

Memorandum
to
7th Pay Commission
from
Indian Railway Accounts Service Association

Indian Railways is one of world's biggest Railways in terms of line capacity, route length, number of passengers carried, number of stations etc. It is also one of the biggest commercial/utility service provider employing largest number of people. Inarguably, it is a symbol of national integration, connecting far east to west and from Kashmir to Kanyakumari. It is indeed the 'Lifeline of Nation'.

Indian Railway Accounts Service:

Pursuant to the recommendations of the Acworth Committee (1920-21), Railway Finances were separated in 1924 from General Finances primarily to secure stability for civil estimates by providing for an assured contribution from Railway Revenues and also to introduce flexibility in the administration of Railway Finances.

The most important land mark in the history of the financial administration on Railways in India was the appointment of the Financial Commissioner for Railways in April 1923 with the sanction of the Secretary of State for India, as part of the scheme of reorganisation of the Railway Board as recommended by the Acworth Committee (1921). The declared objective of this appointment was to secure economy in the expenditure of public moneys and the co-ordination of Railway policy with the general financial policy of the Government of India. This was followed by the Separation Convention of 1924 by which Railway finances were separated from the General Finances of the Government of India.

This Ministry has been fully delegated with powers relating to all Railway matters;

1. The Railway Ministry (Railway Board) is managed entirely by railway men, and;
2. The Railways have their own independent and integrated financial set up, i. e.—
 - A. Railway budget is independent of the General budget,
 - B. The Railway Ministry enjoys vast powers of financial sanction to expenditure, and;
 - C. Accounts are maintained by the Railway's own Accounting Cadres and **NOT** by the Comptroller and Auditor General of India.

The Financial Commissioner, Railways is the professional head of the Railway Financial Organisation and represents the Government of India, Finance Department on the Railway Board. In his capacity as ex-officio Secretary to the Government of India in the Ministry of Railways in financial matters, he is vested with vast powers of the Government of India to sanction Railway expenditure subject to the general control of the Finance Minister. This arrangement is intended to ensure that financial control over operations of the Railway Department is exercised from within the

Organization by an officer who shares with the Members of the Railway Board and the Chairman the managerial responsibility as a senior partner in the common enterprise of efficient and economic working of the Railway undertaking. In the event of a difference of opinion between the Financial Commissioner and other Members of the Board, the former reserves the right to refer the matter to the Finance Minister.

The main functions of the Finance Branch in a Zonal Railway is under the control of the Financial Adviser & Chief Accounts Officer who assists the Railway Administration in considering all proposals involving financial implications in accordance with the generally accepted standards of financial prudence and propriety. In the business of rail transportation, as in any other business, there is hardly any activity or service which does not involve consideration of finance in some form or the other. The Finance Branch is thus an important limb of the Administration and its functions are broadly analogous to those of the Management Accountant, viz., to assist management (a) in making rational plans and decisions, (b) in controlling the operations of the Railway Administration as a whole, and (c) in controlling the operations within the various responsibility areas of the Administration. The role of the Finance Officer has changed, over the years, from that of a mere 'friendly critic' to one of complete 'management participation'.

The Accounts and Finance Department of Indian Railways has been embedded at all levels across the organisation along with the functional and operational units to discharge finance and accounts function. In Railway's parlance, the finance and accounts department when associated at different functional and operational units is called as 'associate finance'. Thus, across the organisation at all levels, the roles are enmeshed with functional and operational units.

Functions of Accounts and Finance department in Indian Railways

The roles that have been envisaged for Indian Railway Accounts Service that are exercised across all levels are -

1. **Control functions** including expenditure and exchequer control
2. **Accounting functions** include bookkeeping, accounting of all transactions, maintenance of subsidiary books of accounts, preparation of monthly and annual accounts.
3. **Budgeting functions** incorporates Railway's budgetary planning for revenue and Capital expenditure including regular monitoring of budgets and of ways and means position.
4. **Finance functions** are spread across the organisation including appraisal and analysis involved in sourcing, procurements, appraisal of infrastructure projects. The function also includes infrastructure financing, borrowing from the markets, lease financing etc. Finance functions are also exercised in case of establishment related matters.
5. **Treasury functions** of cash offices across the country spread across at the divisions and headquarter of the Railways. The Accounts and finance department also performs PAO (pay and accounts) and DDO (Drawing and disbursing) functions.

6. **Audit functions** is exercised in the form of internal auditors of the system, Comptroller and the Auditor General being the external Auditor. In large number of cases, the audit is concurrent unlike in certain other ministries where the audit function is in nature of post-audit.
7. **Human Resource Function** is exercised in terms of service conditions of Gazetted Officers of Indian Railways. IRAS is uniquely placed to exercise human resource function of service conditions and maintenance of records in case of Gazetted officers of Indian Railways across departments.
8. **Information Technology functions** are largely exercised by Accounts and Finance department in Indian Railways across all the units spread across the country. Finance and Accounts department of Indian Railways is the de-facto custodian of IT centres. The accounts and finance department of Railways performs the executive functions relating to IT.

As can be seen, the accounts and finance department has been dovetailed across the fabric of the organization. All of the above detailed activities are performed by 765 odd officers and nearly 28000 employees. Needless to say that in an organization as large and complex as Indian Railways, the accounts and finance cadre is its mainstay in providing valuable leadership in financial and operational management of Railways. The position is so unique that Ministry of Finance, has a representative in the form of Financial Commissioner at Secretary level, to head Railway's accounting and finance.

It is in this context that the memoranda is being presented to the 7th Pay Commission.

Distribution of Financial Advisors

The Accounts and Finance cadre of Indian Railways deserves an equitable treatment along with the other services recruited through Union Public Service Commission. The candidates appeared in a common exam and were declared successful and services were allotted later on. Under this scheme, it would be unfair to treat certain services in one way and others in a different way. IRAS association would like to draw attention to certain aspects which are grossly unjust against Central Services, questioning lack of parity and equity with Indian Administrative Services and All India Services. In internal discussions within central services cadre, it is a sore point that central services are being purposefully kept down to give edge to Indian Administrative services. This feeling is further substantiated with data. One may like to look at distribution of Financial Advisors (at SAG and

Table 1: Number of Financial Advisors in Ministries

S.No.	Service	No. of Financial Advisors in Ministries
1	Indian Administrative Service	17
2	Indian Audit and Accounts Service	4
3	Indian Railway Accounts Service	1
4	Indian Defense Accounts Service	3
5	Indian Revenue Service	2
6	Indian Civil Accounts Service	1
7	Central Secretariat Services	2

HAG¹ level) across 30 odd ministries. As can be seen, IRAS has **ONLY ONE** financial advisor as compared to 17 in IAS and 4 in IA&AS. Financial Advise, which is a core function of the Accounts and Finance Cadre of Indian Railways has not got its due. The forte of IAS is not finance. This treatment is grossly unfair and mars the enthusiasm and spirit of the cadre. This anomaly needs to be removed, as the current situation is not in the interest of administration and good governance.

It is important that cadres which have throughout exercised finance functions as matter of job profile, are considered for the posts of Financial Advisors in various Ministries of Government of India. Mere stint or two in the area of financial management in one's career is not good enough for being considered as Financial Advisors in various Ministries of Government of India . It is also necessary that Auditing/Accounting and finance functions are seen distinctly. These are separate functions in financial management and cannot be used interchangeably and definitely not as a replacement for finance experience.

It is strongly recommended that the posts of Financial Advisors across ministries needs to be kept for specialist cadres of Account and Finance Services of Government of India.

Apex Level Posts

The number of Apex level posts in Indian Railway Accounts Service is also not commensurate with its cadre strength, more so, when compared with other services. the position of Apex level posts and cadre strength in some of the services indicated alongside tin Table No.2.²

As can be seen that IAS has 87 Apex level posts³ in a cadre of 6154⁴. Indian Foreign Service has cadre of 713 and has 33 Apex level posts. IRS has 26 apex level posts against a cadre strength of 5113. IRAS has **only one** despite having a cadre strength of 765.⁵ This reflects a huge discrepancy among services as far as promotion avenue goes. It also results in a demotivated senior cadre who cannot be amongst the apex level despite being from the same batch and age.

Table 2: Number of Apex Level Posts

SNo.	Service	Apex Level Posts	Total Cadre
	Indian Administrative Service	87	6154
1	Indian Audit and Accounts Service	5	694
2	Indian Railway Accounts Service	1	765
3	Indian Defence Accounts Service	1	556
4	Indian Revenue Service	26	5113
5	Indian Foreign Service	33	713

¹ SAG: Senior Administrative Grade | HAG: Higher Administrative Grade

² Position as 1.7.2013

³ 51 Secretaries of Ministries and 36 States and UTs

⁴ Source: PIB Press Release of 2 May 2012 Release ID 82960

⁵ Combined strength of IRAS

Career planning and promotions are integral to any service under Government of India, in the interest of general morale, promoting talent and good governance. It also serves as a satisfier of aspirations of civil servants. If a civil servant were to know that after putting in certain number of years in a service, with handwork, diligence and sincerity, would not lead him/her to the top of his service's post or somewhere near, it would greatly demotivate the officer. It is well appreciated and understood that not all the officers can reach the top of their service and only some of the officers will rise to the highest levels. But to know that only one in the entire cadre managing Indian Railway's finance, accounts, internal audit and budget etc. across the country, will rise to the top of the cadre, is highly demotivating. Indian Railways Accounts Service has only one post of Financial Commissioner at the level of Secretary.

A look at the other service would give a clear understanding that the position in IRAS is grossly unfair and curious.

Empanelment under Joint Secretary (JS)⁶ and above

There is huge discrepancy in empanelment of IRAS and other central services in Joint Secretary (JS) and above. A glance at the position as in May 01, 2014 will reveal the discrepancy.

As per the list of JS' published on the website of the Ministry of Personnel, out of 472 officers posted in the rank of JS and equivalent (which includes both CSS and non CSS posts) as many as 308 (65%) belong to IAS and the rest belonging to 35 other services. The representation of IAS is much more when it comes to CSS⁷ posts. In higher ranks, the proportion is even more. This is a clear reflection of the preference to a particular service when it comes to selection to senior posts.

As can be seen that the gap in empanelment is huge (more than a decade in almost all services at JS level and the gap is significant in Additional Secretary and Secretary level). The gap needs to be eliminated completely and all services being part of union of India and recruited through a common body through a common examination, with absolutely no difference at the time induction in terms of processes and procedure should be treated equally. Even in the position where finances of the government of India are substantial, an IAS is

Table 3: Empanelment of JS and above

SNo.	Service	Last batch empanelled		
		JS	AS	Secy.
1	IAS	1995	1984	1980
2	IFS	1988	1971	-
3	IPS	1990	1976	1973
4	IRS(IT)	1985	1976	-
5	IRS(C&CE)	1984	1975	1970
6	CSS	1977	1973	-
7	IRTS	1986	1973	-
8	IRAS	1985	1976	1977
9	IRPS	1985	-	-
20	IA&AS	1991	1976	1973
11	ICAS	1985	1974	-
12	I.Po.S.	1989	1970	1970
13	IP&TS	1982	-	-

⁶ JS: Joint Secretary, AS: Additional Secretary

⁷ Central Staffing Scheme

chosen to handle the Ministry. It is seen that 90% of such positions are held by IAS while their experience in dealing with finances of Union of India are negligible when compared to some of the other services. This anomaly also needs to be addressed urgently. It would seem unfortunate if this issue is allowed to wither away to promote tokenism and compromise merit and excellence in public service. In addition, where financial acumen and knowledge about Government's finance working is required and necessary, the specialised cadre of accounts and finance needs to be chosen rather than a generalist.

Composition of Civil Services Board (CSB)

As per DoPT's OM No. 36/77/94-EO (SM.I) dated 5.1.1996, all the 37 participating services are eligible for Central Staffing. The Board which selects the candidate is the Civil Services Board, comprising of Cabinet Secretary, Secretary (Personnel), Establishment Officer (EO, functioning as secretary of the Board), Departmental Secretary and a Secretary nominated by Cabinet Secretary. As can be seen, that the composition invariably consists of IAS officers and this Board decides the fate of all other 37 services as mentioned in the letter *ibid*. This homotypal composition of the Board which is the arbiter for appointment to Central Staffing is not just. This Board must have representatives of all other services either on rotation or permanent basis.

Selection in CSS

Vide DoPT's OM No. 36/77/94-EO (SM.I) dated 5.1.1996, all 37 Services are participants to Central Staffing Scheme and picking up a particular service is against the spirit and content of the letter. It seems that somehow a preferred group is created when seeking posting at levels of JS, AS and Secretary. This needs to be urgently addressed. It would seem out of place that a certain service is always in CSS in ministries of Finance, Commerce etc. All other positions are then filled up by other services. It also appears curious that at the Director level, except in certain ministries, the position is filled by other civil services whereas in JS and above level, they are largely filled by IAS. This sudden jump in suitability of IAS from Director's level to JS level and above needs to be looked into and a need to be done proportionately.

Non Functional Upgradation

DoPT vide its OM No. OM No. AB 14017/64/2008-Estt.(RR) dated 24th April 2009 provides for Non Functional Up-gradation to organised group A services.

“Whenever an Indian Administrative Services Officer of the State of Joint Cadre is posted at the Centre to a particular grade carrying a specific grade pay in Pay band 3 or Pay Band 4, the officers belong to batches of Organised Group A Services *that are senior by two years or more and have not so far been promoted to that particular grade* would be

granted the same grade on non-functional basis from the date of posting of the Indian Administrative Service Officers in that particular grade at the Centre.”

This rule of two years violates the letter and spirit of DoPT’s OM of 1996 (OM No. 36/77/94-EO (SM.I) dated 5.1.1996) wherein the services have been considered to be at par. It seems that a special class of IAS has been created and all other services would seek its validity and sanctity from its promotions and postings. This rule needs to be abolished. The promotion needs to be time bound at all levels, *ceteris paribus*, across SG⁸, SAG, HAG and HAG plus. One service need not look at other service for its promotion. A service of the union cannot be the arbiter for another service for the union in terms of promotions and career enhancements. This is not what DoPT intended hence this anomaly need not be perpetrated. The promotions needs to happen on time to maintain spirit and enthusiasm in service. It is proposed that the promotions for different grades that may happen as under.

Table 4: Time for In-situ promotions across various

S.No	Grade	Proposed Time completed for in-situ Promotion
1	Selection Grade (SG)	13 Years
2	Senior Administrative Grade (SAG)	16 Years
3	Higher Administrative Grade (HAG)	20 Years
4	Higher Administrative Grade Plus (HAG +)	24 years

These promotions must not depend upon other service’s promotions. If there are vacancies in a particular grade and suitable candidates are available, the promotion can straightaway be affected. If vacancies are not available, non functional upgradation can straightaway be given *in-situ*, on completion of 13, 16, 20 and 24 years for SG, SAG, HAG and HAG plus. This time bound non functional up-gradation can be given to all the services without linking it to promotional prospects of IAS.

Grant of Additional Increments

As per DoPT’s letter No. 11030/23/2008 dated 7/Nov/2012 under Rule 7

"Notwithstanding anything contained in rule 13 of the IAS (Probation) Rules, 1954, the State Government shall sanction the 2nd and 3rd increments due to a direct recruit with effect from the prescribed date of increment after he passes the prescribed departmental examination or examinations irrespective of the length of service, after which he shall be entitled to draw pay at the rate corresponding to this position in the pay band.

Provided that the increment under this rule shall be granted retrospectively from the prescribed date of increment after passing the prescribed departmental

examination , or the last of the prescribed departmental examinations, as the case may be, on successful completion of probation and confirmation.”

The rule further provides in Para 2 of the letter *ibid* that -

It is observed that under the above rule, second and third increments can be sanctioned together from the same date of increment i.e. 1st July of the particular year after the passing of departmental examination or examinations by the direct recruit IAS officers. However, as per further provisions of 1st Proviso to rule 7, the third increment shall be sanctioned from the said date of increment retrospectively after completion of probation and confirmation.

The additional increment have been further added vide DoPT’s letter No. F.No.14021/5/2008-AIS-II dated 16/12/2008 where while clarifying a rule position following have been clarified.

Table 5: Clarification for additional Increments for IAS

Point of Doubt / Query	Clarification / Position
Under Rule 4(6) of IAS pay Rules amended vide IAS (Pay) Second Amendment Rules 2008, whether, the two additional increments computed on 37400+8700 are to be allowed after fixation of pay at the minimum of Pay Band 4 on promotion of IAS Officers to Selection Grade of IAS.	Yes. In such a case, pay in the pay band 4 shall not be less than the pay ₹40180 arrived at by granting two additional increments computed @ 3% of the sum of pay in the pay band and grade pay ₹8700 i.e. RS.2780/- (₹ 1 ,390/- each).

Similar rule also needs to be implemented for IRAS who does not get any such increments.

Training

Training, being an important component of professional efficiency, should be imparted at regular intervals to reorient the officers towards organisational and professional objectives. Currently, the training after recruitment is limited to training at Training Institutes. After that, the training scope is limited. Some training and reorientation does happen but it is not institutionalised. It is proposed that the training should be institutionalised across the length of service for gearing up officers to newer professional and administrative roles. It would be beneficial if the training component is democratically distributed across organised services. The centralised services are overlooked, especially when the foreign component of the training is involved. The training, after probation, should happen in the Sr.Scale, JAG, SG, SAG and HAG before promotions to these grades. These training should impart professional issues in these years in addition to training which needs to takes place when administrative responsibilities are added to the portfolio of the officers.