

Government of India
Ministry of Railways
(Railway Board)

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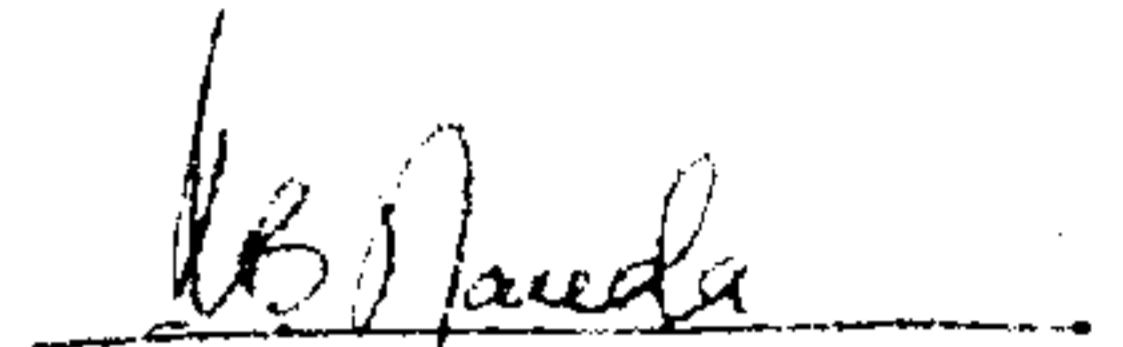
21/01-09

FA&CAO

Sub:- Minutes of the FA&CAO's Conference held in Board's office on 27-11-2008

Minutes of the FA&CAO's Conference, held in Board's office on 27-11-2008 are enclosed for information and necessary action. Action Taken Report may be sent within a month's time.

DA:- As above.



(K. B. Nanda)
Executive Director/Accounts
Railway Board

Minutes of the FA&CAOs Conference held in Board's office on 27-11-2008 are as under. The list of participants is at **Annexure-1**.

1.0 **Inaugural Address**

- EDA welcomed the participants and thanked FC and other Board Members, AM/B, AM/F and Adv/Fin for sparing their valuable time for the Conference.
- He mentioned that this Conference has been held with the twin objectives of taking stock of the financial position of the Zonal Railways and PUs and also to share with the FA&CAOs the various issues that have been engaging Board's attention.

1.1 **Address by CRB**

CRB greeted FC/Rlys, other Members of the Board, officers of Railway Board and FA&CAOs of the Railways. He made the following observations:-

- FA&CAOs have been playing a pivotal role in managing the finance of the Railways.
- The past year has witnessed excellent financial performance but the current year, especially October onwards, is increasingly becoming a cause of concern. The effects of decline in economic growth are already becoming visible and coupled with the impact of Pay Commission and higher PLB, Railways' finances has already been affected. There is an urgent need, therefore, for monitoring working expenses very carefully so as to keep it within the sanctioned limits.
- It is noticed that 5 zonal railways i.e. ER, ECR, NCR, NWR and SER have shortfall over Budget Proportion under Passenger earnings and ten Zonal Railways viz CR, ER, NR, NCR, NER, NFR, NWR, SCR, SECR, WCR have shortfall in Freight earnings as against Budget Proportion. There is a need for critical review of position to find out causes of shortfall and to take immediate action to achieve targets.
- FA&CAOs must make a concerted effort to ensure that all the dues recoverable from the government departments/Ministries as well as other Utilities/Parties are billed promptly and realization is chased concurrently so that the same are realized in the current financial year itself rather than allowing it to spill over into the next year.
- Hon'ble PM has personally spoken to him on phone recently seeking his views as to how Railway could contribute in triggering off economic growth. He asked FA&CAOs to give their suggestions in the matter.
- Deterioration in number of contracts getting finalized through the process of tendering is a cause of concern. He desired that the tendency of passing the buck should stop. All members of the tender committee should apply themselves and tenders should be finalized with due care expeditiously.
- Under the New Pension Scheme (NPS), the inordinate delay in process of registration of the personnel and accounts offices and transfer of legacy data to NSDL is a cause of concern. The process is yet to be completed on a number of railways. Since the progress of all the Ministries is being monitored at a very high level, Railways must ensure that the registration process is completed and legacy data of their Railway is sent to NSDL immediately.
- There is a general apprehension in the Ministry of Finance that Railways are not making due recoveries of TDS/TCS. FA&CAOs may ensure that tax deductions on salaries of Railway personnel and payment to contractors are made correctly and returns are filed timely.
- Under computerization there is need for a platform for facilitating seamless integration of application like FOIS, TMS, PRS, UTS etc with FMIS so that duplication of work and manual interference is avoided.

- He stated that we have tough targets and hoped that the conference would provide a good platform to review the current status and thrash out the problems and chalk out strategies for achieving targets. He expressed his confidence that all vexatious issues will be discussed in detail during the conference, solutions would emerge to various outstanding issues that would have been pending at either end.
- At the end he mentioned that this would be the last FA&CAO's conference being chaired by Smt. Sudha Chobe. On a personal note and also on behalf of the Railway fraternity in general and the Railway Board in particular, CRB placed on record his appreciation to the leadership and team spirit provided by her during her tenure as the Financial Commissioner. He mentioned that with her disarming attitude and pleasing demeanor, she has been a wall of support in all the decision making processes and wished her the very best for a bright future.

1.2 Address by FC/Rlys

FC while welcoming the participants made following observations:-

- The role of finance officers is well defined and they have to do a tight rope walking in order to balance the corporate objective on one hand and observance of rules/procedures on the other. In order to achieve the twin objective they require very high order of professional knowledge and application of rules/procedures at right time and in right tone.
- There is a need for attitudinal change and focus on inter-personal relationship with counterparts in other departments. The role of finance officers is no more that of a mere watch dog. They should act as main-stream partner equally responsible to achieve corporate objectives.
- The quality of house-keeping and financial scrutiny needs to be improved constantly in the light of new developments. There should be no lapses in these activities, as they may lead to frauds.
- Often the Accounts Department is blamed for delays in disposal of cases sent to them for financial scrutiny. There should be a system to watch disposal of such cases as delays add to the costs, besides damaging image of the department.
- The effective functioning of department also requires maintaining an informative database.
- A number of accounts officers are facing vigilance cases. It is necessary to ensure that there are no short-cuts in procedures. Further there is a need to maintain a clean image and have a clear track record as these have positive impact on vigilance cases.
- Financial position till August 2008 was excellent. However the impact of 6th CPC has now taken its toll and achievement of the targets would now be difficult. FA&CAOs should make all out efforts to reduce the wasteful/avoidable expenditure and augment earnings.
- Railways have been able to achieve the financial targets last year due to combined efforts put in by all departments. The targets for the current year are even more tough and more careful monitoring is called for.
- FA&CAOs should concentrate more to generate additional revenues through advertising/publicity contracts.
- Cadre management had been a difficult task as it was not always possible to accommodate all officers. The officers must understand the administrative compulsions and work whole-heartedly even if the posting are made at stations other than those opted for.
- Finance officers should strive to upgrade their skills keeping in view the changing scenario.

- The officers should remain alert all the time and be well conversant with the rules at all times to avoid vigilance cases.
- She mentioned that there is a need for maintaining data-base of taxes paid by Railways. Ministry of Finance has been seeking information on various taxes in view of proposed common tax regime. Since the present classification does not have provision for the same, there is a need to evolve a system for qualification of various State/Central Government taxes paid by Railways.
- She mentioned that computerization of activities is the need of the hour and requires focused attention, e-payment needs to be given more coverage.
- The planned expenditure should be assessed carefully. There is a tendency to sanction too many works at a point of time. These should be prioritized based on merits.
- At the end FC thanked all FA&CAOs and their team of officers & staff for their excellent support and goodwill during her tenure as FC. While expressing her gratitude, she expressed her good wishes to them and their families.

1.3 **ML**

- ML while welcoming the participants expressed his happiness to meet the heads of finance departments of Railways and congratulated them for the splendid performance during the last year. He asked that the same spirit should be maintained to achieve the targets for the current year. He mentioned that systematic working can result in more productivity and yield 10-20% savings in cost
- He stated that this conference has provided him a good opportunity to discuss the problem areas.
- He mentioned that Railways is passing through a phase of change and we should adept ourselves with change in technology and globalization of economy.
- He mentioned that each of us should work for the well being of country rather than concentrating on departmental goals.
- Overlapping of roles/activities needs to be rectified.
- Oflate, it is seen that preliminary project reports are not prepared with due care which leads to wide distortions afterwards. Finance has a special role to play to preclude such instances.
- There should not be any delay in execution of projects so that anticipated benefits/returns are achieved as scheduled.
- Many a times it is seen that after sanction of work, it is not taken up for the next 2/3 years which shows that there was no urgency for the work. In such cases it needs to be reviewed if these works are at all required.
- Delay in finalization of tenders needs to be avoided and there should be a mechanism for keeping a close watch over the position.
- It is also noticed that there is a tendency to change the scope of work after its sanction which should be avoided.
- He mentioned that IR has adopted a plan for wind energy generation and policy instructions are under issue. This will provide cost effective energy and clean environment.
- In conclusion he mentioned that all Railway men should strive to make IR the best Railway in the world and wished the conference a grand success.

1.4 **MS**

MS welcomed the participants and made following points:-

- IR is on the path of growth and slow-down in economy has posed stiff challenges ahead to sustain the targeted growth.
- There is a need for exploring new traffic streams and also tapping of non-conventional sources of earnings.
- FA&CAOs should suggest the changes/ initiatives required to augment the earnings/reduce expenditure.
- The traditional role of finance officers has changed and team effort is required to achieve the goal.
- There is no place for delays in disposal of financial proposals. The scrutiny should be qualitative and the approach should be to decide the case to finality. If necessary the objections should be sorted out through discussions across the table and check-lists of requirements should be made to avoid delays.
- There should be a monitoring mechanism to watch finalization of the cases.
- IR is making efforts for switching over to the scheme of salary payment through banks/ECS. Due to staff side resistance the scheme could not be made mandatory so far. However a number of Railways have achieved 100% coverage through active persuasion of staff in association with Unions.
- Other Railways should emulate and put in place a grievance redressal mechanism to redress staff grievances promptly.
- Staff benefits measures, proposals for empanelment of hospitals, works involving maintenance of staff quarter, rest houses etc should be examined with a sympathetic approach.

1.5 AM/Budget

- AM/B while welcoming the participants expressed the need for exercising tight financial control during the year to achieve the targets.
- He thanked FC for her leadership and guidance which helped to achieve record target surplus last year and expressed confidence that the traditions of excellent service by the cadre will continue in future also and expectations of the system will be met.

1.6 AM/F

AM/F while welcoming the participants, thanked FC for the great supportive advice to take stride in future and made following points:-

- IT is future of the system and accounts department has always been harbinger of IT ever since inception of computerization. However for the past some time a sense of directionlessness has crept in. Accounts officers should regain the leadership in this field.
- A very good beginning was made by developing SDT applications particularly AFRES/PRIME. However while implementing large scale variations have been made in basic structure of these applications in the name of customization by various Railways defeating the intended objective of uniformity of application across the Railways. There is a need to curb such tendencies.
- Some of the Railways have made excellent progress in computerization projects which should be serve as a motivating factor for others.
- There is need for avoiding redundancies by integration of various available data-base. For instance a lot of information is available under FOIS which could be made use for generation of various MIS reports.
- All officers/staff should enrich their own knowledge base keeping themselves aware of new developments in the field of IT.

- Increasing number of vigilance cases against accounts officers is a cause of concern and the main cause of which is lack of knowledge of rules/procedures and general awareness.

1.7 Adv/Finance

Adv/Fin while welcoming the participants emphasized the need for augmenting the coverage of e-payment of freight earnings and made the following observations:-

- FA&CAOs should set out the targets of collection of at-least 25% of freight through e-payments.
- FA&CAOs should review the impact of incentive scheme launched for increase in freight earnings /tonnage. They should be in readiness with this analysis as the same would be discussed in detail in one-to-one meeting proposed to be held in Board's office in December 2008.
- There is an imminent need for review of internal checking mechanism in Traffic Accounts Office in wake of computerization of various commercial activities. FA&CAOs should send their suggestions for changes required in a month's time.
- Non-clearance/delay in clearance of the inspection reports/audit para is a cause of concern. FA&CAOs should streamline the system to avoid the irregularities and finalization of replies/ATN to the audit para within stipulated time period as FC has to face displeasure of PAC for system deficiencies & delays. FA&CAOs should personally monitor and chase up the replies/comments from the executive department..
- She thanked FC for her guidance & support in various endeavours taken up by the finance officers.

2.0 Discussion on agenda items

2.1 Financial Review

- The financial performance of each Railway was reviewed and FA&CAOs were directed to monitor the targets fixed closely.
- Some of the Railways mentioned that the overall slow down in economy has had an impact in their unit also.
- FC desired FA&CAOs to make all out efforts to achieve targets and look for new streams of traffic and non-conventional source of earnings. She also cautioned the FA&CAOs to restrict expenditure within the budget grant.
- EDF/B requested FA&CAOs to send the details already called for regarding impact of Pay Commission and working expenses for the year 2008-09 and 2009-10 immediately so that estimated projection could be made for budgetary provisions.
- She also requested railways to develop a mechanism for assessment of pension liability on account of 6th CPC. She mentioned that some of the Railways had worked on it and requested that they may send a brief write up to Budget Dte so that the same could be circulated to other Railways. Railways must develop a mechanism in this regard to review the position at-least on a quarterly basis. There is need to take steps to control expenses like TA/Fuel etc. FC desired that Railways should prioritize the plan expenditure for last-mile works and works relating to capacity augmentation to ensure generation of additional revenues for the Railways. It is also necessary to review on going works and assess realistic requirement of funds for the year so that likely savings could be identified under Demand No. 16 in view of the strain on resources as a result of implementing the recommendations of 6th CPC

- Production Units should initiate action to reduce the inventory balance for which close coordination is required to be maintained with Stores department.
- EDF/B also emphasized on the need for record tax payment separately either through a separate Primary Unit or through a separate register. She requested FA&CAOs to initiate action for preparing primary unit-wise financial review on monthly basis. Budget Dte will issue necessary directives in the matter shortly. She requested that all out efforts needs to be made to increase the sundry earnings to reduce the burden of working expenses. For sundry earnings WR and CR needs extra efforts as they have potentials in advertising area. She also emphasized the need to ensure that all disposable scrap assets are to be converted into money.

2.2 Difference between Approximate and Actuals in Monthly Account Current

- The position was reviewed and it was seen that while % variation between Approximate and Actuals in respect of earnings has shown improvement over the past, the gap between approximates and actuals is discernible in case of working expenses. Railways needs to be more watchful while preparing Approximate Account Current as these figures are sent to Ministry of Finance where wide variation attracts adverse comments.

2.3 Outstanding Railway Dues

- The position was reviewed and Railways were advised to draw an action plan to ensure that all the dues recoverable from departments concerned are billed promptly and realization is chased up concurrently so the same are realized in the current financial year itself.
- All Railways assured that the outstanding dues would be cleared as per the target by March 2009.
- FA&CAO/NR explained that outstanding against PSEB is pending since the power house has gone to court. The verdict of lower court was in favour of power house and Railway's appeal is pending before High Court/CDG. AM/B desired a detailed brief from FA&CAO/NR in the matter.

2.4 New Pension Scheme

The position of implementation of NPS was reviewed and it was desired that:-

- FA&CAOs may monitor the position personally and ensure that the registration of PAOs is completed and legacy data of their Railway is sent to NSDL immediately under advise to Board's office.
- Further the Railways that have already completed the above phase of work and where NSDL has issued i-Pin No. to registered subscriber for data upload on their website the action for transfer of the funds and subscriber data from September onwards may be taken as per Board's letter no. 2004/AC-II/21/1 (Vol-II) dated 31/10/2008. the compliance report may also be sent for Board's information.

2.5 Matters related to TDS

- It was explained that Income Tax Authorities during their sample studies on Railways have found that there is lack of awareness among the bill drawing and accounts officers about the above provisions and also various transactions on which RDC/TCS is deductible. FA&CAOs may ensure that Bill Drawing and Accounts Officers are familiarized with the provisions of the Income Tax Act and associated responsibilities specially about

getting the TAN allotted and e-filing of TDS returns so that TDS/TCS is deducted correctly and IT returns are filed timely.

2.6 Other issues

- EDA requested FA&CAOs to ensure that revised PPOs as per the 6th CPC are issued to all pensioners at the earliest. He requested FA&CAO/NR to pay special attention as the pension revision cases of retired Board Members are pending with NR. FA&CAO/NR mentioned that substantial progress in this regard has been made and the job of issuing revised PPOs will be completed soon.
- Some of the FA&CAOs mentioned that many a times instructions involving financial implications are not issued by technical directorates with financial concurrence of Board's office. EDA asked them to send a copy of all such instructions for better appreciation. Board has in the mean-time re-iterated its earlier instructions that no cognizance should be given to letters having financial implications without concurrence of associate finance.
- EDA also requested FA&CAOs to ensure that all the data are sent to RITES timely for efficient working of Centralized Apportionment System.
- FA&CAO/WR suggested that in respect of tenders for hoardings/advertisement, Board should issue directives for publishing reserve price so that there is some bench-mark.
- FA&CAO/NWR requested EDF/B for reimbursement of loss on strategic lines. The latter mentioned that the information is awaited from NFR and on receipt of the same this will be submitted to Ministry of Finance for reimbursement of expenditure.
- FA&CAO/SCR requested EDF/B that effect of inflation should be kept in mind while fixing the targets for economy reserves.
- FA&CAO/SCR also requested EDF/E for issue of clarification on man-power norms for track maintenance works.
- FA&CAO/CLW requested that Board should allow private banks for conducting government business. EDA clarified that instructions of Ministry of Finance are very clear that government business is to be given to nationalized banks only.

3.0 Vote of thanks

- The meeting ended with a vote of thanks by EDA.
- All FA&CAOs will take action as per the minutes and action taken report within a month's time.

List of participants**Railway Board**

- 1 Smt. Sudha Chobe, FC/Rlys
- 2 Shri M S Khan, AM/B.
- 3 Shri S. Ram Mohan, AM/F
- 4 Smt. Pompa Babbar, Adv/Finance
- 5 Shri K B Nanda, EDA
- 6 Shri D M Gautam, EDPC-I
- 7 Shri B B Verma, EDF/A
- 8 Shri P V Vaidialingam, EDF(X)-I
- 9 Shri B N Mohapatra, EDF/E
- 10 Shri Sharad K Mallik EDF
- 11 SMT. Saandhya Deep Das, EDF/PPP
- 12 Shri Harsh Kumar, EDF/X-II
- 13 Shri Naresh Salecha, EDF (Commercial)
- 14 Ms. Sharmila Chavaly. ED/AR
- 15 Ms. Anjali Goyal, EDF/B
- 16 Shri R. Sahai, EDF/S
- 17 Shri Prashant Mishra, ED/AiMS
- 18 Smt. Manjusha Jain, DF/Stores-I
- 19 Shri Prabhat Kumar Sinha, DF/X-I
- 20 Shri Sanjay Upreti, DF/Commercial
- 21 Ms. Anju Ranjan, DF/X-II
- 22 Shri Sanjeeb Kumar, DF/Stores-II
- 23 Shri M K Singh, DF/A
- 24 Shri S.N. Mathur, DF/CCA
- 25 Shri Sanjeev Jain, DF/Budget

Zonal Railways

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|--------------------------------------|----------------------------------------|
| 1 Shri Samar Jha/FA&CAO/CR | 17 Shri A K Khanna/Sr.EDF/RDSO |
| 2 Shri Arjun Rakshit/FA&CAO/ER | 18 Shri Dipankar Lahiri/FA&CAO/CLW |
| 3 Shri Gurdeep Singh/FA&CAO/NR | 19 Shri N K Gupta/FA&CAO/CORE |
| 4 Shri G. Tripathi/FA&CAO/NER | 20 Shri R C Punia/FA&CAO/COFMOW |
| 5 Smt. Bela Banerjee/FA&CAO/NFR | 21 Shri N P Pandey/FA&CAO/DLW |
| 6 Smt. Vijaya Kanth/FA&CAO/SR | 22 Shri R. Deka/FA&CAO/DMW |
| 7 Shri S. Chandrasekharan/FA&CAO/SCR | 23 Shri M R Choudhary/FA&CAO/RCF |
| 8 Shri Shivaji Rakshit/FA&CAO/SER | 24 Smt. Indumati Srinivasan/FA&CAO/RWF |
| 9 Shri S. Ananthanarayanan/FA&CAO/WR | 25 Smt. Manjula RS/FA&CAO/P/ICF |
| 10 Shri P S Sharma,/FA&CAO/F&B/ECR | |
| 11 Shri S.S. Natarajan/FA&CAO/ECOR | |
| 12 Shri A.L. Meena, FA&CAO/T/NWR | |
| 13 Smt. Vandana Singhal/FA&CAO/NCR. | |
| 14 Smt. Radha Variyar/FA&CAO/SWR | |
| 15 Smt. Sujatha Jayaraj/FA&CAO/WCR | |
| 16 Shri RanjanTewar/FA&CAO/SECR | |