Number Tracker

How the chartered accountant in railway minister Suresh Prabhu is coming to the fore in the endeavour to make the Railways more efficient, profitable and safe

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“Aapke pao dekh. Babut hasseen hai. Inhe zameen par mat utaraye. Maile ho jayenge. – Aapka ek humsafar (I have seen your feet. Those are beautiful. Please do not place them on the ground. They will become dirty – A fellow traveller)"

Professor KK Goyal of Vadodara-based National Academy of Indian Railways (NAIR) shows this movie clip to a group of accounting probationers after bombarding them with numbers pertaining to the Indian Railways (IR) that run into 12 digits. For the probationers, this train scene from the timeless 1972 film Pakeezah turns into a refresher before getting into the next round of numbers and accounting processes.

In another class, professor Deepa Chawla quizzes her students, all from the Indian Railway Accounts Service, to analyse numbers that she writes on the blackboard. She is teaching what traffic accounting is all about, and how the cash collected from a platform ticket makes a long journey from the ticket counter to the Nagpur branch of the Reserve Bank of India.

A thousand kilometres away from Goyal and Chawla’s classrooms, railway minister Suresh Prabhu wants all his officers to brush up their numerical skills and use existing data more meaningfully. Prabhu, a chartered accountant with a penchant for numbers, has also decided to convert the IR’s data collection cell into a data analysis department. After all, the IR in 2014-15 received a mind-boggling 100.3 terabytes, or 100.3 trillion bytes of data. If you’re wondering how much of data that would be: If all that data was stored physically on two-sided sheets of paper, its storage would call for three towers of New York’s World Trade Centre, the largest private office building in the world till it was destroyed in 2001 by a terror attack.

Volume, however, is one thing, and its value quite another. “Raw data has no value unless analysed properly. We should not just collect data, we should be able to analyse those data for our decision-making processes. We must use the data for outcomes,” Prabhu told ET Magazine in an interview (see “I Have Begun with a Number: 8.5 Lakh Crore”). Prabhu places numbers ahead of policies. “The railways is a story of numbers. Falling operating ratio is a number; falling electrification is a number; falling track renewal is a number…”. He points out that the 8.5 lakh crore, or close to $150 billion, that he started out with as the investment outlay for the Railways for five years – as was announced in his first
A number that may pop up when you book a wait-listed ticket in Indian Railways.

It will indicate the probability of getting your ticket confirmed.

### Seasonal rush to be factored in

Further, there is a move in the IR to collect data using Google maps. “We are planning to geo-tag all rail properties including track, trains and land by March 2016. Once it’s done, we will have quality data from across the country. For example, sitting in Rail Bhawan, we will be able to spot encroachments in stations and take a decision on monetising some underused assets,” says a railway officer on the condition of anonymity.

Former railway minister Dinesh Trivedi is, however, not convinced with Prabhu’s big-bang idea of overhauling accounts and using numbers more meaningfully. “The easiest thing in the Railways is to fudge numbers. And the Railways has an accounting system that does not tell how efficient it is. We brought out many of those issues in the parliamentary committee that I headed (in a April 2015 report),” says Trivedi, who couldn’t resist the quip: “Also, chartered accountants are known for fudging numbers.”

For his part, Prabhu does not shy away from stating in clear terms that profit is a clear motive of the railways. “Unless IR is commercially driven, it can’t serve social interests,” the minister says. In fact, IR in its bid to woo debt from the market has already tied up with the government-run Life Insurance Corporation for $7.5 lakh crore, to be disbursed over the next five years, with a clause of a repayment moratorium for five years. The IR, which usually banks on internal accruals and grants from the finance ministry to keep it running, may soon clinch another debt deal – a $30 billion loan from the World Bank.

Yet, the multi-billion dollar question is how easy it will be for IR to raise funds against a backdrop of sub-normal indicators: its financial health is abysmal (an operating ratio of over 90% is perhaps the biggest indicator), decisions are often driven by political considerations, project delivery is below average and, above all, the accounting system it uses is alien to global investors. Like all other departments, IR too uses the cash-based accounting system (as against accrual accounting), which does not reflect receivables, one parameter that investors always want to figure out before putting their money on the table.

“Potential investors in the Railways want us to speak the same accounting language. So, IR has been undertaking pilots on commercial accounting,” says Hemant Godbole, an IRAS officer and professor in Vadodara’s NAIR. Already, on analysis of 100 terabytes of annual data

Raw data has no value unless those are analysed properly. Pentagon may be collecting more data than us. Google every day collects so much of data. But data finally needs to be used for management solutions. So, I am converting our data collection department into a data analysis department. Data per se has no meaning unless you convert those data into actionable points.

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### On key numbers that are driving the IR

Railways has to be a profitable organisation. It has to be economically sound. So, unless it is commercially driven, it can’t serve social interests. The Railways has suffered in the past mainly because of lack of investments. In fact, the Railways is a story of numbers. Falling operating ratio is a number; falling electrification is a number; falling track renewal is a number. But the question is how will we arrange the money to correct those numbers. But arranging money should not be just going to the finance ministry (with a begging bowl). The finance ministry is not waiting with unlimited amount of money to be splurged. The finance ministry is not Bill Gates or Emir of Kuwait – sitting with a lot of money and not knowing how to spend it. So, I began with the number of ₹8.5 lakh crore (total investments in IR for five years, as was announced in his first Rail Budget in February this year). In my opinion we should be able to double that number to (close to) $300 billion in the next five years. This number is required for the railways to be up and going.