

Government of India
Ministry of Railways
(Railway Board)

No.2015-B-235

New Delhi, dated 21.04.2016

General Managers,
All Zonal Railways and Production Units,

DG/RDSO, CAO/COFMOW, DG/NAIR.

Sub: Expenditure Management - Economy Measures, Austerity, Cost control, Rationalization of Expenditure and Revenue augmentation.

Ref:- Board (FC)'s DO No.2015-B-235 dated 27.11.2015 and EDF(B)'s letters No. 2015-B-235 dated 11.04.2016 & 21.04.2016 on the above subject.

Further to Financial Commissioner (Railways)'s D.O. of even no. of 19.04.2016, it has been decided that the instructions on the subject matter issued vide above referred DO and letters are to be followed in 2016-17 as well.

A copy of these comprehensive instructions, with certain modifications inserted as Para 3 I(ii) (a) (on Hospitality, entertainment, meeting, conference etc.), (vii) (on Air travel) and II(D)(i) (on Energy and Fuel consumption), is enclosed for being scrupulously followed.

311V

(Ajay Upadhyay)
Joint Director, Finance (Budget).

Copy to:

1. FA&CAOs, All Indian Railways - for necessary action.
2. Additional Member (Planning) - necessary action in respect of all PSUs under the Ministry of Railways.
3. Secretary, Railway Board - for information and necessary action.
4. AM(F), Adv. (FX), ED(F), EDF(C), EDF(S) and EDF(E).
5. The Managing Director, CRIS Chanakyapuri, New Delhi.
6. The Chairman, RLDA, Moti Bagh, New Delhi.
7. US (Protocol), Railway Board.

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Annexure to Letter No. 2015-B-235 dated 21.04.2016

1. 7th CPC recommendation would be implemented w.e.f 01.01.2016. The report recommends inter-alia abolishing of 52 allowances and subsuming another 38 allowances within existing allowances. A list of allowances paid under these, abolished and subsumed categories, in 2013-14, 2014-15, 2015-16 and till Dec. 2016 may be sent to Board by 05.01.2016. This is yet to be received and may be sent immediately.
2. It may be clearly borne in mind that mere deferment of bills/payment is not expenditure control. The effort has to be in controlling the activities, works, purchases and all contractual obligations so that the liabilities are controlled within funds the allocation of which should be prioritised.
3. The economy, austerity and cost control measures are as follows:-

I. Administrative measures to effect austerity, economy and specific cost control in the following areas:-

- i. Hospitality and entertainment including a ban on holding of meetings and conferences at star hotels.
- ii. Publicity except safety awareness and for trains.
 - (a) Post facto sanction on hospitality, entertainment, meetings, conferences and publicity etc. should be avoided. Publicity events like remote flagging off of trains etc, should be sparingly done and only with prior sanction of the Board.
- iii. Petrol/diesel for road vehicles: 15% cut in amount and commensurate cut in consumption.
- iv. Procurement of PCs and computer consumables strictly on need basis.
- v. Telephone/internet/stationery/ink-cartridges, pen-drives, CDs, hard-disks any other gadgets/devices: 20% reduction. Drastic cut in land-lines other than in operation, security and safety installations. Thorough review of utilization and reduction of landlines at stations for enquiry purposes consequent upon introduction of centralized

railway enquiry. Review of all residential landline and reduction by 25%.

- vi. Hiring of vehicles to be capped at the level prevalent on date. (as on 01.12.2015)
- vii. Air Travel: no air travel upto JAG. For SG only one-way travel, if required on justification that air journey is unavoidable. In all cases all air travel would be in economy class only. (modified vide letter no.2015-B-235 dated 11.04.2016, to be read as "all officers in GMs/AMs grade and above, including Secretary Railway Board by allowing them to travel by J class as per prevalent entitlement.")
- viii. Travelling Expenses, OTA, NDA, NHA: A comparative position is to be drawn for 2013-14, 2014-15, 2015-16 & ongoing year.

Item	days	hours	amount
TA			
OTA			
NDA			
NHA			
Total			

10% cut on each of the above allowances.

(A return furnishing the above information may be sent to Board on monthly basis)

- ix. Fee & honoraria: Review and downward revision of booking of expenditure by 10%.
- x. Purchase of furniture & fixtures; photocopiers; facsimile machines etc. banned under revenue and capital account (Capital & Railway Funds).
- xi. Pending of all recruitments to fill vacancies of non-safety/non-operating posts. Ban on creation of new non-safety/non-operating posts including temporary posts and work-charged posts.

- xii. All TA/DA for more than 15 days in a month to be approved by the DRM/CWMs in field and by PHODs in HQrs. Booking of staff for carrying daks, files etc from field to HQrs to be stopped. If monthly OTA is more than Rs 5000/- (five thousand), approval of DRM/CWM/SAG officer would be required.
- xiii. PU 28 'direct purchase' to be reduced by 20%. All imprests including Local purchase imprests to be confined to only a maximum of two recoupments in a month and fresh sanctions only for safety/train equipments and for urgent/emergent purchases only.
- xiv. Booking in primary unit 99 across all Demand (Miscellaneous expenditure) to be watched specifically.
- xv. 10% cut on all D&G charges in the estimates.
- xvi. Travel abroad to be severely restricted.
- xvii. Transfers to be restricted to only unavoidable cases.
- xviii. Medical inventory to be reviewed.
- xix. Data on loss of man-days lost due to sickness to be collected and reviewed for maximum reduction.

II. Energy and fuel

- (A) Enforcing strict monitoring of fuel savings on account of low traffic in FY 2015-16 including due to cancellation of trains etc. (trends of 2015-16 and 2016-17 to be monitored.)
- (B) Energy audit of major load centres.
- (C) Diversion of Traction (HT) energy for non-traction purposes to be plugged. A review on the same to be submitted to Board showing:

HT Energy consumed	Units in kwh	Amounts (Rs in lakhs)
Traction purposes		
Non-traction		
Total		

(A return furnishing the above information may be sent to Board on monthly basis)

- (D) Instructions issued vide No. 2015/fuel/282/10 (5) dated 13.11.2015 by DME (Traction)/Rly Bd to be complied with.
- (D) i. 3% reduction in energy consumption (in units) due to energy conservation measures over and above, savings arising due to purchase of power by Railways as “distribution licensee”.
- (E) HSD issued from RCDs/fuelling points for ‘other purposes’ to be stopped. Information to be monitored on the same as per above table.
- (F) ‘Contract Demand’ (electrical energy) to be reassessed and efforts may be made to merge TSS’s off-take from same DISCOMs and to reduce payment of penalties on energy payment. Specific measures to be taken to improve power-factor.
- (G) Daily analysis and reduction of light engine movement and yard detention.
- (H) Non-traction / General Services: This reflects energy consumed in Buildings, streets, workshops, stations etc. 10% reduction in unit consumption and cost. Energy consumption monitoring SSE-wise to be enforced.
- (I) Loco-wise energy consumption data of passenger, EMU, DEMU and goods locos to be analysed and monitored. SFC/SEC targets to be bettered and adhered to.
- (J) Segregating of 70:30 lighting circuits at platforms.
- (K) Use of energy efficient luminaries & fans. Automation of pumps; Timers for high-mast lighting and sensors in offices.
- (L) Regular counseling of loco pilots for improving enginemanship and driving skills on simulator. Provision of coasting board for assisting running staff. Shutting off of idle locomotives in sheds/yards. While working on ‘MU’ formation switch off trailing loco in case of light load. Switch off loco blowers when waiting is more than fifteen minutes.

III. Workshops and Production Units.

- (i) A comparative statement to be made and cost reduction measures to be worked out at the local level on the following parameters:

Item	2013-14	2014-15	2015-16	2016-17
Labour Cost				
Material Cost				
Overall cost				
Unit cost				
Scrap credit (scrap generated in shopfloor)				
Contracts/outsourced activities				
OTA				
Incentive				

(A return furnishing the above information may be sent to Board on monthly basis)

- (ii) Shop-floor inventory should be reduced drastically in workshops and Production Units. TOR targets may be recast accordingly.
- (iii) CWMs to monitor issue of materials from Stores Depot.
- (iv) Special drive to review AACs of high-value and high inventory items and for disposal of obsolete/unserviceable items.

IV. Earnings & Receipts

- i. Position of waiver of demurrage & wharfage to be closely monitored.
- ii. Efficacy of special (non-routine) ticket checking drives as per table to be measured:

Item	2014-15	2015-16	2016-17
Amount Realised			
Nos of Staff deployed/used			
TA/DA of staff			
Any special honoraria/allowance paid			
Cost of vehicle hired, if any			

(A return furnishing the above information may be sent to Board on monthly basis)

- iii. Assessment of PKM growth vis-à-vis VKM growth. If former is less than the latter then necessary modification and reduction of train services/coaches may be done.
- iv. Trains having occupancy of less than 50% be reviewed.
- v. Performance of JTBS to be monitored to maximize ticket issue and prevent wastage of assets. Similarly productivity of PRS/UTS counters and ATVMs (specially those which are manned by ticket facilitators) to be monitored for improvement of productivity. Monitoring may be done through structured reports of CRIS. Underutilized PRS counters may be used to sell UTS tickets.
- vi. Sustained ticket checking drives may be undertaken through fortress checks, RPF support, magisterial checks etc. The outcome of the checks should be publicized. OD points where fall in passenger numbers is noticed may be specifically picked up for ticket checking drive. Maximum number of booking windows should be opened to improve ticket sale.
- vii. Siding and shunting charges may be recovered promptly. All siding agreements or land lease/ license agreements to be reviewed and kept current. Ensure up-to-date billing and realization of railway dues, Sundry earnings including land/advertisement dues.
- viii. 100% weighment of commodities as prescribed may be ensured and punitive charges to be collected promptly.
- ix. Movement of commercial couriers from station to HQrs, traffic accounts should be reduced on account of computerisation of a number of documents like RR, military warrants etc.
- x. Review of Tatkal quota in reserved accommodation to be done as per Board's guidelines and occupation of the same to be monitored and action taken accordingly.
- xi. All tenders related to leasing of SLRs, VPUs etc. may be finalized on priority. Regular and intensive weighment of consignment carried in SLR and VPU may be done and punitive charges collected promptly.
- xii. Integration of service contracts at Stations and in trains like pest-control, CTS, OBHS, linen-supply etc. Objective should be to reduce

overall costs, reduce staff engaged on such activities, multi-tasking of staff and contracts.

- xiii. 'Technical' audit of yard to identify surplus lines which can be removed. This would impact maintenance costs, make available rails for other purposes and identify scrap for disposal.
- xiv. Review and rationalize stoppage of trains. A cost-benefit analysis of all stops/halts to be done and areas of improvement identified.

V. Scrap sale:

- (i) Monitoring to be done as per details below

Item	2013-14	2014-15	2015-16	2016-17
Quantum in tonnes				
Average sale price				
Total amount realised				

(make different table for ferrous, non-ferrous and precious metals)

(A return furnishing the above information may be sent to Board on monthly basis)

- (ii) Multi-disciplinary teams of officers to identify additional scrap. All Railways to achieve 10% plus additional sale over target for 2016-17.
- (iii) Ensure write-back of capital-at-charge due to condemnation of capital assets.

VI. Other Items

- A. Increasing trend in Arbitration awards to be reviewed for better contract management.
- B. Pension expenditure review especially w.r.t. pension master.
- C. Review of all types of suspense balances.
- D. Cost-benefit analysis of outsourcing activity hitherto done departmentally to be carried for all such jobs done over last 5 years. Staff to be totally withdrawn and redeployed for activities/works outsourced.
- E. Staff on-board train for various activities to be reviewed.
- F. Reduction in out-sourced p-way activities, especially in the light of gangmen recruitment in 2013-14, 2014-15, 2015-16 and current fiscal.

- G. Inventory management including consumable inventory for open-line should be tightened. Procurements to be concurrently reviewed and deferred where not required immediately.
- H. Critical review of WTA indents to be done and Board informed to resize requirement/commitment.
- I. Data on track machine in the following format for local monitoring:

Item	Deployment/operation in hours	Output	Total expenditure. (provide break-up on fuel, man- hours,AMC,repairs etc.)
Type of track machine			

(A return furnishing the above information may be sent to Board on monthly basis)

- J. Uneconomic Branch Lines: measures to reduce costs and improve revenues. Hold dialogue with State Governments to implement directions of PAC for closure of services.
- K. Disposal of old and inefficient locomotives.
- L. Redeployment of surplus cadre/staff.
- M. Review of MCNTM criteria for track posts. (Manpower and Cost Norms for Track Maintenance/Rational Formula)
- N. Reduction in PRS counters and redeployment of ECRCs due to decrease in over-the-counter reservation.
- O. Zero-base Review of crew links, rake links and working time table.
- P. Review of intake of ALPs/LPs on all zones in last 5 years and pending indents vis-à-vis traffic projections.
- Q. Any trains being cancelled should immediately be evaluated for reduction in fixed and variable costs such as OBHS, CTS, fuel, TA of staff on board, mileage of crew, contracts for maintenance in sick-line/pit-line, pest control costs etc. All inventory directly related to train running should be reviewed downwards wherever trains are cancelled due to fog or lack of occupancy. For trains cancelled on long-term there should be commensurate cut in posts created therefore.
