

Government of India  
Ministry of Railways  
(Railway Board)

No. Adv/A/Misc/2016

19/1/16

**FA&CAO and FA&CAO/C (All Zonal Railways)**  
**FA&CAO/CORE & METRO**


**Sub:- FA&CAOs' Conference on 23/1/16 (Saturday) from 10.00 hrs.**

It is proposed to hold FA&CAOs' Conference on **23/1/16 (Saturday)** from 10.00 hrs in **Conference Hall/Delhi Division/Northern Rly.**

The agenda for the conference is as under:-

1. Implementation of FC's instruction vide his D.O. Letter No. 2015-B-235, dated 06.01.2016 addressed to General Managers and its impact on RE 2015-16.
2. CAPEX Policy – Change of allocation of expenditure booked in 2015-16 relating to remunerative works under various plan heads such as Doubling, Traffic Facilities, Workshop etc. to EBR-IF and actions to be taken thereupon.
3. Internal Audit-Progress on targets for 2015-16 and Action Plan for 2016-17.
4. Productivity Tests – Progress made during 2015-16.

Kindly make it convenient to attend.

  
(B. B. Verma)  
Adviser Accounts  
Railway Board

सजय मुखर्जी  
S. Mookerjee



सत्यमेव जयते

वित्तायुक्त (रेलवे) एवं पदेन सचिव

भारत सरकार, रेल मंत्रालय

एवं

अध्यक्ष, इंडियन रेलवे फाइनेंस कॉर्पोरेशन लि.

FINANCIAL COMMISSIONER (RAILWAYS)  
AND EX. OFFICIO SECRETARY TO GOVT. OF INDIA

&

CHAIRMAN, INDIAN RAILWAY FINANCE CORPORATION LTD.

MINISTRY OF RAILWAYS

RAIL BHAWAN, NEW DELHI - 110001

PHONE : (+) 91-11-23382754 / (+) 91-11-23385095 (FAX)

DO No. 2015-B-235

New Delhi, dated 06.01.2016.

Dear Shri Satyendra Kumar,

\*\*\*

I extend my best wishes to you for the New Year 2016.

2. I am writing this to you in the backdrop of a revenue shortfall over Indian Railways on the one hand and the impending challenge thrown up by the huge additional liability of the 7<sup>th</sup> CPC on the other. We all have to gear up to face the unprecedented challenges that face us in 2016. The traffic and earnings of Indian Railways have declined considerably over BE Targets and continues to do so. In this background, fund balances have to be reworked and lease charges have to be met. The requested handholding by Ministry of Finance through Budgetary Support for Capital and financial assistance to meet the 7<sup>th</sup> CPC impact has not yet met our expectations. The situation therefore calls for determined steps in expenditure management..

3. Ministry of Railways have already conveyed the RE 2015-16 under OWE to all zonal railways, vide letter No. 2015-B-200/RE dated 23.12.2015 and that of Earnings, vide letter No. 2015-B-330 dated 31.12.2015. You are also aware of the instructions issued by the Board on 'Resource Management & Economy Measures' vide DO No. 2015-B-235 dated 27.11.2015, giving clear guidelines for reduction in expenditure.

4. The earnings targets have been approved as proposed by the zonal railways themselves and while submitting them to Board you would have taken into consideration the subdued traffic pattern over IR. There is therefore no option but to match the reduction in traffic earnings by commensurate cuts in costs and expenditure.

5. Railways thus have to identify further reduction from their sanctioned RE 2015-16, so as to generate savings during the current fiscal and also save a bit more to contribute to the next fiscal, for meeting the increased liabilities of the 7<sup>th</sup> CPC during 2016-17.

6. Overall earnings internal target may therefore be taken as enhanced by 5% over RE 2015-16 conveyed to you. There have been certain developments in Nov., '15 & Dec., '15 with measures like second charting, tatkal charges, cancellation charges etc., apart from the fact that Advance Reservation Period (ARP) was raised from 60 days to 120 days w.e.f. 01.04.2015. These measures should boost the traffic earnings to a significant measure during the last quarter of 2015-16, duly covering ARP of the summer rush of 2016. Realisation of non fare-box revenues eg. Demurrage & Wharfage, fortress ticket checking drives and



7. On the O.W.E. front, there will have to be a zero-base scrutiny on controllable staff primary units like Travelling Expenses (TA/DA), Other Allowances, NDA, OTA and KMA etc; complete scrutiny and verification of admissibility of all establishment bills/claims; zero-base scrutiny of Primary Units like PU 28 (Direct purchase), Contractual payments (PU 32), Computers & Consumables (PU 50&51) and Other Expenses (PU 99). Due to reduction in traffic, all variable maintenance costs including outsourcing contracts, material contracts etc. need to be reviewed. Balances under WMS and Stores Suspense need immediate review. The outcome of these efforts should lead to a saving of 5% on the RE figures advised.

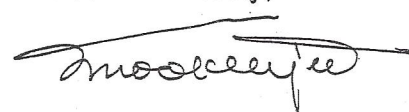
8. Penalties on electrical energy payments like Contract Demand (CD), power factor etc. should be targeted to be 'nil'. Contract Demands may be reviewed de-novo. Rigorous monitoring of fuel inventory & electrical energy management must be an area of direct supervision by senior management, since these are, not only the single biggest non-staff expenditure, but have direct relationship to traffic performance. Other areas of fuel optimisation in workshops, sheds, track machines, power cars in trains, generators at stations, pump houses, colonies and office buildings/premises can give us substantial reduction in expenditure. Vide my DO letter dated 27.11.2015, a ban on recruitment to non-safety/non-operating posts, including temporary and work charged posts, was communicated. However, it is seen that Some of the RRBs have gone ahead with vacancy advertisements. This should be regulated forthwith.

9. The Board expects that each PHOD, DRM & CWM is personally advised by you regarding their responsibility and accountability to make all out efforts for enhancement of revenues by 5% over and above the RE targets and a commensurate 5% reduction in overall terms in the RE sanctioned under Ordinary Working Expenses through measures mentioned above and the guidelines communicated through my earlier DO dated 27.11.2015.

10. I would request you to fix Unit-wise internal financial targets and undertake concurrent reviews so as to ensure that the above corporate objectives are met. I am advising your FA & CAOs to pro-actively assist you in this endeavour.

With best wishes,

Yours sincerely,



( S. Mookerjee )

Shri Satyendra Kumar,  
General Manager,  
South East Central Railway,  
~~Mumbai~~ BILASPUR.

Re-issue  
year R/S  
08-01-16.

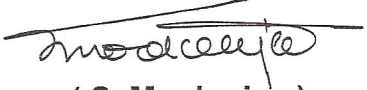
No. 2015-B-235

New Delhi, dated 07.01.2016

Copy to FA & CAOs, All Indian Railways

Action as indicated above should be ensured. Concurrent reviews at least once during each fortnight till 31.3.2016, should be undertaken by your GM with your active assistance. Areas of wastages, recovery of receivables and savings under controllable staff & non-staff PUs as also in Capital Suspense heads will be top priority. Please give detailed guidelines to your field officers accordingly. You should save at least 5% over RE (fixed) in OWE and make all out efforts for enhancement of at least 5% over RE (Target) in Earnings during 2015-16. Towards this mission, it is expected that all officers & staff of Accounts Deptt. will put in their best efforts 24X7.

S/C



( S. Mookerjee )  
Financial Commissioner (Railways)

|                        |
|------------------------|
| Ministry of Railways   |
| General Manager, Board |
| Issue with Enclosure   |
| Signature              |
| Date of issue          |

16/01/16