

# CHAPTER – II

# FINANCE DEPARTMENT

### A. Introduction:

Finance Department acts as an associate in managerial decision-making process by tendering advice to executives in all matters having financial implication. Apart from the above, internal check of all receipts and payments made to/by Railway is done as per Codal provisions and laid down rules and regulations.

The major activities of Railway Accounts involve: -

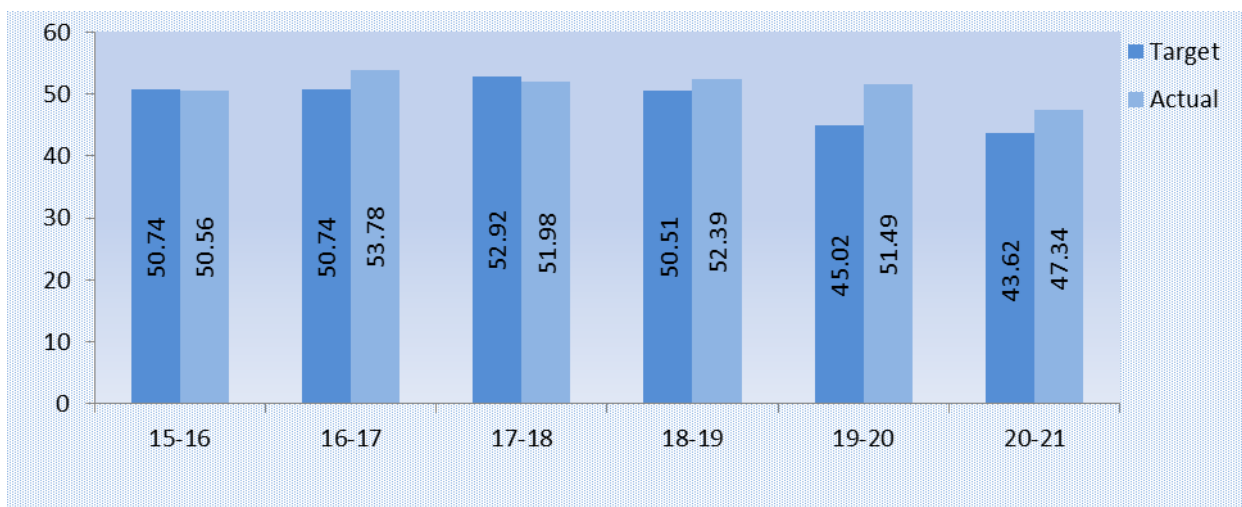
- Participate in management to render financial advice and assist in speedy implementation of plans to achieve the set targets.
- Compilation of Budget in consultation with other departments and monitoring the budgetary process as per extant orders and provision, and also ensures implementation of austere measures issued from Board from time to time.
- Review of the trend of expenditure and submission of periodical budget reviews and returns to Hon'ble Parliament through Railway Board.
- Discharging other Management Accounting functions such as providing financial data for management reporting, assisting inventory management, participation in tenders, Surveys for major schemes, etc. in accordance with the relevant rules and orders.
- Conduct of periodical inspections of field units and stations to verify the reports submitted to Accounts Office, the progress of works being executed and to educate the field staff regarding the importance of maintenance of records and relevant registers.
- Ensure prompt settlement of claims against the Railway.
- Internal Audit of all revenue and payment transactions as per extant rules and procedures.
- Acts as interface between the management and statutory audit.

Besides the above, Finance Branch of ECoR is entrusted with the management of IT department, Statistics and Traffic Costing.

### B. Operating Ratio:

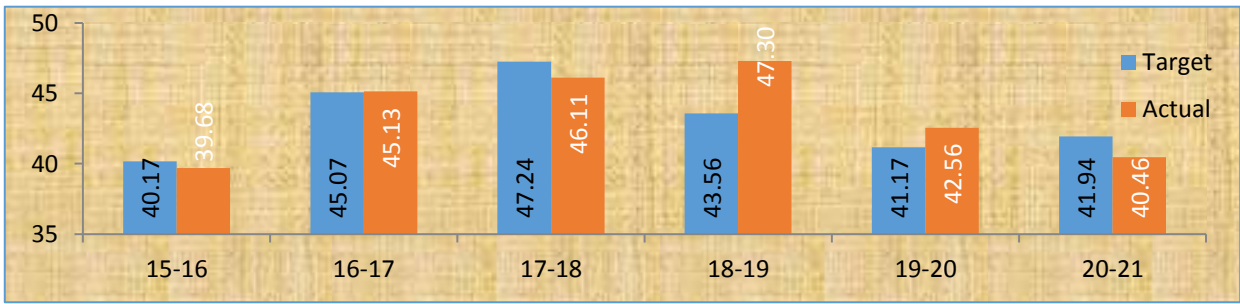
The Operating Ratio for the year 2020-21 is **47.34 %** as against the target of **43.62%**.

The position of Operating Ratio during the last six years is as under: -



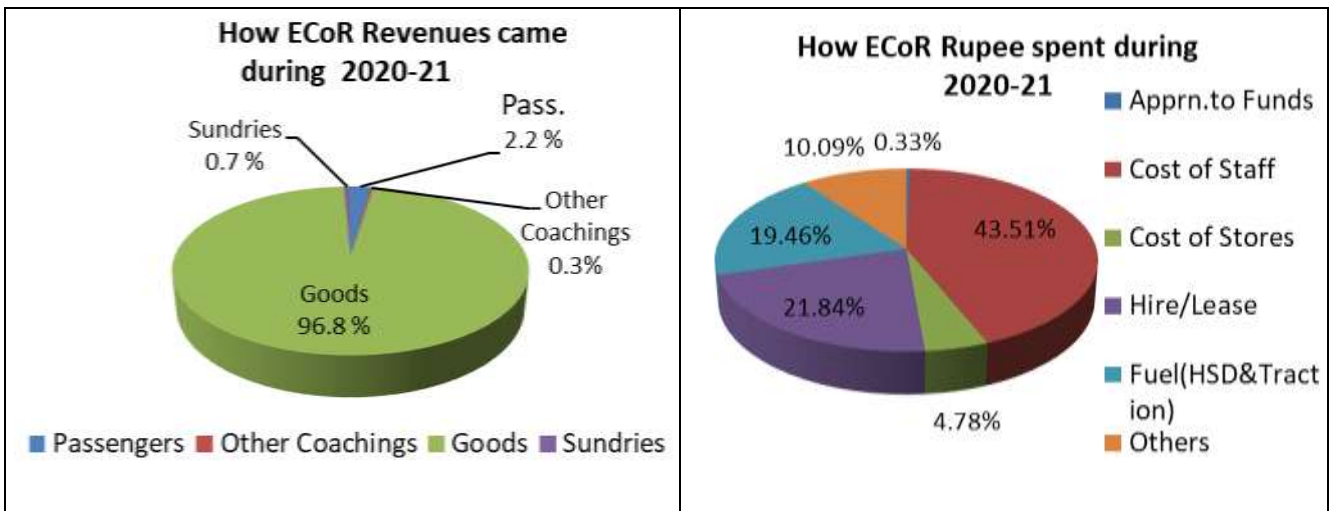
### C. Performance Efficiency Index:

The performance efficiency index of East Coast Railway for the year **2020-21** is **40.46%** against the target of **41.94%**. The position during the last six years is as under:



**D. Operating Surplus:**

The operating surplus for the year 2020-21 is Rs. 9226.99 Crs against the target of Rs.10759.16 Crs. The position during the last six years is as under:



**E. Mission Items:**

Finance Department in addition to Target set for Mission Items by Railway Board has set its own Target in other housekeeping items for the financial year 2020-21. Details of target and achievement during this period are as under:

(Fig. in Crs. of Rs.)

SI No.	Heads	2020-21	
		Target	Achievement
1	<b>Apportioned Revenue:</b>		
(a)	Passenger	506.81	384.38

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(b)	Other Coaching	52.33	48.77
(c)	Goods	18311.37	16913.89
(d)	Sundries	164.83	125.07
	<b>Total</b>	<b>19035.34</b>	<b>17472.11</b>
<b>2</b>	<b>Originating Revenue:</b>		
(a)	Passenger	514.53	439.37
(b)	Other Coaching	52.85	46.96
(c)	Goods	19066.47	19835.58
(d)	Sundries	164.83	125.07
	<b>Total</b>	<b>19798.68</b>	<b>20446.98</b>
<b>3</b>	Total Working Expenses	<b>8303.18</b>	<b>8272.12</b>
<b>4</b>	Traffic Suspense	17.53	15.72
<b>5</b>	Bills Recoverable (Closing Balance)	35.00	69.94
<b>6</b>	Stock Sheet (Nos) (Closing Balance)	50	52
<b>7</b>	Accounts Notes (Nos) (Closing balance)	50	53
<b>8</b>	<b>Audit References:</b>		
(a)	Special Letter (Nos) (Closing Balance)	5	11
(b)	Audit Note Part-I	4	7
(c)	AIR Part-I	12	16
(d)	Draft Para	0	0
(e)	Provisional Para	0	1
<b>9</b>	Computerization of Pay Rolls (%)	100	100
<b>10</b>	Verification of Leave Account (%)	100	100
<b>11</b>	Payments of Salary through STEPS/NEFT/ECS/EFT/Cheque (%)		
	(i) Group A & B	100	100
	(ii) Group C & D	100	100

## F. Financial Achievements during 2020-21:

1. The Financial-cum-Budgetary review was done round the year to manage Traffic Revenue, Ordinary Working Expenses (OWE) and Capital Expenditure (CAPEX) within the allotted budget. Operating Ratio of 47.34% has been achieved against the target of 43.62% and it is also less than last year's figure of 52.39%. The Operating Ratio of ECoR is the lowest amongst all the 17 Zonal Railways.
2. As regards CAPEX, monitoring of fund utilization was done throughout the year, finally achieved an Utility Ratio of 95.48 %.
3. Gross Apportioned Revenue is Rs.17472.11 Cr. as against target of Rs. 19035.34 Cr. and Last Year it was Rs.17722.65 Cr.

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4. Goods Revenue is Rs.16913.89 Cr. as against target of Rs.18311.37 Cr. and last year it was Rs.15894.38 Cr. The Growth in Goods Revenue is 6.41 % over Last Year.
5. In Ordinary Working Expenses, Savings of Rs.31.06 Cr. over Final Grant has been achieved with adoption of Cost Control measures. Under Sanitation and Cleaning Contracts, savings of Rs.45.10 Cr. as compared to last year have been achieved with 40% reduction of Contract value and adoption of new yardsticks on lower side towards manpower.
6. The staff of Stock Verification Branch of this department played a significant role in identifying Scrap by conducting foot-by-foot survey as a result of which, a record scrap sale of Rs.273.52 Cr. has been achieved as against the target of Rs.230.00 Cr.
7. An amount of Rs.44.57 Cr. Excess over Estimate for Doubling between Nergundi-Cuttack-Raghunathpur was regularized under unsanctioned expenditure. Completion Report has been sanctioned.
8. Productivity test of "Construction of Additional Loop line at Nayagarh Railway Station" has been submitted to RB.
9. Internal Audit Reports assigned by RB on two topics i.e "Engine On Load (EOL) – Its adoption in Railway and Effectiveness in bringing down Wagon Detention vis a vis the Relaxation provided by Railways" and "Study on Change utility of RCPS /Fuelling points and scope of their closing down in view of electrification of lines and surrender /reduction of diesel locos." have been submitted to Railway Board.
10. 4 Draft Paras, 5 Provisional Paras and 1 Audit Para 6 Special Letters, 2 AIR Pt.I have been cleared this year.
11. 150 Stock Sheets & 15 Accounts Notes have been cleared.
12. Inventory Turnover Ratio:

<b>Inventory Turnover Ratio</b>	<b>Final Grant 2020-21</b>	<b>Actual</b>
With Fuel	1 %	1 %
Without Fuel	5 %	5 %

13. An amount of Rs.200.03 Cr has been recovered against outstanding dues recoverable as compared to last year of Rs.144.79 Cr.
14. Track machine establishment was centralized earlier at HQ. On advice of Finance Department, the same has been decentralized as a result of which a monthly saving of Rs.6.5 Lakhs on HRA account has been achieved. Further, saving on account of TA, HostelSubsidy etc. will be achieved.

## G. Innovations and use of technology:

### • **BEST (BPT & EFT System for Traffic Accounts) Application:**

This application has been developed in house to verify arithmetical accuracy of BPT, EFT vouchers and for facilitating system generated reports. This module has been developed with My SQL at the database level and Java at the front end. It has been hosted in Internal Server (High end PC) of IT Centre over Rail-net.

Master forms for Trains, Distances, Different type of coaches, Stations, Type of Trains etc have been developed besides making provision for entry various parameters like TTE/TTI, Voucher No, No of passengers, class etc. BPT vouchers around 13000 (1100 per month) and EFT vouchers around 9,00,000 (75,000 per month) are received every month from commercial department of divisions in Traffic Accounts office. Manual verification of each voucher is a cumbersome task. These vouchers are entered in detail in the S/W to find the correctness of fair collected and any discrepancy. Voucher number, name of the staff who collected the money (name of the TTE, TTI for EFT & Station staff for BPT), station from, station to, class, passengers, train number etc. are entered.

This will facilitate generation of error report showing the undercast vouchers with details. Thus, shortfall in revenue collection is identified and steps are taken to collect the same. Similarly, missing vouchers are identified and traced out to obviate misuse of the vouchers.

Apart from the above, various managerial reports generated to assist the management to ascertain the number of transactions, total amount deposited vis-a-vis the total amount worked out by the system, missing vouchers, TTE/TTI wise EFT collected & deposited.

### • **OGRS (RPF Online Grievances Redressal System):**

RPF Online Grievances Redressal System (OGRS) portal has been developed with Oracle 10g XE at the database level and Java at the front end. RPF Staffs who are having any grievances related to their services and would like to highlight their problems to management can register their grievance online in OGRS.

Grievances of RPF personnel relating to Uniform, Salary, Duty, Transfer, Education, Leave, Medical, Quarter, RSKN, Others etc and are submitted online. The status of their grievances can be viewed by the respective complainants.

The grievance is seen by the nominated officers and remedial measures are taken, if the issues need the intervention/approval of higher authority the officer concerned can forward the same to next higher up. The purpose of the system is to ensure quick/transparent redressal method. Hence, all such grievances registered can be viewed by higher management of RPF department. Managerial information like number of complaints, nature of complaints, the time taken for redressals, pending/ unattended complaints helps management to take appropriate action quickly.

- **CHITHI (Computerized Handling of Internal Telecommunications via Intranet):**

CHITHI has been developed in-house for uploading various official documents to view same in Railnet. ECoR website is public website and it is accessible to public in general and there are many documents like Transfer/Promotion office orders, Deputation orders, notices etc. which are applicable to Railways officers/staff only and these documents can be uploaded in CHITHI so that employees with Railnet connectivity can view the pages. The web address of the newly developed website is URL: 10.180.18.255/chithi. The nominated employees with admin credentials can only upload the documents. User-id and password will be issued from IT Centre.

The objective of the website is to provide orders/notices on the click of mouse and to facilitate downloading. Moreover, many important orders/codes can be uploaded or given link for downloading from the Railway Board website etc.

As part of digitization, registration and processing of all employees of Accounts has been done UMID. Further, e-office is being utilized for all correspondences and approvals linked to proposals within Accounts Dept.

1. In HRMS all data has been fed and the process of verification and validation also completed. Further, e-pass has been issued to all employees through HRMS portal.

## **H. Innovations related to Control of Expenditure, Finance Proposals, Internal Check and Budget Related Activities:**

- Completion Report for Doubling between Nergundi-Cuttack-Raghunathpur with an amount of Rs. 44.57 Cr. as excess over Estimate has been sanctioned by CAO/C/BBS and regularized. Further, out of 25 outstanding Completion Reports pointed out in 109<sup>TH</sup> PAC on "Accounting of Projects in Indian Railways", 10 projects Completion Reports have been drawn and drawl of balance CRs is being pursued at AGM level.
- The provision of 1% for Environment Related works (ERW) is not applicable for Track renewal works under Plan Head-31 was suggested by ECoR, which has been approved by Railway Board vide Ir.no.2017/E&R/3(2)/2 dtd.24.01.2020.
- Review of cost of housekeeping of Trains and Stations vide letter no.2018/EnHM/13/01 dtd. 29/06/2020 has been circulated to Zone by ED EnHm/NC. Most of the suggestions included are of ECoR which was communicated to ED/EnHm and E(D)F(X) after doing a thorough review of all sanitation contracts and yard sticks adopted by various units of ECoR. This has resulted in savings in divisions of ECoR and other Zones as well. In case of Manpower Contract of WAT division, the cleaning of VZM, RGDA and KRPU station cleaning are now managed by departmental staff of respective station. As advised by Railway Board, all Manpower Contracts of cleanliness of Trains & Stations have been reviewed and there is overall more than 60% reduction in Manpower and Materials on actual basis. Similarly for KUR division, Manpower and Material both have been reduced to 42%. Further, in SBP division department wise Manpower Contract were reviewed by DRM SBP on 30.06.2020. All the works having physical progress of less than 75% were foreclosed by giving suitable notices to the contractors.
- Letter to MPP directorate has been made for review of yardstick of Crew at present fixed at 7.67 per cab for LP/ALP Goods as per 2008 Operating Manual, based on review conducted in ECoR where the Crew per Cab has been fixed at 6.1. The reduced factor has been effected by JPO signed by PFA, PCEE and PCOM which will lead to reduction of cost and rationalization of crew strength.
- The cadre of Track Machine staff was centralized and maintained at HQ/ECoR/BBS, though they were utilized in 3 divisions resulting in incurrance of higher expenditure based on higher rates of HQ. However, Finance head suggested for HQ to be fixed on "as is where is basis" has been acted upon. This will result in saving of Rs.1.13 Cr annually under allowances.
- Revised yardstick for Track Machine Staff has also been sent to MPP after detailed review which has resulted in savings in ECoR.

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- Arrear Quarter Rent Recovery of Rs 4.16 Cr has been done from employees of all units of ECoR as against revision of License fee with retrospective effect from 1/7/2016.
- Recoverable dues payment by Vishakapatnam Port Trust (VPT) has been made for an amount of Rs.12.10 Cr from Feb'2020 to March 2020.
- Bills Fuel consumption (HSD oil) for traction has been reduced by 46.32 % (CY: 64734.48KL, LY: 120600.66 KL).
- As on 10.02.2021 (IMMIS Report), ECoR's average time taken for payment of NS and Stock bills is only 9 days during FY 20-21, which is lower than other Zonal Railways /Production Units. Similarly, EMD refund (online) average time taken is 4.62 days whereas in case of other Zonal Railways, it is more than 11 days. Stores TC is finalized in 37 days in this Railway. Bill passing is done in a quick and transparent manner to vendors and will affect tender pricing in a positive manner.
- Common Line Box (CLB) for Loco Pilots has been implemented in majority of Crew points of KUR and WAT. GM has advised units for adopting CLB practice for Guards.
- Action has been taken to reduce payment of Hiring of vehicles by reduction of minimum mandated KM for payment from 2400 KM to 1600KM with effect from 01.09.2020 which will save Rs.1.5 Crore in 3-year Rate contract at Headquarter.
- Review of POH/IOH scheduling as per extension and revised tolerance issued by Railway Board was ensured so that no POH/IOH of coaches before schedule time is proposed. This has resulted in POH of 901 as against LY of 1250 (reduction by 27.92 %) thereby leading to savings under SMH-04 and SMH-05.
- Savings achieved through Internal Check and Finance Scrutiny & others is Rs.358.92 Cr.

### **I. Innovations and System Improvements related to Accounting and Book Keeping:**

- As per Economy Measures and Rationalization of expenditure letter dtd 19/06/2020 of FC (Rlys), through review of all types of Suspense for HQr and necessary rectification, streamlining and Clearance of Suspense head was carried out and detailed report was submitted to RB. Review of MAR as reflected in Account Current Schedule-III Vis-à-vis Revenue Allocation Register (RAR) as per mapping of Allocation was done and modification was suggested to CRIS and DFA/RB.
- Unrealized cheques of Rs.43.32 Lakh (Period from Apr'17 to Mar'18) have been transferred to Abstract Z-650 and estimates resulting in reduction of cheques and Bills Suspense.
- During the FY 2020-21, an amount of Rs.5.27 Cr has been recovered against overpayment detected through spot check of Railway Pension Accounts in Pension paying branch.
- Out of 2808 Unrealised TR pending in Remittance into Bank (RIB) Suspense amounting to Rs 6.39 Cr to end of Mar'20, recovery/rectification of TRs of Rs 5.76 Cr has been done from IDBI and balance Rs 63 Lakhs is left unrealized and is being pursued with IDBI and will be settled soon. Unrealised TR pending in Remittance into Bank (RIB) Suspense of Rs.3.10 Cr of 198 TRs more than one year old (2018-19) has been completely cleared/ realized from IDBI Bank.
- For effective reconciliation of RIB module details, suggestions have been submitted to CRIS, DFA, and PFA/SC Rly. Similarly, for accountal of revenue and reconciliation of Revenues through POS, changes in MIS for reconciliation along with other suggestions have been proposed.
- Public Sector Bank Suspense (PSBS) of Rs.9.34 Cr (PNB Rs.6.73 Cr, SBI 1.12Cr, Bank of India Rs.0.79Cr. & four years old outstanding of Rs.0.70 Cr.) has been cleared to end of Jan'21.
- User ID and password for implementation of MERS portal for collection of miscellaneous receipts digitally has been obtained from CRIS intimated to all Accounting Units and have been advised for collection of Bills Recoverable amounts through MERS portal.

### **J. Innovations and System Improvements in Traffic Accounts Activities:**

- In East Coast Railway Business Development Unit (BDU), at Headquarter FA&CAO(T) is member and in Divisional Business Development Unit (BDU), Sr. DFMs of units are members who have already identified potential of 3.3MT of additional Traffic, which mainly consists of Fly Ash, Slag & Steel loading for VSPS (Steel Plant) to Gangavaram Port (short lead less than 50 km), Fertilizer loading from IFFCO, Maize, Rice etc. Out of 3.3MT, 0.438 MT has already been moved & has led to Rs.40.70 Crores additional earnings/revenue. Further guidelines for tenders for comprehensive outsourcing and commercial utilization of 29 Railway Goods Sheds of ECoR as per EOI (Expression of Interest) invited, Time tabled parcel trains (TTPET) and Time tabled Priority Freight Train Movement Scheme (PFTMS) have been done by BDU.
- Traffic Suspense has been reduced to Rs.84.32 Cr as compared to the corresponding period of previous year of Rs.116.56 Cr to end of Dec'2020.
- The revenue of Rs 9 Cr generated through Shramik Special Trains has been included in Originating Passenger Revenue. The utilization certificate Rs 7.61 Cr (approx) to State Govt. has already been given.
- The correction of opening balance in TAMS module of Goods and Coaching Balance Sheet has been completed upto Nov'2020. Further improvements for Error-sheet module on basis of in-house S/W of FAS has been sent CRly.

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- The total amount outstanding against Carriage Bills is Rs.1.93 Cr to end of Feb'2021 which is reduced by 51.3% compared to last year outstanding of Rs.3.76 Cr.
- ECoR Policy on Normal Pay & Use Toilet has been concurred by Finance. For NSG-1-4 stations, Earnings contracts for Building, renovation and maintenance of Pay and use Toilets has been contemplated. For other stations where earning contracts are not viable, maintenance and cleaning through reputed agencies on no pay basis has been specified. On failure of above two options cleaning through Local safaiwala through payment of honorarium or cleaning through existing cleaning Contracts will be resorted to. This will lead to saving of revenue expenditure under cleanliness and also will help in garnering Non Fare Revenue.
- A bye-pass line of 82 km connecting Paradeep Port to Mineral Hinterland Haridaspur has been commissioned through HPRCL SPV, a Govt. Company and has been opened for Commercial operation and apportioned Revenues (Average Rs.17 Cr for Nov'20 after deduction of O&M charges) has been manually calculated and credited to SPV. The O&M agreement with HPRCL SPV has not yet been finalized. However, on the basis of provisional O&M agreement, 25% of apportionment revenue to HPRCL is being deducted towards O&M costs.
- During the FY 2020-21, an amount of Rs.5.65 Cr has been recovered as under charges detected by TIAs (Rs.0.98 Cr) and by Traffic Accounts office (Rs.4.67 Cr).
- Station to Station Rate concession for Granite traffic from Kotabommali (KBM) to Kakinada Seaports Ltd (KSLK) of 25% on NTR has been concurred by Traffic Finance to augment Goods Revenue.

### K. Other Innovations and System Improvements:

- MOU for execution rebuilding of 16 number of Stone Slab Bridges with RVNL at a cost of Rs 10.13 Cr wherein provisioning of Funds will be done by RVNL has been concurred by Finance. MOU has also been executed between East Coast Railway and PSU's (TCIL/EPIL) for construction of Package ROB-2/ROB-3 has been vetted by Zonal Finance.

### L. Savings achieved (To end of Mar'21)

(In Rs. /Crs.)

Sl.No.	Particulars		Actual	Notional	Total	
1	General Accounts	Internal Check & Finance Scrutiny	1.77	142.98	<b>144.75</b>	
		Energy Bills	Traction	0.00	3.74	<b>3.74</b>
			HSD Oil	0.00	0.77	<b>0.77</b>
		Pension	Overpayment Detected	0.00	14.15	<b>14.15</b>
			Overpayment Recovered	6.42	0.00	<b>6.42</b>
2	Traffic	Internal Check & Finance Scrutiny	0.10	0.00	<b>0.10</b>	
3	Stores	Internal Check & Finance Scrutiny	0.00	133.36	<b>133.36</b>	
4	Construction Accounts	Internal Check & Finance Scrutiny	0.70	54.93	<b>55.63</b>	
<b>TOTAL</b>			<b>8.99</b>	<b>349.93</b>	<b>358.92</b>	

### M. Plan Expenditure:

The funds under Planned Expenditure (Final Head) during the year 2020-21 is fully utilized, as against allotment of Rs. 5248.82 Crs. (Net), Rs. 5464.63 Crs. have been spent.

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**“Accounting does not make corporate earnings or balance sheets more volatile.**

**Accounting just increases the transparency of volatility in earnings.”**

**—Diane Garnick**