

MASTER CIRCULAR

Master Circular No. 36

Arrear Claims and Investigation thereof.

The instructions relating to the subject "Arrear claims of Railway servants and investigation thereof" contained in the letters and in the reference books (Indian Railway Administration and Finance Code Instructions/ Indian Railway Establishment Manual) have been consolidated, as given below and issued as a Master Circular for the information and guidance of all concerned.

2. The scope of the instructions consolidated into this circular is confined to claims for payment of arrears on account of Pay and Allowances, leave salary, increments etc., and does not cover payment of gratuity, Government contribution to PF, SC to PF and Group Insurance.
3. Claims for arrear payment are preferred mostly due to: -
 - i. Monetary entitlement of a Railway servant not being drawn correctly in time;
 - ii. Upward revision in entitlement retrospectively like revision of pay scale, increase in the amount of dearness Allowance, benefit of fixation of pay with back effect;
 - iii. Period of absence of a Railway servant originally treated as leave without pay, later regularised by the grant of leave; and
 - iv. Treatment of the period of suspension as duty.
4. Claims arising due to the reasons quoted in Para 3 (ii) above are mostly based on general orders of the competent authority and no specific orders would be necessary for the drawal of arrears. Similarly, claims relating to Paras 3 (iii) and 3 (iv) would also carry the approval of the competent authority, which had decided on the regularisation after prior consultation with the Associate Finance where necessary.
- 4.1. In regard to claims falling in Para 3 (i) above, which are preferred after one year, approval of the competent authority is necessary for investigation and payment.
5. Petty arrear claims, other than those that affect a Railway servant's pension (SC to PF) Gratuity and all claims for whose delayed submission, an adequate explanation is not forthcoming should, as a rule, be rejected. There is no yardstick as to what should be regarded as a petty claim, but as a general rule, if a claim is for less than Rupees Ten and relates to a period earlier than one year from the date it is submitted to the proper authority or comes to notice, it should be regarded as petty and should be rejected and no action should be taken regarding the payment of arrears.

[Ref: Para 1021 of the Indian Railway Administration and Finance, [Para 1003](#) of the Indian Railway Establishment Manual]

5.1. To enable the competent authority to decide whether investigation and payment of the arrears claimed should be sanctioned, the total amount of the arrear claim together with the salary of the Railway servant concerned should be indicated in each individual case, to assess if the claim is to be treated as petty or otherwise. Every claim for payment of arrears should be supported by the reasons for the delay involved, to enable the sanctioning authority to decide if the reasons are satisfactory.

([Para 1002](#)—Indian Railway Establishment Manual)

5.2. All claims preferred, after the expiry of the period prescribed for the preservation of records, which are required for their verification should be rejected.

(Ref: [Para 1001](#) of the Indian Railway Establishment Manual and [Para 1021](#) of the Indian Railway Administration and Finance)

5.3. In cases where, due to factors such as protracted correspondence between the Executive and the Accounts and the like, delay is apprehended in finalising arrear claims within the period prescribed for preservation of the relevant records in the Accounts Office, a specific request should be made to the Accounts Office, concerned for preservation of the records.

(Ref: [Board's Letter No. E\(S\)58 CPC/PA/5 dated 19.7.1969](#) and [E\(G\)83/LG1/49 dated 3.8.1984](#))

5.4. While rejecting petty claims of Railway servants, the provisions of Section 15 (2) of the Payment of Wages Act, reproduced below should be kept in view, in the case of Railway servants governed by the Payment of Wages Act, 1936.

15 (2) Where contrary to the provisions of this Act any deduction has been made from the wages of an employed person, or any payment of wages has been delayed, such person himself or any legal practitioner or any official of a registered trade union authorised to act on his behalf or any Inspector under this Act or any other person acting with the permission of the authority appointed under sub-section (1) may apply to such authority for a direction under subsection (3).

Provided that every such application shall be presented within twelve months from the date on which the deduction from wages was made or from the date on which the payment of wages was due to be made, as the case may be.

Provided further that any application may be admitted after the said period of twelve months when the applicant satisfies the authority that he had sufficient cause for not making the application within such period."

(Section 15 (2) of the P.W. Act. 1936 corrected upto 1985).

5.5 The authority concerned after hearing the applicant and the employer or other persons responsible for the payment of wages under Section (3) of the Act and after such further inquiry (if any) as may be necessary, may, without

prejudice to any other penalty to which such employer or other person is liable under the Act, direct payment of the delayed wages together with the payment of such compensation as the authority may think fit.

(Ref: Section 15 (3) of the payment of Wages Act, 1936.)

6. Substantial amount is paid as arrears on certain occasions as for instance when arrears are paid consequent on revision of pay scales with retrospective effect, revision in the rates of Dearness allowance etc. When such arrears are paid, an entry may be made in the service books of the non-gazetted Railway servants. But the absence of an entry in the Service book will not make any difference as far as the procedure of preparation and internal check in the Accounts Office is concerned i.e., the procedure for internal check of supplementary bill will not undergo any change and an entry in the original paid vouchers will have to be made in accordance with the orders in force before the claims are passed by the Accounts Office.

(Ref: Board's letter No. [E\(G\)77 AL 1/6 dated 19.6.1977](#))

7. Travelling allowance claims should be submitted within a period of three months from the month in which journey is performed. Claims submitted after this period should not be entertained, unless supported by adequate reasons for the delay, to the satisfaction of the Controlling Officer.

(Ref: Para 1670-Indian Railway General Code Vol. I)].

8. The General Managers are authorized to sanction an investigation of arrear claims when the claim is not over three years old (irrespective of the amount involved) and when the claim is over three years old but the amount of the claim pertaining to the period beyond three years does not exceed Rs. 5000/-. In cases where the amount of the claim for the period beyond three years exceeds Rs. 5000/-, investigation of the portion within the three years limit is sanctioned by the General Manager, while the balance (i.e. the portion beyond three years) is referred to the Railway Board for orders.

8.1 The General Managers are also competent to delegate his powers in this behalf to lower levels of authority.

{Ref: Paras [1004 & 1005](#) of IREM Vol. I (1989 edition), Board's letter No. [F\(X\)72/LM1/2 dated 29.6.1974](#), [E\(G\)77 AL 1/6 dated 21.3.1977](#) and [E\(G\)99 AL 1/20 dated 7.4.2000](#) (RBE 44/2000).}

9. In respect of payment of arrears due to the deceased Railway servant, the following procedure shall apply.

9.1 Pay and allowances of all kinds claimed on behalf of the deceased Railway servant may be paid without the production of the usual legal authority, under the orders of the Head of Office in which the Railway servant was employed at the time of his death, provided the Head of the Office is otherwise satisfied about the right of the claimant and the amount is less than Rs.10,000/-.

Where the gross amount of the claim exceeds Rs.10,000/- payment will be made by the Head of the Office only on execution of an indemnity bond on form 1665-A, duly stamped for the gross amount due for payment, with such sureties as may be deemed necessary. The authority accepting the indemnity bond in form G 1665-A for and on behalf of the President should decide on the merits of each case, Whether to accept only one surety instead of two. The obligor as well as the sureties should have attained the age of legal majority so that the bond may have legal effect or force. The bond should also be accepted on behalf of the President by an officer duly authorized to do so under Article 299 (1) of the Constitution.

9.2. The arrears referred to in this para include not only the pay and allowances due to the deceased Railway servant but other legitimate dues such as reimbursement of medical charges, fees, honorarium, refund of water tax, rent etc.

9.3. In case of any doubt, payment should be made only to the person(s) producing the legal authority.

(Ref: Para 1665-A-General Code Vol. I and amended vide correction slip no. 164 of 11.08.1969 and Board's letter No. [E\(G\)83 AL 1/13 dated 11.8.1989](#) (RBE 202/1989))

10. Delays in timely payment of dues are opposed to all Rules and are highly objectionable and if not satisfactorily explained should be brought to the notice of the Head of the Department by the Accounts Officer.

(Ref: Para 1022 – Indian Railway Administration and Finance)

11. Drawal of arrear claims otherwise than as permissible under the above provisions or provisions of Indian Railway Codes/ Indian Railway Establishment Manual and specific instructions of Railway Board shall be referred to Railway Board for sanction.

12. Proposal for waiver of internal check on arrear claims with reference to paid vouchers, as provided for in para 1413 A-1, should be sent to Board in the prescribed format as circulated vide Board's letter No. No. [E\(G\)91 AL 1/21 dated 31.10.1991](#). (RBE 187/1991).

{Ref: Board's letter No. No. [E\(G\)91 AL 1/21 dated 31.10.1991](#). (RBE 187/1991)}

13. A proper record of all Court cases should be maintained and necessary advice sent to the Accounts Department in time for preservation of the paid vouchers.

{Ref: Board's letter Nos. [E\(G\)93 AL 1/14 dated 16.10.1995](#), [E\(G\)98 AL 1/9 Pt. dated 22.1.1999](#).}

14. Arrear claims of casual labourers should be sent personally by the General Manager to Member (Staff) through a DO letter clearly explaining the reasons for delay, if any, and fixing responsibility for such delay at the level of the officers concerned.

14.1 Such proposals should be accompanied by the following certificate from DRM/ CPO/ FA&CAO.

"Individual claims have been checked and vetted by the Accounts with reference to records available in the executive office. It is certified that the claims are authentic and genuine and no payments have been made previously for the same".

14.2 Each individual Casual Labour preferring the claim should do so in writing and sign a declaration in the prescribed format to the effect that he/she has not received the arrear claim money earlier.

{Ref: Board's letter No. E(G)95 AL 1/15 dated 30.6.1995.
No. E(G)94 AL 1/16 dated 22.7.1998.
No. E(G)94 AL 1/16 dated 21.7.1998.}

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- i. While referring to this Master Circular, the original letters/references mentioned herein including the provisions in [Chapter X](#) of IREM should be read for a proper appreciation. This circular is only a consolidation of the existing instructions and should not be treated as a substitution of the original letters/references. In case of doubt, the original letters/ references should be relied upon as authority;
 - ii. The instructions contained in the original letters referred to, have only prospective effect unless indicated otherwise; and
 - iii. If any letter having a bearing on the subject, which has not been superseded has been lost sight of in the preparation of the master circular, the said circular which has been missed through oversight, should not be ignored but should be treated as valid and operative.
16. The letters/references relied upon for a the preparation of the master circular have been indicated in the enclosures

List showing the reference number and date of letters on the basis of which the Master Circular has been prepared.

1. No. [E\(S\)58 CPC/PA/5](#) dated [19.7.1969.](#)
2. No. [E\(G\)83/LG1/49](#) dated [3.8.1984.](#)
3. No. [E\(G\)77 AL 1/6](#) dated [19.6.1977.](#)
4. No. [F\(X\)72/LM1/2](#) dated [29.6.1974.](#)
5. No. [E\(G\)77 AL 1/6](#) dated [21.3.1977.](#)
6. No. [E\(G\)99 AL 1/20](#) dated [7.4.2000](#) (RBE 44/2000)
7. No. [E\(G\)83 AL 1/13](#) dated [11.8.1989](#) (RBE 202/1989)
8. No. [E\(G\)91 AL 1/21](#) dated [31.10.1991.](#) (RBE 187/1991)
9. No. [E\(G\)93 AL 1/14](#) dated [16.10.1995.](#)
- 10.No. [E\(G\)98 AL 1/9 Pt.](#) dated [22.1.1999.](#)
- 11.No. [E\(G\)95 AL 1/15](#) dated [30.6.1995.](#)

12.No. [E\(G\)94 AL 1/16 dated 22.7.1998.](#)

13.No. [E\(G\)94 AL 1/16 dated 21.7.1998.](#)