

Government of India
Ministry of Railways
(Railway Board)

No.2015-B-235

New Delhi, dated 19.06.2020

PFAs,
All Indian Railways.

Sub: Expenditure Management - Economy Measures and Rationalization of Expenditure.

A list of Economy measures & expenditure management initiatives mentioned in FC (Rlys) D.O. of even no. dt.19.06.2020 is enclosed herewith.

Compliance of these instructions may kindly be ensured.

DA: As above.

 19.6.2020

(Anand Prakash)

Executive Director, Finance (Budget).

Copy to:

1. Secretary, Railway Board - for information and necessary action.
2. AM(F), ED(FS), EDF(C), EDF(E) and EDF(X)-I&II.
3. IG/RPSF.

 19.6.2020

(Anand Prakash)

Executive Director, Finance (Budget).

MANJULA RANGARAJAN
FINANCIAL COMMISSIONER (RAILWAYS)



भारत सरकार
रेल मंत्रालय, (रेलवे बोर्ड)
रेल भवन, नई दिल्ली-110001
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
RAIL BHAVAN, NEW DELHI-110001



D.O. No. 2015-B-235

New Delhi, dated 19.06.2020

Dear General Managers,

Sub: Strategy/Action Plan for controlling expenditure and enhancing earnings.

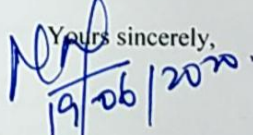
As you are aware, Railways have been mandated by the Government to meet all of their revenue expenses including pension from own receipts. The Covid-19 pandemic and the nation-wide lockdown is however likely to adversely impact the budgeted earnings target of the current year. Railways' traffic earnings to end of May'20 have already dropped by 58% over COPPY. As a measure of extreme caution, spending limits on OWE, DRF, DF and RRSK have already been imposed, which may be strictly followed. Additionally, there is a need to explore new areas of expenditure control and enhancement of earnings.

2. Please call for my predecessor's D.O. number 2018-B-260/1 dated 6th September 2019 circulating a list of immediate and short-term measures considered by the Board with a view to reducing expenditure and enhancing earnings. I hope action on most of them have been taken by your Railway. Kindly share your experience on such measures and suggest other out of the box measures implemented/contemplated at your end, duly quantifying the additional savings/ earnings achieved or likely to be achieved this year for sharing with other Railways.

3. Austerity measures were earlier circulated to all Railways vide Board's letter No. 2015-B-235 dated 21.07.2017. A list of updated austerity measures is enclosed for your guidance.

4. I hope that the Zonal Railways will rise to the occasion and take measures so that Railways are able to fulfill the mandate given by the Government

With regards,

Yours sincerely,

19/06/2020

(Manjula Rangarajan)

Encl: As above

General Managers,
All Indian Railways / PUs

Enclosure to letter no. 2015-B-235 Dated 19.06.2020

It may be clearly borne in mind that mere deferment of bills/payment is not expenditure control. Effort has to be in controlling activities, works, purchases and all contractual obligations so that the liabilities are controlled within available funds, the allocation of which should be prioritized. The recommendations for expenditure control and economy must be binding in nature. Else there is a tendency to avoid the measures suggested.

The economy, austerity and cost control measures are as follows:-

I. Staff Cost:-

- (a) Immediate review of re-engaged staff and feasibility of curtailing the same to bare minimum shall be explored.
- (b) Freeze new post creation except safety related posts.
- (c) Review of posts created in last 2 years should be done and if recruitment has not been done against those posts, the same may be reviewed for surrendering.
- (d) Rationalization of manpower in workshops. Time and motion study of workshops and production units for review of allowed time and incentives.
- (e) Reduction in PRS counters and redeployment of ECRCs due to decrease in over-the-counter reservation.
- (f) Reduction in instances of OT, TA by 50% and other controllable allowances by 33% to 50%. Reduction in operations/traffic output should reflect in significant savings in controllable allowances like KMA, NDA etc.
- (g) Review pending indents with RRB except safety.
- (h) Redeployment should be done to ensure utilization of existing manpower for multitasking.

II. Stores:-

- (a) Zero based material planning – review of AAC/EAR. AAC should be immediately reviewed as requirement of maintenance spares has reduced due to reduced operation. The inventory should immediately be taken into account and procurement should be deferred in such a manner that unused inventory is minimised.
- (b) Special drive to review AACs of high-value and high inventory items and for disposal of obsolete/unserviceable items.
- (c) RSP work of refurbishment of ICF coaches may be critically reviewed.
- (d) Grounding of all Diesel locos over 31 yrs through sale/export.
- (e) Life of certain 'must change' items of rolling stock to be aligned with their replacement schedule.
- (f) Critical review of indents of diesel loco spares to minimise procurement.

III. Contracts:-

- (a) Outsourcing activities especially OBHS, linen management, station cleaning, lifts and escalators manning, station announcement etc. should be critically reviewed and curtailed. Further, shifting some of these activities to CSR funds may be attempted.
- (b) Thorough review of AMCs should be done with a view to reducing these to bare minimum and analysing the regular/recurring failures to introduce element of penalty for design flaws.
- (c) M&Ps already sanctioned but where procurement progress is not satisfactory, it needs to be reviewed and feasibility for dropping the same to the maximum extent or converted to OPEX model shall be looked into.
- (d) All contracts prior to financial year 2018-19 and with completion period less than 2 years (under revenue) should be critically reviewed for closing.
- (e) Liability under revenue should be created only to the tune of 1.5 times the fund availability. No new revenue proposals/tenders should be initiated/finalised unless there is clear fund availability.
- (f) Outsourcing under non-core activities by RPF like colony security, crowd management etc. should be reviewed immediately.
- (g) Zonal works to be curtailed, no fancy item is to be executed and only functional items should be taken up.

IV. Fuel & Energy:-

- (a) Enforcing strict monitoring of fuel savings on account of change in traction.
- (b) Energy audit of major load centres.
- (c) 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" to be pursued and ensured. Reduction of diesel consumption commensurate with Railway Electrification to be ensured.
- (d) Loco-wise energy consumption data of passenger, EMU, DEMU and goods locos to be analyzed and monitored. SFC/SEC targets to be bettered and adhered to.
- (e) Non- Traction energy consumption should be reduced by at least 25%. A report highlighting trend of non- traction energy consumption for the last 3 months to be sent to Electrical Dte.
- (f) Usage of HSD oil for other than traction purposes to be critically reviewed and discouraged.
- (g) Rationalization of RCDs for total fuel management.
- (h) Prepaid metering of electricity of stalls and staff quarters wherever feasible or direct metering with local utility provider.
- (i) All states to be covered under open access mode.
- (j) No running of diesel under wire without approval of GM.

- (k) More trains to be shifted to hotel load with conversion to HOG to reduce consumption of diesel in power cars. Strict monitoring of diesel savings due to this should be done. As far as possible the usage of power car shall be reduced to one per rake.
- (l) Daily analysis and reduction of light engine movement and yard detention.

V. Administrative and Others measures:-

- (a) Annual GM inspection is usually an annual exercise which is preceded by DRM inspections. These annual inspections involving large number of staff are a big affair involving huge expenditure of resource and manpower. Annual inspections should be a silent and low key affair with minimum number of staff required.
- (b) With the use of e-office/e-dak/VC, many manual activities e.g. booking of staff for sending files etc. should be stopped. With e-office annual indents of Stationery articles, cartridges etc should be reduced by at least 50%. For correspondences secure email should be used.
- (c) Review and closure of uneconomic branch lines to the extent possible.
- (d) Expenditure on vehicles to be reduced to minimum required. DRMs may conduct a zero based review of expenditure on vehicles i.e. MUVs, Trucks, Official Vehicles etc. and submit a report to GMs. GMs may review and send a report to Railway Board.
- (e) No new furniture, additional vehicle, computers, printers and other such T&P items, even on replacement account should be procured.
- (f) Inaugural and ceremonial functions should be moved to online as far as possible. Accordingly, savings on contingent and misc. expenditure should be observed.
- (g) All imprest other than safety & COVID related activities should be reduced by 33-50% and underutilized imprests should be surrendered.
- (h) Cash Awards should be limited to safety, security and medical related activities.
- (i) Optimise crew links and loco links.
- (j) Expenditure like entertainment, publicity, travel and organising meeting should be curtailed.
- (k) Review of all types of suspense balance for early clearance.
