

INDIAN RAILWAYS TECHNICAL SUPERVISORS ASSOCIATION

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COMMENTS ON BIBEK DEBROY COMMITTEE'S Interim Report for Mobilization of Resources for Major Railway Projects and Restructuring of Railway Ministry and Railway Board

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Chapter 5, Human Management in IR

Para 5.4 Expenditure on staff is unmanageably high and growing at an alarming rate: The total expenditure of IR (including total working expenses and miscellaneous revenue expenses) for 2013-14 was Rs. 1,31,465crores, while the total receipts were at Rs 1,43,214 crores. Staff costs constituted 48% of Ordinary Working Expenses and 34% of Gross Traffic Receipts. Pension outgo and Staff Costs put together were 51.3% of Gross Traffic Receipts. The staff costs have increased from 2005-06 to 2014-15 (BE) at a CAGR (compound annual growth rate) of 13%, and staff costs plus pensions at 13.7%.

Comments:

- i. The committee itself observed major handicap of Railways as given below,
 - a) Railways not allowed to fix its own fare structure.
 - b) Many projects are enforced on Railways on regional, political & social consideration rather than commercial viability.
 - c) Non allocation of meaningful fund to complete the project.
 - d) Gauge conversion due to uni-gauge policy, Railways is required to invest heavily on already existing routes, diminishing chances for Railways to expand its route length.
 - e) Concessions in fare due to social & political decision are not compensated by Government.
 - f) Operation of branch lines and suburban section which are not viable even to get the operation cost, leave alone return on capital invested.
 - g) Railways is not allowed to increase the fares even to the extent of increase in fuel cost.
- ii. Had Railways been allowed to take decision based on commercial returns on the points mentioned above Gross traffic receipt of Railways might have been much higher than the existing, which might have brought down the percentage of staff cost to Gross traffic receipt & working expenses.
- iii. Staff cost have not increased abnormally when compared elsewhere in the country.

- iv. **In service departments like Railways which has spread all over the country it will natural that staff will constitute a major share in expenditure.**
- v. **In fact staff cost has not increased in proportion to some of the performance indices like traffic unit per staff, traffic carried out per km of track length, etc.**

Para 5.5 This Committee observes that the employee costs (including pensions) constitute the single largest cost component in IR, and are the main drivers that push the Operating Ratio up. These costs have already reached unsustainable levels. With the implementation of the imminent recommendations of the 7th Central Pay Commission looming, presumably with retrospective effect from 1st January 2016, there is bound to be a further upward quantum jump in staff costs and pension costs. This has the potential to seriously destabilize IR finances.

... Accordingly, urgent steps need to be taken to right size IR by rationalizing manpower. Since there is very little that IR can do to mitigate the increasing burden of pension outgo, it is imperative that immediate corrective steps are taken to rationalize expenditure on salaries and wages of existing employees.

Comments:

- i. **Railways always observed the increase in expenditure during the implementation of recommendations of all previous Pay Commissions.**
- ii. **There is lot of scope to improve the financial performance of Railways.**
- iii. **Problem of huge chunk of dead capital locked in many new projects (due to partial allocation of fund to many new projects) that are financially not viable too need to be addressed.**

Para 5.8The existing Railway organizational structure is not customer-oriented, but rather inward Looking. Departmentalization represents the manner in which the activities or jobs in an organization are specialized into groups or departments. Any organizational structure is really a grouping and linking of activities within an organization. It is really about how individuals, jobs, functions or activities are differentiated and aggregated in a manner which optimizes information flow within the group (but typically creates barriers with other groups).

Comments:

- i. **Departmental structure has been created in Railways for the purpose of having specialization based on functional need. It has also reduced the functional cost, time & staff cost. Innovations are possible only in specialisation function.**
- ii. **Merging of cadres are being done over the Railways on functional need within departments.**
- iii. **In name of eliminating departments Mechanical Engineering work need not be carried out by Civil Engineering department, when expertise is available in Mechanical Department.**
- iv. **Work of any particular major department has also not diminished.**

- v. **Readjustments of departments are already happening in Railways. For example, strength of Electrical department has increased while in mechanical & civil engineering it got reduced. Similarly role of electrical department is getting increased in areas like OHE, rolling stock & loco maintenance, etc.**

Recommendations of this Committee

Para 5.16 Tackling the problem of departmentalism: As already indicated earlier, the problem of 'departmentalism' in IR is on account of multiple issues that include organization culture issues, existence of a large number of organized Group 'A' services, lack of transparency and fairness in key policies, including for manning of senior general management posts by officers of various services, competition amongst various departments for allocation of scarce resources, inequalities of in-service norms and conditions between different services etc.

Comments:

- i. **There is no upside down reforms are required in Group A services and the specialisation existing in Technical services shall be retained at lower & middle management level.**
- ii. **Concept of General Management service already exists in Railways in the posts of ADRM, DRM, AGM, SDGM, GM etc and in Railway Board. If required strength of these posts can be increased on functional need or similar posts shall be created.**

Para 5.17 Issue of multiple services: In order to make recommendations for resolving the various problems associated with the existence of a multitude of organized Group 'A' services, which also contributes significantly to the existing problem of 'departmentalism' in IR, this Committee interacted with various stakeholders, examined the suggestions of various expert committees set up in the past and considered various options available. This Committee notes that the Federation of Railway Officers Association (FROA), the body representing the officers of the various organized Group 'A' services, has strongly supported the idea of a reduction in the number of organized Group 'A' services in IR and has suggested amalgamation of all existing services into a single Unified Railways Service (Indian Railway Service). The observations and recommendations of this Committee in this regard are outlined later.

Comments:

- i. **Single unified cadre may suit to posts higher in hierarchy ladder.**
- ii. **Junior Management, Middle Management & major portion of senior management should remain with individual technical departments (UPSE Engineering service) since technical departments need expertise & specialisation in their relevant field.**
- iii. **Uniform career progression shall be addressed within above mentioned points.**
- iv. **Amalgamation shall be considered for civil services Group A services.**
- v. **Lateral movement on tenure basis shall be allowed for finance officers**

for exposure in other departments, since instead of complementing administrative decisions, finance department ends up in doing watchdog work.

Para 5.25 Need for retaining desired level of functional specialization: One of the important arguments for justifying continuation of the existing large number (eight) of organized Group 'A' services in IR is that this arrangement helps in meeting the requirement of functional specialization. This Committee appreciates the fact that IR being a complex, technical department, it needs to have a degree of specialization and domain expertise. At present, most of the officers work and remain in their specialized departments throughout their careers. Inter-departmental postings are not the norm and the number of "General" management posts is not large. However, it is also an accepted fact that although these officers remain in their departments, normally the nature of their work becomes more general management oriented and less technical as they move up the hierarchy ladder.

.... This would entail more or less maintaining the status quo for specialized /functional cadres at Group 'C' (level 3), and a semi-merged cadre for middle/junior management (level 2). Semi-merged structure would involve a 'common merged cadre/service' for Group 'A' officers, and functional /specialized cadre for the Group 'B' officers within this grouping. At the senior Group 'A' levels, there would be a 'common merged cadre/service' (level 1).

Comments:

- i. **Function of general management is already available in the posts of ADRM, DRM at Divisional level and as AGM, SDGM & GM in Zonal levels and some posts in Railway Board.**
- ii. **Senior Supervisors of Technical Departments now part of Group C who are required to perform multitasking functions including managerial functions should be made part of Junior Management cadre as like all other departments of Government of India.**

Para 5.31 Creation of a General Management Service: IR has a large number of General management posts such as ADRM, DRM at the Divisional level, AGM, SDGM and GM at the Zonal level, and a few posts in the Railway Board office also. These posts are critical for smooth Railway operations and the incumbents in the field are in charge of the management of the Division/Zone, and supervise and coordinate activities of various departments. At present these posts are filled up by suitable and eligible officers of the eight organized Group 'A' services. The officers who are posted to these posts have a fixed tenure and upon completion of their tenure, they are posted back to their respective departments.

This Committee notes that as long as officers are positioned against the General posts, they are driven by larger organizational interests rather than narrow departmental interests. However, return of such officers to their departmental environment on completion of tenure causes a relapse into departmental squabbling.

This Committee accordingly feels that there is a strong case for an institutional mechanism whereby selected officers once positioned against General Management posts, continue to perform that role for their residual careers. This would need a new cadre – a General Management cadre – being created.

Comments:

- i. **Existing large number of General management posts such as ADRM, DRM at the Divisional level, AGM, SDGM and GM at the Zonal level, and a few posts in the Railway Board is in line with the principle recommended by the committee in para 5.41 on lateral entry.**
- ii. **Group A service officers are having the chance of serving in General Management cadre at least twice in their carrier on tenure and coming back to their original cadre with attitude & aptitude suitable for overall goal of Railways rather than narrow departmental mind set.**
- iii. **Group A service officers with combination of Departmental knowledge and General Management experience are very much useful to overcome the departmental barriers.**

Para 5.32 Indian Railway Technical Service (IRTechS): Direct recruitment of officers to IRTechS should continue to be from the Indian Engineering Services (IES) examination conducted by UPSC, as is being done currently. Thereafter, once that new system of entry is in place.

.... the recruitment of a few officers with degrees in Mechanical Engineering through the Special Class Railway Apprentices route should be discontinued, as the *raison d'être* for it is no longer valid. ...

The promotion of Group 'B' officers to the Group 'A' IRTechS would continue to be done through the existing procedure of UPSC, the only difference being that instead of the five different seniority lists that exist currently for the five different technical services, a common seniority list of Group 'B' officers will be drawn up and used. The details for this may be worked out by IR. In the event a Group 'B' officer inducted into Group 'A' has a relatively shorter residual service left, deployment could be assigned to him in the functional area of his specialization only.

There will be no change in the manner of promotion of Group 'C' officials to Group 'B' posts in IR.

The option of UPSC conducting a separate examination for recruitment to IRTechS after class 12th and then imparting them specialization in Railway Engineering has also been suggested to us.

This Committee is of the view that holding a separate exam through UPSC and then grooming the selected candidates in Railway technology in a Railway University, is still premature.

Comments:

- i. **Discrimination between Group A & B officers in Railways should be removed before doing any other reforms.**
- ii. **During their service in Junior Management and Middle Management cadre, in the same post & Grade Pay, shouldering same responsibilities, Group B officers are treated inferior to Group A.**
- iii. **Keeping two separate career avenues (Group A & B entrants) for those who are working in same post is not a good management strategy.**
- iv. **Many times Group B officer with rich experience having higher**

qualification than Group A officers end up doing secondary role to Group A officers.

- v. **All the recruitments for Group A service should done through either UPSE or civil service examinations, no shortcut method should be allowed.**

Para 5.41 Lateral entry: This Committee observed that performance of IR officers on deputation has been largely of high standards, and that these officers have also been enriched by such exposure and experience.

However, this Committee notes that there is virtually no deputation of officers of All India Services/Other Central Group 'A' services to IR. Consequently, IR suffers from inbreeding and is deprived of the benefit of services of officers with a wider set of competencies and varied experience.

As such, this Committee is of the view that lateral movement of officers, both from outside to IR and from IR to outside, should be encouraged, without adversely impacting delivery of Railway services.

Comments:

- i. **No lateral entry is necessary for Railways.**
- ii. **Those who are coming from outside will be passing birds only.**
- iii. **Instead of contributing for long term goals they will end up in short term targets which may prove counterproductive.**
- iv. **Instead of lateral entry following suggestions within Railway system for managerial & technical improvements are suggested.**
 - a. **For enrichment of knowledge through outside exposure & experience not only Group A officers but also Group B & senior supervisors now in Group C shall be allowed freely to work outside on tenure basis.**
 - b. **Outside tenure not necessarily be Government organisation, they may be allowed to work with private firms also.**
 - c. **Railways itself can arrange for tenure working for its Group A, B & C employees in some of the foreign Railways, so that they can come back to Indian Railways with rich experience.**
 - d. **During their entry to Group A & B service and during their one year training period (Engineering Graduates) before their induction as Senior Section Engineers, internship training of six months in some the foreign Railways shall be given.**

Para 5.47 Reorganization of Departments: ... For instance, General engineering (buildings/station maintenance, telecommunication, general station/building lighting etc.), Engineering functions related to fixed Rail assets (tracks – Permanent way, track signalling, etc.) and Motive Power (All locos - Electric and Diesel- and traction installations) and Rolling stock (coaches wagons, and all self- propelled vehicles) could form different clusters. This can be used as a possible basis to reorient the existing departments to meet the organization's business strategies.

Comments

- i. Existing separation of departments argue well for efficient function of Railway system.
- ii. Suggestions of committee for amalgamation of activities horizontally instead of existing vertical channel will shoot-up the administrative cost. The concepts like economic order quantity will get defeated in the system suggested by the committee.
- iii. Existing slowness in coordination between departments can be easily addressed by granting more autonomy to General Management posts of ADRM & DRM at divisional level and AGM, SDGM & GM at zonal level.
- iv. Powers of Railway Board shall be limited to policy making and overall supervision to ensure adherence of rules framed.
- v. Schedule of Powers (SOP) should be made more post specific instead of being based on rank.
- vi. Station Mangers of major railway stations shall be provided with exclusive powers on some areas particularly in cleaning & security.
- vii. Similarly Chief depot officers of C&W depot, Loco Shed in-charges, etc shall be provided with special powers.

Para 5.49 At level three (Group 'C'), the specialized cadres on traditional functional lines shall continue and this will be semi merged in level two (Junior time scale - JTS, Senior Time Scale - STS, Junior Administrative Grade/ Selection Grade - JAG/SG), as discussed earlier. As such, officers posted to JTS upon promotion from Group 'C' shall continue to work in their specialized functions/streams. They will be put through in-service training, and after attaining the required level of competency and proficiency, will be posted to other group functions upon promotion to STS.

The successful reorientation of traditional departments as shown in Figure 5.8 above, will require not only a rearrangement of existing departmental structures, but also imparting of newer competencies and skill sets as members of each present day department will be required to perform roles of other departments within the subgroup. Besides, the changed focus of the organization will require newer kinds of competencies being created. For example, the existing commercial department has hardly any focus on marketing, brand building etc.

Comments

- i. When sufficient work load & required expertise are available it is not necessary to interchange specialised personals.
- ii. Newer competencies and skill sets shall be imported on specialised fields.
- iii. Commercial department activities are guided by policy & procedure announced by Railway Ministry and more autonomy can only solve the problem.

Para 5.53 Optimization of the size and skills of manpower in IR: As already highlighted, the staff cost (including pensions) is the single most significant expenditure item accounting for the lion's share in IR's total expenditure.

....Very little can be done to tackle the pension expenditure, which is a committed liability, except perhaps building a Pension Fund corpus over time through monetizing of assets and alternate revenue generation.

.....Therefore, curtailing expenditure on salary and wages seems to be the only option for revenue expenditure control by IR. Only flexibility available for salary cost reduction is rationalization of the number of employees through the adoption of diverse strategies.

..... Evaluation of possible alternative approaches that could be adopted to reorganize and rationalize work, manpower deployment, introduction of technology interventions, removal of obsolete processes etc. would be imperative.

Comments

- i. **Staff cost has been always under control.**
- ii. **It is not correct to blame staff cost for higher working expenses.**
- iii. **Railways has steadily decreased staff strength over the years, even though Rail traffic has increased steeply over the years.**
- iv. **Further reduction of strength will be at the cost of safety only.**

Para 5.54 This Committee noted that although the erstwhile Group 'D' categories have been merged and granted the lowest Group 'C' Pay Band and Grade Pay by the 6th Central Pay Commission, most of the employees in these categories continue to perform the same functions, with practically no change in their responsibilities, skill sets and competencies.

IR data relating to the various erstwhile Group 'D' categories indicates that as on 1st October 2014, there were approximately 5.7 lakh sanctioned posts and 4.7 lakh employees on rolls belonging to these categories in the open-line set up (this does not include staff of Production Units and "other units").

Further, information gathered from IR also reveals that a large number of these categories still continue to carry out jobs and responsibilities that are now quite obsolete, for instance Bhisty, Mochi, Sarang, dhobi etc.

Moreover, the work performed by a large number of these categories can easily be outsourced at much cheaper rates as the cost of manpower for performing these tasks in the private sector is much lower.

It is also evident that the responsibilities of many of these categories can be combined through multi-skilling and multi-tasking. This Committee also notes that despite significant technological improvements and automation in many areas in IR, there has not been commensurate rationalization of staff.

Comments

- i. **Railways has rationalized its staff over the years and continuously doing it.**
- ii. **In commensuration with change in Locomotives from steam to Diesel & Electric, entire fleet of loco sheds including infrastructure & human**

power were rationalized & upgraded.

- iii. **Similar the case in P.Way, Coaches, Signal, workshops, Production units etc.**
- iv. **Work content of Group D is exists in Railways and for the sack of reforms it cannot be eliminated.**
- v. **Over dependency on private sectors / contractors can harm the operation of Railways.**
- vi. **In all Divisions no work should be outsourced 100%, in other words Railways should perform some percentage of work through its own staff in all areas including cleaning to tide over any emergency situation, to avoid monopoly by private firms and even to have cost & performance comparison.**