रेलवे बोर्ड

Railway Board

①A

FA&CAO's Conference 23/1/16

FDI

Happy New Year - Face Challenge: Overcome
2016 will be Toughest year for IR/IRAS.

- 2015-16 will endup with
  → Revenue Loss of ₹ 17,844 Cr. (Never Before)

Funds	Nature	BE	RE ₹ in Cr
DRF	App. To	8100	5700
	Withdrawl	7500	7045
	Balance.	2381	476.
DF	App. To	5750	1323
	Withdrawl	4000	3040
	Bal.	3592	390
Pension	App. To	35260	34860
	Withdrawl	33220	33220
	Bal.	2824	3088
Cap. Fund	Bal.	2473	1444
Debt Service Fund	Bal.	1167	2311

Balances under Pension Fund / Debt Service Fund Can't help us for Pay Commission/Debt servicing

→ Savings Graces: OWE ₹ 8020 Cr.
Dividend ₹ 2400 Cr.
4%

⇒ Result : Surplus Reduced from ₹ 7972 Cr (BE)
₹ 3348 Cr (RE)
ie (-) 4624 Cr less.

All savings will be wiped out in 2016-17

1(B)

Reduction in GBS from ₹ 40,000 Cr to ₹ 32,000 Cr

Result : Reallocation of Project Exp. (+14% ROR)
from CAP to EBR/IF [DL/RE]

→ Strict Project Rules have to be followed
→ But ₹ 1 lakh Cr has to be spent as per commitment of MR to Parliament
→ Extra Drawl of ₹ 6000 Cr : Ensure Exp.
→ Spl. care in DL/RE

Action Plan : ⊙ Spend under EBR/IF

⊙ Spend upto RE allocation in DRF/DF and CAP.

⊙ Identify >14 % ROR Cases carefully under PH 16, 42, 33, 36 for shifting to CAP/EBR·IF so as to relieve DF

⊙ Maximise non-Rly./Partnership Exp/Capture as part of ₹ 1 lakh Crore to cover shortfall – $\boxed{\text{CORRECT FIGS NEEDED}}$

⊙ In CAP, over & above Budget, keep Bills checked & ready
→ If we get more in March, we will signal you STAT.

$\boxed{\text{Real Time Exp. Management in 2 mths}}$

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(1)

Revenue / OWE 2015-16

IR Operating Ratio to be kept < 90%

→ Step up Sundry Earning / Scrap Sales / Energy & Fuel management / Clearance of Traffic Susp. / manage Tax implications

→ Stop all induction = Instruction will go from CRB.

→ Short close out sourcing Contracts - use departmental staff more - factor reduction in Train Services (*)

→ Review Electric - Open Access

→ Review RE de-novo; put a stop to all uneconomic Exp. + Staff variables.

→ Clean up dep. misc; any at-source clearances needed, let your mentors in Bd. know.

⇒ STORES: Your Good work in Savings has been negated by Inventory Mgmt.

₹ 8000 Cr involves: Staff Cost (-) 2057 Cr.
HSD (-) 2581 Cr
Elec. (-) 812 Cr.
Stores (+) 478 Cr.

WAR ON STORES PROCUREMENT (SUSP PU 27/28)
(*) WAR ON CONTRACT (PU-32)
WAR ON "OTHER EXPENSES"
WAR ON CONSUMMABLES

(2)

2016-17

Deamon → 7th CPC Impact

₹ in Cr.

Salary & Allowances	22205	(+) 38%
Total Pension / Settlement	18642	(+) 56%
Grand Total	40847	(+) 45%
Less Normal Growth (CoPPY)	10816	
Net Additional Impact	30031	

MoF have not yet given an assurance to help us to ~~hand~~ hold the above impact

Double - Whammy : Draw down in DF/DRF will not allow expenditure therefrom unless we can appropriate at least ₹ 10,000 Cr to the funds ; Principal component of IRFC dues + Debt Service fund needs updation.

A study on the Debt Burden of IR shows that till 2048-49, Total liability has already clocked ₹ 31,91,315 Crores (not taking High Speed Rly. into account) Our Out flow will be more than Inflow from 2021-22.

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Action Plan for 2016-17

At Board's level — External Help sought

(A) We have approached MOF to
- (1) Subsidise > ₹ 30,000 Cr of traffic below Cost
- OR (2) House hold full amount of 7CPC impact
- AND (3) Give Tax reliefs in CAPEX/Revenue/IRFC
- " (4) Provide Tax exemption in expenditure from GBS since we pay dividend.
- " (5) Dividend rate has been reduced by 1%

(B) If not granted or partially granted, our options are
- (1) To ask for Dividend waiver/deferment
- (2) To take an interest-bearing loan to supplement our fund Balances.

⇒ But none of these will fully compensate our GAP

Earning Scenario

Pre-Budget meetings do not indicate any significant growth in Economy.

We do not expect that Revenues will grow significantly over RE 2015-16

So... FA&CAO's have to lead in cutting Costs

⇒ BE 2016-17 will need to be reworked to generate 15% savings.

⇒ Hon'ble MR has advised all Board members to give clear instructions down the line.

⇒ ⊙ All vacancies to be Frozen till financial situation eazes - If implimented cost will reduce.

⊙ No fresh induction other than Compassionate appointments / Absoutely essential Staff personally scrutinised by GM's to be allowed. Instructions will flow from Bd. to RRB's also. Insourcing initiatives to reduce PU 32 allotment.

⊙ At least ₹ 5000 Cr will be curtailed in overall terms for Energy/Fuel. Share access with DFCCIL & save energy cost.

⊙ Stores, Inventories, controllable PU's (Staff/non-staff) will be drastically cut

⊙ Sundry Earning Targets will be significantly Hiked.

PLEASE SENSITISE ALL
LET US WIN THIS WAR
GOOD LUCK