



भारत सरकार GOVERNMENT OF INDIA
रेल मंत्रालय MINISTRY OF RAILWAYS
रेलवे बोर्ड RAILWAY BOARD

o/c
Please issue
12/12

RBA No. 33/2015

No. 2015/AC-II/20/11

New Delhi, dated 29.05.2015

FA&CAOs,

CR|ER|NR|NER|NFR|SR|SCR|SER|WR

All Zonal Railways

ECR|ELDR|NCR|NWR|SWR|WCR|SECR.

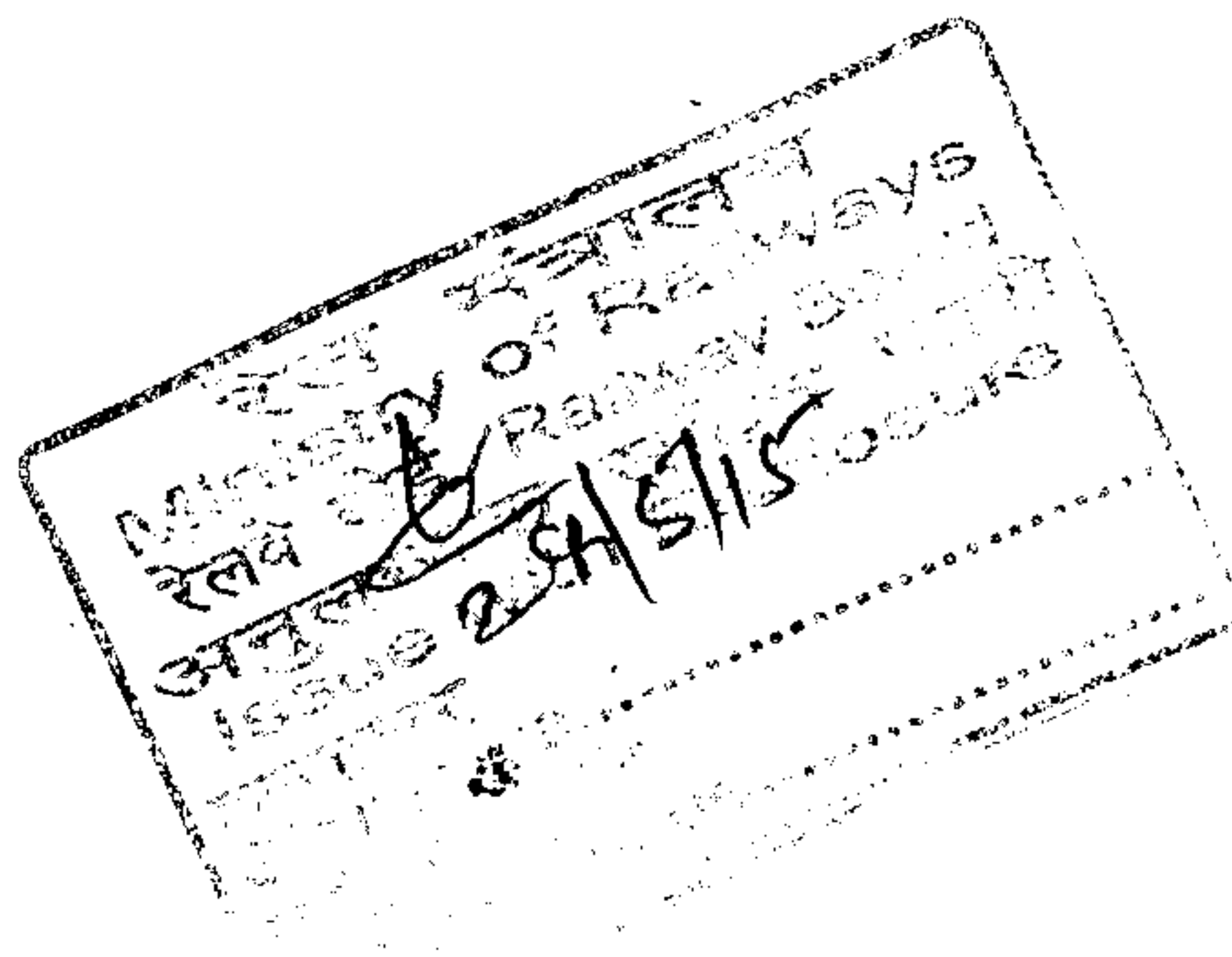
Sub: Minutes of the FA&CAOs conference held on 15.05.2015.

Please find enclosed, a copy of the minutes of the FA&CAOs conference held on 15.05.2015 at East Central Railway, Hajipur.

Kindly acknowledge receipt and ensure compliance

DA: As above

B.N. Mohapatra
(B.N. Mohapatra)
Adviser (Accounts)
Railway Board



Minutes of the FA&CAOs' conference held on 15th May 2015 at East Central Railway, Hajipur.

A conference of FA&CAOs was held on 15th May, 2015 at East Central Railway, Hajipur. The list of participants is at Annexure-A.

<p>1 1.1</p>	<p><u>Inaugural Session</u> <u>Welcome address by Adviser (Accounts), Railway Board</u></p> <ol style="list-style-type: none"> 1) Adviser (Accounts) welcomed the participants to the review meeting and stated that the objective of the meeting is to take stock of our financial performance during the last financial year (2014-15) and lay down action plan for the current financial year (2015-16) besides other important issues which need to be focused on. 2) He mentioned that during the year 2014-15, IR had fallen short of our earnings target by ₹ 2,174 crore, but due to control exercised by FA&CAOs and their team of officers over ordinary working expenses, the operating ratio improved and there was an increase in fund balances too. 3) Stiff targets during 2015-16 with liberal delegation of powers to the Railways will throw new challenges for the finance department. The system needs to gear up to meet the challenges. 4) He also thanked General Manager/ FA & CAO East Central Railway and their team of officers for making arrangements for the conference at a short notice. 	<p align="center">FA&CAOs</p>
<p>1.2</p>	<p><u>Address by FA&CAO/EC Rly</u></p> <ol style="list-style-type: none"> 1) FA&CAO/East Central Railway extended a warm welcome to all the participants and explained historical and heritage importance of Vaishali along with the setting of EC Railway. 2) He mentioned that EC Railway has progressed continuously since its inception. It has now entered the elite group of Railways with an earnings of ₹ 10,000 crore plus. 3) He thanked FC for giving opportunity to EC Railway to host the Conference which is the first HoD level conference, by any department being held in EC Railway after its formation. 4) He referred to the difficulties experienced by the officers posted in Hajipur due to lack of infrastructure, educational and commuting problems and assured that despite all odds, Railway officers continue to put in their best efforts towards achievement of organizational goals. 	

1.3	<p><u>Address by AM/Budget</u></p> <ol style="list-style-type: none"> 1) AM/Budget while welcoming the participants appreciated FA&CAO/EC Railway for arrangements for the conference. He mentioned that Bihar always had a tradition of path breaking philosophy in governance, administration and has a long history of successful bureaucrats. 2) He further mentioned that the conference has two important objectives; to share experiences across Railways, and to introspect in order to set strategies for the future. 3) He expressed his concerns over current state of affairs of internal checks, housekeeping activities, inspections, test checks, maintenance of subsidiary books and emphasized the need to pursue the same with intent. He further indicated that the systems have to rise to the new environment of liberal delegation to the Railways and planning for jumbo investments of more than ₹ 1 lakh crore in a year through mechanism of institutional finance. The management of public money of this scale will have its own challenges. Selection and timely completion of projects will have to be rigorously adhered to. 4) Delegation of powers to the Railways would need to come with matching accountability and new methods and skills need to be thought of to meet the expectations. 5) He expressed the hope that conference would be a platform for useful deliberation on all the related issues. 	FA&CAOs
1.4	<p><u>Key note address by FC/Rlys</u></p> <ol style="list-style-type: none"> 1) FC while welcoming the participants commended the FA&CAOs for exercising effective control over expenditure, which has resulted in zero excess in all demands. She, however, expressed her concern that shortfall in earnings remains a worrisome area. In light of new business environment, increased delegations and institutional finance, it cannot be 'Business as usual' approach. There is a greater need to tap all possible areas of revenue earnings. 2) The purpose of this conference is to set out action plan to achieve the ambitious targets set in current year's budget. 3) FC (Rlys) also mentioned that there is a quantum leap in the plan size (52%) in the current year. Normal trend of Gross Budgetary Support (GBS) and Railway resources are not adequate to meet with the plan requirements. Hence, mega investment, from external funding, have been contemplated this year. 4) The focus needs to be on decongestion of lines and capacity enhancement projects. The area of institutional finance has its own challenges with payment moratorium and interests. 5) The casual approach for scrutiny of proposals will not work. We will have to ensure more focused and more realistic assessment and use modern tools and sensitivity analysis wherever required. 6) She pointed out that Board has come across instances of work proposals received in Board's office with conditional vetting with certain conditions 	FA&CAOs

	<p>having crucial bearing on the rate of return. She advised finance officers to avoid such conditional vetting and ensure clear certification. Quality of work proposals should improve. Alternative/cheaper options need to be examined and detailed checklist should be drawn for this purpose.</p> <p>7) She also emphasized on accuracy in budgeting and internal checks as Public Accounts Committee (PAC) has adversely commented on the same. The areas of concern are - excess of expenditure over budget, instances of mis-classification and unsanctioned expenditure.</p> <p>8) While discussing the budget 2015-16, FC mentioned that IR are committed to an OR of 88.5, mentioned in Budget Speech and, therefore, the responsibility on FA&CAOs to achieve this is higher.</p> <p>9) Hon'ble MR has specifically asked Railways to opt for direct purchase agreement with the producers of power through competitive bidding process to bring down the cost of electrical energy, as Railways are one of the major bulk purchasers.</p> <p>10) There are various schemes like introduction of bio-toilets and cleaning, which may burden the revenue demands. FA&CAOs may see that adequate budget provisions are made available for various activities envisaged keeping overall budget sanction in view.</p> <p>11) Hon'ble MR has emphasized the need for comparing budget outlays with outcomes. Accounting reforms remains a key area and existing costing system needs improvement. She informed that ICAI has been given a pilot study in Ajmer Division and Workshop to study the pathways to Accounting Reforms. A clearer roadmap will be available once the report of ICAI is submitted.</p> <p>12) She expressed need for change management through training of officers and staff with qualitative inputs. The finance officers, she said should be solution providers. With professional knowledge of his/her areas of working, a finance officer will earn respect and confidence in the administrative set up. She asked FA&CAOs to organize training and workshops in this regard.</p> <p>13) Pension still remains an area of concern. It is necessary to ensure proper budgeting, check of pension debits and correct assessment of pension expenditure. ARPAN covers issue of PPOs as well as reconciliation of pension debits. The pensioners' legacy data should be populated in ARPAN so that the desired objective of ARPAN could be taken forward. Hence, its implementation needs to be given top priority.</p>	
<p>2. 2.1</p>	<p><u>Business session</u> <u>Financial Review 2014-15</u></p> <p>EDF/C conducted the agenda items and gave an over view of financial position during 2014-15 and highlighted following points:-</p> <p>1) There is zero excess in all demands which is commendable.</p> <p>2) Fund position has improved during the last year even after making lease payment from capital fund; however there has been a shortfall in earnings.</p>	<p>FA&CAOs</p>

<p>3) There has been a drop of 6.64 MT in goods loading during 2014-15, thus the loading targets of 2015-16 would require additional traffic to the tune of 92 MT over last year. Although FA&CAOs are not directly responsible for loading, they must provide relevant MIS to the COMs/CCMs. FC mentioned that review of occupancy of trains and other such initiatives on the part of FA&CAOs can provide inputs to the CCMs to take necessary steps. As regards passenger traffic, it was mentioned that recently Board has delegated powers to Zonal Railways to use sleeper coaches as unreserved on identified routes/sections where the reserved coaches are running empty.</p>	FA&CAOs
<p>4) EDF/C pointed out that the position in goods earnings was as per targets up to Dec., 2014, however, it has fallen down in the last quarter of the financial year 2014-15.</p>	
<p>5) FA&CAO/CR mentioned that it was due to substantial fall in coal & cement traffic. FA&CAO/NWR & FA&CAO/NR mentioned that there were restrictions on loading of food grain traffic moving to NER & NFR. FA&CAO/SER mentioned that the drop was also attributable to change in the mining policy of iron ore.</p>	
<p>6) FA&CAO/NR mentioned that in passenger earnings, although physical targets were reduced, the financial targets were not changed. FC/Railways advised that Traffic Transportation and Budget Directorates needs to get together in the budget exercise.</p>	EDFB
<p>7) FA&CAO/NWR sought more delegations in commercial matters. EDF/C requested to send a self contained proposal for consideration of Board.</p>	FA&CAO/ NWR
<p>8) FA&CAO/SR mentioned that due to imposition of port congestion charges they are losing traffic. She desired flexibility in the application of the port congestion policy. FC desired all the Railways to review the position and send a self contained reference/proposal for Board's consideration.</p>	FA&CAOs
<p>9) EDF/C mentioned about Hon'ble MR's directives 'operation 5 minutes' for unreserved ticketing, for which extension of STBS, JTBS and ATVMs is contemplated. All tenders related to expedite ticketing should be finalized. Intensive ticket checking drive should be taken as a number of passenger bookings are decreasing despite all trains running with their full or near maximum capacity.</p>	FA&CAOs
<p>10) In sundry earnings also NR had a short fall of ₹ 550 crores despite the targets being fixed as per the advice of NR. FC desired to make careful budgeting and to ensure that the targets fixed by them are realistic and achieved fully.</p>	FA&CAOs
<p>11) FC mentioned that MD/IRCTC is repeatedly pointing out about their pending bills against Railways. She desired Railways to settle the claims through joint meetings and deliberations at appropriate level with IRCTC officials at the earliest. Railways may take necessary action and give feedback in one month's time.</p>	FA&CAOs
<p>12) FA&CAO/NWR suggested that flexibility is required in leasing of SLR</p>	

<p>policy. EDF/C requested to send a self contained proposal for consideration of Board.</p>	<p>FA&CAO/ NWR</p>
<p>13) While discussing Ordinary Working Expenses (OWE) for 2014-15, EDF/C mentioned that as per provisional accounts there is a saving of ₹ 2676 crores in the OWE and all demands have shown a saving. However, zone-wise excess still exists. FC desired to know the reasons of the Railways inability to do correct assessment of the same. FA&CAO/NWR mentioned that excess resulted due to less budget allotment in demand no. 5 & 6 as heavy POH costs are being incurred in case of new locos. FA&CAO/WR mentioned that POH periodicity of the new locos are the same as ALCO loco which needs to be reviewed. FA&CAO/NR mentioned that the new locos are proving to be costly due to its POH costs involved vis-à-vis their loading requirements. FA&CAO/WR and FA&CAO/NR shall send specific reports in this regard for taking up at Board's level.</p>	<p>FA&CAOs/ WR, NR</p>
<p>14) While reviewing the status of porting of legacy data to ARPAN portal within time frame specified, FC desired the reasons thereto, from the defaulting Railways, for non-submission of the information.</p>	<p>FA&CAOs</p>
<p>15) FA&CAO/NR suggested to adopt pension module of IPAS instead of ARPAN as IPAS has Pension Module. Adviser/Accounts mentioned that 117 Units out of total 145 units have implemented ARPAN and a commitment has been given to PAC to implement the system fully by end of this calendar year. The system has also become a model for other civil and non-civil ministries and Department of Expenditure, Direct Benefit Transfer has appreciated ARPAN. Besides ARPAN would facilitate migration to the e-PPO regime which is currently underway in consultation with CGA. Hence all the remaining units were requested to comply with the directives without further delay. FC/Railways stipulated a target date of 30.06.2015 for implementation and completion of porting of legacy data on ARPAN.</p>	<p>FA&CAOs</p>
<p>16) Complaints are being received from Staff Side and families of deceased New Pension System subscribers about non-sanctioning of pension. The FA&CAOs may review the position obtaining on their Railway to ensure immediate payment of pension in such cases as per option exercised by the families of deceased subscribers and confirm compliance within one month.</p>	<p>FA&CAOs</p>
<p>17) While reviewing the plan expenditure on inventory, FC desired Railways to explain the variations. All Railways mentioned that the position will improve in the actual closing of March Account.</p>	<p>FA&CAOs</p>
<p>18) On reviewing the progress of plan-head wise expenditure, FC desired a feedback from the Railways who have exceeded the budget allotments. FA&CAOs concerned will send the feedback in one month's time.</p>	<p>FA&CAOs</p>

Action plan for 2015-16

- | | |
|---|---------------------------|
| 1) EDF/C briefly explained the highlights of the targets for the year 2015-16. FC desired a pro-active and supportive role on the part of FA&CAOs to achieve the targets. | FA&CAOs |
| 2) FA&CAO/WR & FA&CAO/NR mentioned that they have been given excessive targets which are difficult to achieve. FA&CAO/SER mentioned that mining policy would be a constraint in achieving the targets. FC desired that GMs should be requested to raise the issue to Board. FA&CAO/WCR mentioned that even though the loading is up, their earnings have gone down. FC also mentioned that GMs & CCMs should be told that not only physical but also the financial targets need to be achieved. | FA&CAOs |
| 3) Adviser (Finance) mentioned that the pilot project of automatic concession policy for traditional empty flow direction traffic introduced on Railways has proved to be very effective in bringing substantial additional traffic. He desired FA&CAOs to examine how this policy can be leveraged by analyzing sectoral loading and commodities mix to capture more traffic. FA&CAO/NWR suggested that there is a need for long term arrangement under this policy to gain confidence of customers to shift from road traffic to rail to avail the benefit of the policy. | FA&CAOs |
| 4) FC emphasized the need for post project reviews and productivity tests which have become all the more important in view of institutional finance. | FA&CAOs |
| 5) Adviser (Finance) mentioned that detailed instructions would be issued regarding expenditure to be incurred under the allocation Institutional Financing (IF). Till such time these instructions are issued budgetary allotment under "IF" cannot be spent. | EDF/RM
EDF/X-I
EDFB |
| 6) Regarding other coaching and sundry earnings, EDF/C explained that component wise targets have been given this time and action plan for achieving these targets should be made for the same. FA&CAO/NR mentioned that targets under sundry earnings are stiff for NR. | EDFB |
| 7) Adviser (Finance) mentioned that as per RITES report, advertisement on 8000 stations have a potential to earn more than ₹ 10000 crore from advertisement as against present target of ₹ 500 crore. FC desired to put all efforts to achieve the targets. | FA&CAOs |
| 8) Regarding fuel for traction, EDF/C mentioned that growth in fuel consumption is not commensurate with the traffic growth. There is a need to analyze fuel quantities with GTKM/ NTKM of the Railway. EDF/C also pointed out large variations in the average monthly procurement of HSD. | FA&CAOs |
| 9) Regarding electrical traction, FC mentioned that Hon'ble MR has sought review of power purchase agreement which can result in large savings. Traction energy for non traction purpose should be minimized and data needs to be compiled for same. Data on rebates, penalties and power purchase agreements has to be compiled, duly revisiting all existing | FA&CAOs |

	<p>agreements and needs to be submitted along with August Review. Loco-wise fuel consumption data to be compiled as the same is maintained by Loco Sheds.</p> <p>10) EDF/C enquired from the Railways as to possibility of getting information/data on loco-wise fuel consumption. All FA&CAOs agreed for the same. It was decided that a standard format for the data will be circulated to them by Board.</p> <p>11) New model of EPC contracts will be introduced against assured fund availability and timely completion of projects. All projects should be reviewed to see that land etc. are ready for the project identified under the new funding pattern. It would be necessary that a meeting of CAOs/C & FA&CAOs should be conducted in this regard.</p>	<p>FA&CAOs EDF/C</p> <p>EDFX-I</p>
2.3	<p><u>Important issues</u></p> <p>1) FC apprised FA&CAOs about the scathing remarks of PAC over persistent instances of deficiency in budgeting, excess expenditure, increasing trend of unsanctioned expenditure, failure of internal check/control mechanism, poor maintenance of Works Registers, non finalization of Completion Reports, non conduct of post project appraisal, deficiency in maintaining assets and suspense registers. There is an urgent need for setting internal control mechanisms in order.</p> <p>2) AM/B mentioned that internal checks have become routine, recoveries at the instance of audit are increasing, test checks etc. are getting diluted. This needs to be reviewed by the FA&CAOs.</p> <p>3) FC mentioned that audit recoveries pointed out by audit already covered under internal check are even more serious. Responsibilities should be fixed in such cases.</p> <p>4) Adviser (Accounts) requested the FA&CAOs to send reports of any frauds detected or significant findings through system review/ inspections etc. to Board, which can be shared with other Railways.</p>	<p>FA&CAOs</p> <p>FA&CAOs</p> <p>FA&CAOs</p> <p>FA&CAOs</p>
2.4	<p><u>Suggestions by Railways</u></p> <p>1) FA&CAO/NWR mentioned that there is a need for policy on expenditure on deleted works. It was informed that such a policy already exists in which the deleted works are given some funds to complete payments etc.</p> <p>2) FA&CAO/CR raised the issue of cash pick-up from the stations. Adviser /Accounts clarified that State Bank of India has nominated officers for each zone to collect data about station earnings for extension of Rail Shakti Scheme with cash pick up facility. Railways were requested to nominate co-ordinating officers and provide details as required by SBI.</p> <p>3) FA&CAO/CR and FA&CAO/SECR suggested that they are getting requests for RTGS for payment of Railway dues. Adviser (Accounts) pointed out a pilot project on e-receipt of earnings of Railway dues through RTGS/NEFT and issue of e-payment advice through (GePG) are being taken up on Northern Railway in consultation with Controller General of Accounts. These will be replicated on other Railways after</p>	<p>FA&CAO/ NWR</p> <p>FA&CAOs</p> <p>FA&CAOs</p>

	<p>seeing the performance over NR.</p> <p>4) FA&CAO/CR raised the issue of redeployment of surplus Cash & Pay staff. Adviser (Accounts) pointed out that instructions have already been issued to Railways permitting the staff of Cash & Pay department to appear in Appendix-2 and Appendix-3 IREM Exam and get absorption in Accounts Department. Appendix 2 qualified staff of Cash & Pay Office are also eligible for posting as ASVs. Railways should arrange imparting of suitable training to these staff to clear these exams. For non-Appendix 2 IREM qualified staff, the matter should be discussed with CPOs to explore possibility of their deployment in other departments.</p>	FA&CAOs
2.5	<p><u>Presentation on System Improvement by Railways</u></p> <p>FA&CAOs of WR, NR and SWR gave presentation on initiatives taken on their Railways on system improvement in the following areas:-</p> <p>Western Railway:</p> <p>1) Reconciliation of individual ECS payments through a statement obtained from banks. All FA&CAOs may review the position on their Railways for implementation of the same.</p> <p>2) Cash & Pay office - rationalization of work in Accounts office for accountal of cheques issued for ECS payments. WR explained that the cheques for ECS payment were sent to Banks through Books Section instead of routing the same through Cash Office. EDF/C mentioned that concept of maker and checker should be scrupulously followed and there should be no deviation in this regard. WR will review and submit a report incorporating the suggested procedure for Board's consideration including amendments as may be required in the codal provisions.</p> <p>3) Use of FOIS data for internal checks and generation of statistical statements. The issues involved may be discussed in detail during ensuing Traffic Accounts conference being held on Western Railway to chalk out action plan. FC desired to know from the Railways if adjustments of NTKM are also being accounted for in case of diverted traffic. All Railways to review the same and give feedback in a fortnight's time.</p> <p>Northern Railway:</p> <p>1) E-processing of parcel contracts, SLR contracts.</p> <p>South Western Railway:</p> <p>1) Analysis of Wagon Holding leading to substantial savings.</p>	<p>FA&CAOs</p> <p>FA&CAO/ WR</p> <p>FA&CAOs</p>
3.	<p><u>Vote of thanks</u></p> <p>The meeting ended with a vote of thanks by Adviser (Finance). FC also once again extended her appreciation and thanks to GM/ECR & FA&CAO/ECR for organizing the Conference in an appropriate manner.</p>	

LIST OF PARTICIPANTS

RAILWAY BOARD

ZONAL RAILWAY

- 1 Smt. Rajalakshmi Ravi Kumar, FC/Rlys
- 2 Shri S. Subramhanyan, AM/B
- 3 Shri P. V. Vaidialingam, Adviser/Finance
- 4 Shri B. N. Mohapatra, Adviser/Accounts.
- 5 Shri Sanjay Upreti, EDF/C
- 6 Shri Pranav K Malik, DF/B
- 7 Shri Vivek P Tripathi, DF/A
- 8 Shri Sanjeev Sharma, JD/A

- 1 Shri K B Nanda, FA&CAO/NR
- 2 Shri Shahzad Shah, FA&CAO/CR
- 3 Shri Alope Biswas, FA&CAO/SER
- 4 Smt. Nalini Kak, FA&CAO/WR
- 5 Shri Sharad Mallick, FA&CAO/ECR
- 6 Shri A.K. Prasad, FA&CAO/NWR
- 7 Ms. Papiya Lahiri, FA&CAO/ER
- 8 Shri J P Pandey, FA&CAO/NCR
- 9 Shri Vijay Kumar, FA&CAO/ECOR
- 10 Ms. Manjula Rangarajan, FA&CAO/C/SR
- 11 Smt. Padmini Radhakrishnan, FA&CAO/SCR
- 12 Shri B Pandey, FA&CAO/SWR
- 13 Shri P. Shivram Prasad, FA&CAO/F&B/NFR
- 14 Shri Brajendra Kumar, FA&CAO/C/NER
- 15 Shri Ajai Mathur, FA&CAO/F&B/SECR
- 16 Shri Kartick Chauhan FA&CAO/C/WCR
