchase Account	Payment for stores and accounting of receipts.
III.	Stores supplied by other Factories Accounts	Stores received from other factories under 'S' and 'P' series vouchers. Cases of stores issued but not accounted for are shown as "Stores in Transit" as on 31st March on Each year.
IV.	Sale of Stores (Surplus, obsolete and waste) Account	The sale value of store is linked with recoveries made and outstanding are reflected. The payment of auctioneers commission is a charge against sale account and is credited to the Account by Debit to Miscellaneous charges Account
V.	Issues of Stores on Payment Account	Stores issue on payment at stipulated rate to Defence, Non-Defence and recoveries effected.
VI.	Stores Accounts	Opening balance of stock receipts and issues under various categories and closing stock. In the case of consumption of materials, the difference between the value of demand & return notes is shown on the credit side as under: Direct Material (by debiting work-in-progress) Indirect Material (by debiting overheads Account). Care must be taken to ensure that the figures agree as per P.S.A. and Material Abstract. Similarly the "Closing value of stock as on 31st March" should be worked out independently with reference to the extracted balance from the various folios of the Priced Stores Ledger and tallied with the balance as in the store Account of the Principal Ledger as on 31st March.
VII.	Wages Account	Contains details of Pay and Allowances of staff, I.E.s and others. In addition liabilities for Pay and Allowances for March, unclaimed wages as on 31st March. Labour charges incurred on departmental work, contingencies and repair works are added. Deduction is made for Pay and Allowances of previous March paid in April of current year. The total of Direct and Indirect Labour as per Labour Abstracts must agree with Gross payments for Industrial Employees. Balance of the account represents Supervision charges, Festival advance outstanding as on 31st March, is shown as Outstanding Assets

VIII.	Supervision charges Account	Balance carried forwarded from Wages Accounts plus charge for Medical Establishment at Kirkee. Balance is carried forward to overhead Account. ***Note:*** The total of supervision charges against 01 & 02 series will agree with the amount booked to the relevant work order under Class of Cost 43.
IX.	Travelling Expenses	Deals with cash expenditure on TA/DA charges for staff, officers etc. and the same treated as an Overhead expenditure.
X.	Transportation Charges	Deals with cash expenditure on transportation charges and the same treated as an Overhead expenditure.
XI.	Miscellaneous charges Account	Items taken from Cash Compilation 810/01, 810/02, 807/01, 807/02, 809/01, 809/02, 809/06-07, 810/03-13 Apart from the above financial expenses the following cost expenditures are also included: (a) Expenditure etc. on buildings not forming part of Capital. Item taken from allocation sheets (Cost Accounts only). (b) Indirect services rendered by other factories. (c) Cost of services such as ammunition issued to DSC personnel. (d) Departmental Charges of MES of Revenue work etc. (e) Depreciation Charges of machines received on loan from other factories. The balance of the account is transferred to overhead Account as debit. (f) Expenditure incurred for electricity and water used for man ufacturing purpose is being credited and debited to work in progress Account.
XII.	Miscellaneous Credit Account	Financial Compilation :The following amounts are booked to the Miscellaneous Receipt Head 01/802/01:- (a) Miscellaneous recovery (Cash) including recovery from contractors for any loss of garments. (b) Recovery of loss in transit. (c) Festival advance for previous year recovered during current year. (d) The amount of sales tax recovered with cost of stores. Cost Accounts (i) Capital Assets transferred to other Defence formations. (ii) Indirect service to other factories. (iii) Depreciation charges on Capital Assets issued on loan to other factories on the debit side.

		(a) The balance of sales tax paid to Sales Tax Authorities and the amount due are shown. (b) Balance is transferred to credit of overhead expenses Account.
XIII.	Licence Fees, Rates, Water And Electricity Charges Recoverable Account	An account of rent, rates etc. recovered as well as Cost Account credits are shown.
XIV.	Overhead Expenses Account	Debit entries represent various items of Account overhead expenses like Indirect Labour, Indirect Material, Supervision Charges, Miscellaneous Charges, and Miscellaneous Charges from the different accounts and DAD charges. In addition, the expenditure booked in the financial compilation against Miscellaneous Expense 810/01 is debited. Cost Accounting debit are Superannuation Charges, OFB-Non-effective etc. Items of expenditure required to be kept out of production are adjusted by debiting overhead Account and crediting Capital outlay Account and Vice Versa. Credit items are from Stores Account, Wages Account, miscellaneous Credit Accounts etc. Analysis of the overhead expenses under 01 & 02 series is made from the tabulations and variable and fixed charges leviable are credited to overhead expenses by debit to Work-in Progress Account.
XV.	Work-in-Progress Account	Opening value, Direct Material, Direct Labour and overhead leviable credit side contains "Cost of Production" as per Manufacturing Statement A and Departmental Material utilized on indirect work orders. Cost of abnormal rejection is kept out of production by crediting this account and debiting capital outlay Account. The under/over absorbed variable/Fixed charges are shown on credit/debit side. Closing work in Progress is shown on credit side.
XVI.	Sale Defence Receivable Account	This account deals with value of issue booked to CCO2 for Defence Indentors and assets & Liabilities lying outstanding at the opening and closing day of the year.
XVII.	Sale Account Defence	Cost of issues to Defence indentors as reflected in the manufacturing Account based on opening finished semi plus cost of manufacture less closing finished semi.

XVIII.	Sale Non Defence Receivable Account	This account deals with value of issue booked to CCO2 for Non Defence Indentors and assets & Liabilities lying outstanding at the opening and closing day of the year.
XIX.	Sale Non Account Defence	Cost of issues to Non Defence indentors as reflected in the manufacturing Account based on opening finished semi plus cost of manufacture less closing finished semi.
XX.	Sale Account IFD	Cost of opening finished semi, plus cost of Account Manufacture, minus closing finished semi represent value of issues. Issues are required to be priced finally at the initial stage. Difference is shown as variance.
XXI.	Manufacture for Factory Own Stock Account	Here there is no finished stock as the entire quantity should be accounted for during the years.
XXII.	Services for Capital Asset s Account	The cost of Manufacture is capitalised and accounted for under 'B' of 'M' series vouchers.
XXIII.	Profit and Loss Account	Details of profit and loss under different heads including overhead over/under absorbed. Balance is taken to "Balance Account".
XXIV.	Revaluation Reserve Account	It shows amount of increase in the value of assets due to revaluation and depreciation charged on such appreciated asset.
XXV.	Depreciation Account	This account shows the depreciation on Machinery, Building and other items taken from Block Registers, depreciation register
XXVI.	Cumulative Depreciation Account	This account shows the cumulative depreciation on Machinery, Building and other items to arrive at the original value of the machinery, building and other items
XXVII.	Capital Asset Purchase Account	This account shows the opening and closing value of Capital items along with the transfer in or transfer out, etc. It also shows the amount of ‘M’ and ‘B’ vouchers prepared during the year.
XXVIII.	Capital Assets Accounts	The account shows the opening and work-in-progress for civil works both by GM and MES. It also shows the payment made and assets and liabilities outstanding at the end of the year for Plant & Machinery.

XXIX.	Capital Asset (Stock Pile) Purchase Account	Account showing the payment made for stock pile items and corresponding asset and liability lying in the books at the end of the year.
XXX.	Capital Assets (Stock Pile) Accounts	Accounts for receipt, issue and stock of stock-pile items.
XXXI.	Cash Ledger Account	Represents balance of imprest amount with Factory and Accounts office.
XXXII.	Notional Cash Account	It deals with cash expenditure and facilitates the preparation of cash flow statement.
XXXIII.	Preliminary Expenses Account	Deals with the opening balance, amount charged to Production and other factories and balance.
XXXIV.	Deferred Revenue Expenditure Account	It shows the expenditure incurred for deferred revenue and also the amount charged to cost of production.
XXXV.	Security Deposit Account	Deals with the amount of security deposit received, forfeited during the year.
XXXVI.	Earnest Money and Other Misc. Deposit Account	Deals with the amount of earnest money and other misc deposit received forfeited during the year.
XXXVII.	Outstanding Assets Account	Contains details of opening and closing outstanding Assets. Payment made for which stores etc. are to be accounted for.
XXXVIII.	Outstanding Liabilities Account	Contains details of opening and closing "outstanding liabilities" like wages for March to be paid in April, Stores received for which payments are to be made etc.
XXXIX.	Adjustment to Capital Outlay Account	Deals with the adjustment which are not shown in capital outlay account and revenue outlay account.
XL.	Capital Outlay Account	One of the main Control Account. The balance of this account along with Revenue Outlay Account must agree with the balance as per "Balance Account" when all the accounts are finally closed.
XLI.	Adjustment to Revenue Outlay Account	Deals with the adjustm ent which are not shown in capital outlay account and revenue outlay account.
XLII.	Revenue Outlay Account	One of the main Control Account. The balance of this account alongwith Capital Outlay Account must agree with the balance as per "Balance Account" when all the accounts are finally closed.
XLIII.	GM's Public Fund Account	Deals with amount in the GM's Public Fund.
XLIV.	Balance Account	Details the closing value of various assets and liabilities, balance should agree with the balance as per "Capital outlay Account".

842 to 845 Blank

Annexure 'AR'
(Referred to in Para 840)
PRINCIPAL LEDGER

I. Custom Duty Account	
Dr	Cr
1. To outstanding Assets Accounts:- Payments made during the Previous year for which stores were not received at the end of that year.	1. By Outstanding Liabilities Account:- Customs duty not paid in the previous year but brought forward for payment in the current year's account.
2. To Notional Cash Accounts: - Payments made during the year (for Stores purchase).	2. By Stores Account: - Customs duty allocated to the cost of stores.
3. To Revenue Outlay A/c : Outstanding liabilities on account of custom duty cleared.	3. By Revenue Outlay A/c Outstanding assets on account of custom duty cleared
4. To Outstanding Liabilities Account:- Customs duty not paid in the current year but carried forward for payment in the ensuing year.	4. By Outstanding Assets Account:- Customs duty paid but carried forward for inclusion in the ensuing year's account as the relevant stores were not received at the end of the current year.
TOTAL	TOTAL
II. Store Cash Purchase Account	
Dr	Cr
1.To Outstanding Assets Account: - Payments made in the previous year for stores not received at the end of that year. (i) LP (ii) CP (iii) FP (iv) NMD (v) OMD	1. By Outstanding Liabilities Account:- Stores received in the previous year but brought forward for payment in the current year's account. (i) LP (ii) CP (iii) FP (iv) NMD (v) OMD
2. To Notional Cash Account:- Payments made during the year for purchase of stores. (i) Local Purchase (a) Other than IT Item (b) IT Items only (ii) Central Purchases (a) Other than IT Item (b) IT Items only (iii) Foreign Purchase	2. By Stores Account:- Cost of materials/ stores purchased for which receipt vouchers have been prepared. i) Local Purchase ii) Central Purchase iii) Foreign Purchase iv) NMD (Govt. Supply) v) OMD (Govt. Supply)

(iv) Stores purchased from Govt. Deptt.(Govt. Supply) NMD (v) Stores purchased from Govt. Deptt.(Govt. Supply) OMD	
3. To Revenue Outlay Account Outstanding Liabilities on account of Stores cash purchase cleared (LP)	3. By Revenue Outlay Account Outstanding Assets on account of Stores cash purchase cleared (LP)
Outstanding Liabilities on account of Stores cash purchase cleared (CP)	Outstanding Assets on account of Stores cash purchase cleared (CP)
Outstanding Liabilities on account of Stores cash purchase cleared (FP)	Outstanding Assets on account of Stores cash purchase cleared (FP)
Outstanding Liabilities on account of Stores cash purchase cleared (NMD)	Outstanding Assets on account of Stores cash purchase cleared (NMD)
Outstanding Liabilities on account of Stores cash purchase cleared (OMD)	Outstanding Assets on account of Stores cash purchase cleared (OMD)
4. To Outstanding Liabilities Account:- Stores received during the year to be paid for in the ensuing year. (i) LP (ii) CP (iii) FP (iv) NMD (v) OMD	4. By Outstanding Assets Account: Payment made during the year for stores not received at the end of the year. (i) LP (ii) CP (iii) FP (iv) NMD (v) OMD
TOTAL	TOTAL
III. Store Supplied by other factories Account Dr	Cr
1. To Revenue Outlay Account: - Stores in transit between factories on the 1st April, B/F. (i) Stock (ii) Production	1. By Stores Account:- Stores received from other factories during the year. (i) Stock (ii) Production
2. To Notional Cash A/c:- Stores dispatched from other factories during the year. (i) Stock (ii) Production	2. By Revenue Outlay A/c Outstanding assets on account of SIT between Fys cleared (i) Stock (ii) Production
	3. By Balance Account: Stores in transit from other factories on 31st March. (i) Stock (ii) Production

TOTAL	TOTAL
IV. Sale of unserviceable stores(surplus, obsolete, waste) Account **Dr**	**Cr**
1. To Outstanding Assets Account:- Stores sold in the previous year for which recoveries are outstanding.	1. By Outstanding Liabilities Account:- Recoveries made in the previous year for which stores were not issued in that year.
2. To Stores Account: - Sale of Unserviceable Stores during the year (Surplus, obsolete and waste stores).	2. By Miscellaneous Charges Account:- Auctioneer's commission
3.To Revenue Outlay A/ c Outstanding Liabilities on account of sale of unserviceable Stores cleared	3. By Notional Cash Account:- Recoveries made during the year for stores sold.
4. To Outstanding Liabilities Account:- Recoveries made during the current year for stores not issued till the end of the year(Balancing Figure).	4. By Revenue Outlay A/c Outstanding Assets on account of sale of Unserviceable Stores cleared 5. By Outstanding Assets Account:- Stores sold during the year for which recoveries are outstanding on 31st March.
TOTAL	TOTAL
V. Issue of stores on Payment Account Dr	Cr
1. To Outstanding Assets Accounts:- Stores issued on payments in the previous year for which recoveries are outstanding on 1st April. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors	1. By Outstanding Liabilities Account:- Recoveries made in the previous year for which stores were not issued till the end of that year. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors

2. To Store Account:- Stores issued on payment during the year. (A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police) (iv) PSU (v) Civil Trade (vi) Export	2. By Notional Cash Account:- Recoveries made during the year for stores issued on payment. A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police) (iv) PSU (v) Civil Trade (vi) Export
3. To Revenue Outlay A/c Outstanding Liabilities on account of issue of Stores on payment cleared (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors	3. By Revenue Outlay A/c Outstanding assets on account of issue of Stores on payment cleared (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors
4. To Outstanding Liabilities Account:- Recoveries made upto the current year for stores not issued till the end of the year. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors	4. By Outstanding Assets Account:- Store issued on payment upto the year for which recoveries are outstanding on 31st March. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors
TOTAL	TOTAL

VI. Stores Account	
Dr	Cr
1. To Reve nue Outlay Account:- Stores in stock on 1st April B/F	1.By Sale of Unserviceable Stores(surplus, obsolete & waste) Account:- Sale of unserviceable stores during the year (Surplus, obsolete & waste stores).
2. To Customs Duty Account: - Customs Duty allocated to the cost of stores.	2. By issue of Stores on payment Account:- Stores issued on Payment during the year. (A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police) (iv) PSU (v) Civil Trade (vi) Export
3. To Stores Cash Purchase Account: - Cost of materials/ stores purchased for which Receipt vouchers have been prepared (i) Local Purchase (ii) Central Purchase (iii) Foreign Purchase (iv) NMD (Govt. Supply) (v) OMD (Govt. Supply)	3. By Overhead Expenses Account:- (i) Indirect material excluding fuel consumed for Non Prodn. purpose, issued to shops less return. (ii) Cost of fuel consumed for Non Prodn. Purpose issued to shops less return.
4. To Stores supplied by other Factories Account: - Stores received from other factories during the year. (i) Stock (ii) Production	4. By Overhead Expenses Account:- (a) Miscellaneous issues of stores (b) Loss of stores in transit. (c)Loss of stores on charge due to:- (i) Theft, Fraud etc. (ii) Deficiencies in actual balances not caused by theft, fraud etc. (iii) Deterioration due to defective storage. (iv) Other causes. (d) Loss on sale of stores (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap

5. To overhead expenses Accounts: - (a) Miscellaneous Receipts (b) Surplus at Stock taking (c) Profits on sale of stores (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (d) Store Adjustments 6. To manufacture for Factory's own stock Account: - Value of receipts into stock from own factory manufacture.(Own Fy.stock item i.e. 10 series) 7. To Capital Assets Account: - Transfer from capital to stock. 8. To Capital Assets (Stock Pile) Account: - Transfer from Capital Stock Pile to Stock. 9. To Revenue Outlay Account: - (a) Testing charges allocated to the cost of stores (b) Salvage received (under PSA Code No.120) (c) Ocean Freight allocated to cost of stores but not shown in invoice. 10. To Revenue Outlay A/c :- Value of Stores in hand increased under the sanction of Competent Authority. TOTAL	(iv) Others (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (e)Store adjustments. 5. By Work-in-Progress:- (a) Direct material issued to shops less returned excluding cost of fuel consumed for production purpose. (b) Issues to Non-Military Departments, Private bodies, Firms etc. for manufacture of articles on behalf of Army. (c) Cost of fuel consumed for prodn. purpose. 6. By Capital Assets Accounts:- Transfer from stock to Capital. 7. By Capital Assets (Stock Pile) Account:- Transfer from stock to Capital Stock Pile. 8. By Notional Cash Account:- Stores issued to other factories. 9. By Revenue Outlay A/C :- Issues to Salvage (under PSA code No.108). 10. By Revenue Outlay A/c :- Value of stores in hand reduced under the sanction of competent authority 11. By Balance Account:- Balance of Stores in Stock on the 31st March.(Balancing Figure) TOTAL

VII. Wages Account Dr 1. To Outstanding Asset A/c Festival advance paid during previous year(s) recoveries of which are o/s till 31st March of previous year 2. To Miscellaneous Credit account:- (a) Unclaimed wages lapsed to Govt. (b)Expenditure under workmen's compensation Act. (c) Labour Charges incurred on minor maintenance and repair works not chargeable to Capital and adjusted to code 809/01, 02 in the financial account by minus debit to code no. 805/03, 805/08. 3. To Notional Cash Account:- (a)Pay and Allowances of Pmt. & Ty. estab lishment (b) Labour Charges incurred on R &D work in respect of ODC and adjusted to ODC code by minus debit to IEs pay code of Factory. (c) Labour Charges incurred on Deptt Capt works and adjusted to capital in Fin Acct by minus debit to code 805/03. (d) Labour charges incurred on free warranty service by minus debit to 805/03 4. To Outstanding Liabilities Account:- (a)Pay and allowances of permanent staff(including IEs) for March of the current year payable in April of the ensuing year. (b) Unclaimed wages remaining unpaid on 31st March of the current year. TOTAL	Cr 1. By Outstanding Liabilities Account:- (a) Pay & allowances staff including IEs for March of the previous year shown as amount due by the Factory in the preceding year's account disbursed in the current year. (b) Unclaimed wages remaining unpaid on 31st March of the preceding year. 2. By Overhead expenses Account:- Indirect labour charges paid during the year. 3. By work-in-progress Account:- Direct Labour charges paid during the year (a) Factory Labour (b) Contract Labour 4. By Outstanding Assets Account:- Festival advance paid upto the end of the current year recovery of which is outstanding on 31st March 5. By Supervision charges Account:- Amount of supervision charges transferred. TOTAL
VIII. Supervision Charges Account Dr 1. To Wages Account:- Amount of supervision charges transferred. 2. To Revenue outlay Account :- Half cost of medical establishment at Kirkee (for Kirkee only). TOTAL	Cr 1. By Overhead Expenses Account:- (A) DAD Charges (i) OT Allowances (a) Accounts (b) Internal Check (ii) PL Bonus (a) Accounts (b) Internal Check (B) Amount Transferred TOTAL

IX. Traveling Expenses Account Dr 1. To Notional Cash A/C :- Cost of movement of personnel (i) Ty. Duty Moves (ii) Pmt. Duty Moves (iii) Foreign Travel (iv) Hired Transport Charges Total	Cr 1. By Overhead Expenses A/C :- Total cost of movement of personnel transferred. Total
X. Transportation Charges Account Dr 1. To Notional Cash Account:- Cost of movement of stores(Freight charges) (i) By Rail (a)Inward Freight (b)Outward Freight (ii) By Civil Hired Transport (a)Inward Freight (b)Outward Freight (iii) By Air Lift (a)Inward Freight (b)Outward Freight (iv) By Sea (a)Inward Freight (b)Outward Freight TOTAL	Cr 1.By Overhead Expenses Account: - Transportation (Freight) charges transferred to overhead (a)Inward Freight (b)Outward Freight TOTAL
XI. MISCELLANEOUS CHARGES ACCOUNT DR 1. To Outstanding Assets A/c Adv/Deposit up to 31st March of previous Year B/F (i) Adv/Deposit lying with Electricity Authy (ii) Adv/Deposit lying with Others	CR 1. By Outstanding Liabilities Account:- (i) Licence fees for hired building pertaining to March of the previous year paid during the year. (ii) Railway siding charges remaining unpaid tillend of previous year B/F for payment in the current year. (iii) Water & Electricity charges remaining unpaid till end of previous year B/F for payment in the current year. (A) Water a) For Production purpose b) For Non- Production purpose (B) Electricity a) For Production purpose b) For Non- Production purpose

2. To Sale of Unserviceable Stores(Surplus, obsolete & waste) A/c :- Auctioneer's Commission.	2. By Notional Cash Account Adv/Deposit lying with Electricity & Other authorities withdrawn during the year i) Electricity ii) Others
3. To Work-in-Progress Account:- Departmental materials utilized on indirect work orders.	3. By Work in Progress Account Direct Expenses on account of Electricity and Water consumed for manufacturing purpose i) Electricity ii) Water
4. To Preliminary Expenses Account:- Amt. of Preliminary expenses charged off to current year's production during the year.	4. By Outstanding Assets Account Adv/Deposit up to 31st March of the year lying with i) Electricity Authority ii) Others (Gas, Water etc)
5. To Notional Cash Account:- (i) Repair & maintenance of buildings, roads etc. not chargeable to capital (a) Works carried out by MES (b)Works carried out by the factory through direct contract. (ii) Licence fees paid for hired buildings. (iii) Payments for railway sidings. (iv)Payment for Electricity and water consumed for manufacturing purpose (cash purchases). (a) Water (b) Electricity (v)Payment for water and electricity consumed for other than manufacturing purposes (Cash Purchases). (a) Water (b) Electricity (vi) Fresh Advances/deposit made to (a) Electricity Authority (b) Others (Gas, Water etc) (vii) Maintenance of machinery and equipments (viii) Other charges (Consultancy,CAD analysis, cost of technical know-how etc.) incurred on in-house R&D	5. By Overhead expenses Account:- Balance transferred (Balancing Figure)
6. To Deferred Revenue Expenditure A/C :- Amount of Deferred Revenue charged off to current year's production	

7. To Revenue Outlay Account :- (a) Indirect service rendered by other factories. (b) Cost of services such as free ration, free clothing etc. issued to DSC personnel. (c) Electricity and water consumed for other than manufacturing purposes (not cash purchases). i) Water ii) Electricity (d) Rent of furniture. (e) 16-1/2 % Deptt Charges incurred levied on total Revenue Expdr. by MES in respect of Factories. (f)Assessed rent of MES quarters occupied by factory personnel. (g) Other adjustments (not pertaining to stock). (h) Cost of unprepaid telegrams issued by the factory. (i) Depreciation charges on machineries received on loan from other factories. (j) Liabilities on account of Licence fees, rates, railway siding, water & electricity charges cleared. (k) Material drawn for R&D work under ODC and free warranty services. 8. To Outstanding Liabilities Account :- (i) Licence fee for hired building pertaining to March of the current year to be paid in the next year. (ii) Railway siding charges remaining unpaid till 31st March (iii) Water & electricity charges remaining unpaid till the end of the current year. (A) Water a) For Production purpose b) For Non- Production purpose (B) Electricity a) For Production purpose b) For Non- Production purpose TOTAL	TOTAL

XII. MISCELLANEOUS CREDIT ACCOUNT Dr	Cr
1. To Outstanding Asset Account i. Amount of Central Excise duty paid in the previous year but not realized from the party till end of the previous year. ii. Amount of Sales Tax paid but remaining unrecovered from the party till end of previous year. iii. Electricity duty excess paid to State Govt. (recovery outstanding from customers as on 1st April. iv. Conservancy Charges pertaining to Previous year(s) recovery of which is Outstanding as on 1st April	1. By Outstanding Liabilities Account :- (i) Amount of Sale tax remaining unpaid till the end of the previous year. (ii) Amount of Excise duty remaining unpaid till the end of the previous year.
2. To Notional Cash Account (i) Amount of Sales Tax paid back to Sales Tax authority during the year. (ii) Amount of Excise Duty paid back to Excise Duty authority during the year.	2. By Wages Account:- (a) Unclaimed wages lapsed to Government. (b) Expenditure under Workmen's compensation Act. (c) Labour charges incurred on minor maintenance and repair works not chargeable to Capital and adjusted to 809/01, 02 in Financial Account by minus debit to code nos. 805/03, 805/08.
3. To Revenue Outlay Account :- Outstanding Liabilities on account of Sales Tax, Excise Duty cleared.	3. By Deferred Revenue Expenditure A/C :- Deferred Revenue Expenditure incurred during the year i) Factory ii) ODC
4. To Outstanding Liabilities Account :- (i) Amount of Sales Tax remaining unpaid to Sales Tax authorities as on 31st March of the year. (ii) Amount of Excise Duty remaining unpaid to Excise Duty authorities as on 31st March of the year.	4. By Notional Cash Account:- a) Liquidated damages recovered with no litigation. b) Recoveries of loss of stores in transit (cash). c) Other miscellaneous credits.
5. To Overhead Expenses Account: - Amount transferred (Balancing Figure)	5. By Security Deposit A/c :- Security deposit lapsed & forfeited to Govt. 6. By Earnest Money and other Misc. deposit A/c :- Earnest money deposit lapsed & forfeited to Govt. during the year.

	7. By Revenue Outlay A/c (a) Share of rent debitable to Technical Establishment. (b) MES rental for telephone. (c) Bonus of apprentice lapsed. (d) Proportionate share of Work Orders.01/00024/00, 01/00005/00, 01/00027/00 , 01/00028/00 debitable to technical development establishment for which credit has been taken against work order 01/00145/00. (e) Other adjustments (not pertaining to stock. (f) Indirect services rendered to other factories. 8. By Capital Outlay A/c :- Depreciation charges on Machineries issued on loan to other factories. 9. By Revenue Outlay A/c :- (i) Material drawn for in-houseR&D and free warranty service. (ii) Outstanding Assets on account of sale tax cleared. (iii) Outstanding Assets on account of Excise Duty cleared. 9. By Outstanding Assets A/c :- i) Amount of Central Excise Duty paid but not realized from parties till 31st March. ii) Amount of Sales Tax paid but not realized from parties till 31st March. iii) Electricity duty excess paid to State Govt. (recovery outstanding from customers as on 31st March). iv) Conservancy Charges pertaining upto current year recovery of which is outstanding as on 31st March.
TOTAL	TOTAL

XIII. Licence Fees, Rates, Water And Electricity Charges Recoverable Account **Dr**	**Cr**
1. To Outstanding Assets Account: - Licence fees, rates etc. pertaining to the previous year for which recoveries are to be made in the current year. 2. To Overhead Expenses Account: - (a) (1) Licence fees and rates recoverable (cash) (2) Electricity and water charges recoverable (cash) (b) (1) Licence fee and rates recoverable (cost) (2) Electricity and water charges recoverable (cost) 3. To Revenue Outlay A/c :- Recoverable amount of Licence Fees, Rates , Water Charges in r/o occupants of other than own factory	1. By Notional Cash Account:- (i) Licence fee and rates recovered (cash) (ii) Electricity and water charges recovered (cash) 2. By Revenue Outlay A/c :- (a) Licence fee and rates recovered (cost). (b) Electricity and water charges recovered (cost) 3. By Revenue Outlay A/c :- Outstanding assets on account of Licence Fees, Rates etc. cleared 4. By Outstanding Assets Account:- Licence fees, rates etc. pertaining to the current year for which recoveries are outstanding on 31st March 5. By Notional Cash A/c :- (i) Amount of Licence fees, rates etc. recovered from the occupants other than own factory (ii) Electricity and Water charges recovered from the occupants other than own factory
TOTAL	TOTAL

XIV. Overhead Expenses Account **Dr**	**Cr**
1. To Transportation charges Account: - Transportation (Freight) charges transferred to overhead. (a) Inward Freight (b) Outward Freight 2. To Stores Account: - (i) Indirect material excluding fuel consumed for Non Prodn. purpose, issued to shops less return. (ii) Cost of fuel consumed for Non Prodn. purpose issued to shops less return.	1. By Outstanding Liability A/c:- Govt. Contribution to NPS for March last year payable in April of current year. 2. By Stores Account:- (a) Miscellaneous receipts. (b) Surplus at stock taking (c) Profit on sale of stores. (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores

3. To Travelling Exp A/c :- Total cost of movement of Personnel transferred 4. To Stores Account:- (a) Miscellaneous issues of stores (b) Loss of stores in transit. (c)Loss of stores on charge due to:- (i) Theft, Fraud etc. (ii)Deficiencies in actual balances not caused by theft, fraud etc. (iii) Deterioration due to defective storage. (iv) Other causes. (d) Loss on sale of stores (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (e) Store adjustments. 5. To Wages Account:- Indirect Labour. 6. To Supervision Charges Account:- (A) DAD Charges (i) OT Allowance (a) Accounts (b) Internal Check (ii) PL Bonus (a) Accounts (b) Internal Check (B) Amount transferred 7. To Miscellaneous Charges Account:- Balance transferred.	(d) Store adjustment. 3. By Miscellaneous Credit Account:- Amount transferred. 4. By Work-in-progress Account:- (a) Variable overhead expenses leviable (b) Fixed overhead expenses leviable. 5. By Licence Fee, Rates, Water and Electricity charges recoverable Account:- (a) (i) Licence fees & rates recoverable (Cash) (ii) Electricity and water charges recoverable (Cash) (b) (i) Licence fee and rates recoverable (Cost) (ii) Electricity and water charges recoverable (Cost) 6. By Capital Asset Account:- Transfer of machinery and other capital items from inventory. 7. By Preliminary Expenses Account:- Preliminary expenses incurred during the year. 8. By Notional Cash Account:- i) Sales proceeds & recoveries from machinery ii) Sales proceeds & recoveries from building 9. By Revenue Outlay Account:- (a) Training in India other than in ordnance factories and training of Apprentices under Act and other National Scheme undertaken by Ord. Fys. (b) Payment to surplus workmen during notice period and Idle Time beyond control. (Not chargeable to production) (c) Loss on sale of stores (Not chargeable to

8. To Depreciation Account:- (a) Depreciation for the year on (i) Building (ii) Machinery (iii) Gas & Water Mains (iv) Other Items (b) Written off of last instalment of small value capital assets (i) Building (ii) Machinery (iii) Gas & Water Mains (iv) Other Items 9. To Capital Assets Account:- (a) Residual book value of discarded Capital Assets, (i) Building (ii) Machinery & Sewing Machine (iii) Railway Siding (b) Transfer to other Govt. Department (OMD/NMD) (c) Transfer of machinery to inventory 10. To Notional Cash Account:- (A) Contingent Charges (a) Communications (i) Telephones (ii) Others (b) Training (c) Office Equipment (d) Hospital/Lab Equipment (i) Fy Laboratory (ii) Hospital Lab (e) Consumables (f) Contract Labour (g) Departmental Canteen (h) Technical know how(TOT) (i) Royalty (j) Insurance (k) Printing & Stationary (l) Trade charges (m) Rent Rates & Taxes (n) Others (B) Govt. contribution to NPS (C) Govt. contribution to PF 11. To Revenue Outlay A/c :-	production). (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (d) Loss of stores on charge due to obsolescence change in process of manufacture, revaluation of stock, Auctioneer's commission etc. (other causes) (Not chargeable to production). (e) Loss of stores-in-transit (Not chargeable to production) (f) Arrears payment made during the year which do not pertain to the accounting year (Not chargeable to production). (g) Loss on sale of surplus capital assets (not chargeable to production) (h) Expenditure on account of care and custody of stock surplus to current production. (not chargeable to production) (i) Expenditure on account of care and custody of stock pile items(not chargeable to production) (j) Closing down expenses (k) Loss of stock pile items (Not chargeable to Production).

(A) Expenditure on TOT absorbed in Cost of Production(Non Cash) (B) Cost of O.F.B (i) Effective (a) Pay & Allowances (b) TA/DA (c) Misc. Expenditure (ii) Non effective (C) DAD Charges (i) Accounts (ii) Internal Check (D) Superannuation Charges (Cost). 12. To Revenue Outlay Account:- (a) Profit on sale of stores (Not chargeable to production). (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (b) Profit on sale of surplus capital assets (not chargeable to production) (c) Surplus at Stock taking, Profit on revaluation of stock etc. (not chargeable to production) (d) Recovery of loss of stores in transit(not chargeable to production) 13. To Capital Asset (Stock Pile) A/C :- Loss of Stock pile items (not chargeable to production) 14. To Outstanding Liabilities A/c :- Govt. contribution to NPS for March to be paid in April of next year. TOTAL	TOTAL

XV. WORK-IN-PROGRESS ACCOUNT

Dr

1. To Revenue Outlay Account: -
Cost of work-in-progress (excluding Capital semi) on 1st April B/F
(a) Labour
(i) Factory Labour
(ii) Contract Labour
(b) Material
(c) Expenses (Direct)
(d) variable Overhead
(e) Fixed overhead.

2. To Capital Outlay Account: -
Cost of Work-in-progress on 1st April (included in Capital Assets Account).
(a) Labour
(i) Factory Labour
(ii) Contract Labour
(b) Material
(c) Expenses (Direct)
(d) variable Overhead
(e) Fixed overhead.

3. To Stores Account: -
(a) Direct material issued to shops less return excluding cost of fuel consumed for prod. purposes
(b) Issues to Non-Military Department private bodies, firms etc. for manufacture of articles on behalf of Army
(c) Cost of fuel consumed for prodn. purpose.

4. To Wages Account:
Direct Labour charges paid during the year
(i) To Factory Labour
(ii) To Contract Labour

5. To Misc. Charges Account :-
Direct Expenses (Cost of Electricity & Water consumed for Production purpose)
i) Electricity
ii) Water

6. To Overhead Expenses Account: -

Cr

1. By Miscellaneous Charges Account:-
Departmental material utilized on indirect work orders.

2. Sales A/c – Non Defence:-
Cost of manufacture during the year.
(A) Services rendered on payment
(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(B) Civil Govt. Deptt- PSU
(i) Other Central Govt Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt/UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(C) Private Indentors (80,81 series)
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support

3. By manufacture for factories own stock Account:-
A)Cost of manufacture during the year(Own

(a) Variable overhead expenses(VOH) leviable. (b) Fixed overhead expenses(FOH) leviable. 7. To Profit and Loss Account:- (a) Variable overhead expenses over absorbed. (b) Fixed overhead expenses over absorbed.	Fy. Stock items i.e. 10 series) B)Cost of manufacture of components (40,41 series) net value after adjustment of drawal/issues 4. By Sales A/c - IFD:- Cost of manufacture during the year. (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 5. By Services for Capital Assets Account:- Cost of Services during the year. 6. By Sales A/c - Defence:- Cost of manufacture during the year for (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 7. By Profit and Loss Account:- (a) Variable overhead expenses under absorbed. (b) Fixed overhead expenses under

	absorbed. 8. By Revenue Outlay Account:- Cost of abnormal rejections (not chargeable to production) 9. By Revenue Outlay A/c :- (i) Cost of WIP cleared (excluding capital semi) – (a) Labour (i) Factory Labour (ii) Contract Labour (b) Cost of WIP cleared (excluding capital semi) – Material (c) Cost of WIP cleared (excluding capital semi) – Expenses (Direct) (d) Cost of WIP cleared (excluding capital semi) – VOH (e) Cost of WIP cleared (excluding capital semi) – FOH 10. By Capital Outlay Account:- Cost of WIP of Capital items reduced (a) Labour (i) Factory Labour (ii) Contract Labour (b) Material (c) Expenses (Direct) (d) Variable Overhead (e) Fixed Overhead. 11. By Capital Outlay A/c :- Cost of WIP on 31st March included in Capital Asset A/c a) Labour (i) Factory Labour (ii) Contract Labour (b) Material (c) Expenses (Direct) (d) Variable Overhead (e) Fixed Overhead 12. By Balance Account:- Cost of work-in-progress (excluding Capital semi) on 31st March. (a) Labour (i) Factory Labour (ii) Contract Labour (b) Material (c) Expenses (Direct) (d) Variable Overhead (e) Fixed Overhead
TOTAL	TOTAL

XVI SALES (DEFENCE) RECEIVABLE ACCOUNT	
Dr	Cr
1.To Outstanding Assets Account :- Sundry debtors for services rendered in the previous year(s) for which recoveries to be made in the current year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 2. To Sales A/C (Defence) :- Value of Sales (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support	1. By Outstanding Liabilities Accounts:- Recoveries made upto the end of previous year(s) for which services to be rendered in current year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 2.By Notional Cash Accounts:- Recoveries made during the year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support

(C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 3. To Revenue Outlay A/C :- Outstanding liabilities under payment services cleared (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 4. To Outstanding Liabilities Account :- Advances received against which services Not rendered till 31st March of current year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army)	(ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 3. By Revenue Outlay A/C :- Outstanding assets under payment services cleared (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 4.By Outstanding Assets Account :- Services rendered upto the end of current year for which recoveries are to be made in the ensuing year

(iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support Total	(A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support Total
XVII SALES ACCOUNT-DEFENCE Dr 1. To Revenue Outlay Account: - Balance of finished semi on 1st April (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support	Cr 1.By Sales(Defence) Receivable A/C:- Value of Sales (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support

(ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 2. To Work-in-Progress Account:- Cost of manufacture during the year for (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 3.To Revenue Outlay A/c Value of finished semis increased. (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty	(ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 2. By profit and Loss Account:- Net Loss on sales (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments (i) Other than post warranty product support (ii) For post warranty product support 3. By Revenue Outlay Account :- Reduction in value of finished semis pertaining to payment issues of Defence Services (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support

product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 4.To Profit and Loss Account: - Net profit on sales to : (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support Total	(B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 4. By Balance Account:- Balance of finished semi on 31st march. (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support Total

XVIII. SALES (NON DEFENCE) RECEIVABLE Account

Dr.	Cr.
1. To Outstanding Assets Account: - Sundry Debtors for services rendered on payment in the previous year for which recoveries to be made in the current year	1. By Outstanding Liabilities A/C Advance received during the previous year(s) for services not rendered till the end of last year
(A) Services rendered on payment I. Price	(A) Services rendered on payment I. Price
(i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support	(i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support
(b) For post warranty product support	(b) For post warranty product support
II. Excise Duty	II. Excise Duty
III. Sales Tax/VAT	III. Sales Tax/VAT
(B) Civil Govt. Deptt- PSU	(B) Civil Govt. Deptt- PSU
I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support	I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post war ranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support
II. Excise Duty	II. Excise Duty
III. Sales Tax/VAT	III. Sales Tax/VAT
(C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty	(C) Private Indentors (80,81 series)

III. Sales Tax/VAT 2. To Sales A/C - Non Defence Value of sales during the year (A) Services rendered on payment Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support 3. To Notional Cash A/C :- Advance received initially compiled under deposit code subsequently withdrawn consequent on issue of stores during the year. (A) Services rendered on payment I. Price	I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT 2. By Notional Cash A/C :- Advances received from customers during the year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support

(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(B) Civil Govt. Deptt- PSU

I. Price
(i) Other Central Govt Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt/UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(C) Private Indentors (80,81 series)
I. Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support
II. Excise Duty

III. Sales Tax/VAT

4. To Revenue Outlay A/C
Outstanding Liabilities under payment services cleared
(A) Services rendered on payment
I. Price
support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(C) Private Indentors (80,81 series)
I. Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support
II. Excise Duty

III. Sales Tax/VAT

3. By Notional Cash A/C :-
Recoveries made during the year for services rendered on payment
(A) Services rendered on payment
Basic Price

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support

(b) For post warranty product support

(B) Civil Govt. Deptt- PSU

Basic Price
(i) Other Central Govt Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt/UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support

(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(B) Civil Govt. Deptt- PSU

I. Price
(i) Other Central Govt Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt/UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(C) Private Indentors (80,81 series)
I. Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support
II. Excise Duty

III. Sales Tax/VAT

5.To Outstanding Liabilities A/C :-
Advances received against which services not rendered till 31st March of current year
(A) Services rendered on payment

(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

(C) Private Indentors (80,81 series)
Basic Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support

4. By Revenue Outlay A/C :-
Outstanding Assets under payment services cleared
(A) Services rendered on payment
I. Price

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(B) Civil Govt. Deptt- PSU

I. Price
(i) Other Central Govt Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt/UT (83 Series)
(a) Other than post warranty product

I. Price

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support

(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(B) Civil Govt. Deptt- PSU

I. Price
(i) Other Central Govt Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt/UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(C) Private Indentors (80,81 series)
I. Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support
II. Excise Duty

III. Sales Tax/VAT

support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(C) Private Indentors (80,81 series)
I. Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support
II. Excise Duty

III. Sales Tax/VAT

5 By Outstanding Assets A/C
Sundry Debtors for services rendered on payment upto the end of current year but recoveries to be made in ensuing year
(A) Services rendered on payment
I. Price

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

	(B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT
TOTAL	TOTAL
XIX. SALES ACCOUNT – NON DEFENCE Dr. 1. To Revenue Outlay Account: - Balance of finished semi on 1st April B/F (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support	Cr 1.By Sales (Non Defence) Receivable Account :- Value of sales during the year (A) Services rendered on payment Price (i) MHA (93 Series) (a) Other than post warranty product support

(B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product suppot (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product suppot (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support 2. To Work-in-Progress Account: - Cost of manufacture during the year (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support	(b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support 2 By Profit and Loss Account:- Net loss on payment services (A) Services rendered on payment Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support

(C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support 3. To Profit and Loss Account:- Net profit on Sales (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support	(b) For post warranty product support (B) Civil Govt. Deptt- PSU Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support 3. By Balance Account: - Balance of finished semi on 31st March (A) Services rendered on payment Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support

	(B) Civil Govt. Deptt- PSU Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support
Total	Total
XX. SALES ACCOUNT –IFD Dr. 1. To Revenue Outlay Account: - Balance of finished semi on 1st April (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 2. To Work-in-Progress Account:- Cost of manufacture during the year (i) Other than overhauling charges & post warranty	Cr. 1. By Notional Cash Account:- Value of issues to other factories as per prescribed rate (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 2. By Profit and Loss Account:- Net Loss on issue.

product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 3. To Revenue Outlay A/c Value of finished semis pertaining to other Fys increased (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 4. To Profit and Loss Account:- Net profit on issues (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support Total	(i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 3. By Revenue Outlay A/c :- Reduction in value of finished semis pertaining to other fys. (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 4. By Balance Account:- Balance of finished semi on 31st March (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support Total
XXI.MANUFACTURE FOR FACTORY'S OWN STOCK ACCOUNT Dr. 1. To Revenue Outlay A/c Balance of finished semi(components) as on 1st April 2. To Work-in-Progress Account:- A)Cost of manufacture during the year(Own Fy. Stock items i.e. 10 series) B)Cost of manufacture of components (40,41 series) net value after adjustment of drawal/issues 3. To Profit and Loss Account:- Net profit on manufacture 4. To Revenue Outlay A/c :- Balance of finished semi increased. Total	Cr. 1. By Store Account:- Value of receipts into stock from own factory manufacture ((Own Fy. Stock items i.e. 10 series) 2. By Profit and Loss Account:- Net loss on manufacture 3. By Revenue Outlay A/c :- Reduction in value of finished semis(components) 4. By Balance A/c Balance of finished semi(components) as on 31st March Total
XXII. SERVICES FOR CAPITAL ASSETS ACCOUNT Dr 1. To Work-in-Progress Account:-	Cr

Cost of services during the year Total	1. By Capital Outlay Account:- Cost of services capitalized Total
XXIII PROFIT & LOSS A/C Dr 1. To Sales A/c – Non defence:- Net loss on sales (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support 2. To Manufacture for Factory's own stock Account: - Net loss on manufacture 3. To Sales A/c – IFD:- Net loss on sales (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Cr 1.By Sales A/c – Non defence:- Net profit on sales (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support 2. By Manufacture for factory's own stock Account:- Net Profit on manufacture

4. To Sales A/c – Defence:- Net loss on issues (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 5. To Work-in-Progress Account:- (a) Variable overhead expenses under absorbed, (b) Fixed overhead expenses under absorbed 6. To Balance Account :- Net Profit transferred Total	3. By Sales A/c – IFD:- Net profit on sales (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 4. By Sales A/c – Defence:- Net profit on sales (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 5. By Work-in-Progress Account:- (a) Variable overhead expenses over absorbed, (b) Fixed overhead expenses over absorbed 6. To Balance Account :- Net loss transferred Total

XXIV. REVALUATION RESERVE ACCOUNT	
Dr	Cr
1. To Revenue Outlay A/C Amount of depreciation charged on the revalued asset (i) Buildings (ii) Machineries 2. To Balance A/C Balance as on 31st March transferred. (i) Buildings (ii) Machineries	1. By Revenue Outlay A/C Balance As on 1st April B/F (i) Buildings (ii) Machineries 2. By Capital Assets A/C Amount of increase/appreciation in the value of assets due to revaluation. (i) Buildings (ii) Machineries
Total	Total
XXV. DEPRECIATION A/C	
Dr	Cr
1. To Cumulative Depreciation A/C Depreciation for the year including last installment of small value capital assets (i) Building (ii) Machinery (iii) Gas & Water Mains (iv) Other Items	1. By Overhead Expenses A/C (A) Depreciation for the year transferred (i) Building (ii) Machinery (iii) Gas & Water Mains (iv) Other Items (B) Written off of last installment of small value capital assets (v) Building (vi) Machinery (vii) Gas & Water Mains (viii) Other Items
Total	Total
XXVI CUMULATIVE DEPRECIATION A/C	
Dr	Cr
1. To Balance A/C Cum. Depreciation upto the end of current year transferred (ix) Building (x) Machinery (xi) Gas & Water Mains (xii) Other Items	1. By Capital Outlay A/C Cum. Depreciation upto the end of previous year brought forward (i) Building (ii) Machinery (iii) Gas & Water Mains (iv) Other Items 2. By Depreciation A/C Depreciation for the year including last installment of small value capital assets (i) Building (ii) Machinery (iii) Gas & Water Mains (iv) Other Items
Total	Total

XXVII. CAPITAL ASSETS PURCHASE A/C

Dr	Cr
1.To Capital Outlay A/C Unfinished semi on works – (a) Services incomplete as on 1st April B/F (Factory Services only) (i) Building (ii) Machinery (b) Services incomplete as on 1st April B/F (MES) (i) Building (ii) Machinery 2. To Outstanding Assets Account: - (a) Payments made during the previous year for which machineries were not received till the end of that year. (i) LP (ii) CP (iii) FP (iv) Govt. Supply (b) Value of machinery in transit between Factories at the end of the Previous year (c) Customs duty paid in the previous year but carried forward for inclusion in the current year's account 3. To Notional Cash Account: - (A) Expenditure by MES (Financial Account) (i) Carry Over Works (ii) New Works (iii) Land. (B) Expenditure by Factory (Financial Account) (i) Carry Over Works (ii) New Works (iii) Land. (C) Expenditure on account of machinery purchased from overseas countries. (i) New Grant (ii) Renewal & replacement (D) Expenditure in India for machinery purchased through:	1. By Outstanding Liabilities Account:- (a) Expenditure incurred by MES in the previous year to be adjusted in the current year. (b) Machinery procured and received by the Factory in the previous year, payments for which to be made in the current year (i) LP (ii) CP (iii) FP (iv) Govt. Supply (c) Customs Duty allocated to the cost of machine in the previous year but brought forward for payment in the current year 2. By Capital Assets A/C Value of capital assets received and taken on charge in Block register (A) Building (B Series vrs. Prepared on completion of works) (a) MES (b) Factories (B) Plant & Machineries (M series Rt. Vrs. Prepared) procured through – (i) LP (a) New Grant (b) Renewal & Replacement (ii) CP (a) New Grant (b) Renewal & Replacement (iii) FP (a) New Grant (b) Renewal & Replacement (iv) Govt. Deptts. (OMD & NMD) (v) IFD 3. By Capital Outlay Account:- (a) Miscellaneous adjustments

i) Local Purchase including expenditure incurred by Factory for departmental capital works (capitalized portion) (a) New Grant (b) Renewal & replacement (ii) Central Purchase (a) New Grant (b) Renewal & replacement (E) Purchase from Govt. Departments (OMD & NMD) (i) New Grant (ii) Renewal & replacement (F) Procurement from sister Factories 4. To Capital Outlay A/c (a) Miscellaneous adjustments (b) Departmental charges on MES works (c) Liabilities on account of Capital Assets cleared – expenditure incurred by MES (d) Liabilities on account of Capital Assets cleared – Machinery received but payment not made (i) LP (ii) CP (iii) FP (iv) Govt. Supply (e) Liabilities on account of Capital Assets cleared – Custom duty not paid 5. To Outstanding Liabilities Account: - (a) Expenditure incurred by MES in the current year to be adjusted in the ensuing year. (b) Machineries received by Factory in current year payment for which to be made in the ensuing year. (i) LP (ii) CP (iii) FP (iv) Govt. Supply (c) Customs Duty allocated to the cost of machine but not paid during the current year. TOTAL	(b) Assets on account of purchase of Capital Assets cleared (i) LP (ii) CP (iii) FP (iv) Govt. Supply (c) Assets on machinery in transit - cleared (d) Assets on Custom dutypaid for plant and machinery - cleared 4. By Outstanding Assets Account:- (a) Payment made during the year for machinery not received till 31st March. (i) LP (ii) CP (iii) FP (iv)Govt. Supply (b) Value of machinery in transit between factories on 31st March (c) Customs Duty paid for machineries not received till 31st March. 5. By Balance A/C Unfinished semi on works – (a) Services incomplete as on 31st March (Factory Services only) (i) Building (ii) Machinery (b) Services incomplete as on 31st March (MES) (i) Building (ii) Machinery TOTAL

XXVIII. CAPITAL ASSETS ACCOUNTS

Dr	Cr
1. To Capital Outlay Account: Original Value of Fixed Assets on 1st April B/F (i) Land (ii) Building (iii) Machinery (iv) Gas & Water (v) Others	1. By Stores Account:- Transfer from Capital to stock
2. To Stores Account:- Transfers from stock to Capital	2. By Overhead Expenses A/c (a) Residual book value of discarded Capital Assets (i) Building (ii) Machinery & Sewing machine (iii) Railway Sidings (b)Transfer to other Govt. Departments (OMD & NMD)
3. To overhead Expenses Account:- Transfer of Machinery and other capital items from Inventory	(c) Transfer of machinery and other capital items to inventory.
4. To Revaluation Reserve A/c Amount of increase/appreciation in the value of Capital Assets (i) Buildings (ii) Machineries	3. By Capital Outlay Account:- a)Capital assets transferred to other Factories b) Miscellaneous adjustment
5.To Capital Assets Purchase A/C Value of capital assets received and taken on charge in Block register (A) Building (B Series Vrs. prepared on completion of works) (a) MES (b) Factories (B) Plant & Machineries (M series Rt. Vrs. Prepared) procured through – (i) LP (a) New Grant (b) Renewal & Replacement (ii) CP (a) New Grant (b) Renewal & Replacement (iii) FP (a) New Grant (b) Renewal & Replacement (iv) Govt. Deptts. (OMD & NMD) (v) IFD	4. By Balance Account:- Original value of Fixed Assets as on 31st March i. Land ii. Building iii. Machinery iv. Gas & Water v. Others
Total	Total

XXIX CAPITAL ASSETS (STOCK-PILE) PURCHASE ACCOUNT	
Dr	Cr
1. To Outstanding Assets Account:- Payment made during previous year(s) for which stores were not received till the end of previous year i) LP ii) FP	1. By Outstanding Liabilities Account:- Stores received upto the previous year but brought forward for payment in the current year. i) LP ii) FP
2. To Notional Cash Account:- (a) Expenditure in India- Items purchased locally (Financial Account) (b) Expenditure on account of procurement from foreign countries.	2. By Capital Assets(Stock-Pile) Account Value of stock-pile items received during the year. i) LP ii) FP
3. To Capital Outlay Account. a) Miscellaneous Adjustments b)Outstanding Liabilities pertaining to Capital Assets (Stock-Pile) cleared. i) LP ii) FP	3. By Capital Outlay Account:- a) Miscellaneous Adjustments b)Outstanding assets pertaining to stock-pile items cleared i) LP ii) FP
4. To Outstanding Liabilities Account:- Stores received upto the current year for which payments are to be made in the ensuing year i) LP ii) FP	4. By Outstanding Assets Account:- payments made during the year for which stores were not received at the end of the year i) LP ii) FP
Total	Total

XXX CAPITAL ASSETS (STOCK-PILE) ACCOUNT	
Dr	Cr
1. To Capital Outlay Account:- Value of Stock Pile Items on 1st April B/F	1. By Stores Account:- Transfer from Capital (Stock-Pile) to stock
2. To Store Account:- Transfer from stock to capital stock-pile	2. By Overhead Expenses Account Loss of Stock Pile items (not chargeable to production)
3. To Capital Assets (stock-pile) Purchase Account Value of stock-pile items received during the year i) LP ii) FP	3. By Balance Account:- Value of Stock Pile Items as on 31st March
Total	Total

XXXI CASH LEDGER A/C	
Dr	Cr
1. To Notional Cash A/c Cash in hand on 1st April	1. By Notional Cash A/c Cash in hand on 1st April adjusted
2. To Notional Cash A/c Cash in hand on 31st March	2. By Balance A/c
Total	Total

XXXII NOTIONAL CASH ACCOUNT	
Dr.	Cr.
1. To Cash Ledger A/C Cash in hand on 1st April adjusted	1. By Cash Ledger A/C Cash in hand on 1st April
2. To Sale of Unserviceable Stores A/C Recoveries made on account of sale of unserviceable stores.	2. By Revenue Outlay A/C Recoveries made on account of sale of unserviceable stores reverted back to Govt.
3. To Issue on Stores on Payment A/C Recoveries made during the year on a/c of stores issued on payment. A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police) (iv) PSU (v) Civil Trade (vi) Export	3. By Revenue Outlay A/C Recoveries made during the year on account of stores issued on payment reverted back to Govt. A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police) (iv) PSU (v) Civil Trade (vi) Export
4. To Misc. Credit A/C (a) Liquidated damages recovered with no litigation. (b) Recovery of loss of Stores in-transit (cash) (c) Other Misc. Receipts	4. By Revenue Outlay A/C (a) Liquidate damage. recovered with no litigation (b) Recovery of loss of stores in transit (cash) (c) Other misc. Receipts.

5. To Overhead Expenses A/C (i) Sale proceeds and recoveries from machinery (ii) Sale proceeds and recoveries from Buildings items.	5. By Revenue Outlay A/C (a) Sale proceeds and recoveries from machinery (b) Sale proceeds and recoveries from Building items
6. To Sale A/C-IFD Value of issues to other factories as per prescribed rate (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	6. By Revenue Outlay A/C Amount of IFD issues from production reverted back to Govt. (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support
7. To Store A/C Stores issued to other Fys from stock	7. By Revenue Outlay A/C Amount of IFD issues from stock reverted back to Govt.
8. To Sales (Defence) Receivable A/C Recoveries made during the year: (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support	8. By Revenue Outlay A/C Amount received on account of sales to Defence reverted back to Govt. (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support
(B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support	(B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support
(C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support	(C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support
(D)Other Defence Departments (i) Other than post warranty product support (ii) For post warranty product support	(D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support

9. To Sales (Non-Defence) Receivable Account Advances received from customers during the year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT	9. By Revenue Outlay A/C Advances received from customer kept in deposit head (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warr anty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT

10. To Sales (Non-Defence) Receivable Account
Recoveries made during the year for services rendered on payment
(A) Services rendered on payment
Basic Price

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support

(b) For post warranty product support

(B) Civil Govt. Deptt- PSU

Basic Price
(i) Other Central Govt. Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt./UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

(C) Private Indentors (80,81 series)
Basic Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support

11. To License Fees, Rates, Water & Electricity Charges Recoverable A/C

(i) Amount recovered on account of license Fees, Rates etc (cash) from the occupants of own factory.
(ii) Electricity & Water charges recovered from the occupant of own factory.

(C) Private Indentors (80,81 series)
I. Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support
II. Excise Duty

III. Sales Tax/VAT

10. By Revenue Outlay Account
Amount received on account of sales to Defence reverted back to Govt.
(A) Services rendered on payment
Basic Price

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support

(b) For post warranty product support

(B) Civil Govt. Deptt- PSU

Basic Price
(i) Other Central Govt. Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt./UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support

(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

12. To License Fees, Rates, Water & Electricity Charges Recoverable A/C

(i) Amount of License Fees, Rates etc., recovered from the occupant other than own Fy,

(ii) Electricity & Water charges recovered from the occupants other than own Fy.

13. To Security Deposit A/C
Fresh Security Deposit lodged by parties during the year in cash

14. To Earnest Money and Other Misc. Deposit A/C

(i) Fresh Earnest Money deposited by parties in cash.

(ii) LD recovered but kept as deposit due to litigation

15. To Misc. Charges A/C
Advance/Deposit lying with Electricity & Other authorities withdrawn during the year.
i)Electricity
ii)Others

16. To Revenue Outlay A/C
Amount spent for custom duty on stores brought in cash

17. To Revenue Outlay A/C
Amount spent for Purchase of Stores brought in cash

(i) Local Purchase
a)Other than IT Items
b)I T Items

(ii) Central Purchase
(a) Other than IT Items
(b) I T Items

(iii) Foreign Purchase

(iv) Stores purchased from Govt. Depts. NMD

(v) Stores purchased from Govt. Dept OMD

18. To Revenue Outlay A/C
Stores dispatched by other factories
i)from Production
ii)from Stock

(C) Private Indentors (80,81 series)
Basic Price

(i) Other than overhauling charges & post warranty product support

(ii) For overhauling charges (05 series – portion relevant to private indentors)

(iii) For post warranty product support

11. By Revenue Outlay A/C

(i) License Fees, Rates recovered from the occupants of own Fy. Reverted back to Govt.

(ii) Electricity & water charges recovered from the occupants of own fy. Reverted back to Govt.

12. By Revenue Outlay A/C
(i)License Fees, Rates etc. recovered from the occupants other than own Fy. Reverted back.
(ii) Electricity & water charges recovered from the occupants of other than own fy. Reverted back.

13. By Revenue Outlay A/C
Fresh Security Deposit lodged by parties during the year in cash reverted back.

14. By Revenue Outlay A/C

(i) Fresh Earnest money deposited by parties during the year in cash.

(ii) LD recovered but kept as deposit due to litigation.

15. By Revenue Outlay A/C
Advance/Deposit lying with Electricity and other authorities withdrawn and reverted back to Govt.
i)Electricity
ii)Others

19. To Revenue Outlay A/C
Amount spent for movement of stores brought in cash
(i) by Rail
(a) Inward Freight
(b) Outward Freight

(ii) By Civil Hired Transport
(a) Inward Freight
(b) Outward Freight

(iii) by Air Lift
(a) Inward Freight
(b) Outward Freight

(iv) by Sea
(a) Inward Freight
(b) Outward Freight

20. To Revenue Outlay A/C
Amount spent on the following Misc. charges brought in cash
(i) Amount paid on account of repair and maintenance of Buildings, Roads etc. not chargeable to capital.
(a) Works carried out by MES
(b) Works carried out by Fy. Through direct contract.
(ii) License Fees paid for hired Buildings
(iii) Payment for Railway Sidings
(iv) Payment made for Water & Electricity-
For manufacturing Purpose
A. Water
B. Electricity
(v) Payment made for Water & Electricity for other than manufacturing purpose
A. Water
B. Electricity
(vi) Fresh Advance/Deposit made to
(a) Electricity Authy.
(b) Other (Gas, Water etc.)
(vii) Payment made for maintenance of Machinery & Equipment
(viii) Other charges (consultancy, CAD analysis, cost of technical know-how etc.) incurred on in-house R&D

16. By Custom Duty A/C
Payment made during the year (for stores purchase)

17. By Store Cash Purchase A/C
Payment made for purchase of stores-
(i) Local Purchase
(a) Other than I T Items
(b) I T Items

(ii) Central Purchase
(a) Other than I T Items
(b) I T Items
(iii) Foreign Purchase
(iv)Stores Purchased from Govt. Dept NMD
(v)Stores purchased from Govt. Dept OMD

18. By Stores Supplies by Other Fys A/C
Stores dispatched by other factories
i)from Production
ii)from Stock

19. By Transportation Charges A/C
Amount paid for movement of Stores
(i) By Rail
(a) Inward Freight
(b) Outward Freight
(ii) By Civil Hired Transport
(a) Inward Freight
(b) Outward Freight
(iii)By Air Lift
(a) Inward Freight
(b) Outward Freight
(iv)By Sea
(a) Inward Freight
(b) Outward Freight

21. To Revenue Outlay A/C Amount spent on the following brought in cash (A) Contingent Charges (a) Communication (i) Telephones (ii) Others (b) Training (c) Office Equipment (d) Hospitals/Lab Equipments (i) Factory Laboratory (ii) Hospital Laboratory (e) Consumables (f) Contract Labour (g) Departmental Canteen (h) Technical Know-how(TOT) (i) Royalty (j) Insurance (k) Printing & Stationary (l) Trade Charges (m) Rent, Rates & Taxes (n) Others (B) Govt. contribution to NPS (C) Govt. Contribution to P F 22. To Revenue Outlay A/C Cash in hand on 31st March adjusted 23. To Revenue Outlay A/C Amount spent on the following brought in cash a) Pay & Allowances of Pmt. And Temporary Establishment b) Labour charges incurred on in-house R&D and adjusted to Research Code by minus debit to IEs Pay Code. c) Labour charges incurred on Departmental Capital Works and adjusted to Capital in Fin. Account by minus debit to IEs pay code 805/03 d) Labour charg es incurred on free warranty services by minus debit to 805/03 24. To Revenue Outlay A/C Payment made for movement of personnel brought in Cash	20. By Miscellaneous Charges A/C (i) Amount paid on account of repair and maintenance of Buildings, Roads etc. not chargeable to capital (a) Works carried by MES (b) Works carried out by Fy through Direct Contract. (ii) License Fees paid for hired Building (iii) Payment for Railway Siding (iv) Payment made for Water & Electricity For manufacturing Purpose A. Water B. Electricity (v) Payment made for Water & Electricity for other than manufacturing purpose A. Water B. Electricity (vi) Fresh Advance/Deposit made to (a) Electricity Authy. (b) Other (Gas, Water etc.) (vii) Payment made for maintenance of Machinery & Equipment (viii) Other charges (consultancy, CAD analysis, cost of technical know-how etc.) incurred on in-house R&D 21. By Overhead Expenses A/c (A)Contingent Charges (a) communications (i) Telephones (ii) Others (b) Training (c) Office Equipment (d) Hospitals/Lab Equipments (i) Factory, Laboratory (ii) Hospital Laboratory (e) Consumables (f) Contract Labour (g) Departmental Canteen (h) Technical Know-how(TOT) (i) Royalty

i) Ty. Duty Moves ii) Pmt. Duty Moves iii) Foreign Travel iv) Hired Transport Charges	(j) Insurance (k) Printing & Stationary (l) Trade Charges (m) Rent, Rates & Taxes (n) Others
25. To Revenue Outlay A /C Amount spent for payment on the following brought in cash (i)Amount of Sales Tax paid back to Sales Tax Authority during the year (ii)Amount of Excise Duty paid back to Excise Duty authority during the year	(B)Govt. Contribution to NPS (C)Govt. Contribution to Provident Fund
26. To Revenue Outlay A/C Security Deposit refunded to parties brought in cash.	22. By Cash Ledger A/C Cash in hand on 31st March
27. To Revenue Outlay A/C (i) EMD refunded/released to parties brought in cash (ii) Refund of LD due to court Order etc. brought in cash.	23. By Wages A/C a)Pay & Allowances of Pmt. And Temporary Establishment b)Labour charges incurred on in-house R&D and adjusted to Research Code by minus debit to IEs Pay Code.
28. To Revenue Outlay A/C Advance received initially compiled under deposit code subsequently compilation withdrawn consequent on issue of stores during the year	c)Labour charges incurred on Departmental Capital Works and adjusted to Capital in Fin. Account by minus debit to IEs pay code 805/03
(A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support	d)Labour charges incurred on free warranty services by minus debit to 805/03 24. By Travelling Expenses A/C Payment made for movement of personnel i) Ty. Duty Moves ii) Pmt. Duty Moves iii) Foreign Travel iv) Hired Transport Charges
II. Excise Duty III. Sales Tax/VAT	25. By Misc. Credit A/C (i)Amount of Sales Tax paid back to Sales Tax Authority during the year (ii)Amount of Excise Duty paid back to Excise Duty authority during the year year
(B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support	

(ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT 29. To Capital Outlay A/C Amount spent on Capital Assets brought in cash (A)Expenditure by MES (i) Carry Over Works (ii) New Works (iii) Land (B)Expenditure by Fy. (i) Carry Over Works (ii) New Works (iii) Land (C) Expenditure on Account of Machinery purchased from Overseas Countries. (i) New capital (ii) Renewal & replacement (D) Expenditure in India for machinery purchased through (i) Local Purchase including expenditure incurred by factory for departmental capital works (capitalized portion) (a) New capital (b) Renewal & Replacement (ii) Central Purchase	26. By Security Deposit A/C Security Deposit refunded to parties brought in cash 27.By Earnest Money and other Misc. Deposit A/C (i) Earnest money refunded/released to parties during the year in cash. (ii) Refund of LD due to Court Order (iii) 28. By Sales(Non Defence) receivable A/C Advance received initially compiled under deposit code subsequently compilation withdrawn consequent on issue of stores during the year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product

(a) New capital (b) Renewal & Replacement (E)Purchase from Govt. Deptts.(OMD & NMD) i) New grant ii) Renewal & Replacement (F) Procurement from Sister Factories i) New grant ii) Renewal & Replacement 30. To Capital Outlay A/C Amount spent on procurement of Stock-Pile items brought in cash (a) Expenditure in India for items Purchased locally (b) Expenditure on account of Procurement from Foreign Countries	support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT 29. By Capital Asset(purchase) A/C (A)Expenditure by MES (i)Carry Over Works (ii)New Works (iii)Land (B)Expenditure by Fy. (i)Carry Over Works (ii)New Works (iii)Land (C) Expenditure on Account of Machinery purchased from Overseas Countries. (j) New capital (ii) Renewal & replacement (D) Expenditure in India for machinery purchased through (i) Local Purchase including expenditure incurred by factory for departmental capital works (capitalized portion) (a) New capital (b) Renewal & Replacement (ii) Central Purchase (a) New capital (b) Renewal & Replacement (E)Purchase from Govt. Deptts.(OMD &

	NMD) i) New grant ii) Renewal & Replacement (F) Procurement from Sister Factories i) New grant ii) Renewal & Replacement 30. By Capital Asset (Stock-pile) Purchase A/C (a)Expenditure in India for items purchased locally. (b)Expenditure on account of procurement from Foreign Countries.
Total	Total
XXXIII. PRELIMINARY EXPENSES ACCOUNT Dr	Cr
1. To Revenue Outlay Account: - Balance of Preliminary Expenses on 1st April 2. To Overhead Expenses Account:- Preliminary expenses incurred during the year	1. By Miscellaneous Charges account:- Amount of preliminary expenses charged off to current year's production 2. By Revenue Outlay Account:- (i) Preliminary expenses Charged / transferred to other factories. (ii) Unabsorbed preliminary expenses written off. 3. By Balance Account:- Preliminary expenses not charged off as on 31st March.
Total	Total
XXXIV DEFERRED REVENUE EXPENDITURE ACCOUNT Dr	Cr
1. To Outstanding Asset Account Unabsorbed deferred revenue as on 1st April (i) Factory (ii) ODC	1. By Misc. Charges A/c Amount of deferred Revenue Charges off to current year's Production (i) Factory

2. To Misc. Credit A/c Deferred Revenue Expenditure incurred during the year (i) Factory (ii) ODC Total	(ii) ODC 2. By Outstanding Asset A/c Deferred Revenue remaining unabsorbed as on 31st March (i) Factory (ii) ODC Total
XXXV. SECURITY DEPOSIT A/C Dr	Cr
1. To Misc. Credit A/C Amount of Security Deposit Lapsed/forfeited during the year 2. To Revenue Outlay A/C Security deposit refunded/released to the parties during the year other than in cash. 3. To Notional Cash A/C Security deposit refunded to parties in cash 4. To Outstanding Liabilities A/C Security Deposit lodged by parties remaining unpaid till 31st March of the year (i) In Cash (ii) In Other form Total	1. By Outstanding Liabilities A/C Security Deposit Lodged by parties during previous year remaining unpaid till the end of previous year B/F (i) In Cash (ii) In Other form 2. By National Cash A/C Fresh Security Deposit lodged during the year in cash 3. By Revenue Outlay A/C Fresh Security Deposit lodged by parties other than in cash Total
XXXVI. EARNEST MONEY AND OTHER MISC. DEPOSIT A/C Dr	Cr
1. To Misc. Credit A/C Earnest Money Deposit lapsed/forfeited during the year 2. To Notional Cash A/C (i) Earnest Money Refunded/released to the parties during the year in cash (ii) Refund of LD due to Court Order etc. in cash	1. By Outstanding Liabilities A/C (I) Earnest Money Deposit lodged by parties remaining unpaid till 31st March of previous year. (a) In Cash (b) Other than in Cash (ii) LD recovered but under litigation till 31st March of previous year. 2. By Notional Cash A/C (i) Fresh Earnest Money deposited by parties during the year in cash.

3. To Revenue Outlay A/C EMD Other than in cash released during the year. 4. To Outstanding Liabilities A/C (i) Earnest Money Deposit remaining unpaid to parties till 31st March of the year (a) In cash (b) Other than in cash (ii) LD recovered but under Litigation till 31st March of the year. Total	(ii) LD recovered during the year but kept as deposit due to litigation 3. By Revenue Outlay A/C Fresh Earnest Money Deposited by the parties during the year other than in cash. Total
XXXVII. OUTSTANDING ASSETS ACCOUNT Dr	Cr
1. To Revenue Outlay Account: - Amount due to factory on 1st April B/F. 2. To Customs Duty Account: - Custom duty paid but carried forward for inclusion in the ensuing year's account as the relevant stores were not received at the end of the current year. 3. To Stores Cash Purchase Account: Payments made during the year for stores not received at the end of the year. i. CP ii. LP iii. FP iv. NMD v. OMD 4. To sale of unserviceable Stores Account: - Stores sold during the year for which recoveries are outstanding on 31st March 5. To Issue of Stores on Payment Account: - Stores issued on payment during the year for which recoveries are outstanding on 31st March (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT	1. By Customs Duty Account:- Payments made during the previous year for which stores were not received at the end of that year. 2. By Stores Cash Purchase Account: Payments made in the previous year for stores not received at the end of that year. i. CP ii. LP iii. FP iv. NMD v. OMD 3. By sale of unserviceable Stores Account:- Stores sold in the previous year for which recoveries are outstanding. 4. By Issue of Stores on Payment Account: - Stores issued on payment in the previous year for which recoveries are outstanding on 1st April. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors 5. By Licence Fees, Rates, Water & Electricity charges Recoverable Accounts : -

(C) Private Indentors

6. To Miscellaneous Credit A/c
(i) Amount of Central Excise paid but not realized from parties till 31st March
(ii) Amount of Sales Tax paid but not realized from parties till 31st March
(iii) Electricity Duty excess paid to State Govt. (O/s recovery from Customs as on 31st March)
(iv) Conservancy charges pertaining upto current year recoverable or O/s as on 31st March.

7. To Licence Fees, Rates, Water & Electricity Changes Recoverable Account :-
Licence fees, rates, etc. pertaining to the current year for which recoveries are outstanding on 31st March.
8.To Sales (Defence) Receivable Account
Services rendered upto the end of current year for which recoveries are to be made in the ensuing year
(A)Army
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to Army)
(iii) For post warranty product support

(B)Navy
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to Navy)
(iii) For post warranty product support

(C)Air Force
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to Air Force)
(iii) For post warranty product support

(D)Other Defence Departments.
(i) Other than post warranty product support
(ii) For post warranty product support

9. To Sales (Non Defence) Receivable Account
Sundry debtors for services rendered on payment during the year for which recoveries are outstanding on 31st March.

Licence fees, rates etc. pertaining to the previous year for which recoveries are to be made in the current year.
6.By Sales (Defence) Receivable Account
Sundry debtors for services rendered in the previous year(s) for which recoveries to be made in the current year
(A)Army
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to Army)
(iii) For post warranty product support

(B)Navy
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to Navy)
(iii) For post warranty product support

(C)Air Force
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to Air Force)
(iii) For post warranty product support

(D)Other Defence Departments.
(i) Other than post warranty product support
(ii) For post warranty product support

7. By Sales(Non-Defence) Receivable Account
Sundry Debtors for service rendered on payment in the previous year for which recoveries are to be made in the current year.
(A) Services rendered on payment
I. Price
(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support

(A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT	(b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT

10. To Capital Assets Purchase Account: -

Payments made during the year for which machineries not received till 31stMarch
(i)LP
(ii)CP
(iii)FP
(iv)Govt. Supply.
Value of machinery transit between factories on 31st March.
Customs duty paid for machinery procured from N.C. Grant & Projects not received till 31st March.

11. To Wages Account: -
Festival advance paid upto the end of current year for which recoveries are outstanding on 31st March

12. To Capital Assets (Stock Pile) Purchase Account : -
Payments made during the year for which stores were not received at the end of the year.
(i)LP
(ii)FP

13. To Deferred Revenue Expenditure Account : -
Deferred Revenue remaining unabsorbed as on 31st March of the year.
(i) Factory
(ii) ODC

14. To Misc. Charges Account: -
Advances/Deposit upto 31st March

i. Electricity Authy
ii. Others (Gas, Water etc Authy)

15. To Revenue Outlay Account
i) Capital assets sold during the year for which recoveries are outstanding as on 31st March
ii) Assets created for advances received upto the current year for services to be rendered in the ensuing year

8. By Capital Assets Purchase Account :-

Payments made during the previous year for which machineries were not received till the end of the year.
(i)LP
(ii)CP
(iii)FP
(iv)Govt Supply
Value of machinery in transit between factories at the end of the previous year.
Customs duty paid in the previous year but carried forward for inclusion in the current year's account.

9. By Deferred Rev. Expenditure Account
Unabsorbed deferred revenue as on 1st April
(i) Factory
(ii) ODC

10. By Capital Assets(Stock Pile) Purchase Account:-
Payments made during the previous year for which stores were not received at the end of previous year.
(i)LP
(ii)FP

11. By Misc. Charges Account:-
Advances/Deposit upto 31st March of previous year B/F

Advances/Deposit lying with Electricity Authy
Advances/Deposit lying with others

12. By Miscellaneous Credit Account:-
(i) Amount of Central Excise Duty paid in the previous year but not realized from parties till end of the previous year.
(ii) Amount of Sales Tax paid but not realized from party till end of previous year.
(iii) Electricity Duty excess paid to State Govt. (Recovery outstanding from Customs as on 1st April)

(A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT iii) Assets created for Security Deposit lodged by parties, remaining unpaid till the end of current year (a) In cash (b)In other form	(iv) Conservancy charges pertaining to previous year(s) recovery O/s as on 1st April. 13. By Wages Account :- Festival Advance paid during the previous year(s) recoveries of which are outstanding till 31st March of previous year. 14. By Revenue Outlay Account (i) Capital Assets sold in previous year for which recoveries are outstanding as on 1st April (ii) Assets created during previous year(s) for advances received for services to be rendered during current year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support

iv) Assets created for (A)Earnest Money Deposit remaining unpaid to parties till 31st March of the year (a)In cash (b) other than in cash (B) LD recovered but under litigation till 31st March of the year. Total	II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT iii) Assets created for Security Deposit lodged by parties during previous year(s), remaining unpaid as on 1st April (a) In cash (b)In other form iv) Assets created for (A)Earnest Money Deposit remaining unpaid to parties during previous year(s) (a)In cash (b) other than in cash (B) LD recovered but under litigation during previous year(s) 15. By Balance Account :- Amount due to factory on 31st March. Total
XXXVIII OUTSTANDING LIABILITIES ACCOUNT Dr 1. To Customs Duty Account :- Customs duty not paid in the previous year, but brought forward for payment in the current year's account. 2. To Stores Cash Purchase Account :- Stores received in the previous year but brought forward for payment in the current year's account. (i)LP (ii)CP	 Cr 1. By Revenue Outlay Account :- Amount due by factory on 1st April, B/F. 2. By Customs Duty Accounts :- Customs duty not paid in the current year, but carried forward for payment in the ensuing year. 3. By Stores Cash Purchase Account :-

(iii)FP (iv)NMD (v)OMD 3. To Sale of unserviceable Stores Account: Recoveries made in the previous year for which stores were not issued in that year. 4. To issue of Stores on payment Account : - Recoveries made in the previous year for which store were not issued at the end of that year. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors 5. To Wages Account : - I) Pay and allowances of staff including IEs for March of the previous year shown as amount due by factory in the preceding year's account disbursed in the current year. II) Unclaimed wages remaining unpaid on 31st March of the preceding year. 6. To Miscellaneous Charges Account : - (i) Licence fees for hired buildings pertaining to March of the previous year paid during the year. (ii) Railway siding charges remaining unpaid till end of previous year B/F for payment in the current year (iii) Water & electricity charges unpaid till end of previous year B/f for payment in current year (A) Water a) For Production purpose b) For Non- Production purpose (B) Electricity a) For Production purpose b) For Non- Production purpose 7. To Misc. credit A/c Amount of sales Tax remaining unpaid till the end of the previous year Amount of excise duty remaining unpaid till end of	Stores received during the year to be paid for in the ensuing year. (i)LP (ii)CP (iii)FP (iv)NMD (v)OMD 4. By Sale of unserviceable (Surplus, obsolete & waste) Stores Account: - Recoveries made during the current year for stores not issued till the end of the year. 5. By Issue of Stores on Payment Account Recoveries made during the current year for stores not issued till the end of the year. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors 6. By Wages Account :- Pay and allowances of permanent staff (including IEs) for March of the current year to be paid in the April of the ensuing year. (b) Unclaimed wages remaining unpaid on 31st March of the current year. 7. By Miscellaneous Charges Account :- (i) Licence fees for hired buildings pertaining to March of the current year to be paid in the next year. (ii) Railway siding charges remaining unpaid till 31st March (iii) Water & electricity charges unpaid till end of current year (A) Water a) For Production purpose b) For Non- Production purpose (B) Electricity a) For Production purpose b) For Non- Production purpose

previous year 8. To Sales(Defence) Receivable Account: - Recoveries made upto the end of previous year(s) for which services to be rendered in current year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 9. To Sales (Non Defence) Receivable A/C : - Advance received during the previous year for services not rendered till the end of last year. (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT	8. By Sales (Defence) Receivable Account Advances received against which services Not rendered till 31st March of current year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 9. By Sales(Non Defence) Receivable A/C :- Advances received upto the current year for services to be rendered in the ensuing year. (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty

(B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warrantyproduct support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT 10. To Capital Assets Purchase Account :- Expenditure incurred by MES in the previous year to be adjusted in the current year. Machinery received by the factory in the previous year, payments for which to be made in the current year. (i)LP (ii)CP (iii)FP (iv)Govt. supply Customs duty allocated to the cost of machines in the previous year but brought forward for payment in the current year. 11. To Capital Assets(Stock Pile) Purchase A/C :- Stores received in the previous year but brought forward for payment in the current year. (i)LP (ii)FP 12. To Revenue outlay Account :-	III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT 10. By Capital Assets Purchase Account :- Expenditure incurred by MES in the current year to be adjusted in the ensuing year. Machinery received by the factory in the current year payments for which to be made in the ensuing year. i) LP ii)CP iii)FP iv) Govt. Supply

(a) Pay and Allowances of Accounts Staff including Central Administration of Accounts & factories for March of the previous year shown as the amount due in the preceding year's account paid in the current year. (b) Recoveries made on account of sale of capital assets for which relevant assets could not be issued till the end of the previous year 13. To Overhead Expenses A/c Govt. contribution to NPS for March last year payable in April of current year 14. To Security Deposit A/c Security Deposit lodged by parties during previous years, remaining unpaid till the end of previous year (a) In cash (b)In other form 15. To Earnest money and other Misc. Deposit A/c Earnest Money Deposit lodged by parties remaining unpaid till 31st March of Previous year LD recovered but under litigation till 31st March of previous year. 16. To Balance Account :- Amount due by the factory on 31st March Total	Customs duty allocated to the cost of but not paid during the current year. 11. By Capital Assets(Stock-pile) Purchase Account –Stock Pile:- Stores received in the current year for which payments are to be made in the ensuing year. (i)LP (ii)FP 12. By Revenue Outlay Account :- (a)Payment and Allowances of Accounts Staff including Central Administration of Fy. and Accounts of factories for March of the current year to be paid in the April of the ensuing year. (b) Recoveries made on account of sale of capital assets for which relevant assets could not be issued till 31st March of current year 13. By miscellaneous Credit account:- (i) Amount of sales tax remaining unpaid to the sale tax authorities till 31st March. (ii) Amount of Excise duty remaining unpaid to excise duty authy. Till 31st March 14. By Overhead Expenses A/c Govt. contribution to NPS for March to be paid in ensuing year 15. By Security Deposit A/c Security Deposit lodged by parties, remaining unpaid till 31st March of the year (a) In cash (b)In other form 16. By Earnest money and other Misc. Deposit A/c Earnest Money Deposit remaining unpaid to parties till 31st March of the year (a)In cash (b) other than in cash (ii) LD recovered but under litigation till 31st March of the year. Total

XXXIX. ADJUSTMENT TO CAPITAL OUTLA Y A/C	
Dr. 1. To Adjustment to Revenue Outlay A/C (a)Expenditure incurred by MES in previous year to be adjusted in Capital Assets in the current year. (b) Machinery received by the Fy. In previous year payment for which to be made in current year. (c) Custom Duty allocated to the Cost of machine in previous year brought forward for payment in current year. (d)Stock Pile items received in the previous year brought forward for payment in the current year. 2. To Adjustment to Revenue Outlay A/C (a)Transfer from Capital Assets to Stock. (b) Transfer from Capital Stock -pile to stock (c) Transfer of machinery to Inventory. (d) Depreciation of capital Assets charged to production during the year. (e) Loss of Stock Pile items (Not chargeable to production) (f) Residual book value of discarded capital assets 3. To Capital Outlay A/C Excess of Cr. Adjustment than Debit. Total	Cr. 1. By Adjustment to Revenue Outlay A/C (a) Payment made during the previous year(s) for which machineries not received till the end of last year. (b) Value of machinery in transit between factories at the end of previous year. (c) Custom Duty paid in the previous year but carried forward for inclusion in the current year's account. (d) Payment made for which Stock Pile items not received till the end of previous year. 2. By Adjustment to Revenue Outlay A/C (a)Transfer from Stock to Capital assets. (b) Transfer from Stock to Capital Stock Pile. (c) Transfer from Inventory to Capital Assets. (d) Increase in the value of Capital Assets due to revaluation on account of extension of life granted in r/o life expired assets. 3. By Adjustment to Revenue Outlay A/C (a)Expenditure incurred by MES in current year to be adjusted in the ensuing year. (b) Machinery received by the Fy. in Current year, payment of which to be made in the ensuing year. (c) Custom Duty allocated to the cost of machine but not paid during the current year. (d) Stock-pile items received up to the end of current year for which payment not made up to the end of current year. 4. By Capital Outlay A/C Excess of Dr. adjustments than Credit. Total
XXXX. CAPITAL OUTLAY ACCOUNT	
Dr 1. To Capital Assets A/C Capital Asset A/C	Cr 1.By Capital Assets A/C Original value of Fixed Assets on 1st April

(a)Capital assets transferred to other factories.
(b) Misc. Adjustments

2. To Misc. Credit A/C
Depreciation charges of machineries issued on loan to other factories

3. To Services for Capital Assets A/C
Cost of services capitalized

4. To Work-in-progress A/C
Cost WIP of Capital items reduced by operation of Capital Outlay
- (a) Labour
  - (i) Factory Labour
  - (ii) Contract Labour
- (b) Material
- (c) Expense (Direct)
- (d) VOH
- (e) FOH

5. To Capital Assets (Stock-Pile) Purchase A/C
a) Miscellaneous Adjustments
b)Outstanding assets pertaining to Capital Assets (Stock-pile) cleared.
- i)LP
- (ii)FP

6. To Capital Assets Purchase A/C
Outstanding assets on the following cleared/reduced.
(a) Miscellaneous adjustments
(b)Payment for machinery not received assets reduced
- (i) LP
- (ii) CP
- (iii)FP
- (iv) Govt Supply

(c) Amount of Machinery in transit reduced
(d) Custom Duty paid for Plant & Machinery not received.

7. To Work-in-progress A/C
Cost of WIP on 31st March included in Capital Assets A/C
(a) Labour
- (i) Factory Labour
- (ii) Contract Labour

(b) Material
(c) Expense (Direct)
(d) VOH

B/F
- (i) Land
- (ii) Building
- (iii) Machinery
- (iv) Gas and Water
- (v) Others

2. By Capital Assets Purchase A/C
(b) Services incomplete on 1st April B/F (Fy. Services only)
- (i) Building
- (ii) Machinery

(c) Services incomplete on 1st April B/F (MES Services only)
- (i) Building
- (ii) Machinery

3. To Work in Progress A/C
Cost of Work in Progress on 1st April included in Capital Assets Account B/F
- a. Labour
  - (i) Factory Labour
  - (ii) Contract Labour
- b. Material
- c. Expenses(Direct)
- d. VOH
- e. FOH

4. To Capital Assets (Stock Pile) A/C
Value of Stock-pile items on 1st April B/F

5. To Notional Cash A/C
Amount spent on Capital Assets brought in cash A/C
(A)Expenditure by MES
- (i) Carry Over Works
- (ii) New Works
- (iii)Land

(B)Expenditure by Fy.
- (i)Carry Over Works
- (ii) New Works
- (iii)Land

(C)Expenditure on account of machinery purchased from Overseas Countries.
- i) New capital

ii) Renewal & Replacement
(D)Expenditure in India for machinery purchased through

(e) FOH	i)Local Purchase a) New capital b) Renewal & Replacement ii)Central Purchase a) New capital b) Renewal & Replacement
8 To Adjustment to Capital Outlay A/C Excess of Debit adjustments than Credit.	(E)Purchase from other Govt. Deptts (OMD/NMD) i) New capital ii) Renewal & Replacement
9. To Cumulative Depreciation A/c Cumulative Depreciation upto the end of previous year brought forward (i) Building (ii) Machinery (iii) Gas & Water Mains (iv) Other Items	(F)Procurement from Sister Factories 6. To Notional Cash A/C Amount spent on procurement of Stock-pile items brought in cash (a)Expenditure in India for items purchased locally.
10. To Balance A/C Balance transferred	(b) Expenditure on account of procurement from Foreign Countries. 7. To Capital Assets (Stock-Pile) Purchase A/C a) Miscellaneous Adjustments b)Outstanding Liabilities pertaining to Capital Assets (Stock-pile) cleared. (i)LP (ii)FP 8. To Capital Assets Purchase A/C (a) Miscellaneous adjustments (b) Departmental charges on MES works (c) Liabilities on account of Capital Assets cleared – expenditure incurred by MES (d) Liabilities on account of Capital Assets cleared –Machinery received but payment not made (i) LP (ii) CP (iii) FP (iv) Govt. Supply (e) Liabilities on account of Capital Assets cleared – Custom duty not paid 9. Adjustment to Capital Outlay A/C Excess of Credit adjustments than Debit.
Total	Total

XXXXI. ADJUSTMENT TO REVENUE OUTLAY A/C	
Dr.	Cr
1. To Adjustment to Capital Outlay A/C (a) Payment made during the previous year(s) for which machineries not received till the end of last year. (b) Value of machinery in transit between factories at the end of previous year. (c) Custom Duty paid in the previous year but carried forward for inclusion in the current year's account. (d) Payment made for which Stock Pile items not received till the end of previous year.	1. By Adjustment to Capital Outlay A/C (a)Expenditure incurred by MES in previous year to be adjusted in Capital Assets in the current year. (b) Machinery received by the Fy. In previous year payment for which to be made in current year. (c) Custom Duty allocated to the Cost of machine in previous year brought forward for payment in current year. (d)Stock Pile items received in the previous year brought forward for payment in the current year.
2. To Adjustment to Capital Outlay A/C (a)Transfer from Stock to Capital assets. (b) Transfer from Stock to Capital Stock Pile. (c) Transfer from Inventory to Capital Assets. (d) Increase in the value of Capital Assets due to revaluation on account of extension of life granted in r/o life expired assets.	2. By Adjustment to Capital Outlay A/C (a)Transfer from Capital Assets to Stock. (b) Transfer from Capital Stock-pile to stock (c) Transfer of machinery to Inventory. (d) Depreciation of capital Assets charged to production during the year. (e) Loss of Stock Pile items (Not chargeable to production) (f) Residual book value of discarded capital assets
3. To Adjustment to Capital Outlay A/C (a)Expenditure incurred by MES in current year to be adjusted in the ensuing year. (b) Machinery received by the Fy. in Current year, payment of which to be made in the ensuing year. (c) Custom Duty allocated to the cost of machine but not paid during the current year. (d) Stock-pile items received up to the end of current year for which payment not made up to the end of current year.	3. By Revenue Outlay A/C Excess of Dr. Adjustment than Credit.
4. To Revenue Outlay A/C Excess of Cr. adjustments than Debit.	
Total	Total

XXXXII REVENUE OUTLAY A/C	
Dr	Cr
1. To Outstanding Liabilities A/C Amount due by Factory 1st April B/F	1. By Stores Supplied by Other Fys A/C Stores-in -transit between Fys. On 1st April B/F. (i) Stock (ii) Production
2. To Revaluation Reserve A/C Balance As on 1st April B/F	

(i) Buildings (ii) Machineries 3. To Preliminary expenses A/c i) Preliminary expenses transferred/ charged by other factories. ii) Unabsorbed preliminary expenses written off 4. To Notional Cash A/C Recoveries made on account of sale of unserviceable stores reverted back to Govt. 5. To Notional Cash A/C Recoveries made during the year on account of stores issued on payment reverted back to Govt. A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police) (iv) PSU (v) Civil Trade (vi) Export 6. To Notional Cash A/C (d) Liquidates damage recovered with no litigation (e) Recovery of loss of stores in transit(cash) (f) Other misc. Receipts. 7. To Notional Cash A/C (c) Sale proceeds and recoveries from machinery (d) Sale proceeds and recoveries from Building items 8. To Notional Cash A/C Amount of IFD issues from production reverted back to Govt. (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 9. To Notional Cash A/C Amount of IFD issues from stock reverted back to Govt.	2. By Stores A/C Stores in Stock on 1st April B/F 3. By Work-in-progress A/C Cost of WIP (excluding Capital semi) on 1sr April B/F (a) Labour (i) Factory Labour (ii) Contract Labour (b) Material (c) Expense (Direct) (d) VOH (e) FOH 4. By Sales A/C- Non Defence Balance of finished semi on 1st April B/F. (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series–

10. To Notional Cash A/C Amount received on account of sales to Defence reverted back to Govt. (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 11. To Notional Cash A/C Advances received from customer kept in deposit head (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price	portion relevant to private indentors) (iii) For post warranty product support 5. By Sales A/C – IFD Balance of finished semi on 1st April (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 6. By Sales A/C – Defence Balance of finished semi on 1st April B/F. (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 7. By Manufacture for Factory's Own Stock A/C Balance of finished components on 1st April B/F. 8. By Preliminary Expenses A/C Unabsorbed Preliminary Expenses on 1st April B/F 9. By Outstanding Assets A/C Amount due to factory on 1st April B/F.

(i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT 12. To Notional Cash A/C Amount received on account of sales to Non Defence reverted back to Govt. (A) Services rendered on payment Basic Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU Basic Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support	10. By Outstanding Liabilities A/C (a) Pay and Allowances of Accounts Staff including Central Administration of Accounts & factories for March of the previous year shown as the amount due in the preceding year's account paid in the current year. (b) Recoveries made on account of sale of capital assets for which relevant assets could not be issued till the end of the previous year 11. By Notional Cash A/C Amount spent for custom duty on stores brought in cash A/C 12. . By Notional Cash A/C Amount spent for Purchase of Stores brought in cash (i) Local Purchase (a) Other than IT Items (b) I T Items (ii) Central Purchase (a) Other than IT Items (b) IT Items (iii) Foreign Purchase (iv) Stores purchased from Govt. Depts.NMD (v) Stores purchased from Govt. Depts.OMD 13. . By Notional Cash A/C Stores dispatched by other factories i) From Production ii) From Stock 14. . By Notional Cash A/C Amount spent for movement of stores brought in cash (i) by Rail (a) Inward Freight (b) Outward Freight (ii) By Civil Hired Transport (a) Inward Freight (b) Outward Freight (iii) by Air Lift (a) Inward Freight (b)Outward Freight

(ii) State Govt/UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

(C) Private Indentors (80,81 series)
Basic Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support

13. To Notional Cash A/C
(i) License Fees, Rates recovered from the occupants of own Fy. Reverted back to Govt.
(ii) Electricity & water charges recovered from the occupants of own fy. Reverted back to Govt.

14. To Notional Cash A/C
(i)License Fees, Rates etc. recovered from the occupants other than own Fy. Reverted back.
(ii) Electricity & water charges recovered from the occupants of other than own fy. Reverted back.

15. To Notional Cash A/C

Fresh Security Deposit lodged by parties during the year in cash reverted back.

16. To Notional Cash A/C

(i) Fresh Earnest money deposited by parties during the year in cash .
(ii) LD recovered but kept as deposit due to litigation.

17. To Notional Cash A/C
Advance/Deposit lying with Electricity and other authorities withdrawn and reverted back to Govt.

(iv) by Sea
(a) Inward Freight
(b) Outward Freight

15. By Notional Cash A/C
Amount spent on the following Misc. charges brought in cash
(i) Amount paid on account of repair and maintenance of Buildings, Roads etc. not chargeable to capital.
(a) Works carried out by MES
(b) Works carried out by Fy. Through direct contract.
(ii) License Fees paid for hired Building

(iii) Payment for Railway Sidings
(iv) Payment made for Water & Electricity For manufacturing Purpose
A. Water
B. Electricity

(v) Payment made for Water & Electricity for other than manufacturing purpose
A.Water
B. Electricity
(vi) Fresh Advance/Deposit made to
(a) Electricity Authy.
(b) Other(Gas, Water etc.)
(vii) Payment made for maintenance of Machinery & Equipment
(viii) Other charges (consultancy, CAD analysis, cost of technical know-how etc.) incurred on in-house R&D

16. By Notional Cash A/C
Amount spent on the following brought in cash
(A) Contingent Charges
(I) Communication
(i) Telephones
(ii) Others
(a) Training
(b) Office Equipment
(c) Hospitals/Lab Equipments
(iii) Factory Laboratory
(iv) Hospital Laboratory

i) Electricity
ii) Others

18. To Stores A/C
Issue to salvage (Under PSA Code 108)

19. To Misc. Credit A/C
(a) Share of rent debitable to Technical Establishment
(b) MES rental for telephone
(c) Bonus of apprentices lapsed
(d) Proportionate share of Work Order 01/00024/00, 01/00005/00, 01/00023/00 etc. debitable to Technical Development Estt. For which credit has been taken against W.O. 01/00141/00 & 02/00120/00.
(e) Other adjustment not pertaining to stock
(f) Indirect Services rendered to other factories.

20. To License Fees, Rates, Water & Electricity Charges Recoverable A/C
(a) License Fees, Rates etc. recovered(cost)
(b) Electricity & Water charges recovered (cost)

21. To Outstanding Liabilities A/C
(a)Pay and Allowances of Accounts Staff including Central Administration of Fy. and Accounts of factories for March of the current year to be paid in the April of the ensuing year.
(b) Recoveries made on account of sale of capital assets for which relevant assets could not be issued till 31st March of current year

22. To Security Deposit A/C
Fresh Security Deposit lodged by parties during the year other than in cash.

23. To Earnest Money and Other Misc. Deposit A/C
Fresh Earnest Money deposited by parties during the year other than in cash.

24. To Work in Progress A/C
Cost of abnormal rejection kept out of Production.

(d) Consumables
(e) Contract Labour
(f) Departmental Canteen
(g) Technical Know-how(TOT)
(h) Royalty
(i) Insurance
(j) Printing & Stationary
(k) Trade Charges
(l) Rent, Rates & Taxes
(m) Others
(B) Govt. contribution to NPS
(C) Govt. Contribution to P F

17. By Notional Cash A/C
Cash in hand on 31st March adjusted

18. By Notional Cash A/C
Amount spent on the following brought in cash A/C
(a) Pay & Allowances of Pmt. And Temporary Establishment
(b) Labour charges incurred on in-house R&D and adjusted to Research Code by minus debit to IEs Pay Code.
(c) Labour charges incurred on Departmental Capital Works and adjusted to Capital in Fin. Account by minus debit to IEs pay code 805/03
(d) Labour charges incurred on free warranty services by minus debit to 805/03

19. By Notional Cash A/C
Payment made for movement of personnel brought in Cash A/C
(i) Ty. Duty Moves
(ii) Pmt. Duty Moves
(iii) Foreign Travel
(iv) Hired Transport charges

20. By Notional Cash A/C
Amount spent for payment on the following brought in cash A/C
(i)Amount of Sales Tax paid back to Sales Tax Authority during the year
(ii)Amount of Excise Duty paid back to

25. To Overhead Expenses A/C (a) Training in India other than in ordnance factories and training of Apprentices under Act and other National Scheme undertaken by Ord. Fys. (b) Payment to surplus workmen during notice period and Idle Time beyond control. (not chargeable to production) (c) Loss on sale of stores (Not chargeable to production). (I) Nornal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (II) Abnornal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (d) Loss on stores on charge due to obsolescence change in process of manufacture, revaluation of stock, Auctioneer's commission etc.(other causes) (Not chargeable to production). (e) Loss of stores-in-transit) (Not chargeable to production) (f) Arrears payment made during the year which do not pertain to the accounting year (Not chargeable to production) (g) Loss on sale of surplus capital assets (not chargeable to production) (h) Expenditure on account of care and custody of stock surplus to current production. (not chargeable to production) (i) Expenditure on account of care and custody of stock pile items(not chargeable to production) (j) Closing down expenses (k) Loss of stock pile items (not chargeable to	Excise Duty authority during the year 21. . By Notional Cash A/C Security Deposit refunded to parties brought in cash. 22. . By Notional Cash A/C (i) EMD refunded/released to parties brought in cash (ii) Refund of LD due to court Order etc. brought in cash. 23. . By Notional Cash A/C Advance received initially compiled under deposit code subsequently withdrawn consequent on issue of stores during the year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support

production)

26. To Stores supplied by Other Fys. A/C
Outstanding Assets on account of SIT between factories cleared.
(i) Stock
(ii) Production

27. To Stores A/C
Value of stores in hand reduced under the sanction of competent authority.

28. To Work-in-Progress A/C
Cost of WIP cleared/reduced(excluding capital semi)
(a)Labour
(i) Factory Labour
(ii) Contract Labour
(b) Material
(c) Expense (Direct)
(d) VOH
(e) FOH

29. To Sales (Non Defence) Receivable A/C Assets cleared /reduced
(A) Services rendered on payment
I. Price

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(B) Civil Govt. Deptt- PSU
I. Price
(i) Other Central Govt Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt/UT (83 Series)
(a) Other than post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(C) Private Indentors (80,81 series)
I. Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support
II. Excise Duty

III. Sales Tax/VAT
24.License Fees, Rates, Water & Elec. Charges Recoverable A/C

Recoverable amount of License Fees, Rates, Water, Electricity etc. charges in r /o occupants other than own factory.

25. By Stores A/C
(a) Testing charges allocated to the Cost of Stores.
(b) Salvage received under PSA(RT) Code 120
(c) Ocean Freight allocated to Cost of Stores but not shown in invoice.

26. By Supervision Charges A/C
Half cost of Medical Estt. At Kirkee (for Kirkee only).

27. By Misc. Charges A/C
(a) Indirect Services rendered by other Fys.
(b) Cost of free service such as free

(b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT 30. To Sales A/C – IFD Value of finished semi pertaining to other factories reduced. (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 31. To Sales A/C – Defence Reduction in value of finished semis pertaining to payment issues of Defence Services (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support	ration, free clothing etc. to DSC personnel's. (c) Electricity and Water consumed for other than manufacturing purpose (not cash). i) Water ii) Electricity (d) Rent of furniture. (e) 16 ½', Departmental charge levied on total revenue expenditure incurred by MES in respect of factories. (f) Assessed rent of MES quarters occupied by Fy. Personnel. (g) Other adjustments not pertaining to stock. (h) Cost of unprepaid telegrams issued by the Fy. (i) Depreciation charges of machineries received on loan from other factories (j) Liabilities on account of licence fees,rates,railway siding,water & electricity charges - cleared (k) Material drawn for R&D work under ODC and free warranty services 28 By Overhead Expenses A/C (A) Expenditure on TOT absorbed in cost of production (non cash). (B) Cost of OFB (i) Effective (a) Pay & Allowances (b) TA/DA (c) Misc. Expenditure (ii) Non Effective (C) DAD Charges (a) Accounts (b) Internal check (D) Superannuation charges (cost) 29. By Security Deposit A/C Security Deposit refunded/released to the parties during the year other than in cash. 30. By Earnest Money and Other Misc. Deposit A/C

(C)Air Force
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to Air Force)
(iii) For post warranty product support

(D)Other Defence Departments.
(i) Other than post warranty product support
(ii) For post warranty product support

32. To Manufacture for Factory's Own Stock A/C
Value of finished components reduced.

33. To Misc. Credit A/C
(i) Material drawn for in-house R&D and free warranty service
(ii) Outstanding assets on account of Sale Tax cleared/reduced.
(iii) Outstanding assets on account of Excise Duty cleared/reduced

34. To License Fees, rates, Water & Electricity Charges Recoverable A/C:
Outstanding assets on account of License Fees, Rates etc. cleared.

35. To Custom Duty A/C
Outstanding assets on account of Custom Duty cleared/reduced.

36. To Store Cash Purchase A/C -
Outstanding assets on account of Store purchase cleared/reduced.
(i) LP
(ii) CP
(iii) FP
(iv) OMD
(v) NMD

37. To Sale of Unserviceable Stores(Surplus, obsolete & waste) A/C
Outstanding assets on account of sale of unserviceable Stores cleared/reduced.

38. To Issue of Stores on Payment A/C
Outstanding assets on account of issue of Stores cleared/reduced.

EMD other than in cash released during the year.

31. By Overhead Expenses A/C
(a) Profit on sale of stores (not chargeable to production)
(I) Normal
(i) Surplus
(ii) Obsolete
(iii) Waste & Scrap
(iv) Other Stores
(II) Abnormal
(i) Surplus
(ii) Obsolete
(iii) Waste & Scrap
(iv) Other Stores

(b) Profit on sale of Surplus Capital Assets (not chargeable to production).
(c) Surplus at Stock taking, profit on revaluation of stock etc. (not chargeable to production).
(d) Recovery of loss of Stores in Transit (not chargeable to production).

32. By Stores A/C
Value of Stores in hand increased under the sanction of competent Authority.

33. By Sales(Non Defence) receivable A/C
Outstanding Liabilities cleared/reduced.
(A) Services rendered on payment
I. Price

(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support

(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(A) Services rendered on Payment
(i) MHA
(ii) Export
(B) Civil Department/PSU
(i) Other Central Govt. Deptt.
(ii) State Govt./UT
(iii) PSU
(iv) State Police incl. Police of UT
(C) Private Indentors

39. To Outstanding Assets A/C
(i) Capital Assets sold in previous year for which recoveries are outstanding as on 1st April
(ii) Assets created during previous year(s) for advances received for services to be rendered during current year
(A) Services rendered on payment
I. Price
(i) MHA (93 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) Foreign Govt. (84 Series)
(a) Other than post warranty product support

(b) For post warranty product support

II. Excise Duty
III. Sales Tax/VAT

(B) Civil Govt. Deptt- PSU

I. Price
(i) Other Central Govt Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt/UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty
III. Sales Tax/VAT

(C) Private Indentors (80,81 series)

(B) Civil Govt. Deptt- PSU

I. Price
(i) Other Central Govt Deptt(82 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(ii) State Govt/UT (83 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iii) PSU (94 Series)
(a) Other than post warranty product support
(b) For post warranty product support
(iv) State Police incl. Police of UT (96 Series)
(a) Other than post warranty product support
(b) For post warranty product support

II. Excise Duty

III. Sales Tax/VAT

(C) Private Indentors (80,81 series)
I. Price
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to private indentors)
(iii) For post warranty product support
II. Excise Duty

III. Sales Tax/VAT

34. By Sales A/C – IFD
Value of finished semi pertaining to other factories increased.
(i) Other than overhauling charges & post warranty product support
(ii) For overhauling charges (05 series – portion relevant to IFD)
(iii) For post warranty product support

35. By Sales A/C – Defence

I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT i) Assets created for Security Deposit lodged by parties during previous year(s), remaining unpaid as on 1st April (a) In cash (b)In other form ii) Assets created for (A)Earnest Money Deposit remaining unpaid to parties during previous year(s) (a)In cash (b) other than in cash (B) LD recovered but under litigation during previous year(s) 40.To Sales (Defence) receivable A/C Outstanding Assets Under payment services cleared (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support	Value of finished semi increased. (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 36. By Manufacture for Factory's Own Stock A/C Value of finished components increased. 37. By Custom Duty A/C Outstanding liabilities on account of Custom Duty cleared/reduced. 38. By Store Cash Purchase A/C O/S liabilities on account of Store purchase cleared/reduced (i) LP (ii) CP (iii) FP (iv) Govt. Supply OMD (v) Govt. Supply NMD 39. By Sale of Unserviceable (Surplus, obsolete & waste) Stores A/C. Outstanding liabilities on account of Sale of unserviceable stores cleared/reduced.

41. To Adjustment to Revenue Outlay A/C Excess of Debit adjustment than credit 42. To Balance A/C Balance transferred.	40. By Issue of Stores on Payment A/C- Outstanding liabilities on account of Issue of stores on payment cleared/reduced. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors 41. By Misc. Credit A/C- Outstanding liabilities on account of Sales Tax, Excise duty cleared/reduced. 42. By Outstanding Assets Account i) Capital assets sold during the year for which recoveries are outstanding as on 31st March ii) Assets created for advances received upto the current year for services to be rendered in the ensuing year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support

	(ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT iii) Assets created for Security Deposit lodged by parties, remaining unpaid till the end of previous year (a) In cash (b)In other form iv) Assets created for (A)Earnest Money Deposit remaining unpaid to parties till 31st March of the year (a)In cash (b) other than in cash (B) LD recovered but under litigation till 31st March of the year. 43. By Sales (Defence) receivable A/C Outstanding liabilities under payment services cleared (A)Army

	(i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 44. By Adjustment to Revenue Outlay A/C Excess of credit adjustment than debit 45. By Revaluation Reserve A/C Amount of depreciation charged on the revalued asset (i) Buildings (ii) Machineries
Total	Total
XXXXIII GM'S PUBLIC FUND A/C 1. To Balance A/C Balance as on 31st March Total	 1. By Balance A/C Balance as on 31st March Total
XXXXIV. BALANCE ACCOUNT Dr 1. To Store Account:- Balance of stores in stock on 31st March(Balancing figure)	 Cr 1. By Outstanding Liabilities Account:- Amount due by factory on 31st March 2. By Capital Outlay Account:-

2. To Stores supplied by other factories Account: - Stores in transit from other factories on 31st March. (i) Stock (ii) Production 3. To Work-in-Progress Account:- Cost of work-in-progress (excluding Capital Semi) on 31st March. (a) Labour (i) Factory Labour (ii) Contract Labour (b) Material (c) Expenses(Direct) (d) VOH (e) FOH 4. To Sales Account - - Non Defence:- Balance of finished semi on 31st March. (A) Services rendered on payment Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) Price (i) Other than overhauling charges & post warranty	Net Capital on 31st March. 3. By Profit and Loss Account:- Net Profit. 4. By Revaluation Reserve A/c Balance as on 31st March (i) Buildings (ii) Machineries 5. By Revenue Outlay A/c Balance transferred 6. By GM's Public Fund A/c Balance as on 31st March 7. By Cumulative Depreciation A/c Cumulative Depreciation upto the end of current year transferred (i) Building (ii) Machinery (iii) Gas & Water Mains (iv) Other Items

product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support 5. To Sales A/c - IFD:- Balance of finished semi on 31st March (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support 6. To Manufacture for Factory's Own Stock Account Balance of finished semi (components) as on 31st March 7. To Sales Account - Defence:- Balance of finished semi on 31st March. (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 8. To Capital Assets Account: - Original Value of Fixed Assets as on 31st March. (i) Land (ii) Building (iii) Machinery (iv) Gas & Water (v) Others	

9.To Capital Assets Purchase A/C Unfinished semi on works (a) Services incomplete on 31st March(Factory Services only) (i) Building (ii) Machinery (b) Services incomplete on 31st March(MES) (i) Building (ii) Machinery 10. To Capital Assets Account (Stock Pile): - Value of Stock Pile as on 31st March. 11. To Cash Ledger Account: - Cash in hand on 31st March. 12. To Preliminary Expenses Account:- Preliminary Expenses not charged off as on 31st March. 13. To outstanding Assets Account: - Amount due to Factory on 31st March. 14. To Profit & Loss Account: - Net Loss 15. To GM's Public Fund A/c Balance as on 31st March	
Total	**Total**

Annexure 'AS'
(Referred to in Para 840)
Principal Ledger-Explanatory Notes for Posting Of-

Heads in the Principal Ledger	Journal Entries	Source from which figures are to be taken	Remarks
1	2	3	4
I. Customs Duty Account **Debit Items**			
1. To outstanding Assets Accounts:- Payments made during the Previous year for which stores were not received at the end of that year.	Dr. Customs Duty Account Cr. Outstanding Assets Accounts.	Closing balance of previous year to be reflected here	
2. To Notional Cash Accounts: - Payments made during the year (for Stores purchase).	Dr. Customs Duty Account Cr. Notional Cash Account.	Amount compiled in CCO2 under head – 806/10	
3. To Revenue Outlay A/c Outstanding liabilities on account of custom duty cleared	Dr. Customs Duty Account Cr. Revenue Outlay Account.	Figures available at LAO/Sanction letter	
4. To Outstanding Liabilities Account:- Customs duty not paid in the current year but carried forward for payment in the ensuing year.	Dr. Customs Duty Account Cr Outstanding Liabilities Account	Details of statement of Assets and Liabilities as on 31st March.	
Credit Items			
1.By Outstanding Liabilities Account: - Customs duty not paid in the previous year(s) but brought forward for payment in the current year's account.	Dr. Outstanding Liabilities Account. Cr. Customs duty Account	Closing balance of previous year to be reflected here	
2.By Stores Account: - Customs duty allocated to the cost of stores.	Dr. Stores Account Cr. Customs Duty Account	Priced Store Account - 28,29,30	
3. By Revenue Outlay A/c Outstanding assets on account of custom duty cleared	Dr. Revenue Outlay Account Cr. Customs Duty Account	Figures available at LAO/Sanction letter	

4.By Outstanding Assets Account:- Customs duty paid but carried forward for inclusion in the ensuing year's account as the relevant stores were not received at the end of the current year.	Dr. Outstanding Assets Account. Cr. Customs Duty Account.	Details of statement of assets and liabilities as on 31st March.	
II. Stores Cash Purchase Account **Debit Items** 1.To Outstanding Assets Account:- Payments made in the previous year for stores not received at the end of that year. (i) LP (ii) CP (iii) FP (iv) NMD (v) OMD	Dr. Stores cash purchase Account Cr. Outstanding Assets Account	Closing balance of previous year to be reflected here	
2. To Notional Cash Account:- Payments made during the year for purchase of stores. (i)Local Purchase (a) Other than IT Item (b) IT Items only (ii)Central Purchases (a) Other than IT Item (b) IT Items only (iii) Foreign Purchase (iv) Stores purchased from Govt. Deptt. NMD (v) Stores purchased from Govt. Deptt. OMD	Dr. Stores cash purchase Account Cr. Notional Cash Account	Amount of compiled expenditure appearing in CCO2 under code head Nos. (a) 806/01,806/15 LP Portion (b) 806/20,22,24,26, 28(Fy) & 812/12 to 16 (ODC) LP Portion (a) 806/06 CP Portion (b) 806/21,23,25,27, 29(Fy) & 812/12 to 16 (ODC) CP Portion 806/04, 806/15(FP Portion) 806/08 UCC 135, 235 806/08 UCC 035	

3. To Revenue Outlay Account Outstanding Liabilities on account of Stores cash purchase cleared (LP) Outstanding Liabilities on account of Stores cash purchase cleared (CP) Outstanding Liabilities on account of Stores cash purchase cleared (FP) Outstanding Liabilities on account of Stores cash purchase cleared (NMD) Outstanding Liabilities on account of Stores cash purchase cleared (OMD)	Dr. Stores cash purchase Account Head concerned Cr. Revenue Outlay Account	Figures available at LAO/Sanction letter	
4. To Outstanding Liabilities Account:- Stores received during the year to be paid for in the ensuing year. (i) LP (ii) CP (iii) FP (iv) NMD (v) OMD	Dr. Stores cash purchase Account Cr. Outstanding Liabilities Account	Details of statement of Assets and Liabilities as on 31st March	

Credit Items			
1. By Outstanding Liabilities Account:- Stores received in the previous year but brought forward for payment in the current year's account. (i) LP (ii) CP (iii) FP (iv) NMD (v) OMD	Dr. Outstanding Liabilities Account Cr. Stores cash purchased Account	Closing balance of previous year to be reflected here	
2. By Stores Account: - Cost of materials/ stores purchased for which receipt vouchers have not been prepared. (i) Local Purchase (ii) Central Purchase (iii) Foreign Purchase (iv) From Govt. Deptt. NMD (v) From Govt. Deptt OMD	Dr. Stores Account Cr. Stores Cash purchase Account	Total amount booked under PSA receipt code No. 05 02 01.1, 01.11, 04 11 12	
3. By Revenue Outlay Account Outstanding Assets on account of Stores cash purchase cleared (LP) Outstanding Assets on account of Stores cash purchase cleared (CP) Outstanding Assets on account of Stores cash purchase cleared (FP) Outstanding Assets on account of Stores cash purchase cleared (NMD) Outstanding Assets on account of Stores cash purchase cleared (OMD)	Dr. Revenue Outlay Account Cr. Stores Cash Purchase Account	Figures available at LAO/Sanction letter	

4. By Outstanding Assets Account: Payment made during the year for stores not received at the end of the year. (i) LP (ii) CP (iii) FP (iv) NMD (v) OMD	Dr. Outstanding Asset Account Cr. Stores Cash Purchase Account	Details of statement of Assets and Liabilities as on 31st March	
III. Stores supplied by other factories account **Debit Items** 1. To Revenue Outlay Account:- Stores in transit between factories on the 1st April, B/F. (iii) Stock (iv) Production	Dr. Stores supplied by other Factories Account Cr. Revenue Outlay Account.	Closing balance of previous year to be reflected here	
2. To Notional Cash A/c:- Stores dispatched from other factories during the year. (iii) Stock (iv) Production .	Dr. Stores supplied by other Factories Account Cr. Notional Cash Account.	Total value of stores issued by sister factories vide their 'S' & 'P' series Issue vouchers. The amount should agree with ID List.	
Credit Items 1. By Stores Account:- Stores received from other factories during the year. (i) Stock (ii) Production	Dr Stores Account Cr Stores supplied by other Factories	Amount booked under PSA- Receipt codes of various Factories	
2. By Revenue Outlay A/c Outstanding assets on account of SIT between Fys cleared (i) Stock (ii) Production	Dr Revenue Outlay Account Cr Stores supplied by other Factories	Figures available at LAO/Sanction letter	

3. By Balance Account:- Stores in transit from other factories on 31st March. (i) Stock (ii) Production	Dr. Balance Account Cr. Stores supplied by other factories Account	Balancing figure(figures should agree with the amount of details of statement of Assets and Liabilities as on 31st March	
IV. Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account			
Debit Items			
1. To Outstanding Assets Account:- Stores sold in the previous year for which recoveries are outstanding.	Dr Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account Cr Outstanding Assets Account	Closing balance of previous year to be reflected here	
2. To Stores Account: - Sale of unserviceable Stores during the year (Surplus, obsolete and waste stores).	Dr Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account Cr Stores Account	Amount booked under PSA issue code - 52,53,54,55,56,57, 58	
3.To Revenue Outlay A/c Outstanding Liabilities on account of sale of unserviceable Stores cleared	Dr Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account Cr Revenue Outlay Account	Figures available at LAO/Sanction taken for Revenue(Capital) Outlay	
4. To Outstanding Liabilities Account:- Recoveries made during the current year for stores not issued till the end of the year (Balancing Figure).	Dr Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account Cr Outstanding Liabilities Account	Balancing figure –(figure should agree with the amount of details of statement of Assets and Liabilities as on 31st March.)	
Credit Items. 1. By Outstanding Liabilities Account: Recoveries made in the previous year for which stores were not issued in that year.	Dr Outstanding Liabilities Account Cr Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account	Closing balance of previous year to be reflected here	

2. By Miscellaneous Charges Account:- Auctioneer's commission	Dr Miscellaneous Charges Account Cr Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account	Amount booked under PSA Issue Code -53,55,57	
3. By Notional Cash Account: Recoveries made during the year for stores sold.	Dr Notional Cash Account Cr Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account	Recoveries compiled in CCO2 code 806/11, 800/01	
4. By Revenue Outlay A/c Outstanding Assets on account of sale of unserviceable Stores cleared	Dr Revenue Outlay Account Cr Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account	Figures available at LAO/Sanction taken for Revenue(Capital) Outlay	
5.By Outstanding Assets Account:- Stores sold during the year for which recoveries are outstanding on 31st March.	Dr Outstanding Assets Account Cr Sale of Unserviceable Stores (Surplus, Obsolete and Waste) Account	Balancing figure (figure should tally with details of statement of Assets and Liabilities as on 31st March	
V. Issue of Stores on Payment Account **Debit Items**			
1. To Outstanding Assets Accounts:- Stores issued on payments in the previous year for which recoveries are outstanding on 1st April. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors	Dr Issues of Stores on Payment Account Cr Outstanding Assets Account	Closing balance of previous year to be reflected here	

2. To Store Account:- Stores issued on payment during the year. (A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police (iv) PSU (v) Civil Trade (vi) Export	Dr Issues of Stores on Payment Account Cr Store Account	Amount booked PSA Issue code (A) Defence (i) Army 62.1 (ii) Navy 62.2 (iii) Air Force 62.3 (iv) ODD 62.4 &108 (B) Non Defence (i)MHA 63.1 (ii)CentralGovt.63.2 (iii)State Govt(incl. State Police) 63.3 (iv) PSU 63.5 (v) Civil Trade 63.6 (vi) Export 63.4	
3.To Revenue Outlay A/c Outstanding Liabilities on account of issue of Stores on payment cleared (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt Dept (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors	Dr Issues of Stores on Payment Account Cr Revenue Outlay Account	Figures available at LAO/Sanction taken for Revenue (Capital) Outlay	
4. To Outstanding Liabilities Account: Recoveries made during the current year for stores not issued till the end of the year (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors	Dr Issues of Stores on Payment Account Cr Outstanding Liabilities Account	Details of Statement of Asset & Liabilities as on 31st March, (Figure should agree with the amount of MROs remaining unlinked for want of I Vr)	

Credit Items 1. By Outstanding Liabilities Account:- Recoveries made in the previous year for which stores were not issued till the end of that year. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors	Dr. Outstanding Assets Account. Cr Issues of Stores on Payment Account	Closing balance of previous year to be reflected here	
2. By Notional Cash Account:- Recoveries made during the year for stores issued on payment. A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police) (iv) PSU (v) Civil Trade (vi) Export	Dr. Notional Cash Account. Cr Issues of Stores on Payment Account	Amount compiled in CCO2 under code- A) Defence (i)Army 811/10-18, 20, 21(UCC 070) (ii) Navy 811/31-34 (UCC 070) (iii) Air Force 811/41-43 (UCC 070) (iv) ODD 811/51-55 (UCC 070) (B) Non Defence (i) MHA 800/02 (UCC 070) (ii) Central Govt. 800/03 (UCC 070) (iii) State Govt(incl. State Police) 800/04 (UCC 070) & 800/08 (UCC 070) (iv) PSU 800/05 (UCC 070) (v) Civil Trade 800/06 (UCC 070) (vi) Export 800/07 (UCC 072,172,272)	

3. By Revenue Outlay A/c Outstanding assets on account of issue of Stores on payment cleared (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors	Dr. Revenue Outlay Account. Cr Issues of Stores on Payment Account	Figures available at LAO/Sanction taken for Revenue(Capital) Outlay	
4. By Outstanding Assets Account:- Store issued on payment during the year for which recoveries are outstanding on 31st March. (A) Services rendered on Payment (i) MHA (ii) Export (B) Civil Department/PSU (i) Other Central Govt. Deptt. (ii) State Govt./UT (iii) PSU (iv) State Police incl. Police of UT (C) Private Indentors	Dr. Outstanding Assets Account. Cr Issues of Stores on Payment Account	Details of statement of assets and liabilities. Asset. Register (Amount recovered minus Issue value) outstanding as on 31st March	
VI. Stores Account **Debit Items** 1. To Revenue Outlay Account: Stores in stock on 1st April B/F	Dr. Store Account Cr. Revenue Outlay Account.	Closing balance of previous year to be reflected here	

2. To Customs Duty Account:- Customs Duty allocated to the cost of stores.	Dr. Store Account Cr. Customs Duty Account	Contra Entry to Credit Item 2 of Custom Duty A/C	
3. To Stores Cash Purchase Account:- Cost of materials/ stores purchased. (i) Local Purchase (ii) Central Purchase (iii) Foreign Purchase (iv) Govt. Deptt NMD (v) Govt. Deptt OMD	Dr. Store Account Cr. Stores Cash Purchase Account	Contra Entry to Credit Item 2 of Stores Cash Purchase A/C	
4. To Stores supplied by other Factories Account:- Stores received from other factories during the year. i) From Stock ii) From Production	Dr. Store Account Cr. Store supplied by other factories Account.	Contra Entry to Credit Item 1 of Store supplied by other factories A/C	
5. To overhead expenses Accounts:- (a) Miscellaneous Receipts (b) Surplus at Stock taking (c) Profits on sale of stores (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (d) Store Adjustments	Dr. Store Account Cr. Overhead expenses Account	Amount booked to Priced Store Account Receipt Code (a)18 (b) 20 (c) (I) Normal (i) 21 (ii) 22 (iii) 23 (iv) 24 & 25 (II)Abnormal 119 (i) Portion of surplus (ii) Portion of Obsolete (iii) Portion of Waste& Scrap (iv) Portion of Other Stores (d) 27	

6. To manufacture for Factory's own stock Account:- Value of receipts into stock from own factory manufacture.(Own Factory stock item i.e. 10 series)	Dr. Stores Account Cr. Manufacture for Factory's own Stock Account	Amount booked to PSA Receipt Code 16 (Figures should agree with Manufacturing Account Statement 'A')	
7. To Capital Assets Account:- Transfer from capital to s tock.	Dr. Stores Account Cr. Capital Assets Account	Amount booked to PSA Receipt Code 15	
8. To Capital Assets (Stock Pile) Account - Transfer from Capital Stock Pile to Stock.	Dr. Stores Account Cr. Capital Assets Account Stock Pile.	Amount booked to Priced Store Account Receipt Code No. 137 (Figures should agree with compilation appeared in CCO2 806/02, contra Debit to 925/32)	
9. To Revenue Outlay Account:- (a) Testing charges allocated to the cost of stores (b) Salvage received (under PSA Code No.120) (c) Ocean Freight allocated to cost of stores but not shown in invoice.	Dr. Stores Account Cr. Revenue Outlay Account.	Amount booked to Priced Store Account Receipt Code No. (a) 14 (b) 120 (c) 122	
10. To Revenue Outlay A/c Value of Stores in hand increased under the sanction of Competent Authority.	Dr. Stores Account Cr. Revenue Outlay Account.	Figures available at LAO/Sanction letter	
Credit Items			
1.By Sale of Unserviceable Stores(surplus, obsolete & waste) Account:- Sale of unserviceable stores during the year (Surplus,	Dr Sale of unserviceable Stores (surplus, obsolete & waste) Account Cr Stores Account	Contra Entry to Debit Item 2 of Sale of unserviceable Stores (surplus, obsolete & waste) Account	

obsolete & waste stores).			
2. By issue of Stores on payment Account: - Stores issued on Payment during the year. (A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police) (iv) PSU (v) Civil Trade (vi) Export	Dr. Issue of Stores on payment Account. Cr. Store Account	Contra Entry Debit Item 2 of Issue of Stores on payment Account.	
3. By Overhead Expenses Account:- Indirect material issued to shops less return. (i) Indirect material excluding fuel consumed for Non Prodn. Purpose, issued to shops less return. (ii) Cost of fuel consumed for Non Prodn. Purpose issued to shops less return	Dr. Overhead Expenses Account Cr. Store Account	(i) Total amount booked under 01 & 02 series WO in H Form No. 10 (material Abstract) excluding amount booked under cost WO 02/00014/00 (ii) Amount booked under cost WO 02/00014/00 (should agree with PSA Issue Code 64.4 Minus Receipt Code 17.4)	
4. By Overhead Expenses Account:- (a) Miscellaneous issues of stores (b) Loss of stores in transit. (c)Loss of stores on charge due to:-	Dr. Overhead Expenses Account Cr. Store Account	Amount booked under PSA Issue code NO. (a) 65 (b) 68 & 69 (c) (i) 70 (ii) 71	

(i) Theft, Fraud etc. (ii)Deficiencies in actual balances not caused by theft, fraud etc. (iii) Deterioration due to defective storage. (iv) Other causes. (d) Loss on sale of stores (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (II)Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (e)Store adjustments.		(iii) 72 (iv) 73 & 74 (d) (I) (i) 76 (ii) 77 (iii) 78 (iv) 79 & 75 (II) 105 (i) Portion relevant to surplus stores (ii) Portion relevant to obsolete stores (iii) Portion relevant to waste & scrap (iv) Portion relevant to other stores (e) 80	
5. By Work-in-Progress:- (a) Direct material issued to shops less returned excluding cost of fuel consumed for prodn. purpose.	Dr. Work-in-progress Account Cr. Store Account	(a) Total amount booked under all WO other than '01' & '02' series in Material Abstract (H Form 10) & TV Abstract	
(b) Issues to Non-Military Departments, Pvt.bodies,Firms etc. for manufacture of articles on behalf of Army. (c) Cost of fuel consumed for prodn. Purpose issued to shops less return		(b) Amount booked to PSA Issue Code NO. 66 Less Receipt Code NO. 26. (c) Amount booked under all WOs other than 01 & 02 series in Material Abstract & TV Abstract. (Amount should agree with PSA Issue Code 64.3 minus Receipt code 17.3) Amount booked under Priced Store Account	

6. By Capital Assets Accounts:- Transfer from stock to Capital.	Dr. Capital Assets Account Cr. Store Account	Issue code no:51	
7. By Capital Assets(Stock Pile) Account:- Transfer from stock to Capital Stock Pile.	Dr. Capital Assets Account Stock Pile Account Cr. Store Account.	Amount booked under Priced Store Account Issue code:113 (Amount should agree with the compilation appeared against code 925/31,UCC 012 contra credit to 806/12)	
8. By Notional Cash Account:- Stores issued to other factories.	Dr. Notional Cash Account Cr. Store Account.	Amount booked to Priced Store Account Issue codes of various sister factories	
9. By Revenue Outlay A/c Issues to salvage(under PSA code no:108)	Dr. Revenue Outlay Account Cr. Store Account	Amount booked to Priced Store Account Issue code 108	
10. By Revenue Outlay A/c Value of stores in hand reduced under the sanction of Competent Authority	Dr. Revenue Outlay Account Cr. Store Account	Figures available at LAO/Sanction letter	
11. By Balance Account:- Balance of Stores in Stock on the 31st March.	Dr. Balance Account Cr. Store Account	Balancing figure	
VII. Wages Account **Debit Items**			
1. To Outstanding Asset A/c Festival advance paid during previous year(s) recoveries of which are o/s till 31st March of previous year	Dr. Wages Account Cr. Outstanding Asset Account.	Closing balance of previous year to be reflected here.	
2. To Miscellaneous Credit account:- (a) Unclaimed wages lapsed to Govt.	Dr. Wages Account Cr. Miscellaneous Credit Account.	(a)Amount intimated by Fy. Mgt.	
(b)Expenditure under workmen's compensation Act.		(b) Amount booked under Cost work order-01/00048/00 (class of cost 11)	

(c) Labour Charges incurred on minor maintenance and repair works not chargeable to Capital and adjusted to code 809/01, 02 in the financial account by minus debit to code no. 805/03, 805/08.		(c) Amount compiled in CCO2 under code 809/01, 02 Minus charging to code 805/03, 08 on the basis of expenditure booked under work order 01/00016/00	
3. To Notional Cash Account:- (a)Pay and Allowances of Pmt. & Ty. establishment	Dr. Wages Account Cr. Notional Cash Account.	(a) Amount compiled in CCO2 805/01 to 11(Fys) & 812/01 to 04 & 06 (ODC)	
(b) Labour Charges incurred on R &D work in respect of ODC and adjusted to ODC code by minus debit to IEs pay code of factory. (c) Labour Charges incurred on Deptt Capt works and adjusted to capital in Fin Acct by minus debit to code 805/03. (d) Labour Charges incurred on free warranty service by minus debit to 805/03		(b) 812/05 (ODC) (c) Amount of labour charges compiled under financial code 922/31,813/01 by minus debit to code 805/03 (d) Amount of labour charge compiled to code 810/14	
4. To Outstanding Liabilities Account:- (a)Pay and allowances of permanent staff(including IEs) for March of the current year payable in April of the ensuing year. (b) Unclaimed wages remaining unpaid on 31st March of the current year.	Dr. Wages Account Cr. Outstanding Liabilities Account.	(a) Balancing figure (Portion of compiled expenditure under code 805/01 to 11 in April of ensuing year relevant for March of previous year) (b) Amount intimated by factory management with reference to absentee payment register (Figure should agree with details of statement of assets and liabilities as on 31st March.	

Credit Items			
1. By Outstanding Liabilities Account:- (a) Pay & allowances staff including IEs for March of the previous year shown as amount due by the Factory in the preceding year's account disbursed in the current year. (b) Unclaimed wages remaining unpaid on 31st March of the preceding year.	Dr. Issues of Stores on Payment Account Cr. Wages Account.	Closing balance of previous year to be reflected here.	
2. By Overhead expenses Account:- Indirect labour charges paid during the year.	Dr. Overhead expenses Account Cr. Wages Account	Total amount booked under 01 & 02 series work order in H form 9(labour abstract) & TV Abstract.	
3. By work-in-progress Account:- Direct Labour charges paid during the year (a) To Factory Labour (b) To Contract Labour	Dr. work-in-progress Account Cr. Wages Account	Labour & TV Abstract Class of Cost-11 other than '01' & '02' series	
4. By Outstanding Assets Account:- Festival advance paid upto the end of the current year recovery of which is outstanding on 31st March	Dr. Outstanding Assets Accounts Cr. Wages Account.	Closing balance as on 31st March.(Figure should agree with outstanding balance as per Festival advance Register)	
5. By Supervision charges Account:- Amount of supervision charges transferred.	Dr. Supervision charges Account Cr. Wages Account.	Balancing figure	

VIII. SUPERVISION CHARGES ACCOUNT **Debit Items** 1. To Wages Account: - Amount of supervision charges transferred. 2. To Revenue outlay Account :- Half cost of medical establishment at Kirkee (for Kirkee only).	 Dr. Supervision charges Account Cr. Wages Account. Dr. Supervision charges Account Cr. Revenue outlay Account	 Balancing figure transferred from Wages Account Statement furnished by the CDA (Pune) to LAO AFK.	
Credit Items 1. By Overhead Expenses Account:- (A) DAD Charges (i) OT Allowances (a) Accounts (b) Internal Check (ii) PL Bonus (a) Accounts (b) Internal Check (B) Amount Transferred	 Dr. Overhead Expenses Account Cr. Supervision charges Account	 (A) Amount compiled in CCO2 under code 805/09 UCC 830(OT) & 805/06 UCC 827(PLB) (B) Balancing figure transferred to Overhead Expenses Account	
IX. TRAVELING EXPENSES ACCOUNT **Debit Items** 1. To Notional Cash A/C Cost of movement of personnel (i) Ty. Duty Moves (ii) Pmt. Duty Moves (iii) Foreign Travel (iv) Hired Transport Charges	 Dr Traveling Expenses Account Cr Notional Cash Account	 Amount compiled in CCO2 under code (i) 808/01(Fys) & 812/07(ODC) (ii) 808/02(Fys) 812/08(ODC) (iii) 808/03(Fys) 812/09(ODC) (iv) 808/04 (Fys) 812/26 (ODC)(Hired Transport portion)	

Credit Items 1. By Overhead Expenses A/C Total cost of movement of personnel transferred.	Dr Overhead Expenses Account Cr Traveling Expenses Account	Balancing figure	
X. Transportation Charges Account **Debit Items** 1. To Notional Cash Account: - Cost of movement of stores(Freight charges) (i) By Rail (a)Inward Freight (b)Outward Freight (ii) By Civil Hired Transport (a)Inward Freight (b)Outward Freight (iii) By Air Lift (a)Inward Freight (b)Outward Freight (iv) By Sea (a)Inward Freight (b)Outward Freight	Dr Transportation charges Account Cr Notional Cash Account	Amount compiled in CCO2 under code- 808/05(UCC-041) 808/05(UCC-042) 808/06(UCC-041) 808/06(UCC-042) 808/07(UCC-041) 808/07(UCC-042) 808/08(UCC-041) 808/08(UCC-042)	
Credit Items 1. By Overhead Expenses Account: - Transportation (Freight) charges transferred to overhead (a)Inward Freight (b)Outward Freight	Dr Overhead Expenses Account Cr Transportation charges Account	Balancing figure	

XI. MISCELLANEOUS CHARGES ACCOUNT **Debit Items**			
1. To Outstanding Assets A/c Adv/Deposit up to 31st March of previous Year B/F (i) Adv/Deposit lying with Electricity Authy (ii) Adv/Deposit lying with Others	Dr. Miscellaneous Charges Account. Cr. Outstanding Assets Account	Closing balance of previous year to be reflected here.	
2. To Sale of Unserviceable Stores(Surplus, obsolete & waste) A/c :- Auctioneer's Commission.	Dr. Miscellaneous Charges Account. Cr. Sale of Unserviceable Stores(Surplus, obsolete & waste) Account	Amount booked to PSA issue code 53, 55,57 .	
3. To Work-in-Progress Account:- Departmental materials utilized on indirect work orders.	Dr. Miscellaneous Charges Account. Cr. Work-in-Progress Account	Material , TV & Component Abstract (Foundry, PPL material & component drawn under work order '01' & '02' series)	
4. To Preliminary Expenses Account:- Amt. of Preliminary expenses charged off to current year's production during the year.	Dr. Miscellaneous Charges Account. Cr. Preliminary Expenses Account	Figures available at LAO(Amount of Preliminary Expenses charged off & allocated to WO 01/00032/00)	
5. To Notional Cash Account:- (i) Repair & maintenance of buildings, roads etc. not chargeable to capital (a) Works carried out by MES (b)Works carried out by the factory through direct contract.	Dr. Miscellaneous Charges Account. Cr. Notional Cash Account	Expenditure compiled in CCO2 under code- 809/01, 02, 06, 07(U CC 041) (Figures should be reconciled with ABCD statement furnished by UAGE)	

ii) Licence fees paid for hired buildings.		809/01, 02, 06, 07(UCC 042, 142) excluding Railway sidings & license fees paid for hired buildings)	
(iii) Payments for railway sidings.		Amount compiled in CCO2 under code 809/01,02(Portion relevant for license fees paid for hired buildings)	
(iv) Payment for Electricity and water consumed for manufacturing purpose (cash purchases). a) Water b) Electricity		CCO2 809/01(Portion relevant for Railway sidings only . such expenditure need to be booked to cost work order 01/00015/00)	
(v) Payment for water and electricity consumed for other than manufacturing purposes (Cash Purchases). a) Water b) Electricity		Expenditure compiled in CCO2 under code- 810/02(UCC 039) 810/01(UCC 038)	
(vi) Fresh Advances/deposit made to (a)Electricity Authority (b)Others (Gas, Water etc)		(a) 810/02(UCC 139)- Fys & 812/18 (ODC) (b) 810/01(UCC 138)- Fys & 812/17 (ODC) (a) Compiled to 020/85(Electricity portion (b) Compiled to 020/85(other than Electricity portion)	
(vii) Maintenance of machinery and equipments		(vii) Expenditure compiled in CCO2 under code 807/01, 02 (Fys) 812/10 (ODC)	
(viii) Other charges (consultancy, CAD analysis, cost of technical know-how, books etc)		(viii) 812/02	

incurred on in-house R&D.			
6. To Deferred Revenue Expenditure Account Amount of Deferred Revenue charged off to current year's production	Dr. Miscellaneous Charges Account. Cr Deferred Revenue Expenditure Account	Records maintained by LAO/ Deferred Revenue Register	
7. To Revenue Outlay Account (a) Indirect service rendered by other factories and share of ODC expenditures debitable to factory.	Dr. Miscellaneous Charges Account. Cr. Revenue Outlay Account	(a) As intimated by LAO of concerned factories(booked under cost w.o. 01/00039/00 & 02/00019/00 and share of ODC expenditure 01/00045/00)	
(b) Cost of services to DSC personnel.		(b) Worked out by LAO adopting Capitation rates intimated by 'AA' section of main office.	
(c) Payment for Electricity and water consumed for other than manufacturing purposes (not cash purchases). i) Water ii) Electricity		(c) From analytical statement prepared by LAO. (Amount booked under WO no: 01/00032/00 on a/c of charges for water & electricity consumed for other than manufacturing purposes.	
(d) Rent of furniture.		(d) To be ascertained from Vrs. received for supplies made by MES depots & other Army formations.	
(e) 16-1/2 % Deptt Charges incurred levied on total Revenue Expdr. By MES in respect of Factories.		(e) As worked by LAO with respect to MES statement.	
(f)Assessed rent of MES quarters occupied by factory personnel.		(f) As ascertained by LAO in consultation with MES & factory authorities	
(g) Other adjustments (not pertaining to stock).		(g) From the details of such adjustments	

(h) Cost of unprepaid telegrams issued by the factory. (i) Depreciation charges on machineries received on loan from other factories. (j) Liabilities on account of Licence fees, rates, railway siding, water & electricity charges cleared. (k) Material drawn for R&D work under ODC and free warranty services.		(h) From statements received from the Railway Section of the PCA(Fys) (i) As ascertained from LAO of concerned factories (j) Figures available at LAO/Sanction taken for Revenue(Capital) outlay. (k) Amount compiled in CCO2 under code 812/11,810/14 (Material portion only)	
8. To Outstanding Liabilities Account (i) License fee for hired building pertaining to March of the current year to be paid in the next year. (ii) Railway siding charges remaining unpaid till 31st March (iii) Water & electricity charges remaining unpaid till the end of the current year. **A**) Water a) For production purpose b) For non production purpose **B)** Electricity a) For production purpose b) For non production purpose	Dr. Miscellaneous Charges Account. Cr. Outstanding Liabilities Account	(i) Details of License fees of Hired Building (ii) Records/Railway siding charges registers maintained by LAO(unlinked amount of accepted bills for want payment) (iii) Records maintained by LAO – (Figure should agree with the Statement of Asset & Liabilities as on 31st March.	
Credit Items 1. By Outstanding Liabilities Account:- (i) Rent for hired building pertaining to March of the previous year paid during the year.	Dr. Outstanding Liabilities Account Cr. Miscellaneous Charges Account.	Closing balance of previous year to be reflected here.	

(ii) Railway siding chg. Remaining unpaid till end of previous year B/F for payment in the current year. (iii) Water & Electricity charges remaining unpaid till end of previous year B/F for payment in the current year. **A**) Water a) For production purpose b) For non production purpose **B)** Electricity a) For production purpose b) For non production purpose			
2. By Notional Cash Account Adv/Deposit lying with Electricity & Other authorities withdrawn during the year i) Electricity ii)Others	Dr. Notional Cash Account Cr. Miscellaneous Charges Account.	Amount withdrawn & compiled to code 020/85	
3. By Work in Progress Account Direct expenses on account of Electricity and Water consumed for manufacturing purpose i) Electricity ii) Water	Dr. Work in Progress Account Cr. Miscellaneous Charges Account	Amount allocated under Direct series (class of cost 30) by the Br. AO	
4. By Outstanding Assets Account Adv/Deposit up to 31st March of the year lying with i)Electricity Authy ii) Others (Gas, Water etc)	Dr. Outstanding Assets Account Cr. Miscellaneous Charges Account.	Details of statement of assets and liabilities as on 31st March.(Figure should agree with records maintained by LAO for the purpose)	
5. By Overhead expenses Account:- Balance transferred (Balancing Figure)	Dr. Overhead expenses Account Cr. Miscellaneous Charges Account.	Balancing figure	

XII. MISCELLANEOUS CREDIT ACCOUNT			
Debit Items			
1. To Outstanding Asset Account (i) Amount of Central Excise duty paid in the previous year but not realized from the party till end of the previous year. (ii) Amount of Sales Tax paid but remaining unrecovered from the party till end of previous year. (iii) Electricity duty excess paid to State Govt. (recovery outstanding from customers as on 1st April. (iv) Conservancy Charges pertaining to previous year recovery of which is outstanding as on 1st April	Dr. Miscellaneous Credit Account Cr. Outstanding Asset Account	Closing balance of previous year to be reflected here.	
2. To Notional Cash Account (i) Amount of Sales Tax paid back to Sales Tax authority during the year.	Dr. Miscellaneous Credit Account Cr. Notional Cash Account	Amount compiled in CCO2 under code (i) 802/01(UCC-001) compiled as minus receipt 810/12 (UCC – 063) Net Amount	
(ii) Amount of Excise Duty paid back to Excise Duty authority during the year.		(ii) 802/01(UCC-003) compiled as minus receipt.810/12(UCC – 062) Net Amount	
3. To Revenue Outlay Account Outstanding Liabilities on account of Sales Tax, Excise Duty cleared.	Dr. Miscellaneous Credit Account Cr. Revenue Outlay Account	Figures available at LAO/sanction taken for revenue(Capital) outlay	
4. To Outstanding Liabilities Account	Dr. Miscellaneous Credit Account	Registers/Records maintained by LAO.	

(i) Amount of Sales Tax remaining unpaid to Sales Tax authorities as on 31st March of the year. (ii) Amount of Excise Duty remaining unpaid to Excise Duty authorities as on 31st March of the year.	Cr Outstanding Liabilities Account	Shown as o/s in details of statement of assets and liabilities as on 31st March.	
5.To Overhead Expenses Account:- Amount transferred (Balancing Figure)	Dr. Miscellaneous Credit Account Cr Overhead Expenses Account	Balancing figure.	
Credit Items			
1. By Outstanding Liabilities Account (i) Amount of Sale tax remaining unpaid till the end of the previous year. (ii) Amount of Excise duty remaining unpaid till the end of the previous year.	Dr. Outstanding Liabilities Account Cr. Miscellaneous Credit Account	Closing balance of previous year to be reflected here.	
2. By Wages Account:- a)Unclaimed wages lapsed to Government. (b)Expenditure under workmen's compensation Act. (c) Labour Charges incurred on minor maintenance and repair works not chargeable to Capital and adjusted to code 809/01, 02 in the financial account by minus debit to code no. 805/03, 805/08.	Dr. Wages Account Cr. Miscellaneous Credit Account	Contra entry to Debit item 2 of Wages A/c	
3. By Deferred Revenue Expenditure A/C Deferred revenue expenditure incurred during the year i) Factory ii)ODC	Dr. Deferred Revenue Expenditure A/C Cr. Misc. Credit A/C	Amount decided by the Fy./ODC & LAO to treat as deferred Revenue with due approval of OFB. (Deferred Revenue for TOT to be booked to	

		01/00037/00 & compiled to Fin. Code 810/11)	
4. By Notional Cash Account:- a)Liquidated damages recovered with no litigation. b)Recoveries of loss of stores in transit (cash). c)Other miscellaneous credits.	Dr. Notional Cash Account Cr. Miscellaneous Credit Account	Amount compiled in CCO2 under code- 802/01(UCC – 006) 802/01(Portion relevant for recoveries of loss of store in transit) 802/01(Balancing figure of 802/01,i.e.excluding the figures already taken under various dr / cr entries and 802/06, if any.	
5. By Security Deposit A/c Security deposit lapsed & forfeited to Govt.	Dr. Security Deposit Account Cr. Miscellaneous Credit Account	Amount compiled in CCO2 under head 802/01(UCC – 009, 016) 802/01(UCC – 010, 011)	
6. By Earnest Money and other Misc. deposit A/c Earnest money deposit lapsed & forfeited to Govt. during the year.	Dr. Earnest Money and other Misc. deposit Account Cr. Miscellaneous Credit Account		
7. By Revenue Outlay A/c (a) Share of rent debitable to Technical Establishment (b) MES rental for telephone. (c) Bonus of apprentice lapsed. (d) Proportionate share of Work Orders.01/00024/00, 01/00005/00, 01/00027/00 , 01/00028/00 debitable to technical development establishment for which credit has been taken against work order 01/00141/00 & 02/00120/00. (e) Other adjustments (not pertaining to stock. (f) Indirect services rendered	Dr. Revenue Outlay Account Cr. Miscellaneous Credit Account	(a) Computed by LAO (b)Figure obtained by LAO from MES authorities (c) Statement furnished by Fy. Mgt (d) Proportionate share to be worked out by LAO on the basis of percentages communicated by Fy. Mgt (e) Data available with LAO (f) Records of LAO	

to other factories and Ordnance Development Centre.		pertaining to such services (cost work order 01/00141/00, 01/20141/00 & 02/00120/00)	
8. By Capital Outlay A/c Depreciation charges on Machineries issued on loan to other factories.	Dr. Capital Outlay Account Cr. Miscellaneous Credit Account	Data available in Block Register	
9. By Revenue Outlay A/c i) Material drawn for R&D work under ODC and free warranty service ii)Outstanding Assets on account of sale tax cleared. iii)Outstanding Assets on account of Excise Duty cleared.	Dr. Revenue Outlay Account Cr. Miscellaneous Credit Account	i) Amout compiled under CCO2 code 811/55 (UCC 75), 812/11 ii) & iii)Figures available at LAO/ sanction taken for Capital outlay	
10. By Outstanding Assets A/c i) Amount of Central Excise Duty paid but not realized from parties till 31st March. ii) Amount of Sales Tax paid but not realized from parties till 31st March. iii) Electricity duty excess paid to State Govt. (recovery outstanding from customers as on 31st March). iv) Conservancy Charges pertaining upto current year recovery of which is outstanding as on 31st March.	Dr. Outstanding Assets Account Cr. Miscellaneous Credit Account	Details statement of assets &liabilities as on 31st March(Amount should agree with the outstanding as per registers/ records maintained by LAO)	

XIII. Licence Fees, Rates, Water and Electricity Charges recoverable Account **Debit Items**			
1. To Outstanding Assets Account:- Licence fees, rates etc. pertaining to the previous year for which recoveries are to be made in the current year.	Dr. License fees, rates, water and electricity charges recoverable Account Cr. Outstanding Assets Account.	Closing balance of the previous year to be reflected here	
2. To Overhead Expenses Account:- (a) (1) Licence fees and rates recoverable (cash) (2) Electricity and water charges recoverable (cash) (b) (1) Licence fee and rates recoverable (cost) (2) Electricity and water charges recoverable (cost)	Dr. Licence fees, rates, water and electricity charges recoverable Account Cr. Overhead Expenses Account.	Manufacturing Account Statement 'B'(schedule concerned)	
3. To Revenue Outlay A/c Recoverable amount of Licence Fees, Rates , Water Charges in r/o occupants of other than own factory	Dr. Licence fees, rates, water and electricity charges recoverable Account Cr. Revenue Outlay Account.	Manufacturing Account Statement 'B'(schedule concerned)	
Credit items 1. By Notional Cash Account:- (i) Licence fee and rates recovered (cash)	Dr. Notional Cash Account Cr. Licence fees, rates, water and electricity charges recoverable Account	Amount compiled in CCO2 under head - (i) 802/02 & 802/05 (Portion relevant for own factory only to be taken)	
ii) Electricity and water charges recovered (cash)		(ii) 802/03, 802/04	
2. By Revenue Outlay A/c (a)Licence fee and rates recovered (cost)	Dr. Revenue Outlay Account Cr. Licence fees, rates, water and electricity charges recoverable Account	Records maintained by LAO/ Manufacturing Account Statement 'B'	

(b)Electricity and water charges recovered (cost)		Records maintained by LAO/ Manufacturing Account Statement 'B'	
3. By Revenue Outlay A/c Outstanding assets on account of Licence Fees, Rates etc. cleared	Dr. Revenue Outlay Account Cr. Licence fees, rates, water and electricity charges recoverable Account	Figures available at LAO/ sanction taken for reveue(capital) outlay	
4. By Outstanding Assets Account:- Licence fees, rates etc. pertaining to the current year for which recoveries are outstanding on 31st March	Dr. Outstanding Asset Account Cr. Licence fees, rates, water and electricity charges recoverable Account	Manufacturing Account Statement 'B' (Figure should agree with amount of details of statement of Assets & Liabilities as on 31st March.	
5. By Notional Cash A/c (i) Amount of Licence fees, rates etc. recovered from the occupants other than own factory	Dr. Notional Cash Account Cr. Licence fees, rates, water and electricity charges recoverable Account	Amount compiled in CCO2 under code (i) 802/02, 802/05(Portion relevant for other than own factory to be taken)	
(ii) Electricity and Water charges recovered from the occupants other than own factory		(ii) 802/03, 802/04(Portion relevant for other than own factory to be taken)& shown in Manufacturing Account Statement 'B'	

XIV. OVERHEAD EXPENSES ACCOUNT **Debit Items** 1. To Transportation charges Account:- Transportation (Freight) charges transferred to overhead. (a) Inward Freight (b) Outward Freight	Dr. Overhead Expenses Account: Cr. Transportation Charges Account.	Contra entry to credit item 1 of Transportations charges a/c.	
2. To Stores Account: - i) Indirect material excluding fuel consumed for non production purpose issued to shops less return ii) Cost of fuel consumed for non production purpose	Dr. Overhead Expenses Account: Cr. Stores Account	Contra Entry to Credit Item 3 of Store Account	
3. To Travelling Exp A/c Total cost of movement of Personnel transferred	Dr. Overhead Expenses Account: Cr. Travelling Expenses Account	Contra entry to credit item 1 of Traveling expenses a/c.	
4. To Stores Account: - a) Misc. issues of stores. b) Loss of stores in transit. c) Loss of stores on charge due to :- (i) Theft, fraud, etc. (ii) Deficiencies in actual balances not caused by theft, fraud, etc. (iii) Deterioration due to defective storage. (iv) Other causes (d) Loss on sale of stores. (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others	Dr. Overhead Expenses Account: Cr. Stores Acco unt	Contra Entry to Credit Item 4 of Store Account	

II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (e) Store adjustments.			
5. To Wages Account: - Indirect Labour.	Dr. Overhead Expenses Account: Cr. Wages Account	Contra Entry to Credit Item 2 of Wages Account	
6. To Supervision Charges Account:- (A) DAD Charges (i) OT Allowance a) Accounts b) Internal Check (ii) PL Bonus a) Accounts b) Internal Check (B) Amount transferred	Dr. Overhead Expenses Account: Cr. Supervision Charges Account	Contra Entry to Credit Item 1 of Supervision Charges Account	
7. To Miscellaneous Charges Account:- Balance transferred.	Dr. Overhead Expenses Account: Cr. Miscellaneous Charges Account	Contra Entry to Credit Item 4 of Miscellaneous Charges Account	
8. To Depreciation Account: - (a) Depreciation for the year on (i) Buildings (ii) Machinery (iii) Gas & Water Mains (iv) Other items. (b) Written off of last installment of small value capital assets (i) Buildings (ii) Machinery (iii) Gas & Water Mains (iv) Other items.	Dr. Overhead Expenses Account: Cr. Depreciation Account	Block Register: (a) Depreciation Register Chargeable to (i)WO 01/00019/00 (ii)WO 01/00034/00 (iii) & (iv) WO 01/00018/00 (b) Data available in block register.	

9. To Capital Asset Account (a) Residual book value of discarded Capital Assets, (i) Building (ii) Machinery & Sewing Machine (iii) Railway Sidings	Dr. Overhead Expenses Account: Cr. Capital Asset Account	(a) Expenditure booked to cost WO 01/00050/00	
(b) Transfer to other Govt. Department(NMD/OMD)		(b) Capital Issue Vouchers	
(c) Transfer of machinery to inventory		(c) Capital transfer Vouchers	
10. To Notional Cash Account: - (A) Contingent Charges (a) Communications (i) Telephones	Dr. Overhead Expenses Account: Cr. Notional Cash Account	Amount compiled in CCO2 under code head - (a) (i) 810/03 (UCC 043,046)-Fy & 812/19 (ODC)	
(ii) Others		(ii) 810/03 (UCC 044, 045	
(b) Training		(b) 810/04(Fys) & 812/20(ODC)	
(c) Office Equipment		(c) 810/05(Fy) & 812/21(ODC)	
(d) Hospital/Lab Equipment (i) Fy Laboratory		(d) (i) 810/06 (UCC 049)(Fy) & 812/22(ODC)	
(ii) Hospital Lab		(ii) 810/06 (UCC 048)	
(e) Consumables		(e) 810/07 (Fy) & 812/23 (ODC)	
(f) Contract Labour		(f) 810/08(Fy) & 812/24 (ODC)	
(g) Departmental Canteen		(g) 810/09 & 810/10	
(h) Technical know how(TOT)		(h) 810/11(Fy) & 812/25 (ODC)	
(i) Royalty		(i) 810/12 (UCC 082)	
(j) Insurance		(j) 810/12 (UCC 083)	
(k) Printing & Stationary		(k) 810/12 (UCC 070)	
(l) Trade charges		(l) 810/12 (UCC 084)	
(m) Rent Rates & Taxes		(m) 810/12 (UCC 080, 081)	
(n) Others		(n) 810/12 (UCC 054 to	

		061, 065 to 069, 071 to 078, 079) 810/13,14(Fy), & 812/26 (ODC)	
(B) Govt. contribution to NPS		(B) Compiled under 016/03 which should be reflected in cost work order 01/10013/00	
(C) Govt. contribution to PF		(C) Records/Register maintained at LAO. reflected in cost work order 01/00012/00	
11. To Revenue Outlay A/c (A) Expenditure on TOT absorbed in Cost of Production(Non Cash)	Dr. Overhead Expenses Account: Cr. Revenue Outlay Account	(A) Records maintained at LAO chargeable to WO 01/10037/00 (CC 45) – Fy & ODC 01/20037/00 (CC 45) – Fy & ODC 01/30037/00 (CC 45) – Fy & ODC	
(B) Cost of O.F.B (i) Effective (a) Pay & Allowances (b) TA/DA (c) Misc. Expenditure		(B) (i) Figures as intimated by AA Section of PCA (Fys)	
(ii) Non effective		(ii) –Do-	
(C) DAD Charges (i) Accounts (ii) Internal Check		(C) Figures as intimated by AA Section of PCA (Fys) & amount compiled in CCO2 of DAD estt. of respective LAO 810/12 (UCC-830) & 805/09 (UCC-830)	
(D)Superannuation Charges (Cost).		(D) Assessed figure based on the rates / percentages for various categories intimated by PR section of main office from time to time on a/c of pensionable estt. Employed in the factories prior to 01-01-2004.	

12. To Revenue Outlay Account:- (a) Profit on sale of stores (Not chargeable to production). (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (b) Profit on sale of surplus capital assets (not chargeable to production) (c) Surplus at Stock taking, profit on revaluation of stock etc. (not chargeable to production) (d) Recovery of loss of stores in transit(not chargeable to production)	Dr. Overhead Expenses Account: Cr. Revenue Outlay Account	Amount booked to PSA Receipt code – (a) (I) (i) 21 (ii) 22 (iii) 23 (iv) 24 & 25 (II) 119 (i) Portion relevant to surplus (ii) Portion relevant to Obsolete (iii) Portion relevant to Waste & Scrap (iv) Portion relevant to Other Stores (b) Calculated by LAO.(Excess of sale value over residual value/book value.) (c) Amount booked to PSA Receipt code 20 & 27 (portion relevant to profit on revaluation of stock). (d) Data available at LAO – Figure compiled in CCO2 under code 802/01(UCC-) in r/o recoveries Loss statements prepared & records maintained at LAO	

13. To Capital Asset A/c (Stock Pile) Loss of Stock pile items (not chargeable to production)	Dr. Overhead Expenses Account: Cr. Capital Asset (Stock Pile) Account	Data available to LAO & To be compiled under 016/03.	
14. To Outstanding Liabilities A/c Govt. contribution to NPS for March to be paid in April of next year.	Dr. Overhead Expenses Account: Cr. Outstanding Liabilities Account.	Figure should agree with the statement of Assets & Liabilities as on 31st March.	
Credit Items 1. By Outstanding Liability A/c:- Govt. Contribution to NPS for March last year payable in April of current year.	Dr. Outstanding Liability Account. Cr. Overhead Expenses Account.	Closing balance of previous year. Compiled in 016/03 of April of current year.	
2. By Stores Account:- (a) Miscellaneous receipts. (b) Surplus at stock taking (c) Profit on sale of stores. (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Other Stores (d) Store adjustment.	Dr. Stores Account. Cr. Overhead Expenses Account.	Contra entry to Debit Item 5 of Store Account	
3. By Miscellaneous Credit Account:- Amount transferred.	Dr. Miscellaneous Credit Account. Cr. Overhead Expenses Account.	Contra entry to Debit item 5 of Misc. credit Account	
4. By Work-in-progress Account:- (a) Variable overhead expenses leviable	Dr. Work-in-progress Account. Cr. Overhead Expenses Account.	Balancing entry of this account. Figures under (a) & (b) should agree with net total figure under 01 & 02 series Tabulation	

(b) Fixed overhead expenses leviable			
5. By Licence Fee, Rates, Water and Electricity charges recoverable Account:- (a) (i) Licence fees & rates recoverable (Cash) (ii) Electricity and water charges recoverable (Cash) (b) (i) Licence fee and rates recoverable (Cost) (ii) Electricity and water charges recoverable (Cost)	Dr. Licence Fee, Rates, Water and Electricity charges recoverable Account. Cr. Overhead Expenses Account.	Contra entry to Debit item 2 of Licence Fee, Rates, Water and Electricity charges recoverable Account	
6. By Capital Asset Account:- Transfer of machinery and other capital items from inventory.	Dr. Capital A sset Account. Cr. Overhead Expenses Account.	Schedule of Capital series vouchers	
7. By Preliminary Expenses Account: Preliminary expenses incurred during the year.	Dr. Preliminary Expenses Account. Cr. Overhead Expenses Account.	Amount to be taken from Preliminary Expenses Register.(Such expenditure need tobe booked to cost WO 01/00044/00)	
8. By Notional Cash Account:- i)Sale proceeds and recoveries from machinery. ii)Sale proceeds and recoveries from building.	Dr. Notional Cash Account. Cr. Overhead Expenses Account.	Amount compiled in CCO2 under deduct code (i) 922/35 (ii) 921/33	
9. By Revenue Outlay Account:- (a) Training in India other than in ordnance factories and training of Apprentices under	Dr. Revenue Outlay Account. Cr. Overhead Expenses Account.	KOP Statements compiled by LAO (a) Expenditure booked under cost work order 01/00014/00	

Act and other National Scheme undertaken by Ord. Fys. (b) Payment to surplus workmen during notice period & Idle Time beyond control. (not chargeable to production) (c) Loss on sale of stores (Not chargeable to production). (I) Normal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (II) Abnormal (i) Surplus (ii) Obsolete (iii) Waste & Scrap (iv) Others (d) Loss of stores on charge due to obsolescence change in process of manufacture, revaluation of stock, Auctioneer's commission etc.(other causes) (Not chargeable to production). (e) Loss of stores-in-transit (Not chargeable to production) (f) Arrears payment made during the year which do not pertain to the accounting year (Not chargeable to production)		(b) Expenditure booked under cost work order 01/00010/00 & 01/00011/00 (c) Amount booked to PSA issue code- (I) (i) 76 (ii) 77 (iii) 78 (iv) 79 & 75 (II)105 (i) Portion relevant to surplus store (ii) Portion relevant to obsolete store (iii) Portion relevant to waste & scrap (iv) Portion relevant to other store (d) Amount booked to PSA issue code70-74 and 80 (portion of loss due to revaluation of stock) & 57 (e) Amount booked to PSA issue code 68 & 69 (f) Data available at LAO	

(g) Loss on sale of surplus capital assets (not chargeable to production) (h) Expenditure on account of care and custody of stock surplus to current production. (not chargeable to production) (i) Expenditure on account of care and custody of stock pile items(not chargeable to production) (j) Closing down expenses (k) Loss of stock-pile items (not chargeable to production)		(g) Calculated by LAO(Deficit of sale in comparison to residual / book value) (h) Expenditure booked to cost work order 01/00046/00 excluding stock pile. (i) Expenditure booked to cost work order 01/00046/00 potion relevant to stock pile. (j) Data available at LAO (k) Loss statements prepared & records maintained by LAO	
XV. WORK-IN-PROGRESS ACCOUNT **Debit Items** 1. To Revenue Outlay Account:- Cost of work-in-progress (excluding Capital semi) on 1st April B/F (a) Labour (i) Factory Labour (ii) Contract Labour (b) Material (c) Expense (Direct) (d) variable Overhead (e) Fixed overhead. 2. To Capital Outlay Account: - Cost of Work-in-progress on 1st April (included in Capital Assets Account). (a) Labour	Dr Work-in-progress Account. Cr Revenue Outlay Account. Dr Work-in-progress Account.	Closing WIP of the previous year as reflected in the details of asset & liabilities /production a/c as on 31st March of the previous year. Closing WIP of the previous year as reflected in the details of asset & liabilities as on 31st March of the previous year.	

(i) Factory Labour (ii) Contract Labour (b) Material (c) Expense (Direct) (d) variable Overhead (e) Fixed overhead.	Cr Capital Outlay Account.		
3. To Stores Account: - (a) Direct material issued to shops less returned excluding cost of fuel consumed for prodn. purpose. (b) Issues to Non-Military Departments, Private bodies, Firms etc. for manufacture of articles on behalf of Army. (c) Cost of fuel consumed for prodn. purpose	Dr Work-in-progress Account. Cr Stores Account.	Contra entry to Credit item 5 of Stores Account	
4. To Wages Account: Direct Labour charges paid during the year (i) Factory Labour (ii) Contract Labour	Dr Work-in-progress Account. Cr Wages Account	Contra entry to Credit item 3 of Wages Account	
5. To Misc. Charges Account:- Direct Expenses(Electricity & Water consumed for Production purpose) (i) Electricity (ii) Water	Dr Work-in-progress Account. Cr Misc. Charges Account	Contra entry to Credit item 3 of Misc. Charges Account	
6. To Overhead Expenses Account:- (a) Variable overhead expenses (VOH) leviable (b) Fixed overhead expenses(FOH).leviable	Dr Work-in-progress Account. Cr Overhead Expenses Account	Contra entry to Credit item 4 of Overhead Expenses Account	
7. To Profit and Loss Account: (a) Variable overhead expenses over absorbed. (b) Fixed overhead expenses over absorbed.	Dr Work-in-progress Account. Cr. Profit and Loss Account	Indirect Expenditure statement compiled by LAO	

Credit Items 1. By Miscellaneous Charges Account:- Departmental material utilized on indirect work orders.	Dr Miscellaneous Charges Account. Cr Work-in-progress Account	Contra entry to Debit item 3 of Miscellaneous Charges Account	
2. Sales A/c – Non Defence:- Cost of manufacture during the year. (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr Sales A/c – Non Defence Account. Cr Work-in-progress Account	Cost of Production of relevant WO series (11,80,81,82,83,84,93,94, 96) as compiled by LAO	

(C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support			
3. By manufacture for factories own stock Account:- A) Cost of manufacture during the year (own factory stock items i.e.10 series) B) Cost of manufacture of components (40, 41 series) net value after adjustment of drawal/issues	Dr Manufacture for factories own stock Account. Cr Work-in-progress Account	A) Cost of Production of relevant WO series(10) as compiled by LAO B) Cost of Production of relevant WO series(40,41). Net value after adjustment of drawal /issues	
4. By Sales A/c - IFD:- Cost of manufacture during the year. (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr Sales A/c - IFD Account. Cr Work-in-progress Account	Cost of Production of relevant WO series(70) as compiled by LAO	
5. By Services for Capital Assets Account:- Cost of Services during the year.	Dr Services for Capital Assets Account. Cr Work-in-progress Account	Cost of Production of relevant WO series (04) as compiled by LAO	
6. By Sales A/c - Defence:- Cost of manufacture during the year for	Dr Sales A/c - Defence Account. Cr Work-in-progress Account	Cost of Production of relevant WO series (51,85,86,87,88,89,90,91, 92,) as compiled by LAO	

(A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support			
7. By Profit and Loss Account:- (a) Variable overhead expenses under absorbed. (b) Fixed overhead expenses under absorbed.	Dr Profit and Loss Account. Cr Work-in-progress Account	Indirect Expenditure statement compiled by LAO	
8. By Revenue Outlay Account:- Cost of abnormal rejections (not chargeable to production)	Dr Revenue Outlay Account. Cr Work-in-progress Account	Cost of abnormal rejection calculated by LAO against out turn work order and not chargeable to COP	
9. By Revenue Outlay A/c (a) Cost of WIP cleared (excluding capital semi) - Lab	Dr Revenue Outlay Account. Cr Work-in-progress Account	Figures available at LAO/sanction taken for Revenue(Capital) Outlay	

(i) Factory Labour (ii) Contract Labour (b) Cost of WIP cleared (excluding capital semi) – Material (c) Cost of WIP cleared (excluding capital semi) – Expenses (Direct) (d) Cost of WIP cleared (excluding capital semi) – VOH (e) Cost of WIP cleared (excluding capital semi) – FOH			
10. By Capital Outlay Account:- Cost of WIP of Capital items reduced (a) Labour (i) Factory Labour (ii) Contract Labour (b) Material (c) Expenses (Direct) (d) Variable Overhead (e) Fixed Overhead.	Dr Capital Outlay Account Cr Work-in-progress Account	Records available at LAO/sanction taken for Capital Outlay	
11. By Capital Outlay A/c Cost of WIP on 31st March included in Capital Asset A/c a) Labour (i) Factory Labour (ii) Contract Labour (b) Material (c) Expenses (Direct) (d) Variable Overhead (e) Fixed Overhead.	Dr Capital Outlay Account. Cr Work-in-progress Account	Records maintained by LAO (Closing balance as on 31st March)	
12. By Balance Account:- Cost of work-in-progress (excluding Capital semi) on 31st March. (a) Labour (i) Factory Labour (ii) Contract Labour (c) Expenses (Direct) (d) Variable Overhead (e) Fixed Overhead.	Dr Balance Account. Cr Work-in-progress Account	Closing WIP of the current year as on 31st March.	

XVI SALES(DEFENCE) RECEIVABLE A/C **Debit Items** 1.To Outstanding Assets Account Sundry debtors for services rendered in the previous year(s) for which recoveries to be made in the current year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments (i) Other than post warranty product support (ii) For post warranty product support	Dr. Sales(Defence) Receivable A/C Cr. Outstanding Assets Account	Closing balance of previous year to be reflected here	

2. To Sales A/C - Defence Value of Sales (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support	Dr. Sales(Defence) Receivable A/C Cr. Sales A/C - Defence	Manufacturing A/C Statement - A	
3. To Revenue Outlay A/C Outstanding liabilities under payment services cleared (A)Army (i) Other than overhauling charges & post warranty product support	Dr. Sales(Defence) Receivable A/C Cr. Revenue Outlay A/C	Sanction taken for Revenue(Capital) Outlay	

(ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support			
4. To Outstanding Liabilities Account Advances received against which services not rendered till 31st March of current year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support	Dr. Sales(Defence) Receivable A/C Cr. Outstanding Liabilities Account	Closing Outstanding Liabilities as on 31st March. Figure should agree with details of statements of Assets & Liabilities as on 31st March	

(B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support			
Credit Items 1. By Outstanding Liabilities Accounts:- Recoveries made upto the end of previous year(s) for which services to be rendered in current year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support	Dr. Outstanding Liabilities Account Cr. Sales(Defence) Receivable A/C	Closing balance of previous year to be reflected here	

(ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support			
2.By Notional Cash Accounts:- Recoveries made during the year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support	Dr. Notional Cash Account Cr. Sales(Defence) Receivable A/C	Amount compiled in CCO2 under code (A) 811/10-18, 20, 21(UCC 071) (B) 811/31-34 (UCC 071)	

(C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support		(C) 811/41-43(UCC 071)	
(D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support		(D) 811/51-55(UCC 071)	
3. By Revenue Outlay A/C Outstanding assets under payment services cleared (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support		Sanction taken for Revenue(Capital) Outlay	
(B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support			
(C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support			

(D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support			
4.By Outstanding Assets Account Services rendered upto the end of current year for which recoveries are to be made in the ensuing year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support	Dr. Revenue Outlay A/C Cr. Sales(Defence) Receivable A/C	Closing outstanding assets as on 31st March. Figure should agree with statements of Assets & Liabilities as on 31st March.	
(D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support	Dr. Outstanding Assets Account Cr. Sales(Defence) Receivable A/C		

XVII SALES ACCOUNT - DEFENCE **Debit Items**			
1. To Revenue Outlay Account:- Balance of finished semi on 1st April (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support	Dr. Sales Account – Defence Cr. Revenue Outlay Account	Closing finished semi of the previous year to be reflected here	

2. To Work-in-Progress Account:- Cost of manufacture during the year for (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support	Dr. Sales Account – Defence Cr. Work-in-Progress Account:-	Contra entry to credit item 6 of WIP A/C	
3.To Revenue Outlay A/c Value of finished semis increased. (A)Army (i) Other than overhauling charges & post warranty product support	Dr. Sales Account – Defence Cr. Revenue Outlay A/c	Sanction taken for Revenue(Capital) Outlay	

(ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support			
4.To Profit and Los s Account:- Net profit on sales to : (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support	Dr. Sales Account - Defence Cr. Profit and Loss Account:-	Net profit on sales (Balancing figure)	

(ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support			
Credit Items 1.By Sales (Defence) Receivable A/C:- Value of Sales (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support	Dr. Sales(Defence) Receivable A/C Cr. Sales Account – Defence	Contra entry to debit item 2 of Sales (Defence) Receivable A/C	

(C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support 2. By Profit and Loss Account:- Net Loss on sales (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force)	Dr. Profit and Loss Account:- Cr. Sales Account -Defence	Net loss on sales (Balancing figure)	

(iii) For post warranty product support (D)Other Defence Departments (i) Other than post warranty product support (ii) For post warranty product support			
3. By Revenue Outlay Account Reduction in value of finished semis pertaining to payment issues of Defence Services (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support	Dr. Revenue Outlay Account Cr. Sales Account -Defence	Sanction taken for Revenue (Capital) Outlay	

4. By Balance Account:- Balance of finished semi on 31st march. (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support	Dr. Balance Account:- Cr. Sales Account -Defence	Closing finished semi as on 31st March. Figure should agree with the statement of Assets & Liabilities as on 31st March.	
XVIII. SALES (NON DEFENCE) RECEIVABLE A/C **Debit Items** 1. To Outstanding Assets Account:- Sundry Debtors for services rendered on payment in the previous year for which recoveries to be made in the current year	Dr Sales (Non Defence) Receivable A/C Cr Outstanding Assets Account	Closing balance of previous year to be reflected here	

(A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT			

(C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			
2. To Sales A/C – Non Defence Value of sales during the year (A) Services rendered on payment Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr Sales (Non Defence) Receivable A/C Cr Sales A/C – Non Defence	Manufacturing A/C Statement "A"	

(iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support 3. To Notional Cash A/C Advance received initially compiled under deposit code subsequently withdrawn consequent on issue of stores during the year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr Sales (Non Defence) Receivable A/C Cr Notional Cash A/C	Amount compiled to code 08/017/05 as relieved	

II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			

4. To Revenue Outlay A/C Outstanding Liabilities under payment services cleared (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr Sales (Non Defence) Receivable A/C Cr Revenue Outlay A/C	Figures available at LAO/sanction taken for Revenue(Capital) outlay A/C	

II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			
5.To Outstanding Liabilities A/C Advances received against which services not rendered till 31st March of current year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT	Dr Sales (Non defence) Receivable A/c Cr Outstanding Liabilities A/C	Balancing figure Figures should agree with details statements of Assets & Liabilities as on 31st March	

(B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			

Credit Items			
1. By Outstanding Liabilities A/C Advance received during the previous year(s) for services not rendered till the end of last year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr. Outstanding Liabilities A/C Cr. Sales (Non Defence) Receivable A/C	Closing Balance of previous year to be reflected here.	

II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			
2. By Notional Cash A/C Advances received from customers during the year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr. Notional Cash A/C Cr. Sales (Non Defence) Receivable A/C	Amount compiled in Deposit Code Head 08/017/05	

(ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			
3. By Notional Cash A/C Recoveries made during the year for services rendered on payment (A) Services rendered on payment Basic Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr. Notional Cash A/C Cr. Sales (Non Defence) Receivable A/C	Amount compiled in CCO2 under code head 800/02 (UCC 071)	

(ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support		800/07 (UCC 073)	
(B) Civil Govt. Deptt- PSU Basic Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support		800/03 (UCC 071)	
(ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support		800/04 (UCC 071)	
(iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support		800/05 (UCC 071)	
(iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support		800/08 (UCC 071)	
(C) Private Indentors (80,81 series) Basic Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support		800/06 (UCC 071)	
4. By Revenue Outlay A/C Outstanding Assets under payment services cleared	Dr. Revenue Outlay A/C Cr. Sales (Non Defence) Receivable A/C	Figures available at LAO / Sanction take for Revenue (Capital)Outlay	

(A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT			

(C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			
5 By Outstanding Assets A/C Sundry Debtors for services rendered on payment upto the end of current year but recoveries to be made in ensuing year (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr. Outstanding Assets A/C Cr.Sales (Non Defence) Receivable A/C	Balancing Figure	Figures should agree with the details of statement of Assets & Liabilities as on 31st March

(ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			
XIX Sales Account – Non Defence **Debit Items** 1. To Revenue Outlay Account:- Balance of finished semi on 1st April B/F (A) Services rendered on payment	Dr Sales Account- Non Defence Cr. Revenue Outlay Account	Closing Finished semi of the previous year to be reflected here	

(i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support			

2. To Work-in-Progress Account: - Cost of manufacture during the year (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support	Dr. Sales Account – Non Defence Cr. Work-in-Progress Account	Contra entry credit item 2 of Work-in-progress A/C	

3. To Profit and Loss Account:- Net profit on Sales (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support	Dr Sales Account – Non Defence Cr. Profit and Loss Account	Balancing Figure – Net Profit on Sales	

Credit Items			
1.By Sales (Non Defence) Receivable Account Value of sales during the year (A) Services rendered on payment Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr. Sales (Non Defence) Receivable Account Cr. Sales Account- Non Defence	Contra Entry to debit item 2 of Sales (Non Defence) Receivable Account	

(C) Private Indentors (80,81 series) Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support			
2 By Profit and Loss Account:- Net loss on payment services (A) Services rendered on payment	Dr. Profit and Loss Account Cr. Sales Account – Non Defence	Balancing figure – Net loss on sales	
Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support			
(B) Civil Govt. Deptt- PSU Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support			

(iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support			
3. By Balance Account: - Balance of finished semi on 31st March (A) Services rendered on payment Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr Balance Accont Cr. Sale Account – Non Defence	Closing balance of finished semi as on 31st March	Compiled by LAO from Finished Semis Statements given by Fy. Mgt. (The value of service completed but not issued.)

(ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support			
XX Sales Account – IFD **Debit Items** 1. To Revenue Outlay Account:- Balance of finished semi on 1st April (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr Sales Account – IFD Cr. Revenue Outlay Account	Closing Finished semi of the previous year to be reflected here	

2. To Work-in-Progress Account:- Cost of manufacture during the year (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr Sales Account – IFD Cr. Work-in-Progress Account	Contra entry to credit item 4 of Work-in-progress Account	
3. To Revenue Outlay A/c Value of finished semis pertaining to other fys increased (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr Sales Account – IFD Cr. Revenue Outlay A/c	Figures available at LAO/Sanction taken for revenue (capital) Outlay	
4. To Profit and Loss Account:- Net profit on issues (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr. Sales Account –IFD Cr Profit and Loss Account	Balancing figure – Net profit on sales	
Credit Items			
1. By Notional Cash Account:- Value of issues to other factories as per prescribed rate (i) Other than overhauling charges & post warranty product support	Dr. Notional Cash Account Cr. Sales Account – IFD	Manufacturing Account Statement "A" – Total value of P Series Issue Vouchers pertaining to IFD (70) Series Work Orders	

(ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support			
2. By Profit and Loss Account:- Net Loss on issue. (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr. Profit and Loss Account Cr. Sales Account – IFD	Balancing figure – Net Profit on sales	
3. By Revenue Outlay A/c Reduction in value of finished semis pertaining to other fys. (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr. Revenue Outlay A/c Cr. Sales Accounts – IFD	Figures available at LAO/sanction taken for Revenue (Capital) Outlay	
4. By Balance Account:- Balance of finished semi on 31st March (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr Balance Acount Cr. Sales Account - IFD	Closing finished semi as on 31st March	Priced by LAO based on finished semi statements intimated by Fy. Mgt. (Reconciled with PL card & valued at actual cost of production)

XXI.MANUFACTURE FOR FACTORY'S OWN STOCK ACCOUNT **Debit Items**			
1. To Revenue Outlay A/c Balance of finished semi(components) as on 1st April	Dr. Manufacture For Factory's Own Stock Account Cr. Revenue Outlay A/c	Closing finished semi of previous year to be reflected here	
2. To Work-in-Progress Account:- A) Cost of manufacture during the year(Own Fy. Stock i.e. 10 series) B) Cost of manufacture of components (40, 41 series) net value after adjustment of drawal/ issue	Dr. Manufacture For Factory's Own Stock Account Cr. Work-in-Progress Account	Contra entry to credit item 3 of Work-in-Progress Account	
3. To Profit and Loss Account: Net profit on manufacture -	Dr. Manufacture For Factory's Own Stock Account Cr. Profit and Loss Account	Balancing Figure – Net profit on sales	
4. To Revenue Outlay A/c Balance of finished semi increased	Dr. Manufacture For Factory's Own Stock Account Cr Revenue Outlay A/c	Figure available at LAO/Sanction taken for revenue (Capital) Outlay	
Credit Items			
1. By Store Account:- Value of receipts into stock from own factory manufacture(Own Fy. Stock items i.e. 10 series)	Dr. Store Account Cr. Manufacture For Factory's Own Stock Account	Contra entry to debit item 6 of Store A/C	
2. By Profit and Loss Account:- Net loss on manufacture	Dr. Profit and Loss Account Cr. Manufacture For Factory's Own Stock Account	Balancing figure – Net loss on Manufacture for Fy's Own Stock	
3. By Revenue Outlay A/c Reduction in value of finished semis(components)	Dr. Revenue Outlay A/c Cr. Manufacture For Factory's Own Stock Account	Figures available at LAO/Sanction taken for Revenue(Capital) Outlay	Finished semi priced by LAO based on statements furnished by Fy.Mgt.

4. By Balance A/c Balance of finished semi (components) as on 31st March	Dr. Balance Account Cr. Manufacture For Factory's Own Stock Account	Closing balance of Finished semi as on 31st March	
XXII. SERVICES FOR CAPITAL ASSETS ACCOUNT **Debit Items** 1. To Work-in-Progress Account:- Cost of services during the year	Dr. Services for Capital Assets A/C Cr. Work-in-Progress Account	Contra entry to Credit item 5 of Work-in-Progress Account	
Credit Items 1. By Capital Outlay Account: Cost of services capitalized -	Dr. Capital Outlay Account Cr. Services For Capital Assets Account	Manufacturing Account Statement "A"	Actual cost of production for own factory capital is to be reflected here
XXIII Profit & Loss Account **Debit Items** 1. To Sales A/c – Non defence:- Net loss on sales (A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt. Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support	Dr. Profit & Loss Account Cr. Sales A/c – Non defence	Contra entry to credit item 3 of Sales A/C Non Defence	

(ii) State Govt./UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support			
2. To Manufacture for Factory's own stock Account:- Net loss on manufacture	Dr. Profit & Loss Account Cr. Manufacture for Factory's own stock Account	Contra entry to credit item 2 of Manufacture for Factory's own stock Account	
3. To Sales A/c – IFD:- Net loss on sales (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr. Profit & Loss Account Cr. Sales A/c – IFD	Contra entry to credit item 2 of Sales A/c – IFD	
4. To Sales A/c – Defence:- Net loss on issues (A)Army (i) Other than overhauling charges & post warranty product support	Dr. Profit & Loss Account Cr. Sales A/c – Defence	Contra entry to credit item 2 of Sales A/c – Defence	

(ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support			
5. To Work-in-Progress Account:- (a) Variable overhead expenses under absorbed, (b) Fixed overhead expenses under absorbed	Dr.Profit & Loss Account Cr. Work-in-Progress Account	Contra entry to credit item 7 of Work-in-Progress Account	Excess of profit over losses to be reflected here
6. To Balance Accou nt:- Net Profit transferred	Dr. Profit & Loss Account Cr. Balance Account	Balancing Figure	
Credit Items			
1.By Sales A/c – Non defence:- Net profit on sales	Dr. Sales A/c – Non defence Cr. Profit & Loss Account	Contra entry to debit item 3 of Sales A/C Non Defence	

(A) Services rendered on payment (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support			
2. By Manufacture for factory's own stock !ccount: - Net Profit on manufacture	Dr. Manufacture for factory's own stock Account Cr. Profit & Loss Account	Contra entry to debit item 3 of Manufacture for factory's own stock Account	

3. By Sales A/c – IFD:- Net profit on sales (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr. Sales A/c – IFD Cr. Profit & loss Account	Contra entry to debit item 4 of Sales Account - IFD	
4. By Sales A/c – Defence:- Net profit on sales (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support	Dr. Sales A/c – Defence Cr.Profit & Loss Account	Contra entry to debit item 4 of Sales A/c – Defence	

5. By Work-in-Progress Account:- (a) Variable overhead expenses over absorbed, (b) Fixed overhead expenses over absorbed	Dr. Work-in-Progress Account Cr Profit & Loss Account	Contra entry to debit item 7 of Work-in-Progress Account	
6. To Balance Account :- Net loss transferred	Dr. Balance Account Cr. Profit & Loss Account	Balancing figure	Excess of loss over profit is to be reflected here
XXIV. REVALUATION RESERVE ACCOUNT			
Debit items 1. To Revenue Outlay A/C Amount of depreciation charged on the revalued asset (i) Buildings (ii) Machineries	Dr. Revaluation Reserve Account Cr. Revenue Outlay Account	Block Register / Depreciation Register	
2. To Balance A/C Balance as on 31st March transferred. (i) Buildings (ii) Machineries	Dr. Revaluation Reserve Account Cr. Balance A/C	Balancing Figure	Closing value of appreciation in respect of revalued asset of Block Register as on 31st March
Credit items 1. By Revenue Outlay A/C Balance as on 1st April B/F (i) Buildings (ii) Machineries	Dr. Revenue Outlay A/C Cr. Revaluation Reserve Account	Closing Balance of Previous year to be reflected here	
2. By Capital Assets A/C Amount of increase/appreciation in the value of assets due to revaluation. (i) Buildings (ii) Machineries	Dr. Capital Assets A/C Cr. Revaluation Reserve Account	Block Register	Calculated based on – 50% of Annual rate of Depreciation x (Extended Period of Life of Assets as intimated by Fy.Mgt.)
XXV. Depreciation A/C **Debit Items**			
1. To Cumulative Depreciation A/C Depreciation for the year including last instalment of small value capital assets Building Machinery Gas & Water Mains Other Items	Dr. Depreciation Account Cr. Cumulative Depreciation A/C	Sum of Credit items of the same Account 1 (A) (i)+1(B) (i) 1 (A) (ii)+1(B)(ii) 1 (A) (iii)+1(B)(iii) 1 (A) (iv)+1(B)(iv)	

Credit Items 1. By Overhead Expenses A/C (A) Depreciation for the year Transferred Building Machinery Gas & Water Mains Other Items (B) Written off of last instalment of small value capital assets Building Machinery Gas & Water Mains Other Items	Dr. Overhead Expenses A/C Cr. Depreciation A/C	Contra entry to debit item 8 of Overhead Exp.A/C	
XXVI Cumulative Depreciation A/C **Debit Items** 1. To Balance A/C Cum. Depreciation upto the end of current year transferred Building Machinery Gas & Water Mains Other Items	Dr. Cumulative Depreciation Account Cr Balance A/C	Sum of credit items of the same account 1(i)+2(i) 1(ii)+2(ii) 1(iii)+2(iii) 1(iv)+2(iv)	Closing Balance as on 31st March
Credit Item 1. By Capital Outlay A/C Cum. Depreciation upto the end of previous year brought forward Building Machinery Gas & Water Mains Other Items 2. By Depreciation A/C Depreciation for the year including last installment of small value capital assets Building Machinery Gas & Water Mains Other Items	Dr. Capital Outlay A/C Cr. Cumulative Depreciation Account Dr. Depreciation A/C Cr. Cumulative Depreciation Account	Closing balance of the previous year to be reflected here Contra entry to debit item 1 of Depreciation A/C	
XXVII Capital Assets Purchase Account **Debit Items** 1.To Capital Outlay A/C Unfinished semi on works –	Dr. Capital Assets Purchase A/C Cr. Capital Outlay A/C	Closing Balance of previous year to be reflected here	

Services incomplete as on 1st April B/F (Factory Services only) (i) Building (ii) Machinery (b) Services incomplete as on 1st April B/F (MES) (i) Building (ii) Machinery			
2. To Outstanding Assets Account:- (a) Payments made during the previous year for which machineries were not received till the end of that year. LP CP FP Govt.Supply (b) Value of machinery in transit between Factories at the end of the Previous year (c) Customs duty paid in the previous year but carried forward for inclusion in the current year's account	Dr. Capital Assets Purc hase A/C Cr. Outstanding Assets Account:-	Closing balance of Outstanding Assets of the previous year to be reflected here	
3. To Notional Cash Account:- (a) Expenditure by MES (Financial Account) (i) Carry Over Works (ii) New Works (iii) Land. (b) Expenditure by Factory (Financial Account) (i) Carry Over Works	Dr. Capital Assets Purchase A/C Cr. Notional Cash Account:-	Amount compiled in CCO2 (both Fy & OFIL) under code head (i) 920/31,921/31 Portion pertaining to Carry Over Works (ii) 920/32,921/31 Portion pertaining to New Works (iii) 920/36,921/31 Portion pertaining to Land (i) 920/33,921/32 Portion pertaining to Carry Over Works	

(ii) New Works (iii) Land.		(ii)920/34,921/32 Portion pertaining to New Works (iii)920/37,921/32 Portion pertaining to Land	
(c) Expenditure on account of machinery purchased from overseas countries. (i) New Grant (ii) Renewal & Replacement		922/31-34 & 813/01-04 (Portion pertaining to Foreign Purchase)	
(d) Expenditure in India for machinery purchased through:			
1) Local Purchase including expenditure incurred by Factory for departmental capital works (capitalized portion) (i) New Grant (ii) Renewal & replacement		922/31,33,34,36 & 813/01,02,04 (Portion pertaining to LP)	
2) Central Purchase (i) New Grant (ii) Renewal & replacement		922/31,33,34,36 & 813/01,02,04 (Portion pertaining to CP)	
(e) Purchase from Govt. Departments(OMD & NMD) (i) New Grant (ii) Renewal & replacement		922/31,33,34,36 & 813/01-04(Portion pertaining to OMD & NMD)	
(f) Procurement from sister Factories (i) New Grant (ii) Renewal & Replacement		Schedule of Capital Series Receipt Vouchers(Compiled to (i) 922/31,36 & (ii) 813/01,02	
4. To Capital Outlay A/c (a) Miscellaneous adjustments (b) Departmental charges on MES works	Dr. Capital Assets Purchase A/C Cr. Capital Outlay A/c	(a) Data available at LAO (b) Worked out by LAO @ 16.5% on total ependiture incurred by MES on Capital Works)	

(c) Liabilities on account of Capital Assets cleared – expenditure incurred by MES (d) Liabilities on account of Capital Assets cleared – Machinery received but payment not made (i) LP (ii) CP (iii) FP (iv) Govt.Supply (e) Liabilities on account of Capital Assets cleared – Custom duty not paid		(c) Sanction taken for Capital Outlay - Linked with MES Liability Register (d) Sanction taken for Capital Outlay – Linked with P & M Liability Register (e) Sanction taken for Capital Outlay – Linked with Custom Duty Liability Register	
5. To Outstanding Liabilities Account:- (a) Expenditure incurred by MES in the current year to be adjusted in the ensuing year. Machineries received by Factory in current year payment for which made in the ensuing year. (i) LP (ii) CP (iii) FP (iv) Govt.Supply (c) Customs Duty allocated to the cost of machine but not paid during the current year.	Dr. Capital Assets Purchase A/C Cr. Outstanding Liabilities A/c	Closing balance of Outstanding Liabilities as on 31st March	Figures should agree with details of statement of liabilities prepared by LAO
Credit Items 1. By Outstanding Liabilities Account:- (a) Expenditure incurred by MES in the previous year to be adjusted in the current year. (b) Machinery procured and received by the Factory in the previous year, payments for which to be made in the current year (i) LP	Dr. Outstanding Liabilities Account Cr. Capital Assets Purchase A/C	Closing balance of previous year to be reflected here	

(ii) CP (iii) FP (iv) Govt.Supply (c) Customs Duty allocated to the cost of machine in the previous year but brought forward for payment in the current year			
2. By Capital Assets A/C Value of capital assets received and taken on charge in Block Register (A) Building (B Series Vrs. Prepared on completion of works) (a) MES (b) Factories (Bi) Plant & Machineries (M series Rt. Vrs. Prepared) procured through – (i) LP (a) New Grant (b) Renewal & Replacement (ii) CP (a) New Grant (b) Renewal & Replacement (iii) FP (a) New Grant (b) Renewal & Replacement (iv) Govt.Deptts. (OMD & NMD) (v) IFD	Dr Capital Assets A/C Cr. Capital Assets Purchase A/C	Schedule of Capital Series Receipt Vouchers (Total value) as recorded in Block Register	
3. By Capital Outlay Account:- (a) Miscellaneous adjustments (b) Assets on account of purchase of Capital Assets cleared – payment of machinery not received. (i) LP (ii) CP (iii) FP (iv) Govt Supply (c) Assets on machinery in transit - cleared	Dr Capital Outlay Account Cr.Capital Assets Purchase A/C	(a) Data available with LAO (b) Sanction taken for Capital Outlay – (Clearance noted in P & M Asset Register) (c) Sanction taken for Capital Outlay	

(d) Assets on Custom duty paid for plant and machinery - cleared		(d) Sanction taken for Capital Outlay – (Clearance noted in Custom Duty Assets Register)	
4. By Outstanding Assets Account:- (a) Payment made during the year for machinery not received till 31st March. (i) LP (ii) CP (iii) FP (iv)Govt Supply (b) Value of machinery in transit between factories on 31st March (c) Customs Duty paid for machineries not received till 31st March.	Cr. Outstanding Assets Account Cr Capital Asset Purchase Account	Closing Balance of Outstanding Assets as on 31st March	
5. By Balance A/C Unfinished semi on works – a) Services incomplete as on 31st March (Factory Services only) (i) Building (ii) Machinery b) Services incomplete as on 31st March (MES) (i) Building (ii) Machinery	Dr Balance A/C Cr. Capital Asset Purchase Account	Balancing Figure- Worked out by LAO taking into account (a) Information received from Fy. Mgt. (b) Information received from UAGE(ABCD Statement)	
XXVIII. Capital Assets Accounts **Debit Items** 1. To Capital Outlay Account: Original Value of Fixed Assets on 1st April B/F (i) Land (ii) Building (iii) Machinery (iv) Gas & Water (v) Others	Dr. Capital Assets Accounts Cr. Capital Outlay Account	Closing Balance of previous year to be reflected here	
2. To Stores Account: - Transfers from stock to Capital	Dr. Capital Assets Accounts Cr. Stores Account	Contra entry to credit item 7 of Stores Account.	

3. To Overhead Expenses Account:- Transfer of Machinery and other capital items from Inventory	Dr. Capital Assets Accounts Cr. Overhead Expenses Account	Contra entry to credit item 6 of Overhead Expenses Account	
4. To Revaluation Reserve A/c Amount of increase/appreciation in the value of Capital Assets (i) Buildings (ii) Machineries	Dr. Capital Assets Accounts Cr. Revaluation Reserve Account	Contra entry to credit item 1 of Revaluation Reserve Account	
5.To Capital Assets Purchase A/C Value of capital assets received and taken on charge of Block register (A) Building (B Series Vrs. Prepared on completion of works) (a) MES (b) Factories (B) Plant & Machineries (M series Rt. Vrs. Prepared) procured through – (i) LP (a) New Grant (b) Renewal & Replacement (ii) CP (a) New Grant (b) Renewal & Replacement (iii) FP (a) New Grant (b) Renewal & Replacement (iv) Govt.Deptts. (OMD & NMD) (v) IFD	Dr. Capital Assets Accounts Cr. Capital Assets Purchase Account	Contra entry to credit item 2 of Capital Assets Purchase Account	
Credit Items			
1. By Stores Account:- Transfer from Capital to stock	Dr. Stores Account Cr. Capital Assets Accounts	Contra entry to debit Debit Item 7 of Stores A/C	
2. By Overhead Expenses A/c (a) Residual book value of discarded Capital Assets (i) Building (ii) Machinery & Sewing machine (iii) Railway Sidings	Dr. Overhead Expenses Account Cr. Capital Assets Accounts	Contra entry to debit Debit Item 9 of Overhead Expenses Account	

(b)Transfer to other Govt Departments (OMD & NMD) (c) Transfer of machinery and other capital items to inventory.			
3. By Capital Outlay Account:- a) Transferred to other Factories b) Misc. Adjustment	Dr. Capital Outlay Account Cr. Capital Assets Accounts	a) Schedule Capital Series Issue Vouchers pertaining to Sister Fys. b) Data available to LAO	
4. By Balance Account:- Original value of Fixed Assets as on 31st March Land Building Machinery Gas & Water Others	Dr Balance Account:-Cr. Capital Assets Accounts	Balancing Figure	The figure should indicate the original values of all the fixed assets
XXIX. Capital Assets (Stock-Pile) Purchase Account **Debit Items** 1. To Outstanding Assets Account:- Payment made during previous year(s) for which stores were not received till the end of previous year i) LP ii) FP	Dr. Capital Assets (Stock-Pile) Purchase Account Cr. Outstanding Assets Account	Closing Balance of previous year to be reflected her	
2. To Notional Cash Account:- (a) Expenditure in India- Items purchased locally (Financial Account) (b) Expenditure on account of procurement from foreign countries.	Dr. Capital Assets (Stock-Pile) Purchase Account Cr. Notional Cash Account	Amount compiled in CCO2 under code head-925/31 (UCC 000) (a) Portion relevant to LP (b) Portion relevant to FP	
3. To Capital Outlay Account. a) Miscellaneous Adjustments b)Outstanding Liabilities pertaining to Capital Assets (Stock-Pile) cleared. i. LP ii. FP	Dr. Capital Assets (Stock-Pile) Purchase Account Cr. Capital Outlay Account.	a) Data available at LAO b) Sanction taken for Capital Outlay	

4. To Outstanding Liabilities Account:- Stores received upto the current year for which payments are to be made in the ensuing year i) LP ii) FP	Dr. Capital Assets (Stock-Pile) Purchase Account Cr. Outstanding Liab ilities Account	Closing Balance of Outstanding Liabilities as on 31st March	
Credit Items			
1. By Outstanding Liabilities Account:- Stores received upto the previous year but brought forward for payment in the current year. i) LP ii) FP	Dr. Outstanding Liabilities Account: - Cr. Capital Assets (Stock-Pile) Purchase Account	Closing balance of previous year to be reflected here	
2. By Capital Assets (Stock-Pile) Account Value of stockpile items received during the year. i) LP ii) FP	Dr. Capital Assets(Stock-Pile) Account Cr. Capital Assets (Stock-Pile) Purchase Account	Schedule of Capital Assets (Stock-Pile) Receipt (R series) Vouchers i) Portion relevant to LP i) Portion relevant to FP	
3. By Capital Outlay Account:- a) Miscellaneous Adjustments b) Outstanding assets pertaining to stock-pile items cleared i) LP ii) FP	Dr. Capital Outlay Account Cr. Capital Assets (Stock-Pile) Purchase Account	a) Data available at LAO b) Sanction taken for Capital Outlay	
4. By Outstanding Assets Account:- Payments made during the year for which stores were not received at the end of the year i) LP ii) FP	Dr. Outstanding Assets Account Cr. Capital Assets (Stock-Pile) Purchase Account	Closing Balance of Outstanding Assets as on 31st March	Figures should agree with statement of Assets compiled by LAO
XXX Capital Assets (Stock-Pile) Account **Debit Items**			
1. To Capital Outlay Account Value of Stock Pile Items on 1st April B/F	Dr. Capital Assets (Stock-Pile) Account Cr. Capital Outlay Account	Closing Balance of previous year to be reflected here	

2. To Store Account Transfer from stock to capital stock-pile	Dr. Capital Assets (Stock - Pile) Account Cr. Store Account	Contra Entry to Credit Item 7 of Store Account	
3. To Capital Assets (stock-pile) Purchase Account Value of stock-pile items received during the year i) LP ii) FP	Dr. Capital Assets (Stock - Pile) Account Cr. Capital Assets (stock - pile) Purchase Account	Contra Entry to Credit Item 2 of Capital Assets (stock-pile) Purchase Account	
Credit Items			
1. By Stores Account Transfer from Capital (Stock - Pile) to stock	Dr. Stores Acco unt Cr. Capital Assets (stock - pile) Account	Contra entry to debit item 8 of Store Account	
2. By Overhead Expenses Account Loss of Stock Pile items (not chargeable to production)	Dr. Overhead Expenses Account Cr. Capital Assets (stock - pile) Account	Contra entry to debit item 13 of Overhead Expenses Account	
3. By Balance Account:- Value of Stock Pile Items as on 31st March	Dr. Balance Account Cr. Capital Assets (stock - pile) Account	Balancing figure	
XXXI Cash Ledger A/C			
Debit Items 1. To Notional Cash A/c Cash in hand on 1st April	Dr Cash Ledger Account Cr. Notional Cash A/c	Closing Balance of Cash in Hand of Previous year to be reflected here	
2. To Notional Cash A/c Cash in hand on 31st March	Dr Cash Ledger Account Cr. Notional Cash A/c	Balance of Imprest money of the factory as on 31 March (to be ascertained from Fy.Mgt.) and balance of Imprest money of Accounts Office	
Credit Items			
1. By Notional Cash A/c Cash in hand on 1st April adjusted	Dr. Notional Cash A/c Cr. Cash Ledger Account	Debit Item 1 of the same account readjusted by this entry	
2. By Balance A/c	Dr. Balance A/c Cr. Cash Ledger Account	Closing Balance as on 31st March	
XXXII. Notional Cash Account **Debit Items** 1. To Cash Ledger A/C Cash in hand on 1st April adjusted	Dr Notional Cash Account Cr Cash Ledger A/C	Contra entry to Credit item 1 of cash ledger A/c	

2. To Sale of Unserviceable Stores A/C Recoveries made on account of sale of unserviceable stores.	Dr Notional Cash Account Cr Sale of Unserviceable Stores A/C	Contra entry to Credit item 3 of Sale of Unserviceable Stores A/C	
3. To Issue on Stores on Payment A/C Recoveries made during the year on a/c of stores issued on payment. A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police) (iv) PSU (v) Civil Trade (vi) Export	Dr Notional Cash Account Cr Issue on Stores on Payment A/C	Contra entry to Credit item 2 of Issue of Stores on Payment A/c	
4. To Misc. Credit A/C (a) Liquidated damages Recovered with no litigation. (b) Recovery of loss of Stores in-transit(cash) (c) Other Misc. Receipts	Dr Notional Cash Account Cr Misc. Credit A/C	Contra entry to Credit item 4 of Misc. Credit A/c	
5. To Overhead Expenses A/C (i) Sale proceeds and recoveries from machinery (ii) Sale proceeds and recoveries from Buildings items.	Dr Notional Cash Account Cr Overhead Expenses A/C	Contra entry to Credit item 8 of Overhead Expenses A/c	
6. To Sale A/C-IFD Value of issues to other factories as per prescribed rate (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD)	Dr Notional Cash Account Cr Sale A/C-IFD A/C	Contra entry to Credit item 1 of Sales A/C-IFD	

(iii) For post warranty product support			
7. To Store A/C Stores issued to other Fys from stock.	Dr Notional Cash Account Cr Store A/C	Contra entry to Credit item 8 of Store A/c	
8. To Sales (Defence) Receivable A/C Recoveries made during the year (A)Army (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Army) (iii) For post warranty product support (B)Navy (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Navy) (iii) For post warranty product support (C)Air Force (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to Air Force) (iii) For post warranty product support (D)Other Defence Departments. (i) Other than post warranty product support (ii) For post warranty product support	Dr Notional Cash Account Cr Sales A/C- Defence	Contra entry to Credit item 2 of Sales (Defence) Receivable A/C	
9. By Revenue Outlay A/C	Dr Notional Cash Account Cr Sales (Non-Defence) Receivable A/C	Contra entry to credit item 2 of Sales (Non-Defence) Receivable A/C	

Amount received on account of sales to Non-Defence reverted back to Govt. (A) Services rendered on payment I. Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT			

(C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			
10. By Revenue Outlay Account Amount received on account of sales to Non Defence reverted back to Govt. (A) Services rendered on payment Basic Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU Basic Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support	Dr Notional Cash Account Cr Sales (Non-Defence) Receivable A/C	Contra entry to credit item 3 of Sales (Non-Defence) Receivable A/C	

(b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) Basic Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support			
11. By Revenue Outlay A/C License Fees, Rates recovered from the occupants of own Fy. Reverted back to Govt. Electricity & water charges recovered from the occupants of own fy. Reverted back to Govt.	Dr Notional Cash Account Cr License Fees, Rates, Water & Electricity Charges Recoverable A/C	Contra entry to Credit item 1 of License Fees, Rates, Water & Electricity Charges Recoverable A/C	
12. By Revenue Outlay A/C (i)License Fees, Rates etc. recovered from the occupants other than own Fy. Reverted back. (ii) Electricity & water charges recovered from the occupants of other than own fy. Reverted back.	Dr Notional Cash Account Cr License Fees, Rates, Water & Electricity Charges Recoverable A/C	Contra entry to Credit item 5 of License Fees, Rates, Water & Electricity Charges Recoverable A/C	
13. By Revenue Outlay A/C Fresh Security Deposit lodged by parties during the year in cash reverted back.	Dr Notional Cash Account Cr Security Deposit A/C	Amount compiled to Deposit head 017/02	
14. By Revenue Outlay A/C Fresh Earnest money deposited by parties during the year in cash . LD recovered but kept as deposit due to litigation.	Dr Notional Cash Account Cr Earnest Money and Other Misc. Deposit A/C	(i) Amount intimated by Fy. Mgt. and data available at LAO. (ii) Amount compiled as receipt under code 017/05	

15. By Revenue Outlay A/C Advance/Deposit lying with Electricity and other authorities withdrawn and reverted back to Govt. i) Electricity ii) Others	Dr Notional Cash Account Cr Misc. Charges A/C	Contra entry to Credit item 2 of Misc. Charges A/C	
16. By Custom Duty A/C Payment made during the year (for stores purchase)	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 2 of Custom Duty A/C	
17. By Store Cash Purchase A/C Payment made for purchase of stores- Local Purchase Other than I T Items I T Items (ii) Central Purchase (a) Other than I T Items (b) I T Items (iii) Foreign Purchase (iv)Stores Purchased from Govt. Deptts (NMD) (v)Stores Purchased from Govt. Deptts (OMD)	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 2 of Stores Cash Purchase A/C	
18. By Stores Supplies by Other Factories A/C Stores dispatched by other factories i) From Production ii) From Stock	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 2 of Stores Supplied by Other Fys. A/C	
19. By Transportation Charges A/C Amount paid for movement of Stores By Rail (a) Inward Freight (b) Outward Freight (ii)By Civil Hired Transport Inward Freight Outward Freight (iii) By Air Lift (a) Inward Freight (b) Outward Freight (iv) By Sea (a) Inward Freight	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 1 of Transportation Charges A/C	

(b) Outward Freight			
20. By Miscellaneous Charges A/C Amount paid on account of repair and maintenance of Buildings, Roads etc. not chargeable to capital Works carried by MES Works carried out by Fy through Direct Contract. License Fees paid for hired Building Payment for Railway Siding Payment made for Water & Electricity For manufacturing purpose (A)Water (B)Electricity (v)Payment made for Water & Electricity For other than manufacturing purpose (A)Water (B)Electricity (vi)Fresh Advance/Deposit made to Electricity Authy Others (Gas, Water etc.) (vii) Payment made for maintenance of Machinery & Equipments (viii) Other Charges (Consultancy, CAD Analysis, Cost of technical Know-how etc.) incurred on in-house R&D	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 5 of Misc. Charges A/C	
21. By Overhead Expenses A/C Contingent Charges communications (i)Telephones ((ii)Others (b)Training (c) Office Equipment (d)Hospitals/Lab Equipments (i)Factory, Laboratory (ii)Hospital Laboratory (e)Consumables (f)Contract Labour (g)Departmental Canteen	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 10 of Overhead Exp A/C.	

(h)Technical Know-how (TOT) (i)Other Misc., Expenses (j) Royalty (k) Insurance (l) Printing & Stationary (m) Trade Charges (n) Rent, Rates & Taxes (o) Others (B) Govt. Contribution to NPS (C) Govt. Contribution to Provident Fund			
22. By Cash Ledger A/C Cash in hand on 31st March	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 2 of Cash Ledger A/C	
23. By Wages A/C a) Pay & Allowances of Pmt. and Tempora ry Establishment b) Labour charges incurred on In-house R&D and adjusted to Research Code by minus debit to IEs pay code. c) Labour charges incurred on Departmental Capital Works and adjusted to capital in Fin. Account by minus debit to IEs Pay Code 805/03. d) Labour charges incurred on Free warranty Services by minus debit to 805/03.	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 3 of Wages A/C	
24. By Traveling Expenses A/C Payment made for movement of personnel (i)Ty. Duty Moves (ii)Pmt. Duty Moves (iii)Foreign Travel (iv) Hired Transport charges	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 1 of Traveling Exp. A/C	
25. By Misc. Credit A/C Amount of Sales Tax paid back to Sales Tax Authority during the year Amount of Excise Duty paid back to Excise Duty Authority during the year	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 2 of Misc. Credit A/C	

26. By Security Deposit A/C Security Deposit refunded to parties brought in cash	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 3 of Security Deposit A/C	
27.By Earnest Money and other Misc. Deposit A/C Earnest money refunded/released to parties during the year in cash. Refund of LD due to Court Order	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 2 of Earnest Money & Other Misc. Deposit A/C	
28. By Sales (Non-Defence) Receivable A/C Advance received initially compiled under deposit code subsequently withdrawn consequent on issue of stores during the year (A) Services rendered on payment I. Price (i) MHA (93 Series) a. Other than post warranty product support b. For post warranty product support (ii) Foreign Govt. (84 Series) a. Other than post warranty product support b. For post warranty product support II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) a. Other than post warranty product support b. For post warranty product support (ii) State Govt/UT (83 Series)	Dr Notional Cash Account Cr Revenue Outlay A/C	Same as Debit Item 3 of Sales(Non Defence) receivable A/C	

a. Other than post warranty product support b. For post warranty product support (iii) PSU (94 Series) a. Other than post warranty product support b. For post warranty product support (iv) State Police incl. Police of UT (96 Series) a. Other than post warranty product support b. For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price i. Other than overhauling charges & post warranty product support ii. For overhauling charges (05 series – portion relevant to private indentors) iii. For post warranty product support II. Excise Duty III. Sales Tax/VAT			
29. By Capital Asset (Purchase) A/C (A)Expenditure by MES i. Carry Over Works ii. New Works iii. Land (B)Expenditure by Fy. i. Carry Over Works ii. New Works iii. Land	Dr Notional Cash Account Cr Capital Outlay A/C	Same as Debit Item 3 of Capital Assets Purchase A/C	

(C) Expenditure on Account of Machinery purchased from Overseas Countries. (D) Expenditure in India for machinery purchased through (i) Local Purchase a. New Capital b. Renewal & Replacement (ii) Central Purchase a. New Capital b. Renewal & Replacement (E)Purchase from Other Defence Deptts.(OMD & NMD) (F) Procurement from Sister Factories			
30. By Capital Asset (Stock-pile) Purchase A/C (a)Expenditure in India for items purchased locally. (b)Expenditure on account of procurement from Foreign Countries.	Dr Notional Cash Account Cr Capital Outlay A/C	Same As Debit Item 2 of Capital Assets (Stock-Pile) Purchase A/C	
Credit Items			
1. By Cash Ledger A/C Cash in hand on 1st April	Dr. Cash Ledger A/C Cr. Notional cash A/C	Contra Entry to Debit Item 1 of Cash Ledger A/C	
2. By Revenue Outlay A/C Recoveries made on account of sale of unserviceable stores reverted back to Govt.	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as Credit Item 3 of Sale of Unserviceable Stores A/C	
3. By Revenue Outlay A/C Recoveries made during the year on account of stores issued on payment reverted back to Govt. A) Defence (i) Army (ii) Navy (iii) Air Force (iv) ODD (B) Non Defence (i) MHA (ii) Central Govt. (iii) State Govt(incl. State Police)	Dr. Revenu e Outlay A/C Cr. Notional cash A/C	Same as Credit Item 2 of issue of Stores on Payment A/C	

(iv) PSU (v) Civil Trade (vi) Export			
4. By Revenue Outlay A/C Amount received back to Govt. Liquidates damage recovered with no litigation Recovery of loss of stores in transit(cash) Other misc. Receipts.	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as Credit item 4 of Misc.Credit A/C	
5. By Revenue Outlay A/C Sale proceeds and recoveries from machinery Sale proceeds and recoveries from Building items	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as credit Item 8 of Overhead Exp. A/C	
6. By Revenue Outlay A/C Amount of IFD issues from production reverted back to Govt. (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to IFD) (iii) For post warranty product support	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as Credit item 1 of Sales A/C - IFD	
7. By Revenue Outlay A/C Amount of IFD issues from stock reverted back to Govt.	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as Credit Item 8 of Store A/C	
8. By Revenue Outlay A/C Amount received on account of sales to Defence reverted back to Govt. (A)Army i. Other than overhauling charges & post warranty product support ii. For overhauling charges (05 series – portion relevant to Army) iii. For post warranty product support	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as credit item 2 of Sales (Defence) Receivable A/C	

(B)Navy i. Other than overhauling charges & post warranty product support ii. For overhauling charges (05 series – portion relevant to Navy) iii. For post warranty product support (C)Air Force i. Other than overhauling charges & post warranty product support ii. For overhauling charges (05 series – portion relevant to Air Force) iii. For post warranty product support (D)Other Defence Departments. i. Other than post warranty product support ii. For post warranty product support			
9. By Revenue Outlay A/C Amount received on account of sales to Non-Defence reverted back to Govt. (A) Services rendered on payment I. Price (i) MHA (93 Series) a. Other than post warranty product support b. For post warranty product support (ii) Foreign Govt. (84 Series) a. Other than post warranty product support b. For post warranty product support	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as Credit Item 2 of Sales (Non-Defence) receivable A/C	

II. Excise Duty III. Sales Tax/VAT (B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) a. Other than post warranty product support b. For post warranty product support (ii) State Govt/UT (83 Series) a. Other than post warranty product support b. For post warranty product support (iii) PSU (94 Series) a. Other than post warranty product support b. For post warranty product support (iv) State Police incl. Police of UT (96 Series) a. Other than post warranty product support b. For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price i. Other than overhauling charges & post warranty product support ii. For overhauling charges (05 series – portion relevant to private indentors) iii. For post warranty product support II. Excise Duty			

III. Sales Tax/VAT			
10. By Revenue Outlay Account Amount received on account of sales to Non Defence reverted back to Govt. (A) Services rendered on payment Basic Price (i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support (B) Civil Govt. Deptt- PSU Basic Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support (b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support (C) Private Indentors (80,81 series) Basic Price	Dr Revenue Outlay A/C Cr. Notional Cash A/C	Same as credit item 3 of Sales (Non Defence) Receivable A/C	

(i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support			
11. By Revenue Outlay A/C (i) License Fees, Rates recovered from the occupants of own Fy. Reverted back to Govt. (ii) Electricity & water charges recovered from the occupants of own fy. Reverted back to Govt.	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as credit item 1 of Lic Fees,Rates, Water& Electricity Charges recoverable A/C	
12. By Revenue Outlay A/C i. License Fees, Rates etc. recovered from the occupants other than own Fy. Reverted back. ii. Electricity & water charges recovered from the occupants of other than own fy. Reverted back.	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as credit item 5 of Lic.Fees,Rates, Water& Electricity Charges recoverable A/C	
13. By Revenue Outlay A/C Fresh Security Deposit lodged by parties during the year in cash reverted back.	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as credit item 3 of Security Deposit A/C	
14. By Revenue Outlay A/C (i) Fresh Earnest money deposited by parties during the year in cash . (ii) LD recovered but kept as deposit due to litigation.	Dr. Revenue Outlay A/C Cr. Notional ca sh A/C	Same as credit item 2 of Earnest Money & Other Misc. Deposit A/C	
15. By Revenue Outlay A/C Advance/Deposit lying with Electricity and other authorities withdrawn and reverted back to Govt. i) Electricity ii) Others	Dr. Revenue Outlay A/C Cr. Notional cash A/C	Same as credit item 2 of Misc. Charges A/C	

16. By Custom Duty A/C Payment made during the year (for stores purchase)	Dr. Custom Duty A/C Cr. Notional cash A/C	Contra Entry to Debit Item 2 of Custom Duty A/C	
17. By Store Cash Purchase A/C Payment made for purchase of stores- (i) Local Purchase (a) Other than I T Items (b) I T Items (ii) Central Purchase (a) Other than I T Items (b) I T Items (iii) Foreign Purchase (iv)Stores Purchased from Govt. Deptts (NMD) (v)Stores Purchased from Govt. Deptts (OMD)	Dr. Store Cash Purchase A/C Cr. Notional cash A/C	Contra entry to debit 2 of Store Cash Purchase A/C	
18. By Stores Supplies by Other Factories A/C Stores dispatched by other factories i) From Production ii) From Stock	Dr. Stores Supplies by Other Factories A/C Cr. Notional cash A/C	Contra Entry to debit item 2 of Stores Supplies by Other Factories A/C	
19. By Transportation Charges A/C Amount paid for movement of Stores (i) By Rail a. Inward Freight b. Outward Freight (ii)By Civil Hired Transport a. Inward Freight b. Outward Freight (iii) By Air Lift a. Inward Freight b. Outward Freight (iv) By Sea a. Inward Freight b. Outward Freight	Dr. Transport ation Charges A/C Cr. Notional Cash A/C	Contra Entry to Debit Item 1 of Transportation Charges A/C	
20. By Miscellaneous Charges A/C (i) Amount paid on account of repair and maintenance of Buildings,	Dr. Miscellaneous Charges A/C Cr. Notional Cash A/C	Contra entry to debit item 5 of Misc. Charges A/C	

Roads etc. not chargeable to capital a. Works carried by MES b. Works carried out by Fy through Direct Contract. (ii) License Fees paid for hired Building (iii) Payment for Railway Siding (iv) Payment made for Water & Electricity For manufacturing purpose (A)Water (B)Electricity (v)Payment made for Water & Electricity For other than manufacturing purpose (A)Water (B)Electricity (vi)Fresh Advance/Deposit made to A. Electricity Authy B. Others (Gas, Water etc.) (vii) Payment made for maintenance of Machinery & Equipments (viii) Other Charges (Consultancy, CAD Analysis, Cost of technical Know-how etc.) incurred on in-house R& D			
21. By Overhead Expenses A/C (A)Contingent Charges (a) communications i. Telephones ii. Others (b)Training (c) Office Equipment (d)Hospitals/Lab Equipments i. Factory, Laboratory ii. Hospital Laboratory (e)Consumables (f)Contract Labour (g)Departmental Canteen (h)Technical Know-how(TOT) (i)Other Misc., Expenses (j) Royalty	Dr. Overhead Expenses A/C Cr.Notional Cash A/C	Contra entry to debit item 10 of Overheas Exp A/C	

(k) Insurance (l) Printing & Stationary (m) Trade Charges (n) Rent, Rates & Taxes (o) Others (B) Govt. Contribution to NPS (C) Govt. Contribution to Provident Fund			
22. By Cash Ledger A/C Cash in hand on 31st March	Dr. Cash Ledger A/C Cr. Notional Cash A/C	Contra entry to debit item 2 of Cash ledger A/C	
23. By Wages A/C a) Pay & Allowances of Pmt. and Temporary Establishment b) Labour charges incurred on In-house R&D and adjusted to Research Code by minus debit to IEs pay code. c) Labour charges incurred on Departmental Capital Works and adjusted to capital in Fin. Account by minus debit to IEs Pay Code 805/03. d) Labour charges incurred on Free warranty Services by minus debit to 805/03.	Dr. Wages A/C Cr. Notional Cash A/C	Contra entry debit item 3 of Wages A/C	
24. By Traveling Expenses A/C Payment made for movement of personnel (i)Ty. Duty Moves (ii)Pmt. Duty Moves (iii)Foreign Travel (iv) Hired Transport charges	Dr. Traveling Expenses A/C Cr. Notional Cash A/C	Contra entry to debit item 1 of Traveling Exp. A/C	
25. By Misc. Credit A/C (i) Amount of Sales Tax paid back to Sales Tax Authority during the year (ii) Amount of Excise Duty paid back to Excise Duty Authority during the year	Dr. Misc. Credit A/C Cr. Notional Cash A/C	Contra entry to debit item 2 of Misc. credit A/C	
26. By Security Deposit A/C Security Deposit refunded to parties brought in cash	Dr. Security Deposit A/C Cr. Notional Cash A/C	Contra entry to debit item 3 of Security Deposit A/C	

27.By Earnest Money and other Misc. Deposit A/C (i) Earnest money refunded/released to parties during the year in cash. (ii) Refund of LD due to Court Order	Dr. Earnest Money and other Misc. Deposit A/C Cr. Notional Cash A/C	Contra entry to debit item 2 of Earnest Money and other Misc. Deposit A/C	
28. By Sales (Non-Defence) Receivable A/C Advance received initially compiled under deposit code subsequently withdrawn consequent on issue of stores during the year	Dr. Sales (Non-Defence) Receivable A/C Cr. Notional Cash A/C	Contra entry to debit item 3 of Sales (Non Defence) receivable A/C	
(A) Services rendered on payment I. Price			
(i) MHA (93 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) Foreign Govt. (84 Series) (a) Other than post warranty product support (b) For post warranty product support			
II. Excise Duty			
III. Sales Tax/VAT			
(B) Civil Govt. Deptt- PSU I. Price (i) Other Central Govt Deptt(82 Series) (a) Other than post warranty product support (b) For post warranty product support (ii) State Govt/UT (83 Series) (a) Other than post warranty product support (b) For post warranty product support (iii) PSU (94 Series) (a) Other than post warranty product support			

(b) For post warranty product support (iv) State Police incl. Police of UT (96 Series) (a) Other than post warranty product support (b) For post warranty product support II. Excise Duty III. Sales Tax/VAT (C) Private Indentors (80,81 series) I. Price (i) Other than overhauling charges & post warranty product support (ii) For overhauling charges (05 series – portion relevant to private indentors) (iii) For post warranty product support II. Excise Duty III. Sales Tax/VAT			
29. By Capital Asset (Purchase) A/C (A)Expenditure by MES (i)Carry Over Works (ii)New Works (iii)Land (B)Expenditure by Fy. (i)Carry Over Works (ii)New Works (iii)Land (C) Expenditure on Account of Machinery purchased from Overseas Countries. (D) Expenditure in India for machinery purchased through (i) Local Purchase a) New Capital b) Renewal & Replacement (ii) Central Purchase a) New Capital b) Renewal & Replacement (E)Purchase from Other Defence Deptts.(OMD & NMD)	Capital Assets Purchase A/C Cr. Notional Cash A/C	Contra entry to debit item 3 of Capital Assets Purchase A/C	

(F) Procurement from Sister Factories 30. By Capital Asset (Stock-pile) Purchase A/C (a)Expenditure in India for items purchased locally. (b)Expenditure on account of procurement from Foreign Countries.	Dr. Capital Asset (Stock-pile) Purchase A/C Cr. Notional Cash A/C	Contra entry to debit item 2 of Capital Asset (Stock-pile) Purchase A/C	
XXXIII. Preliminary Exp. A/C **Debit Items** 1. To Revenue Outlay Account:- Balance of Preliminary Expenses on 1st April 2. To Overhead Expenses Account:- Preliminary expenses incurred during the year	Dr. Preliminary Exp. A/C Cr. Revenue Outlay Account:- Dr. Preliminary Exp. A/C Cr. Overhead Expenses Account	Closing balance of previous year to be reflected here Contra entry to credit item 7 of Overhead Exp. A/C	
Credit Items 1. By Miscellaneous Charges account:- Amount of preliminary expenses charged off to current year's production 2. By Revenue Outlay Account:- (i) Preliminary expenses Charged / transferred to other factories. (ii) Unabsorbed preliminary expenses written off. 3. By Balance Account:- Preliminary expenses not charged off as on 31st March.	Dr. Miscellaneous Charges account Cr. Preliminary Exp. A/C Dr. Revenue Outlay Account Cr. Preliminary Exp. A/C Dr Balance Account Cr. Preliminary Exp. A/C	Contra entry to debit item 4 of Miscellaneous Charges account (i) Data available with LAO/Preliminary Exp. Register (ii) Sanction taken for Revenue(Capital) Outlay Closing Balance as on 31st March	
XXXIV. Deferred Revenue Expenditure A/C **Debit Items** 1. To Outstanding Asset Account Unabsorbed deferred revenue as on 1st April (i) Factory (ii) ODC	Dr. Deferred Revenue Expenditure A/C Cr. Outstanding Asset Account	Closing balance of previous year to be reflected here	

2. To Misc. Credit A/c Deferred Revenue Expenditure incurred during the year (i) Factory (ii) ODC	Dr. Deferred Revenue Expenditure A/C Cr. Misc. Credit A/C	Contra entry to credit item 3 of Misc. Credit A/C	
Credit Items 1. By Misc. Charges A/c Amount of deferred Revenue Charges off to current year's Production (i) Factory (ii) ODC 2. By Outstanding Asset A/c Deferred Revenue remaining unabsorbed as on 31st March (i) Factory (ii) ODC	 Dr. Misc. Charges A/c Cr. Deferred Revenue Exp. A/C Dr. Outstanding Asset A/c Cr. Deferred Revenue Exp. A/C	 Contra entry to debit item 6 of Misc. Charges A/C Balancing Figure	
XXXV. Security Deposit A/C **Debit Items** 1. To Misc. Credit A/C Amount of Security Deposit Lapsed/forfeited during the year 2. To Revenue Outlay A/C Security deposit refunded/ released to the parties during the year other than in cash. 3. To Notional Cash A/C Security deposit refunded to parties in cash 4. To Outstanding Liabilities A/C Security Deposit lodged by parties remaining unpaid till 31st March of the year (i) In Cash (ii) In Other form	 Dr. Security Deposit A/C Cr. Misc. Credit A/C Dr. Security Deposit A/C Cr. Revenue Outlay A/C Dr. Security Deposit A/C Cr. Notional Cash A/C Dr. Security Deposit A/C Cr. Outstanding Liabilities A/C	 Contra entry to credit item 5 of Misc. Credit A/C Data available with LAO/Security Deposit Register Amount released from Deposit head 017/02 Balancing figure. Figure should agree with Security Deposit Register	
Credit Items 1. By Outstanding Liabilities A/C Security Deposit Lodged by parties during previous year remaining unpaid till the end of previous year B/F	Dr. Outstanding Liabilities A/C Cr. Security Deposit A/C	Closing Balance of previous year to be reflected here	

(i) In Cash (ii) In Other form 2. By Notional Cash A/C Fresh Security Deposit lodged during the year in cash 3. By Revenue Outlay A/C Fresh Security Deposit lodged by parties other than in cash	 Dr. Notional Cash A/C Cr. Security Deposit A/C Dr. Revenue Outlay A/C Cr. Security Deposit A/C	 Amount compiled to Deposit Head 017/02 Security Deposit Register maintained by LAO	
XXXVI. Earnest Money and Other Misc. Deposit A/C **Debit Items** 1. To Misc. Credit A/C Earnest Money Deposit lapsed/forfeited during the year 2. To Notional Cash A/C Earnest Money Refunded/released to the parties during the year in cash Refund of LD due to Court Order etc. in cash 3. To Revenue Outlay A/C EMD Other than in cash released during the year. 4. To Outstanding Liabilities A/C Earnest Money Deposit remaining unpaid to parties till 31st March of the year (a) In cash (b) Other than in cash LD recovered but under Litigation till 31st March of the year.	 Dr. Earnest Money and Other Mis. Deposit A/C Cr.Misc Credit A/C Dr. Earnest Money and Other Mis. Deposit A/C Cr. Notional Cash A/C Dr. Earnest Money and Other Mis. Deposit A/C Cr. Revenue Outlay A/C Dr. Earnest Money and Other Mis. Deposit A/C Cr. Outstanding Liabilities A/C	 Contra entry to credit item 6 of Misc. Credit A/C (i) Amount intimated by Fy. Mgt. (ii) Amount released from deposit head 017/05 Amount intimated by Fy. Mgt. Balancing figure	
Credit Items 1. By Outstanding Liabilities A/C Earnest Money Deposit lodged by parties remaining unpaid till 31st March of previous year.	Dr. Outstanding Liabilities A/C Cr. Earnest Money and Other Mis. Deposit A/C	Closing balance of previous year to be reflected here	

In Cash Other than in Cash (ii) LD recovered but under litigation till 31st March of previous year.			
2. By Notional Cash A/C Fresh Earnest Money deposited by parties during the year in cash. LD recovered during the year but kept as deposit due to litigation	Dr. Notional Cash A/C Cr. Earnest Money and Other Mis. Deposit A/C	(i) Amount intimated by the Fy. Mgt. Records maintained by LAO (ii) Amount compiled to Deposit Head 017/05	
3. By Revenue Outlay A/C Fresh Earnest Money Deposited by the parties during the year other than in cash.	Dr. Revenue Outlay A/C Cr. Earnest Money and Other Mis. Deposit A/C	Amount intimated by Fy. Mgt.	

XXXVII. Outstanding Assets Account

1. The debit and credit entries in this account are contra entries to corresponding credit or debit entries in various other accounts.
2. The balance of this account (Credit item 15) will be carried over to the statement of assets and liabilities as outstanding assets.

XXXVIII. Outstanding Liabilities Account

1. The debit and credit entries in this account are contra entries to corresponding credit or debit entries in various other accounts.
2. The balance of this account (debit item 16) will be carried over to the statement of assets and liabilities as outstanding liabilities

XXXIX. Adjustment to Capital Outlay Account

1. All the debit and credit entries in this account are contra entries to corresponding credit or debit entries in adjustment to Revenue Outlay Account.
2. The balance of this account (Credit item 4 for excess of Dr adjustment than credit) or (Debit item 3 for excess of Cr adjustment than debit) will be carried over to Capital Outlay Account.

XXXX. Capital Outlay Account

1. All the debit and credit entries in this account are contra entries to corresponding credit or debit entries in various other accounts.
2. Debit item 10 is the balancing figure. This figure should agree with total fixed assets of Pro-forma Balance Sheet in. the Accounts of Commercial Format. In statement of Assets & Liabilities sum of balancing figure of Capital Outlay and Revenue Outlay Accounts will appear against Liabilities.

XXXXI. Adjustment to Revenue Outlay Account

1. All the debit and credit entries in this account are contra entries to corresponding credit or debit entries in adjustment to Capital Outlay Account.
2. The balance of this account (Credit item 3 for excess of Dr adjustment than credit) or (Debit item 4 for excess of Dr adjustment than credit) will be carried over to Revenue Outlay Account.

XXXXII. Revenue Outlay Account

1. Most of the debit and credit entries in this account are contra entries to corresponding credit or debit entries in various other accounts except following:
2. Debit item 41 is the balancing figure. Sum of balancing figure of this Account and Capital Outlay Account

XXXXIII. GM's Public Fund Account

It shows the balance of GM's Public Fund Accounts as on 31st March

XXXXIV. Balance Account

1. Debit side of this account represents "Assets" and credit side "Liabilities" of the statements of Assets and Liabilities.
2. Debit and credit items of this account will represent the closing balances of various accounts of the Principal Ledger.

Remarks:

1. Principal Ledger has so far been maintained by the Branch Accounts Offices with a view to effect reconciliation between Cost & Financial Accounts and to facilitate preparation of Consolidated Manufacturing Accounts. With the passage of time the approach towards maintenance of Accounts of Ordnance & Ordnance Equipment Factories has under-gone considerable changes. To reflect the true financial health of an organization, it is essential to prepare Accounts in commercial format. Therefore, in addition to preparation of the Annual Accounts comprising Production Account, Finished Stock Account, Store Account, Capital Account and Statement of Assets and Liabilities, preparation of Accounts in Commercial format viz. Proforma Manufacturing Account, Proforma Profit & Loss Account, Proforma Balance Sheet and relevant schedules (27 in number) is also essential. In order to generate the Annual Accounts of the Factories in the traditional as well as commercial formats a software package has been developed and circulated to all Factory's Accounts Offices vide P.C. of A (Fys), Kolkata letter No. EDP/21/Mission Excel IT dated 16.02.2006.

The package is named Principal Ledger Package. The salient feature of the package are as under:

1. All the transactions have been grouped based on their sources viz. CCO-2, PSA, Mfg. Statement 'A' , Mfg. Statement 'A', Cost Abstract, Asset & Liability Statement, Misc. and Adjustments.

2. To pass journal entries, user has to select appropriate group.

3. There are provisions for making correctness and deleting incorrect entries.

4. In certain ledger Accounts more than two journal entries are involved which are called Contra entries. The Contra entries are identified by the package automatically.

5. Principal Ledger, according to the prescribed formats, will be generated from the entries.

6. The ledgers can be viewed on screen or printed.

7. Help menu has been provided covering all the features.

The ledger accounts, 44 in number, have been assigned unique codes [e.g. “001” = CUSTOMS DUTY A/C, “002”= STORES CASH PURCHASE A/C and so on].

2. All the journal entries as identified for the purpose of preparation the three sets of Accounts have been captured with unique code assigned to each journal entry. At present there are 1316 journal entries. The Application uses these codes internally to generate the Accounts. These journal entries are central focal point from where all the Accounts and Statements are generated viz. 44 Ledger A/Cs, Annual Accounts & Commercial Account with Schedules.

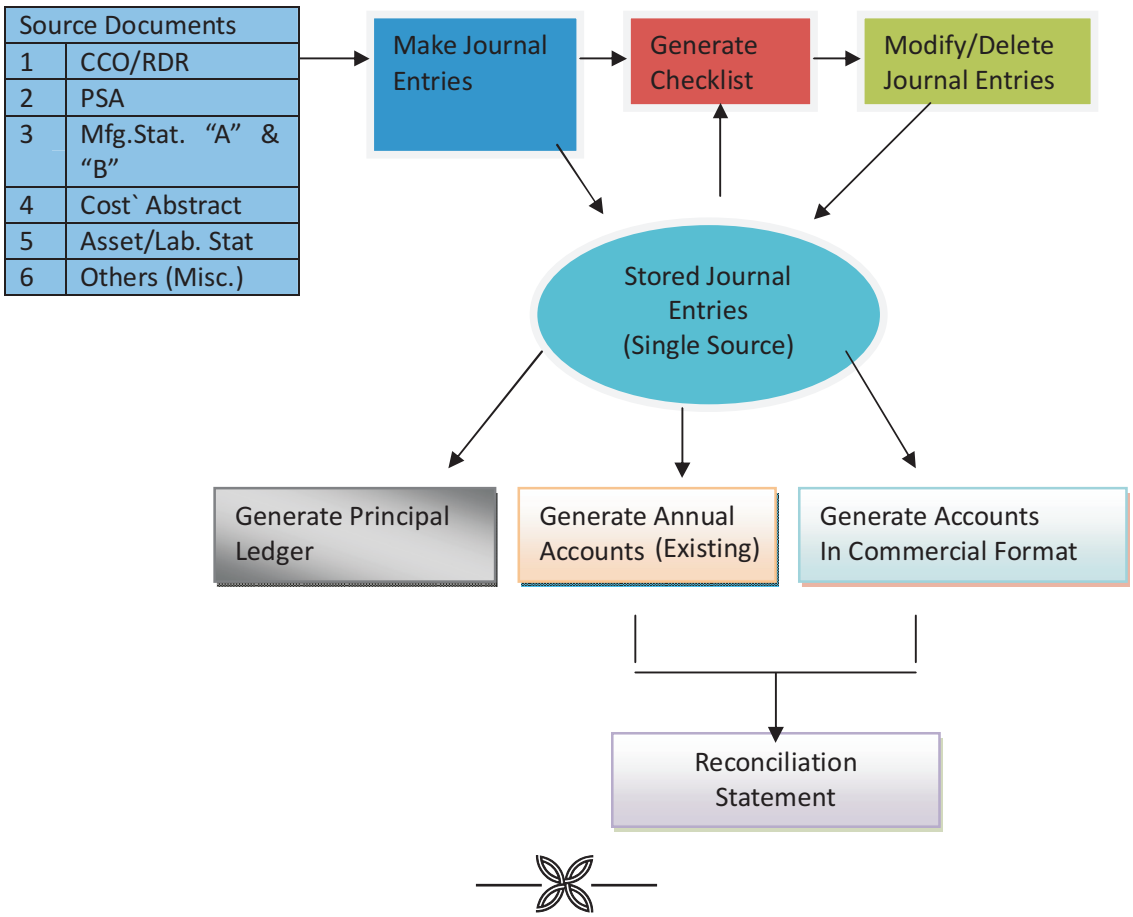
3. The Principal Ledger is the single source. Therefore once the Principal Ledger has been finally prepared, Annual Account can be generated easily from a single source i.e. the set of journal entries passed during the year.

4. Like the Annual Accounts, the Accounts in Commercial Format can also be generated from a single source i.e. the set of journal entries passed during the year.

Scope

- Record transactions through prescribed journal entries (Total 1316 entries)
- Generate Principal Ledger (There are 44 Accounts)
- Generate Annual Accounts viz.
  - Production Account
  - Stores Account
  - Finished Stock Account
  - Capital Assets Account
  - Statement of Assets & Liabilities
  - Details of Suspense Adjustments
- Generate Accounts in Commercial Format viz.
  - Proforma Manufacturing Account
  - Proforma Profit & Loss Account
  - Proforma Balance Sheet
  - Schedules to Consolidated Financial Statements (There are 27 Schedules)
  - Reconciliation Statement

SYSTEM / DATA FLOW DIAGRAM





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CHAPTER-XII

ANNUAL ACCOUNTS-METHOD OF COMPILATION AND SPECIAL FEATURES

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ANNUAL ACCOUNTS- METHOD OF COMPILATION AND SPECIAL FEATURES

846. The Annual Accounts of Factories which are compiled by the Branch Accounts Offices and consolidated by the Annual Accounts Section of the Principal Controller of Accounts (Factories) contain a large volume of information. Apart from the Review Chapter which contains a brief of all the important aspects connected with the production activities of the Ordnance/ Ordnance Equipments Factories, and graphical charts, the printed publications exhibits Production Account, Finished Stock Account, Statement of Assets and Liabilities, Store Account and Capital Account, separately for each factory and also the consolidated figure for each group of factories mentioned below as well as consolidated figure for all the factories. The Overhead Expenditure figure against each "Variable" and "Fixed" Overheads is similarly shown for each factory and for all the factories together. The Statement gives detailed information about "Charges kept out of Production" "Fixed/Variable Overhead charged to production" and "Under/Over absorbed Variable/Fixed Charges"

GROUP OF FACTORIES

I.	**Metallurgical Group (6 Factories)**	**II.**	**Engineering Group of Factories (21 Factories)**
	1. Ordnance Factory, Ambernath		7. M.T.P. Fy. Ambernath
	2. M&S Factory, Ishapore		8. Ordnance Factory, Ambajhari
	3. Ordnance Factory, Katni		9. Ordnance Factory, Bhusawal
	4. Ordnance Factory, Kanpur		10. Gun & Shell Factory, Cossipore
	5. Ordnance Factory, Muradnagar		11. Ordnance Factory, Dehradun
	6. Grey Iron Foundry, Jabalpur		12. Ordnance Factory, DumDum
			13. Rifle Factory, Ishapore
			14. G. C. Factory, Jabalpur
			15. Vehicle Factory, Jabalpur
			16. S. A. Factory, Kanpur
			17. Field Gun Factory, Kanpur
			18. Ordnance Factory, Tiruchirapalli
			19. H. V. Factory, Avadi
			20. O. F. Project Eddumailaram, Medak
			21. OPTO Electronic Factory Dehradun
			22. Engine Factory, Avadi
			23. Ordnance Factory Bolangir
			24. H. A. P. Project, Tiruchirapalli
			25. OF (P) Nalanda
			26. OF (P) Korwa
III.	**Filling Group of Factories (5 Factories)**	**IV.**	**Chemical Group of Factories (4 Factories)**
	27. Ordnance Factory, Chanda		32. Cordite Factory, Aruvankadu
	28. Ordnance Factory, Khamaria		33. Ordnance Factory, Bhandara
	29. Ammunition Factory, Kirkee		34. H. E. Factory, Kirkee
	30. Ordnance Factory, Varangaon		35. Ordnance Factory, Itarsi
	31. Ordnance Factory, Dehu Road		
V.	**Ordnance Equipment Group of Factories (6 Factories)**		
	36. Ordnance Clothing Factory, Avadi		
	37. Ordnance Cable Factory, Chandigarh		
	38. Ordnance Parachute Factory, Kanpur		
	39. Ordnance Equipment Factory, Kanpur		
	40. Ordnance Clothing Factory, Shahjahanpur		
	41. Ordnance Equipment Factory, Hazratpur		

847. BLANK

848. The cost of principal items of work done in each factory is exhibited with breakup of cost per unit between Direct Material (stores), Labour Expenses,Direct Expense, Variable Charges, Fixed Charges, Tool Charges, and Preliminary Expenses. Total Summary of Cost of Production between Principal Service Items, Principal Civil Trade Items, Other Items and Other Miscellaneous Items are also given for each factory. There are some additional statement showing the Comparative Cost of Production of articles manufactured in more than one Factory, losses sanctioned during the year and summary of Cost of Outturn.

Submission of various accounts

849. The "Annual Accounts" Section issues a detailed circular indicating the due dates of submission of various accounts as well as the Annexure and Certificates that should be enclosed with the accounts. To facilitate correct compilation, detailed drill for compilation of the figures against various items is also laid down. It should be ensured that the entries are properly posted in the Principal Ledger and agreement between the balances as per "Capital outlay Account", "Revenue outlay Account" and "Balance Account" secured before dispatch of the "Statement of Assets and Liabilities". The agreement of figures is effected as under. "Stores Accounts" in the Principal Ledger is closed before dispatch of Store Accounts. "Capital Assets Account" in the Principal Ledger should be closed before dispatch of Capital Assets Accounts. Before closing Production and Finished Stock Accounts, Wages Accounts, Supervision Charges Accounts, Overhead Expenses Account, Work in Progress Account, Sales (Defence) Receivable A/C, Sales A/C- (Defence), Sales (Non Defence) Receivable A/C, Sales A/C - (Non Defence), Sales A/C – IFD, Manufacture For Own Fy. Stock A/C, etc. should be closed. Finally the balancing of all items in the other account including (Capital Outlay) is done. The balance as per "Balance Accounts" must agree with the "Closing Balance" as per Capital Outlay Account & Revenue Outlay Account. This proves the arithmetical accuracy of the postings, Differences should be located. It is essential that the difference, if any, is located before dispatch of the various accounts as even small errors lead to major correction.

Closing of Annual Accounts

850. The Annual Accounts is closed 2-3 days after closing of financial Accounts i.e. March Supplementary Account corrections. Some reasons which leads to major variations resulting incorrect exhibition of figures are:-

(i) Belated closure and belated dispatch of warrants to Accounts Office. This is due to the fact that the instructions issued for prompt closing of warrants is not followed by the factories.

(ii) Arrears in posting and closing of cost cards due to delay in receipt of cost Tabulation paired copies of warrants belated documentation etc.

(iii) Adjustment based on actual cost become necessary in the following cases:-

(a) Production Issue Voucher relating to own factory production for stock purpose.
(b) Issue vouchers relating to components borne on Priced Production Ledger.
(c) Other Production Issue Voucher (other than Inter-factory Transaction).

These adjustments lead to adjustment to the following documents and finally lead to re-closing of cost cards.

(a) Receipt Vouchers prepared for bringing the manufactured stores on charge.
(b) Demand and Return Notes floated after the receipt under (a) above.
(c) Out-turn Vouchers for bringing components on charge of Priced Production Ledger.
(d) Demand and Return notes pertaining to components.

The closing of cost cards has to await the evaluation of semi statements where the warrants are in progress of the year end.

Reconciliation of Accounts

851. Before finalizing the accounts, agreement has to be secured between:-

(i) The closing value balance of stock as per "Stores Accounts" with the total of the extracted value balances as per Priced Stores Ledger as on 31st March.

(ii) The Cost of Production figure as per "Production Accounts" with the total as per closed cost cards, series wise.

(iii) Value of completed articles in hand as on 31st March with the value of components in hand as per Production Cards. The quantity balances are to be reconciled with the Statement made out by the factories.

(iv) Value of components in hand with the value balance as on 31st March as per folios in the Priced Production Ledger.

(v) Closing balance of Capital Account with Residual Values of Capital Assets under different heads as per entries in the Block Registers.

For incomplete services:-

Buildings/Machinery, similar agreement should be secured.

(vi) The figures in the Statement of Assets and Liabilities should agree with.

(a) the figures as on 31st March as per Balance Accounts.

DEBIT	**CREDIT**
To outstanding Liabilities at the beginning of the year	By Outstanding assets at the beginning of the year
To Stores/Machinery received during the year as per Priced Store Account/ Capital Assets Account	By amount paid during the year as per Cash Compilation.
To Outstanding Assets at the end of the year	By Outstanding liabilities at the end of the year

852. The wordings will be suitably modified in the case of "Payment Service", "Payment Issues", Licence Fees rates recoverable etc.

853. Details of the figures in support of the closing balance of "Outstanding Assets" and "Outstanding Liabilities" will be furnished by the concerned section along with the balance sheet.

Note: - 1. As detailed linking is done in the Linking Register, it is sufficient if the month in which the linking is done, is noted in the Register.

2. The time frame for submission of Annual Accounts is circulated every year by PCA(Fys) based on the dates framed by Head quarter office for closing of Financial Accounts.

Register of Outstanding Assets & Liabilities

854. In regard to "Payment Services" and "Payment Issues" the details of the amount due will be maintained party-wise in the following proforma.

Name of Party
Amount due
Year

No. and date of Issue Voucher	Amount	Cleared in.

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856. One detail Register for all items of Outstanding Assets and Liabilities as on 31st March of any year is to be maintained. This facilitates the location of errors which are detected long after the close of the accounts

857. In addition reference to Guard Files in which the vouchers pertaining to the Outstanding Assets and Liabilities are filed should be kept in the Register. The vouchers should not be destroyed till the transaction is finally linked. At the time of destruction of records, the register should invariably be consulted and vouchers that are shown thereon as unlinked should be preserved till linked.

858. The Register will contain Balance Sheet and details.

(a) Local purchase of Stores.
(b) Central Purchase of Stores.
(c) Receipts from Non-Military Departments.
(d) Receipt from Foreign Govt.
(e) Inter Factory Receipts.
(f) Local Purchase of Machines.
(g) Central Purchase of Machines.
(h) Foreign Purchase of Machines.
(i) Inter Factory Receipt of Machines.
(j) Payment Services.
(k) Payment Issues.
(l) Licence Fees Rates etc.
(m) Customs Duty-machines.
(n) Customs Duty-Stores.
(o) Stock Pile-Local Purchase.
(p) Stock Pile-central Purchase
(q) Stock Pile-Foreign Purchase.

859. The Principle Ledger Group should ensure safe custody of the Register. Selective review of items shown as Outstanding Assets/Outstanding Liabilities should be carried out by A.O. of concerned section to ensure the Balance Sheets represent true position and Assets/Liabilities are not inflated due to non-linking.

Contents of Printed Annual Accounts

860. The Review is in two parts. Part I contains an Executive Summary of Annual Accounts both in Traditional and Commercial Format as well as an analyses of salient features/trends emerging from the Accounts. The Part – II contains detailed analysis based on Traditional Accounts, which has been divided into nine segments viz. (1) Production, (2) Material/Inventory, (3) Labour/Manpower, (4) Overhead, (5) Issues/Surplus-deficit, (6) Budget, (7) Plant & Machinery, (8) Principal Items, (9) Project Appraisal.

Note1 : The Formats for Commercial Accounts was finalised by the committee formed under JS(OF) vide MOD ID No. 2(3)/2005/FAS/DP(Plg-III) Dated 10th January 2006. However, the formats are yet to be approved by C&AG.

Note 2 : Consequent on introduction of Commercial Accounts, format of Review has been changed with the objective that it depicts the salient features of the overall performance of the factories in an abridged manner highlighting all the important areas with charts, pie charts, graphs etc. so that it becomes true tool of MIS.

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Principal Items of Work done

863. Items to be included are selected by Finance Division of OFB in consultation with factories and concerned member.

Format for submission for Principal Items:

Sl. No.	Cat Part No./Vocab No./Catalogue No./Intend No./W.O. No./Description/ Nomenclature of Items		**Issue Price**	**Unit**	Qty. Mfg.	Total Cost	**COST PER UNIT**							
							Material	Labour	Direct Expenses	VOH	FOH	Tool Charge	Packing Cost	Total
		2010-11 Actual												
		Estimate												
		2011-12 Actual												
		Estimate												
		2012-13 Actual												
		Estimate												

864. Losses sanctioned during the year analyzed under various heading like over issue of pay/wages etc., losses due to theft, fraud etc., losses due to defective storage etc., is shown factory wise. Consolidated total is also furnished.

Analysis of Cost of Production

865. The cost of Production under different elements of cost is analyzed as :-

(i) Pertaining to the other Inter-Departmental Transaction.

(ii) Pertaining to Inter-Departmental Transaction (including Capital and Stock).

The total of (i) and (ii) will agree with the figure of Cost of Production as per Production Account.

Foot Notes

Production Accounts

(1) Expenditure under the following items as shown below.

Repairs and maintenance of:-

(a) Buildings

(b) Machinery

(2) Cost of Instruction to Artisans and Apprentices.

(3) Value of IFD Stores utilized in Cost of Production.

(4) Idle Time paid to Surplus Labour.

(5) Cost of components utilized in production.

Finished Stock Account

(a) Value of IFD stores utilized in Cost of Production.

(b) Value of Issues to other Factories for Civil Trade Order.

866. An alphabetical index of Principal Items of Work, Name of Factory and Page Number is given to facilitate easy reference; Progress of New Factories/Projects is given indicating the progress of work as against sanctioned amount and the capacity achieved.

867. In order to provide an in-depth pen-picture of the results of the compiled annual accounts before the concerned authorities, the system of reporting has been adequately changed and the detailed system of present review of accounts has been provided in Annexure 'AU' with live data for the year 2012-13.

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Submission of Annual Accounts to G.M

872. All the statements of Annual Accounts of the factory should be submitted to the G.M. for his approval. Accordingly the A.O. should close these accounts well in advance. By close studies the various accounts and comparing the performance with the previous years, the Accounts Officer will be able to present the salient features to the G.M. and ensure that the copy approved by the G.M. is sent in time to the "AA" section.

873. The intimation of certain figures by the Annual Accounts section depends on the timely receipt of the following data:-

(1) Statement indicating total expenditure on Direct Labour for any financial year. To be received by "AA" section on the date fixed in May. While compiling the production Account, it should be ensured that Debit Items 2 of Production Account agree with the Direct Labour intimated as above.

(2) Expenditure booked to Work Order 01/00027/00 and 01/00028/00 services for OFB/Services for Accounts Officer.

(a) Central Administration (Accounts)
Internal Check and Accounts separately 01/00027/00
Proportionate share for March paid in April is also shown

(b) Central Administration (factories) 01/00028/00 [Remarks at (a) above are applicable].

874. Allocation of charges on account of Productivity Linked Bonus paid to the employees of Principal Controller of Accounts (Factories) and O.F.B. Headquarters.

To be booked to work order:-
01/10027/00
01/10028/00

Percentage of Allocation of Training Expenses incurred by the various factories is furnished.

Notes of Compilation of Annual Accounts

875. (i) The Accounts and statements are to be prepared strictly showing all the heads as appearing in the printed book of Annual Accounts. In no case, unauthorized heads should be operated upon.

(ii) Neatly typed forms should be used to facilitate easy identification of figures against the heads to which they actually pertain.

(iii) In case where there is no figure against a particular head, these should be marked with (—) dash in a prominent manner.

876. The Cost of Production as shown in Production Accounts as well as Statements 10(a) and 10(b) are identical. It does not agree element-wise cost viz. Labour, Material, Expense and Overheads due to the following reasons.

Cost of Production is arrived at from various tabulation viz. Labour, Material, Overhead Abstracts under each series of out-turn orders, Statement 10(a) and 10(b) are prepared to reconcile the total out-turn shown under different heads in the Finished Stock Account. Variation is due to the fact that certain factories are working on except system and manufacture components under 40, 41 series work order. This departmental material when utilized in Production is shown as "Material" under class of cost 22. In the case of Production Accounts, the Direct Expenditure booked against these series (viz. 40, 41) is added with other outturn work order series for arriving at the cost of production.

877. Departmental Materials can be utilized against indirect series work order like 01/00018/00, 01/00039/00 etc. Then value of this Departmental Materials are transferred from class of cost 22 to 23, through a Transfer Voucher and shown as expenses in the Indirect Expenditure Statement. The Journal Entry is debit "Miscellaneous Charges Account" and credit "Work-in-Progress Account" (Cost of Departmental materials on indirect work orders).

Footnotes of Production Accounts

Item I : Repairs and Maintenance of :-

(a)	Buildings	Figures shown against work orders 01/00016/00 and 01/00017/00.
(b)	Machinery	Figures shown against work orders 01/00052/00, 02/00018/00 & 02/00024/00

Item II: Cost of Instructions to Artisans and Apprentices

Work order – 01/00010/00

– 01/00014/00

Item III : Value of IFD stores utilized in Cost of Production

Item IV : Idle time paid to surplus Labour

Work order 01/00010/00 - Only payment of idle time to Industrial Employees under notice of discharge, when their wages cannot be debited to Production Accounts (Note 8 against this work order n the Syllabus of Work Orders)

Item V : Cost of components utilized in production.

878. Annual Statement showing losses for the year ..... "AA" Form No. 5

A. Statement showing losses including book loses incurred during the year.....

(Particulars)

1. Over issue of pay and wages etc.

2. Claim abandoned (Claim against contractor for excess cost due to risk purchase).

3. Losses other than those pertaining to stock (Inventory, Medical stores, Capital etc.)

4. Loss of Stores due to:-
   - (a) Theft, Fraud etc.
   - (b) Deficiencies in actual balances not caused by Theft, Fraud etc.
   - (c) Deterioration due to defective storage.
   - (d) Revaluation of stock.
   - (e) Other causes (e.g. conditioning of stores not caused by defective storage, stores scraped due to obsolescence and charge in process of manufacture.

5. Loss of Stores-in-Transit
   (a) Loss Statement.
   (b) Expenses voucher.

6. Loss on sale of stores
   (a) Surplus.
   (b) Obsolete.
   (c) Waste and Scrap.
   (d) Abnormal Loss of Sale of Stores

879. The details regarding cost accounting credits and cost accounting debits are transferred to the previous chapter 'Reconciliation between Cost & Financial Accounts'.

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Annexure - AT

Extract of Hq office DO No. AT/III/11133/CA/06-07 Dated 14-8-2008 from Addl. CGDA (AT-II) to PCA (Fys)

Dear,

1. You are aware that despite the efforts of Ordnance Factory to take over the accounting function, Ministry has decided that the organization of CGDA would be responsible for preparation of Commercial Accounts of Ordnance Factories. We therefore, stand committed to generate commercial in a computerized environment, so as to provide accurate and reliable information to Ordnance Factories, C&AG and industry of Defence.

2. In order to implement the decision, the Principal Ledger has been revised and software has already been made in order to enable the Accounts Office to generate computerized Principal Ledger and Commercial Accounts in addition to Annual Accounts 2007-08 in existing format.

3. I understand from the ongoing trial run for the five factories from the various groups that not enough attention has been paid by the Accounts Offices to provide the reliable information and enough efforts have not been made by the Officers of PC of A (Fys) to supervise the work of generation of Commercial Accounts.

4. The practicability of the software has already been tested as computerized Principal Ledger and commercial accounts for MSF Ishapore had already been generated. Had the other factories paid attention for serious collection and accurate reflection of data, their accounts could also be generated in time. Since we have already stand committed in this direction, you would agree that lapse on the part of Accounts Offices under PC of A (Fys) would make the department come in poor light.

5. I would, therefore request you to make an all out effort in this direction by initiating this exercise comprehensively in all factories simultaneously. Accounts Offices should be provided necessary directions (and training if necessary) and told to come to PC of A (Fys) with the requisite reconciled data for generation of Principal Ledger and Commercial Accounts. For this purpose a calendar can be made and circulated to CFAs/AOs immediately. Meanwhile a software programme could be finalized for generation of Consolidated Commercial Account from Consolidated Principal Ledger.

6. HQrs office should be apprised of the progress in this direction and presentation be made for generation of Commercial Accounts as per the programme below:-

1. Five factories for which exercise is going on	By 30th August
2. Bolangir, Ambajhari Group, Kirkee Group and Jabalpur Group	By 15th September
3. Avadi Group including Medak and Bengal Group	By 30th September
4. Dehradun Group Including Muradnagar and Kanpur group	By 15th October

You are, therefore requested to make an action plan to adhere to above mentioned dates by making the CFAs and C of A in PC of A (Fys) personally responsible for this work. I would like Shri J. N. Das of your office send me weekly a demi-official letter giving me the pdc's and the progress on ground in adhering to PDCs.

Annexure - AU

Review of Annual Accounts for the year 2012-13

Introduction

1. The accounts of Ordnance Factories are prepared and consolidated by the Principal Controller of Accounts (Fys), Kolkata on formats prepared in consultation with the OFB and approved by the Comptroller and Auditor General of India (C&AG). The Accounts consist of following financial statements:

a) Production Account
b) Finished Stock Account
c) Statement of Assets & Liabilities
d) Store Account
e) Capital Asset Account

2. The Ordnance and Ordnance Equipment Factories are engaged in manufacture of 929 principal items, which cover 88% of gross value of production of the organization. The balance production is for other low value miscellaneous items.

3. The source data for preparation of Annual Accounts is the Principal Ledger, being maintained by the Branch Accounts Office attached with each Ordnance Factory. The formats are based on classical Standard Costing methodology.

4. The highlights of the Annual Accounts 2012-13 is depicted in the table below:

Table 1:

Sl No	ITEM	2011-12		2012-13		% Inc(+)/ Dec(-)
A. Cost of Production		**(₹ in crore)**			**(₹ in crore)**	
1	Gross Cost of Production		**15933**		**15972**	0
2	Cost of Intra-Departmental Production		4820		5229	8
	(i) Cost of IFD	4783		5178		8
	(ii) Cost of Own Fy. Stock & Capital	37		51		37
3	Net Cost of Production (1-2)		**11113**		**10744**	-3
B. Value of Issues						
	Total Value of Issues		**17273**		**17119**	-1

Sl No	ITEM	2011-12		2012-13		% Inc(+)/ Dec(-)
	i) IFD	4846		5096		5
	ii) Own Fy Stock & Capital	37		49		32
	DEFENCE SECTOR		10652		10180	-4
	iii) Army	10027		9609		-4
	iv) Navy	158		154		-2
	v) Air Force	276		279		1
	vi) ODD	192		138		-28
	NON DEFENCE SECTOR		1739		1794	3
	vii) MHA	826		831		1
	viii)Export:	46		15		-67
	ix)Other Central Deptt.	52		54		3
	x) State /UT	367		477		30
	xi) PSUs	60		30		-50
	xii)Pvt. Indentors	388		386		-1

Issues include Issues from Store also

C. Surplus(+)/Deficit(-) on Issues

	Net Surplus(+)/Deficit(-)		1126		938	-17
	i)IFD	239		97		-59
	DEFENCE SECTOR		569		559	-2
	ii) Army	529		553		4
	iii) Navy	14		-4		-128

Sl No	ITEM	2011-12		2012-13		% Inc(+)/ Dec(-)
	iv) Air Force	14		3		77
	v) ODD	11		7		-40
	NON DEFENCE SECTOR		318		282	-11
	vi) MHA	107		87		-19
	vii)Export	20		9		-55
	viii)Other Central Deptt.	18		-2		110
	ix) State /UT	31		44		43
	x) PSUs	-5		-1		-87
	xi)Pvt. Indentors	147		144		-2

D. Inventory

	Total Value of Inventory		9100		9809	8
1	Work-in-Progress	2552		2999		18
2	Closing Stock	5336		5604		5
3	Completed Article	92		150		63
4	Component	1119		1056		-6
E. Capital Assets						
	Total Value of Capital Assets		4521		4766	5
1	Building	1729		1848		7
2	Machinery	2760		2886		5
3	Other Items	32		32		0

Note: Figures have been rounded off to nearest crore.

Cost of Production

5. The Cost of Production (COP) and Value of Issues of all 39 factories are listed.

6. The 10 largest Factories in terms of Cost of Production during 2012-13 are listed in the following table along with comparative position in the previous year:

Table 2: ***(₹ in crore)***

Sl No.	Name of Factory	Cost of Production		% Increase (+)/Decline (-)
		2011-12	2012-13	
1.	Heavy Vehicle Factory Avadi	2558	2104	-18
2.	Vehicle Factory Jabalpur	1434	1281	-11
3.	OF Chanda	1321	1264	-4
4.	OF Khamaria	1183	1194	1
5.	Ammunition Factory Kirkee	788	813	3
6.	OF Ambajhari	614	684	11
7.	OF Bolangir	606	623	3
8.	OF Medak	533	573	8
9.	OF Ambernath	436	524	20
10.	OF Kanpur	442	500	13
	Total	9915	9561	**-4**

7. The Cost of Production (COP) for 2012-13 at ₹ 15,972 crore has shown a marginal increase of ₹ 39 crore i.e. 0.24% over the previous year. The number of Principal Items produced in 2012-13 has increased to 929 nos. from 903 nos. in 2011-12.

8. Major increase in COP has been in OCFC (₹ 20 Cr, 78%), OEFC (₹ 104 Cr, 36%), MTPF (₹ 33 Cr, 32%), MSF (₹ 67 Cr, 25%). Increase in COP of OLF is on account of increase in production of P-900 CQC from 120 nos. with cost of ₹ 0.45 cr produced in 2011-12 to 880 nos. with cost of ₹ 6 cr in 2012-13.

9. Major decline in COP over previous year has been in GCF (₹ 108 cr, 21%), HVF (₹ 455 cr, 18%), HEF (₹ 26 cr, 16%), VFJ (₹ 152 cr, 11%). Decline in COP of GCF is mainly due to reduction in the production of Box M-23A/L from 17046 nos with cost of ₹ 5.77 cr in 2011-12 to 597 with cost of ₹ 0.21 cr in 2012-13.

10. The Net Cost of production (excluding IFD) in 2012-13 consists of Material – 73%, Labour – 7%, Direct Expense – 0.4 % and Overheads – 19.6%. The 5 year trend in element –wise net COP is shown in the table below:

Table No. 3 **(₹ in crore)**

	2008-09	2009-10	2010-11	2011-12	2012-13
Material	5128	6224	7273	8157	7652
As % of COP	73	74	73	73	71
Labour	416	535	727	816	882
As % of COP	6	6	7	7	8
Overhead	1441	1575	1965	2102	2139
As % of COP	20.8	19.7	19.6	19.7	19
Expense	13	23	38	38	71
As % of COP	0.2	0.3	0.4	0.3	1
Total	6998	8357	10003	11113	10744

11. The five major items constituting 19% of the total Cost of Production and the Ordnance Factories manufacturing these items are:

Table: 4

Sl No.	Item	Factory	Cost of Production (₹ in crore)
1	T-90 S TANK IND	HVF Avadi	1316.19
2	STALLION MK-III WITH BODY	VF Jabalpur	504.16
3	LPTA 713/32 WITH BODY	VF Jabalpur	453.69
4	RD 130 MM IFG RVC	OF Chanda	405.95
5	RD.84 MM HEAT 551 INDG	OF Khamaria	378.61
	Total		**3058.60**

Overheads

12. The table below shows the value of overheads for last five years:

Table No. 5 **(₹ in crore)**

	2008-09	2009-10	2010-11	2011-12	2012-13
Fixed Overhead (FOH)	2050	2565	2749	3146	3335
As % of COP	19	22	20	20	21
Variable Overhead (VOH)	1130	1048	1099	1068	1058
As % of COP	11	9	8	7	7
Total	3180	3613	3848	4393	4214

13. The five factories having the highest percentage of overheads in comparison to the total Cost of Production (COP) of the factory in 2012-13 are OFD (61.4%), RFI (59.3%), OFM (58.1%), OFBA (53.8%), & SAF (53.6%).

14. The five factories having the lowest percentage of overheads in comparison to the total Cost of Production (COP) of the factory in 2012-13 are OFCH (9.7%), VFJ (11.6%), HVF (15.6%), OLF (16.9%) & OFBL (17.0%),.

Value of Issues (Sales)

15. Value of Issues to all indentors in 2012-13 has declined by ₹ 154 crore i.e. by 1% over 2011-12. This is generally due to decline in the volume of issues as well as issue price of the major principal items. However, one of the major items viz. T-90 S Tank has shown an increase in the number of vehicles issued from 30 to 75 but the issue price remain unaltered from 2011-12. The position in respect of the five major items is as under:

Table No. 6 (₹ in lakh)

Sl No.	Items	2011-12			2012-13		
		No. Issued	Unit Issue price	Total value of Issue	No. Issued	Unit Issue price	Total value of Issue
1	T-90 S TANK IND	30	1840.2	55206.0	75	1840.2	138015.0
2	LPTA 713/32 WITH BODY	3000	19.33	57990.0	2586	20.06	51875.2
3	STALLION MK-III WITH BODY	2763	26.03	71915.4	2174	26.68	58002.3
4	RD 130 MM IFG RVC	101613	0.41	41661.3	99508	0.44	44104.9
5	RD.84 MM HEAT 551 INDG	47000	0.90	42300.0	42600	0.90	38340.0
Total				**269072.7**			**330337.2**
				Say ₹ 2691 crore			**Say ₹ 3303 crore**

16. Indentor-wise break-up of the issues over last two years (excluding IFD issues) is shown below.

Table No. 7 (₹ in crore)

	2011-12	2012-13
Army	10027	9609
Navy	158	154
Air Force	275	279
ODD	192	138
MHA	826	831
Export	46	15
Other Central Department	52	54
State /Union Territories	367	477
Public Sector Undertakings	60	30
Private Indentors	388	387
Total	**12391**	**11974**

Surplus

17. Net surplus on issues to indentors is worked out as total surplus minus total deficit incurred by the 39 Ordnance Factories. Net surplus excluding IFD was ₹ 840 crore in 2012-13 as against surplus earned of ₹ 887 crore in 2011-12 i.e. a decline of 5%. The five major surplus earning items and factories manufacturing them are as under:

Table No. 8 (₹ in lakh)

Item	Factory	Cost of Production per unit	Quantity Issued	Value of Issue per unit	Value of Surplus per unit	Total surplus
STALLION MK-III WITH BODY	VF Jabalpur	23.19	2174	26.68	3.49 *(15%)*	7587.26
LPTA 713/32 with body	VF Jabalpur	17.54	2586	20.06	2.52 *(14%)*	6516.72
OVERHAUL OF AJEYA TANK	HVF Avadi	384.27	81	451.37	67.10 *(17%)*	5435.10
MPV (ARMY)	VF Jabalpur	91.19	200	110.00	18.81 *(21%)*	3762.00
BOMB 51 MM HE2A *(per 100 nos)*	AF Kirkee	2.13 *(₹ 2126)*	365267	3.12 *(₹ 3120)*	0.99 *(47%)*	3616.14
Total						**26917.22**
						Say ₹ 269 crore

18. OFB has earned a surplus in each of the last five years. The surplus/deficit in respect of issues to indentors (excluding IFD) is depicted in the table below:

Table No. 9

	2008-09	2009-10	2010-11	2011-12	2012-13
OFB Surplus/Deficit (-) in ₹ crore (excluding IFD)	156	353	935	887	840
Surplus/Deficit (-) as percentage of issues (excluding IFD)	2%	4%	8%	7%	7%

19. The surplus/deficit in respect of IFD issues is depicted in the table below:

Table No. 10

	2008-09	2009-10	2010-11	2011-12	2012-13
OFB Surplus/Deficit (-) in ₹ crore	142	125	237	239	97
Surplus/Deficit (-) as percentage of IFD issues	4%	4%	6%	5%	2%

20. While there has been an overall surplus in each of the last 5 years, the OEF Group of Factories has been consistently incurring a deficit since 2007-08 as depicted below:

Table No. 11

	2008-09	2009-10	2010-11	2011-12	2012-13
OEF Group Deficit (-)/Surplus in ₹ crore	-21	-73	-60	-72	-8
Deficit (-)/Surplus as percentage of issues	(-) 3%	(-) 12%	(-) 8%	(-) 8%	(-) 1%

21. Indentor–wise surplus as percentage of issues to the indentor concerned is elaborated in the table below:

Table No. 12

	2008-09	2009-10	2010-11	2011-12	2012-13
Army	0.2	2.3	7.4	5.3	5.8
Navy	1.9	5.0	3.4	8.9	-2.6
Air Force	-8.6	-7.9	1.7	5.1	1.2
Other Defence Department	-3.6	5.1	2.7	5.7	4.8
MHA	9.0	11.1	9.5	13.0	10.5
Export	20.7	37.0	35.5	43.5	60.4
Other Indentors	2.0	4.7	6.8	9.2	7.4
Pvt. Indentors	34.5	34.9	38.5	37.2	37.3
IFD	3.9	3.5	5.7	4.9	1.9

22. The trend of surplus in respect of the largest customer, Army has been as under:

Table No. 13

	2008-09	2009-10	2010-11	2011-12	2012-13
Surplus/Deficit (-) from Issues to Army in ₹ crore	10	160	680	529	553
Surplus/Deficit (-)as percentage of Total issues to Army	0.2%	2.3%	7.4%	5.3%	5.8%

23. Major surplus earning Factories are: VFJ (₹ 281 cr), HVF (₹ 91 cr), OFCH (₹ 79 cr), AFK (₹ 56 cr), GCF (₹ 21 cr). Major surplus earning items in these factories are: Stallion MK – III with body (VFJ), Overhauling of Ajeya Tank (HVF), RD 130 mm IFG RVC (OFCH), Bomb 51 mm HE 2A (A FK), KAVACH MODIFIED Gen Assy. of LFG&CES Items (GCF).

24. Major deficit incurring Factories are: OCFS (₹ 40 cr), SAF (₹ 10 cr), and OFPM (₹ 5 cr). Major items contributing deficit in these factories are: Blanket Barrack Natural Grey Type -A (OCFS), Rifle 5.56 MM (SAF), Overhauling of Mechanised Infantry Combat Vehicle (OFPM).

25. One of the main reasons for such periodic fluctuation in surplus /deficit is the gap between the issue price of major items of production and the actual cost of production. A mid-term correction on issue price is necessary for items which contribute significantly to the rising surplus.

Inventories

26. Value of inventory has increased by ₹ 709 crore i.e. by 8% over the previous year. Inventory as on 31-3-2013 as percentage of Cost of Production for 2012-13 is 61%. Element-wise break-up of inventory has been as under:

Table No. 14 (₹ in crore)

	2010-11	**2011-12**	**2012-13**
Work-in-progress (WIP)	2297	2552	2999
Store-in-hand	5177	5336	5604
Finished Article	113	93	150
Finished Component	1102	1119	1056
Total	**8689**	**9100**	**9809**

In terms of value, closing stock (Store-in-hand) increased by 5%, WIP by 18%, Finished Articles increased by 63 % and Finished components has declined by 6% compared to 2011-12. The closing stock is ₹ 5604 crore which comes to 57% of the inventory value held which is very high.

27. Status of holding of inventory in terms of no. of days of consumption has been as below:

Table No. 15

	2010-11	**2011-12**	**2012-13**
Store-in-hand	199 days	178 days	187 days
Work-in-progress	60 days	58 days	69 days
Finished Article	3 days	2 days	3 days
Finished Component	65 days	62 days	59 days

Note:
The formulae used for calculating the holding in terms of no. of days are:
(i) Store-in-hand = Closing Stock/ Consumption per day (Demand Note – Return Note = Consumption)
(ii) Work-in-progress = WIP (as on 31st March)/ Production per day
(iii) Finished Article = Holding of finished stock (as on 31st March)/ Issues per day
(iv) Finished Component = Holding of finished component (as on 31st March)/ Consumption of components per day

28. Store-in-hand consists of Active stores, Slow Moving stores, Non-Moving stores, Maintenance stores, Surplus stores, Scrap, Waste & Obsolete stores. Non -moving stock as percentage of closing stock as on 31-3-2013 is 10%. Non – moving stores amount to infructuous investment and result in avoidable increase in overhead expenditure. The five year trend of Non Moving, Surplus, Scrap, Waste & Obsolet e stores vis-à-vis closing stock is given below:

Table No. 16 (₹ in crore)

Year	Non Moving Stores	Slow Moving Stores	Surplus, Scrap, Waste & Obsolete Stores	Closing Stock	% of Non Moving, Slow Moving Stores, Surplus, Scrap, Waste & Obsolete Stores in closing stock
2008-09	321	288	95	3130	22%
2009-10	297	507	103	3712	24%
2010-11	346	574	88	5177	19%
2011-12	507	476	79	5336	20%
2012-13	552	459	60	5604	19%

Stores-in-transit

29. Stores-in-transit are stores which are issued by one factory for consumption in a sister factory but not taken on charge by the receiving factory. Value of Stores -in-Transit (SIT) between Factories increased from ₹ 538 crore in 2011-12 to ₹ 682 crore in 2012-13. The SIT in 2012-13 is 13% of the total value of IFD production and 4% of the total cost of production. If converted into period terms, it means that almost 16 days production is floating around in the form of stores in transit and contributing to increase in overall cost of production. The trend of SIT as percentage of IFD production over last five years is as under:

Table No. 17 (₹ in crore)

Year	IFD Production	SIT	SIT as % of IFD
08-09	3677	519	14%
09-10	3461	687	20%
10-11	4009	668	17%
11-12	4820	538	11%
12-13	5229	682	13%



Controller of Finance & Accounts (Fys.),
Account Office, Opto-Electronics Factory
Raipur, Dehradun - 248008

CHAPTER-XIII

MISCELLANEOUS

PART-I

Report to various levels of Management

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MISCELLANEOUS ITEMS

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PART-I

Reports to Various Levels of Management

886. The various cost reports and management information furnished by the Accounts Office and the Principal Controller of Accounts (Fys) to the Factories and OFB are shown at Annexure to the respective Chapters. Apart from these regular reports, the Accounts Offices functioning in the Factories furnish data relating to specific aspects as and when required by the Factory Management. The Accounts Office also renders progress reports in regard to the state of work in Labour, Material Costing Section as well as flow of documents. The CFA (Fys) of different Groups of Factories furnish "Monthly Progress Report"to the Principal Controller of Accounts (Fys) on the status of work in the Accounts Offices under their group.

887. Based on the recommendation of the Cost Committee, copies of the following reports are furnished to the General Manager: -

(i) Drafts Unusual Features Report.

(ii) Monthly Priced Store Accounts to enable the General Manager to know the value of materials received from different sources and the :value of materials issued for different purposes asper Compiled Figures by the middle of the month following.

(iii) "H" Form 9 showing expenditure on a monthly basis section-wise prepared from wages sheets service-wise.

(iv) "H" Form 10 showing Material Expenditure on a monthly basis work order service-wise.

888. From the above reports, the factory is able to obtain information regarding Direct Labour Expenditure and Material Expenditure in each shop.

889. The Accounts Offices also prepare a Quarterly Cost and Financial Review Report as per the format circulated vide PCA (Fys) Kolkata letter No. AA/QFR/670/X dated 18.01.2013 on status of Inventory, Manpower and other Cost and Financial parameters in the Factories under the group. This report is rendered by the Accounts Offices and is consolidated by the respective Group Controllers and forwarded to the P C of A (Fys) by 20th of the month following the quarter to enable the P C of A (Fys) Kolkata to carry out necessary check on the report and submit a consolidated report thereon to the Ord. Fy. Board, Kolkata.

890. The Report is compiled from the information received from the factories and mechanical tabulations. If there is any delay in getting the tabulation, action to work out the figures manually should be taken so as to ensure the rendition of the statement by due date.

Note: - (i) Number of Men on Indirect/Direct Work may be calculated as follows:-

$$\frac{\text{Total Man Hours worked per month}}{8 \times \text{No. of working days}}$$

(ii) Number of Direct and Indirect. Labour utilized on Civil Trade.

891. The figures in respect of Direct Labour Charges incurred during the month in respect of Civil Trade Work should be obtained from the Local Accounts Office. This divided by the average payment to

the workmen during the month will give the number of man employed as Direct Labour on Civil Trade Work.

892. Indirect Labour employed on Civil Trade Work may be obtained by mult iplying the Direct Labour by the ratio of Direct to Indirect Labour.

893 to 895. Blank.

Consolidated Monthly Summary of Expenditure under Important Heads (All Factories)

896. The E.D.P. Section renders to the Ordnance Factory Board by the 25th of the fo llowing month the expenditure for a particular month as well as the "Progressive Expenditure" upto the end of the mont h under the following heads : --

Sl. No.	Particulars	Month and year	Expenditure upto	Current Expenditure	Cumulative Expenditure including current month
1.	Pay and Allowances (805/01 to 805/11, 808/01 to 808/04)				
2.	Stores – LP (806/01) Stores Transfer from Stock Pile (806/02) Foreign Purchase (GM's power) (806/04) Central Purchase (806/06) From Army/Navy/AF/Other Deptts (806/08) Sale Proceeds of Scrap & Waste (806/11) Transfer to Stock Pile (806/12) Transfer to Capital for P&M (MTPF) (806/14) CKD/SKD - Advance Payment (806/15) IT Hardware/Consumables (806/20) to (806/29)				
3.	Customs Duty (806/10)				
4.	Transportation Charges (808/05 to 808/08)				
5.	Miscellaneous (810/01 to 810/16) (807/01&02)				
6.	Factory works Revenue (809/01, 809/02, 809/06, 809/07				
	Grand Total (Serial No. 1 to 6)				
	Capital Heads				
1.	Plant and Machinery (922/31,				

Sl. No.	Particulars	Month and year	Expenditure upto	Current Expenditure	Cumulative Expenditure including current month
	32, 33, 34, 35 & 36)				
2.	Factory Works Capital (920/31, 32, 33, 34, 36 & 37)				
3.	Stock Pile (925/31, 32)				
	Total				

897 to 906 Blank

PART-II
OTHER MISCELLANEOUS ITEMS

Rent Roll

907. Any employee desirous of occupying quarters in the estate will apply to the G.M. of the factory or any other officer specially deputed by him, who will arrange for the maintenance of a register to be known as "Rent Roll" which will show the block number of each set of quarters in the lines and the name of occupant. Before quarters are allotted, the applicant will be given to understand that the amount due from him on account of licence fee will be deducted from the next pay due to him.

In the event of an occupant of quarters being discharged from the factory, the officer entrusted with the work will at once arrange for vacation of quarter.

Note- Licence fee will be a first charge on pay taking precedence over fines for absence or other causes.

The cost of water and electricity supplied by the Factory/MES will be recovered according to the monthly consumption statement/ Returns of recoveries received from the Factory/ MES. The supplies share of Municipal Taxes will also be recovered.

908. When quarters are allotted to an employee, his name, number, designation, rate of pay and the amount of licence fee to be recovered are to be entered in the "Rent Roll". The "Rent Roll" which is maintained in progressive monthly volume, will be completed at the end of each month. This will be verified by the officer entrusted with the work who will arrange for an inspection of the lines and for verification of the entries in the Rent Roll, with the number of quarters actually occupied. After verification and certification by the officer concerned, the rolls will be sent to the cashier who will check the amounts to be recovered and enter them in the acquaintance rolls. The amount of licence fee due from occupants will thus be recovered by deduction in the acquaintance rolls and adjusted through the Disbursement Certificates (I.A.F.O. 1929) where, however, this procedure is not convenient, the amount of licence fee may be recovered in cash from the occupants and paid into the treasury monthly through Military Receivable Order (MRO) a copy of which should be forwarded to the Accounts Officer. The rent rolls and the consumers ledger for electricity and water will be audited quarterly by the Accounts Office.

Conservancy Charges

908A. All occupants of factory quarter other than those who are exempted, shall pay conservancy charges as per rates laid down by Ministry of Defence, from time to time.

Licence Fee Bills

909. The General Manager will render to Accounts Office, Occupation Return in respect of Type IV quarters and above in Factory Estate. The Revenue Ledger (I.A.F.W. 2240) which contains a progressive record of revenue due and recovered per quarter will be maintained by the Accounts Officer.

The Occupation Return will on receipt, be posted in the Revenue Ledger. The Accounts Officer will prepare monthly from the Revenue Ledger, Licence Fee Bills in respect of the quarters borne on the Revenue Ledger showing licence fee and other charges like conservancy, electricity, water etc. charged. Copies of all Licence Fee Bills will be furnished to the respective Gazetted Officers, Heads of Establishment in respect of Non-Gazetted staff and their Pay Audit Officers. The bills will be prepared in triplicate separately for the different formations. One copy will be forwarded to the formations which will affect the recovery through the pay bills under preparation with reference to Licence Fee Bills and enclose the original copy with the pay bills while forwarding the Pay Bills for payment. The respective Accounts Office will verify the recoveries effected by the Factory from the bill. The Revenue Ledger will be posted there from and each item of recovery will be attested under the dated initials of the Section Officer concerned. If the amount billed for agrees with the amount recovered, the number and date of the memo intimating the recovery need only be noted in the Revenue Ledger. The ledger will be examined by the Accounts Officer once in a month.

Note - Licence Fee Bills for quarters Type-I to Type-III will be prepared by the Ordnance Factories and for Type-IV and above by the Accounts Officer concerned.

Rent Assessment Ledger

909A. The rent assessment ledger will be maintained to record the assessed rent of the accommodation, internal electrical installation and furniture in respect of each building which is rentable, whether Government owned, hired, leased or appropriated. Entries must be made in it whenever additions or alterations necessitate revised assessment in rentals. The assessment of rent noted in the ledger will be checked with reference to any change in the capital value of the buildings etc, as per Register of building maintained by Factory vide Para 778 ante and the revised assessment duly approved by the factory authorities will be noted under the dated initial of Accounts Officer, who will also record in the ledger annually a certificate to the effect that the ledger has been compared with the register of buildings and that the rents of buildings have, in all cases revised, where necessary.

910. The Chief Internal Auditor through the local Internal Audit Cells functioning in the various groups of factories is responsible for the Local Audit and inspection over the books of accounts maintained by the Factories under the Ordnance Factory Board and the O.F.B. Headquarters. The Chief Internal Auditor functions independently of the Accounts set up and reports directly to Addl. CGDA (Audit) in the CGDA office. The authority to audit is derived from Audit Code and Ministry of Defence letter 1(28)/2005/D (Prod) dt. 11.08.2005 and 3(5)/2007/IF (DP.I) dated 21.07.2009. The Internal Audit reports are submitted to the OFB and the CGDA office. The CGDA's office compiles them into Half-yearly reports and sends them to Secretary Defence/Finance.

911. Internal Audit cells are attached to the Accounts Office of a Factory/Group of Factories to carry out the function of the local audit/internal audit. Internal audit officer is posted to review the local audit activities of the Ordnance and Ordnance equipment Factories. Audit of all DGQA Units/Formations co-located and not co-located (i.e. units at Kolkata/outside Kolkata) with the Ordnance Factories are being conducted by the Inter Audit Cells, functioning under CIA (Fys) Kolkata, in the respective groups of factories.

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(Auth: Part-I Office Order No. AN-01 dated 31.01.2012)

912. The periodical local audit and inspection over the books of accounts maintained by the factory should be conducted on the general principles as laid down in ALAM Part I and Part II and with special reference to the instructions issued on the subject from time to time by the C.G.D.A. and the CIA(Fys), Kolkata. The work should be evenly spread over each month of the year cycles. Irregularities that cannot be settled on the spot should be referred to the management through objection statements. Audit report on the inspection and Audit carried out will be submitted by the Chief Internal Auditor to the Member (Finance) of O.F. Board. Special important and serious points, if any, coming to light as a result of local audit and inspection should be specifically brought to the notice of the sections concerned of the main office of CIA (Fys), Kolkata

List of Local Audit Items

913-A. A list of items over which local audit is to be conducted showing the frequency of local audit is given below:-

Sl. No.	Item of Local Audit	Frequency
(1)	(2)	(3)
1.	Medical Ledger	Monthly
2.	Defence Ledger (Ammunition & Equipments)	-do-
3.	Store-in-hand ledger	Monthly
4.	Hospital Diet and ration account	-do-
5.	Deposit Ledger	-do-
6.	Log Book	-do-
7.	Driver's Car Diary	-do-
8.	Petrol, Oil and Lubricant Accounts	-do-
9.	Cash Book	Monthly inspection
10.	Contingent Register	-
11.	Money Order Check Register	Monthly
12.	Court Attachment Register	-do-
13.	Security Deposit Register	-do-
14.	Consumers Ledger	Quarterly
15.	Fine fund Register	-do-
16.	Payment of bonus to apprentices	-do-
17.	Recovery of Licence fees	-do-
18.	Rent Rolls	-do-
19.	Estate Ledger	Half Yearly
20.	Estate Accounts	-do-
21.	Audit of Account of all Schools (including technical schools attached to factory)	-do-
22.	Dispensary Accounts	-do-
23.	Free issue of drinks to Industrial Employees	-do-
24.	Loan Register	-do-
25.	Register of Lease of Land	-do-
26.	Inventory List	-do-
27.	Register of Books and Forms	-do-
28.	Stamp Register	-do-
29.	Railway Warrants	-do-

Sl. No.	Item of Local Audit	Frequency
(1)	(2)	(3)
30.	Military Credit Notes	-do-
31.	Folios of Credit Notes to be paired with Counterfoils	-do-
32.	Service Books	-do-
33.	Last Pay Certificates	-do-
34.	Leave Register Books of Non. Industrial Employee	-do-
35.	Service Cards of Industrial Employees	-do-
36.	Service documents of Non-Industrial Employees	-do-
37.	Publication purchased from Contingent Grant	-do-
38.	Supply of Liveries Grant and Warm Clothing to Class IV Employees	-do-
39.	Store Ledger,/Inventory etc. per taining to Factory Canteen financial from Public Fund	Half Yearly
40.	Hospital Accounts (other than item 4)	-do-
41.	Meter Readers Book (Water and Electric)	-do-
42.	Pan and Meter Register (Distribution only) IAFW 2181	-do-
43.	Bulb Accounts	-do-
44.	Barrack Damages Register IAFW-2269	-do-
45.	Register of Demolitions	-do-
46.	Periodical Service Records	-do-

Note:-Cash Book will be subject to detailed audit for one for every six months. Consequently the extent of audit of subsidiary books should also be six monthly. Inspection of cash book which involves general scrutiny, check of form and mathematical check of entries should, however, be carried out monthly.

913-B

Revised list of functions to be discharged **by Internal Audit/R**egulatory Audit

(Auth: Annexure 'B' of MOD, Deptt. of Defence Production No. 1(28)/2005/D(Prod) dated 11th Aug 2005)

The following existing IA functions will continue to be performed.

A. Local Audit

1. Audit of Cash Book in respect of Ord. Fys & other units under OFB & Br Accounts Offices.

2. Local Audit of Ord. Fys including Hospital, Wet Canteen, Fy. Estate, Schools, MT & POL, Training Institutes, Revenue/ receipt audit etc.

3. Audit of Service Books of IEs/NIEs/NGOs/GOs.

B. Labour

1. Random checking of pay entitlement of IEs, NIEs, NGOs & GOs- Random test check of payment and recoveries of one individual from each category of workers/ staff/ officers to be carried out to ensure the correctness of the system.

C. Material

1. Review and scrutiny of supply orders placed by Fy. on a percentage basis based on value as determined by CIA.

2. Checking /review of receipt including inspection, accounting and issue of stores.

3. Checking/review of selected vetted high value SHIS based on value as determined by CIA.

4. Credit verification in r/o LP, C.P and FP.

5. Checking/review of disposal/ sale of surplus waste and obsolete stores including losses.

6. Checking/review of paid bills in r/o all third party payments from LP, CP, FP and other heads based on value as determined by CIA.
7. Review of inventory holding including slow moving and non moving stores.

D. Costing
1. Review of principal ledger.
2. Review of capital assets including procurement/provisioning, installation and utilization of plant and machinery and maintenance of capital block registers.
3. Review of rejections in manufacture and proof.
4. Review of estimate including revision.
5. Random checking of drawal and utilization of material and labour uses against warrants based on related estimates and audit of high value 'cost card exceeding Rs.10 lakhs specifically the actual cost w.r.t. estimated cost and OFB Issue price.
6. Scrutiny of basic cost accounting function.
7. Scrutiny of priced production account.

New Items of Internal Audit work
E. Labour
1. Review of overtime and incentives including P.W. earnings vis-a-vis production;
2. Review of requirement of outsource labour including contact labour and service related contacts e.g. conservancy, quality testing, house keeping etc.

F. Material
1. Review of IFD's and SIT.
2. Review of outsource procurement of stores relating to productions and also due to failure of IFD's supplies.
3. Review of spot payments, provisional payments and advance payments.

G. Costing
1. Review of warrants (outstanding for more than prescribed life, issues not commensurating with labour and material booking, excess manufacture etc).

H. Miscellaneous
1. Review of civil works under GM's power both capital and revenue.
2. Review of in-house R&D projects, ongoing projects and scheme.
3. Review of consumption of energy and water.
4. Review of civil trade efforts of the factory including costing and issue price of Civil Trade items.
5. Audit of Sanctions at OFB & unit level.

Management and System Audit

Revised list of functions to be discharged by Internal Audit with percentage check.

Regulatory Audit

The following existing IA functions will continue to be performed.

Items of function	Proposed %/Quantum/ Periodicity (Qtly)	
A. Local Audit 1. Audit of Cash Book in respect of Ord. Fys & other units under OFB &. Br Accounts Offices.	One month detailed audit half yearly.	
2. Local Audit of Ord. Fys including Hospital, Wet Canteen, Fy. Estate, Schools, MT & POL, Training Institutes, Revenue/ receipt audit etc.	16 ½ % Half yearly	
3. Audit of Service Books of lEs/NIEs/NGQs/GOs.	25 % annually	
B. Labour Random checking of pay entitlement of IEs, NIEs, NGOs & GOs -- Random test check of payment and recoveries of one individual from each category of workers/ staff/ officers to be carried out to ensure, the correctness of the system.	1 case of each category monthly	
	Min	Max
C. Material 1. Review and scrutiny of supply orders placed by Fy. on a percentage basis based on value as determined by heads of Regional Internal Audit Offices/CIA.	10 % 50 SOs - Qtly.	20% 100 SOs Qtly.
2. Checking /review of receipt including inspection, accounting and issue of stores.	1 % 50 SOs Qtly.	5 % 250 SOs Qtly.
3. Checking/review of selected vetted high value SHIS based on value as determined by heads of Regional Internal Audit Offices/ CIA.	1 % 50 SHIS Qtly	5 % 250 SHIS Qtly
4. Credit verification in r/o LP, CP and FP.	2% 100 Cases Qtly.	10% 500 Cases Qtly.
5. Checking/review of disposal/ sale of surplus waste and obsolete stores including losses.	10 % 100 Items Qtly	30 % 300 Items Qtly
6. Checking/review of paid bills in r/o all third party payments from LP, CP, FP and other heads based on value as determined by heads of Regional Internal Audit Offices/ CIA.	5% 150 bills Qtly.	10 % 300 bills Qtly.
7. Review of inventory holding including slow moving and non moving stores.	10 % 100 Qtly.	20 % 200 Qtly.
D. Costing 1. Review of principal ledger.	4 to 8 Main Accounts Annually	
2. Review of capital assets including procurement/provisioning, installation and utilization of plant and machinery and maintenance of capital block registers.	10 % 50 Cases Qtly.	20 % 100 Cases Qtly.
3. Review of rejections in manufacture and proof.	10%	20 %

4. Review of estimate including revision.	30 principal items Qtly	60 principal items Qtly.
5. Random checking of drawal and utilisation of material and labour uses against warrants based on related estimates and audit of high value cost card exceeding Rs.10 lakhs specifically the actual cost w.r.t. estimated cost and OFB issue price.		
6. Scrutiny of basic cost accounting function.	Scrutiny to be covered up to a fair & reasonable extent.	
7. Scrutiny of priced production account.		
New Items of Internal Audit work proposed E. Labour 1. Review of overtime and incentives including P.W. earnings vis -a-vis production.	2 to 4 production Section Qtly.	
2. Review of requirement of outsource labour including contact labour and service related accounts e.g. conservancy, quality testing, house keeping etc.	15% 15 Contracts/ orders Qtly.	25% 25 Contracts/ orders Qtly.
F. Material 1. Review of IFD's and SIT.	10 % 100 Qtly.	20 % 200 Qtly
2. Review of outsource procurement of stores relating to productions and also due to failure of IFD's supplies.	10 % 30 Cases Qtly.	20 % 60 Cases Qtly.
3, Review of spot payments, provisional payments and advance payments.	10 % 100 Cases Qtly.	20 % 200 Cases Qtly.
G. Costing 1. Review of warrants (outstanding for more than prescribed life, issues not commensurating with labour and material booking, excess manufacture etc).	10% 30 Warrants Qtly	20 % 60 Warrants Qtly.
H. Miscellaneous 1. Review of civil works under GM's power both capital and revenue.	10% 6 cases Qtly	20% 12 cases qtly.
2. Review of in-house R&D projects, ongoing projects and scheme.	Review to be covered to a fair & reasonable extent	
3. Review of consumption of energy and water.		
4. Review of civil trade efforts of the factory including costing and issue price of Civil Trade items.	10 % 5 Cases Qtly.	20 % 15 Cases Qtly.
5. Audit of Sanctions at OFB & unit level.	10 % 30 Sanctions Qtly.	20 % 60 Sanctions Qtly.
Management and System Audit Thrust areas to be selected by the CIA under the guidance and supervision of PCA and Member (Fin)		

Hospital Diet Bills

914. Four classes of diets as for non-combatants are issued at the prescribed scales to patients admitted into the Factory Hospitals. These four classes of diet are (1) high protein diets (2), fluid diets, (3) ordinary diets and (4) subsistence diets. Dry rations and where possible fresh rations should be procured through the Army Supply Depot. Accounts in respect of these article as well as those obtained by local purchase should be maintained on the lines of Military Hospitals.

915. As it will not be possible to get articles for hospitals diet through the Army Supply Corps, it may be necessary for General Managers of Factories to resort to local purchase for this purpose. In such case, the normal rules governing the calling for tenders and framing and conclusion of contracts would apply. The contractor's bill for the supply of diet articles will be submitted by the Management to the Accounts Office for payment. These diet bills will be checked and audited by the Accounts Office in strict conformity with the procedure for the audit of local purchase bills.

916. Local audit in respect of hospital diet and ration accounts will be conducted as in Military Hospital and para 31 B Section 1 Chapter VI of Army Local Audit Manual Part I. Excess issues either in commodity or quality of diets over the authorized scales should be placed under objection. It should be ensured, that all accounting documents etc. prescribed: are properly maintained by the hospital authorities. Any irregularity detected in this respect should be reported to the management and to the CIA (Fys) Main Office.

917. Audit of Dispensary accounts will be conducted' on Expense Book with Expense Vouchers signed by Medical Officer-in-Charge Hospital/ Dispensary, maintained in central dispensaries. No further audit will be carried out on internal documents maintained in Gate Dispensary, Estate Dispensary etc. Proceeding of survey of stores by a Board of Officers monthly will be verified" and test check exercised with reference to figures recorded in relevant expense book in Central dispensary.

Requisitions submitted by dispensaries will be scrutinized while checking the quantity transferred from Material Stores Section to Central Dispensary.

Note 1- Bulk Issue-All issues of expendable item from a Factory Hospital/Dispensary Medical Stores will be made in bulk, on fixed dates, to the Selected Central Dispensary. All such bulk issues will be entered on an Expense Voucher and immediately struck off charge from the Expense Book.

Note 2- Retail Issues - The Selected Central Dispensary will be responsible for retail issues of expendable items to the various other dispensaries, departments, welfare centres (for authorized free issues only) wards and first aid posts. Although bulk issues are taken on charge centrally, it is necessary that issue made in retail are further accounted for, to enable the Medical Officer-in Charge to carry out periodical checks and to ensure that stores are not, being wasted or misappropriated.

Budgets Estimate

918. The Accounts Officers-attached to the Factories are required to scrutinize the Budget Estimates and Periodical Reports- prepared by the Factory Management on IAFA Form-211 and M G O Form-7, respectively. In this connection para 2 (3) (vi) (b), F.A.R. also refers. Besides the above checks including that of the arithmetical accuracy of the Estimates, the Accounts Officer who has the advantage of his personal and intimate knowledge of the production activities of the Factory and is familiar with the kind of materials that are likely to be required for the Factory's Production Programme should also with the help of essential records local available to him, e.g. Extract Register, Priced Store cum-Provision Ledger, Warrant Register etc. exercise an intelligent scrutiny of the reasonableness of the Budget Estimates from a higher financial angle. The respective Branch Accounts Offices in the Factories are also required to ensure that the budget proposals are realistically framed.

Instructions for scrutinizing the budget estimates of Ordnance Factories

919. Minor Head-001-Ordnance Factories.

Receipts-(i) Proceeds from sale of Surplus and Obsolete Stores

Under this head, sale proceeds of surplus and obsolete- stores (as distinct from sale proceeds of scrap and waste which are shown-under deduct head) disposed off by the Factory authorities (sales by the DGS&D/MSTC) are credited to Major Head Capital Outlay A/C are only accounts to be estimated for budget forecast. At the time of Forecast Budget, it has to be checked whether the anticipated sales shown by the

Factory Management are really expected to materialize during the year under review based on the various factors such as the extent of surplus stores, time taken in actual disposal of stores and whether the amount provided in the budget relates to the stores which are likely to be declared surplus/obsolete and disposed of during that year. Past performance may also serve as a guide. During the various revisions it has to be ensured whether the amount of actual receipts, as shown by the Factory Management, are correct and are as per compiled actual and if not reasons for the variations are fully explained. In-the case of anticipated sales, full details of major items of stores expected to be sold are to be given

(ii) Value of work done for Non-Military Departments, other Government and Private Bodies

This head caters for receipts realized/to be realized on account of issues made/to be made to Nonmilitary Departments, Other Government Department, Civil Indentors etc., from Ordnance Factories. It has to be ensured that the estimates-framed by the Factory are based on reasonable anticipated work to be done in the year. Load on the Factory etc. the extent of the realizations expected and the arrear receipts, if any, are also to be taken into account.

(iii) Other Miscellaneous Receipts

The-nature of receipts to be accounted for under this head is shown in the latest Classification Hand Book. It has to be ensured that the amount provided does include only such receipts as are likely to accrue normally. If the rate of any receipt such as licence fees recovery, electricity rate etc. has been enhanced /reduced, necessary increase/decrease should be shown in the estimates with suitable remark. If there is any arrear receipt that is expected to be realized, the same should be shown separately together with explanatory remarks.

Minor Head:-001-Ordnance Factories

Revenue Expenditure :- (i) Pay of Staff.

Forecast Estimates.

Necessary detailed instructions for the preparation of Forecast Estimates by the Factories have been issued by the DGOF's from time to time.It has to, be ensured that the funds required under this head are calculated strictly in accordance with the instructions contained in the circulars. He has also to ensure whether any increase/decrease in the rate of any allowances etc. has been duly taken into account in framing the estimates.

Other Revisions

The A.Os are to ensure that the complied actual shown in the estimates are correct and the anticipated expenditure has been correctly worked out by the Factories and that instructions contained in DGOFs Circular are kept in view.

(ii) Miscellaneous Expenses

It has to be ensured that the item. for which provision has been made by the Factory are approved items of contingencies and if they are not, necessary sanction of the appropriate authority exists before they are included. It has to be seen whether the details of major items of expenses have been furnished.

(iii) Transportation Charges

It has to be seen whether the provision made under this head is based on the level of transportation charges paid in the previous year, keeping in any increase/decrease made/expected to be made of the rate of transportation charges of any particular category of store and that any increase/decrease is closely interlinked with the purchases to be made and the stores to be obtained from other sources.

(iv) Purchase of store (Local Purchase and Central Purchase, Stock Pile Stores and CKD, SKD and Foreign Purchase)

Generally, the provision under this head is to be based on the purchases made/to be made by the factories in any year with reference to the long term production programme of the factory. This will in turn be based on the Yearly production target and the provisioning procedure. The physical holding of stock as per PSL, dues and commitments already made will also be kept in view. It has to be ensure that the above fundamental principle is kept in view by the factory management in working out the estimate under this head and that the amount of carry in, commitments made/anticipated to be made and amount of carry over have been worked out with reference to commitment register maintained for the purpose and the funds required are worked out with reference to these basic data.

(v) Deduct-Sale proceeds of Scrap and Waste

Under this head, sale proceeds of Scrap and Waste, accumulated in the shops during the course of manufacture arc required to be taken into account in estimating the receipt under this head. As normally the extent of sales/accumulation of scrap and waste should be more or less of the same order as in the past years, provided of course the manufacturing decrease/increase in the accumulation of scrap etc., it has to be ensured that any variation in the estimate of this head is fully and adequately explained.

(vi) Deduct-Value of Services rendered to work done for Navy, Air Force etc.

The estimates under this head are required to include (i) Value of issues to Navy, Air Force and MES (ii) Departmental material drawn (iii) On Cost Charges.

(a) As regards (i) it has to be seen that the amount provided relates to actual issues made or to be made during the year to Navy, Air Force and MES as distinct from quantity of production of the stores during the budget year. Quantities of important items, which the factory expects to issue after completion, should be based on the capacity of the factory to produce them and actual production made in the past and should take into account difficulties in production/filling, packing etc. Correctness of the rates of the various items shown should also be verified.

(b) As regards (ii) and (iii) it has to be ensured that the amounts budgeted are correctly worked out and are expected to be credited to this head during the course of the year.

(vii) Customs Duty

The amount of actual customs duty adjusted/ to be adjusted on account of customs duty charges is required to be provided under this head. Since debits on account of customs duty are usually based on the tariff rates for the patent items of import and their basic cost adjusted in arrears care should be taken to see that the estimates under this head take into account all factors including increase/ decrease in the extent of imports.

General Section (Branch Offices)

920. The procedure of work in the General Section of the Branch Accounts Offices, where the work of both the General and Record Sections are combined, is the same as that laid down in the relevant paragraphs of Office Manual Parts I and II. The exceptions are, however, detailed hereunder:

(a) Disbursement of Pay

The pay and allowances of the officers and staff of the Branch Accounts Offices are made through the DAD Pay Roll Package. A Master File is maintained in the Package wherein personal details viz. Name, Designation, Account No., Band Pay, Grade Pay and other admissible allowances are entererd. The attendance of the officers and staff is entered in the package through Acquittance Roll and Gross Pay is generated. The deductions in respect of the employees viz. GPF Subscription, Income Tax, Licence Fee, Electric and Water

Charges etc. are entered in the relevant file and the Net Pay of the employees is generated. Thereafter, a printout of the Payment Order is generated which is handed over to the cashier alongwith the DP Sheet. The payment to the employees is made electronically/through e-payment in their respective branch Accounts Offices.

The above procedure will apply to supplementary bills as well.

After payment of salary for the particular month, the Pay & Allowances Schedule containing the details of pay and allowances are forwarded to the P C of A (Fys) in the first week of the month following payment.

(b) Payments to Absentees

Deleted since payment is made directly into the bank account of the employee through NEFT mode.

(c) Grant of Leave

The powers to sanction various kinds of leave to the staff in Branch Accounts Offices have been decentralized. Assistant Accounts Officers/ Section officers (Account) are competent to sanction Casual Leave upto the authorised limit of 5 days at a time. The AO/ACsA/DCsA/JCsA will sanction the various kinds of leave upto the limit prescribed in O.M. Pt. I and also the powers delegated by Principal C of A (Fys) from time to time.

Reports and Returns

921. General Section (Branch Accounts Offices) should also render certain reports and returns to the Principal C of A (Fys) as prescribed in the relevant orders /instructions issued by Principal C of A (Fys) / Controller of F&A (Fys) from time to time.

922 to 925. BLANK.

APPENDIX-A

ITEMS OF TYPICAL INTEREST

1. Criteria for Capitalizing Expenditure

Additions and modifications to existing machines

(i) The addition or modification should result in an appreciable increase in productivity.

(ii) The amount spent in labour and material on the additional modification should be more than ₹ 10000.

(iii) The amount should also represent more than 5 per cent of the original cost of the machines.

2. Repairs Involving Replacement

Expenditure under this category can partially be capitalized provided the following conditions are fulfilled:-

(a) the result of the repair including the replacement, is an increase in productivity not merely in quality but in quantity as well.

(b) the expenditure to be capitalized is more than ₹ 10000 in labour and material.

(c) the amount referred to in (b) above represents more than 5 present of the original cost of the machine.

The amount to be capitalized is the difference between the cost of new and improved part and the original cost of the new part which is replaced.

The expenditure should initially be booked to work order 02/00016/00 and the portion to be capitalized will be subsequently transferred to work order 04/00007/00 and capitalized in the usual manner.

3. Deferred Revenue Expenditure

When heavy expenditure is incurred on repairs and is to spread over several years, the incidence of the charge will not be met from "Revenue Budget". In the Production Account, the amount chargeable to current year's production will be treated as an item of overhead expenditure. Balance will be carried forward as Out-standing Asset.

Repair expenditure may be categorized as revenue expenditure provided the following conditions are fulfilled:-

(a) The repair cost in labour and material should be 10 percent or more than the original cost of the machine.

(b) The repair charge should be Non-Recurring.

(c) The benefit of the repair would last for two years or more.

Approval of the OFB for treating the expenditure as Deferred Revenue and for the period over which the expenditure is to be spread over should be booked for in audit before the expenditure is actually incurred. Supplementary work order Drafts (S.W.O. Ds) should be properly enfaced as "Deferred Revenue" and Control No. 9 should be used in the first digit of the five digit code representing the Main Work Order.

e.g. 02/00016/00-Maintenance etc. of Machinery etc.
02/10016/00-Maintenance etc. of machinery-Deferred Revenue.

Management should be advised to allot work orders accordingly and also to assign specific warrant numbers to all S.W.O.Ds for Deferred Revenue Expenditure.

In respect of all S.W.O.Ds for Deferred Revenue, Cost Cards shall be maintained.

4. Production Account and Indirect Expenditure Statement

The Amount booked against work order 02/10016/00 should be kept out of production. The proportionate amount chargeable to a particular year's production should be booked to work order 02/00016/00 under class of cost "43" through allocation sheets. The booking to work order 02/00016/00 should be done on quarterly basis so that the charges are easily spread out. The amount so charged should be shown in Production Account under debit item 4(h)-Other Miscellaneous Charges.

5. Statement of Assets and Liabilities

The balance of expenditure in the Principal Ledger Account "Deferred Revenue Expenditure" will be shown as "Outstanding Assets" in the "Statement of Assets and Liabilities. Until such time as a separate head is opened for this purpose in the Published Accounts, the amount should be included under "Suspense Adjustments".

(Note : Point 6 of Appendix A has been deleted on account of revised accounting procedure of Labour cost as circulated vide this office letter no. PR/II/922/Vol-LXXXIV/MISC Dated 16 -12-2008)

6. Development Charges in the Manufacture of an Article—Accounting of

When manufacture of a new stores, involved expenditure of development nature, extracts issued by O.F.B. in consultation with Finance Division, OFB will be enfaced with the word 'Development'. In case, where extract is not so marked initially; OFB may is consultation with the finance division (OFB) authorise separately that the manufacture of the store may be undertaken on development basis. When some components required for such a store are required to be manufactured in other factories, the I.F.Ds placed by the Main Factory may be enfaced as "Development" IFDs, if it transpires that development at work will also be necessary in the manufacture of the components.

All Development Warrants will be issued to the shops against "60" series of work order specially allotted for the purpose. The work order code allotted for a particular store will remain the same when regular production is undertaken. For example, if the main work order code allotted to a store, is 585 then the work order will be operated as follows:-

60/00585/00—When under development

90/00585/00-When under regular production for the Army

Development Expenditure may be divided into three broad stages viz.(i) manufacture of a pilot batch by experimentation and/or general engineering methods;
(ii) Establishment of manufacture on batch/bulk production basis having scope for improvements, in technique and manufacturing methods; and
(iii) Final establishment of manufacture by standardisation of technique and manufacturing methods for bulk production.

Separate warrants will be issued by Management for each stage of Development as stated above for identifying the Development expenditure incurred at each stage.

Stores which are successfully manufactured at stages (i) and (ii) will be priced at the unit cost from stage (iii) plus a portion of the Development Expenditure or at other ad-hoc rates decided upon in consultation with the Management. After pricing, the amount will be transferred to the sub-turn work order by credit to the development work order.

The net expenditure incurred in stages (i) and (ii) after taking credit for the value of successful production as stated above will be absorbed in the cost of production for the store ensuring that the whole expenditure is absorbed in seven years.

The rates of absorption should be reviewed annually in consultation with the management to ensure that the expenditure is charged off fully on the available orders within the stipulated period of seven years where an order is not expected to recur, the extracts and warrants pertaining to the stores, will contain a suitable indicative enfacement and in such cases the entire development expenditure will be charged against the first order itself by crediting to the Development Work Order. The cases requiring special treatment of the procedure will be referred to the OFB/DGOF for decision in consultation with Finance Division (OFB) and Principal C of A (Factories).

The amount of development charges remaining unabsorbed against the development series of work orders at the close of the year, will be carried forward .in the accounts as "Unfinished Semi" for absorption in future production.

The above procedure for segregating and charging of development expenditure will apply to the development of all stores which are later to be taken up for batch or mass production, whether for services or for Civil Trade. These instructions will not apply to non-recurring ad-hoc orders for small quantities.

7. O & M Study

The SP & M cell of Principal C of A (Fys) Main Office will be responsible to conduct O & M Study in respect of section and sub-offices which are peculiar to Principal C of A (Fys) organisation, i.e. Railway, PR, Fund, EDP section of Main Office and Branch Account offices attached to Ordnance and Equipment Factories.

8. Preliminary Expenses

The term "Preliminary Expenses" covers all Revenue Expenditure incurred on establishment of a project in the existing/new factories from project planning to final commissioning stage.

The charging of Preliminary expenses should commence when production is established. Even after commissioning, there may be trickle production for some time before regular batch/bulk production is undertaken. During this stage, overhead charges incurred will be absorbed only partially, the rate being fixed by the General Manager of the Factories. The unabsorbed overhead charges incurred during trickle production will also be treated as Preliminary Expenses. The term "Trickle Production" should normally mean production upto five percent of the full/planned/installed capacity.

Note—During trickle production, the Direct Labour hour/charges will be estimated on the basis of the quantities expected to be produced during this stage. Similarly, the overhead charges (both Fixed and Variable) relevant to the expected load at this stage will also be assessed. The overhead charges to be levied on production during the trickle production stage will be at the percentage which the above estimated overhead charges bear with the estimated direct labour charges.

Accounting and Charging

(i) The rate of charging the Preliminary Expenses should be in term of Rupee(s) per unit of product(s).

(ii) The rate of charging the Preliminary Expenses should be based on the programmed production over a period which should not extend beyond 10 years.

(iii) Given the current four-year-production programme, the rate of charging Preliminary Expenses may be decided on a realistic projection of requirement beyond the first four years in consultation with the user services and expected capacity utilization of the plant(s).

(iv) A periodical review depending on changes in production programme to be undertaken of the progress in liquidation of the Preliminary Expenses so that the rate(s) of charging can be revised as and when found necessary to ensure liquidating the preliminary charges within a period of ten years.

(v) The amount remaining to be charged to production at the end of each year will be shown as an Asset in "Statement of Assets and Liabilities" of the factory.

(vi) A Ledger Account in respect of Preliminary Expenses is maintained in the "Principal Ledger". Item No. XXXIII of Annexure AR to para 840 refers.





Controller of Finance & Accounts (Fys.),
Account Office, Ordnance Factory (Project),
Yeddumailaram, Medak - 502205

VOLUME-III

SECTION-II

MAIN OFFICE

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926. Duties of Record Section

- To receive, register and distribute inward dak.
- To dispatch outward dak.
- To maintain the office library.
- To indent for, receive and distribute stationery and forms and to keep an account of the stock of stationery and forms held in its charge.
- To procure, distribute and correct books of regulations, Army Instructions, Army Order etc.
- To arrange for printing of forms etc.
- To xerox fair copies of correspondence, circulars etc.

927. Inward Dak

The Record Section will take delivery of all post addressed to the office including local dak received through messengers. The addresses on all covers will be examined by AAO/SO (A) or a Senior Auditor to make sure that the covers are meant for the office.

First of all, covers received from the Office of the CGDA and those containing Demi-Official letters and confidential letters are separated by the AAO/SO (A) and handed over to Administration Section after diarizing them in IAF (CDA)-239 in duplicate by carbon process. Covers addressed by name are handed over to the addressee concerned after diarisation.

In opening other covers, care is taken to see that the contents are not damaged. Each document is stamped with the office seal and date of receipt. Any communication addressed to an outside party but wrongly received in the Office will be transmitted to the correct party under advice to the sender.

Dak will be sorted out into separate trays for the various Sections, letters and bills/claims being kept separate. The Flow chart showing the work after receipt of a letter is shown in **Annexure – III**.

Diarisation of Letters :-

The task holders of Receipt Group of Record Section will take out the sorted out letters kept in pigeon holes and diarize them in IAF (CDA)-239 in duplicate by carbon process keeping loose sheets below the pages of register. Valuable documents, viz., G.P. notes, fixed deposit receipts, Post office cash certificates, Cheques, drafts, sheet rolls etc. will be diarized in duplicate in a separate **"Register of Valuable Documents"**. Only the number and date of the communication and the party from whom received are entered in the register.

Two or more diaries may be opened for a section where the receipt is large. However, the total number of ordinary letters are noted Section-wise before its distribution.

The number of times of distribution of dak to the sections depend on the frequency of postal deliveries and importance of dak.

Diarisation of Bills :-

All bills irrespective of their nature will be received only in Record Section. Under no circumstances should any bill be received by any Section direct. The bills/claims (except Railway Luggage and LTC Claims) are handed over to Data Entry Operators for data entry and mentioning system generated ID Nos. on the bills through Office automation process. After data entry the bills are distributed to concerned sections with printed top lists in duplicate. Railway Luggage and LTC Claims are however diarized manually like the letters.

Xeroxing :-

Xeroxing of Office orders, circulars, etc., will ordinarily not be undertaken unless fifteen or more copies are required.

Outward Dak :-

Record section will dispatch all outward letters viz. Speed post letters, express parcel post, registered letters, registered Insured Parcel; ordinary letters etc. and maintain dispatch register separately for each category of dak.

Speed Post letters and other important letters will be dispatched daily. Other letters may be sent on alternate days as per the importance and number of articles. Ordinary letters will be dispatched on daily basis or alternate days.

The Postage account will be maintained in the dispatch register (IAFZ-2016).The Postage account will be audited by AAO/SO(A) duly nominated by Administration Section.

Top list of all Speed post letters and express parcel posts are sent to GPO through e-mail in the format provided by postal authorities, clearly mentioning therein the addressee, the address, weight of the consignments and also sticker number.

A separate sub-group has been formed to dispatch all payment authorities and returned bills (luggage/LTC bills) related to Railway claims section to ensure prompt and speedy dispatch. The Flow chart showing the work for dispatch of a letter is shown in **Annexure – IV**.

928. Stationery and Forms

Annual Indent to Controller of Printing and Stationery:-

An annual indent on S.O. 154 for articles of stationery required for the use during the following year will be sent so as to reach the Controller of Printing and Stationery, Kolkata on or before 2nd January of each year. Supplementary demands for any articles of stationery required later during the year may also be sent, the necessity for the additional supply being fully explained in a separate covering letter.

Local Purchase of Stationery:-

Purchase of stationery locally is forbidden. In cases where the supplying authority fails to comply with indents after two months from the scheduled date of submission of indents, the Administration Section may resort to the local purchase of the essential items to meet the requirements for a month or so after obtaining sanction from the competent financial authorities.

Stationery Account:-

A monthly account of receipt and issue of each item of stationery is kept by the stationery clerk on Form S-41,on the lines indicated in OM Part II Vol II. AN AAO/SO(A) from another section of the office will be deputed half yearly by the Administration Section to audit the stationery register and to verify by actual counting the stock balances as shown in the register.

Issue of Stationery Items:-

Stationery will ordinarily be issued to the sections once a month on demands (O.F. 1615) signed by Officer-in-charge of sections, who will ensure that the demands are restricted to actual requirements and are within the scales laid down in the stationery regulations.

On receipt of stationery demand from sections, they will be checked by the stationery clerk and any articles in excess of the scale authorized will be reduced to the correct scale.

The articles of a durable nature like Knives, Scissors, Pokers, Stapler machines etc. will not be issued unless the old ones are returned or unless it can be satisfactorily explained why they are not forthcoming. The demand will then be submitted through the AAO/SO(A) to the Officer-in-Charge of the Record Section for passing orders for the issue to be made.

Issue of Forms:-

Estimates of annual requirements of all forms from the various sections of the office will be obtained by the Record Section with sufficient time in advance to include in a consolidated indent prepared on IAFZ-2002 and sent to the Manager, Government of India Forms Store, Kolkata, on the due date, after check, with reference to consumption during the past year and stock in hand.

Forms Account:-

An account of forms will be maintained in the register on IAF (CDA)-250. In the registers the receipt and issue of each form will be shown and the closing balance worked out at the end of each month. The registers will be checked by the AAO/SO(A) of the Record Section and submitted to the Officer-in-Charge monthly.

929. LIBRARY

Record section will maintain a Central library of books, regulations, codes/Manuals etc. in the following manner-

Books of Regulations, Code etc. received for use in the office will be stamped with the office stamp in such a way that the impression cannot be easily cut out or removed. The books are entered in the Stock Register of books. The books are provided to the officers and staff as and when required under the orders of the officer-in-charge, after making entry in a distribution register {IAF(CDA)-225} showing the distribution. The register is maintained under the personal custody of AAO. In the event of loss of a book the individual responsible for the loss is required either to arrange for the replacement of the book or to pay five times the cost of the book. An undertaking to this effect is obtained from the SAS candidates, before any book is issued to them on loan.

Preservation and Destruction or Disposal of Records

Detailed instructions in this regard is available in Para 61 of OM Part II Vol. I

930. The conduct and disposal of work dealt with in the Record Section will generally be the same as laid down in Chapter No. I of Office Manual Part II Vol I. The registers maintained in the section and reports and returns chart are given in **Annexure I & II** to this chapter.

LIST OF REGISTERS MAINTAINED IN RECORD SECTION

Annexure - I

SL. NO.	NAME OF THE REGISTERS
01	STORE IN HAND LEDGER (STATIONERY ITEMS)
02	STOCK REGISTER OF BOOKS (LIBRARY)
03	ESTABLISHMENT REGISTER
04	REGISTER OF ADDRESS & SIGNATURE OF STAFF
05	REGISTER OF REGISTERS
06	ATTENDANCE REGISTER
07	EL/HPL/CML/CCL/MATERNITY/PATERNITY LEAVE REGISTER (OTHER THAN CASUAL LEAVE)
08	CASUAL LEAVE REGISTER
09	ARMY/NAVY/AF ORDERs, AI/NI/AFIINSTRUCTIONS ETC .
10	REGISTER FOR TECHNICAL BOOKS
11	REGISTER FOR CODES & MANUALS
12	REGISTER FOR CODES & MANUALS IN ALPHABETICAL ORDER
13	SECTION ORDER REGISTER
14	INWARD DAK DISTRIBUTION REGISTER (RECEIPT GROUP)
15	OUTWARD DAK REGISTER (DESPATCH GROUP)

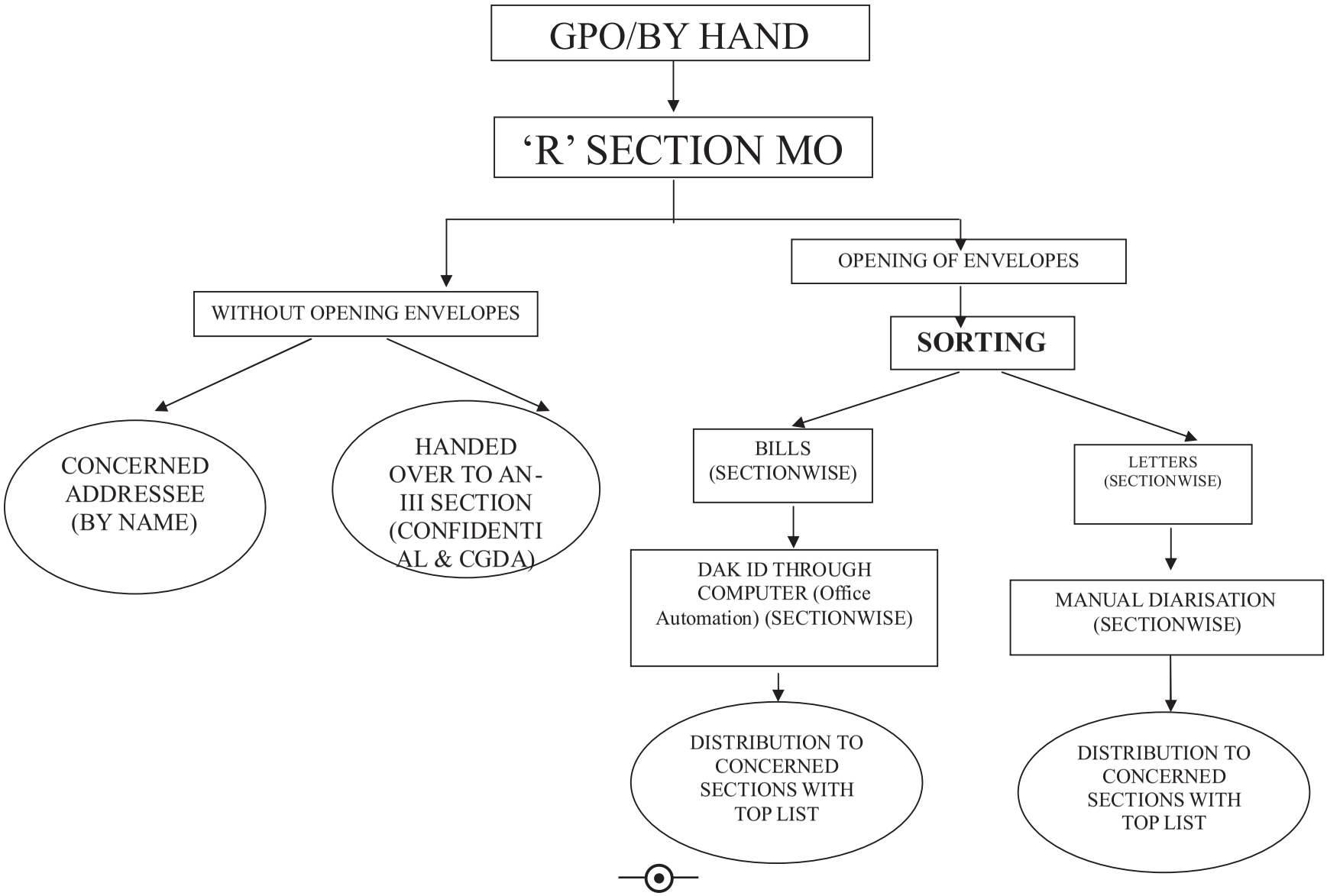
Annexure - II

REPORT AND RETURNS CHART –RECORD SECTION

Sl. NO	Name of the Report	Periodicity	Sent to Whom
1.	Monthly Progress Report	Monthly	AN-IV Section
2.	Monthly Change Statement	Monthly	AN-I,AN-II,AN-III Section
3.	Quarterly Progress Report of Hindi	Quarterly	Hindi Cell
4.	Quarterly return of Employment of a family of a Govt. servant in a foreign mission and foreign organization	Quarterly	AN-IV Section
5.	Staff Inspection Report	Yearly	AN IC(O&M) Section
6.	DLO-I & DLO-II Showing details of Leave of Staff & AAO's	Monthly	AN-IX Section

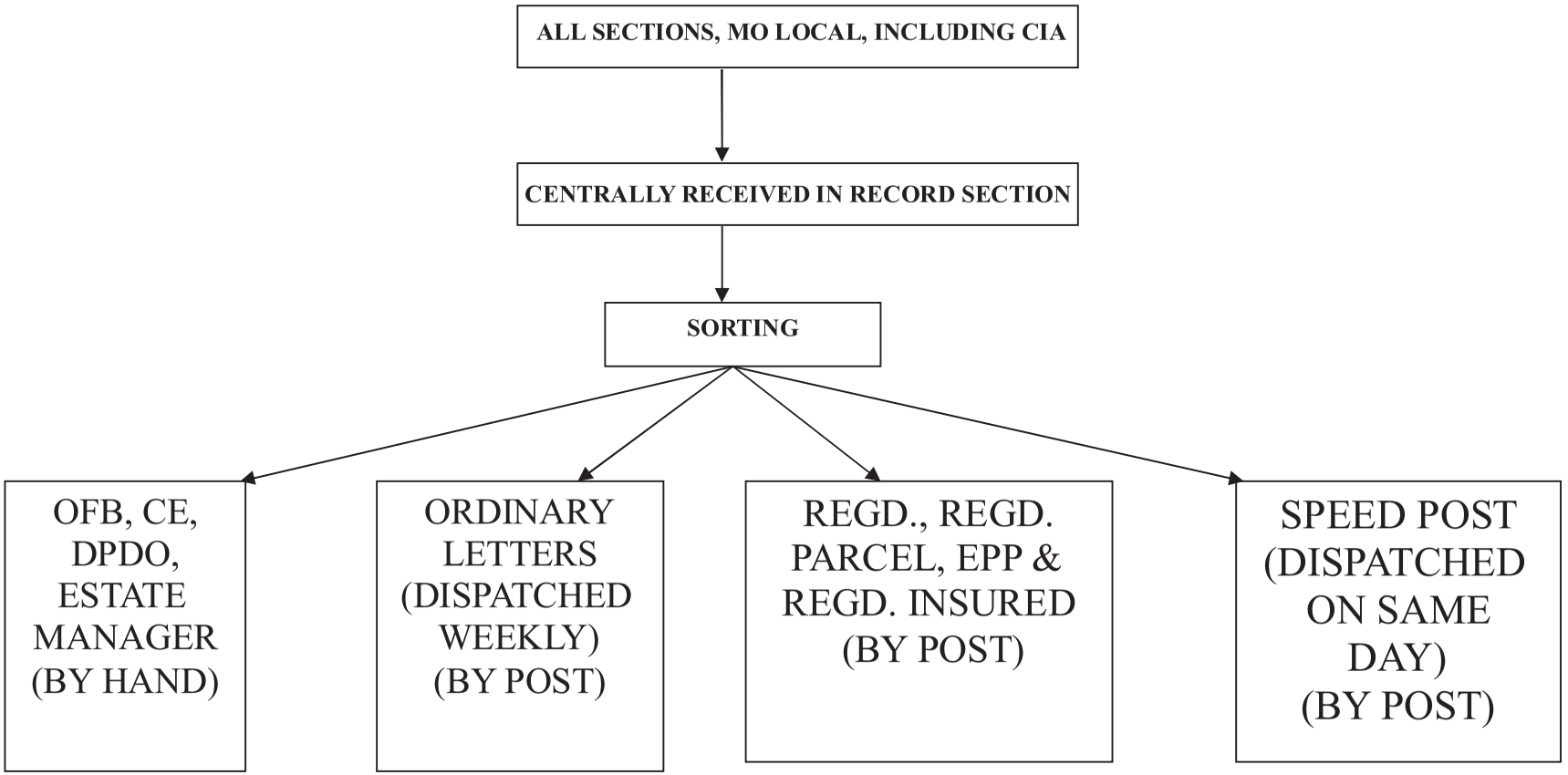
FLOW CHART – RECEIPT GROUP

Annexure - III

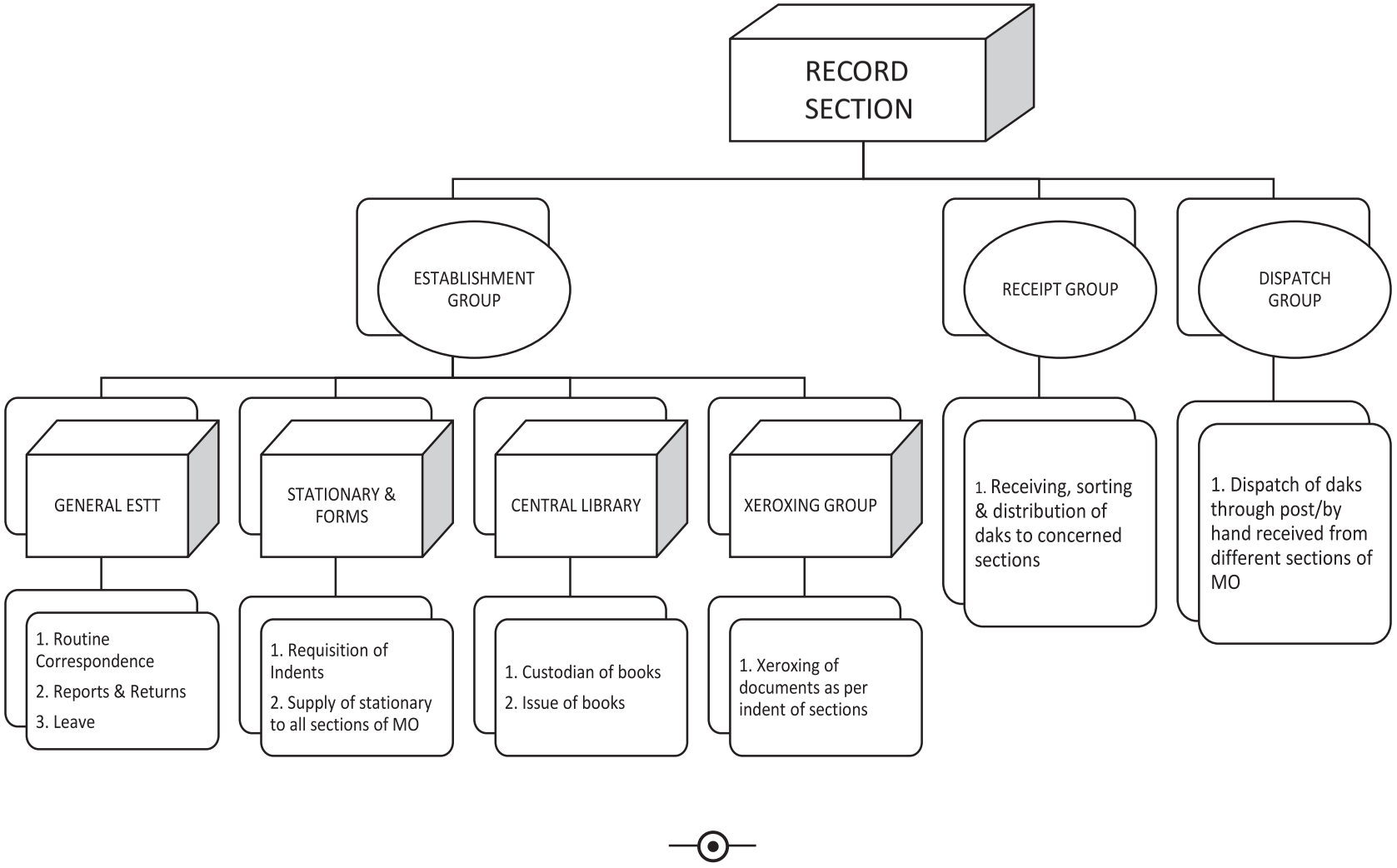


Annexure - IV

FLOW CHART – DISPATCH GROUP



Annexure - V


RECORD SECTION
ESTABLISHMENT GROUP
RECEIPT GROUP
DISPATCH GROUP
GENERAL ESTT
STATIONARY & FORMS
CENTRAL LIBRARY
XEROXING GROUP
1. Receiving, sorting & distribution of daks to concerned sections
1. Dispatch of daks through post/by hand received from different sections of MO
1. Routine Correspondence
2. Reports & Returns
3. Leave
1. Requisition of Indents
2. Supply of stationary to all sections of MO
1. Custodian of books
2. Issue of books
1. Xeroxing of documents as per indent of sections

II

ADMINISTRATION SECTION

931. Administration Section of Main Office, PCA (Fys) Kolkata with 14 distinct groups (AN-I to AN-X, AN-PAY, AN-MED, AN IC & OM, RTI & Grievance Cell) caters to all administrative requirements of DAD employees serving in 9 Group Controllers and 41 Branch Accounts Offices located all over the country. The administrative requirements encompass the vast area starting from recruitment in various posts to processing of pension papers of DAD employees, passing of personal claims of DAD personnel, monitoring of DAD Budget in respect of locally controlled heads. Apart from these, periodical inspection and super reviews of Branch Accounts Offices are also being planned and carried out by this section. SAS Examination in Kolkata Centre is being organized under the aegis of PCA (Fys) Kolkata and this section is responsible for organizing the same. Further, Legal Cell under this section is the nodal agency for all CAT/Court Cases in and around Eastern Region of the country. The accommodation in transit facility of RTC (ER) is being supervised and allotted through this section. This Section renders guidance, advice and clarifications to Branch Accounts Offices & Branch Controllers on administrative issues as and when sought for by them. Holding of Steering Committee Meeting & ROC level IV meeting between the Administration and Staff Side is also an important work being dealt with in this section. The objective and duties of Administration Section are enumerated below which depict the actual works being dealt with in the Administration section of Main Office, PCA (Fys) Kolkata.

932. Objectives of Administration Section are:

1. To look after various aspects of personnel management of the DAD employees of the organization under PCA(Fys).
2. To provide suitable and healthy working conditions for DAD officers and staff of Main Office, PCA (Fys) in particular and entire organization in general.
3. To ensure placement of an effective administrative mechanism for the entire organization.

933. Duties:

1. Establishment
2. Diarisation and distribution of secret, confidential, HQrs Office Letters, maintenance of Guard File.
3. Recruitment/Compassionate Appointment.
4. Transfer, Posting and Confirmation.
5. APAR/MTPAR Dossier.
6. Promotion and allied works.
7. Conduct, Discipline and Vigilance.
8. Works related to Association.
9. Resignation, Technical Resignation.
10. Deputation, Outside Employment.
11. Grant of MACP upto the level of Group 'B'' (Refer Annexure – V).
12. Confirmation (Refer Annexure-VI).
13. Endorsement of all types of casualties.
14. Maintenance of Service documents and Leave Account upto the level of JAG and annual verification. Rendering of duplicate copy of Service Book upto JAG.
15. Permission under CCS(Conduct) Rules in respect of entire Organization.
16. Departmental Examination (SAS) and others.
17. Rendition of MPR to Hqrs.
18. Terminal benefit sanction – leave encashment and CGEGIS.(Refer Annexure - IX)
19. Processing of pension cases and verification of qualifying service.
20. House keeping and provision of logistic support to the entire office, accounting of all expenditure meet

out of allotment under Head "Other Allowances", "Other expenses" distribution of computer, scooter advance to all officers and staff of PCA(Fys) organization on seniority basis.

21. Budget - Projection of BE, RE and allocation of the allotment received.
22. Approval and payment of all contingency items including supply of liveries.
23. Issue of all type of Identity Cards for serving and retired personnel.
24. Sanction and payment of all GPF cases including final settlement.
25. Processing and payment of HBA, safe custody of mortgage deed and re-conveyance deed.
26. Forwarding of recovery schedule in respect of all interest bearing advances to Accounts Section.
27. Audit and payment of TA/DA/LTC Claims of MO and Br. AOs. (Refer Annexure –X)
28. Demand Register – Maintenance in respect of TA/DA/LTC, Medical, all other interest bearing as well as interest-free advances.
29. Audit and payment of Medical Claims in respect of entire Organization under PCA (Fys).
30. Annual Inspection, Super Review, imparting of training (in-house), Yearly Assessment of Work and Staff strength, Internal Inspection of work.
31. Disposal of RTI and grievances cases.(Refer Annexure –VII & VIII)
32. Pay and Allowances, Pay Fixation, Grant of Increment, LPC, Grant of Financial upgradation.
33. Custody, disbursement and accounting of Cash and reconciliation.
34. Maintenance of Cash Book and other allied registers.
35. All court cases, preparation of para-wise comments, appointment of CGSC and follow up action, coordination between respondents & CGSC.
36. All works relating to Association i.e. conducting of ROC, annual membership are dealt with in this section.
37. Maintenance of Wet Canteen.
38. Regular pay and allowances, grant of increments of gazetted and non gazetted employees of Main Office, fixation of pay on promotion/financial up-gradation in respect of DAD employees of the entire organisation.
39. Recovery of advances/Interest, issue of LPC, rendition of GPF recovery Schedule to CDA (Funds) Meerut, rendition of recovery schedule of interest bearing advances to Accounts Section.

RTI & Complaint Cell

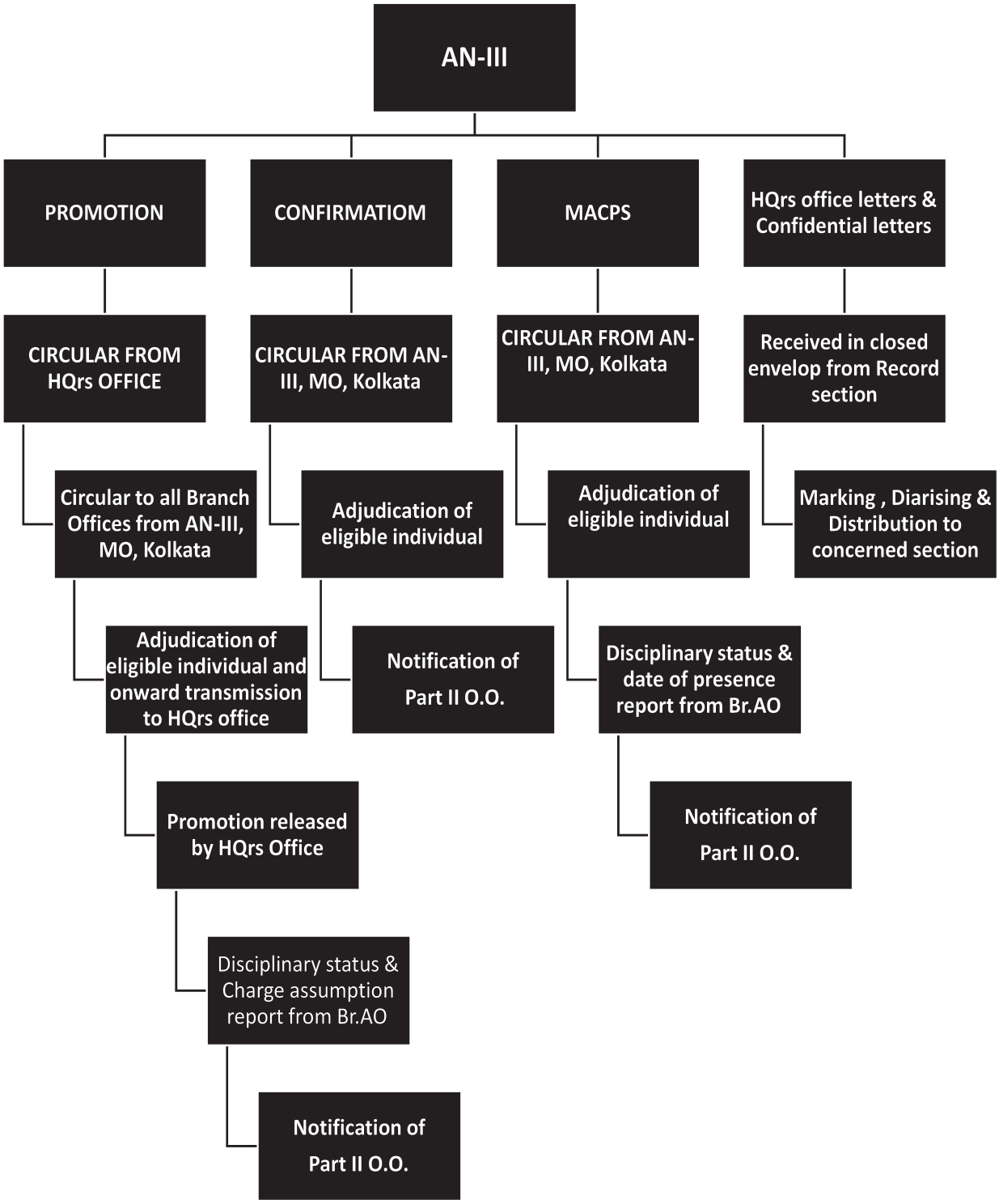
934. In line with Government policy to make public service delivery system more citizen – centric, a separate cell dealing with applications on Right to Information Act 2005 (RTI) and redressal of all complaints/grievances has been created. In accordance with the provisions of RTI Act 2005, suo motu disclosure of information as stipulated under section 4 of the RTI Act has been ensured in the web site of MO, PCA (Fys) with regular updating the position and a mechanism with designated CPIO and Appellate authority has been put in place for prompt and proper disclosure of the information to RTI applicants and for timely disposal of any appeals, thereof as per provisions of RTI Act 2005. To ensure absolute monitoring of the disposal of each RTI applications weekly report of receipt and disposal of each RTI application is submitted before the designated CPIO and monthly position is being reflected for perusal of the CPIO on the last working day of each month.

This cell has also been entrusted with the responsibility to ensure proper and final disposal of all complaints/grievances, received in the portal through CPGRAMS and also lodged in the website of MO, PCA (Fys). Due importance is also given on complaints received in normal 'DAK' channel. Through weekly and monthly reports to the Grievance Officer, compliance to the provisions contained in Sevottam Complaint Grievance Redress Mechanism under Results Frame work Documents - 2010-11, is being ensured.

935. The reports & returns furnished and registers maintained in the section are given in Annexure XI and Annexure XII & XIV to this chapter. Annexures showing flow chart of works in certain group of Admin section are also given. The conduct and disposal of work dealt with in the Administration Section will generally be the same as laid down in Chapter No. II of Office Manual Part II Vol I.

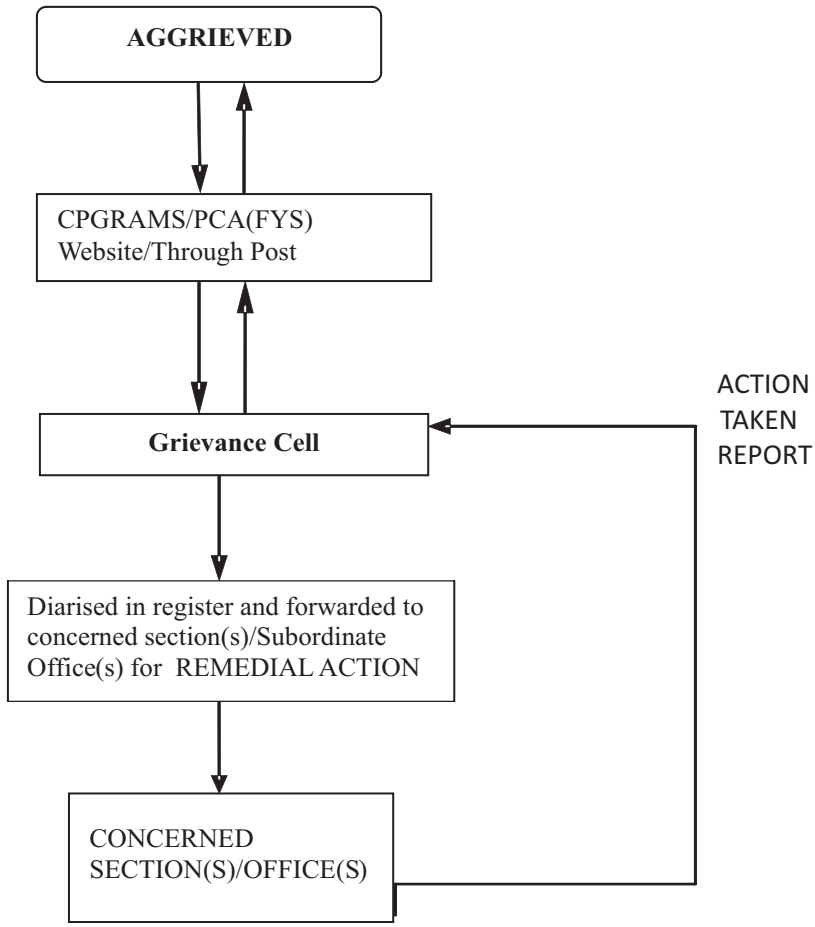


ANNEXURE – VI


AN-III
PROMOTION
CONFIRMATIOM
MACPS
HQrs office letters & Confidential letters
CIRCULAR FROM HQrs OFFICE
CIRCULAR FROM AN-III, MO, Kolkata
CIRCULAR FROM AN-III, MO, Kolkata
Received in closed envelop from Record section
Circular to all Branch Offices from AN-III, MO, Kolkata
Adjudication of eligible individual
Adjudication of eligible individual
Marking , Diarising & Distribution to concerned section
Adjudication of eligible individual and onward transmission to HQrs office
Notification of Part II O.O.
Disciplinary status & date of presence report from Br.AO
Promotion released by HQrs Office
Notification of Part II O.O.
Disciplinary status & Charge assumption report from Br.AO
Notification of Part II O.O.

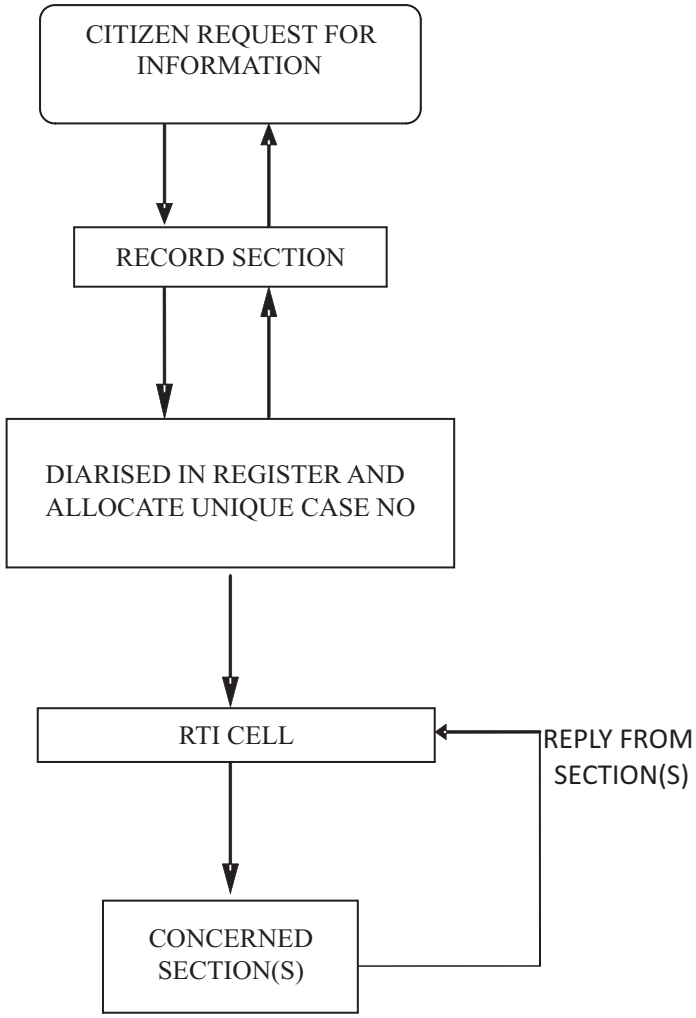
Annexure - VII

FLOW CHART
GRIEVANCE CELL



Annexure - VIII

FLOW CHART
RTI CELL



Annexure - IX

PAYMENT FLOWCHART

- ❖ **Receipt of different Part II O.O. like appointment, joining, fixation of pay, leave encashment on LTC, retirement benefit, leave records etc.**
- ❖ **Different claims like CEA, Cash handling allowance, OTA, Adv of pay etc.**
- ❖ **Receipt of demands.**

⇩

- ❖ **Preparation of Regular Pay Bill, Supplementary bills and payment thereon due dates through ECS/CASH/NEFT/CMP**

FIXATION FLOW CHART

- ❖ **Receipt of part II O.O. like promotion, demotion, MACP, antedating , Stepping up , Court/CAT Order etc.**

⇩

- ❖ **Called for respective Service Book**

⇩

- ❖ **Performing of Fixation and publish Part II O.O. thereon.**

⇩

- ❖ **Preparation of due drawn statements authorized Br. AOs for payment and make payment to Main Office.**

Annexure - X

FLOW CHART OF THE PROCESSES WHICH ARE CARRIED OUT AT THE END OF AN-VIII SECTION

-

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Tours / LTC claims received from
i) Record Section (for Br.AOs) /
ii) AN-III Section (for MO Kolkata)



After audit, data entered in computerized Bill Module; PM & Cheque Slip generated, DV prepared & forwarded to 'D' Section for payment through NEFT mode and simultaneously disallowance / debit memo issued to Br.AOs / AN -Pay Section for recovery action, if any.



Annexure - XI

REPORTS & RETURNS

No.	Reports/Returns	Periodicity	From	To
1.	Monthly Report on Compassionate Appointment.	Monthly	PCA	CGDA
2.	Quarterly Report on Compassionate Appointment	Quarterly	PCA	CGDA
3.	Monthly Report on Court Case relating to Compassionate Appointment.	Monthly	PCA	CGDA
4.	Yearly Report on implementation of Govt. Orders relating to Compassionate Appointment for submission to Parliamentary Standing Committee.	Yearly	PCA	CGDA
5.	Half-Yearly Inter -command Transfer Request Report.	Half-Yearly (April/October)	PCA	CGDA
6.	Key to Map of India-Up-to-date Strength of PCA (Fys).	Half-Yearly	PCA	CGDA
7.	Representation of SC/ST/OBC in Central Govt. Service.	Annually	PCA	CGDA
8.	Appointment of meritorious Sportsman in relaxatio n of EE/SSC Procedure.	Annually (January)	PCA	CGDA
9.	Report on representation of persons with disabilities in Service.	Annually (January)	PCA	CGDA
10.	Report on Recruitment of Non-Indian in DAD.	Annually (January)	PCA	CGDA
11.	Report on monitoring reservation order for the PH in Group 'C' and 'D' post.	Half-Yearly (January/ July)	PCA	CGDA
12.	Report on reservation of vacancies for Ex-Serviceman.	Half-Yearly (January/ July)	PCA	CGDA
13.	Report on Implementation of persons with Disabilities Act, 1995.	Quarterly	PCA	CGDA
14.	Report on Reservation of OBC in Govt. Service.	Monthly.	PCA	CGDA
15.	Report on Recruitment of Auditor filled through Hqrs office.	Monthly	PCA	CGDA
16.	RTI Report & Returns	Weekly	RTI Cell	CPIO
17.	Annual Report to CIC on RTI cases	Yearly	RTI Cell	CGDA
18.	Web Grievance Report	Weekly	RTI Cell	Grievance Officer
19.	Offline Grievance Report	Weekly	RTI Cell	Grievance

No.	Reports/Returns	Periodicity	From	To
20.	Grievance through CPGRAMS	Weekly	RTI Cell	Grievance Officer
21.	CGDA monthly report on CPGRAMS	Monthly	RTI Cell	CGDA
22.	Submission of Annual Report by Vigilance Officer	Annual	PCA	CGDA
23.	Preparation of Agreed List of Officers for the year (ensuing) and List of officers of doubtful integrity.	Annual	PCA	CGDA
24.	Report regarding number of complaints re ceived and disposed off by the Ministry / department etc. revision of.	Half-Yearly (April & October)	PCA	CGDA
25.	List of Vigilance Officers in the DAD maintenance of.	Four monthly (April, August, December)	PCA	CGDA
26.	Quarterly report on prevention of sexual harassment of working women at the work place	Quarterly	PCA	CGDA
27.	Strengthening of Vigilance Mechanism – Systemic Reforms and the role of Supervisory Officers	Quarterly	PCA	CGDA
28.	Quarterly return on Review of Vigilance work	Quarterly	PCA	CGDA
29.	Intensive Examination of work by the Chief Technical Examiners Organization from Vigilance Angle	Quarterly	PCA	CGDA
30.	Official dealings between the Administration and Member of Parliament & State Legislature –observance of proper procedure instr uctions regarding.	Quarterly	PCA	CGDA
31.	Grant of pensionary benefits in respect of IDAS Officers/SAOs/ AOs/ AAOs and Gr 'C' Staff of PCA (Fys.) Kolkata, Main Office	Quarterly	PCA	CGDA
32.	Close liaison with officers of CBI	Quarterly	PCA	CGDA
33.	Monthly report regarding details of pending CAT/Court Cases on Disciplinary matters.	Monthly	PCA	CGDA
34.	Access of Complaints to the CVOs.	Monthly	PCA	CGDA

No.	Reports/Returns	Periodicity	From	To
35.	Monthly progress report in respect of outstanding registered complaints.	Monthly	PCA	CGDA
36.	CVC Statistical monthly report	Monthly	PCA	CGDA
37.	Delay in implementation of CVC's second stage advice in Major Departmental enquiry cases.	Monthly	PCA	CGDA
38.	Delay in implementation of CVC's advice.	Monthly	PCA	CGDA
39.	Monthly report rega rding progress of disciplinary cases outstanding for more than six months.	Monthly	PCA	CGDA
40.	Expeditious disposal in a time bound manner of cases for according sanction for prosecution under section 197 CrPC & section 19 of PC Act. and Registration of PE/RC under the provisions of single Directive.	Fortnightly	PCA	CGDA
41.	Standard operating procedure for handling grievances received through website.	Weekly	PCA	CGDA
42.	Monthly Progress Report	Monthly	PCA	CGDA
43.	Employment in Foreign Mission	Quarterly	PCA	CGDA
44.	Foreign visit	Yearly (December)	PCA	CGDA

Annexure -XII

REGISTERS Maintained in Administration Section are :

1. Recruitment Register
2. Compassionate Appointment Register.
3. Resignation Register
4. Deputation Register
5. Death Register.
6. Grievance Register
7. RTI Register.
8. RTI Fee Register.
9. Demand Register
10. Terminal Benefit Register
11. Master Note Book
12. LPC in Register
13. LPC out Register
14. Provisional Payment Register
15. DV Register
16. TE Register
17. DID Schedule Register
18. Income Tax Register
19. NPS Register
20. LSPC Register
21. Immediate Relief Register
22. Register of Registers.
23. Dak in & Out Register
24. Demand Register (TA/LTC/Medical)
25. Budget control Register
26. Debit Bill Register
27. T.E. Register
28. CDA-13 Register
29. Immovable Property Register
30. Movable Property Register
31. Probation Register
32. Technical Resignation Register
33. Cashier appointment Register
34. Register for New Recruit Training Test
35. CGEGIS Dispatch Register

Annexure -XIII

AN-CENTRAL SECTION

BUDGET

CIRCULAR TO ALL BRANCH CONTROLLER AND AN-PAY, AN- VIII ANMED FOR PROJECTION

SUBMISSION OF CONSOLIDATED PROJECTION TO HQRS OFFICE

BUDGET ALLOTMENT RECEIVED FROM HQRS OFFICE

APPORTIONMENT TO BRANCH CONTROLLERS AND AN-MED, AN - PAY &AN -VIII

MONITORING OF BUDGET ALLOTMENT ON THE BASIS OF COMPILATION RECEIVED FROM EDP AND RESPECTIVE BR ANCH CONTROLLERS AS WELL AS SECTIONS OF MAIN OFFICE

PROJECTION OF REVISED ESTIMATES (RE)

ALLOTMENT OF REVISED ESTIMATES (RE)

SUBMISSION OF APPROPRIATION ACCOUNTS AFTER COMPILING EXPENDITURE UNDER MAJOR HEAD (2052) UP TO MONTH 14

PROCUREMENT

UP TO ₹ 15000/- RULE 145 GFR

WITHOUT OBTAINING QUOTATION

ONLY FINANCIAL SANCTION AFTER PROPER JUSTIFICATION

PLACING SUPPLY ORDER/WORK ORDER

RELEASE THE PAYMENT ONLY ON SATISFACTORY DELIVERY OR COMPLETION OF JOB DULY CERTIFIED BY THE USER

ABOVE ₹ 15000/- & UPTO ₹ 100000/- RULE 146 GFR

AIP ACCORDED BY COMPETENT AUTHORITY

NOMINATION OF PURCHASE COMMITTEE BY COMPETENT AUTHORITY

MARKET SURVEY BY PURCHASE COMMITTEE

REPORT ALONG WITH FINANCIAL IMPLICATION BY PURCHASE COMMITTEE

FINANCIAL SANCTION BY COMPETENT AUTHORITY

PLACING SUPPLY ORDER/WORK ORDER

RELEASE THE PAYMENT ONLY ON SATISFACTORY DELIVERY OR COMPLETION OF JOB DULY CERTIFIED BY THE USER

ABOVE ₹ 100000/- & UPTO ₹ 2500000/- RULE 151 GFR

AIP ACCORDED BY COMPETENT AUTHORITY

NOMINATION OF TENDER PURCHASE COMMITTEE (TPC) BY COMPETENT AUTHORITY

ISSUANCE OF REQUEST FOR PROPOSAL (RFP)

RECEIPT OF SEALED QUOTATIONS FROM THE VENDORS

OPENING OF SEALED QUOTATIONS BY THE TPC

PREPARATION OF CST BY THE TPC & RECOMMENDATION OF L1 VENDOR

FINANCIAL SANCTION BY COMPETENT AUTHORITY

PLACING SUPPLY ORDER/WORK ORDER

RELEASE THE PAYMENT ONLY ON SATISFACTORY DELIVERY OR COMPLETION OF JOB DULY CERTIFIED BY THEUSER

Annexure - XIV

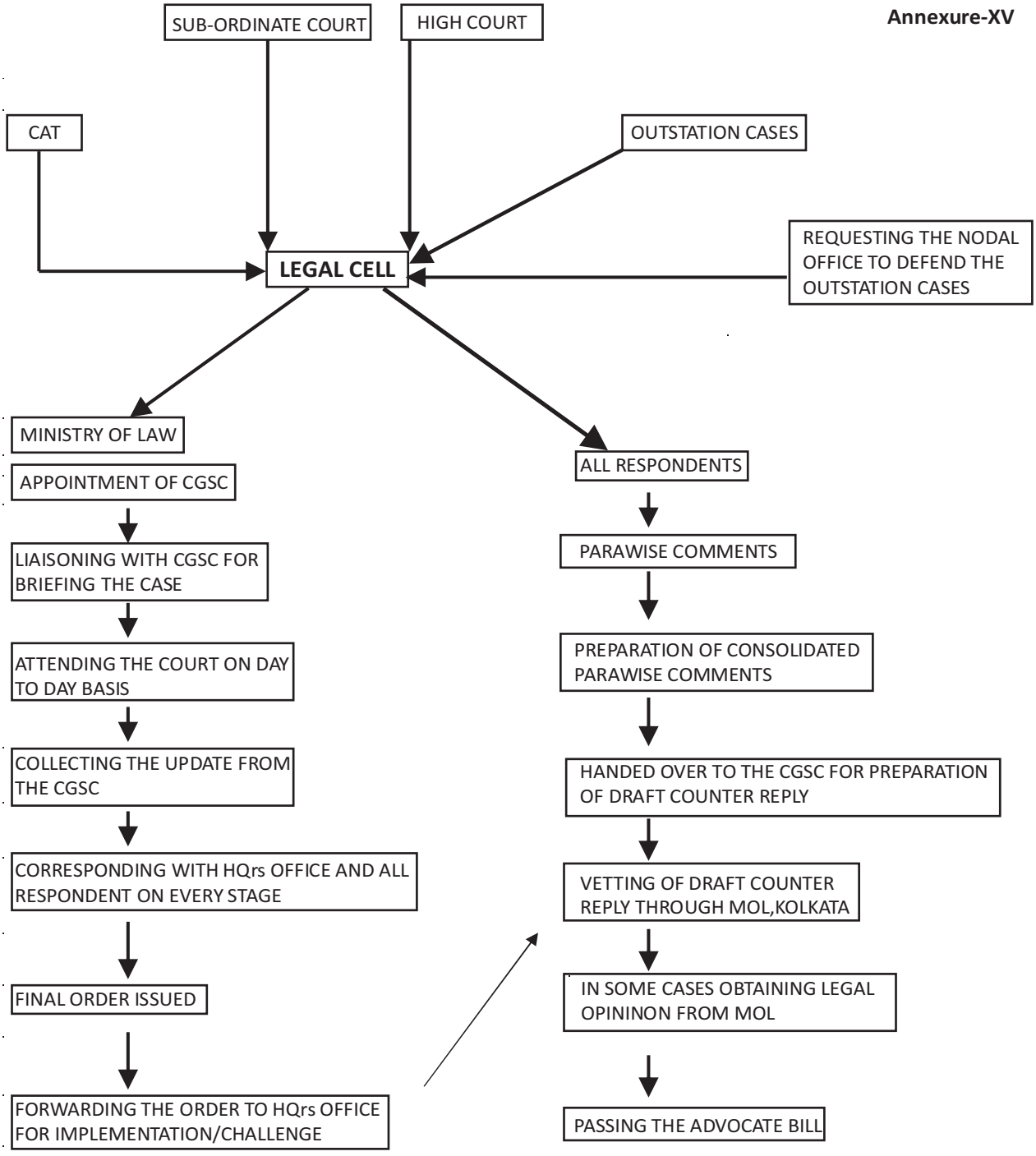
The under mentioned Registers are maintained by the **AN-Central Section:**

Sl.No.	Particulars of Register
01	Sanction Register
02	Bill Register
03	DV Register
04	Income Tax Register
05	NEFT Register
06	MRO Register
07	News Paper Bill Register
08	Permanent ID Card Register
09	Officers & Staff Gate Pass Register
10	CGHS Card Register
11	Pensioners ID Card Register
12	Establishment Register
13	EL & CML Register
14	CL & RH Register
15	Honorarium Register
16	OT Register
17	POL Register
18	CRV & CIV Register
19	Stamp Register
20	Books Register
21	Stationary Items Register
22	Goods Gate Pass Register
23	Bank Guarantee & EMD Register
24	DAK Register
25	Petty Cash Register

The under mentioned Reports & Returns submitted by the **AN-Central Section:**

Sl.No	Particulars of Report & Returns	To Whom	Period
01	Monthly Progress Report	AN-IV	Monthly
02	Hindi Report	Hindi Cell	Quarterly
03	Monitoring of Monthly Expenditure Report	CGDA Hqrs.	Monthly
04	Monthly Absentee Report	AN-Pay	Monthly

Annexure-XV


SUB-ORDINATE COURT
HIGH COURT
CAT
OUTSTATION CASES
REQUESTING THE NODAL OFFICE TO DEFEND THE OUTSTATION CASES
LEGAL CELL
MINISTRY OF LAW
APPOINTMENT OF CGSC
LIAISONING WITH CGSC FOR BRIEFING THE CASE
ATTENDING THE COURT ON DAY TO DAY BASIS
COLLECTING THE UPDATE FROM THE CGSC
CORRESPONDING WITH HQrs OFFICE AND ALL RESPONDENT ON EVERY STAGE
FINAL ORDER ISSUED
FORWARDING THE ORDER TO HQrs OFFICE FOR IMPLEMENTATION/CHALLENGE
ALL RESPONDENTS
PARAWISE COMMENTS
PREPARATION OF CONSOLIDATED PARAWISE COMMENTS
HANDED OVER TO THE CGSC FOR PREPARATION OF DRAFT COUNTER REPLY
VETTING OF DRAFT COUNTER REPLY THROUGH MOL,KOLKATA
IN SOME CASES OBTAINING LEGAL OPININON FROM MOL
PASSING THE ADVOCATE BILL

936. The detailed procedure of work relating to this Section is generally the same as laid down in the corresponding Chapter of office Manual Part II, Vol- I with the following exceptions.

(i) The schedules are prepared by the Audit Sections of the Main Office and Branch Accounts offices and sent to Accounts Section for preparation of outward exchange accounts and posting of the Registers.

(ii) Military I.D. schedules pertaining to Railway Section on receipt from the EDP Section, Kolkata are dispatched to the parties concerned by the Railway Accounts Section.

(iii) Statement of actual i.e. "Statement 'C'- Cash Compilation" is prepared mechanically by EDP Section, Kolkata so far as amounts compiled by the PC of A (Fys) is concerned and submitted to the local controlling authorities monthly to enable them to watch progress of expenditure against allotments. The details of expenditure incurred under locally/centrally controlled heads pertaining to Factories but compiled by other Controllers, are intimated to EDP Section, Main Office Kolkataby the Accounts Section through "Allocation Sheet" for incorporation in statement 'C'. Broadly the following types of transactions pertaining to the organisation of the Ordnance Factories are paid and compiled by other Controllers.

(a) Central purchase of stores through D.D.S. for which payments and adjustments are centrally made/carried out by the CDA (HQRs.), New Delhi.

(b) Foreign purchase of stores-ILAC debits (Classified Accounts) which are centrally adjusted by CDA (HQRs.), New Delhi.

(c) Factory works undertaken by MES (compiled by Regional Controllers).

(d) Payment of customs duty made and adjusted by other CsDA

(e) Payment of freight charges made and adjusted by other CsDA.

(f) Payment of Pay and Allowances in respect of DSC Platoons and security officers posted in Ordnance Factories organization made by the CDA (ORS) and CDA (O).

(g) Sale proceeds of scrap, waste etc. through public auction by the nominated CsDA.

In all cases of locally controlled heads the watch of expenditure against allotments is exercised by the Audit Sections and Branch Accounts Offices.

937. Report and returns rendered by the Accounts Section and various registers, maintained in the Accounts section are given in Annexure XVI and Annexure XVII to this chapter.

938 to 940-Blank

Annexure -XVI

LIST OF REPORTS / RETURNS RENDERED TO CGDA and other Offices by ACCOUNTS SECTION (P.C.A. FYS), KOLKATA (refer to para 937)

SL. NO.	TITLE OF THE REPORTS /MONTHLY REPORTS	AUTHORITY	TO WHOM RENDERED	PERIODICITY	DUE DATE	REMARKS
1.	Clearance of suspense under major head 8659	C.G.D.A No. A/1/1173/Accts 2008-09 dt. 05.02.2010 & 19.05.2010	C.G.D.A	Monthly / Quarterly	1st week of every month	
2.	Summary of RBI deposit and suspense compiled during the month	CGDA No. A/III/13348/FPBS/XXIV dated 31.08.2009	CGDA	Monthly	1st week of every month	
3.	Confirmation of statement received from RBI CAS Nagpur	Para 201 of OM Part II (Vol I) and 104 of Def-A/CS Code	CAS Nagpur & CGDA	Monthly	Last day of the following month	
4.	DMS report (Received from FPBS) and Closing balance of Un-linked cheques	CGDA No. A/III/13348/FPBS/APEX/XII Dated 31.10.06	CGDA	Quarterly	April, July, Oct, Dec	
5.	Report showing discrepancy as a result of implementation of GBSS (Govt. Business software solution) in respect of SBI	CGDA No. A/III/13348/FPB/Apex/Vol-XXII dt. 08.09.2009	CGDA	Monthly	Last day of the following month	
6.	Monthly report to all FPBs about the fate of unlinked / unpaid cheques with copy to the dealing branches	CGDA No.A/III/133448/FPBs/SSIV dtate 06.11.2009	FPBs/Dealing branches of bank	Monthly	10th of the following monthly	
7.	Fate about unlinked cheques to issue fresh cheques or withdrawal of whole transaction	-do-	All audit sections & branch AOs	-do-	-do-	
8	Report on DIDs not received from originating Audit sections / Sub	CGDA No. A/II/11366/DIDs/XXXVIII (Outward) Dt. 31/10/06.	CGDA	Monthly	Last week of next month	

SL. NO.	TITLE OF THE REPORTS /MONTHLY REPORTS	AUTHORITY	TO WHOM RENDERED	PERIODICITY	DUE DATE	REMARKS
	offices in Accounts Section on Monthly basis within the month.					
9	Quarterly Suspense Report	CGDA No.A/I/12273/Suspense/2010-11 dt. 05.01.2012 & No.A/I/12273/Suspense/2007-08 dt. 01.05.2008	CGDA	Quarterly & monthly from January onward.	15th of following quarter.	
10	DMS report received from FPBs and closing balance of unlinked cheques	CGDA No. A/III/13348/ FPBs/Appex/XII dt. 31/10/06	CGDA	Quarterly	April, July, October, December	
11	Working of FPB system in Defence	A/III/13348/FPBs/XX dt. 30/10/06	CGDA	Quarterly	15th of the following quarter	
12	Recovery of interest on delayed remittance of Govt. receipt	A/III/12157/LXXIX/ QPR/ REC dt. 27/30-10-06 & 16/7/08	CGDA	Quarterly	April, July, October, December	
13	List of outstanding items on DEA(DID schedule)	CGDA No. A/II/11366/DIDs /XXXI Dt. 30/6/09	CGDA	Quarterly	Last week of the quarter	
14	Quarterly return on actual expenditure incurred on pay & various types of allowances of regular CGCE & information in respect of civilian post & scale of pay regarding.	MFDOE(Pay research unit) F. No. S-14011/1/20063/ PRU dt. 31/3/08	Ministry of Finance New Delhi, copy to the CGDA	Quarterly	Last week of first month of next quarter	
15	Report on write off balance head to Govt. provident fund suspense (020/55)	CGDA No. A/II/13606/ PC/ II Dt. 01/9/99	CGDA	Half yearly	1st of April & October	
16	Modified appropriation	Accounts Code Para 166	PCDA(P) / CGDA	Yearly	January / February	

SL. NO.	TITLE OF THE REPORTS /MONTHLY REPORTS	AUTHORITY	TO WHOM RENDERED	PERIODICITY	DUE DATE	REMARKS
17	Govt. subsidy	Accounts Code Para 142 & 152	CGDA / Copy to	Yearly	June	
	contribution to International Organization		DADs			
18	Statement 3 & 11 (Loan and Advances of Union Govt.)	CGDA No. A/III/11383/ Accounts & CGA GOI, M of Fin. (Deptt. of Expenditure) OM No. G/25020/1/2010/3. 4 & 11/CGA/FA/TS/1376	CGDA/ Copy to DADs	Yearly	May	
19	Statement 4 Guarantees given Govt.	-do-	-Do-	-do-	April	
20	Revised estimates	Account Code Para 155	PCDA(P) / CGDA	Yearly	September / October	
21	Budget Estimate	-do-	-do-	-do-	-do-	
22	March manual correction	Account Code Para 143	CGDA	Yearly	May / June	
23	AROB alongwith Statement 5 & 13 for 14/year	Account Code Para 141	CGDA/DADs	Yearly	1st week of June	
24	AROB alongwith Statement 5 & 13 for 15 manual	-do-	-do-	-do-	Last week of July	
25	Report on allocation of expenditure on "Joint Cipher Bureau between MOD & MEA(Civil Estimate)		CGDA	Yearly	May / June	
26	Charge Expenditure Report	Account Code Para 249	CGDA/DADs	Yearly	August	
27	Report on write off from Suspense Head other than Provident Fund Suspense(020/71)	CGDA No. A/II/13606/PC/ II Dt. 01/9/99	CGDA	Yearly	1st October to 30th September on 1st November	

SL. NO.	TITLE OF THE REPORTS /MONTHLY REPORTS	AUTHORITY	TO WHOM	PERIODICITY	DUE DATE	REMARKS
28	Subsidy paid by GOI to the various companies / Corp./Autonomous body from DSE(DAD)/ Non DAD	MOD Fin. (Budget) DGADS for incorporation in the Appropriation Accounts	CGDA	Yearly	30th June of the Year	
29	Compilation of Central (Civil) appropriation Account Certificate on certain revenue & debt heads	Def. Account Code Para 580 & CGDA No. AT/XII/12682/ R&D heads/2009 -10 dt. 27/4/2010	CGDA	Yearly	Within 20th August of every year	
30.	Change statement report on DEA(DID Schedule)	Defence Accounts Code Para 120B	EDP Center CDA(A) Meerut	Thrice in a Year	November, April & August	
31.	ACAPR (Annual Consolidated Abstract of Progress Report) (Def. Exchange Account)	Defence Account Code Para 125	-do- & CGDA	Yearly	15th December	



Annexure XVII

Group-wise Registers Maintained in Accounts Section

Group-I

1. Circular Issue Register
2. TE Register
3. PM Register

Group-II

1. RR Fund Register
2. Suspense Register
3. Charged expenditure Report Register
4. Unit Code/Unit Control Code Register
5. Other Special Advance/ loan to DAD Canteen register
6. Misc. Deposit Register

Group-III

1. Allocation Register
2. Re-allocation Register
3. Register to Monitor Progress of receipt/expn. Against Budget allotment

Group-IV

1. DID Inward Register
2. DID Outward Register

Group-V

1. DAD Debt head Register
2. NON-DAD Debt head Register
3. Register for mortgage deed/sale deed(HBA)

Group-VI

1. Debit Scroll Register(14RBI & SBI Subsideries)
2. Credit Scroll Register
3. Suspense Register
4. Annexure “D” Register
5. Annexure “C” Register
6. Annexure “B” Register
7. Debit Voucher Register(LC)
8. Register of Progressive expdtr. towards Foreign Purchase

Group-VII

1. NPC Register
2. Outstanding of Unlinked Cheques Register

Group-IX & X

1. Inward Settlement on cash basis Register
2. DV Voucher Register
3. Bank Advise Register
4. PM Register

941. The conduct and disposal of work dealt with in the Disbursement Section are generally the same as laid down in Chapter IV, office Manual, Part II (Vol. I). a list of Registers and Reports & Returns pertaining to this section is given in Annexure – XVIII & XIX respectively.

942. For sometime past the DAD has embraced the system of e-payment parallel with the time tested system of issue of physical instruments (cheque) for the purpose of disbursement. Initially ECS(Electronic Clearing system) and NEFT(National Electronic Fund Transfer) methods were adopted in different offices of DAD. In an endeavor to bring about uniformity in e-payments made across various offices of the DAD, the CGDA vide letter No. A/III/12157/CMP/2013-14 Dated 17-4-2013 has introduced SBI-CMP as a standard procedure for e-payments in DAD. The salient features of CMP is given in Annexure – XX.

943 The conduct and disposal of work dealt with in the Disbursement Section will generally be the same as laid down in Chapter No. IV of Office Manual Part II Vol I.

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Annexure XVIII

LIST OF REGISTERS MAINTAINED IN "DISBUREMENT SECTION"

Sl. No.	Name of Registers
1	Attendance Register
2	Establishment Register
3	Peon Book
4	Casual Leave Register
5	EL and HPL Register
6	Inward Dak Register
7	Outward Dak Register
8	CGDA/Special Letter& DO Letter Register
9	Report & Return Register
10	NEFT DVs Receiving Register
11	Non-NEFT DVs Receiving Register
12	DV wise Cheque Type Register
13	Daily cheque Register
14	Specimen Signature Register
15	List of Treasuries Register
16	Non-NEFT Cheque Slips Dispatch Register
17	NEFT Cheque Slips Dispatch Register
18	Sch – lll & DP Sheet Reconciliation Register
19	Section Order Register
20	Weekly Report Register for Stock of Cheque
21	Stock Register of Blank Cheque PADs
22	Blank Cheque PAD Distribution Register (MICR) & (Non-MICR)
23	Cheque Dispatch Register
24	Cancelled/Spoilt Cheque Register
25	Surprise Check of Cheque Register

Annexure XIX

DISBURSEMENT SECTION
REPORTS & RETURNS

Sl no	Name of Reports	Authority	To whom rendered	Periodicity	Due Date	File Name
1	Allotment of sign code to Defence Drawing & Disbursement Officers	A/III/13348/FPBs /XXII dt25.09.07	Office of CGDA	Annually	1st June of every year	D/2/Specimen signature
2	Monthly Progress Report	241/AN-IV/M.P.R/ Vol-III Of 08.06	AN-IV Section	Monthly	7th of every month	D/21/M.P.R
3	Monthly Activity Report	1528/AN-I/CGDA dt-06.09.2000	AN-I Section	Monthly	7th of every month	D/21/M.A.R
4	Leave Statement	Part-II O.O no-868 dt 05.03.87	AN-IX Section	Monthly	1st week of every month	D/9/EL & HPL/Leave
5	Implementation of e-payment in DAD	HQRS/A/III/12157/ ECS/COMM-X dt-21.08.12	E.D.P Section	Monthly	1st week of every month	D/28/NEFT/Monthly Report
6	Cancelled/Spoilt cheque Statement	A/VII/Gendt-11.09.03 A/VII/681/xxxii dt-21.07.04	Accounts Section	Monthly	1st week of every month	D/45/Cancel/Spoilt

Annexure XX

STATE BANK OF INDIA - CASH MANAGEMENT PRODUCT (CMP)

IMPORTANT FEATURES:

1. Hosting of a Secured Web-Portal to work as a Payment Gateway. Uniform and approved process across the country with a stricter Turn Around Time. Payment files processed on the same day.
2. Secured Payment Gateway for integration of Defence Accounting Offices with the Core Banking System of SBI. Portal Hosted and User-ID PWD created for the Users to upload and authorise the file.
3. Settlement of Fund with RBI CAS Nagpur based on mandate without any physical cheque. Payment is released to beneficiaries before seeking fund.
4. Daily updation of paid or unpaid data by CMP to all the Accounts Offices for online reconciliation of payment records. Being done on daily basis supported by Payment Scroll.
5. Web based system for reconciling the entries and Accounts on daily basis. Correct reporting mechanism of transactions and accounts. 5crolls Uploaded on the Portal contains full history of the transaction including payment reference number and date of settlement with RBI.
6. Centralised monitoring of Turn Around Time and Control with the Defence Accounts.
7. As Processing of files, Payment to Beneficiaries, Capturing of Payment Reference Number, Settlement of fund with RBI and uploading of Scroll is an automated process scaling up of operations will not affect the process flow and TAT.

SECURITY FEATURES:

1. Site is VeriSign certified and works on 128 bit encryption where all data will travel in a secured encrypted tunnel from one end to the other.
2. Encryption of file at the time of generation from respective automation Systems and uploading the same on CMP Portal.
3. Password follows the international best practice and is a combination of Alpha, Special Character and Numbers.
4. Checker-Maker concept with double authorization is being implemented.
5. Digital Signing of files by the AOs for compliance of IT Act and Provision for uploading of Zip files.
6. Auto log off if there is no activity on the site for more than say 10 minutes. After every successful login, it will display the date and time of last successful and unsuccessful (with the reason) login. Facility of login through virtual keyboard for security reasons.



946. The above section deals with-

(a) Pre-audit and payment of all claims related to pay and allowances (other than travelling, daily allowances and medical reimbursement) of staff and Officers of O.F.B. HQrs, and Hastings at Kolkata and Jamshedpur. While the claims pertaining to Gazetted officers are dealt with in Pay 'O' section, those pertaining to NIE/NGOs are dealt with in the 'Pay' section.

Note : (i) The word 'Claim' in the above paragraph includes regular monthly pay bills, arrear pay & allowances bills, Leave encashment bills, Central Government Group Insurance bills of regular establishment and terminal/gratuity claims for temporary/quasi-permanent employees under, CCS (Temporary Service) Rules.

(b) For Gazetted Officers of Ordnance Factories and its allied establishments regular monthly pay bills are pre-checked and paid at Branch Accounts Office level and sent to Main Office for post audit and for NIE/NGOs the same are pre-audited and finally paid at Branch Accounts Office level.

(c) Pre-audit and payment of all supplementary claims of pay and allowances in respect of Gazetted Officers working under Ordnance Factory Organization are done by Pay-'O'.

(d) The section is also entrusted with payment and recovery of leave salary and pension Contribution in respect of GOs and NGOs lent for service to and from civil and other departments of the Central Govt. and the various state and Foreign Governments, excepting decentralized factories and attached allied DGI, DGR & D and DTD & P (Air) establishments in whose cases the item of work is done by the respective Accounts Offices.

(e) Compilation/classification of all receipts and payments brought to account through pay bills or other claims dealt with in the Section.

(f) Audit of annual establishment return in respect of permanent Gazetted/non-Gazetted/non-Gazetted/non-industrial personnel.

(g) Maintenance of list for watching the receipt and check of superannuation statements in respect of Gazetted officers of all factories and allied DGI, DGR & D and DTD & P (Air) establishments.

(h) The above functions in respect of non-gazetted and non-industrial employees of OFB Headquarters and allied DGI, DGR & P (Air) establishments, Hastings and Jamshedpur are dealt with in 'Pay' Section .

947. The detailed procedure to be followed in regard to the items of work mentioned in para 946 will generally be the same as laid down in chapters on "Pay" Sections of Office Manual Part II Vol. I.

948. Pay-Tech section deals with all questions relating to pay and allowances of the Industrial Employees, Non Industrial Employees, NGOs and GOs of both the Factories and Technical Development establishment under the audit control of the P.C. of A (Fys). All problems arising out of the practical application of the provisions of the Factories Act, Payment of Wages Act, Factory Accounting Rules and other Department Rules, Instructions or orders are also dealt with by this section.

949. Erstwhile 'Industrial Establishment Group' now merged with Pay Tech Section. This section also deals with all questions relating to the following subjects in respect of the Industrial employees of the Factories and Technical Development Establishments. Necessary instructions are issued for the guidance of the Branch Accounts Offices, after obtaining clarifications, wherever required.

(a) Pay, overtime pay, Saturday bonus, Night Shift Bonus, Night Duty Allowance, Incentive Bonus etc.
(b) Leave Pay.
(c) Injury Pay.
(d) Dearness allowance, House Rent and Compensatory City allowances, outstation allowance etc.
(e) Employment, trade test, increment and promotion.
(f) Booking of attendance and surprise check.
(g) Problems arising out of the application of the relevant Acts, Departmental Rules and orders.
(h) Training of workmen and Boy Artisans.
(i) Audit of Fine Fund.
(j) Scrutiny of statement of idle time payments submitted by the GMs of the factories through the respective Branch Accounts offices and forwarding the same to the competent financial authority for sanction.
(k) Payment of Incentive Bonus
(l) Scrutiny of overpayments to IEs reported by Branch Accounts offices.

950. All cost related issues on the above items of work will however be referred to “Production” Section.

951. Para-wise reply to all court/CAT cases relating to pay & allowances of regular establishments of Ordnance Factory Organization are vetted by Pay-Tech section.

952. Pay-Tech section publishes and circulates AT-Orders on all matters related to Pay & Allowances in respect of regular establishments of the OFB Organization.

953. Report and returns rendered and various registers maintained by the Pay, Pay –O and Pay-Tech Section are given in Annexure XXI and Annexure XXII to this chapter.

954. The conduct and disposal of work dealt with in the Pay Section will generally be the same as laid down in Chapter No. V of Office Manual Part II Vol I.

955. Blank.

Annexure XXI

Refer para 953

LIST OF REPORT AND RETURNS			
SN	**Periodicity**	Detail	To Whom
1	**Monthly**	MPR	AN-IV
		Report in r/o Def. Civilian pay &allowances	A/CS SEC
2	**Quarterly**	Report on NPS	NPS SEC
3	**Half yearly**	Hindi Report	HINDI CELL
4	**Yearly**	Inter Command Trans.	AN-I
		Revised Estimate in r/o pension head	A/CS SEC
		Modified Appropriation in r/o various Major heads	A/CS SEC
		Annual Report on CGEGIES - 1980	CGDA

REGISTERES MAINTAINED IN PAY SECTION	
SN	NAME OF THE REGISTER
1	CHARGE EXPENDITURE REGISTER
2	SECTION ORDER REGISTER
3	MRO/TE ADJUSTMENT REGISTER
4	LPC (IN / OUT) REGISTER
5	PROVISIIONAL PAYMENT REGISTER
6	REGISTER OF ADDRESS,INITIAL OF AAOS/AUDITORS/CLKS
7	DEMAND REGISTER
8	SPECIMEN SIGNATURE REGISTER
9	SUPER ANNUATION REGISTER
10	NPS REMITTANCE TO TRUSTEE BANK REGISTER
11	NON RECURRING REGISTER
12	CDA-13 REGISTER

Annexure XXII

Refer para 953

REPORTS & RETURNS	**REGISTERS**
MONTHLY REPORTS: MPR LEAVE STATEMENTS REPORTS ON P&A IN R/O DEFENCE CIVILIANS (PAID OUT OF DSE) ECS REPORTS	T.E. REGISTER REGISTER OF SPECIMEN SIGNATURE SUPERANNUATION REGISTER NON-RECURRING REGISTER DEMAND REGISTERS AUDIT PROGREESS REGISTER REGISTER OF NPS REMITTANCE TO TRUSTEE BANK
QUARTERLY REPORTS: TIMAHI PRAGATI REPORT(HINDI) MFAI CASH LOSS EMPLOYMENT OF FAMILY OF GOVT. SERVANT IN FOREIGN MISSION AND FOREIGN ORGANISATON IN INDIA	

Duties

956. Work of Store Section has been described in the following sub paras:-

(i) Allocation of Customs Duty.

(ii) Payment issue Stores - Adjustment of M.R.O. towards realization of payment on account of Export Order received by OFB & Booking of realization from orders placed by MHA on Ordnance Factory Board.

(iii) Leases, agreements or contracts relating to the occupation, use or working of Government Property included in Factory Estates.

(iv) Post-audit of Supply Orders pertaining to Stationary items placed by HQrs/PS, OFB.

(v) Post-audit of Supply Orders pertaining to Hardware and Software procurement and AMC contracts thereof placed by IT Division of OFB.

(vi) Payment of Bills in respect of Supply Orders mentioned at Sl. No. (v) above floated by HQr/PS, OFB and IT Division, OFB.

(vii) Allocation of expenditure on Central Purchase made through DGS&D to the unit code head of the concerned factories including sending of consolidated acknowledgement of receipt of paid DVs to DAD Cells, reconciliation of booking of DAD Cell, as reflected in All India Compilation with the allocations made by this office;

(viii) Adjustment of Inter Services Adjustment Voucher received from LAO, Hastings for material supplied to OFB HQrs.

(ix) Bills of Stationery Department in r/o PCA (Fys)

(x) Report & Returns :

a) TPC/PNC Report
b) Reports on outstanding Provisional Payment;
c) Reports on outstanding Spot Payment Cases;
d) Report on outstanding Foreign Invoices
e) Reports on sanction for Capital Outlay A/c accorded by Local Accounts Authorities

(xi) Miscellaneous Works

Note1 : As per revised Delegation of Financial Power, the GMs of the OF have been empowered to place supply order on Foreign Firms with the approval of OFB. Hence, Foreign purchase of stores - ILAC debits (classified accounts) are centrally adjusted in the Accounts Section of Main Office Kolkata and Letter of Credit(LOC) are opened by the respective Branch Accounts Offices. Accordingly, existing Para 958 & 971 have not been incorporated.

Note 2 : OFB vide order dated 295/TS/R&D/Dev. Labs Dated 1/4-2-08 restructured the existing R&D setup with Ordnance Development Centre. The revised system with details of apportionment of expenditure has been given in para 581(xxv) of OM Part VI and hence Para 970 of OM Part VI Vol. III 1993 edn has been deleted .

957. Post Audit of Supply Orders

The detailed procedure laid down in Store Audit Section, OM Part II Vol I will generally be followed in dealing with the items of work referred to in Para 956. However in addition to that following specific points will be seen in post audit of Supply Order bills and other items of work as detailed in paras at 958 - 966 shown below maintaining the general principles of audit as laid down in Defence Audit Code & relevant orders as detailed in the Annexures attached to this chapter.

i) Requisition proposed has been duly approved by competent authority.

ii) Tender Enquiry / Request for Proposal floated has been placed on case file.

iii) Quotation of the firms placed on file.

iv) Comparative Statement of Tenders has been placed on file.

v) Order has been placed on Lowest Tenderer, if not reason therefor categorically mentioned in the Minutes of TPC .

vi) Procurement has been approved by Competent Authority / TPC.

vii) All the terms and conditions mentioned in T.E. and accepted by the firms have been incorporated in the Supply Order.

viii) Security Deposit Clause, Payment Terms, Delivery Period, Liquidated Damage Clause (warranty clause of P&M), & Arbitration clause have invariably been incorporated in the Supply Order.

ix) If Liquidated Damage is waived, reason for waival of LD should be clearly recorded in the Minutes of the TPC.

x) Statutory tax increase after the expiry of Delivery Period and extension of DP with LD and denial clause should not be agreed upon – This is to be looked while post auditing the amendment to Supply Order.

Remarks : 1. Cases valuing upto ₹ 10 lakhs is to be pre-audited as no TPC is held for the same.

2. Local Purchase Committee is to be constituted for procurement of goods upto ₹ 1 lakh by the Competent Authorities. Local Purchase Committee should consists of three members
3. Purchase through contingency upto ₹ 40,000/- should be sanctioned by DDG/HQrs and Finance concurrence may not be insisted upon. However, in respect of cases valuing more than ₹ 40,000/- Finance Concurrence is invariably required.

Registers in the following formats are maintained for Post Audit of Supply Orders, Payment of Bills, Deduction of Income Tax

-

Sl No.	Supply Order No. & Date	Sanction No. & Date against which S.O. placed	Name & address of the Firm	Nomenclature of Stores	Quantity	Rates and Taxes	Value	LP Code
1	2	3	4	5	6	7	8	9

Delivery Period	LD Clause	Payment Terms	Quantity for which Payment made	Total Payment made	Balance Quantity for which payment not made	Whether Original Supply Order returned by the firm
10	11	12	13	14	15	16

Note :-
After the end of the financial year, Supply Orders for which payment not made should be transferred to a new register.

B) Bill Payment Register :-

Sl. No.	Bill No. & Date	Amount of Bill	Letter No. & Date on which Bill Received	Name of Firm	Supply Order No. & Date	Nomenclature	Quantity as per Supply Order	Quantity Supplied	Periodicity of the Bill
1	2	3	4	5	6	7	8	9	10

Invoice No. & Date	Rate & Taxes	Consignee	Receipt Voucher / Utilisation Certificate No. & date	Deduction of LD	Deduction of Income Tax	Other Deduction, if any	Net Amount Passed for Payment	DV No. & Date	Mode of Payment & Date
11	12	13	14	15	16	17	18	19	20

C) Security Deposit Register :-

Sl. No.	Supply Order No. & Date	Name of the Firm	Nomenclature	Total Value of the Contract	Amount of SD	Nature of Instrument through which Security Deposit lodged.	Bank Guarantee No. & Date	Issuing Bank	Validity of B.G.	Revalidated Date.
1	2	3	4	5	6	7	8	9	10	11

D) Income Tax Register :

Sl. No.	Name & Address of the Firm	PAN No. of the Firm	Supply Order No. & Date	Bill No. & Date	Amount of Bill	Amount Passed for Payment	Income Tax Deducted				DV No. & Month
							I Tax	Primary Ed Cess	Higher Ed Cess	Surcharge	
1	2	3	4	5	6	7	8	9	10	11	12

958. Payment of Bills :

i) Sanction of Competent Authority/ Supply Order against which bill preferred exists;

ii) Counter-signature of bill preferring authority tallies with the specimen signature held on record of Store Section.

iii) Budget / Fund for the appropriate code head is available;

iv)Whether Security Deposit in the form of Bank Guarantee in proper format has been submitted within 30 days of the placement of Supply Order. OFB is the custodian of Original Bank Guarantee. A Photostat copy is to be provided to Store Section of MO Kolkata. The genuineness certificate in respect of the Bank Guarantee so submitted should be obtained from the Bank by OFB and a copy duly attested should be made available by OFB to Store Section.

v) Revenue Stamp on bills valuing more than ₹5000/- has been affixed.

vi) Description of the item, quantity, Rate & total value have been correctly shown in the bill. In case of bills of IT Division/ R.C. bills, the periodicity of the bill should be indicated.

vii) Inspection Report authenticated by appropriate authority is attached with the bill.

viii)Invoice (Original and duplicate) ink-signed by the contractor is enclosed.

ix)Receipt Voucher (original & duplicate) duly authenticated by competent authority is enclosed.

x) Utilization Certificate to the effect that the work, for which bill preferred has been completed satisfactorily signed by the competent authority is enclosed.

xi)Liquidated Damage should be deducted for supply beyond original DP but within extended DP with LD & denial clause.

xii) Income Tax for bills beyond ₹30,000/- at the prevailing rate should be deducted. For lesser amount, bills to be noted in the IT Register to watch, if the total bills of the same supplier within the currency of Financial year exceeds ₹90,000/- for effecting recovery as per guidelines of Income Tax authorities.

xiii) For uploading of Income Tax and filing Form 24G monthly and Form 26 Q Quarterly, a statement of tax deducted is submitted to "M" Section for submission to the IT Authority.

xiv) Statutory tax increase during the currency of the contract is admissible. However, since total value would increase by admitting such taxes, approval of the TPC with Finance Concurrence is required.

xv) The Original Supply Order should be returned by the Supplier along with last bill.

xvi) A Mandate Form giving bank details along with a cancelled cheque is obtained from contractor for payment through NEFT (National Electronic Fund Transfer) mode.

xvii) After passing the bill for payment, "Paid & Cancelled" is embossed on the enclosures and payment endorsement inter-alia showing "Treasury", "Payee" and "Amount" is made on bills for approval by AAO / A.O./SAO/G.O (S).

xviii)Class-I Punching Medium is prepared for compilation of expenditure, Cheque Slip and intimation memo to OFB and the concerned firm are prepared.

xix) In case of payment of AMC charges for Comnet, e-procurement and other Hard Ware / Soft Ware procurement by OFB for its organization as a whole, amount as advised by OFB is allocated to all the units through Class-I P.M. In such cases, intimation to the Br. A.O.s attached with individual units of OFB Organisation is given along with a copy of PM.

xx) A suitable note in respect of payment made is recorded in the Supply Order held in the record of Store Section. The details of bills and payment are also recorded separately in the Bill Payment Register.

After Passing of Bills, Daily Payment Sheet (DP Sheet) is prepared in triplicate and Passed Bills alongwith a copy of DP Sheet, Cheque Slip & Punching Medium are forwarded to "D" Section. Copies of Original DP Sheet, Cheque Slip and P.M. are also sent to EDP Section for NEFT payment.

959. ALLOCATION OF CENTRAL PURCHASE (DGS&D) TRANSACTION :

(i) The present system of booking and allocation of Central Purchase (DGS&D) transaction has been introduced w.e.f. January 2003. (Annexure-XXV)

(ii) Allocation of Central Purchase (DGS&D) cases. In Central Purchase transactions indents are placed by Factories/NADP/OFIL/ Ordnance Factory Board on DGS&D stationed at New Delhi, Mumbai, Chennai & Kolkata. DGS&D in turn places orders on the firm for whom they have concluded Rate Contract. Initially payment to the firms are made by PAO/DGS&D and raises debit against Defence Department. DAD (Defence Accounts Department) Cells at New Delhi, Mumbai, Chennai & Kolkata who accepts such debit and releases Suspense code i.e. 00/020/82 by compiling to relevant service code heads prefixing "07" with each such service head.

(iii) DAD Cells after booking to relevant service head, sends top list showing details of DV i.e. Supply Order No. & Date, Name of Consignee and LAO to Store Section, PCA (Fys) and simultaneously they send relevant Paid DVs and relevant documents to the Accounts Offices of the consignees.

(iv) Store Section, PCA (Fys) allocates the amount involved in the DV to the unit code head of the consignee against the classification code head mentioned in the Top Lists received from DAD Cells. Such Allocation is done through Class-VII Voucher. An acknowledgement of receipt of top list inter-alia showing summarized code head wise allocation of the paid DVs listed in the top list. The details of allocation made are recorded on computer and a print out is kept on record which serves as DV register to watch acknowledgement of receipt of Paid DV from LAOs.

(v) After the end of the month, details of allocation so made are scheduled to LAOs in the format (as per Annexure-XXVII) to enable them to track the Paid DV and also for linking purpose / clearance of liability, if any, exist in their books of accounts. Conversely, if Receipt Voucher has not been prepared, LAO may enter the details in the Asset Register for watching Receipt Voucher for the same.

(vi) The acknowledgment of the receipt of Paid DVs received in the format prescribed by M..O. (Annexure-XXVVIII) from LAOs are recorded in a separate register in addition to linking the acknowledgement in the DV Register mentioned in sub para-v above. This register is intended to call for wanting top list of the relevant Paid DV, receipt of which has been acknowledged by LAO.

(vii) Every month All India Compilation (AIC), inter-alia, showing the booking made by DAD Cells are reflected. In order to watch receipt of all the top lists, reconciliation between the top lists received from each DAD Cell and that of the booking appeared in AIC for the month is carried out. Cases may happen when the figure appeared in AIC is more than the amount of the top lists received from DAD Cells, in such cases the matter for wanting top lists are taken with concerned DAD Cell. Cases may also happen when the figure shown in top list is more than the amount shown in AIA. In such cases, concerned DAD Cell is requested to get the balance amount reflected in the AIA for next month.

(viii) Sending of up-to-date distribution list of LAOs to DAD Cell on yearly basis also as and when any change arises during the year.

A) To perform the above work systematically following Registers are to be maintained for Central Purchase transactions :-

i) Register of Top Lists received from DAD Cells
ii) Register for Allocation
iii) Register for Scheduling
iv) Register for Noting of Acknowledgement letters for receipt of Paid DVs by Br. A.O.s
v) Register for Reconciliation

The format for each Register is prescribed as under :-

i) Register of Top Lists Received from DAD Cells : -

(Separate series of Pages (Folios) to be allotted for each DAD Cell).

Sl No.	Record Section Dy. No. & Date	DAD Cell letter No. & Date	TE No. & Month	T.E. Amount	Total No. of DVs included in Top List	As per DAD Cell Punching Medium		Allocation No. & Date	Progressive Total of Top Lists received	Signature	
						Classification code	Amount			Auditor / SA	S.O.(A) /AAO

ii) Register for Allocation :-

Sl. No.	DAD Cell	DAD Cell letter No. & Date	T.E. No. & Month	Amount of T.E.	Classification Code allocated	Amount	Amount not allocated		Reason for non allocation	PCA (Fys) letter No. & Date in which allocation intimated to DAD Cell	Signature	
							DV No. & Date	Amount			Auditor / SA	S.O.(A) /AAO
1	2	3	4	5	6	7	8	9	10	11	12	13

iii) Register of Scheduling (Computer Hard Copy may be maintained instead of Register) : -

DAD CELL	DAD CELL`S LETTER NO. & DATE	DADCELL`S T.E.NO. & MONTH	PERIOD ENDING AS PERTOP LIST OF DADCELL	DV NO. AS PER TOP LIST OF DAD CELL&DATE	AMOUNT OF DV	CLASSIFICATION CODE AS PER TOP LIST OF DAD CELL	NAME OF CONSIGNEE FACTORY	SUPPLY ORDER NO. & DATE	UNIT CODE &CONTROL CODE TO WHICH ALLOCATED	ALLOCATION NO. & MONTH
1	2	3	4	5	6	7	8	9	10	11

iv) Register for Noting of Acknowledgement letters for receipt of Paid DVs by Br. A.O.s

Sl. No.	Factory in which Br. A.O. attached	Br. A.O. letter No. & Date	DAD Cell	DAD Cell forwarding letter No. & Date	DAD Cell TE No. & Month	Paid DV acknowledged		Classification Code	Supply Order No. & Date	Receipt Voucher No. & Date	Allocation No. & Month	PCA (Fys) letter No. & Date in which Consolidated acknowledgement sent	Signature of Auditor / SA
						DV No.	Amount						
1	2	3	4	5	6	7	8	9	10	11	12	13	14

v) Register for Reconciliation (Separate series of pages to be allotted for each DAD Cell)

Code head	Progressive Booking made by DAD Cell as per All India Compilation for the month ____ Year_____	Amount as per Top List of DAD Cell,	Allocation by PCA (Fys) as per top list of DAD Cell, till Month_____ Year _____	Difference / Amount for which top list wanting	PCA (Fys) letter No. & Date in which result of reconciliation intimated to DAD Cell
1	2	3	4	5	6

After reconciliation being completed and discrepancy, if any, observed will be communicated to the concerned DAD Cell using following format :-

The following format is for communication of the top list allocated by PCA (Fys)

Sl No.	DAD Cell, NEWDELHI No. & Date	T.E. No. of DAD Cell	Classification Code	Amount (As per Top List)	Amount allocated by PCA (Fys)	PCA (Fys) letter No. & Date in which Allocation was intimated to DAD Cell
1	2	3	4	5	6	7

960. EXPORT REALISATION:-

Payment is initially received by Export Division, Ordnance Factory Board, who deposits the amount so received through Military Receivable Order (MRO). The Original MRO is received from OFB/Cash Section to Store Section, PCA (Fys).

(i) Simultaneously, Export Division provides details of Purchase Order with the direction to allocate the amount to the relevant factories for compilation. The cases, may happen when due to non availability of the name of the factory, OFB Export Division advises Store Section to allocate the amount provisionally to the code head of OF Board (100) with Miscellaneous Receipt Code 00/017/05. Subsequently, on confirmation of the name of factory, OFB code head to which the realized amount provisionally compiled, is released and booked to the unit code head of the factory.

(ii) The classification code head for compilation of Export amount is 01/800/07. UCC "273" is prefixed to the unit code head of the factory. A sample Punching Medium is appended for example.

Example :*An MRO bearing No.87/13 dt 19/8/2013 for Rs.25,36,118/- received from OFB Cash under their No. 4/1/2013/HQ/CA dt 26/8/2013 towards Cost of stores supplied to Indonesia, by OF Varangaon*

IAF CDA-336(A)

PUNCHING MEDIUM

Month : 09/2013 CDA-07 Section-08 Class of Voucher-II Voucher No.00034

Unit No.	Classification Code	Receipts				Unit No.	Classification Code	Charges			
		R-(1)		M.R- (2)				Ch- (3)		M.C. (4)	
		Rs.	P	Rs.	P			Rs.	P	Rs.	P.
							`				
	273126 01/800/07	25,36,118	00				00/020/80	25,36,118	00		
TOTAL		25,36,118	00					25,36,118	00		

In adjustment of MRO No.87/13 DT. 19/8/2013 for Rs.25,36,118/- (Rupess twenty five lakhs thirty six thousand one hundred eighteen only), for supply of Arms to M/s Beretta, Italy vide OFB letter No. Exp./ Tajikistan dated 01/07/2013.

Sd/-
Group Officer (Store)

(iii) After booking of the amount, original MRO alongwith copy of the Class-II Punching Medium is sent to Accounts Section, PCA(Fys) for linking with DMRO received from Bank. The copy of the letter addressed to Accounts Section is also endorsed to Director/Export Division and Accounts Office(s) of the relevant factory(ies) alongwith a copy of the TE for further necessary action at their end.

(iv) A Register in the following format is maintained for recording Export cases and watching of the acknowledgement of receipt of the intimation from concerned Br. A.O.s

OFB CASH SECTION LETTER NO. & DATE IN WHICH OMRO RECEIVED	M.R.O. NO. & DATE	AMOUNT OF MRO	PERCENTAGE OF THE VALUE FOR WHICH MRO RECEIVED	OFB EXPORT DIVISION LETTER NO. & DATE IN WHICH DETAILS RECEIVED	PURCHASE ORDER NO. & DATE AS INTIMATED BY EXPORT DIVISION	NAME OF THE FIRM / COUNTRY FROM WHOM AMOUNT RECEIVED	NOMENCLATURE OF MATERIAL	QUANTITY

T.E. NO. & MONTH	ALLOCATION DETAILS			INITIAL OF AUDITOR	PCA (FYS) LETTER NO. & DATE IN WHICH INTIMATION SENT	INITIAL OF AUDITOR/SA/AAO / AO/SAO	Remarks
	UNIT CODE	Classification Code	AMOUNT				

961. Issues to MINISTRY OF HOME AFFAIRS :

(i) Ordnance Factory Board receives order for supply of Arms & Ammunition to the units under Ministry of Home Affairs & Para Military Forces and various Police units of State Governments.

(ii) Under the present arrangement generally 50% /60% payment is received as advance payment and 40% /50% on receipt of material by the recipient. Sometime 100% advance payment is also received by OFB. (Annexure-AD)

(iii) OFB on receipt of payment deposits the same to their Cash Section for depositing the said amount to Bank through M.R.O.

(iv) Original MRO is received from OFB Cash whereas details of amount to be allocated to the factories are received from Planning & Progress Section (P&P) of OFB. Sometimes OFB advises to keep the amount against Suspense Code of OFB (08/017/05 with Unit code head of OFB i.e. "100" which is released after a decision for allocating the amount to any particular factory is communicated by P&P Section, OFB, Realisation from MHA is booked to unit code head of 08/017/05 with unit code head of concerned factory prefixing Unit Control code "000".

Example : MRO No.25/13 DT. 20/3/2013 for ₹ 31,35,00,000.00 (Rupess thirty one crores thirty-five lakhs only), pertaining to supply of Arms to State Governments, vide OFB letter No.016/MHA/PM /1213/P&P dt. 26/3/2013. OFB P&P Section Advised to allocate a sum of ₹ 20 Cr. to Rifle Factory Ishapur and the balance amount to be kept under OFB Suspense Code Head.

IAF CDA-336(A)

PUNCHING MEDIUM

Month : 03/2013 CDA-07 Section-08 Class of Voucher-II Vcher No.00039

Unit No.	Classification Code	Receipts				Unit No.	Classification Code	Charges			
		R-(1)		M.R.-(2)				Ch-(3)		M.Ch-(4)	
		₹	P	₹	P			₹	P	₹	P.
							`				
000105	08/017/05	20,00,00,000	00				00/020/80	31,35,00,000	00		
000100	08/017/05	11,35,00,000	00								
TOTAL		31,35,00,000	00					31,35,00,000	00		

In adjustment of MRO No.25/13 DT. 20/3/2013 for ₹ 31,35,00,000.00 (Rupees thirty one crores thirty-five lakhs only), pertaining to supply of Arms to State Governments, vide OFB letter No. 016/MHA/PM/12-13/P&P dt. 26/3/2013. PCA(FYS) has approved.

S.A.O. (S)

N.B. Since total value exceeded ₹ 1 Cr. Approval of PCA (Fys)/C of A (Fys) has been accorded on full Details of MHA cases needs to be recorded in a Register in the following format : -

LETTER NO. & DATE IN WHICH OMRO RECEIVED	M.R.O. NO. & DATE	AMOUNT OF MRO	PERCENTAGE OF THE VALUE FOR WHICH MRO RECEIVED	OFB P&P DIVISION LETTER NO. & DATE IN WHICH DETAILS RECEIVED	MHA INDENT / ORDER NO. & DATE AS INTIMATED BY OFB	NAME OF THE UNIT TO WHOM MATERIAL TO BE SUPPLIED	NOMENCLATURE OF MATERIAL	QUANTITY	Allocation Details			T.E. No. & Month
									UNITCODE	CLASSIFICATION CODE	Amount	
1	2	3	4	5	6	7	8	9	10	11	12	13

PCA (Fys) Letter No. & Date in which intimation of allocation sent	Signature Auditor / SA/ AAO /AO /SAO	Br. A.O. Letter No. & Date in which PCA (Fys) letter .at Col 14 alongwith TE acknowledged	Tax Details received from Br.A.O.				Signature of Auditor /SA/ AAO/A.O./SAO
			Br. A.O. Letter No. & Date	Basic Price	Excise Duty	Sales Tax / VAT	
14	15	16	17	18	19	20	21

962. ALLOCATION OF CUSTOMS DUTY :- Payment of Customs Duty is initially made by Accounts Office (DAD) attached with Embarkation HQrs. Payment of CD is made against classification code 01/806/10 and after payment A.O. (DAD), EHQ intimate this office through Monthly Statement of Expenditure showing D.V. No., Amount, Bill No. & Date and consignee factory. On receipt of this statement, allocation is made to the unit code head of the factory. The amount so allocated is intimated to the A.O. of the concerned factory with a copy to A.O. (DAD), EHQ. The A.O. is advised to collect copies of Bill of Lading, Bill of Entry, Invoice etc from Factory Management / A.O. (DAD), EHQ.

(ii) Sometimes, Customs duty is refunded by the Customs Authority through Cheques. Cheques. Such Cheques are deposited by A.O. (DAD) EHQ through MRO. MROs towards refund of CD are adjusted by Store Section. if refund is received within the same Financial Year in which payment made, MROs is to be adjusted against code head 01/806/10 (-) Charge (4). If refund is received in the subsequent years (i.e. after expiry of Financial Year in which payment made) the amount will be booked to Misc. Receipt Head since the amount in question could not be reallocated to the concerned Stores by Br. Accounts Offices.

Register for allocation of Customs Duty is maintained in following format :-

Station of A.O. DAD, EHQ	A.O. DAD, EHQ letter No. & Date	Name of Factory	Bill No. & Date	Amount	DV No. & Month as intimated by A.O. DAD, EHQ	Classification Code head as per A.O. DAD, EHQ	Details of Allocation				PCA (Fys) letter No. & Date in which intimation Sent	Signature of Audit / AAO / AO/SAO	Br. A.O. Letter No. & Date in which receipt of PCA (Fys) letter acknowledged
							Unit Code	Classification Code	Amount	Allocation No. & Month			
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Refund of Customs Duty will be recorded suitably in a separate folio inter -alia showing details in the following format :-

Station of A.O. DAD, EHQ	Letter No. & Date of A.O. DAD, EHQ	Bill of Entry (B.E.) No. & Date	Amount	M.R.O. No. & Date	Unit Code	Classification Code	T.E. No. & Month	Amount	PCA (Fys) letter No. & Date in which intimation Sent	Signature of Audit /SA/ AAO / AO/SAO	Br. A.O. Letter No. & Date in which receipt of PCA (Fys) letter acknowledged
1	2	3	4	5	6	7	8	9	10	11	12

963. INTER SERVICE ADJUSTMENT : Issue Vouchers of Supply Depot ASC, Kolkata for supply of FOL, HYG & LPG GP to SQAE (Veh), SQAE(E), SQAE (L&A), QAE(V) all located in Hastings, Kolkata duly paired and priced are received from A.L.A.O. (SD), Hastings, Kolkata are adjusted by store section by operating TE. Classification code head and unit code head in which adjustment is carried out are as under :-

Classification Code		Unit code head	
Item	Code	Name of Unit	Code
87 MT Gas (Quantity varies)	01/403/04	QAE (V), Hastings	000340
		SQAE (E), Hastings	000346
DHPP (N)	01/425/04	SQAE (L&A), Hastings	000346
KEROSENE	01/427/04	ADTD, Kolkata	000405
GREASE	01/406/04		
ENGINE OIL / GEAR OIL/20W 40/ 80W90 /10W30	01/428/04		

Register : A register for adjustment of ISA vouchers is to be maintained in the following format

ALAO (SD), Kolkata letter No. & Date	Issue Voucher No. & Date	Unit to whom item supplied	Item	Quantity	Rate	Total Value	Unit Code	Classi fi-cation Code	T.E. No. & Month	PCA (Fys) letter No. & Date in which intimation regarding adjustment is given to ALAO (SD), Kolkata	Signature of Auditor /SA/ AAO / A.O./ SAO
1	2	3	4	5	6	7	8	9	10	11	12

964. BILLS OF STATIONERY DEPARTMENT:

Cash Settlement Vouchers for supply of stationery items for PCA (Fys) are received from Stationery Office, 3, Church Lane Kolkata in Record Section. On receipt of material "R" Section, M.O. while sending such vouchers endorses a certificate to the effect that "Stationery item has been received" against the concerned I.O. No. of Stationery Office.

Store section processes the bill and Class-II P.M. is prepared. Bill duly processed along-with a copy of T.E. are forwarded to Accounts Section for further necessary action for issue of cheque.

Example of a P.M.

I.O. Notes bearing No.69/B dated 19/6/13 fors ₹ 6720 and No. I.O. No.70 B dt. 19/6/2013 for ₹ 22470 received from R Section with necessary Receipt confirmation. Thus TE for a total sum of ₹.29190 has been prepared as under :-

IAF CDA-336(A)

Month : 07/2013 CDA-07 Section-08 Class of Voucher-II Vcher No. 00001

Unit No.	Classification Code	Receipts				Unit No.	Classification Code	Charges			
		R-(1)	M.R.-(2)					Ch-(3)		M.Ch-(4)	
		₹	P	₹	P			₹	P	₹	P
							`				
000000	00/020/30	29190	00			000040	79/094/30	29190	00		

In adjustment of Stationery Bill. Cash Settlement Voucher No.17395 dt. 10/7/2013 for ₹ 6720 & No.17397 dt. 10/7/2013 for Rs.22470 received under Record Section letter No.R/17/Indent/Vol -XIII dt.23/7/2013

S.A.O. (S)

For adjustment of vouchers of Stationery Office a Register in the following format is to be maintain ed :-

Record Section, M.O. Letter No. & Date	I.O. No. & Date	Voucher No. & Date	Item	Quantity	Rate	Total Value	Unit Code	Amount under Code head 000000 00/020/30 + Rt.	Amount under Code head 000040 79/094/30 + Ch	T.E. No. & Month	PCA (Fys) letter No. & Date in which Bills and TE sent to Accounts Section with a copy to Record Section	Signature of Auditor /SA/ AAO / A.O./ SAO
1	2	3	4	5	6	7	8	9		10	11	12

965. REPORTS & RETURNS:-

Store section deals with following Reports & Returns :-

I) Financial Advice (TPC/PNC) Report – This report is to monitor Financial Advice rendered by Finance Members of various levels of TPCs in Br. Accounts Offices. The format of the report has been approved by CGDA HQrs Office under their letter No. AT/III/A/11178/TPC/PNC/09/11 dated 05/04/2013. Accordingly The format of the report has been devised in following four parts.

1. Part-I A	Quantity aspects of the TPC/PNC held for procurement of Store, Plant & Machinery, I&M and Contingency Purchase, and Civil Works cases
2. Part-I B	Details of Tender Enquiries floated during the quarter.
3. Part-II	Qualitative aspects viz. savings achieved due to Finance Advice, Negotiations held, Cartelised rate observed, Security Deposit not obtained, overruling of Finance Member Extension of bid validity. DP Extension cases.
4. Part-III	Delay in processing of procurement cases, delay aspects on the part of Br. A.O.s & Financial Advisors.

The approved format of the Report as circulated under PCA (Fys) important Circular No.S/II/031/Corr/TPC/VII dt. 17/4/2013has been reproduced in (Annexure-XXX)

The periodicity of the report is quarterly. The prescribed dates for submission of the report duly consolidated and analysed and the authority to whom such report should be submitted has been shown as under :-

By Whom	To Whom	Periodicity	Due by which report should be received by the Reporting Office
Branch Accounts Office	Concerned Group Controller	Monthly	7th of the following month
Group Controller	PCA (Fys)	Quarterly	15th of the month following each quarter
PCA (Fys)	CGDA & Member/Finance, OFB	Quarterly	25th of the month following each quarter

For watching the Financial Advice (TPC/PNC) report Store Section needs to maintain a Register in the following format :-

Quarter Ending	Group Controller From Whom Report Received	Letter No. & Date under which report received from Group Controller	Observations raised by Store Section for clarification in gist.	PCA (Fys) letter No. & Date in which Report sent to CGDA & Member/Fin, OFB	CGDA Letter No. & Date in which observations if any raised	PCA (Fys) Letter No. & Date in which follow up action taken

II) REPORT ON PROVISIONAL PAYMENT :- Consolidated Report in format prescribed in **Annexure-XXXIII** is submitted by Group Controllers Quarterly duly analysed in respect of Accounts Offices functioning in his Group to PCA (Fys) by 15th of the following Quarter. The reports received from Group Controllers are analysed by Store Section and an analytical report is submitted to PCA (Fys) for approval. After approval by PCA (Fys), the analytical report is submitted half yearly to Member/Finance for finalization of outstanding cases.

For monitoring clearance of outstanding Provisional Payment Cases in factories, Store Section needs to maintain a Register in the following format :-

Quarter Ending	Group Controller From Whom Report Received	Letter No. & Date under which report received from Group Controller	Factory	No of Cases outstanding	Value	Year	Reason for outstanding shown	Store Section Letter No. & Date along with Follow up action taken in brief.

III) REPORT ON SPOT PAYMENT :- Branch Accounts Offices submit outstanding spot payment cases in Annexure-XXXII to PCA (Fys) Circular No. S/II/03/CORR/XXXIV Dt. 24th January 2013 monthly to Group Controllers by 5th of the following month. Group Controllers are to submit consolidated report "Annexure-A" to the said circular to PCA (Fys) by 15th of the following month of the Quarter. Above annexures reproduced in **Annexure XXXI**

The reports so received are analysed in Store Section and monitors the same for early clearance of outstanding Spot Payment Cases and an analytical report duly approved by PCA (Fys) is sent to Member/Finance, OFB on yearly basis.

For monitoring clearance of outstanding Spot Payment Cases in factories, Store Section needs to maintain a Register in the following format :-

Quarter Ending	Group Controller From Whom Report Received	Letter No. & Date under which report received from Group Controller	Factory	No of Cases outstanding	Value	Year	Reason for outstanding shown	Store Section Letter No. & Date along with Follow up action taken in brief.

IV) REPORT ON CAPITAL OUTLAY SANCTION ACCORDED BY LOCAL ACCOUNTS AUTHORITIES :

Capital Outlay Account is the 40th head of accounts and Revenue Outlay A/c is the 42nd head of accounts in the Principal Ledger. Under Capital Outlay A/c there are 10 debit items and 9 credit items and under Revenue Outlay A/c there are 42 debit items and 45 credit items. All the debit and credit entries in these Accounts are contra entries to corresponding Credit or Debit entries in various other accounts.

These are the two Main Control Accounts for integrating Financial & Cost Accounts. Net Capital shown in Liability item-1 of Statement of Assets & Liability is the total of balance shown in "Capital Outlay Account" & "Revenue Outlay A/c"

In Br. Accounts Offices, after payment to firms etc. payment details are recorded in Asset Register and such assets are linked with corresponding liability (i.e. Receipt Voucher) prepared by the Factory Management. The cases of non linked items are treated as outstanding assets. Simultaneously, Receipt Vouchers received from Factory Management are posted in Liability register which are linked with corresponding Paid DVs / Invoices etc and non-linked items are treated as outstanding Liabilities.

For timely clearance of outstanding assets and liabilities, Accounts Offices need to be vigil for liaison with Management for preparation of Receipt Voucher and for providing payment details. But cases may happen when due to non-linking / non-receipt of Paid DVs / Invoices etc. particularly for Central Purchase / Foreign Purchase items, Accounts Offices are not in a position to link the cases in spite of their regular pursuance with Factory Management / DAD Cells etc., outstanding Assets and Liabilities are generated in the books of Accounts Offices.

For timely / expeditious clearance of outstanding Assets & Liabilities, Main Office Circular No. S/III/4501/XIX dated 4/25-9-1995 **(Annexure-XXXIII)** delegating powers to the various functionaries of Accounts Offices by operation of capital outlay was issued. The areas where the Capital Outlay Accounts could be issued were clearly defined in the Annexure-I of the said circulars.

A Quarterly report with reference to the details recorded in the sanction register and in the proforma as per Annexure-I & II of Main Office above circular is rendered by Group Controllers / Br. Accounts Offices to Main Office by 15th of the month following the quarter positively. A nil report is also required.

The reports received from the Group Controllers / Br. Accounts Office should be recorded in a register and wanting reports to be called for from defaulting Accounts Office.

Sl. No.	Group Controller / Branch Accounts Office	Letter No. & Date in which Report Received	Brief Description of the case	Amount sanctioned for clearance	Year to which O/s Assets / Liabilities pertains	Authority approved the case.	Item No. & Para of Annexure-I of M.O. Circular in terms of which Sanction accorded	Remarks

Two folios are to be opened in the beginning of the Register for consolidation of factory outstanding assets & liabilities cleared by operation of Capital outlay A/c : -

CLEARANCE OF OUTSTANDING ASSETS

Sl No.	Name of the Factory	Amount cleared (even Nil should be mentioned, if Nil Report is received)				Total
		1st Qrtr	2nd Qrtr	3rd Qrtr	4th Qrtrs	
1	2	3	4	5	6	7

CLEARANCE OF OUTSTANDING LIABILITIES

Sl No.	Name of the Factory	Amount cleared (even Nil should be mentioned, if Nil Report is received)				Total
		1st Qrtr	2nd Qrtr	3rd Qrtr	4th Qrtrs	
1	2	3	4	5	6	7

On receipt of the Reports following points have to be checked:-

i) Whether a committee has been constituted with the approval of Competent Authority – the committee would inter-alia suggest remedial measures to avoid recurrence in future.

ii) Whether the above report has been accepted by the competent authority and a certificate to the effect that the remedial measures suggested by the committee have been implemented is recorded in the self contained Note.

iii) A self-contained Note should be attached.

iv) The case cleared is not under audit observation of the Director of Audit (OF) and / or Chief Internal Audit (OF).

v) The suspected loss cases have not been considered for clearance by operation of Capital Outlay A/c.

vi) Details of vouchers, which could not be linked, have been shown clearly. If required copies of such vouchers may be called for.

vii) Amount of Capital Outlay sanction reported to Store Section matches with the amount reflected in Annual Accounts.

It should be seen that Capital Outlay A/c has not been obtained for clearance of following cases as these are not permissible under M.O. circular referred to above :-

(i) Outstanding assets and liabilities on payment issue;
(ii) Outstanding assets and liabilities on sale of stores / waste products;
(iii) Outstanding IFD assets

966. MISCELLANEOUS WORKS :-

a) Clarification on procurement of Store, P&M and Civil Works cases sought for by Group Controllers / Br. Accounts Offices;

b) Clarifications on delegation of powers to executives, sought for by Group Controllers / Br. Accounts Offices;

c) Clarification on Store Accounting issues;

d) Rendering Half-yearly Bribery Report to CGDA HQrs Office.

e) Dealing with observations on Store Section works raised by Director of Audit (OF).

f) Monthly Progress Report to AN-IV Section;

967 to 975 BLANK

Annexure XXIII
(Referred in Para 959)

(Copy)

No.AT/VII/7238/CC-99/Vol.II
Office of the C.G.D.A.
West Block-V, R. K. Puram,
New Delhi-66
Dated : 8-4-2003

To

1. The PCDA New Delhi
2. The CDA (Navy) Mumbai
3. The CDA Chennai
4. The CDA Patna

Sub. : Controller Conference-1999.

Ref.:- This HQrs. Letter No.AT/VII/7238/CC-99 dated 8.1.2003 addressed to all the 4 DAD Cells and copy to other PCsDA/CsDA.

———

The following amendment may please be carried out in the ibid HQrs. Letter under reference:-

2. Insert the following as clause (VII) under Para 3 of the circular meant for the DAD Cells.

(VII) "Appropriate action may be taken to obtain the vouchers from the PAOs/DGS&D and delay in receipt of the same be avoided".

3. This has the approval of Jt. C.G.D.A. (Sys).

4. Please acknowledge receipt.

Sd/-
For CGDA

Copy to :-
1. The PC of A (Fys) Kolkata
2. All PCsDA/CsDA – for information.
3. The CDA Jabalpur – for information. This disposes of your letter No. FA/I/998/Vol. II dated 25.2.2003.

Sd/-
For CGDA

Annexure XXIV
(Referred in Para-959)

(Copy)

No.AT/VII/7238/CC-99/Vol.II
Office of the C.G.D.A.
West Block-V, R.K.Puram,
New Delhi-66
Dated : 7-7-2003

To

The P.C.of A (Fys)
Kolkata.

Sub. : Controller Conference-99 : revised procedure for scheduling of C.P.Vouchers.

As per Para 1(IV) 6(b) of the minutes of Conference, the revised procedure regarding scheduling of the C.P.Vouchers by Paying Controllers direct to LAO was introduced vide this HQrs. Circular No.AT/VII/7238/CC-99 dated 8-1-03 addressed to Paying Controllers and copy to all PCsDA/CsDA.

2. While issuing the above circular it was requested vide clause (iv), to all PCsDA/CsDA, that an **updated distribution list of LAOs** may be sent to the Paying Controllers/DAD Cell. It has now been intimated by one of the Paying Controllers that the updated list of Local Audit Offices with their detailed postal address is not being received from PCsDA/CsDA.

3. You are, therefore, requested to provide an updated list of Local Audit Offices with their postal address to all Paying Controllers/DAD Cells immediately, so that the CP Vouchers can be scheduled to proper Local audit Offices in time.

4. Please confirm compliance.

Dy. C.G.D.A. (AT)

Annexure XXV
(Referred in Para-959)

(Copy)

No. AT/VII/7238/CC-99
Office of the C.G.D.A.
West Block-V, R.K.Puram,
New Delhi-66
Dated : 8-1-2003

To

1. **The P.C.of A (Fys)**
   Kolkata.
2. **The C.D.A.(Navy)**
   Mumbai.
3. **The C.D.A.,**
   Chennai.
4. **The C.D.A,**
   Patna.

Sub. : Controller Conference-1999.

Ref. : This HQrs. Circular of even No. Dated 23.3.2000, 5/6-4-2000 and dated 16.4.2001.

As per Para 1 (iv) 6 (b) of the minutes of the Conference, the revised procedure regarding scheduling of the vouchers by the Paying Controllers direct to the LAO was introduced on an experimental basis and all the Controllers were requested to follow the same and render a detailed report to this HQrs. So as to take a final decision in the matter.

2. While examining the reports submitted by the Controllers it is seen that the revised system is working satisfactorily useful and advantageous and is also time saving and ensures effective and timely completion of work. Therefore, it has been decided to **adopt the revised system in all PCsDA/CsDA on permanent basis** except in respect of C.D.A. (BR) New Delhi. The CDA (BR) New Delhi will continue to follow the existing system.

3. However, while adopting the same, the DAD Cells may also ensure the following for strict compliance:-

(i) Vouchers are sent direct to LAOs concerned and not to their CsDA.
(ii) Timely despatch of Top List to the CsDA concerned immediately after sending vouchers to LAOs to avoid delay in compilation by the CsDA.
(iii) To give full details of C.P. Vouchers in Top List.
(iv) Details of C.P. Vouchers and in Top List should be the same.
(v) Updated distribution list of LAOs are obtained from all the Regional PCsDA/CsDA.

(vi) Barest minimum time only be taken for preparation of transcription sheet/PM etc.

(vii) Appropriate action may be taken to obtain the vouchers from the PAOs/DGS&D and delay in receipt of the same be avoided.

4. As far as vouchers relating to CDA (BR) New Delhi are concerned the existing procedure of sending CP Vouchers to CDA will continue.

5. Please acknowledge receipt.

6. Addl. CGDA (AT) has seen.

Sd/-
For C.G.D.A.

Copy to **all PCsDA/CsDA —** for information and necessary action w.r.to this HQrs communications referred to above. While adopting the revised system the following aspect may please be kept in view for smooth functioning**.**

(i) Action may be taken to obtain acknowledgements from their own LAOs in time and centrally acknowledge to Paying Controllers/DAD Cells with out delay.

(ii) Direct their LAOs to send the acknowledgements promptly to his Main Office instead of sending to Paying Controllers/DAD Cells.

(iii) Appropriate action may be taken to obtain the vouchers from the PAOs/DGS&D and delay in receipt of the same be avoided.

(iv) An updated distribution list of LAOs be sent to the Paying Controlers/DAD Cells.
Please acknowledge receipt.

The CDA (BR)
New Delhi — for information of position brought out in his letter no. CDA /BR /Insp / Controller Conf. Dt. 18.10.2001 the DAD Cells have been requested to send the CP Vouchers to your office instead of LAOs/AO Task Force.

Please acknowledge receipt.

Sd/-
For C.G.D.A.

Annexure XXVI
(Referred in Para-959)

(copy)

IMPORTANT CIRCULAR

No. A/II/9130/DAD Cell
Office of the C.G.D.A.
West Block-V, R.K. Puram
New Delhi
Dated 5/6-5-87

To
Shri R. Kalyansundaram IDAS
Controller of Accounts (Fys)
Calcutta.

All Regional Controllers
(including CDA (Navy), AF, (Fys) & (HQrs)
(By Name.)
Sub. : Adjustment of expenditure on account of stores relating to Central Purchases made through DGS&D.

As CsDA are aware under the existing procedure payment on account of Defence Stores procured through DGS&D is initially made to the supplier by the PAOs DGS&D located in Delhi , Bombay, Madras and Calcutta and weekly accounts are sent by these PAOs to various CsDA for audit and adjustment to Defence heads,. These weekly accounts are consolidated monthly by the PAOs, DGS&D and advices are sent to RBI CAS Nagpur for effecting re-embursement by book adjustment. However, after these weekly accounts are received late due to various causes like transit delays etc. resulting in erratic booking of expenditure, thus making it difficult for the Controlling authorities to watch the progress of Defence expenditure. This situation has been remedied to some extent by sending teams by the CsDA for collecting vouchers from the PAOs.

2. With a view to finding a more permanents solution to this problem, it has been decided in consultation with Ministry of Defence(Finance) and Chief Controller of accounts, Deptt. Of Supply, to attach a DAD Cell consisting of one SO(Accounts) and

3. Auditors to each of the above PAOs, which will be functioning under the Control of the CDA as indicated below:-

Delhi :- The Cell will be under the Control of CDA (HQs) New Delhi.
Madras :- The Cell will be part of Area. Accounts Office, Madras under CDA, Bangalore.
Bombay:- The Cell will function under CDA(Navy) Bombay.
Calcutta :- The cell will be part of Area Accounts Office, Calcutta under CDA, Patna.

The above cells will collect vouchers/accounts as well as of Advices from the respective PAOs and Centrally adjust expenditure to the respective service heads. The vouchers will schedule to the CsDA concerned for necessary action as contemplate in para 605 et. Seq. O.M. Pt. II. Vol.I. Detailed accounting are contained in annexure to this circular.

For CsDA-Bangalore, Patna, (Navy) & HQrs) only.

The Chief Controller of Accounts, Depttt. Of Supply have need to provide office accommodation for locating the Cells with PAOs. We have asked him to issue suitable instruction to the in this regard. It is therefore requested that CsDA may duly liaise with the PAOs for accommodation. It has also been decided that the Cells will be formed within the existing manpower sources and as such no additional staff will be sanctioned for task. The efficient working of the Cells be also monitored effectively.

These orders will come into force-with effect from 1.7.87 and working of the system will be reviewed after one year.

Addl. CGDA has seen.

Sd/-
(Smt. U.G.ANTONY)
Dy. C.G.D.A. (AT)

Copy to : all others Controlers JCDA(Funds) and AO DAD Min. Of Defence (Civil for information and necessary action.

For C.G.D.A.



Annexure XXVII
(Referred in Para-959)

(Copy)
REGISTERED
IMPORTANT CIRCULAR
OFFICE OF THE PRINCIPAL CONTROLLER OF ACCOUNTS (FYS)
10-A, S.K. BOSE ROAD, KOLKATA-700001

NO.S/PAO/82-A/MISC Dated 11/3/2003

To
The Controller of Accounts (Fys)/Jt. Controller of Accounts (Fys)/
Accounts Officer (Fys)
Accounts Office

_____

Sub : Scheduling of Vouchers – Revised Procedure.
Ref : CGDA, New Delhi Circular No. AT/VII/7238/CC-9 dt. 03.01.2003

_____

Following the discussions held in the Controllers' Conference 1999 regarding review of internal audit functions, the revised procedure regarding scheduling of vouchers by Paying Contollers direct to the LAO as was introduced as an experimental measures w.e.f. April 2001 to facilitate credit verification at the consignee's end. CGDA has examined the revised system based on the reports submitted by various controllers and therefore, it has been decided to adopt the revised system in all the PCsDA, CsDA on a permanent basis except in respect of CDA, BR, New Delhi, who will continue to follow the existing system. The revised system has been found to be working satisfactorily, useful, advantageous and is also time saving and ensures effective and timely completion of work. While adopting the revised procedure the DAD Cells attached to 4 PCsDA / CsDA are to ensure the following for strict compliance:-

i) They will send the vouchers direct to LAO concerned and not to their CsDA.
ii) They will dispatch Top List to the CsDA concerned immediately after sending vouchers to LAOs to avoid delay in compilation by CsDA.
iii) Give full details of CP Vouchers in the Top List and to ensure that the details of CP Vouchers and the top list are the same.

LAOs are accordingly requested to ensure the following for smooth functioning of revised procedures:

i) Soon after receipt of the vouchers direct from DAD Cells, LAOs send their acknowledgement in time to the paying controller / DAD Cell without delay;
ii) LAOs will also send their acknowledgement promptly to the Store Section of Main Office of PCA (Fys) in the prescribed format (copy enclosed) instead of sending to Paying Controller / DAD Cells.
iii) Appropriate action may be taken to obtain the vouchers from PAOs/DGS&D, and delay in receipt of the same be avoided.

P.C. of A (Fys) has seen.
Please acknowledge receipt.

Sd/-
(SMT. M.W. SINHA)
Jt. Controller of Accounts (Fys)

Please acknowledge
Copy to the DAD Cells :

_____

_____

They are requested to kindly ensure scheduling of vouchers direct to the LAOs of the consignee factories, and not to their CsDA. They will also send Top List showing the details of vouchers to Store Section of PCA (Fys), Kolkata to facilitate allocation and compilation.

An up-to-date list of LAOs is sent herewith.

Please acknowledge receipt.

Sd/-
(SMT. M.W. SINHA)
Jt. Controller of Accounts (Fys)

PRESCRIBED FORMAT
FOR
ACKNOWLEDGEMENT OF CP (DGS&D) PAID VOUCHER

Receipt of C.P. Paid Voucher/ Vouchers as noted below is / are hereby acknowledged

1 Name of DAD Cell (from Whom) voucher received
2 Memo No. & Date of DAD Cell (under which voucher received
3 T.E. No. & Month under which total amount adjusted by DAD Cell (as available in forwarding Memo)
4 Nomenclature of Item / Store
5 S.O. No. & Date
6 D.V. No. & D.V. Date
7 Amount of Paid Voucher
8 Correct Code Head to which the expenditure to be compiled / allocated
9 Number of CP (DGS&D) Voucher received.

A.O./AAO



Annexure XXVIII
(Referred in Para-959i)

SPEED POST/REGISTERED

OFFICE OF THE PR. CONTROLLER OF ACCOUNTS (FYS)
10-A, S. K. BOSE ROAD, KOLKATA – 700001

NO. S/PAO/SCH/20___ - ____/Page Dated 20__

To
The Accounts Officer (Fys),
Accounts Office

_____

Sub : Allocation of Central Purchase (DGS&D) transactions – acknowledgement of receipt of Paid DVs from DAD Cells

_____

The details of S.O. No., DAD Cell's T.E. Nos as well as letter No. & date of DAD Cell have been shown overleaf. The Allocation No. & Month through which allocation of the amount made to your unit code against the classification code shown in the Top Lists of DAD Cell (s) has also been shown therein.

2. Since, Paid DVs are scheduled by DAD Cell(s) direct to your office and relevant S.O.s are available in your office, it is requested to rectify the classification code and unit control code in case any such code shown overleaf, is found incorrect at your end. However, a copy of the T.E. through which the same has been rectified may please be forwarded to this office for further necessary action in the matter.

3. In case the unit code shown in the statement (overleaf) is not actually pertaining to your office (based on documents), but for other factory (ies) only such cases may please be referred to this office for taking corrective action at this end.

4. In this context, it is requested that on receipt of Paid DV same may kindly be acknowledged direct to concerned DAD Cell under intimation to this office. In case any of the DVs shown overleaf has not been received those cases may please be taken up with concerned DAD Cell showing their letter No. & Date, T.E. No., DV No. & Date and amount of the DV (as shown overleaf) for obtaining relevant Paid DVs under intimation to this office. Addresses of the the DAD Cells are given below for ready reference at your end :-

DAD Cell, New Delhi	DAD Cell, Mumbai	DAD Cell, Chennai	DAD Cell, Kolkata
O/o Pr. Controller of Defence Accounts, Accounts Section (DAD Cell), "G"-Block, New Delhi-110 011	O/o Pr. Controller of Defence Accounts (Navy), Accounts Section (DAD Cell), No.1, Cooperage Road, Mumbai-400 039	O/o Controller of Defence Accounts, Accounts Section (DAD Cell), Anna Salai, Teynampet, Chennai-600 018	The Officer-in-Charge, DAD Cell, Kolkata, 15, R. N. Mukherjee Road, Kolkata-700 001

Kindly acknowledge receipt of this letter on receipt.

5. Receipt of Paid DVs may be acknowledged on receipt of Paid DVs from DAD Cell concerned showing :-

i) Name of DAD Cell :

ii) Letter No. & Date in which Paid DVs received :

iii) DAD Cell T.E. No. & Month & Week Ending
(as shown in their forwarding letter) :

iv) DV No. & Date and amount (of each DV separately):

v) Supply Order No. & Date :

vi) Receipt Voucher No. & Date

vii) PCA (Fys) Allocation No. & Month (if already allocated) :

Asstt. Accounts Officer (Fys)

MONTH_____ CDA – 07 Section – 08 Class of Voucher-VII

DAD CELL	DAD CELL`S LETTER NO. & DATE	DV NO. AS PER TOP LIST OF DAD CELL& DATE	AMOUNT OF DV	CLASSIFICATION CODE AS PER TOP LIST OF DAD CELL	DAD CELL`S T.E. NO. & MONTH	WEEK ENDING AS PER TOP LIST OF DAD CELL	NAME OF CONSIGNEE FACTORY	SUPPLY ORDER NO. & DATE	UNIT CODE & CONTROL CODE TO WHICH ALLOCATED	ALLOCATION NO. & MONTH
1	2	3	4	5	6	7	8	9	10	11

Annexure XXIX
(Referred in Para- 961)

F. No.1137/E II(A)/05
Govt of India,
Ministry of Finance
Department of Expenditure

Subject : Advance Payments to OFB for purchase of Arms & Ammunition

Ministry of Home Affairs may please refer to their proposal for delegating power to D.G.s of Central Para Military Forces (CPMFs) for making 100% Advance payment to Ordnance Factory Board (OFB) for purchase of arms and ammunition from various ordnance factories in relaxations of the provisions contained in Rule-159 of G.F.R.s -2005.

2. In the present economic scenario, when there is greater emphasis on financial discipline as well as optimal utilization of scarce financial resources, there seems to be no case for continuing with such 100% advance payments to Ordnance Factories, as a matter of routine for supplies to be made by them, particularly when the overhead expenses of Ordnance factories are paid by MoD (to be factored in the actual cost) and stage payments corresponding to staggered deliveries can also be made. In fact, the release of such advance payments need to be restricted to match the requirement of the supplying agency to enable them to procurement in-put materials.

3. Further, keeping in view the average share of material cost in the overall cost of various products manufactured by the ordnance factories (PFs) and other relevant issues, it is considered appropriate that payment of advance to OFB @ 50% to 60% (depending upon negotiations on case to case basis with the ordnance factories. But certainly not exceeding 60%) of the value of order / contract for product to be procured by CPMFs from the Ordnance Factories concerned should be made and the second and last installment of the balance amount should be released on the actual delivery of the goods. MoD are, therefore, being advised to issue suitable instructions to Ordnance Factory Board, with immediate effect, to accept orders from CPMFs etc. for products of ordnance factories, with an advance payment @ 50% to 60% of the contract value as a norm.

1. The CPMFs will place orders only if adequate budget provision exists in their favour.
2. This issues with the approval of Secretary (Expenditure)

Sd/-
(Rubina Ali)
Under Secretary
30.12.2005

F.A. (Home)

With compliments and request to kindly have suitable instructions issued to Ordnance Factory Board to accept order from CPMFs etc. for products of ordnance factories, with an advance payment @ 50% to 60% of the contract value as a norm and to ensure that there is no disruption in supplies to be made to them

Copy to :-

FA (DS),
Ministry of Defence,
South Block, New Delhi

With compliments and request to kindly have suitable instructions issued to Ordnance Factory Board to accept order from CPMFs etc. for products of ordnance factories, with an advance payment @ 50% to 60% of the contract value as a norm and to ensure that there is no disruption in supplies to be made to them

Sd/-
(Rubina Ali)
Under Secretary

Annexure XXX
(Referred in Para -965(I)

Important Circular

OFFICE OF THE PR. CONTROLLER OF ACCOUNTS (FYS)
STORE SECTION
10-A, S. K. BOSE ROAD, KOLKATA -700 001

No. S/II/031/Corr/TPC/VII

Dated: 17 th April 2013

To
Shri
All Group Controllers of Finance & Accounts (Fys) including DCFA, OFBOL, A.O. OF Nalanda,

Sub: Monitoring of TPC / PNC cases held in Ordnance & Ordnance Equipment Factories

Ref: This office letter No. S/II/031/CORR/TPC/VII dated 31/10/2012.

The revised format of TPC/PNC report has been approved by HQrs. Office vide their letter No. AT/III/A/11178/TPC/PNC/09/11 dated 05/04/2013. The revised format as approved by HQrs. office is enclosed for submission of the report to the concerned authorities as per the following timeline:

By Whom	To Whom	Periodicity	Due by which report should be received by the Reporting Office
Branch Accounts Office	Concerned Group Controller	Monthly	7th of the following month
Group Controller	PCA (Fys)	Quarterly	15th of the month following each quarter
PCA (Fys)	CGDA & Member/Finance, OFB	Quarterly	25th of the month following each quarter

The first report is to be submitted for the Q/E 06/2013 by Br. Accounts Offices so as to reach Group controller by 7th of July 2013.

In this context, it is stated that Group Controllers have to submit the report of the Br. AOs functioning under them duly completed and analysed so as to reach PCA(Fys) on or before 15th July 2013 to enable PCA(Fys) to send the consolidated report duly analysed by 25th July 2013 to CGDA & Member/Finance.

PCA (Fys) has approved.

Encl.: As above

Sd/-
(AVRA GHOSH)
Jt. Controller of Accounts (Fys)

Copy to:

The CGDA
AT/III -A Section
Ulan Batar Road,
Palam, Delhi Cantt – 110010.

For information w.r.t. HQrs. office letter No. AT/III/A/11178/TPC/PNC/09/11 dated 05/04/2013. A copy of revised finalized format is enclosed herewith.

Encl.: As above

Sd -
(AVRA GHOSH)
Jt. Controller of Accounts (Fys)

FORMAT FOR FINANCIAL ADVICE (TPC/PNC) REPORT

PART-I (A)

1.1 TPC/ TEC / PNC HELD DURING THE Q/E _____ FOR PROCUREMENT OF STORE:-

Level	Type of TE	No. of Cases	Total Value in lakhs of ₹	No. of cases which have been referred to OFB	No. of cases where lower level of officers were delegated to attend the meeting
1	2	3	4	5	6
I	OTE/LTE				
	STE/PAC/RST/SKS				
II	OTE/LTE				
	STE/PAC/RST/SKS				
III	OTE/LTE				
IV	OTE/LTE				

1.2 TPC / TEC / PNC HELD DURING THE Q/E _____ FOR PROCUREMENT OF P & M

Level	Type of TE	No. of Cases	Total Value in lakhs of ₹	No. of cases which have been referred to OFB	No. of cases where lower level of officers were delegated to attend the meeting
1	2	3	4	5	6
I	OTE/LTE				
	STE/PAC/RST/SKS				
II	OTE/LTE				
	STE/PAC/RST/SKS				

1.3 TPC / TEC / PNC HELD DURING THE Q/E _____ FOR PROCUREMENT OF CIVIL WORKS

Level	Type of TE	No. of Cases	Total Value in lakhs of ₹	No. of cases which have been referred to OFB	No. of cases where lower level of officers were delegated to attend the meeting
1	2	3	4	5	6
I	OTE/LTE				
	STE/PAC/RST/SKS				
II	OTE/LTE				
	STE/PAC/RST/SKS				

1.4 TEC / TPC / PNC FOR I&M and Contingency Purchase (with special emphasis on Labour & Transportation Contract) DURING THE Q/E _____

Level	Nature of the case	Type of TE	No. of Cases	Total Value in lakhs of ₹	No. of cases where lower level of officers delegated to attend the meeting
1	2	3	4	5	6
I	TRANSPORT	OTE/LTE			
		STE/SKS/RST			
I	LABOUR	OTE /LTE			
		STE/SKS/RST			
I	Other I&M and Contingency Cases	Any			

1.5 DELEGATION TO LOWER LEVEL OFFICER (In respect of the data provided in Column 6 of the table 1.1, 1.2 and 1.3 above):-

Level	Officer Authorised to attend TPC/PNC etc.	Officer/Officers actually attended the TPC	Reason for attending by lower level officer in higher TPC	Letter No. & Date in which authorized
1	2	3	4	5
I				
II				
III				

PART-I (B)

2.1 Details of T.E.s Flo ated For Store Cases during the Q/E_____:-

Type of T.E.	No. of Cases	Total Value in lakhs	No. of cases where established sources have not quoted	No. of cases where more than one firm has quoted the same rate	No. of cases where tendered quantity has been distributed among more than one vendor

1	2	3	4	5	6
Global Tender					
Open Tender					
Other than for source approval purpose					
Limited Tender					
STE/PAC/SKS					

2.2 Source Development against OTE

Total No. of OTEs floated	No of responses received	Total Values in lakhs	No of cases where more than one firm has quoted the same rate	No of cases where OTEs resulted in RST	Total No of Supply Orders placed	No of cases where tendered quantity has been distributed among more than one vendor	No of cases re-tendered.
1	2	3	4	5	6	7	8

PART-II

3.1. Savings achieved due to Finance Advice (not out of negotiations)

Nature of Cases	Total value of proposals	Total value as a result of Finance Advice	Value of Saving achieved / Excess cost.
1	2	3	4
Dropping of T.E. and no retendering held			
Dropping of Cases and retendering recommended			
Reduction of Quantity			
Suggesting for Repeat Order / Option Clause against earlier contract instead of placing new contract			

3.2. Negotiations held

Type of firm	No. of Cases	Total value before negotiation / %-age of rate in comparison to LPR (For Freak Rates)	Total Value after negotiation / Remarks (whether case considered / rejected in case of Freak Rate)
1	2	3	4
L-1 firm			
Other than L-1 firm ***			
Freak Rate noticed			

*** If other than L-1 reason for negotiation may be spelt out.

3.3. Negotiation on pre-assessed rates:-

Type of firm	No. of Cases where negotiations were held with recorded pre-assessed rates ###	Total Value as per the proposal	Total Va lue as per the pre-assessed rates	Total Value as per the SOs placed
1	2	3	4	5
L-1 firm				
Other than L-1 firm				

An explanatory note may also be given whether the negotiations were conducted on pre-assessed rates and if so what were the parameters on the basis of which the assessment was carried out.

3.3 (A) CARTELISED RATE observed :-

Item	Names of L-1 Firms quoted same rate	Rate quoted	Whether rate considered as cartelized rate by TPC.	Action taken to break the cartel

Group controller to analyse the cases and to highlight the observation and constraints for accepting such cases.

3.4. Extension of bid validity:-

Type	Total No. of cases in all TPCs	No. of cases where extension bid validity sought for	No. of cases firms extended bid validity with price increase
1	2	3	4
Stores			
P&M			

3.4 (A) SECURITY DEPOSIT Not obtained:-

Type of TE	No. of cases	Reason for waival
Global TE		
OTE		
LTE		
STE		
PAC/SKS		

3.5. Overruling of finance member (Other than DP Extension Cases):-

T.E. No. & Date	Date of TPC / TEC / PNC	Value of the proposal	Level of TPC	Views recorded in TPC Minutes by Finance Member	Reasons for overruling recorded by CFA
1	2	3	4	5	6

In overruling cases, copies of Minutes of TPC and relevant detail documents should be enclosed.

3.6. DP Extension Cases:-

Type	Total No. of cases for which DP Extension Sought	No of Cases DP extension granted for more than once	No of cases the extended is more than the original DP	No of cases where DP extension was approved without LD	No of cases of DP extension where finance member has been overruled
1	2	3	4	5	6
Store					
Plant & Machinery					

PART-III

4.1 Delays in processing of procurement cases (Stores + I&M Contingency): -

Level	No. of TEs issued during the Quarter	No. of TPCs held during the Quarter		No. of SOs issued during the quarter against		Oldest date of TE for which TPC held in the current quarter	Oldest date of TE for which SO issued in the current quarter
		Old Qtr. TEs	Current Qtr. TEs	Old Qtr. TEs	Current Qtr. TEs		
1	2	3	4	5	6	7	8

4.2. Delay aspects on the part of Branch Accounts Offices & Financial Advisors:-

Item	No of cases for Time Taken by Accounts Office for vetting /process / auditing			Reason for delay
	More than 1 week	More than 15 days	More than one month	
1	2	3	4	5
SHIS / MP SHEET				
Pre-Audit of Supply Orders valuing upto Rs. 2 lakhs				
Vetting PAC / SKS Certificate				
Post Audit of Supply Orders				
Noting of FE Release	If the Branch AOs take more than 2 working days for processing these cases then reasons are to be provided.			
Opening of Letter of Credit				



Annexure XXXI
Referred in Para – 965(III)

IMPORTANT CIRCULAR

OFFICE OF THE PR. CONTROLLER OF ACCOUNTS (FYS)
STORE SECTION,
10-A, S.K. BOSE ROAD, KOLKATA-700 001

NO. S/II/03/CORR/XXXIV Dt. 24th January 2013

To
The Controller of Finance & Accounts (Fys)
_____ Groups of Factories.

The Officer-in-Charge,
Accounts Office,

_____

Sub : Procedures for regularisation / clearance of outstanding Spot Payment Cases

_____

A comprehensive review of outstanding Spot Payment Cases from the reports received from Group Controllers / Branch Accounts Offices has been carried out. The position of the cases is alarming enough. The possible reasons for outstanding spot payment cases, though illustrative but not exhaustive are as follows :-

1. Final adjustment bills, not submitted by firms;
2. Spot payment, made to the firms but materials not received by the factory or else materials, received but damaged / lost in transit.
3. Non-preparation of Receipt Voucher for the materials lying in the factory.
4. Receipt vouchers, not prepared due to receipt of defective material by the factory, due to defective inspection at Factory site of the suppliers
5. Spot payment cases, accumulated due to court cases or arbitration cases.
6. Non-regularization of spot payment cases for which materials, not received but regularization action through loss statement, complying with due procedures.
7. Final adjustment bill and receipt voucher, not linked by Accounts Office
8. Rejection of materials in final detailed inspection at factory site after receipt.

In order to minimize the spot payment cases, it is advised that as finance member of TPC, factory management may be advised to frame payment term in tender enquiries strongly discouraging spot payment to the firms save in cases of PSUs / PAC / SKS sources where same is insisted even after negotiation. In these cases, spot payment is to be agreed to and a clear undertaking from them is to be obtained to the effect that adjustment bill should be submitted by them within 15 days of the date of receipt of Spot Payment, fulfilling other terms and conditions of the contract. Further, spot payments should be discouraged in TPC and advice, rendered is to be recorded in minutes of TPCs, including reasons, where agreed. Further, the factory

management may be advised to send a list of spot payment cases due to non-submission of adjustment bills by the same firm to the concerned firm for regularization. The cases where despite all efforts being taken, outstanding cases could not be regularized should be brought to the personal notice of General Manager with a clear advice to the effect that loss statement is to be prepared, following laid down procedures.

Notwithstanding the above, it is requested that Group Controllers should personally monitor the outstanding spot payment cases and a consolidated report with age analysis, specific reason for outstanding, action taken by Accounts Office / Group Controllers for regularization of the outstanding spot payment cases. A monthly report of the spot payment cases should be sent by the Br. Accounts Office in the format prescribed in Annexure-A to this circular has to be submitted to Group Controller by 5th of the following month. In turn, Group Controllers should submit the consolidated report of the outstanding Spot Payment Cases in the Accounts Office in his charge by 10th of the following month at the end of every quarter in the same format.

These cases may also be discussed in ULMC meeting.
Nil report is also required.
This may kindly be accorded Top Priority.

Pr. Controller of Accounts (Fys) has approved.

Kindly acknowledge the receipt.

(A. K. JENA)
Addl. Controller of Accounts (Fys)

ANNEXURE-A to PCA (Fys) Circular No. S/II/03/CORR/XXXI Dt. 24th January 2013
(To be sent by Group Controller to PCA (Fys) 15th of the following month at the end of every quarter)

Name of the Factory	Details of outstanding Spot Payment Cases			Reason for Spot payment inter-alia showing No of cases with amount pertaining to firms other than PSU/ PAC /SKS	Action taken by Br. A.O. / Group Controller for regularization of spot payment cases
	Year	No of items	Amount		
(1)	(2)	(3)	(4)	(5)	(6)
Total		XXX	XXX		

Comments / Analysis of Group Controller :-

Controller of Finance & Accounts (Fys)
_____ Group of Factories

ANNEXURE B to PCA (Fys) Circular No. S/II/03/CORR/XXXIV Dt. 24th January 2013 (To be sent by Br. Accounts office to concerned Group Controller monthly by 5th of the following month)

Name of the Factory	Details of outstanding Spot Payment Cases			Reason for Spot payment inter-alia showing No of cases with amount pertaining to firms other than PSU/ PAC /SKS	Action taken by Br. A.O. / Group Controller for regularization of spot payment cases
	Year	No of items	Amount		
(1)	(2)	(3)	(4)	(5)	(6)
Total		XXX	XXX		

Comments / Analysis of Officer-in-Charge, Accounts Office :-

Officer-in-Charge
Accounts Office

_____Factory



Annexure XXXII
Referred in Para – 965(II)

FAX/SPEED POST
IMPORTANT CIRCULAR

OFFICE OF THE PR. CONTROLLER OF ACCOUNTS (FYS)
10-A, S.K. BOSE ROAD, KOLKATA-700 001

NO.S/III/PROV PAYMENT DT. 1st February 2013

To
The Controller of Finance & Accounts (Fys)

———————————— Groups of Factories

The Officer-in-Charge,
Accounts Office,

_____Factory,

Sub : Monitoring of Provisional Payments made by Br. Accounts Offices of Ordnance & Ordnance Equipment Factories.

_____

As per Ministry of Defence, Deptt. of Defence Production, New Delhi letter No.G.4(4)/Admin/62/OFB dt. 28th June 1980, General Manager of the factories in consultation with J.C. of A (Fys) / D.C. of A (Fys) / A.C. of A (Fys) / Accounts Officer-in-Charge of the factory are authorized to make provisional payment. The modalities of the provisional payment as enumerated in Annexure to ibid Govt. of India letter are as under :

i) Proposals for provisional payments are to be sent by the Factory Management to A.O. I/C/AC of A (Fys)/D.C. of A (Fys), JC of A (Fys) to endorse his remarks each on such proposal as regards the advisability or otherwise of making provisional payments. The proposal thereafter should be submitted to the G.M. for his final orders, which should be recorded in writing. The reasons for difference in opinion, if any, should also be recorded by G.M. Though the G.M.'s order would be treated as final and implemented accordingly, yet in case of difference of opinion the same should be communicated by the factories concerned to OFB.

ii) The responsibility for finalization of provisional payments rests on G.M.s. At the end of each financial year by the 30th May of the following year all outstanding provisional payments made during the year will be reported by the G.Ms to the respective Members of OFB with copy to Controller of Accounts (Fys) and Member/Finance.

2. Provisional payments will be not made where there is no authority. In case of lack of funds, it should be ensured that funds would be forthcoming from OFB.

i) When third parties are involved and there is a definite legal liability to pay, payments should not be withheld but each case should be decided on its merits and on the strength of the legal aspects of the claims, legal advisors being consulted in doubtful cases.

ii) Cases where sanction of appropriate authority exists and funds are available yet final payments cannot be made to the parties concerned on account of lack of documentation or for lack of time for verification of the particulars or for the completion of audit requirements.

iii) In exceptional cases and not in a routine manner, provisional payments can be made in anticipation of the receipt of the sanction of appropriate authority or of additional funds to cover the expenditure.

3. In view of the above, Br. Accounts Offices are requested to maintain a register in the following format either as a hard copy or on system to records proposal for provisional payment upto the finalization of the case :-

No & Date of the proposal of Fy. Management	Amount involved in the proposal	Reason mentioned in the proposal of Fy. Mgt. for provisional payment.	Concurring Authority i.e. A.O. I/C, ACA/DCA/JCA (Fys) and concurrence Memo No. & Date.	In case of disagreement by Accounts Office, reason for disagreement.	Authority approving the proposal
(1)	(2)	(3)	(4)	(5)	(6)

Supply Order No. & Date for which provisional payment proposed	Nomenclature & Qty of the item.	Name of the firm	Amount Passed for payment	Action taken by A.O. for settlement / adjustment of provisional payment	Date of Finalisation of provisional payment	Reason for settlement
(7)	(8)	(9)	(10)	(11)	(12)	(13)

4. Maintenance of above register should be personally monitored by Branch A.O. I/C on weekly basis and Group Controllers on monthly basis. In case of maintaining it on the computer a hard copy should be generated for perusal of the concerned authority. The above register is subject to inspection by an officer nominated by Group Controllers from the Accounts Office other than the A.O. under inspection on monthly basis without prior notice. Group Controllers would be liable to render a consolidate Quarterly Report in respect of Accounts Offices functioning in his group in the format prescribed in Annexure-A to PCA (Fys) by 15th of the following Quarter. The 1st report is to be render for the Q/E 3/2013 by 15th April 2013 for personal monitoring by PCA (Fys).

5. Nil report is also required.

6. This issues with the approval of P.C.A. (Fys).

Kindly acknowledge receipt

Encl : 1

Sd/-
(AVRA GHOSH)
Jt. Controller of Accounts (Fys)

Annexure-A to NO.S/II/PROV PAYMENT DT. 1st February 2013

REPORT ON PROVISIONAL PAYMENT FOR THE Q/E_____

_____Group of Factory

Name of Factory in which Br. A.O. attached	Provisional Payment Cases			Date of Surprise check carried out.
	Year	No of items	Value	

Analysis / Comments of Group Controller, if any



Annexure -XXXIII
(Referred in Para-965)
(COPY)

REGD. / IMP. CIRCULAR

OFFICE OF THE CHIEF CONTROLLER OF ACCOUNTS (FYS)
10-A, S. K. BOSE ROAD, CALCUTA – 700 001

NO.S/III/4501/XIX DT. 4/25 -9-1995

To
All C.F.A. / J.C.F.A. (Fys),
All Branch Accounts Officers,
_____
_____

Sub : Clearance of outstanding Assets & Liabilities by operation of Capital Outlay Account : Sanction according of.
Ref : This Office Circular No.S/III/4501/XVII dt. 7.12.87

————

Consequent on the formation of Group Cs. Of A / J.C. of A (Fys), the powers centrally exercised by C. of A. (Fys) Main Office prior to 7.12.87 were given in the manner indicated in Annexure – I & II of the said Main Office Circular.

2. The powers so given to the Group Cs of A / Jt. C of A (Fys) in respect of the items mentioned in Annexure-II of the above Circular were not substantial leading to practically all the proposals coming to the Main Office for according sanction leading to delays in process the cases.

3. The matter has been examined de novo and it has now been decided to enhance the powers of the officers to accord sanction for operation of Capital Outlay account as well as modify the existing Annexures of the above circular in the manner indicated below :-

(1) Controller of Finance & Accounts Full Powers Strictly as per items enumerated in Annex.- I
(2) Jt. Controller of Finance & Accounts- Upto ₹10 lakhs
(3) Dy.C of F.A. (Fys)/A.C.of F & A (Fys)- Up to ₹ 5 lakhs
(4) Sr. A.O. / A.O. (Fys) i/c of an Office - ₹ 1 lakh

4. Excepting the items mentioned in Annexure-I all items which merit examination in Main Office, be forwarded for according sanction from Main Office.

5. A register as per proforma prescribed in Annexure-II to the circular be maintained centrally in COSTING SECTION to record details of each item sanctioned during the year. This register is subject to scrutiny by Main Office Inspection Team during their annual inspection as well as by the Group Controllers/Jt. Controllers during their periodical visit to the Accounts Offices under their control. Quarterly report with reference to the details recorded in the sanction register and in the same proforma as per Annexure-II may please be rendered to Main Office by 15th of the month following the quarter positively. A nil report is also required.

6. In this context it may please be noted that whenever any sanction is accorded to operate capital outlay A/c under the decentralized powers, a copy of such sanction must be forwarded to Annual Accounts Section alongwith a copy to Store / PR Section (as the case may be) for information and further necessary action.

7. The operation of Capital Outlay Account should be resorted to only in exceptional circumstances. While processing a case of Capital Outlay sanction all possible steps have to be taken to trace out and link the connected papers. Simply keeping a note "Details are not available" will not serve the purpose. In such cases a Committee headed by a S.A.O. (Fys) has to be formed to find out the facts of the case and pin point the responsibility. Follow up action as deemed necessary has to be taken…….the report. A copy of the report stating inter-alia the action taken / remedial measures taken to avoid recurrence has to be submitted along with the case for obtaining the sanction of the Group CFA / JCFA (Fys).

While forwarding a case for obtaining Capital Outlay sanction to Main Office, it must be ensured that a self contained proposal for the case duly recommended by Group In-charge is forwarded to Main Office for each case separately along with the relevant papers. Where documents are not available action as stated above has to be taken before forwarding the case.

8. A special drive should be made to clear old cases of the period prior to 1985 where assets & liabilities are outstanding due to non-linking which again for want of details / due to loss of documents etc. and there is remote chance to obtain details from available sources now or near future, such cases only which could not be linked under normal manner, may be cleared by operation of Capital Outlay account by respective Group CFA / JCFA (Fys) under the powers delegated to them as a special case. However, before do so a Committee as required under para 5 ibid has to be formed and subsequent action taken as stipulated therein.

The provisions contained under the para DO NOT, however, cover the cases :-

(i) Outstanding assets and liabilities on payment issue;
(ii) Outstanding assets and liabilities on sale of stores / waste products;
(iii) Outstanding IFD assets.

9. C of F & A (Fys) has seen.

10. Please acknowledge receipt.

Sd/-
(M. SMYAYYAH)
ASSTT. CONTROLLER OF F&A (FYS)

Copy to :-
(1) All Groups in Store Section,
(2) All Groups in PR Section,
(3) All Groups in FA Section,
(4) Group Office-I/c, Accounts Section, M.O.
(5) Group Officer-I/c Annual Accounts Section, M.O.
(6) Group Officer-I/c. Internal Audit Section.

Sd/-
(Kamal Kanti Ghosh)
Accounts Officer (Fys)

Annexure – I of Annexure - XXXIII

The following cases as illustrated below may be dealt with by C of F & A (Fys), J.C. of F & A (Fys), D.C. of A, A.C. of F & A and A.O.(Fys) attached to each factory. For this purpose necessary administrative powers as in para 3 are delegated to them in modification of our No.S/01014-IV dt. 26.6.61 and No.S/III/4501/XVII dt. 7/12/87.

1. Outstanding Assets on account of purchase against Revenue and Capital heads under categories "LP, CP, FP and Custom Duty :-

a) Amount compiled to Revenue head of account whereas the same relates to Capital head or vice-versa which under proper sanction should be corrected by preparation of Journal entry and posting in the relevant account in the Principal Ledger. Since the progressive figures of RDR head and Capital head are centrally controlled by C.G.D.A. for DAD as a whole, these cases should be referred to C.G.D.A. for correction in their financial accounts through Accounts Section, Main Office as per this Office Circular No.A/0173 dt. 18/5/74 (copy enclosed)

b) (i) The amount compilable to revenue / capital head of account has been compiled to Incidental & Misc. Expenses or Minor Maintenance head of account or vice-versa as the case may be, in such cases as the Capital head of account is involved, simultaneous to the correction in the Principal Ledger by operation of Capital Outlay , such cases should be referred to CGDA for correction in their financial account as per this office circular No.A/0173 dt. 18/5/74.

b) (ii) Other types of cases not covered by the above circular dt. 18/5/74.

c) Assets outstanding due to under-pricing of Receipt voucher which could not be adjusted within the same financial year.

d) Assets outstanding due to fact that proportionate Custom Duty has not been allocated to the cost of stores at the time of pricing of receipt vouchers.

e) Assets outstanding due to non linking with relevant receipt vouchers due to oversight etc. That is correct receipt voucher is available but because of incorrect linking a fictitious asset is created. This is to be cleared by linking the correct voucher and recording the same.

2. Outstanding Assets on Account of Sale of Stores and Issue of Stores on payment :-

a) Assets outstanding because of the fact that relevant issue vouchers were excess priced and have become fictitious due to clerical error / oversight etc. which could not be re-adjusted within the same financial year.
b) Assets outstanding because of the fact that recovery particulars viz. TR / MRO etc. have not been recorded in Sale / Payment Issue registers and the details of which could not be traced out from any source due to passage of time, such cases should be regularized through loss statement before operating Capital Outlay account.

3. Outstanding Assets on account of Store-in-transit (IFD Assets)

a) IFD assets lying outstanding due to wrong / under pricing of relevant receipt vouchers which could not be adjusted within the same financial year.
b) IFD assets outstanding due to cancellation of consignor's issue voucher on account of stores returned by consignee due to rejection, not as per authorized specification etc.
c) IFD assets outstanding due to incorrect linking of relevant receipt vouchers.

4. Outstanding Liabilities on account of purchase against revenue and capital head of account under categories L.P. , C.P., F.P. and Custom Duty.

a) Liability outstanding on account of excess pricing of receipt vouchers which could not be adjusted in the same financial year.
b) Liability outstanding due to fact that amount under purchase against revenue or capital head of account have been compiled after deduction of security deposit / cost of departmental stores issued to the supplier. In such cases, necessary financial adjustment should be made under provisions of Para – 51 to 53 Defence Account Code and in case of Capital head of account is involved such should be referred to CGDA through Accounts Section, M.O. as per this office circular A/0173 dt. 18/5/74..
c) Liability outstanding because of the fact that corresponding assets (under revenue head) have been compiled Leither to I & M expenses or Minor Maintenance head.
d) Liability outstanding due to incorrect/wrong linking of the relevant assets without verifying the details etc.
e) C.P. Liability outstanding more than five years due to non-receipt of payment details from PAO (DGS&D) concerned in respect of unclaimed balance 2%, 5%, 10% final payment before clearing liability under this clause, following procedure should be followed :-

i) The details available in respect of all cases of C.P. liability will be scrutinized and the cases which are still under reference for any reason viz court, dispute of arbitration etc. should be segregated for pursuing till finality with the authorities concerned.
ii) Other cases where liabilities for balance payments are held outstanding for over 5 years and where no reply has been received to reference made to the PAO or the cases where PAO/DGS&D have expressed their unwillingness to consider time bar question or furnish necessary details may be cleared by operation of Capital Outlay account subject to verification of credit of the total quantity of stores in the store ledger with reference to relevant documents.
iii) Separate statistics relating to the year-wise details of the outstanding liabilities so cleared may please be kept in the following proforma for further reference, if required, in case any intimation of payment is subsequently received from PAO.

Serial No. of the linking register of the year	Receipt Voucher No. & Date	AT No. & Date	Name of the supplier
(1)	(2)	(3)	(4)

Name of the PAO	No. of PAO`s DV for Adv. 90%, 95%, 98% payment	Amount of he outstanding balance payment (Liability now cleared	Remarks
(5)	(6)	(7)	(8)

1. Outstanding Liability on account of Sale of Stores and issue of stores on payment :-

    a) Liability outstanding due to under pricing of relevant issue vouchers or the profit element or D.C. (Departmental Charge) etc. has not been allocated to the appropriate code head.
    b) Liability outstanding due to fact that the amount deposited by the parties concerned has been forfeited / lapsed under proper authority.

2. Outstanding Liability on account of stores received against IFD

    a) Liability outstanding due to excess / wrong pricing of receipt vouchers which could not be readjusted within the same financial year.
    b) Liability outstanding due to incorrect linking of the consignor‘s issue vouchers could not be traced out / collected from any source due to passage of time.

Annexure – II of Annexure - XXXIII

P R O F O R M A

Sanction Register for clearance of outstanding Assets / Liabilities by operation of Capital Outlay Account.

Item Sl. No.	Brief description of the case	Section in which case is dealt	Actual amount
(1)	(2)	(3)	(4)

Item of Annexure-I of the Order under which Capital Outlay Sanction accorded	Date of sanction quoting letter / Note No. & dt. & Authority	Initial of the Auditor, S.O(A) / AAO	Remarks
(5)	(6)	(7)	(8)

Note : The register should be reviewed by the Accounts Officer Periodically at least in every quarter.



Annexure – XXXIV

1-A List of Registers are to be maintained in Store Section :-

Sl. No.	Control No.	Name of Registers
1	2280	Register of Registers
2.	2284	Address Register
3	2285	Nominal Roll Register
4	2286	Register Sanction Order for procurement cases
5	2288	Register of Medical Reimbursement claims
6	2283	Leave Register
7	2282	Sanction for operation of Capital Outlay A/c
8.	2266	Allocation of DGS&D (CP) cases
9.	2267	Bill Register in respect of S.O.s placed by OFB HQrs/PS &IT
10.	2269	Disbursement Voucher (DV) Register
11	2273	Military Receivable Order (MRO) Register
12	2268	Transfer Entry (T.E.) Register
13	2274	Scheduling of details of allocation of DGS&D (CP) Register
14	2275	Register for watching of acknowledgement of Paid DVs by LAOs
15	2276	Register of Supply Orders placed by OFB/HQrs & IT (also known as Commitment Register)
16	2277	Register for Income Tax deducted from firms.
17	2278	Register for outstanding Spot Payment cases as reported by LAOs
18	2279	Register for outstanding Provisional Payment cases as reported by LAOs
19	2281	Register for Security Deposit for SD lodged by firms for supply of items to HQrs/PS for computer consumables and OFB/IT for procurement of hardware, software and maintenance thereof.
20	2287	Register for recording Export realization cases and watching acknowledgement from LAOs
21	2289	Register for recording realization of advance & balance payment from MHA & State Police and watching acknowledgement from LAOs.
22	2271	Register of Top Lists Receiv ed from DAD Cells
23	2272	Register for Reconciliation
24	2270	Register for allocation of Customs Duty
25	2261	Register for adjustment of ISA vouchers
26	2262	Register for adjustment of vouchers of Stationery Office.
27	2263	Register for Financial Advice (TPC/PNC)

VII

TRANSPORTATION SECTION

976. This section deals with pre audit and payment of Travelling Allowance bills on temporary duty, permanent transfer, and retirement. It also deals with bills and on LTC in respect of all NIEs, NGOs and Gazetted Officers of all Ord & Ord. Equipment Fys. including OFB HQr and its Allied Establishments. Procedure enumerated in Chapter IX of OM Part II Vol. I are followed in general in the audit and payment of Travelling and LTC claims.

977. Advances of TA/DA/LTC in respect of NIEs, NGOs & Gazetted officers of the Factories are admitted by the concerned Br. AOs, but advances in respect of the officers & staff of OFB HQr, CE (CEC) OFB Kolkata, SQEA Hastings (Armaments, Electronics & Vehicles) Kolkata & VQA Jamshedpur are admitted by "T" section , Main Office. Advance paid to employees other than Industrial Employees are to be promptly reported to this section by the Branch Accounts Offices and acknowledgment obtained in each case. Branch Accounts Offices will intimate the Accounts section of MO Kolkata the details of payment of advances made to the service officers for raising of debits through Inter-Departmental Adjustment Account.

978. Audit-cum-demand Register will be reviewed by the Branch Accounts Offices monthly and a review report in respect of demands against industrial employees lying outstanding for more than one year/six months/three months (separate statement for each category) and action taken to clear such outstanding demands will be sent to the P C of A (Fys), Transportation Section.

979. Detailed Audit check in this regard are available in Paras 636 to 640 of OM Part-II Vol.-I. However, following specific audit checks are to be ensured while passing TA/LTC/Pmt. Transfer claims:-

(a) That the bills are prepared in prescribed format i.e. IAFT -1715 permanent TA and IAFT-1716 for temporary duty move and Form TR-25, GAR - 14C for LTC. .
(b) Details of journey showing the place, date/hour of commencement and completion of journey, mode /class of accommodation availed etc. should be checked with relevant to the Part -II order and grade pay.
(c) Date of submission of bills should be mentioned along-with claimant's dated signature.
(d) Ticket / PNR No. should be mentioned in the LTC claim.
(e) Bills are counter signed by the controlling officer.
(f) All relevant documents such as journey ticket, boarding pass, hotel receipt, food bill receipt, luggage receipt and Part-II order are to be attached with the bill.
(g) All bills received from Factories are to be routed through Branch AOs for verification of advances.

980. Report and return rendered and various registers maintained by the transportation section are given in Annexure ' XXXIV' and Annexure 'XXXV' to this chapter.

(Note : The paras 976 to 984 of 1993 edn. has been reframed as above.

981 The conduct and disposal of work dealt with in the Transportation Section will generally be the same as laid down in Chapter No. IX of Office Manual Part II Vol I.

982 to 990-Blank.

Annexure - XXXV

List of Registers in "T" Section

1. Establishment Register
2. Master Note Book
3. Register of allotments of expenditure on TA in r/o Factories
4. Audit cum Demand Register
5. Section Order Register
6. Bill Diary Resister



List of Reports & returns **Annexure - XXXVI**

Sl. No.	Name of Reports	Report to	Nature	To be sent on/by
1	Weekly Progress Report	CGDA	Weekly	Every Monday / 1st working day of the week.
2	Monthly Progress Report	PCA (Fys) AN-IV section	Monthly	1st working day of the following month.
3	Report on Travel Expenses	PCA (Fys) Accounts Section	Monthly	By 10th of the following month.
4	Review of Compilation	PCA (Fys) Accounts & EDP Section	Monthly	Within 1 week after receive of CCO-2 from EDP section
5	Hindi Report	PCA (Fys) Hindi Cell Section	Quarterly	Apr-Jun, Jul-Sep, Oct-Dec & Jan-Mar.
6	General Target Report	PCA (Fys) AN-I section	Quarterly	Apr-Jun, Jul-Sep, Oct-Dec & Jan-Mar.
7	Outstanding Demand / Debit Balance	CGDA	Half yearly	Jun. & Dec.

Duties

991. Production section, as its name implies, is primarily concerned with the production activities in the Ordnance and Ordnance Equipment Factories. It sponsors all principles relating to cost accounts, watches their efficiency through various reports and returns furnished by the Branch Accounts Offices and submits reports to the Financial and Administrative authorities as and when required.

992. This Section also deals with all problems arising out of the practical application of the provisions of the Workmen's Compensation Act and fixation of piece work rate and scrutiny of piece work profit/losses.

The important items of work that are dealt with in PR Section have been detailed in the succeeding paragraphs.

Procedure

993. In formulation of Cost Accounting procedure, great care should be exercised to ensure that the system conforms to the general organization of the ordnance and Clothing Factories, taking into consideration the technical aspects thereof. It should also be seen that the procedure conforms to the following main objectives of cost accounting enumerated below-

(i) to find the cost of production of each article manufactured in the factory with ascertainment of cost and to exhibit its cost at every stage of manufacture;

(ii) to ensure achievement of minimum cost of production without comprising to the quality and specification by systematic reduction of waste in material, time and sundry stores, by eliminating bottlenecks of production, by bringing eliminating un-remunerative expenses, by reduction of general overhead expenses, by developing a better organization, and by economies in design, methods and equipments;

(iii) to frame a fairly correct standard estimates of what the cost of production should be with reference to records of the past actuals with modifications necessary for changed circumstances.

994. The attainment of above objective is largely dependent on the adequate method of presentation of the cost results with promptitude, frequency and regularity, so that the executive authority can take timely suitable remedial measures to prevent losses and wastes and plan for maximum efficiency consistent with economy.

995. For this purpose, the cost results must be accurate; otherwise the value will be doubtful. Naturally, the results must be sufficiently detailed, but over-elaboration should be avoided as it will be costly and incommensurate with the results obtained. In order, therefore, to obtain detailed information without incurring great expenses, the costing procedure formulated should be abbreviated and any duplication of work eliminated. Further, it should be ensured that uniformity of procedure followed in the different Branch Accounts Offices is maintained to the greatest possible extent.

996. The main purpose of the quarterly report on the audit of cost system carried out by the Branch Accounts Offices is to see that it is operating fully and effectively in accordance with the instructions issued from time to time on the subject. This should be carefully examined with a view to considering any possible improvement in the procedure.

Instructions for maintenance of principal ledger in Accounts Office

997. The opening of any new ledger account or discontinuance of any existing ledger account will be decided by this Section. All instructions in respect of journal entries to be operated for the accounting of any transaction in principal ledger will also be issued by PR Section.

Maintenance of Syllabus of Work Orders, Part I

998. The syllabus of work orders, Part I is maintained in PR Section. Any addition, alteration or amendments as and when required are carried out and the Branch Accounts Offices informed accordingly. Reprinting of syllabus of work orders, Part I is also arranged, when necessary.

Maintenance of Factory Accounting Rules and Office Manual Part VI

999. The section is responsible for incorporation of all amendments to Factory Accounting Rules and Office Manual, Part-VI. Sections in which the proposals for amendments originate should in the first instance prepare a draft amendment and submit the same to the administrative authorities or to the CGDA, as the case may be, for concurrence. The draft amendment should, after final concurrence by all concerned, be passed on to the PR Section is quoting the number and date of the reference conveying the concurrence of the administrative authorities or the CGDA as the case may be.

The Section should see that the number and date of communication conveying the concurrence and the relevant case file number of the office of the Principal C of A (Fys) are quoted on each correction slip for facility of reference.

1000. The revision and reprinting of Factory Accounting Rules and office Manual Part VI, when considered necessary, will also be arranged by this Section with due concurrence of the authorities concerned.

1001. The maintenance of Factory Accounting Rules and Office Manual part VI with upto date corrections is essentially required for day to day reference purposes as well as to minimize the work involved in the revision of these books. Care should, therefore, be taken by all concerned to initiate action for any amendment as soon as the necessity therefore arises.

Instructions for accounting of Capital Assets

1002. All instructions in connection with the accounting of Capital Assets and working out the rates of depreciation to be charged thereon should be issued by reference to Administrative authorities, where necessary. Any question involving audit decision should, however, be dealt within consultation with the Store Audit Section.

All questions relating to minor maintenance woks of buildings, etc. will also be dealt with in PR Section.

Control of Indirect Expenditure

1003. Indirect expenditure incurred in the factories are controlled by the Branch Accounts Offices with reference to the instructions on the subject issued from time to time. In order to examine the practical side of this item of work, certain reports and returns on indirect expenditure are received from the Branch Accounts Offices. These statements are scrutinized thoroughly and compared with the statements of the previous periods and the reasons for variations obtained from the Accounts Officers. Further, it is watched through the medium of the statements whether the pre-determined rates of variable expenditure worked out are justified with reference to the actual expenditure, if not, necessary instructions are issued for regulating under/over absorption to production.

Payment Services

1004. All instructions relating to payment services to the entitled personnel of the factories and technical development establishments and payment issues to other Government departments (both Central & State), semi-Government departments, Public bodies such as Municipalities, local Boards, educational and research institutions etc. and commercial firms and private bodies will be issued by this section.
The procedure regarding payment issues has been described in Chapter-IX of Section-I.

Rejections and Wastes of Manufacture

1005. Instructions as to how rejections in manufacture should be dealt with will also be issued by this section. Audit report on loss statement (Rejection loss) falling under the powers of OFB/Govt. of India should be rendered by this Section.

Monitoring of Projects

1006. Projects undertaken in Ordnance Factory Board Organization are recorded in the Register of Project-sanctions maintained, separately for OFB and R & D. The detailed work done in respect of OFB projects are enumerated below:-

(i) On receipt of sanction of a new project, (both R & D and OFB), the same will be entered in the sanction Register and copies thereof sent to the concerned Branch AO/AOs and to Store, Pay-Tech Section in Main Office, if necessary;

(ii) Intimate Accounts Section to open unit code (in respect of independent Factory Project) or an unit control code (in respect of projects ancillary to any factory) as the case may be. A separate register is maintained for the code numbers.

(iii) Progress of expenditure against all OFB projects is watched through MER (Monthly and posted in the MER Register maintained for the purpose;

(iv) Watch completion of the projects in consultation with the Half Yearly Progress Report published by Project (c) Section of OFB.

Miscellaneous Items of Work

1007. In addition to the above the following miscellaneous items of work are also dealt with in PR section :-

a) Scrutiny of Monthly Status of work report is decided to be done by Group Controller/Joint Controllers as the case may be. Any major deviation should be reported to Main Office for remedial measure.
b) All questions relating to payment of compensation under workmen's Compensation Act.
c) All questions relating to fixation of piece work rates and scrutiny of percentage of the piece work profits for revision of the piece work rates yielding abnormal high profits and losses.
d) Scrutiny of concurrent review report.
e) Analysis of outstanding warrants reports.
f) Analysis of uninstalled P&M report.
g) Reconciliation of CCO2 in r/o Payment Issues and IFD issues.
h) Analysis of dues-in report
i) Approval and monitoring of items accounted in Annual Accounts as KOP.
j) Issue of PSA codes (Receipt & Issue) to factories.
k) Other Miscellaneous items of work not mentioned above.

1008. Periodical reports & returns in respect of PR section is as follows.

SL NO.	NATURE OF REPORT	PROCEDURE OF PREPARING REPORT	PERIOD	DUE DATE	REPORT TO BE RENDERED TO THE AUTHORITY
1	SANCTIONED REJECTION LOSS	CONSOLIDATED REPORT PREPARED BASED ON THE REPORTS OF ALL BRANCH A.O.'S	QUARTERLY	20TH APRIL, JULY, OCT, JAN OF EACH YEAR	RENDERED TO 'IA'-SECTION, M.O. DURING 1ST WEEK OF MAY, AUG, NOV, FEB EACH YEAR

SL NO.	NATURE OF REPORT	PROCEDURE OF PREPARING REPORT	PERIOD	DUE DATE	REPORT TO BE RENDERED TO THE AUTHORITY
2	SANCTIONED REJECTION LOSS	CONSOLIDATED REPORT PREPARED BASED ON THE REPORTS OF ALL BRANCH A.O.'S	ANNUALLY	30TH APRIL OF EACH YEAR	RENDERED TO 'IA'- SECTION, M.O. DURING 2ND WEEK OF MAY EACH YEAR
3	KEPT OUT OF PRODUCTION	CONSOLIDATED REPORT PREPARED BASED ON THE REPORTS OF ALL BRANCH A.O.'S	ANNUALLY	11TH JUNE OF EACH YEAR	RENDERED TO 'IA'- SECTION, M.O. DURING 1ST WEEK OF JULY EACH YEAR
4	DUES - IN	CONSOLIDATED REPORT PREPARED BASED ON THE REPORTS OF ALL BRANCH A.O.'S	QUARTERLY	5TH JULY, OCT, JAN, APR EACH YEAR	TO 'OFB(P&P) SEC' DURING 3RD WEEK OF JULY, OCT , JAN, APRIL EACH YEAR
5	VOH & FOH	ANALYSIS MADE ON THE REPORT RECEIVED FROM ALL BRANCH A.O.'S	QUARTERLY	15TH AUG, NOV, FEB, MAY OF EACH YEAR	TO BE ANALYSED AND MONITORED BY PR SEC, M.O.
6	PRODUCTIVITY LINKED BONUS	CONSOLIDATED REPORT PREPARED BASED ON THE REPORT OF ALL BRANCH A.O.'S	ANNUALLY	25 TH JUNE OF EVERY YEAR	TO BE PREPARED AND RENDERED BEFORE THE OFB COMMITTEE CONSTITUTED FOR PLB BY 31ST JULY EACH YEAR
7	CONCURRANT REVIEW REPORT	ANALYSIS MADE ON THE REPORT RECEIVED FROM ALL BRANCH A.O.'S	QUARTERLY	15TH APRIL, JUL, OCT, JAN OF EACH YEAR	TO BE ANALYSED AND MONITORED BY PR SEC, M.O.
8	LIQUIDATION OF OUTSTANDING WARRANT	CONSOLIDATED REPORT PREPARED BASED ON THE REPORTS OF ALL BRANCH A.O.'S	QUARTERLY	15TH APR, JUL, OCT, JAN OF EACH YEAR	RENDERED TO THE SECRETARY, FINANCE DIVISION 'OFB WITHIN 15TH OF MAY, AUG, NOV, FEB OF EACH YEAR
9	CCO - 2 REPORT		MONTHLY	12TH OF THE EVERY MONTH	TO THE PCA (FYS) AND THE SECRETARY OF THE FINANCE DIVISION, OFB
10	UNINSTALLED P& M REPORT	FROM ALL BRANCH AOs	QUARTERLY		TO BE ANALYSED AND MONITORED BY PR SEC, M.O.

1009. List of registers maintained by PR are as under:

	SUB/NAME OF REGISTER	PERIOD	CONTROL NO.
1	REGISTER OF IMPORTANT CIRCULARS	Jul-12	1750
2	REGISTER OF OUTSTANDING WARRANTS	2013-2014	
3	REGISTER OF REJECTION LOSS (GOI)	CURRENT	1748
4	REGISTER OF REJECTION LOSS (GOI)	1984	1748
5	REGISTER OF REJECTION LOSS (OFB)	2001	1748

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Salient Features

1013. The work of the Annual Accounts Section in Main Office consists of scrutiny, compilation and publication of Annual Accounts of the Ordnance and Ordnance Equipment Factories in accordance with the accounting procedure in vogue in the factories, Salient features of the work are as under :-

i) Consolidation and submission of the Store Accounts, Production Accounts and other Accounts and Statements to the O.F. Board after carrying out necessary audit and check and consolidation of the same.

ii) Preparation of Annual Accounts in Commercial format.

iii) Audit and scrutiny of the Annual Statement of Principal Items of work done in the factories and consolidation of the same.

iv) Printing and publication of the Annual Accounts with subsidiary statements and statement of principal items, as required by the O.F. Board.

v) Issue of printed Book of Annual Accounts and Principal Items of work done in the factories to the O.F. Board, CGDA and other concerned Financial and administrative authorities.

vi) Furnishing production costs of specific articles when required by the Administrative and Financial authorities of Headquarters.

vii) Dealing with Test Audit objections on the Consolidated Annual Accounts of the Factories raised by the local Test Audit Party under Principal Director of Audit and its subordinate officers.

viii) Scrutiny, analysis and consolidation of Quarterly Financial Review (QFR) and submission of the same to the respective competent authority.

Details of Accounts and Statements

1014. Various Accounts and Statements rendered by the Branch Accounts Officers in connection with the Annual Accounts are as under:

(a) Consolidated Store Accounts

These are prepared in the form in which they are published in the printed Annual Accounts of Ordnance and Equipment factories in India. The Accounts comprise of the following:-

(i) Consolidated Store Account.

(ii) Consolidated price Store Accounts [in forms IAF (Fys) 15 and 16].

(iii) Statement showing increase/decrease in stock balance as on 31st March of the year together with detailed reasons for such increase/decrease.

(iv) Statement showing analysis of stock balance, category-wise.

(v) Statement showing details of the other adjustment (Debit item 10 and credit item 9 of Store Account).

(vi) Statement showing details of the Miscellaneous Receipts and Issues from Stock (Debit item 11 and Credit item 7 of Store Account).

(vii) Balance Sheet of payment issue from stock.

(viii) Statement of surplus, obsolete and waste stores and scrap disposed off during the year.

(ix) Statement indicating reasons for criterion in respects of all debit and credit items of Store Accounts where the difference, as compared to the previous year, is 5% and above.

(x) Statement of losses showing (a) losses (including book losses) incurred, (b) loss written off by the C.F.A. (c) real losses incurred.

(xi) Statement showing details of losses under the following heads:

(a) Capital, (b) Inventory, (c) Medical and (d) Manufacturing loss.

(xii) Statement showing Indentor wise issue of credit item 6 (By issues on payment).

(b) Consolidated Production Accounts

These are prepared in the form in which they are published in the printed Annual Accounts of Ordnance and Equipment Factories in India. The Accounts comprise of the following Main Accounts and Statements:-

1. Production Accounts.
2. Finished Stock Account
3. Capital Account.
4. Statement of Assets and Liabilities as on 31st March.

1015. Subsidiary Statements of the above Main Accounts are:-

1. Production Account

1.1 Details of miscellaneous charges showing work orders and descriptions.

1.2 Details of miscellaneous credits showing work orders and descriptions.

1.3 Details of contingent charges showing work orders and descriptions.

1.4 Details of miscellaneous adjustments.

1.5 Details of Expenditure kept out of Production.

1.6 Statement indicating reasons for variation in respect of all Debit and Credit items of Production Account where the difference, as compared to previous year, is 5% and above.

2. Finished Stock Account

2.1 Statement indicating reasons for variation in respect of all debit and credit items of finished stock account where the difference, as compared to the previous year, is 5% and above.

2.2 Statement showing the figures of export earnings.

2.3. Balance sheet of payment issue from production.

2.4. Statement showing value of services rendered on payment and payment and payment issues of Civil Govt. Departments, Foreign Governments, Public undertakings and private civil indentors.

2.5 Statement showing cost of production of articles or components completed during the year, value of completed articles or components on hand at the beginning and at the end of the year. This should also show the cost of issues, value of issues and profit or loss.

3. Capital Accounts

3.1 Statement indicating reasons for variation in respect of all debit and credit items of capital account where the difference, as compared to previous year, is 5% and above.

3.2 Statement showing detailed capital assets under different categories.

3.3. Statement showing reconciliation of depreciation charges on Buildings and other items credited to Capital Account and debited to Production Account.

3.4. Statement showing the value of Capital Assets discarded and disposed off from N.C. Grants and Projects.

3.5. Statement in respect of stock pile items showing opening balances, receipts & issues and closing balances.

4. Statement of Assets and Liabilities as on 31st March

4.1. Statement indicating reasons for variation of all Assets and Liabilities where the difference, as compared to previous year, is 5% and above.

4.2. Statement showing reconciliation of figures of stores-in-transit between factories with year wise break-up

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1016. The following accounts and statements are also prepared by the Branch Accounts Offices and submitted to Main Office, Annual Accounts Section in connection with the Annual Accounts of the factories :-

(i) (a) Indirect Expenditure statement for both fixed and variable charges.

(b) Subsidiary statement showing reasons for variations in respect of amounts booked to different work orders where the difference, as compared to the previous year, is more than 10%.

(ii) (a) Summary of Cost of out-turn other than Inter-Departmental Production-Statement 10 (a).
(b) Summary of Cost of Inter-Departmental Production (capital and stock)-Statement 10 (b).
(c) Statement showing reconciliation of figures exhibited in the statements 10 (a) and 10 (b) with that exhibited in the Production Account.

(iii) Consolidated Manufacturing Account Statement 'A'.

(iv) Consolidated Manufacturing Account Statement 'B'.

Principal Items

1017. A statement showing principal items of work done by the Factories during the year is prepared annually by the Branch Accounts offices indicating the previous year's actual figures and estimated figures in respect of each item and submitted to the Main Office, Annual Accounts Section of check, consolidation and publication.

1018. From the above statement, a comparative statement showing the unit cost of production of an article manufactured in more than one factory is prepared by the Annual Accounts Section for exhibition in the Printed Book of Annual Accounts of the factories.

1019. A half-yearly statement of important output of production is also prepared by Branch Accounts Offices and submitted to the Annual Accounts Section for necessary audit.

Commercial Accounts (in 2 volumes, Vol. I for OFB as a whole and Vol. II for individual 41 Factories)

1020. With the separation of OFB Budget from Army Budget from 01.04.1987 and consequent focus on budgetary accountability, the accounting requirement for the Organization has changed. Accordingly OFB has been considering the need to introduce Commercial Accounting in Ordnance Factories. Further, Rule 84 to 87 of GFR 2005 provides that Govt. Department working on a commercial or quasi-commercial basis should maintain proforma accounts in commercial form i.e. Manufacturing, Profit & Loss A/c and Balance Sheet. In a meeting chaired by Hon'ble RURM on 07.08.2007, it was decided that Accounts of OFB Organization are to be prepared in Commercial Format.

A committee was constituted by MOD under the chairmanship of JS (OF), Advisor (Cost), Director Finance BEL among other members for adopting Financial Accounting System in Ordnance Factories. Committee submitted its report in December 2006.

Based on the JS (OF) Committee report, Accounts of Ordnance Factories Organization are now being prepared in Commercial Format in addition to accounts in Traditional Format every year. There are three main formats supported by 27 schedules in this system.

1. Proforma Manufacturing Account: - This account shows the expenditure under the head Value of material consumed, Cost of Human resources, OFB HQ Expenses for Direction & Administration, Accounts & Audit Department Expenses, Depreciation, Other operating expenses. Cost of Production is worked out after deduction of Value of work on Capital & Own Stock, Recoveries & Misc. credit from total expenditure. The major highlight of this account is Cost of Production.

2. Proforma Profit & Loss Account: - This account shows the Income under the Sub-head Issues/Sales to Indentors, Accretion (+)/ Decretion (-) to Finished Article & Components. Operating Surplus/Deficit is worked out after deduction of cost of production (as per Proforma Manufacturing Account) from income. Total Surplus/Deficit is worked out by adding Non-Operating Income and deducting Non-Operating expenses and losses including cost of abnormal rejection with the amount of Operating Surplus/Deficit.

3. Proforma Balance Sheet: - The Balance Sheet shows the source of fund. Fund Outlay of the entity has been structured in the following manner :-

Capital Outlay Account: - Represents the amount equivalent to the Net Block plus dues in as Work-in-Progress in respect of Capital Asset items plus closing value of Stockpile items. For the entity, this represents the (Govt's) equity.

Revenue Outlay Account: - Represents the Net Current Assets and the unabsorbed balance of Preliminary and Deferred Revenue Expenses after adjusting the amount of reserve and profit/loss for the year.

Reserves: - Reflects the balance of Revaluation Reserve Account. In the OFB Accounts balance retained in R R Fund is also included.

Profit & Loss: - Amount of Surplus/Deficit as worked out through Proforma Profit & Loss Account is exhibited.

Balance Sheet also shows application of fund under Fixed Assets and Current Assets. Net Current Assets is worked out by deducting Current Liabilities from total of Current Assets. Misc. Expenditure and unabsorbed Preliminary Expenses are also shown under application of fund.

Miscellaneous Items of Work

1021. Annual Accounts Section carry out necessary audit and check of the monthly Priced Store Accounts and monthly Manufacturing Account Statements A & B, submitted by the Branch Accounts Offices.

1022. The following items of work are also dealt with in the Section with a view to allocation of certain elements of costs of general nature to the production accounts of the factories :-

(i) Expenditure on the O.F. Board HQrs. is classified as (a) effective (representing pay and allowances and other miscellaneous expenditure) and (a) non-effective (superannuation charges and NPS). The total amount (a) and (b) is then distributed over all the factories on the basis of direct labour incurred by each factory and the figures intimated to the Account office for adjustments.

(ii) Expenditure on the Principal C of A (Fys), Main Office excluding that of the Railway Section less 12.5% to cover expenditure incurred for audit and accounts work for the R & D organization is apportioned first between (i) Accounts and (ii) Internal Check (44% & 56% respectively). The costs of EDP Section is then added with the accounts cost. The total amount of both (i) Accounts and (ii) Internal check is then distributed to all the factories on the basis of pay & allowances of the Branch Accounts Offices and intimated to the Accounts Offices for adjustment in the Accounts.

(iii) Expenditure incurred on training scheme for other than IEs by the concerned factories are apportioned to the different factories annually by applying the percentages intimated by the Annual Accounts Section, which are worked out on the basis of the direct labour of the factories.

1023. All instructions regarding adjustment of various elements of costs in the Accounts, preparation and submission of Annual Accounts and Review Chapter thereon are issued to Branch Accounts Offices by the Section.

1024. Scrutiny of Quarterly Cost and Financial Review Report received from Branch Accounts Offices. Format of the report exhibited in 'Annexure-XXXVI' to this chapter. Also a monthly report showing different elements pertaining to wages which was earlier part of QFR was discontinued from the QFR and submitted monthly to Finance Division based on the reports received from Branch AOs. Format of the report is exhibited in 'Annexure – XXXVII'.

Review Chapter on Annual Accounts

1025. The Review is in two parts. Part I contains an Executive Summary of Annual Accounts both in Traditional and Commercial Format as well as an analyses of salient features/trends emerging from the Accounts. The Part – II contains detailed analysis based on Traditional Accounts, which has been divided into nine segments viz. (1) Production, (2) Material/Inventory, (3) Labour/Manpower, (4) Overhead, (5) Issues/Surplus-deficit, (6) Budget, (7) Plant & Machinery, (8) Principal Items, (9) Project Appraisal.

Quarterly Financial Review Report

1026. A management information report compiled by Branch AOs and scrutinized, analyzed, consolidated by this section is submitted to OFB and CGDA for appraisal. QFR is prepared in 12 tabular formats shown as Annexure–XXXVI to this chapter. Based on standard costing reflects major Cost & Financial activities and cost comparison done with estimates. The report is prepared showing the quarterly value of the following major inputs:

(a) Comparison of Issue value and CCO2
(b) Cost of Production
(c) Revenue Expenditure
(d) Piece work profit
(e) Overhead information (incurred and levied)
(f) Inventory status
(g) Finished goods/components
(h) Asset & Liabilities (Stores & Machineries)
(i) Store-in-transit
(j) Uninstalled P & M

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Annexure – XXXVII (Para 1026)

TABLE - 1

RECOVERY & RECEIPT OF OFB - ISSUES TO INDENTORS FOR THE QE

Objective: To see the progress of Issues made to the Indentors with reference to Target

Sl No	Name of Fys	Indentors	Target (Issue)	Current Quarter CCO@ Value	Previous Quarter CCO@ Value	Progressive Issue Total CCO@ Value	% of Progress w.r.t. target & Progressive CCO@ Value Col-7/Col-4*100
1	2	3	4	5	6	7	8
		Issues to Defence					
		Issues to Non-Defence					
		I F D					
		Total Issues					

Note: Whether %age progress w.r.t previous qtr varies bey ond 10% appropriate clarification/analysis may be provided.

TABLE - 2

COST OF PRODUCTION

Objective: To analyse the element-wise cost of production w.r to previous quarter and corresponding quarter of previous year and varia nce analysis.

SLNO	NAME OF FACTORY	ELEMENT	PREVIOUS QUARTER	CURRENT QUARTER	Corresponding quarter of previous year	Cumulative Total up to Current quarter	Cum. Total for corresponding period of previous year	Variance analysis required where variance is more than +10%, Variance between col-4&5
1	2	3	4	5	6	7	8	9
		LABOUR						
		MATERIAL						
		EXPENSE						
		VOH						
		FOH						
		TOTAL						

TABLE - 2 A

ANALYSIS OF COMPLETED WARRANTS FOR MANUFACTURE OF PRINCIPAL ITEMS

Objective: To analysis the element-wise actual cost of production of FIVE Principal Items w.r.t. estimated cost for completed warrants

Sl No	Name of the Item with WO No	Completed Warrant No	Quantity Ordered	Quantity Manufactured	Total Cost	Cost per Unit	Estimated Cost per Unit	Variation with reasons if variation is +/- 10% W.R. to estimated cost, Variation between col-7&8	Cost per Unit of the item in previous year	Reasons for variation if any between unit cost of the present and previous year
1	2	3	4	5	6	7	8	9	10	11
						LABOUR				
						MATERIAL				
						VOH				
						FOH				
						OE				
						TOTAL				

TABLE - 2 B

ANALYSIS OF RUNNING WARRANTS FOR MANUFACTURE OF PRINCIPAL ITEMS

Objective: To analysis the element-wise actual cost of production of FIVE Principal Items w. r. t. Estimated cost of Running Warrants

Warrant No	Quantity Ordered	Opening Semi if any	Total cost of booked up to the Quarter (element wise)	Total Quantity produced up to the quarter	Estimated cost per unit	Total Estimated cost of the produced quantity (5 X 6)	Difference between actual total cost and estimated cost of the produced quantities (4 - 7)	Analysis of the balance (figure at Col-8
1	2	3	4	5	6	7	8	9
		LABOUR	LABOUR		LABOUR	LABOUR		
		MATERIAL	MATERIAL		MATERIAL	MATERIAL		
		VOH	VOH		VOH	VOH		
		FOH	FOH		FOH	FOH		
		OE	OE		OE	OE		
		TOTAL	TOTAL		TOTAL	TOTAL		

TABLE - 3

PROGRESSIVE EXPENDITURE : BUDGET VIS - A - VIS - ACTUALS

Objective: 1) To monitor the progress of expenditure with reference to previous quarter as well as corr esponding quarter of previous year.

2) To assess the position of Net Revenue Expenditure.

SLNO	NAME OF FY	PARTICULARS	ACTUALS	Budget Estimates		RE if Available	EXPENDITURE		Cumulative Expenditure	%age of Cumulative expenditure to BE/RE	
			Previous Year	Previous Year	Current Year		Previous Quarter	Current Quarter		Current Year, (Col-10/Col-6*100)	Corresponding period of previous year
1	2	3	4	5	6	7	8	9	10	11	12
		(i) STORES									
		(ii) MANUFACTURES									
		(iii) TRANSPORTATION									
		(iv) OTHER EXPENDITURE									
		(v) RECOVERIES FOR SUPPLIES									
		(vi) GROSS REVENUE EXPENDITURE									
		(vii) MISC RECEIPTS & RECOVERIES									
		(viii) NET REVENUE EXPENDITURE									
		(ix) MACHINE & EQUIPMENT									
		(x) NET CAPITAL EXPENDITURE									
		(xi) NET REVENUE & CAPITAL EXPDR									

TABLE - 4

PIECE WORK PROFIT : REPORT FOR THE QE 09/2012

Objective: To analyse whether the PW profit is within the permissible limit.

SLNO	NAME OF FY	CURRENT QUARTER					PREVIOUS QUARTER				
		Direct Labour		PW Profit			Direct Labour		PW Profit		
		SMH	Input Hrs	% with imposing ceiling	% without imposing ceiling	Amount Rs in Lakhs	SMH	Input Hrs	% with imposing ceiling	% without imposing ceiling	Amount Rs in Lakhs
1	2	3	4	5	6	7	8	9	10	11	12

TABLE - 4 A

PIECE WORK PROFIT vis-à-vis WARRANT : REPORT FOR THE QE 09/2012

Objective: To analyse the PW card along with concerned warrant nos. for which the PW profit is in ex cess of the ceiling

SLNO	NAME OF FY	NAME OF THE PRODUCT	WARRANT NO	PW CARD SLNO	PW PROFIT		
					% with imposing ceiling	% without imposing ceiling	Amount in Rs Lakhs
1	2	3	4	5	6	7	8

TABLE - 5 A

LABOUR ESTIMATE NOS - REVISION

Objectives: To watch the revision in Labour Estimates

Sl No	Name of Fys	Current Quarter				Previous Quarter			
		Particulars of Labour Estimates revised during this quarter	Cost saving on account of revision	Progressive saving (during the year)	Remarks (Reasons for revision)	Particulars of Labour Estimates revised during this quarter	Cost saving on account of revision	Progressive saving	Remarks (Reasons for revision)
1	2	3	4	5	6	7	8	9	10

TABLE 5 B

MATERIAL ESTIMATE NOS - REVISION FOR THE QE

Objectives: To watch the revision in Material Estimates

₹ in Lakhs

Sl No	Name of Fys	Current Quarter				Previous Quarter			
		Particulars of Material Estimates revised quring this Quarter	Cost saving on account of Revision	Progressive savings (during the year)	Remarks (Reasons for revision)	Particulars of Material Estimates revised quring this Quarter	Cost saving on account of Revision	Progressive savings	Remarks (Reasons for revision)
1	2	3	4	5	6	7	8	9	10

TABLE - 6

OVERHEAD CHARGES REPORT

Objective: To analyse the Variable and Fixed Overheads

Sl No	Name of Fys		Particulars	Current Quarter		Previous Quarter		Progressive up to Current Quarter	
				VOH	FOH	VOH	FOH	VOH	FOH
		A	Levied % of VOH, FOH Leviable in terms of D/L hours - Predetermined						
		B	Budgeted based on SBC/CBC actual over head expenditure previous year						
		C	Actual						
			Absorption w.r.t. C & A (C -A)						
			% of Variation						
			Reasons of variation						

TABLE - 7

INVENTORY STATUS REPORT

Objective: To analysis the Inactive Stock

(₹ in Lakhs)

Sl No	Name of Fys	Particulars	Closing Stock		Reasons for Increase or Decrease
			Current Quarter	Previous Quarter	
1	2	3	4	5	6
		A. Inactive Stock			
		(i) Slow Moving			
		(ii) Non Moving			
		(iii) Surplus			
		(iv) Scrap Obsolete & Waste			
		Total (i+ii+iii+iv)			

TABLE - 8

ANALYSIS OF FINISHED GOODS AND FINISHED COMPONENTS

Objective: To analysis Finished goods and Finished components

₹ in Lakhs

Sl No	Name of Fys	Particulars	Value at the end of last Qtr	Finished stock pending Inspection	Finished stock on Inspection	Clearance / Utilization during Current Qtr	Value at the end of Current Qtr (col: 4+5+6-7)	Percentage of clearance w.r.t Total Value(9=7/(4+5+6)*100)
1	2	3	4	5	6	7	8	9
		Finished Goods						
		Finished Components						

TABLE - 9

BUILDING UP OF INVENTORY (STORE IN HAND)

Objective : To watch the position of store in hand

Sl No	Name of Fys	Target of Inventory (SIH) holding* (In terms of no. of days holding w.r. to consumption)	Actual during the quarter (In terms of no of days holding w.r. to consumption)
1	2	3	4

TABLE - 10

STATUS OF OUTSTANDING ASSETS & LIABILTIES

Objective: To watch the position of outstanding Assets and Liabilities.

₹ in Lakhs

Sl No	Name of Fys	Particulars	O/S at the end of Previous Qtr	Addition during the Current Qtr	Clearance in the Current Quarter		O/S at the end of Current Qtr (8=4+5-6-7)	Year wise break up (only oldest date and value	
1	2	3	4	5	6	7	8	9	10
			X	Y	Against X	Against Y			
		A. STORE							
		(i) Assets							
		(a) LP & CP							
		(b) FP							
		(c) IFD							
1		**(ii) Liability**							
		(a) LP & CP							
		(b) FP							
		(c) IFD							
		B. Plant & Machineries							
		(i) Assets							
		(ii) Liability							

ANNEXURE TO TABLE 10

STATUS OF STORE IN TRANSIT (IFD) : REPORT ANNEXURE - "A"

Objective: To watch the status of Store -in -Transit

₹ in Lakhs

Sl No	Name of Fys	Particulars	Opening Balance		Clearance against Opening balance		Received during the Quarter		Clearance against receipt during the Qtr		Closing Balance		Reasons for non clearance of current Qtr accrual
			Item	Value	Item	Value	Item	Value	Item	Value	Item	Value	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
		ASSETS											
		LIABILITY											
		TOTAL											

TABLE - 11

NON PERFORMING ASSETS-UN-INSTALLED PLANT AND MACHINERIES

Objective: To watch the position of Non Performing Assets - Un-installed Plant & Machineries

₹ in Lakhs

Sl No	Name of Fys	Outstanding at the end of Last Qtr		Fresh addition in the Current Qtr		Clearance during the Current Quarter				Outstanding at the end of Current Qtr		Oldest date and Value	
						OLD		NEW					
		Item	Value	Item	Value	Item	Value	Item	Value	Item	Value	Year	Value
1	2	3	4	5	6	7	8	9	10	11	12	13	14

TABLE - 12

ABNORMAL REJECTION REPORT

Objective: To analyse the Abnormal Rejections

Sl No	Name of Fys	For the Previous Quarter		For the Current Quarter		Up to the Current Quarter		Reasons for such Abnormal Rejection (Material / workmanship)
		Value	% above UAR	Value	% above UAR	Value	% above UAR	
1	2	3	4	5	6	7	8	9



Annexure - XXXVIII

TABLE - 1				
Ratio of IEs & NIEs /NGOs				
Sl No	Name of Fys	No. of IEs	No of NIE / NGOs	Ratio
1	2	3	4	5

TABLE - 2

Employment ratio of Direct & Indirect IEs with value of Wages

SLNO	NAME OF FACTORY	No of Direct IEs	Value of Wages	No of Indirect IEs	Value of Wages	Ratio	
1	2	3	4	5	6	7	8
						No	Wages

TABLE - 3							
Employment ratio of Direct & Indirect IEs with value of Wages							
SLNO	NAME OF FACTORY	No of Direct IEs	Value of Wages	No of Indirect IEs	Value of Wages	Ratio	
1	2	3	4	5	6	7	8
						No	Wages

TABLE - 4				
VALUE OF INDIRECT LABOUR				
Sl No	Name of Fys	Indirect Labour In house	Indirect Labour Outsourced	Total indirect Labour
1	2	3	4	5

TABLE - 5						
OVERTIME REPORT						
Sl No	Name of Fys		Overtime hrs	Overtime Amount	Total hrs	Total Amount
1	2	3	4	5		
		Direct IE				
		Indirect IE				

1031. Financial Advice:-

The Controller of Defence Accounts act as agents or representatives of the Secretary (Defence/Finance) and Financial Adviser, Min of Def (Finance) on the spot to consider and put forward proposals, on their own initiative for reduction of Defence Expenditure, whenever such reduction of defence Expenditure appears practicable. If the working of rule or a system leads to abuse or extravagance of expenditure the Controller should report the matter to the CGDA who will if deemed fit, bring the matter to the notice of MOD (FIN).

1032. Exhibition of Losses (Cash loss & Store Loss) in the Appropriation Accounts:-

The losses of cash & store are written off by the GoI and other competent financial authorities during the year; Following are the two main categories;-

a) Cash Losses, overpayments, irrecoverable claims etc due to theft, fraud, or gross neglect.

b) Loss not due to theft fraud and gross neglect.

Also in case of store losses due to TFN and not due to TFN, this section prepare quarterly report QE June/Sept/Dec/March on the detail of important losses. The report is to be rendered to CGDA through the local representative of the DGADS so as to reach the former not later than the 15th Aug, 15th Nov, 15th Feb, and 31st May respectively.

1033. Exhibition of Infructuous Expenditure in the Appropriation Accounts :

This section submit half yearly report to the CGDA through the local representatives of the DGADS, showing statement of in fructuous expenditure report for the half year ending Sept, and March. The reports are submitted so as to reach CGDA not later than the 7th Nov and 31st May each year.

1034. Annual Audit Certificate

This section renders consolidated Annual Audit Certificate and its quarterly follow up reports to the CGDA. In the Annual Audit Certificate specific instances, if any, are made in regard to the items considered important enough to be brought to the notice of the PAC viz, serious irregularities in store accounting, stock verification, use of transport etc, irrespective of whether the authority competent to regularise them is the Government of India or not.

1035. Major Financial and Accounting Irregularities (MFAI)

This section is also responsible for obtaining quarterly MFAI reports from all Group Controllers for scrutiny and consolidation and rendition of quarterly report on MFAI for the organization as a whole for the quarters ending June, September, December and March each year by the 20th of the month following the quarters to the CGDA in two parts viz. Part I and Part II where Part I indicates fresh cases of irregularities and Part II reflects outstanding irregularities, reported previously.

1036. Internal Audit Report

1. This section also renders quarterly IAR to the CGDA reflecting the items of MFAI report for which replies have been found unsatisfactory.

2. As the responsibility of Internal Audit checks on the accounts of Ordnance Factories rests with the organization of Chief Internal Auditor[CIA(Fys), Kolkata], the regular rendition of the report on internal audit for Ordnance Factory Organisation rests with them.

1037. Draft Para & Audit Para

On receipt of Draft Para & Audit Para in this section, it is entered in the Draft Para Register on the format as contained at SL. No. 12 Section 2 Chapter XI of OM Part II Vol. III. The Draft Paras are checked to see that:

i) the statement of facts as made therein is correct;

ii) The responsibility, if any, for the irregularity has clearly been brought out and accepted by the authority concerned. In case the responsibility is directly of the Defence Accounts Department, it should be so stated;

iii) Any remedial measures necessary have been taken and a statement to that effect also made in the paras; and

iv) If a draft para is based on a case taken up by internal audit, this fact is acknowledged in the draft para itself.

The draft paras are immediately brought to the notice of the OFB Headquarters for examination and comments. Copies of the draft paras are also endorsed to concerned Group Controllers, Branch AO/Audit section of MO simultaneously.

While forwarding draft paras to the CGDA, a brief prepared on the basis of replies received from OFB and Group Controllers, properly edited with lucid summary of the case highlighting various aspects thereof, particularly the extent of responsibility, if any, which can be attributed to failure on the part of the D.A.D. is sent to the CGDA.

Note : The work of the Financial Advice Section has been revised as per the existing work handled by the section after complete separation of Internal Audit work from PCA (Fys) vide Govt of India letter no 1(28)/2008/D(Prod) Dated 11-8-2005 and 21-7-2009 and Hq Office No. & AT/VII-C/7300/Pt-II Dated 4/7-10-2011.

1038. The conduct and disposal of work dealt with in the Financial Advice Section will generally be the same as laid down in Chapter No. XI of Office Manual Part II Vol I.

1039 to 1045-Blank

XI

FUND SECTION

1046. This section maintains the General Provident Fund accounts in respect of:-
A. Gazetted Officers of all Ord & Ord Equipment Factories and its Allied Estts and OFB HQr, SQAE Hasting (Armaments) Kolkata, OF Cell New Delhi and Regional Marketing Centre, New Delhi.
B. NIEs and NGOs of OFB HQr, OF Cell New Delhi and Regional Marketing Centre, New Delhi (As all the employees of Ordnance Factory Organisation who joined service prior to 1-4-04 opted for General Provident Fund, Contributory Provident Fund has become non effective in the organisation.)

1047. Maintenance of Fund accounts of IEs, NIEs and NGOs of all Ord & Ord Equipment Factories and its Allied Establishments rest with the concerned Br AOs. Advances and withdrawals from G. P. Fund account in respect of the officers of the Ord & Ord Equipment Fys and its Allied Establishments are dealt with by the concerned Br AOs except for those who are going to retire within a period of two years and advance and withdrawal in respect of those officers are dealt with by this section. Besides, the section also admits the advance/withdrawal bills in respect of staffs of OFB Hqrs. This section also deals with Final settlement of Fund Assets of all GOs of Ordnance Factories and allied establishments, GOs and staff of Ordnance Factory Board and other establishment as mentioned in para 1046.

1048. This section also deals with transfers of the fund assets when the concerned subscriber gets transferred to (1) Other Govt. Departments/Public undertakings/Autonomous bodies (2) units which fall under audit and accounting control of other CDAs/PCDAs.

1049. The procedure of work followed in this section commensurate with the procedure as laid down in OM Part V. Maintenance of Fund accounts by this section are ensured through the following stages:-
(a) Allotment of G P Fund account nos.
(b) Obtaining of Nomination Forms
(c) Receiving GPF credit and debit schedules and its posting
(d) Issue of CCO-9 (Annual GP Fund Statement)

1050. Registers maintained in this section

SL No.	Name of the Register	Submission Authority /signing authority and Date of Submission
1.	Numerical Index Register or Allotment Register	Officer in charge on the 1st of each month
2.	Register of Withdrawals	Officer in charge on the 10th of each month
3.	Register of Final Settlement	Officer in Charge on the 10th of each month
4.	DID Schedule Register	Sr. Accounts Officer on each entry
5.	Debit and Credit Schedule Register	Officer in charge once a month
6.	Discrepancy Register	Sr. Accounts Officer on settlement of each discrepancy
7.	Transfer Entry Register	Sr. Accounts Officer on each entry
8.	Register for watching progress of receipt of Schedules and progress of punching	Officer in Charge once a month
9.	Register of transfer of GPF Assets	Sr. Accounts Officer on each transfer of Assets.

1051. List of Reports and Returns

SL.No.	Name of the Reports/Returns	Periodicity
1.	Report on Dispatch and Printing of CCO9	Annually
2.	Report on review of Sectional Compilation	Monthly

1052 to 1055 Blank



Dy. Controller of Finance & Accounts (Fys.),
Account Office, Ordnance Factory
Badmal Saintala,
Bolangir - 767770

VOLUME-III

SECTION-III

MAIN OFFICE

1056.Duties of EDP Section of Main Office

As per present scenario every branch Account Office is having EDP section which is linked up with EDP section located in the Main Office, Kolkata.

Work in EDP Section of Main Office broadly falls under the following categories:

A. Financial and non-financial compilation in respect of PCA (Fys) Organization.

B. Office Automation & Development and maintenance of software packages; maintenance of website.

C. Other functions such as monitoring of IT Budget, procurement of computer hardware and consumables, maintenance of systems, NEFT payment etc.

These are discussed in detail below:

1. Punching and Verification of Data :

The data are punched by the DEOs with reference to punching media. After the data are punched and copied to a file, the punching media batches are initialed by the concerned DEOs. The data of Punching Medium are extracted from office automation packages instead of punching. The sections where office automation package is not implemented the PM data is punched which is passed on to the programmer, who runs a program to print a checklist of the PM data for the purpose of agreement. The DEOs check the PM checklist with reference to the original punching media data. During the course of checking, any errors such as mismatch between the totals of Receipt and Charges side of PM, omission of PM etc. are rectified. The file is rendered error-free by the programmer thereafter.

2. Batch Totaling:

Section-wise list of batches indicating batch no. and amount of each batch is printed from the error free punching media for ensuring that all the batches have been taken into account correctly. The list is then checked with reference to the entries in the punching media register in which all the batches are entered to confirm that no batch is missing /duplicated. The generated amount is also tallied with the manual total written on the top list of each batch. A list of fictitious code head is generated taking convenient number of batches in a group. The fictitious codes are rectified to the maximum extent possible. Similar action is taken for invalid Unit Control Code (UCC).

Data received from Branch Accounts Offices

PM data in respect of BAOs are received through e-mail/WAN on daily, weekly basis as well as monthly basis. As in the case of data received from sections of MO, the details are noted in a PM register kept separately for BAOs. The data received from BAOs are processed to check whether the totals of receipt and charge side of each PM agree. Batch total, fictitious code-heads, invalid unit control codes, break up figure of punching media and total no. of vouchers are recorded in each batch. Thereafter, any discrepancy found during the processing of PM data is taken up with the concerned BAO for settlement through e-mail/post.

In case of non-receipt of weekly data within the scheduled time from BAOs, the same is communicated to the concerned office through e-mail/telephone. Utmost care is taken up to keep the backlog vouchers at a minimum.

IFD compilation is prepared on monthly basis. Issues Statement, Receipt Statement and detailed IFD Compilation are prepared and forwarded to all the BAOs for reconciliation.

3. Closing of the Punching Media Register:

After the batch totals are agreed, the punching media registration DEO checks the punching media numbers under each section in the register with the Monthly Vouchers Certificate received from the concerned section/office.

All the discrepancies found therein are settled in communication with the parties concerned.

Finally, the weekly and monthly code-wise compilation in respect of Main Office and BAOs is clubbed together and forwarded to Headquarters Office through e-mail. A list of the reports/documents generated thereafter for Accounts Section and other sections of Main Office as well as Branch Accounts Offices is shown in Annexure 'XXXIX'. A flow chart showing the sequence of the processes followed in the section is shown in Annexure 'XL'.

Note : Consequent on establishment of EDP Section in all Branch Accounts Offices the works related to generation of different abstracts and cost statements as detailed in Para 1060 to 1073 of OM Part VI Vol III of 1993 edn are being done in the respective EDP sections of Branch AOs.

1057. Office Automation & Website Maintenance

Keeping in pace with the Government policy of 'e' governance, Main Office has successfully automated hitherto manual functions in certain sections, including those where bills are passed regularly, using WAMP platform (i.e. based on a combination of PHP/HTML/JavaScript and My SQL database with Windows 2003 Server support). A brief summary of sections/work brought within the ambit of automation is as under:

I. Dak Entry Module:

(a) Records Section
(b) AN III Section

} for data entry of basic details of Medical and TA/DA bills received

II. Bill Passing Modules:

(1) TA/DA/LTC:
- (a) DAD officers and staff (dealt with by AN VIII Section)
- (b) Non-DAD officers and staff (dealt with by "T" Section)

(2) Medical Bills:
- (a) DAD officers and staff (dealt with by AN Med Section)
- (b) Non-DAD officers and staff (dealt with by MND Section)

(3) GP Fund – Non-DAD
For final settlement of GPF in addition to bill passing

(4) Third Party Bills:
Miscellaneous Section
AN-VI Section
Stores Section - to be implemented

III. Paybill :
DAD – Implemented in AN Pay Section

All bills are subject to audit as they pass from Auditor/SA to AAO and then onto SAO/AO for final passage. Security is ensured through password-based access to the system for authorized users.

1058. Website

For the purpose of convenience and clarity, the website has been divided into two segments, static and dynamic. The static portion contains, inter alia, information relating to the history, organizational setup, mission and quality policy of the DAD and PCA(Fys) organization. Important orders and circulars as well as telephone directories have also been uploaded to the website. These are updated on a regular basis to ensure

that current information is available to the user. The dynamic section of the website has been created with the objective of dissemination of information to members of both establishments, i.e. the DAD and OFB HQrs/ Ordnance Factories, to enable them to view the status of claims and grievances submitted by them. Third parties have also been provided the facility of viewing the status of payments due to them.

1059. Other important functions entrusted to EDP Section of Main Office are discussed in detail below:

(i) Preparation of Annual Budget for EDP in Factory Organization. Projection of the same to Headquarters Office and allotment of funds to different Group Controllers. Watching the progress of expenditure against allotment.

(ii) Projection of requirement of computer hardware in respect of PCA (Fys) Organization to Headquarters Office for the purpose of procurement of new hardware and replacement hardware against obsolete and condemned hardware.

(iii) Procurement of computer hardware/software in respect of Main Office and distribution of the same in the sections. Condemnation proceedings for old and obsolete hardware in Main Office in accordance with HQrs. Office guidelines on the subject.

(iv) Maintenance of systems, PCs and peripherals, in all sections of M.O.

(v) Physical verification of stock of computers and peripherals installed in Main Office on an annual basis.

(vi) Maintenance of LAN/WAN/Broadband installed in the sections of M.O.

(vii) Procurement of computer stationery and consumables for Main Office, including pre-printed computer stationery for paybill, CCO-9, etc., and distribution of the same in the sections of M.O.

(viii) Development and maintenance of software for automated sections. Implementation of packages and monitoring thereof.

(ix) Maintenance of PCA (Fys) website.

(x) Maintenance of database of EDP trained personnel; processing of claims for EDP Special Allowance in respect of PCA (Fys) Organisation for recommendation to HQrs. Office.

(xi) Payment through NEFT.

(xii) E-payment and e-procurement related correspondence.

(xiii) Miscellaneous jobs such as printing of CCO-9 generated by Fund Section of M.O., printing paybills and pay slips in respect of all employees of Main Office.

1059A The detailed procedure to be followed by the this section is given in OM Part XI.

1060. **List of Registers maintained in EDP Section**

Sl. No.	Name of Register
1.	Establishment Register
2.	Book Register
3.	Overtime Register
4.	Locker Register
5.	Control Register of Punching Media- for Main Building & Railway Group
6.	Control Register of Punching Media–for Branch Accounts Offices
7.	Inventory Register- for computer hardware
8.	Store-in-hand Register -for computer stationery
9.	Store-in-hand Register -for computer consumables
10.	Leave Register
11.	Dak Register (Inter-section)
12.	Dak Register (Outward) for Ordinary Letters & Registered/ Speed Post
13.	Master Note Book
14.	Specimen Signature Register
15.	Register containing particulars of candidates who have received incentives on passing O/A/B/C level examination

Annexure –XXXIX

Monthly Compilation Reports generated by EDP Section of Main Office

S. No.	Name of Report/Document	To whom rendered	Remarks
1.	Consolidated Top Sheet	Concerned sections of M.O.	Show progress of expenditure under important heads
2.	Factory-wise Top Sheets	Accounts Section of M.O. and all BAOs	
3.	Interest Statement	Accounts Section	
4.	Flood Advance	Accounts Section	
5.	Security Deposit	Accounts Section	
6.	Defence Exchange Account	Accounts Section	Original item – non-rail
7.	Defence Exchange Account	Railway Accounts	Original item – rail
8.	Defence Exchange Account	Accounts Section	Responding item
9.	DAD Expenditure Statement	Accounts Section, Pay Section and all BAOs	
10.	GPF, DAD Statement	Accounts Section, AN-Pay, Pay(O) and all BAOs	
11.	GPF, Non-DAD Statement	Accounts Section, Fund Section, Pay Section, Pay(O) and all BAOs	
12.	IODP/IOFWP Fund Statement	Fund Section, Pay Section, Pay(O) and all BAOs	
13.	RDR Non-DAD Statement	Accounts Section, Pay Section, Pay(O) and all BAOs	
14.	RDR DAD Statement	Accounts Section, AN-Central, AN-Pay, C of A(Fys) Kanpur and all BAOs	
15.	Defence Proforma Accounts	Accounts Section	
16.	Transportation Charges	Railway Accounts	
17.	Conveyance Statement	Accounts Section, Pay Section, Pay(O)	
18.	Dairy Farm Statement	Accounts Section, Railway Accounts	
19.	RDR Rail Statement	Accounts Section, Railway Accounts	
20.	Cash Statement	All Br A.Os, Accounts Section	Summary(CCO-2)
21.	Cash Statement	All Br A.Os, Accounts Section	Details (CCO-2)
22.	DID Schedule Abstract	Accounts Section, Fund Section	Non Rail
23.	DID Schedule Abstract	Railway Accounts	Rail
24.	Category Statement	Accounts Section, Store Section	
25.	Book Compilation	Accounts Section	
26.	Fictitious Code List	Accounts Section, All Audit Sections, All Br A.Os	
27.	Sectional Expenditure Statement	Accounts Section, Pay Section ,All Br A.Os	
28.	Other than Statement “C”	Accounts Section, Pay Section	
29.	Invalid Unit Control Code(UCC) list	Accounts Section and all BAOs	
30.	IFD Compilation	All BAOs	



Annexure –XL

Punching Medium Data

Hard copy received from sections of **Main Office**

Vouchers received are entered in separate pages allotted section-wise in Punching Medium Register and batches made

These batches are handed over to the Data Entry Operator for data entry (in DBF format)

From these files, checklist of the Punching Media is printed for agreement with hard copy of PM

Any error such as mismatch of total of receipt & charge side of each PM, omission of any PM is rectified

From the error free punching media section-wise list of batches indicating the batch no & amount of each batch is printed to ensure that all the batches have been taken into account correctly. The list is then checked with reference to the entries in the Punching Media Register in which all the batches are entered to confirm that no batch is missing/duplicated

Soft copy (DBF format) received from **Br A.O's** through E-Mail

Vouchers received are entered in separate pages allotted to Br A.Os in Punching Medium Register

The PM data received from BAOs are processed to check whether the total of receipt and charge sides of each PM agree. Batch total, fictitious code heads, break up figure of punching media & total no. of vouchers are recorded in each batch.

Thereafter the details are noted in the PM register separately kept for BAOs. Any discrepancy found during the processing of PM data is taken up with the concerned BAO for settlement through E-mail/post.

After the batch totals are agreed, the punching media registration DEO checks the punching media numbers under each section in the register.

Finally, the weekly and monthly codewise compilation in respect of Main Office and BAOs is clubbed together into weekly and monthly files, which are then forwarded to HQrs. Office through e-mail

II

NATIONAL PENSION SYSTEM

1061. The National Pension System or NPS introduced by the Government of India w.e.f. January 1, 2004 vide GOI Ministry of Finance , Dept. of Economic Affairs Notification dated 22.12.2003, is a Defined Contribution Pension Scheme replacing the existing system of Defined Pension System. The system is mandatory for all new recruits to Central Government service from 01.01.2004 (except the Armed Forces). The monthly contribution is 10 per cent of the Basic Pay and DA to be paid by the employee and matched equally by the Central Government. The existing provisions of defined benefit pension and GPF would not be available to the new recruits in Central Government service. The scheme is structured into 2 tiers, Tier I (mandatory in all cases) and Tier II (optional).

1062. Contribution and investment returns are deposited in a **non-withdrawable pensionTier I** account. In addition to this, individuals may also opt for a **voluntary Tier-II withdrawable account** to which the Government will make no contribution. The employee would be free to withdraw part or all of the second tier of his money at any point in time. This withdrawable account does not constitute pension investment, and would attract no special tax treatment.

An individual can normally exit at or after the age of 60 years from Tier-I of the pension system. At exit, the individual would mandatorily be required to invest 40 per cent of pension wealth to purchase an annuity (from an IRDA-regulated life insurance company). In case of Government employees, the annuity should provide for pension for the lifetime of the employee, his dependent parents and his spouse at the time of retirement. The individual would receive a lump-sum of the remaining pension wealth, which he would be free to utilize in any manner. Individuals would have the flexibility to leave the pension system prior to age 60. However, in this case, the mandatory annuitization would be 80% of the pension wealth.

1063. The Govt. of India established **Pension Fund Regulatory and Development Authority (PFRDA)** on 10th October 2003 to develop and regulate the Pension Funds under NPS. PFRDA has appointed **National Securities Depository Limited (NSDL)** as the **Central Record Keeping Agency(CRA)** to maintain the records of contributions and their deployment in various pension fund schemes for the employees. NSDL has set up a CRA system for this purpose. The record of the contribution of each employee is kept in an account known as **Permanent Retirement Account** which will be identified by a **Permanent Retirement Account Number(PRAN).**

1064. The independent **PFRDA**, which is entrusted with the regulation and development of the pension market, implements the scheme through intermediaries like the **Trustee Bank** and **Pension Fund Managers(PFMs)**. Initially, Bank of India was appointed as the Trustee Bank. However, Axis Bank has now replaced BOI as the Trustee Bank w.e.f. 01.07.2013.

PFMs offer three categories of schemes to Government servants, viz., options A, B and C, based on the ratio of investment in fixed income instruments and equities. The contribution of NPS subscribers is invested in the default Schemes (termed 'Scheme I') of various **PFMs(SBI Pension Funds Pvt. Ltd, UTI Retirement Solutions Limited & LIC Pension Fund Limited)**. Each PFM will invest 85% of the contributions received by it in fixed income instruments and 15% in equity and equity related instruments.

1065. Operational Hierarchy and Implementation in PCA (Fys) Organisation

The **DDOs/CDDOs** prepare separate Pay Bill Registers and separate paybills in respect of the Government servants joining service on or after 1.1.2004. Whenever any Government servant is transferred from one office to another either within the same accounting circle or to another accounting circle, the DDO should clearly indicate in the LPC of the individual the month up to which Government servant's contribution

and Government contribution have been recovered.

All Cs of F& A(Fys) under Factory Organization function as Principal Accounts Officer**(PrAO)** in the CRA system for the purpose of the NPS. All Br. Accounts Offices function as Pay & Accounts Office **(PAO)** and all Ordnance Factories, Inspection Organizations, Directorates Of Standardization, RTIs etc. function as Drawing and Disbursing Officer **(DDO)** in the CRA system. The P C of A (Fys), Cs of F & A(Fys) and Br. AOs are also the DDOs for the DAD staff covered under NPS.

1066. The Principal Accounts Offices, Pay and Accounts Offices, Drawing and Disbursing Officers and Subscribers are registered under the NSDL System.

Principal Controller's Office was declared Nodal Office for all the Branch Accounts Offices in Factory Organization as well as AN-Pay, Pay and Pay 'O' Sections of Main Office.

Subsequently, HQrs. Office declared C of F &A (Fys) the Group Pr.AO for the Branch Accounts Offices under the group, except AO, OF Nalanda, which does not fall under any group at present.

A list of Pr AOs and PAOS functioning under PCA (FYS) organization is appended as Annexure XLIV

1067. Procedure for Registration of Subscribers

Immediately on joining Govt. Service, the subscriber should fill the application form for allotment of PRAN (S-1 Form) in duplicate and submit it to the DDO.

The DDO should ensure that the duly filled applications are received from the subscribers within seven days of joining and forward the same to the concerned PAO after necessary attestation. In order to enable the PAO to upload subscriber contribution record, it is necessary to ensure that Registration Forms are forwarded to CRA through the CRA-FCs (CRA Facilitation Centre) for allotment of PRAN.

Subscribers who have been successfully registered at CRA are allotted a 12 digit Permanent Retirement Account Number (PRAN). PRAN is the unique identification number of the subscriber.

CRA prints and dispatches to the PAO, the PRAN Kit for the newly registered subscribers. The PRAN Kit contains PRAN Card, Subscriber Master details, T-Pin and I-Pin and an information leaflet on CRA.

After completion of the registration process, the PAO uploads the NPS data to the NPSCAN of NSDL and deposits the contribution amount into the Trustee Bank positively on the date of regular payment.

At the end of the financial year, NSDL issues the IPA (Individual Pension Account) Statement to the concerned individual whose PRAN has been allotted by NSDL.

1068. Functions of Principal Accounts Office OR Pr AO

- PrAOs monitor the overall functioning of the PAOs thereunder with respect to NPS implementation, such as registration, rendition of reports, interaction with CRA etc. In order to do this, on-line access has been provided to the PrAOs through unique user ids and passwords. The Pr AO may view the performances of all PAOs thereunder by logging into NSDL websites (i.e. viewing the dashboard in CRA/NPSCAN/NSDL domain).
- PrAOs are registered with the CRA by unique registration number and e-mail ids. CRA indentifies the entities with reference to these numbers and mail-ids.
- In order to empower the Pr AO with adequate and timely information, various reports have been made available in the CRA system. The **"Report on Recovery and Remittance of Subscriptions to the National Pension System**-Rendition of Monthly reports by PAOs/Pr AOs" is rendered to Hqrs. Office. Annexure - A shows details of subscriber opening balance (Number of Def. Civilians & DAD personnel) and additions and deletions during the month. The Details of SCF and fund transfer of all subordinate PAOs are reflected in Annexure-B of the Report. Form for Registration of Subscriber is attached as Annexure-XLI.

1069. Functions of Pay Accounts Office

- PAOs function under the Pr AO and are responsible for activities like PRAN generation and uploading of

monthly contribution details by logging in through user id to **NPSCAN (National Pension System Contribution Accounting Network, which is part of CRA, NSDL)**, fund transfer to Trustee Bank, maintenance of subscriber details (change in address, bank account details, modification in nomination, etc).

- PAOs are also registered with the CRA by unique registration numbers and e-mail ids. CRA indentifies the entities with reference to these numbers/ids.
- All the Branch Accounts Offices are designated as the PAO of the DDOs under accounting charges. As per the pay bill or the statement of DDO, individual contribution is debited from each subscriber, which is 10% of basic pay plus DA. An equal amount contributed by the government.
- Before uploading both contributions to the PRAN account of the subscriber maintained by the CRA, a batch id is generated by consolidation of DDO-wise subscriber contribution records to digitize the records using software called File Preparation utility (FPU) developed by NPSCAN/CRA.
- To verify the correctness of this batch, it is processed through software called File Validation Utility (FVU) which is also provided by them. The batch thus generated is uploaded to the NPSCAN.
- Simultaneously, the online system of CRA/NPSCAN issues a Transaction ID along with all details viz- name of the PAO, PAO Reg. No, address, employee contribution, Government contribution, total, etc.
- The accumulated fund which is identical to the amount of Transaction ID is remitted to the Trustee Bank within the stipulated date by way of issuing cheque/through NEFT/RTGS mode(NEFT/RTGS has been proposed to be mandatory w.e.f. 1-4-2014).
- CRA has provided 2 User IDs and passwords to the PAOs for the above functionalities. By logging in with these IDs, the PAO may view the status of such uploading, fund matched and booked, cancellation of Tr. IDs, Recruitment monitoring, PRAN Status, any online correction etc and all other online functionalities, being provided within the system time to time by CRA/NSDL (i.e. viewing Dashboard in CRA/NPSCAN/NSDL domain).
- Following subscriber maintenance/details may be updated / requested by the PAO user in the NPSCAN system.

1. Change in Subscriber details
   - i. Personal Details including Bank Details
   - ii. Employment details
   - iii. Nomination details
2. Reissue of I-Pin and T-Pin
3. Reprint of PRAN card

1070. **Function of Drawing and disbursing Office OR DDO**

- All matters are initiated by the DDO from the appointment. Registration / PRAN generation, contribution deduction activities, exit from NPS, superannuation and death are processed through the DDO to PAO to CRA and other entities.
- The Branch Accounts offices are holding both offices- PAO as well as DDO in respect of the matters of PCA (FYS) organization.
- They are functioning as PAOs in respect of the matters of OFB and subsidiary organization.
- The hierarchy of mapping needs to be maintained in CRA is, "The subscriber of NPS is mapped to DDO, The DDO is mapped to PAO and PAO is mapped to Pr AO". Form for change in Subscriber details is attached as Annexure-XLII

1071 National Pension System Tier-II

- "Tier-II account is a voluntary saving facility wherein the withdrawal is as per Subscriber's choice". CRA has now operationalized Tier–II account (It is an additional investment account attached to the PRAN of the subscriber) from 1st December 2009.

- This account is fundamentally different due to the fact that withdrawals are allowed under this account as per subscriber's choice (Unlike Tier-I account).
- NPS subscriber holding active Tier–I is eligible for opening Tire-II. Central & State government NPS subscribers can opt Tire-II through designated POP-SP (Point of Presence Service Provider appointed by PFRDA.
- To open the Tier-II account a NPS subscriber may submit UOS-S10 application form to the POP-SP along with the minimum contribution. The form can be downloaded from the NSDL site.

1072. NPS Code heads in compilation

- NPS section of Main Office PCA (FYS) verifies the bookings made by the all PAOs within PCA (FYS) Organization.
- Existing code heads for NPS are __/016/04 (Subscriber's Contribution) and __/016/05 (Government matching Contribution). These code heads replaced the earlier code heads:__/016/02 & __/016/03 respectively.
- Deducted monthly contribution from the subscriber's salary i.e. 10% of the revised basic pay + DA, and credited in code head __/016/04 (+R). Simultaneously govt. contribution equal to individual contribution is matched by charging service code head (+CH) and giving credit to __/016/05 (+R) (code head for govt. contribution). The NPS Code heads (__/016/04 and __/016/05) are RAT (Receipt awaiting Transfer) in nature. The code heads may carry NIL balance on remittance of accumulated fund to the TB after uploading the SFC (Subscriber Contribution File) to NPSCAN. The NPS code heads may be cleared on remitting fund by giving (–R) to __/016/04 and __/016/05 and (+R) to the CB.

1073. Blank

Annexure –XLI

Annexure UOS-SPage

COMPOSITE APPLICATION FORM FOR SUBSCRIBER REGISTRATION

(* Indicates Mandatory Field)

(To avoid mistake(s), please follow the accompanying instructions before filling up the form)

To affix recent Coloured photograph (3.5 cm × 2.5 cm)

Receipt No.
(To be filled by POP-SP)

Permanent Retirement Account Number :
(To be filled by CRA-FC after PRAN generation)

Note:
1. This form is to be used by a subscriber opening a fresh Tier I and Tier II account
2. Pre-existing NPS account holders with a valid PRAN card need to fill up only the NPS Tier II form (Annexure UOS-S10)

Sir/Madam,

Signature/Thumb Impression* of Subscriber in black ink

I hereby request that a NPS account be opened in my name and a Permanent Retirement Account number (PRAN) be allotted as per particulars given below:

Section A – Subscriber's Personal Details

1. Full Name (Full expanded name: Initials are not permitted)
Please Tick as applicable Shri ☐ Smt. ☐ Kumari ☐
First Name *
Middle Name
Last Name

I would like my PRAN card to be printed in HINDI: ☐ Yes (If Yes, please provide the details in the annexure UOS-SH1 on Page No. 9)

I would like to subscribe for a Tier II Account: ☐ Yes (If Yes, please provide the det ails on Page No. 4)

2. Gender * Male ☐ Female ☐

3. Date of Birth * D D M M Y Y Y Y

4. PAN (**for PAN, please refer to Sr. No. 3 of the instructions)**

(Date of birth should be supported by relevant documentary proof).

5. Category: Government ☐ Private Sector ☐ Self Employed ☐ NRI ☐ Others ☐ (Please tick (√) any one)

6. Father's Full Name:
First Name *
Middle Name
Last Name

7. Present Address* **(NRIs may please refer to Sr. No. 4 of the instructions)**:
Flat/Unit No, Block no.
Name of Premise/Building/Village
Area/Locality/Taluka
District/Town/City
State / Union Territory
Country

Pin Code

8. Permanent Address*: If same as above, Please Tick ☐ else,
Flat/Unit No, Block no.
Name of Premise/Building/Village
Area/Locality/Taluka
District/Town/City

Annexure UOS-S1 **Page 2**

State / Union Territory

Country

Pin Code

9. Phone No.

STD Code Phone No.

10. Mobile No.

11. Email ID

12. Do you want to subscribe to SMS Alerts (To be made available later, on a chargeable basis): Yes No

13. Subscriber's Bank Details: **(OPTIONAL - please refer to Sr. No. 7 of the instructions)** Savings A/c Current A/c

Bank A/c Number

Bank Name

Bank Branch

Bank Address

Pin Code

Bank MICR Code

IFS code (Wherever applicable)

Section B - Subscriber's Nomination Details (OPTIONAL - please refer to Sr. No 8 & 9 of the instructions)

1. Name of the Nominee:

1st Nominee	2nd Nominee	3rd Nominee
First Name*	First Name*	First Name*
Middle Name	Middle Name	Middle Name
Last Name	Last Name	Last Name

2. Date of Birth (In case of a minor)*:

1st Nominee	2nd Nominee	3rd Nominee

3. Relationship with the Nominee:

1st Nominee	2nd Nominee	3rd Nominee

4. Percentage Share:

1st Nominee	2nd Nominee	3rd Nominee
%	%	%

5. Nominee's Guardian Details (in case of a minor):

1st Nominee's Guardian Details	2nd Nominee's Guardian Details	3rd Nominee's Guardian Details
First Name*	First Name*	First Name*
Middle Name	Middle Name	Middle Name
Last Name	Last Name	Last Name

Annexure XLII

ARCHITECTURE OF NATIONAL PENSION SYSTEM O/O- THE PRINCIPAL CCONTROLLER OF ACCOUNTS (FYS)

SL	PR AO Reg No	PR AO NAME	SECTION	PAO Reg No	STA	PAO NAME
	Pr AO	PCA (FYS), Kolkata:nps.cda_cal@nic.in				
1	3000104	PCA (FYS), Kolkata	2000	2000062	PAO	AN Pay Section (MO Local), PCA (FYS), Kolkata
2			100	2000106	PAO	Pay Section (MO), PCA (FYS), Kolkata
3			600	2000110	PAO	Pay O Section (MO Local), PCA (FYS), Kolkata
4			3400	2000773	PAO	Accounts Office (Ordnance Factory -P), Nalanda
	Pr AO	CFA (FYS), Medak, mail-id:CFA Fys Medak <aoofpm@rediffmail.com> ,				
5	3000491	CFA (FYS), Medak	8600	2000865	PAO	Accounts Office (Ordnance Factory) Medak
	Pr AO	CFA (FYS), Jabalpur, mail -id:CFA Fys Jabalpur <cfa-veh-jab.cgda@nic.in> ,				
6	3000454	CFA (FYS), Jabalpur	8400	2001112	PAO	Accounts Office (Ordnance Factory), Itarsi, Hoshangabad
7			6500	2001123	PAO	Accounts Office (Ordnance Factory), Katni
8			8300	2001134	PAO	Accounts Office (Grey Iron Foundry), Jabalpur
9			8000	2001145	PAO	Accounts Office (Vehicle Factory), Jabalpur
10			5900	2001156	PAO	Accounts Office (Ordnance Factory), Khamaria, Jabalpur
11			4200	2001160	PAO	Accounts Office (Gun Carriage Factory), Jabalpur
	Pr AO	CFA (Ordnance Factory), Bolangir, mail -id:CFA Fys Bolangir <npsbadmal@yahoo.com> ,				
12	3000594	CFA (Ordnance Factory), Bolangir	8800	2001322	PAO	CFA (Fys), Bolangir, Orissa
	Pr AO	CFA (FYS), Kirkee, Pune, mail -id:CFA Fys Kirkee <cfa -af.kirkee.cgda@nic.in>,				
13	3000620	CFA (FYS), Kirkee, Pune	6900	2001716	PAO	Accounts Office (High Explosives Factory), Kirkee, Pune
14			8500	2001742	PAO	Accounts Office (Ordnance Factory), Dehu Road, Pune
15			6800	2001775	PAO	Accounts Office (Ordance Factory), Ambernath, Mumbai
16			7000	2001786	PAO	Accounts Office (MTPF), Ambernath, Mumbai
17			4300	2001823	PAO	Accounts Office (Ammunition Factory), Kirkee, Pune

Annexure - XLII

ARCHITECTURE OF NATIONAL PENSION SYSTEM O/O- THE PRINCIPAL CCONTROLLER OF ACCOUNTS (FYS)

SL	PR AO Reg No	PR AO NAME	SECTION	PAO Reg No	STA	PAO NAME
	Pr AO	CFA (FYS), Kanpur, mail-id:CFA Fys Kanpur <cfakanpur@vsnl.net>				
18	3000690	CFA (FYS), Kanpur	4700	2002081	PAO	Accounts Office (Ordnance Equipment Factory), Kanpur
19			6300	2002092	PAO	Accounts Office (Ordnance Factory), Kanpur
20			7800	2002103	PAO	Accounts Office (Ordnance Equipment Factory), Hazratpur, Firozabad
21			4800	2002114	PAO	Accounts Office (Ordnance Clothing Factory), Shahjahanpur
22			5100	2002464	PAO	Accounts Office (Small Arms Factory), Kanpur
23			8200	2002475	PAO	Accounts Office (Field Gun Factory), Kanpur
24			3300	2002486	PAO	Accounts Office (Ordnance Parachute Factory), Kanpur
25			9100	2027642	PAO	Accounts Office, Ordinance Factory Project Korwa, Lucknow
	Pr AO	CFA (FYS), Avadi, Chennai, mail-id:CFA Fys HVF Avadi <edpaohvf@rediffmail.com>				
26	3000723	CFA (FYS), Avadi, Chennai	9000	2003444	PAO	Accounts Office (Engine Factory), Avadi, Chennai
27			4400	2003455	PAO	Accounts Office (Cordite Factory) Aruvankadu, Nilgiris
28			8700	2003466	PAO	Accounts Office (HAPP), Trichy
29			7100	2003470	PAO	Accounts Office (OCF), Avadi, Chennai
30			7300	2003481	PAO	Accounts Office (Heavy Vehicles Factory), Avadi, Chennai
31			7500	2004111	PAO	Accounts Office (Ordnance Factory), Trichy
	Pr AO	CFA (Ordnance Factory), Ambajhari, Nagpur, mail-id :CFA Fys Ambajhari <cfaamj@gmail.com> ,				
32	3000583	CFA (Ordnance Factory), Ambajhari, Nagpur	7700	2004575	PAO	Accounts Office (Ordnance Factory), Ambajhari, Nagpur
33			5200	2004586	PAO	Accounts Office (Ordnance Factory), Bhandara
34			7600	2004590	PAO	Accounts Office (Ordnance Factory), Chanda

Annexure - XLII

ARCHITECTURE OF NATIONAL PENSION SYSTEM O/O- THE PRINCIPAL CCONTROLLER OF ACCOUNTS (FYS)

SL	PR AO Reg No	PR AO NAME	SECTION	PAO Reg No	STA	PAO NAME
35			7400	2004601	PAO	Accounts Office (Ordnance Factory), Varangaon, Jalgaon
36			5000	2004704	PAO	Accounts Office (Ordnance Factory), BhUsawal, Jalgaon
	Pr AO	CFA (FYS), Dehradun, CFA Fys Dehradun <cfa-opto-dehr.cgda@nic.in> ,				
37	3000760	CFA (FYS), Dehradun	6200	2008123	PAO	Accounts Office (Ordnance Cable Factory), Chandigarh
38			6600	2008134	PAO	Accounts Office (Ordnance Factory), Muradnagar, Ghaz iabad
39			6700	2008145	PAO	Accounts Office (Ordnance Factory), Dehradun
40			8900	2008156	PAO	Accounts Office (OPTO Electronics Factory), Dehradun
	Pr AO	CFA (FYS), Ishapore, Kolkata, CFA Fys BGF Ishapore <asst_833607@bsnl.in> ,				
41	3000841	CFA (FYS), Ishapore, Kolkata	4500	2014644	PAO	Accounts Office (Rifle Factory), Ishapore, Kolkata
42			4100	2014655	PAO	Accounts Office (Metal and Steel Factory), Ishapore, Kolkata
43			7200	2014666	PAO	Accounts Office (Ordnance Factory), Dum Dum, Kolkat a
44			4600	2014670	PAO	Accounts Office (Gun and Shell Factory), Cossipore, Kolkata

1074. Objectives:

Objectives of Miscellaneous section is to arrange prompt payment of bills relating to the miscellaneous expenditure for the up keep and training of OFB, Kolkata, SQAE (V) Hastings , SQAE(L) Hastings and Chief engineer (OFB).

1075. Duties:

The duties of the Miscellaneous section are:-

(i) Audit and payment of bills for expenditure of a contingent and miscellaneous nature and miscellaneous claims in r/o OFB, Kolkata, SQAE (V), Chief engineer o(OFB)and SQAE(L), Hastings.

(ii) Post Audit of supply order and payment of bills on account of local purchase of stationery and local printing, computer maintenance, computer stationery items & computer training, course fee Grant, energy (Electric bill of OFB), Training & Course fees, Transport & Hiring of Cars, New Tools & Plants, Repairs & Renewals, Gifts & Wrist Watch, Telephone Bills, News paper bills and postage stamps etc.

1076. The audit of claims received in the section through Record Section carried out in accordance with the rules prescribed in Defence Audit Code and the orders governing the claims as laid down in F.R. Part-II.

Primary check over contingent expenditure is exercised by the executive authorities. It is their duty to see that the charges drawn in a contingent bill are of obvious necessity and are at fair and reasonable rates; that previous sanction for any item requiring such sanction is attached; that all requisite vouchers are received and are in order; that the calculations are correct; and that, where applicable, the expenditure has not exceeded, and is not likely to exceed the allotment made for the purpose. If expenditure is progressing too rapidly, it is their responsibility to regulate the expenditure and to keep it within the authorized, and if necessary, to take steps to obtain an additional allotment.

1077. Claims for Contingent and miscellaneous charges are audited in accordance with the general rules for the audit of cash expenditure as given in Defence Audit Code. In the case of contingent charges it will further be seen that:-

(i) The charges are of a kind normally incurred on account of office or other contingencies, and that they are not of an unusual or extraordinary nature.

(ii) The rates and prices are prima facie not extravagant and the standards of financial propriety as laid down in Defence Audit Code have been observed.

(iii) The bill is in proper form and any certificates required under the financial rules have been furnished.

(iv) The vouchers for charges in excess of ₹ 25 are furnished.

(v) No charges for pay and allowances (except pay and allowances of part time employees of "regular categories") are included in the contingent bills.

(vi) The expenditure has been incurred by a Government servant competent to incur it; and it has received such sanction as is necessary;

(vii) Printing, binding and stationary charges do not contravene the rules contained in the "Rules for the supply and use of stationery stores and those for printing and binding"; and are as per provisions of para 17, Appendix 11 of Financial Regulations, Part II;

(viii) Charges for liveries and warm clothing for class IV servants are claimed in accordance with the basic conditions laid down in para. 12, Appendix 11, Financial Regulations, Part II.

(ix) No charges are passed which contravenes the orders relating to contingent and miscellaneous

expenditure contained in Appendix 11 to Financial Regulations, Part-II.

(x) The expenditure has been incurred with due economy and in no case merely to avoid lapse of funds.

(xi) Charges, for which scales are laid down, do not exceed those scales and the charges for which sanction of higher authority is necessary have been so sanctioned.

(xii) If the expenditure in the month of March is unusually heavy, it is to be ensured that the same does not lead to any irregularities.

1078. Registers maintained:

The following registers are maintained in the M section.

SL. No.	Name of the registers
1	D. V. Register
2	T.D.S. Register
3	Bill Numbering Register
4	Other Misc Payment Register
5	Training Register
6	Telephone/ Mobile Register
7	Payment Register of SQAE(V), SQAE(L)
8	Revenue Building Maintenance
9	Specimen Signature Register
10	Establishment Register
11	M.R.O. Register
12	Supply Order Register
13	CL Register
14	T.E. Register
15	E.L. Register
16	Scheduling Register
17	Register of Registers
19	Advance Payment Register
20	Payment Register in r/o CE cell
21	Payment Register for Hiring Of Cars
23	Section Order Register
24	Energy (Electricity) Register
25	Security Deposit Register (Receipt)
26	Security Deposit Register (Release)
27	Dak Despatch Register
28	Dak Register

1079. Reports and Returns:

MPR (Monthly Progress Report) is sent to AN-IV section of this office in every month by 3rd of the following month.

Filing of 24G, 26Q and issue of form 16-A: 'M' section is entrusted with the work of filing of 24 G, 26Q and issue of form 16-A in r/o store section and 'M 'section for TDS Non –salary portion. It is the duty of store section to submit the TDS recovery data well in advance certifying that the TDS recovered has been matched with the compilation figure of that month so that 24 G can be filed within the due date.

24G: 'M' section has to file form 24G every month for TDS Non salary within 10 days from the end of the month through NSDL.

26Q: After filing of 24 G , BIN (Book Identification Number) has been generated and the same has to be downloaded from the NSDL website in AO's A/ca . After getting BIN, 'M' section has to file 26Q through NSDL within the due date otherwise fine of Rs 200/ per day has been imposed by the Income tax department. The due date of filing of 26Q is tabulated below.

Date of ending quarter of financial year	Due date
30th June	15th July of the financial year
30th September	15th October of the financial year
31st December	15th January of the financial year
31st March	15th May of the financial year immediately following the financial year in which deduction is to be made.

Issue of Form-16-A: After filing 26 Q within the due date 'M 'section has to down load form 16-A from the web site of NSDL and issue the same to different vendors though OFB/ SQAE(L), SQAE(V) and CE CELL (OFB).

1080. This section deals with the pre audit and re imbursement of Medical Expenses in respect of NIEs, NGOs,GOs and their dependant family members of OFB HQr, all Ord & Ord Equipment Factories and its Allied Establishments except the decentralized Group of Factories viz. Bengal Group and Avadi Group for whom the medical bills of GOs only are dealt with by this section. Medical bills of NIEs & NGOs of the said decentralised groups are dealt with by the Branch AOs.

Payment of Medical Advances to the Officers and staff of OFB HQr

1081. Payment of Medical Advances in respect of NIEs, NGOs and Officers of the Ordnance & Ordnance Equipment Factories are dealt with by the Br AOs and demand intimations to that effect are received in this section for adjustment in the final Medical Re imbursement claims. Demand Registers for Medical Advances for watching its liquidation are maintained in this section.

Audit check points for medical re imbursement claims:-

1082. In addition to the general checks for audit of claims and vouchers as prescribed in Defence Audit Code and procedure laid down in OM Part II Vol. I, the following audit check are carried out:

1. Medical attendance/treatment has been taken from the authorized medical attendant.
2. Treatment has been received in a Govt. Recognized Hospital.
3. A separate claim has been preferred for each patient on Med.97.
4. The claim is supported with Essentiality certificate, Cash receipt and other documents in original, if any
5. The Consultation fees and injection fees are reimbursed according to the schedule of rates prescribed by the Govt.
6. The advance for treatment, if any, as noted in the demand register is recovered.
7. The prior approval of the Chief Administrative Medical Officer of the State is obtained when the patient is referred to a specialist by the AMA unless the delay involved entails danger to the health of the patient.
8. In case the AMA refers the patient for speedy recovery to another medical officer(other than a specialist) in the station the prescribed certificate from AMA is attached and that such references are not indiscriminate.
9. Treatment received at the residence of the patient is covered under the rules and the prescribed certificate of the AMA is attached.
10. The disease for which treatment has been received comes within the ambit of CS (MA)/CGHS Rules.
11. Accommodation allotted in the hospital is according to the status of the Govt. servant and diet, nursing and other hospital charges claimed are admissible under rules.
12. Treatment for diseases like TB, Polio, Cancer etc, is covered by the special orders on the subject and that ;
13. The treatment/medical attendance received by the individual residing or passing through Calcutta is in accordance with special orders contained in Sections VI compilation of Medical Attendance Rules and Order (1953 Edition).
14. The claims have been preferred for each patient on Med.97 duly completed in all respects, signed and receipted by the Govt. Servant and countersigned by the Controlling officer.

15. The bill is supported with the under-mentioned documents.
    a. Essentiality certificate, in the prescribed form A or B as the case may be duly completed and signed by the authorized Medical Attendant.
    b. Cash receipt in r/o consultation and injection fees received from the AMA.
    c. Cash memos for medicines purchased and hospital receipts for amounts paid to a hospital duly verified by the AMA.
16. That the medicines for which re-imbursement are claimed have not been decaled "Inadmissible" by the DGMS, New Delhi.

1083 to 1085. BLANK





Office of the PCA (Fys)
(Railway Building)
6, Esplanade East, Kolkata - 700069

Duties

1086. The Railway Section is responsible for–

(i) **audit classification and adjustment** of Rail charges incurred on Railway Warrants, Military Credit Notes, Military Special Train Warrant, Form 'C' and Military Concession Vouchers issued in connection with movement of troops and Defence stores throughout the Indian Union;

(ii) **settlement of LTC claims** (PBORs of AF & Navy) through reimbursement ;

(iii) submission of statements and statistics to the Administrative and Financial authorities at Defence Headquarters and rendition of **financial advice** to officers, Units and Formations on the related matters;

(iv) for **settlement of miscellaneous claims** such as cost of coal and freight, hire charges, conversion and re-conversion charges etc. of rolling stock, lent by the Railways to the Defence Department etc.; and

(v) for adjustment of MROs received from the units/formations against cancellation of railway warrant.

Note 1 : Debits raised by the Railways on account of the amounts chargeable to the Defence Services Estimates in regard to concession vouchers (IAFT 1720A) etc used while travelling at their own expense by JCOs of the Army and their families and corresponding personnel of the Air Force and of the Indian Navy (unlike debits on account of concession forms used by Commissioned Officers which are adjustable by paying controllers,as stipulated in Para 89 of Defence Account Code) are also accepted and finally adjusted by this section.

Note 2 : Vouchers not pertaining to this section are returned direct to the concerned railway after suitable re-debit to railways as applicable.

General

1087. The rules relating to movement of personnel and stores are mainly contained in Travel Regulations and the rates at which the Railway charges should be admitted in audit are laid down in Military Tariff, Red Tariff and Tariffs of the different Railways.

1088. The claims dealt with by the section are received either from the Railways or from Units and formations. Claims of the latter category in respect of LTC journey of Navy Personnel and last claim of LTC availed by Air Force Personnel before discharge are paid after pre-audit. Other than the above LTC journeys in respect of AF Personnel are paid by A.F. Units direct subject to post audit by this section in accordance with the rules in the Travel Regulations, the Military Tariff Rules and Railway Tariff Rates while Railway bills are subject to post-audit. However, PSU bills viz. Konkan Railway Corporation Ltd (KRCL) and Container Corporation of India(CONCOR) etc. are subject to pre audit and payment. The extent to which the claims are subject to post-audit is given below:-

(a) Railway Warrants & Concession Vouchers.

(i) Vouchers upto the value of ₹ 1000 General Scrutiny selected at random

(ii) Vouchers of the value ₹. 1001 & upto ₹ 2000 30%

(iii) Vouchers of the value ₹ 2001 & above. 100%

(b) Military Credit Notes

(i) Military Credit Notes of the value of less than ₹ 1000 General Scrutiny selected at random

(ii) Military Credit Notes of the value ₹ 1001 & upto ₹ 5000 30%

(iii) Military Credit Notes of value ₹ 5001 & above. 100%

Note : The selection of Railway warrants and Military Credit Notes for general scrutiny is not subject to any prescribed percentage. The vouchers for general scrutiny shall be selected at random by the O-in-C of the section concerned.

(c) Military Special Warrant Form 'C' 100%

In those cases where percentage audit is involved selection order will invariably be given by the Officer-in-charge himself and record of vouchers actually audited will be kept in the form of audit certificate.

Note 1 : With a view to watching whether any increase in the number of vouchers of value below Rs. 1000 in case of Railway Warrants and Military Credit Notes occurs, a register will be maintained in manuscript to record the number of such vouchers received from the Railway authorities every month.
Note 2 : Five percent of the audited vouchers will be reviewed by the AAO/SO(A) and one percent by the Officer-in-charge. The vouchers for review by the AAO/SO(A) will be selected by the Officer-in-charge. The selection of the vouchers to be reviewed by the Officer-in-charge should be made by him personally.

1089. Claims on account of Railway Warrants, Credit Notes etc. are preferred by the Railway against the Defence Department duly supported by these vouchers in original. The claims of Railway are adjusted by book debit through exchange accounts except KRCL & CONCOR bills which are settled on cash basis.

1090. With a view to standardizing the system of accounting and modernization of the organization, the system of manual compilation has been replaced by that of mechanical compilation. The work of compilation is done on computer in the EDP section. The classification of vouchers is done in the Railway Accounts sub-Section and audit of vouchers in the Audit Sub-Section.

1091**.** deleted

Distribution of work

1092. The section is divided into the following sub-sections and the distribution of work is shown against each:-

(i) General: General administration ;
(ii) Accounts: Classification of Railway Warrants, Credit Notes, Concession Vouchers and booking of expenditure ;
(iii) Audit: Audit of Railway Warrants, Credit Notes and Concession Vouchers ;
(iv) Claims: For settlement of LTC claims through reimbursement ;
(v) Miscellaneous: Coal bills and miscellaneous payments i.e hire and freight charges, conversion and re-conversion charges etc. & charges on maintenance of rolling stock ;
(vi) Co-ordination: Co-ordination (i.e. liaison between different sub-sections) and settlement of Test Audit objections & regularization of loss.

General sub section

1093. This sub section deals with all matter relating :-

(i) to general administration of the section including requirement of establishment, leave etc;
(ii) to receive, register , distribute & dispatch of dak (except zonal railways bills and vouchers);
(iii) to indent for receive and distribute stationery and forms and keep an account of the stock of stationery and forms held in its charge;
(iv) to maintenance of building, furniture & fixture, computers and other devices and other various housekeeping job;

(v) to arrange for and preserve records/documents in a systematic manner in the record room and weeding out time expired records.

Note : The detailed procedure relating to the subjects mentioned at item (i) to (v) above, is laid down in Office Manual, Part II Vol. I (Chapter on the Record Section & Admin Section).

1094. Ministry of Railways (FA & CAO) generate bills, Schedules and Bank Advice (BA) against tickets issued in exchange of Railway Warrants issued for movement of Defence Personnel and Stores and float this BA to RBI CAS Nagpur in order to debit Defence and Credit Railway through Defence Proforma Account. The adjustment is made through Contra debit and Credit for Refund Bills submitted by railways. The details should be entered in the Railway bill register (vide Annexure-"AT", Sl. No.2) through which their further disposal will be watched. Each register will be allotted a separate series of consecutive numbers (Punching Medium Number) as shown in Annexure-"XLV" to this chapter. These serial numbers will be repeated from month to month. The serial number of the bill in the bill register will be recorded on the front page of the bill concerned which should be treated as the voucher number for the purpose of mechanical compilation. A unique 10 digit control No.[see Note] will be used in the Bill register for generating punching medium mechanically in the computer and against this control No., PM no. will be allotted as and when booked. As a general rule, all bills received upto the 26th of a month (24th in the month of February) will be entered in the register as receipts for that month's account. Bills received after the 26th (or 24th in February) will be entered in the pages opened for the next month. As soon as the bills have been registered and audit orders taken in accordance with the principles outlined in paragraph 253, Defence Audit Code, they (with the exception of adjustment bills) will be taken up for classification. Adjustment bills will be classified separately.

Note: First two digit stands for year, next two digit stands for month, next two digit stands for railway zone and last four digit stands for serial no. in the bill register.

1095. Before the bills and vouchers are taken up for classification, they will be arranged in suitable volumes and placed within binders.

1096. Schedules and invoices are received by the sub sections from the Railway Accounts Officers alongwith the copy of Bank Advice, bills and vouchers. In cases where the schedules or invoices are not received with the bills and vouchers, or if the details in the schedules or invoices do not tally with the bills and vouchers, the matter should be taken up with the Railway Accounts Officers concerned for settlement. Remarks explaining the discrepancies in the schedules or invoices with the bills and the vouchers will be made on the body of the relevant schedules or invoices which will then be handed over to the Accounts Section for linking purposes.

Disposal of Bills and adjustment procedure

1097. Ordinarily, Railway bills should not be retained for more than seven days of disposal by the classifiers. The following procedure will be followed for their prompt adjustment in the monthly compilation:-

(i) All bills and vouchers received and paid upto the 26th of a month (24th in February) will be classified and included in that month's compilation.

(ii) All Railway bills received after the dates noted at (i) above will, after classification, be adjusted in the accounts for the next month.

Accounts sub section

Classification

1098. The classification of Rail charges incurred on Railway Warrants, Credit Notes etc, which are attached to the Railway bill as vouchers, will be made with reference to the principles and rules affecting classification as laid down in Chapter 3 and appendix 2 to Defence Account Code, and the particulars of Rail charges as given in the classification Hand Book of Defence Services Receipts and Chagres and Pamphlet of Revenue Debt and

Remittance. In order to determine the correct incidence of charges, the particulars of movements of personnel and stores as shown on Warrants and Credit Notes should be read carefully and intelligently and to ensure proper classification, the following points may be seen during preliminary scrutiny:-

(i)Tallying cost of warrant with that reflected in the bill ;
(ii) Verify totalling of the bill;
(iii)Types of Warrants;
(iv)The Form is duly signed by the officer who is authorized to issue and the Form is duly filled up,
(v) Seal of the organization;
(vi)The correct authority of TR is quoted on the Warrants;
(vii)Debit head quoted correctly;
(viii) Special information given by the issuing authority ;and
(ix)Details of personnel authorized to travel & entitlement.

Where an endorsement is made on a Warrant and credit Note regarding the allocation of a charge to a particular head or to a regular special service, the related voucher should be classified accordingly unless it is considered that the allocation is *prima facie* incorrect. Where no details are available on the vouchers, they should be called for from the issuing officer, the item being classified provisionally against the head to which it is *prima facie* adjustable. In no cases should a voucher be classified to an incorrect head on the grounds of insufficient details.

1099. Rail charges, except cost of warrants issued to M.E.S personnel, will be finally adjusted by the section against the appropriate Service Heads.

Note : Expenditure pertaining to MES will be passed on through Defence Exchange Account (See Note 1 below para 109 of Defence Account Code).

1100. The vouchers as well as charges may be broadly classified into the following categories:-

(i) Classification code head appearing in the Defence Service Estimate;
(ii) Civil Department and accounting made through Settlement Account;
(iii) Border Road Organisation (warrants pertaining to BRO are adjusted directly to the respective Code heads of Border Roads Organisation);
(iv) Other Controller of Defence Accounts through Defence Exchange Account for conveyance of MES personnel and Stores.

1101. It should be borne in mind during classification that (i) charges in relation to movement of Personnel Below Officers Rank and Stores of different Services are finally adjusted in this section. (ii) charges in respect of trainees falling under the annual training grant will not be booked by this section but will be recovered from the units /formations concerned (see Appendix 1 & 25 FR Part II). (read with para 30b)

Audit sub section

Railway Warrants and Military Credit Notes

1102. The audit of Railway Warrants and Credit Notes etc. will be conducted in the following two aspects concurrently:-

Firstly, against the issuing officers to see that expenditure incurred is a *bonafide* Government charge authorized under rules. Secondly, against the Railway to see that no over-charge has been made against the Defence Department with reference to the "Schedule of Rates appended to the Military Tariff".

1103. The rules for audit of expenditure laid down in Para-42 et seq. of Defence Audit Code are generally applicable in auditing Railway Warrants and Credit Notes etc. and stipulations mentioned in HQ of MoD(ARMY) letter No. 74085/Mov C/1515/D(Mov) /2006 dated 29/5/2006 may also be adhered to.

1104. The special rules laid down in Para 253, Defence Audit Code will be carefully followed and in addition it should be seen that:-

(i) The latest edition of the Warrant form only has been used;

(ii) IAFT-1752 (green warrants) is issued for individuals only, IAFT-1707(pink warrants) for small parties, invalids, families etc., IAFT 1720/1720-A i.e. Concession Voucher (blue warrants) for individuals and families and pink form (IAFT-1707-A) for troop trains and reserved vehicles as also for parties sufficient to fill a vehicle;

(iii) Warrants and Credit Notes have been signed by the officers authorized to issue the same under rules and the seal of office of the issuing officer has been affixed on them;

(iv) The Warrants for parties exceeding 10 in number are not issued by the O.C. Unit or detachment nor the parties are split up into smaller ones for bringing warrants within the powers of O.C. Unit/detachment;

(v) the Credit Note has not been prepared by the carbon process of re-duplication;

(vi) a single Warrant/Credit Note has been issued for the entire journey to cover freight charges from start to destination and that when two or several Warrants/credit Notes are issued in connection with the same or special move, they have been cross connected to ensure that charges have been made correctly.

Correct and complete route

(vii) the cheapest and actual route is shown in Warrants/Credit Notes by the issuing officers;

(viii) free Passage authorized for families, servants and baggage is admissible under rules and that the lien on free conveyance has not been lapsed;

(ix) Warrants are not issued for individuals who are authorized to draw TA;

(x) Warrants wrongly issued for unauthorized persons or quantity of baggage etc. are duly objected to and their cost recovered at tariff rates and credited to the State and Railway concerned proportionately;

(xi) the cost of warrants issued in connection with annual training which are chargeable to the training grant is duly recovered from the G.O.C. Command concerned;

(xii) a single rail fare is allowed for the double journey performed on concession vouchers by JCOs and their families and similar personnel of the A.F. and I.N;

(xiii) cases of unauthorized issue of warrants are specially brought to notice with a view to disciplinary action being taken if it is found that the issuing officer is abusing his powers;

(xiv) column 3 of the Warrant is correctly filled in with the certificate at the foot of the warrant duly signed;

(xv) sanction of the competent financial authority exists for demurrage charges paid by Credit notes;

(xvi) no Military Credit Notes have been issued to cover (a) under charges (b) freight to tentage issued on payment hire to officers and warrant officers (c) freight for personnel effects (d) freight for use of M.E.S. piece works and (e) freight for stores issued on loan or for sale to Civil Dept;

(xvii) freight on baggage of stores on any quantity in excess of the total weight shown in column 2 of the Warrant has not been debited;

(xviii) one break-van has been allowed free for every troop special and that additional break-vans, if any, attached for Railway purposes have not been charged;

(xix) charges in lieu of hire have not been claimed for the mileage over the Railway on which traffic originates and on the first forwarding Railway at each break of baggage or for Military cars or for wagons attached to goods train;

(xx) when a number of small consignments is booked by a consignor to the same consignee at short intervals whether it is not feasible to collect them and dispatch as full wagon load in the interest of economy and the spirit of the cannons of financial propriety is maintained;

(xxi) (a) the weight of consignments as shown in the credit notes has only been charged for;

(b) subjects to the minimum weight for charge, fractions of an eighth of a quintal have been charged as an eighth of a quintal;

(c) total amount charged is written in both figures and words;

(xxii) bulky stores are paid for at vehicle rates but when bagged in bundles or boxed in such a way as to admit of other goods being accommodated in the same vehicle they are paid for on the basis of the actual weight;
(xxiii) (a) the Railway claims for explosives and liquid fuel are in accordance with the rules and rates in the Red Tariff;
(b) the siding, demurrage, crane, insurance Detention, ferry and shunting charges etc. are accepted only under the terms and conditions laid down in the Military Tariff and the related Railway Tariffs; and
(xiv) Claims for under charges for fares and freight prepared after the prescribed time limit of six months are not admitted in audit.

1105. In the case of credit notes issued to cover freight for stores purchased from the contractors, it should invariably be ascertained whether the freight is to be borne by the Government or by the contractors. If the latter, the propriety for the issue for such credit notes should be challenged, unless specially sanctioned by Government.

1106. Though the officer who sanctions the issue of a travelling warrant or credit note is personally responsible that his action is authorized by the rules, the facts mentioned on the warrant or credit note and the authority quoted should nevertheless be verified occasionally by reference to the issuing officer. Doubtful cases should be prominently brought to the notice of the AAO/SO(A) of the section through a medium of a note and the AAO/SO(A) will , if necessary, take the order of the Officer-in-Charge of the Section as to whether the matter should be pursued.
The fares charged by the Railways will be checked with reference to the rates and rules in the Military Tariff and the various Railway Tariffs.

1107. If a Warrant or a credit note has not been signed by the issuing Officer or if certificate cage of column 5 of the Warrant has not been completed by the individuals concerned, the voucher should nevertheless, be checked on the information available and overcharges, if any, should be noted in the objection statement as under:-

(i) " Returned being unsigned, but please note that from the details available, a sum of Rs. .... has been overcharged, as per particulars below, which is disallowed" , or

(ii) " Returned for completion of the certificate at the right hand corner under column 5 of the Warrant. Please note that from the details available, a sum of Rs. ..... has been overcharged as per particulars below which is disallowed."

1108. The charges for special trains for high officials of the Defence Department when travelling on duty by the Railway will be checked with reference to the Specials rates given in Appendix A to the Military Tariff.

1109. In the case of reserved carriage used by high officials of Government, it should be ascertained whether they are specially constructed for such officials and, if so, the concessional rates given in Appendix A (ii) to the Military Tariff for their carriages should be admitted in audit. Whenever a carriage belonging to the Railway stock is used by any of the high officials, full tariff rates claim by the Railway will be admitted.

1110. Instances may occur where a voucher cannot be satisfactorily and finally audited or definite objections raised against the Railway authorities for want of certain particulars or information for which a reference to the issuing officer may be necessary. In such cases, the whole amount charged for on the voucher or any portion thereof, as the case may be, should be placed under objection suitably worded as the onus of proving the correctness of the charges normally lies with the Railway authorities billing for the same . For example , where the Railways have charged for a special train but the vouchers does not bear any indication to that effect, the objection should be worded as under:-

"The whole amount (or such portion as can be definitely specified) is placed under objection in the absence of any indication on the voucher that the stock was authorised to be run as a special train. Please, therefore, either furnish a copy of the orders of a Military authority authorising the running of special train in this case or credit the amount to this Office . " In no case should an objection be worded as "placed under objection pending receipt or reply to the Issuing Officer" as this does not constitute a valid and specific objection . Reference to issuing officer, where necessary, should however, be made simultaneously with the issue of objection against the Railway.

1111. (i) Unused solder's tickets which are not availed of should be deposited at the station of issue on the date of their availability and receipts obtained, which should be sent to the Chief Commercial Superintendent(Refund) of concerned zonal Railway alongwith the application and cancelled ticket for refund;
(ii) Partly used soldier's tickets which are not availed of to their full extent and journey is terminated *enroute* short of the booked destination should be deposited immediately on arrival of the station where journey is terminated and receipts obtained, which should be sent along with Railway concerned;
(iii) when lesser number of soldier's travel from the starting station than that booked in the soldier's tickets, the matter should invariably be reported to the station master of the starting station who will make the necessary corrections to the warrants to show the actual number travelling which should be attested by him under station stamp and seal. Such warrants will be accepted for payment by the Section notwithstanding the general rule that alterations render the form null and void;
(iv) In cases where some of the members of the party booked on soldiers' tickets terminate the journey *enroute* for any reason, a certificate showing the number of soldiers who terminated the journey short of booked destination, duly stamped with the station seal, should be obtained from the station concerned and forwarded with an application for refund to the head office of the Railway. Credit for refunds under(i), (ii) and (iv) will be afforded to the PC of A(FYs) , under advice to the office applying for refunds. Claims for refunds will be submitted by the Military authorities to the Railway authorities direct and claims received in the Section in this connection should be returned to the parties concerned for necessary action direct;
(v)Cancellation charges for cancelled Railway Warrants to be charged and deposited into treasury through MRO by the unit authority.

1112. Second class individual fares should be paid for in respect of escorts who travel in wagons in which stores are conveyed and for whom no separate coaching stock is provided. These individual second class fares are, however, subject to computation in terms of imaginary 4 wheelers with reference to Rule 301, Military Tariff No. 5, should such a course be considered necessary.

1113. Moves by special trains are arranged by the Quarter master General in consultation with the Railway Board.

1114. In connection with movement within the various port depot areas, however, where special trains are the most economical form of effecting clearance of traffic, authority is delegated by the Q.M.G. (Not Mil rail) to respective embarkation commandants for such trains to be arranged locally in direct consultation with the Railway concerned. Such authority should be looked for in the audit of special train vouchers.

1115. Consignments of stores belonging to the Defence Department and on which freight charges are debitable to Defence Service Estimates will, except as noted below, invariably be dispatched on Military credit notes which will be presented by the consignor when tendering stores for dispatch of:-

(i) Complete store trains which will be booked on IAFT-1707A;

(ii) Consignments on which freight charges are debitable to the training grant. These will be dispatched on IAFT-1714;

(iii) stores which are to be dispatched " freight to pay" at the consignee's request vide Rule 87

Equipment Regulations Part-I;

Officers placing demands for stores on Civil firms etc, are also responsible for ensuring that Military Credit Notes are used, when eligible, to prepay freight charges.

When Consignments have been dispatched " freight to pay" in contravention of the rules, the consignee will take delivery of the consignment by Military Credit Notes on which he will endorse in red ink " extra expenditure recoverable from the consignor". The consignor will be called upon to deposit the extra expenditure into the local treasury or obtain sanction of the competent authority.

A consignor who fails to take action as prescribed will be liable to make good the loss to the state, if recovery from the consignor is not possible when the irregularity is eventually detected in audit.

1116. When a consignment or a special train is booked from or to a Military siding by the dispatching officer, siding charges are leviable by the dispatching Railway and this should be included in the Credit Note or Railway Warrant issued by the dispatching authority in the manner laid down in Rule 301 of the military Tariff No. 5 . If for any reason the dispatching authority have omitted to include the siding charges in the relevant credit note or Railway Warrant and has not billed for the same, the siding charges can be claimed later on and when this is done, the claim must be dealt as an undercharge on the relative credit note for Railway Warrant concerned. When, however, no such entries are made but the consignment of stores or the special train is actually delivered or hauled over a military siding at the receiving and under instructions from the railway authorities at that end, the Railway station authorities at the receiving end should obtain a Military Credit Note or a Railway Warrant from the Military authorities at the receiving end. These credit notes and Railway Warrants will then be accounted for in the ordinary course by the receiving Railway and the cost thereof will be debited to the P.C. of (FYs). If, however, the Railway authorities at the receiving end, for some reason or other, have failed to obtain a Military credit note or a Railway Warrant from the Military authorities at the receiving end but have delivered the goods or hauled the special train over the Military siding, the charges on account of Military siding at the receiving end cannot be billed for against the P.C of A (FYs) in the ordinary course, such claims being treated as undercharges in connection with the original Military credit notes or Railway Warrants on which the stores or the special train were initially booked.

1117. Bills for amounts due to the Railway in respect of Military credit notes used for the movement of raw ghee and containers for supplies of milk ghee required for the Defence Services will be submitted by the Railways to the Pay and Accounts Officer concerned and she/he will arrange to recover the amount from the contractors concerned. Military credit notes used for the purpose, if billed for by the Railway against the P.C of A(FYs), should on no account be accepted.

1118. Military passenger traffic passing over the Bareilly Kathgodam Section should be charged for at the Military Tariff rate.

1119. Deleted

1120. When an extra expenditure is regularized by the Competent Authority under authority 61 F.R. Pt. I, it should be seen in audit that the power under the said rules have been exercised by the competent authorities in consultation with their financial advisors.

1121 A time limit of six months has been laid down as the period within which this Department may claim overcharges from the railway authorities and latter may claim under charges from this department. The six months limit reckons from the date of which the bill is received by the P.C. of A (FYs) to the date on which the objection , if any, on the bill is received by the Railway Audit office. Intimation of final disallowance must , therefore, be dispatched by the P.C. of A(FYs) so as to reach the Railway audit office within six months of the

original date of the receipt of the bill by the former. In the case of Railway bills which are paid in cash , the time limit of six months will be counted from the date of payment of such bills .

1122. The fact of any item of overcharge on a warrant or credit note having been included in an objection statement merely with the remarks "under reference to the issuing officer " does not constitute a valid objection, and unless a specific objection with full details is made within the prescribed period of six months , it will be held as time barred. Consequently, as far as practicable, a definite claim should be raised against the Railway. When this cannot be done pending the result of a reference to be made to the issuing Officer , a red ink note of the Warrants and Credit notes affected will be entered at the end of the Objection statement. The reference to the issuing officer and the outstanding objection statement against the railway will be submitted to the officer-in-Charge at the same time and will issue on the same date. All reference to issuing the officer should be marked 'urgent'. If a reply is not received within 10 days , a reminder should be sent , and if no reply is received after a second reminder, the matter should be reported to the higher authorities. As soon as reply is received from the issuing Officer, if the definite objection has to be raised against the Railway, a supplementary objection will at once be issued , if however, no further action is necessary, a note will be made in a primary objection statement to the effect that no objection needs to be issued quoting the number and the date of the reply received from the officer issuing the warrant or credit notes.

1123. A claim preferred by the Railway in connection with an undercharge will be considered as valid unless it is substantiated within the prescribed time limit of six months with full details as to how it has been arrived at . Claim not so preferred within the time limit should be rejected as time barred.

1124. The audit should be completed within one month of the date of receipt of each bill and a separate objection statement issued on each bill. The detailed procedure for issuing objection laid down in chapter XII, O.M. Pt.II Vol. I should be observed.

As soon as audit of each bill is completed, the objection statement will be submitted for the approval of Officer-in-Charge of the section and the date of completion of the audit will be noted in the bill payment register and initialed by the auditor and AAO/SO(A) concerned.

1125. Vouchers which have been audited and passed will be duly 'passed' and initialed by the auditor concerned and those on which objection has been taken will be enfaced "objected to". The vouchers which are not marked for audit will be stamped "Cancelled".

1126. In the case of vouchers on which objection have been raised , a red ink note will be made against the relevant items in the bills "O.R." or "O.I." signifying an objection against the Railway or issuing officer concerned.

1127. The objection on Railway Warrant and credit notes (including military certificate and concession forms) issued against Railways or PSUs and issuing officers' will be entered in a register through which their further disposal will be watched. The entries in the objection register on account of amounts objected to in audit will be attested by the AAO/SO(A) concerned .

1128. An abstract of all outstanding objections will be prepared and attached with each register. Before the submission of the register to the Officer-in-Charge for inspection the abstract should be completed upto date and initialed by the AAO/SO(A) concerned.

1129. In addition to the regular bills, adjustment bills are also received from the Railways. Before any item of such bill is classified, necessary linking with the original transaction or objection raised or reference made, will be made by the Auditor dealing with such bills.

1130. According to the instructions laid down in Para 1430(d) of the State Railway Code for the Accounts Department (Railway), provisional bills may be prepared by the Railway Accounts officers on the basis of station figures and adjusted against the PC of A(Fys) , any undercharge or overcharge being adjusted in the accounts of April of the next financial year. The original vouchers need not be sent with provisional bills but must be submitted with the final bills.

1131. The Railway Accounts Officers should also furnish with the final bills before the close of the financial year to which the provisional bill relate, the information as to the number and date and amount of all the final bills adjusted against a particular provisional debit and the number and date of the advice and month's accounts through which the difference between the provisional and final bills, if any , are adjusted.

1132. Railway debits for amounts due on warrants, credit notes etc. when raised by the Railway Accounts Officer should be accepted in full in the first instance even though some of the items may appear *prima facie* to have been erroneously debited. These erroneous debits alongwith those unacceptable for want of any supporting vouchers etc. should be rectified by raising original debits against the Railways concerned after obtaining their consent.

Claims sub section

Claims for refund of the cost of warrants :

1133. LTC claims in respect of Navy Personnel and last claim of LTC availed by Air Force Personnel before discharge are pre-audited by this sub Section. When a warrant is not issued to an individual, he may travel on cash TA basis, a reimbursement of the value of actual expenditure may be allowed by the Controlling Officer provided that the individual incurred expenditure on the mode of travel adopted and no extra expense to the State is involved thereby. The claims dealt with by this sub Section are received from Naval / Air Force Units and formations. These Claims are paid after pre-audit in accordance with the rules in the Travel Regulations and Railway tariff rates.

1134. Claims for advance in respect of above categories are paid by the Accounts Officer or Imprest Holder/Base Supply Officer or Commanding Officer Ships and Shore Establishments and the relevant vouchers are received through PCDA (AF)/PCDA (Navy). This sub section will then subject to a general scrutiny and detailed check as enumerated below admit the claim in audit for payment and return the claim where observations raised for action.

1135. In addition to the general audit checks prescribed in Para 62 et seq Defence Audit Code it should be seen further that:

(i) Demand intimation received from the respective units & formations are noted in the Demand Register (IAFT-590) maintained to watch adjustment of the demands by means of adjustment claims of the individuals concerned;
(ii) that the move is authorized by rules ;
(iii) that cash expenditure was actually incurred by the claimant in re-imbursement of which the claim for the equivalent cost of warrant has been submitted, and that the amount claimed is not more than the expenditure actually incurred;
(iv) that the claim is sanctioned by the Controlling Officer concerned; and
(v) that no extra expenditure is caused to the State;
(vi) Whether sanction has been furnished in terms of Rule 47(III) TR which provides for reimbursement for the purposes specified under rule 184 (LTC) TR;
(vii) Whether Leave Certificate with leave details / Pt-II order has been furnished;
(viii) Whether family details of the PBORs have been furnished;

(ix) Whether certificate in terms of Rule 184 (xi) of Travel Regulations regarding completion of onward & return journey within the stipulated period of six months has been furnished;
(x) Whether specimen signature of the officer authorized to countersign the claim(s) has/have been furnished as per Rule-6 read with Appendix-II of Travel Regulations;
(xi) Whether Original Ticket has been furnished;
(xii) In case journey has been performed by the Private Airlines, whether sanction for relaxation of MOF N. 19024/I/2009-E-IV dated 13/07/2009 from Ministry of Civil Aviation has been furnished;
(xiii) Whether Grade Pay of the PBOR/JCO has been mentioned;
(xiv) Whether waiver certificate for non-submission of ticket(s) supported by PNR/Ticket NOs as per QMG Branch, AHQ letter no. 12647/Q/MOV/C dated 30/05/2003 has been furnished.

1136. The disposal of claims will be watched through the inward diary sheets [I.A.F. (C.M.A.) – 329] furnished by the Record Section.

1137. Payments may be authorized through I.A.F.A. 468 and letters of authority to the PAOs i.e. NPO, Mumbai in case of Navy and Unit concerned in case of Air Force. With a view to facilitating the classification of the charges to be debited by the PAOs on this account, classification code number will be noted by the Auditors on the bills before they are submitted for approval.

1138. All claims for cost of warrants will be recorded in the audit register (I.A.F.A.–515) to guard against the possibility of payment being made on a second claim on the same account.

Note: As per Movement Dte/Mov C, Dte General Operational Logistics & SM GS Branch, IHQ of MoD, New Delhi letter no. 12630/TA/DA/Mov C dt 18/04/13 and HQRs CGDA, New Delhi letter no. AT/I/3510/MPS dt. 27/08/13, work regarding payment of TA/DA, LTC, CTG and luggage Claims of PBORs of Army transferred from PCA(Fys) Kolkata to respective PAOs w.e.f 01/04/2013.

Miscellaneous sub section

1139. This sub section deals with the work relating to :

(i) Payments made to PSUs viz., KRCL, CONCOR etc. against expenditure incurred on Railway warrants and M. C. Notes(IAFT 1711) in connection with movement of Defence Personnel and stores and also expenditure of capital nature rolling stock and maintenance of rolling stock etc;

(ii) adjustment bills alongwith Bank Advice received from Railways on account of maintenance of rolling stock .

On receipt, the bills will be entered in the Register of Railway bills. These bills will, in the first instance, be subjected to preliminary check to see that each item in a bill supported by a warrant or credit note etc. and that the bills are otherwise in order and are correctly totalled. They are then classified and passed . After they have been passed by the Officer-in-charge, they will be entered in the Daily payment sheet (I.A.F.A.-728) made in two copies, original is sent to the EDP Section, and duplicate is forwarded to the Disbursement Section for NEFT Payment. These bills as mentioned in (i) are received back from the Disbursement Section and sent to the Railway Audit Sub Section for Post audit.

Payment of Bills:

1140. Bills for (a) Coal supplied to Military, (b) Conversion, reconversion, interest, maintenance and depreciation charges of rolling stock (c) hire charges for unconverted Railway stock (d) Konkan Railway Corporation Ltd. Bills (e) Container Corporation Ltd. Bills, (f) Payment of capital nature of rolling stock etc. are paid by the Railway Miscellaneous Sub-section. The procedure to be followed in the audit and payment of bills in each category is indicated in the succeeding paragraphs.

Coal Supplied:

1141. (i) A detailed demand in tons by classes of coal/coke is forwarded by the Bs A. S. C. (Command wise and O. C, A.B.S.D. to the Deputy Director Coal(Army). Coal allocations are made monthly by the Coal Allocation Committee and the sub-allocation of the Defence Quota by the Q.M.G's Branch, Army Headquarters. It is necessary for the sub-allocation, to be notified to the Dy. Director of Coal (Army) immediately, so that he may issue sanction orders without delay. A copy of the sanction order is endorsed to the P. C. of A (Fys) indicating inter alia that he is responsible for the payment of supplier's bill. The sanction order will on receipt from the Deputy Director Coal(Army) HQrs/QM Defence Coal Cell, Fort William, Kolkata be entered in the payment register, sanction number wise serially for each month separately. For each consignee separate pages are allotted. The entries in the payment register will be attested by the Officer-in-Charge of the Rly. Misc. sub section;

(ii) Coal Cell of Deputy Director(Army) Fort William send inspection teams at Coal Mines/Pit heads to inspect, draw samples of coal where necessary, dispatch coal/coke as per orders of the Deputy Director Coal(Army) and issue inspection notes to the suppliers in respect of consignment dispatched, have been established. Three copies of the inspection notes issued by these teams duly counter signed by a Zonal Inspector not below the rank of Commissioned Officer will be submitted to P. C. of A (Fys) by the subsidiaries of Coal India Limited in support of their bills.

1142. The supplying colliery will present the bill to this Section direct in quadruplicate along with three copies of Inspection Notes and DA Notes issued by Railway Authorities. On receipt, these bills are diarized in a register to watch their payment position or otherwise. The audit of such bills consists in seeing that:

1)The details in respect of the quantity supplied and the rates claimed per ton agree with those shown on the sanction order and the rates shown in the Gazette of India issued by the Ministry of Energy (Department of Coal) from time to time ;

2)The bill is accompanied by the relative declaration advice to determine the date or month of supply (with reference to the date of loading) against the allocation for the month shown on the sanction order ;

3)The number of wagons in which the coal loaded has not been exceeded the number shown in sanction order. In case of excess supply of wagons/supply of a grade of coal from a colliery other than that mentioned in a sanction order the supplies made after expiry of the validity date, requires covering sanction of the Deputy Director Coal (Army), Fort William, Kolkata;

4)Deduction to the extent of the difference between freight for the full carrying capacity of the wagons supplied and that for the actual quantity loaded is made from the bill of the supplying colliery in cases where the wagons are not loaded by the supplying colliery to the full carrying capacity. Similarly, in the case of overloading or wagons deductions from collieries bills will be made as per Government orders issued from time to time.

1143. An immediate payment of the full amount of coal/coke bills supplied by Coal India Limited and its others subsidiary agencies is to be made on receipt of intimation of dispatch only.

1144 (i) In case of any dispute about the quantity, and rejected consignments etc. this will be resolved between the producer and the consumer through negotiations failing which through the good offices or arbitration by the bureau of Public Enterprises or other suitable Government agency;

(ii) In case of discrepancy in regard to short delivery, the following procedure will be adopted.

1145. In the case of short weight in delivery, the consignee will settle the discrepancy in communication with the Railway authorities direct. Retrenchment from the supplier's bill will not be affected due to short weight, it

being obligatory on the part of the consignee to accept the full quantity supplied as shown in the relative Railway receipts received by him.

1146. In the case of non delivery of coal wagons and adjustment of freight charges, the respective consignee will prefer a regular claim against the destination Railway through his Regional C.D.A. with reference to Rule-300 F.R. Part-I which will include freight charges as well as cost of coal. When the claim is accepted freight charges will be adjusted by book transaction with the Railways.

1147 to 1158 deleted.

Conversion, reconversion, interest, depreciation and maintenance charges:

1159. These charges represent the entire expenditure incurred on the work of conversion, reconversion of ordinary rolling stock to suit the requirements of the Defence for exclusive use by Defence and annual recurring charges on account of interest, depreciation and maintenance at 9.5% of the original capital cost of the vehicles as well as the actual cost of reconversion of these coaches to their original design when they are no longer required by the Defence Department.

1160. Army Headquarters, New Delhi place indents for conversion or reconversion of coaches on the Railway Board and a copy of such indent is also furnished to the P. C. of A (Fys). The Railway Board in turn place orders on different Railways for carrying out the work as indicated in the indent of Army Headquarters and a copy of the order is furnished to the P. C. of A (Fys). On receipt of the copy of the indent from Army Headquarters, it will be noted in the register maintained for the purpose. The Railways concerned will raise debits against the P. C. of A (Fys) supported by bills and vouchers. The audit of such charges consists is seeing that:-

(i) The bill has been checked, verified and countersigned by the Mil Rail;

(ii) The Army Headquarters indent number and date quoted in the bill agrees with the copy of the indent received from Army Headquarters;

(iii) The bill is supported by an audit certificate from the Railway Accounts Officer in respect of the actual cost incurred.

1161. If the amount billed for by the Railways is correct in every respect, the bill will be passed in audit, accepted and noted in the register maintained for the purpose. Punching Medium will be prepared as for regular Railway bills and disposed of accordingly.

1162 to 1164 Deleted

Hire charges for unconverted Railway stock

1165. Bills for hire charges in respect of non-converted Railway stock taken on loan by Defence for exclusive use by Defence are submitted by the Railway concerned to the Mil Rail for verification in regard to the correctness of the services rendered and for counter signature and transmission to the P.C. of A (Fys).

1166. Before a bill is passed in audit, its number and date and amount will be entered in the relevant register maintained for the purpose, rates levied will be checked and arithmetical calculation verified. Punching Medium will be prepared as for regular Railway bills and disposed of accordingly.

Note: All bills received in connection with hire & other charges for cash payment will be paid through NEFT Mode and the procedure laid down in para -1139 ibid will be followed.

Konkan Railway Corporation Ltd.(KRCL) Bills:

Railway warrants and MC Notes issued for movement of personnel and dispatch of stores is received from KRCL for cash payment. The bills, after following due procedure as laid down in para 9 will be verified subject to the following points and passed for payment that :- (i) The Railway bills are verified with the Railways warrants. (ii) The bills have been signed by the FA & CAO, Konkan Railway Corporation Ltd. (iii) The Railway Warrants have been issued by the officer not below the rank of Commissioned officer. (iv)The Railway warrants have been stamped and signed by the authority of the K.R.C.L. (v) Rates charged by the Railways are as per Military Tariff rates and Railway Fares. (vi) journey is availed by the entitled class. (vii) Commission charges and Service taxes etc. is levied on the Authority of Orders issued by the Railway board from time to time etc.

In case of any discrepancy found later on, the concerned bill alongwith warrant is returned to the K.R.C.L. for rectification and resubmission. These bills are audited, and codified as per Military Tariff rate and passed for payment. The payment is made through NEFT mode. An intimation is also furnished to the K.R.C.L.

Container Corporation of India Ltd.(CONCOR) Bills:

Bills alongwith MC Notes of Army, Navy and Air Force are received from Container Corporation of India Ltd. directly in the P. C. of A (Fys). Before processing the bill for payment the following audit checks are carried out.

The MC Notes are signed by the Officer not below the rank of a Commissioned Officer. All the columns of MC notes are properly filled by the Army/Navy/AF Authority. The Bills are audited as per para (d) above before considering the same for payment through NEFT mode. An intimation regarding the passing of the bill is forwarded to the CONCOR.

Payment of Capital nature of rolling stock:

Army Headquarters, New Delhi purchase Railway wagons(rolling stock)for Defence from different Railways/PSUs such as BEML, ICF Chennai as per Contract Agreement/ Work order by the MoD . The Contract Agreement/Work Orders are forwarded to the P.C. of A (Fys) through Army Hqrs. Bills are submitted by the PSUs to the Army Head Quarters for checking, verification and countersignature by the Mil Rail, for onward transmission to the P. C. of A(Fys.). On receipt, these bills are entered in the Register maintained for the purpose. The following audit drill is carried out:

(i) The bill has been checked, verified and countersigned by the Mil Rail.

(ii) The Army Head Quarters indent number and date quoted in the bill agrees with the copy of the indent received from Army Headquarter;

(iii) The bill is supported by an audit certificate from the Railway Accounts Officer in respect of the actual cost incurred.

(iv) The date of delivery as per inspection note has not been exceeded. The deviation order from the Army Headquarters will be called for, if exceeded. In absence of deviation order, Liquidated damage, if any, as per Contract Agreement/Work Order will be deducted.

(v) Advance payment if any drawn as per Contract Agreement will be adjusted in the R.R. payment.

These bills are passed and payment made through N.E.F.T. mode.

1167. Co-ordination subs section

This sub section deals with the work relating to :

(i) Loss of Railway warrants from Army/Navy/Air Force are reported to P. C. of A (Fys) from the Unit Authority concerned . These loss cases are entered in the Loss Register. Audit report are rendered on receipt of Railway Gazette Notification, Court of Inquiry proceedings, delay report, loss statement etc. in terms of Army, Navy, Air Force Order and its regularization are being watched.

(ii) Reply of letters regarding all types of decision making cases.

(iii) Settlement of Test Audit Objections: The audit objections raised by the Test audit authorities are dealt with.

(iv) Issue vouchers in duplicate are received from the Manager, Forms Press/the Stationery Depot are entered in the register for Issue voucher for maintaining record in terms of Para 8 of Army Order 145/1979.

Preparation and dispatch of Punching Medium

1168. After audit of bills, punching media (IAF (CDA)336) will be prepared and dispatched in the prescribed manner.

1169. Entries in the bill register maintained, vide para 1054, will be made in duplicate and duplicate copy sent to the Accounts Section Main Office at the end of month simultaneously with the dispatch of the punching medium certificate to the EDP Section.

1170. Deleted .

1171. On receipt of the mechanical compilation from the EDP Section, the following documents will be prepared and submitted to the Accounts Section and other parties:-

A yearly statement of Rail charges in respect of Military Farms are forwarded to the Concerned Military Farms with a copy to Controllers of Defence Accounts concerned.

1172. Schedules in respect of Civil department(including railways) will be prepared in triplicate by each sub-section and submitted direct to the Accounts Section in duplicate with connected documents of particulars.

1173. A test comparison (pairing) of two sets of documents (i.e. the foils with the counter-foils) is required to be made in respect of Railway Warrants and Credit Notes paid by the P.C. of A (Fys). For this purpose Accounts sub section will select at random every month 25% of the Railway Warrants and credit notes of Rs. 1000 and over in value and schedule them to the LAOs for pairing with the corresponding counter-foils on record with the Units and formations. As regards the paid vouchers for smaller amounts some of them may also be selected at random for the purpose of scheduling to the LAO. The percentage of those vouchers should not be less than 1% of all paid vouchers received by the Controller for audit and payment. Any discrepancies noticed will be intimated by the local Audit officer to the P. C of A (Fys) if they cannot be settled locally. The warrants and credit notes intended to be paired will be forwarded by the Railway Accounts sub section to the Local Audit Officers with covering lists (prepared in duplicate) by station of issue of documents. After pairing, the documents should be finally recorded by the local audit groups.

1174. Railway warrants (IAFT -1752) concession vouchers (IAFT -1720-A) and Military credit notes (IAFT-1707) after acceptance and adjustment of debits in respect thereof will be sent by Railway Accounts sub section of P.C of A (Fys) monthly to the LAOs concerned. These vouchers will be paired cent percent with the counter –foils, by the LAOs concerned to see that the entries in the concession vouchers are identical with those in the counter foils. Any discrepancies noticed will be intimated by the LAOs to PC of A(Fys) Railway Section if they cannot be settled locally. For this purpose 10% of vouchers of ₹ 1000 or over in value and at least 1% of the paid vouchers of smaller amounts will be forwarded by the PC of A (Fys) to LAOs concerned. The documents will be recorded by the local audit groups after they have been paired with the counterfoils.

Scheduling of vouchers to Local Audit Officer etc.

1175. The duplicate copies of all paid bills with supporting vouchers in original will be scheduled invariably in the month following that to which the payments are made to the Local Audit Officers and Cs. D.A. for linking and record in their offices.

1176. All indents for forms (Warrants, Credit Notes etc.) are submitted direct to the manager, Forms Press, Calcutta or to the Stationary Depot concerned by the indentors. Issue vouchers in duplicate are, however, received from the Manger, Forms Press for transmission of one copy to the Local Audit Officer in whose audit

area the unit/formation is located. Such vouchers will be scheduled to the LAO as and when received and their acknowledgements recorded with the copies retained in the section.

1177. The counter- foils of warrants and credit notes are examined by the Local Audit Officers and the irregularities noticed which they cannot settle locally are included in their inspection report, an extract of which is sent to the Railway Section.

1178. On receipt, necessary action will be taken by the audit sub-section concerned to raise objection at once against the issuing officer and the further disposal of these objections watched in the normal manner.

1179. All cases of fraudulent use of warrants and credit notes detected in the course of audit will be reported to the G.O.C. Sub Area and their disposal watched through a special register maintained for the purpose.

It should be seen that prompt action is taken by the administrative authorities to investigate the case and deal with the individual responsible for the loss and that extra expenditure incurred thereby is regularized without delay. The case will be treated as one of financial irregularity and dealt within the manner laid down in para-509 et. Seq. Defence Audit Code.

1180. All cases of financial irregularities in connection with the issue of warrants and credit notes coming to notice will be recorded in a register. This register will be maintained in a narrative form in manuscript containing information on the following points:-

(i) Name of Unit or formation

(ii) The nature of irregularity, how it occurred, when and how it was detected and why it could not be detected earlier.

(iii) Degree or responsibility of the administrative office and of the DAD, if any.

(iv) Period and the amount involved.

(v) The reasons for the delay, if any, in taking action after detection of the irregularity.

(vi) Remedial measures adopted, including disciplinary action, if any, taken against individual responsible.

(vii) Final orders of the competent authority.

An index will be prepared in the beginning of the register in the following proforma and cases will be noted in this index as soon as they come to notice; the detailed entry being made in the register when the cases finally settled:-

Sl No	Name of the unit Or formation or office	Brief particulars of the irregularity	File No on which case Dealt with	Date on which finally settled& page in the Register on which Recorded	Remarks
1	2	3	4	5	6

1181. and 1182 deleted.

Registers, Reports and Returns

1183. List of registers to be maintained together with their fly leaf instructions by the Railway Section is given in Annexure 'XLIV' to this chapter.

1184. A list of Reports and Returns to be rendered by the Railway Section is given in Annexure 'XLV' to this chapter.

1185 to 1193 : Blank.

ANNEXURE - XLIII
(Referred to in Para - 1183)
List of Serial Numbers allotted to different vouchers

Zone Sl. No.	Railway Zone	HQrs.	Railway Unit Code	Voucher No. allotted
01	South Central Railway	Secunderabad	001000	6001 – 6100,
02	Southern Railway	Chennai	002000	401 – 600
03	Central Railway	Mumbai	003000	201 – 400
04	Northern Railway	Jalandhar	004000	601 – 800 1601 - 1800
05	Eastern Railway	Kolkata	005000	801 -1000
06	North East Railway	Gorakhpur	006000	1001 – 1200
07	North East Frontier Railway	Maligaon	007000	5001 – 5100
08	South Eastern Railway	Kolkata	008000	1401 – 1600
09	Western Railway	Ajmer	009000	01 – 200
10	North Central Railway	Allahabad	026000	3601 – 3800
11	South East Central Railway	Bilaspur	027000	3801 – 4000
12	South West Railway	Hubli	028000	4001 – 4200
13	West Central Railway	Jabalpur	129000	4201 – 4400
14	East Central Railway	Hajipur	023000	3001 – 3200
15	North Western Railway	Jaipur	024000	3201 – 3400
16	East Coast Railway	Bhubaneswar	025000	3401 – 3600
17	Charges for Coal Freight			1200 onwards



ANNEXURE - XLIV

(Referred to in Para - 1184)

Registers maintained in the Railway Section and their fly leaf instructions.

Sl. No.	Name of Register
1.	Review Register
2.	Zone wise Railway Bill (Punching Medium) Register
3.	Cash Payment Register
4.	Payment Register for supply of Coal
5.	Coal Bill Register
6.	Inter Govt. adjustment Register
7.	Fraud Register
8.	Audit Objection Registers
9.	Establishment Register
10.	Register of Inward and Outward Dak
11.	Attendance Register
12.	Leave Register
13.	Register of Dead Stock
14.	Register of Files
15.	Section Order Register
16.	Transfer Entry Register
17.	Bank Advice Register
18.	DID Register
19.	MRO Register
20.	Railway Warrants Receiving Register
21.	MRO Register
22.	N.O.C. Register
23.	Coal Sanction Register (By Road)
24.	Coal Sanction Register (By Wagon)
25.	D.V. Register
26.	Coal Scheduling Register
27.	Freight Bill Register
28.	Advance Payment Register in respect of RDSO Lucknow and others.
29.	Loss of Railway Warrants and MC Notes Register

Serial No.1

Fly leaf instructions for the maintenance of **review register**.

Object-To keep a record of the results of review of audited vouchers carried out monthly by the AAO/SO(A) and the Officer-In-Charge.

Authority:-Note 2 below Para 3.

The register will be maintained in the following Proforma :-

The register will be maintained in the following Proforma :-

Sl No.	Punching Medium No. and Date	No. and Date of Railway Warrant/Credit Notes etc	Name of the Railway/Stationwhich made available	Name of Auditor	Nature of irregularity detected in review	Initials of AAO/SO(A)/ Officer-In-Charge	No. and Date of objection statement issued	Remarks
1	2	3	4	5	6	7	8	9

1.The register will be submitted to the Officer-In-Charge on the 26th of each month.

Serial No.2

Fly leaf instructions for the maintenance of **register of Railway bills** received from Government Railways.

Authority : Para 1095,Section III,O.M.Part VI.

Object-To keep a record of bills received from Government Railways account of charges for Railway Warrant Credit Notes etc. and to watch their audit progress.

The register will be maintained on I.A.F.A.-110.

2. Separate folios/registers will be maintained for each Railway.

3. Bills received upto the 26th of a month(24th in case of February)will be entered in the register as receipts for that month. Bills received after the 26th in case of February)will be entered as receipts for the next month. All these entries will be made by carbon process.

4. Columns 2 to 10 will be posted from the particulars of bills received in the Section. Each bill will be allotted as Punching Medium number(Railway-wise voucher number as given in Annexure 'A')which will be entered in Column. Column 14 will show the vouchers of the value of ₹ 1001 and above in case of warrants and in case of Credit Notes selected for percentage audit. In order to keep a watch on the (increased number of vouchers below ₹ 1001 in case of Warrants and Credits Notes, column 14 will in addition to indicating the number of vouchers selected for audit, contain an analysis of the number of vouchers below ₹ 1001 in case of warrants and Credit Notes, between ₹ 1001 and ₹ 2001 in case of warrants and ₹ 1001 and ₹ 5001 in case of Credit Note and above ₹ 2001 in case of warrants & ₹ 5001 in case of MC Notes. Column 8 of the register will contain a record of adjustment bills received from each Government Railway, columns 16 and 17 will be completed after the completion of audit of vouchers and review by the AAO/SO(A)

5.At the end of every month, the carbon copy of the register will be sent to the Accounts Sections alongwith the dispatch of punching medium certificate.

6. The register will be submitted to the Officer-In-Charge on the 5th of each month.

Serial No.3

Fly leaf instructions for the maintenance of **register of Railway bills** received from **cash payment Railways**.
Authority-Para1139, Section IV,OM Part VI.
Object-To keep a record of the bills received from cash payment Railway Warrants, credit notes etc. and to watch their audit progress.
They register will be maintained on I.A.F.A.110.
2. Separate folios will be used for each Railway.

3. Column 2 to 7 and 9 will be posted from the particulars of bills received in the Section. After the payment of bills the date of the payment will be entered in column-13.the number and date of the disbursement voucher being noted in column 1 simultaneously. Column 14 will show the vouchers of the value between ₹ 1001and ₹.2001 selected for percentage audit. In order to keep a watch on the increase in number of vouchers below ₹ 1001, column 14 will in addition to indicating the number of vouchers selected for audit, contain an analysis of the number of vouchers below ₹ 1001, between ₹ 1001 and ₹ 2001 and above ₹ 2001. Column 16 and 17 will be completed after the completion of audit of the vouchers and reviews by the AAO/SO(A).)(No entries will be made in columns 8,10 and 12).

4. The register will be submitted to the Officer-In-Charge on the 5th of each month.

Serial No.4
Fly leaf instructions for the maintenance of bill **payment register for supply of coal**.
Authority-Para 1141,Sectio IV, OM.Part VI.
Object-To keep a record of the payment made for bills received on account of coal supplied.
The register will be maintained in following way:-
Separate Coal bill payment register will be maintained for each month on receipt of sanction orders from Defence Coal Cell, Kolkata. Sanctions will be posted in the register in the following manner:-

(a) Name of supply colliery.
(b) Validity period.
(c) Sanction No. and Date.
(d) Name of the Consignee.
(e) Grade of Coal and Coke.
(f)No. of wagons.
(g) Items No. of the sanction.
(h) Initial of AAO/SO(A).

On receipt of bill for audit and payment ,entries in the payment register will be made as under:-

(a) Diary No. and Month.
(ii) Bill No. and Month.
(iii) Inspection Note No. and date of supply of coal/coke.
(iv) Total quantity of coal/coke supplied in MTs as well as No. of wagons.
(v) Rate of coal and various cesses and taxes.
(vi) Amount passed for payment.
(vii) Covering sanction No. and Date ,If any.

Serial No.5

Fly leaf instructions for the maintenance of register **for other charges**.

Authority- Para 1166, Section IV, OM part VI.

Object-To record and watch the adjustment of other charges on account of Military ambulances, Kitchen cars etc. in respect of different Railways.

The register will be maintained in the following Proforma :-

The register will be maintained in the following Proforma :-

Sl No.	No & date of AHO's	Particulars of coaches acceptance	Months to which the charges relate entered with dated	Particulars of bills No. & date & amount(to be initials)	Nature of irregularity detected in review which made available	Initials of AAO/SO(A) Officer-In-Charge	No. and Date of objection statement issued	Remarks
1	2	3	4	5	6	7	8	9

2. Separate registers will be maintained in respect of the following Charges :-

(i) Hire Charges;

(ii) Conversion and re-conversion charges; and

(iii) Interest, maintenance and depreciation charges.

3. In column 2 of the register the particulars of AHQ's acceptance/indent will be entered as and when the indent received.

4.On receipt of bills from the Railway Accounts offices, they will be entered against AHQ's acceptance/indent in the appropriate columns.

5. The register will be submitted to the Officer-in-Charge on the 15th of each month.

Serial No.6

Fly leaf instructions for the maintenance of **fraud register**.

Authority- Para 1179,Section IV,OM part VI.

Object-To watch settlement of cases of fraudulent use of Railway Warrant/Credit Notes/Concession Voucher.

The register will be maintained in the following Proforma :-

Sl No.	Voucher No. & Date	Name of issuing unit/formation	Nature of Fraud	Amount & period of accounts involved	Date of detection	Month's report on General state of Account in which included	Name of Administrative authority to whom reported	Result of Investigation	Disciplinary action/ remedial measure taken	Remarks
1	2	3	4	5	6	7	8	9	10	11

2. If, in the course of correspondence, it is revealed that the use of a particulars voucher is, fraudulent the full particulars of the voucher including its cost will be entered in the register and further progress of the case watched through the entries in column 7 to 10.

3. The register will be submitted to the Officer-In-Charge on the 26th of each month.

Serial No.7

Fly leaf instructions for the maintenance of **objection register** for Government, Private Railways and Issuing Officer
Authority- Para 1127,Section IV,OM part VI.
Object-To record and watch the progress of settlement objections issued against Railways and Issuing Officers.

The register will be maintained in the following Proforma :-

Sl No.	No & date of Objection	No. & date of Rly.Wt./ Credit Notes etc. under objection	Name of Rly. Accounts Officer/Unit formation against whom objection issued	Amount of objection	Nature of Objection	Initials of AAO/SO(A)	Date of issue of reminders
1	2	3	4	5	6	7	8

Settlement of Railway Objection		Settlement of staff objection	If the objection is finally withdrawn or waived, Page no. & File no.	Initial of AAO/SO(A)	Remarks
File No. and Page no. where credit promised	PM no. and month in which credit afforded	Tr No. & Date/PAO Memo No.& Date/Regularization sanction no. & date			
9	10	11	12	13	14

2. Separate folios will be allotted for ''Staff Objections'', ''Railway objections against Govt. Railway'' .
3. Each entry on account of amount objected to will be attested by the SO(A)/AAO.Similaly entries of settlement will be authenticated by him.
4. At the end of the month an abstract will be prepared in the registered to show the following details:-

No. of Items Amount

a) Opening balance at the beginning of the month
b) Fresh objections raised during the month
c) Total of (a) and (b)
d) Adjusted during the month—
   i)By recovery_____₹_____Items
   ii) By remission_____₹_____Items

e) Total of (i) and (ii)
f) Closing balance at the end of the month (c)——(e)
g) Objections outstanding for more than——
   (i)Two months_____
   (ii)Six months_____
   (iii)More than one year_____

5. The register will be submitted to the Officer-In-Charge for his \scrutiny on the 8th of each month. Closing of registers used up and opening of new registers where necessary will be done under his supervisions.

ANNEXURE - XLV

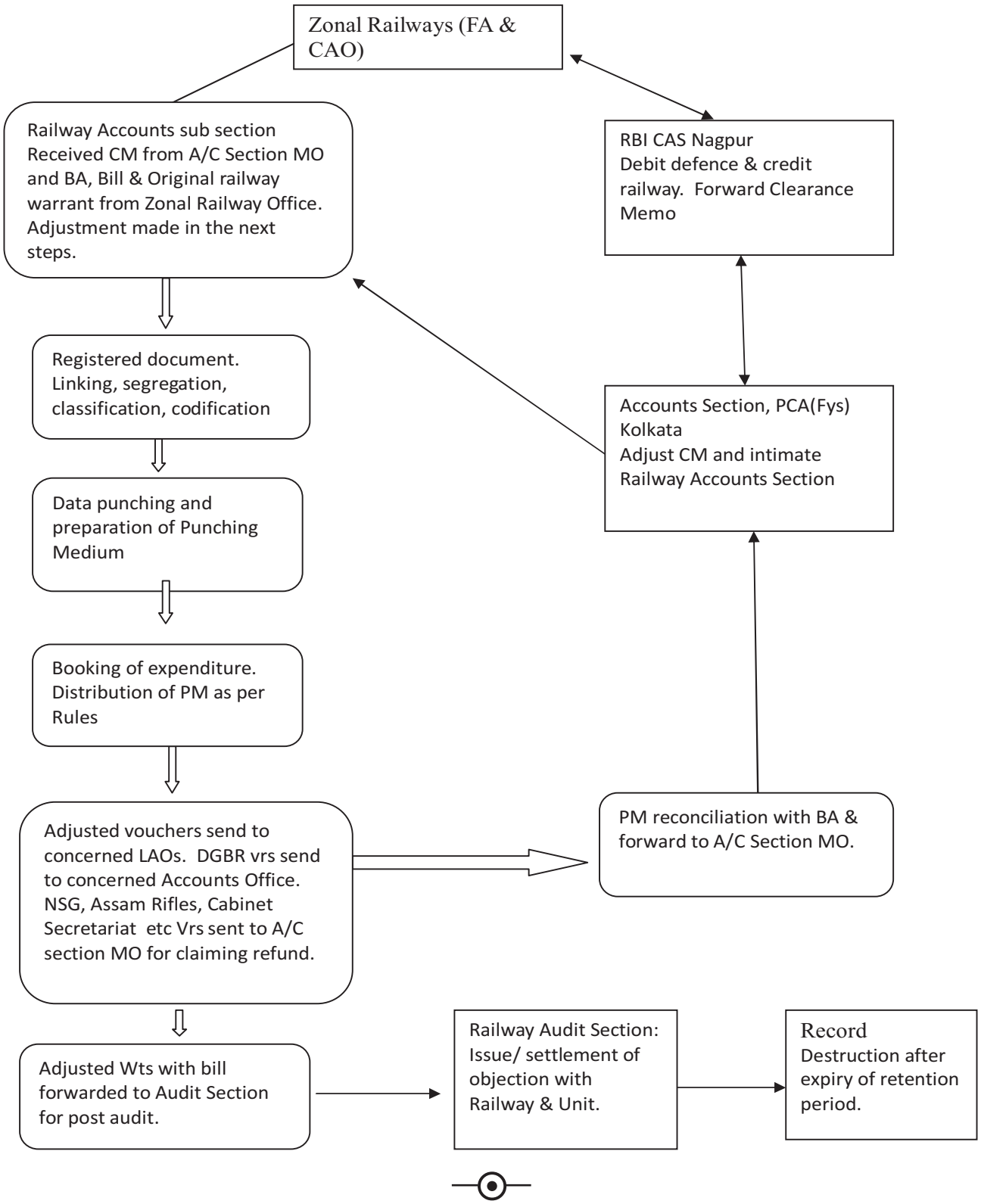
(Referred to in Para -1184)
Reports and Returns in Railway Section

Sl. No.	Name of the Report
1	Weekly Progress Report
2	Weekly Grievance Report
3	Fortnightly Report
4	Monthly Progress Report
5	Monthly Activity Report
6	Regularization of absences.
7	Draft Leave Order
8	Disposal of reference from MPs/MLAs/VIPs.
9	Quarterly Progress Report – Hindi
10	SIU Report
11	Review of Periodical Reports and Return
12	Target Report
13	Cash Loss Reports quarterly and annually.

ANNEXURE - XLVI

Flow Chart of working of Railway Accounts sub section.

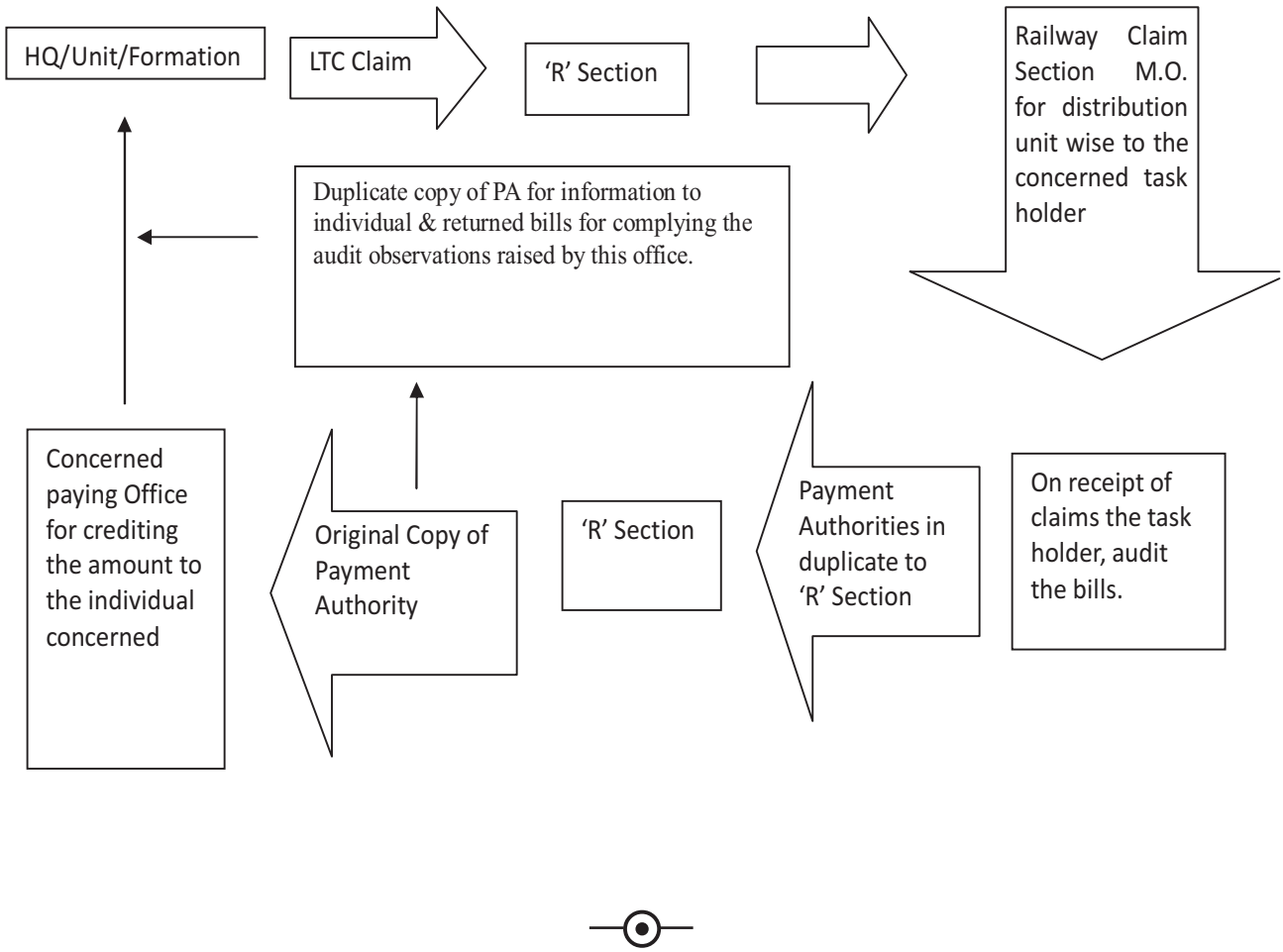
(Referred to in Para 1099 to 1102)



ANNEXURE - XLVII

Flow Chart of working of Railway Claim sub section

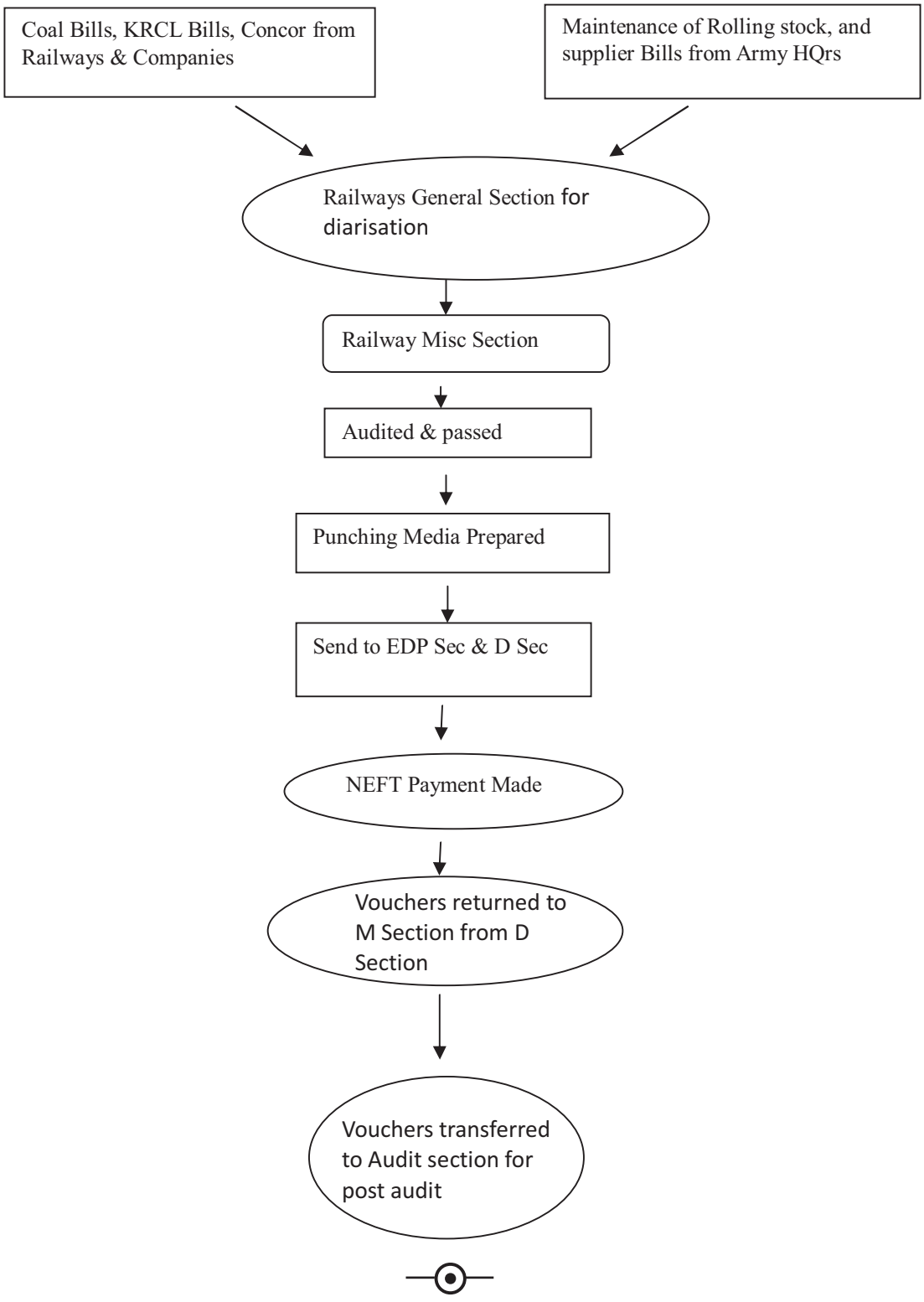
(Referred to in Para 1133 to 1138)



ANNEXURE - XLVIII

Flow chart of Working of Railway M sub section

(Referred to in Para 1139 to 1166)



REFERENCE CITED (BOOKS/MANUALS)

1. CCS(Leave) Rules, FR &SR Part-III
2. CDS (IEs) Leave Rules
3. CGHS & Civil Service (Medical Attendance) Rules, 1944
4. Defence Procurement Manual
5. Defence Procurement Procedure
6. DGOF Procedural Manual
7. Financial Regulations Part-I
8. General Accounting Rules, 1990
9. General Financial Rules, 2005
10. MES AAO/AO Manual
11. Minimum Wages Act, 1948
12. OFB Procurement Manual – 2010
13. OFB Civil Works Manual
14. OFB Procurement Manual – Plant & Machinery, 2013
15. Office Manual Part-I
16. Office Manual Part-II
17. Office Manual Part-VIII
18. Office Manual Part-XI
19. Payment of Wages Act, 1936
20. Workmen's Compensation Act, 1923
21. Factories Act, 1948

Key words	Para no.	Page no.
A		
AAC	1034	765
ABC Analysis of Stores	504	195
ABCD Statement of MES	793	373
Abnormal Rejection	679	336
Absentee Payment Register	219	78
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Acceptance of Necessity	524G	229
Accounting of Machinery	738	359
Accounting of Receipts	407	168
Accounting of Spare parts	752	363
Accounting of Tools	810	376
Acknowledgment of CP Voucher	Annexure - XXVIII	714
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Adjustment to Capital Outlay A/c - Details	841(b)	403
Adjustment to Revenue Outlay A/c - Details	841(b)	403
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Reconciliation of Bin Card & Ledger Balance	428	175
Reconciliation of Cost & Financial Account	836	395
Reconciliation of Cost & Financial Account - Wage	838	395
Red Demand Note	649	326
Red Return Note	649	326
Reduction of Scope of Project	524(N)	230
Refund of Security Deposits	400	163
Register of Building	801	374
Register of Excess and Savings	807	376
Register of Extracts	607	311
Register of Sanction & Expenditure	806	375
Register of Warrants	621	314
Registers maintained in Account Section	Annexure - XVII	683
Registers maintained in Adminstrative Section	Annexure - XII	674
Registers maintained in Pay Section	Annexure - XXI	690
Regularation of Outstanding	Annexure : XXXI to Para 965(III)	726
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Renewal Reserve Fund	817	378379
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Rent Roll	907	637
Repairable Voucher	442(iii)	178
Replacement Demands	Annexure 'AO'	384
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Report & Returns furnished by 'D' Section	Annexure - XIX	686
Report & Returns furnished by 'Fund' Section	1051	767
Report & Returns furnished by 'M' Section	1079	784
Report & Returns furnished by 'PR' Section	1008	742
Report & Returns furnished by 'Railway' Section	Annexure - XLV	810
Report & Returns furnished by 'T' Section	Annexure - XXXVI	739
Report & Returns maintained in Adminstrative Section	Annexure - XI	671
Reports & Returns of Material Section	Annexure- "Z"	208
Reports generated by 'EDP' Section	Annexure - XXXIX	773
Repricing of Estimates	602	310
Reserve Stock Pile	514	198
Retrenchment	578B	290
Return Notes	412	171
Revaluation Reserve A/c - Details	841(b)	402
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Revenue outlay Accounting	840	396
Review of Ledger	421	174
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ROC Level IV	931	664
Role of PCA(Fys) in TPC	525(J)	235
Roll of Br AO: Functioning of TPC Cell	525(H)	233
Roll of Financial Advisers	Annex to Annexure AD(9)	239
Roll of PCA(Fys) in TPC Level	525(J)	235
RR Grant	523(V)	221
RTI	934(31)	665

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S.W.O.D.S.	542	279
Sale of Unserviceable Stores (Surplus & Waste) A/c - Details	841(b)	399
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Sales A/c - (Non Defence) - Details	841(b)	402
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Sales Tax	388D	158
Salient Features of 'AA' Section	1013	744
Sanction & Modification of Contracts	525(F)	233
SAS Examination	931	664
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Scale Audit for Authorised Strength	256	86
Schedule of 'M' series vouchers	750	363
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Scheduling of vouchers to L!O's etc	1175	802
Scrap	456(b)	187
Section Code	33	29
Security Deposit	396	161
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Self Balancing Ledgers	840	396
Semi	713	350
Serviceable Stores	484	192
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SFC Statement	590	302
SHIS	349	149
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Special Casual Leave	180	67
Special Pay	146	58
Spectrum of Work	Annex to Annexure AD(19)	243
Spot Payment	389(e)	160
Spot Payment Cases	Annexure : XXXI to Para 965(III)	726
Standard Estimate	601D	309
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Steam	557	283
Steam Cost Statement	561	285
Steering Committee Meeting	931	664
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Stock Holdings	435	177
Stock Pile	337	145
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Stock Verification	464	188
Store Accounts	1014(a)	744
Store Supplied by other Factories A/c - Details	841(b)	399
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Structure of Committee for Disposal of Stores	525	231
Subsistence Allowance	285	91
Super Review	933(30)	665
Superannuation Charges	581(vii)	292
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Supply not Completed	389(f)	160
Supply Order	366	152
Surplus Store	456(d)	187
Surplus Vouchers	407(b)	168
Surprise check of IEs	141	57
Surprise Check of IEs	141	57
SVC Statement	564	286
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T

T.O.T	581(xxi)	296
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Technical Bid Opening	523(AC)	224
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Tender Action	524(J)	230
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TPC Structure for P&M - OFs	523(S)	220
TPC Structure for Store - OFB	523(K)	218
TPC Structure for Store - OFs	523(L)	218
Trade Test	286	91
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Transfer of IEs	294	93
Transfer of Machinery from One factory to Another	749	363
Transfer Voucher	407(c)	168
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Transportation Charges	404	166
Transportation Charges A/c - Details	841(b)	400
Transportation Charges Sea Freight	404	166
Travelling Expenses A/c - Details	841(b)	400

U

Uninstalled Plant & Machinery	781	366
Unit Code	33	29
Unorthodox Balance	425	175
Un-Serviceable Stores	484	192
Usable Value	523(AG)	226
Utilities	557	284

V

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Variable Overhead	528	277
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W

Wages A/c - Details	841(b)	399
War Insurance Charges	531	277
Warrant	601	308
Waste Products	456(a)	187
Website	1058	770
Work Cost	22	16
Work Order	44	31
Work Order	619	313
Working Stock of Stores	Annexure-AE	249
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Works of Store Section	956	692
Write Off of Capital Assets	785	369

Concordance Table

Existing Para	Revised Para	Remarks
1	7	
2	8	
3	10	
4	5	
5	5	
6		Deleted
7	3	
8	3	
9	7	
10	16	
11	17	
12 to 16		Blank
Annexure - I	Appendix - III	
Annexure - II	Appendix - IV	
Annexure - III	Appendix - II	
Appendix -I		Deleted
17	18	
18	19	
19	20	
20	21	
21	22	
22	23	
23		Deleted
24		Deleted
25		Deleted
26	24	
27	25	
28	26	
29		Deleted
30	27	
31	28	
32	28	
33 to 37		Blank
Annexure - B	Annexure - C	
38	32	
39	33	
40	34	
41	40	
42 & 43	41	
44	42	
45	43	
46	45	
47	44	
48	45	
49	46	
50	48	
51	49	
52		Deleted
53		Deleted
54 to 56		Blank
57	51	
58	53	
59		Deleted

Concordance Table

Existing Para	Revised Para	Remarks
60	54	
61	55	
62	56	
63	57	
64	58	
65 to 70	59 to 61	Added as History
71 to 91		Added as History
92	62	
93	63	
94	64	
95	65	
96		Deleted
97	66	
98	67	
99 to 105	72	
106 to 108	73	
109 to 110	74	
111	75	
112 to 118		Blank
119	119	
120	120	
121	121	Introduction of EARS
121	121A	
125	125	
126	126	
136	136	
143	143	
144	144	
146	146	
147	147	
148	148	
149	149	
152	152	
153 Note	153 Note	
154 Note	154 Note	
155	155	
158	156	
156	157	
157	158	
160	160	
167	167	
168	168	
169	169	
170		Deleted
171		Deleted
176	176	
180	180	
182	182	
184	184	
185	185	
	185A	New para added
	185B	New para added
	185C	New para added

Concordance Table

Existing Para	Revised Para	Remarks
	186A	New para added
188	188	
194	194	
197	197	
	197A	New para added
198	198	
199	199	
200	200	
	200A	New para added
201	201	
206	206	
207	207	
208	208	
209	209	
211	211	
212	212	
213	213	
215	215	
222	222	
223	223	
228	228	
229	229	
230	230	
233	233	
234	234	
235	235	
240	240	
241	241	
248	248	
252	252	
256	256	
258	258	
259	259	
260		Deleted and new para added
261		Deleted
262 to 263		Deleted
264	261	
265	262	
266	263	
267	267	
268	268	
	268A	New para added
269 to 272	269 to 272	
273	273	
274	274	
275	275	
276	276	
277 to 279	277 to 279	
280 to 281	280 to 281	
282	282	
283 to 284	283 to 284	

Concordance Table

Existing Para	Revised Para	Remarks
285	285	
286 to 288	286 to 288	
289	289	
290	290	
291 to 293	291 to 293	
294	294	
295	295	
296		Deleted
297	297	
298 to 299	298 to 299	
300-302	300-302	Blank
303	303	
304-306	304-306	Blank
307	307	
308	307(b)	
309	309	
310	310	Deleted
311		Merged in Para 949 of Section II
312 to 320	312 to 320	
321	321	
322-328	322-328	Blank
329	329	
330	330	
331	331	
332	332	
333	333	
334	334	
335	335	
336	336	
337	337	
338	338	
339		Blank
340	340	
341	341	
342	342	
343	343	
344	344	
345	345	
346	346	
347	347	
348	348	
349 to 351	349 to 351	
352	352	
353	353	
354	354	
355	355	
356	356	
357	357	
358	358	
359	359	
360	360	

Concordance Table

Existing Para	Revised Para	Remarks
361	361	
362 to 364	362 to 364	
365	365	
366	366	
367	367	
368	368	
369		Deleted
370	370	
371	371	
372		Deleted
373		Deleted
374	374	
375	375	
376	376	
377	377	
378	378	
379	379	
380	380	
381	381	
382		Deleted
383	383	
384	384	
385	385	
386	386	
387	387	
388	388	
389	389	
390	390	
391	391	
392		Deleted
393		Deleted
394	394	
395 to 399	395 to 399	
400	400	
401	401	
402	402	
403	403	
404	404	
405	405	
406	406A	
407	407	
408	408	
409	409	
410	410	
411	411	
412	412	
413	413	
414	414	
415	415	
416	416	
417	417	
418	418	
419	419	

Concordance Table

Existing Para	Revised Para	Remarks
420	420	
421	421	
422	422	
423	423	
424	424	
425	425	
426	426	
427	427	
428	428	
429	429	
430	430	
431	431	
432	432	
433		Deleted
434		Deleted
435	435	
436	436	
437	437	
438	438	
439	439	
440	440	
441		Deleted
442	442	
443	443	
444	444	
445	445	
446	446	
447	447	
448	448	
449	449	
450	450	
451	451	
452	452	
453	453	
454	454	
455	455	
456	456	
457		Deleted
458	458	
459	459	
460		Deleted
461	461	
462	462	
463	463	
464	464	
465	465	
466	466	
467	467	
468	468	
469	469	
470	470	
471	471	
472	472	

Concordance Table

Existing Para	Revised Para	Remarks
473	473	
474	474	
475	475	
476	476	
477	477	
478	478	
479	479	
480	480	
481	481	
482	482	
483	483	
484	484	
485	485	
486	486	
487	487	
488	488	
489	489	
490	490	
491	491	
492	492	
493	493	
494	494	
495	495	
496	496	
497	497	
498	498	
499	499	
500	500	
501	501	
502	502	
503	503	
504	504	
505	505	
506		Deleted
507	507	
508	508	
509	509	
510	510	
511	511	
512	512	
513	513	
514	514	
515	515	
516	519	
517		New insertion
518		New insertion
519		New insertion
520		Blank
521		Blank
522		A new chapter on Financial Advice have been inserted
523		
524		
525		

Concordance Table

Existing Para	Revised Para	Remarks
Annexure - A	Annexure - Y	
Annexure - B	Annexure - Z	
526	526	
527	527	
528	528	
529	529	
530	530	
531	531	
532	532	
533	533	
534	534	
535	535	
536	536	
537	537	
538	538	
539	539	
540	540	
541	541	
542	542	
543	543	
544	544	
545	545	
546	546	
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548	548	
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552	552	
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558	558	
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560	560	
561	561	
562	562	
563	563	
564	564	
565	565	
566	566	
567	567	
568	568	
569	569	
570	570	
571	571	
572	572	
573	573	
574	574	
575	575	
575A	575A	

Concordance Table

Existing Para	Revised Para	Remarks
576	576	
577	577	
578	578	
579	579	
580	580	
581	581	
582	582	
583	583	
584	584	
585	585	
586	586	
587	587	
588	588	
589	589	
590	590	
591		Deleted
592	592	
593	593	
594 to 600		Blank
601	601D	
602	602	
603	603	
604	604	
605	605	
606	606	
607	607	
608	608	
609	609	
610	610	
611	611	
612	612	
613	613	
614	614	
615	615	
616	616	
617	617	
618	618	
619	619A	
620	620	
621	621	
622	622	
623	623	
624	624	
625	625	
626	626	
627	627	
628	628	
629	629	
630	630	
631	631	
632	632	
633	633	
634	634	

Concordance Table

Existing Para	Revised Para	Remarks
635	635	
636	636	
637	637	
638	638	
639	639	
640	640	
641		Deleted
642	642	
643	643	
644	644	
645	645	
646	646	
647	647	
648	648	
649	649	
650	650	
651	651	
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653	653	
654	654	
655	655	
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658	658	
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660	660	
661	661	
662	662	
663	663	
664	664	
665	665	
666	666	
667	667	
668	668	
669	669	
670	670	
671	671	
672	672	
673	673	
674		Deleted
675		Blank
676		Blank
677		Blank
678		Blank
679	679	
680	680	
681	681	
682	682	
683	683	
684	684	
685	685	
686	686	
687	687	

Concordance Table

Existing Para	Revised Para	Remarks
688	688	
689	689	
690	690	
691	691	
692	692	
693	693	
694	694	
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702	702	
703	703	
704	704	
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707	707	
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709		Deleted
710	710	
711	711	
712	712	
713	713	
714	714	
715	715	
716	716	
717	717	
718	718	
719	719	
720	720	
721	721	
722	722	
723 to 730		Blank
731	731	
732	732	
733	733	
734	734	
735	735	
736	736	
737	737	
738	738	
739	739	
740	740	
741	741	
742	742	
743	743	
744	744	
745	745	
746	746	
747	747	

Concordance Table

Existing Para	Revised Para	Remarks
748	748	
749	749	
750	750	
751	751	
752	752	
753	753	
754	754	
755	755	
756	756	
757	757	
758	758	
759		Blank
760	760	
761	761	
762	762	
763 to 774		Blank
775	775	
776	776	
777	777	
778	778	
779	779	
780	780	
781	781	
782	782	
783	783	
784	784	
785	785	
786	786	
787	787	
788	788	
789	789	
790	790	
791	791	
792	792	
793	793	
794	794	
795	795	
796	796	
797	797	
798	798	
799	799	
800	800	
801	801	
802	802	
803	803	
804	804	
805	805	
806	806	
807	807	
808	808	
809	809	
810	810	
811	811	

Concordance Table

Existing Para	Revised Para	Remarks
812	812	
813	813	
814	814	
815	815	
816	816	
817	817	
818 to 835		Blank
Annexure - A	Annexure - AM	
Annexure - B	Annexure - AN	
Annexure - C	Annexure - AO	
Annexure - D	Annexure - AP	
Annexure - E	Annexure - AQ	
836	836	
837	837	
838	838	
839	839	
840	840	
841	841	
842 to 845		Blank
Annexure - A	Annexure - AR	
Annexure - B	Annexure - AS	
846	846	
847		Deleted
848	848	
849	849	
850	850	
851	851	
852	852	
853	853	
854	854	
855		Deleted
856	856	
857	857	
858	858	
859	859	
860	860	
861		Deleted
862		Deleted
863	863	
864	864	
865	865	
866	866	
867	867	
868 to 871		Deleted
872	872	
873	873	
874	874	
875	875	
876	876	
877	877	
878	878	
879		New para added
880 to 885		Blank

Concordance Table

Existing Para	Revised Para	Remarks
886	886	
887	887	
888	888	
889	889	
890	890	
891	891	
892	892	
893 to 895		Blank
896	896	
897 to 906		Blank
907	907	
908	908	
909	909	
910	910	
911	911	
912	912	
913	913	
914	914	
915	915	
916	916	
917	917	
918	918	
919	919	
920	920	
921	921	
922 to 925		Blank
926	926	Recasted
927	927	New para added
928	928	New para added
929	929	New para added
930	930	New para added
931	931	Recasted
932	932	New para added
933	933	New para added
934	934	New para added
935	935	Blank
936	936	modified
937	937	New para added
938 to 940		Blank
941	941	
942	942	New para added
943 to 945		Blank
946	946	
947	947	
948	948	
949	949	
950	950	
951	951	New para added
952	952	New para added
953	953	New para added
954 to 955		Blank
956	956	modified

Concordance Table

Existing Para	Revised Para	Remarks
957 to 959		Deleted and new para added
960 to 967	962	modified
968 to 969	960-961	
970		Deleted
971	936 (iii) (b)	
	963-966	New para added
972 to 975		Blank
976	976	
977 to 979, 981	977	
980		Deleted and new para added
982	933 (27 & 28)	
983	978	
	979	New para added
984		Deleted
985 to 990		Blank
991	991	
992	992	
993	993	
994	994	
995	995	
996	996	
997	997	
998	998	
999	999	
1000	1000	
1001	1001	
1002	1002	
1003	1003	
1004	1004	
1005	1005	
1006	1006	
1007	1007	
1008		New para added
1009		New para added
1010 to 1012		Blank
1013	1013	
1014	1014	
1015	1015	
1016	1016	
1017	1017	
1018	1018	
1019	1019	
1020	1020	Deleted and new para added
1021	1021	
1022	1022	
1023	1025	
1024		Deleted and new para added
1025		New para added
1026		New para added

Concordance Table

Existing Para	Revised Para	Remarks
1027 to 1030		Deleted
1031 to 1037		Modified on a/c of separation of Internal Audit work from PCA (Fys) vide Govt of India letter no 1(28)/2008/D(Prod) Dated 11-8-2005 and 21-7-2009 and Hq Office No. & AT/VII-C/7300/Pt-II Dated 4/7-10-2011
1038 to 1039	931(30)	
1040 to 1045		Blank
1046	1046	
1047	1047	
1048	1048	
1049 to 1051		New para added
1052 to 1055		Blank
1056 to 1060		Modified consequent on establishment of EDP Section in all Branch Accounts Offices the works related to generation of different abstracts and cost statements as detailed in Para 1060 to 1073 of OM Part VI Vol III of 1993 edn are being done in the respective EDP sections of Branch AOs
1061 to 1072		A new chapter on New Pension Scheme have been inserted
1073		Blank
1074		A new chapter on Miscellaneous have been inserted
1075	1059A	
1076 to 1079		
1080 to 1082		A new chapter on Non DAD Medical have been inserted
1083 to 1085		Blank

Railway Section

1	1086	
2	1087	
3	1088	
4	1089	
5	1090	
6	1091	Deleted

Concordance Table

Existing Para	Revised Para	Remarks
7		Blank
8	1092	
9	1093	
10	1095	
11	1096	
12	1097	
13	1098	
14	1099	
15	1100	
16	1101	
17	1102	
18	1103	
19	1104	
20	1105	
21	1106	
22	1107	
23	1108	
24	1109	
25	1110	
26	1111	
27	1112	
28	1113	
29	1114	
30	1115	
31	1116	
32	1117	
33	1118	
34	1119	Deleted
35	1120	
36	1121	
37	1122	
38	1123	
39	1124	
40	1125	
41	1126	
42	1127	
43	1128	
44	1129	
45	1130	
46	1131	
47	1132	
48	1133	
49	1134	
50 to 51		Deleted
52	1135	
53	1137	
54		Deleted
55	1140	
56	1141	
57	1142	
58	1143	
59	1144	
60	1145	

Concordance Table

Existing Para	Revised Para	Remarks
61	1146	
62 to 73	1147 to 1158	Deleted
74	1159	
75	1160	
76	1161	
77 to 79	1162 to 1164	
80	1165	
81	1166	
82	1168	
83	1169	
84 to 85	1170	Deleted
86	1171	
87	1172	
88	1173	
89	1174	
90	1175	
91	1176	
92	1177	
93	1178	
94	1179	
95	1180	
96 to 97	1181 to 1182	
98	1183	
99	1184	
100 to 108	1185 to 1193	Blank