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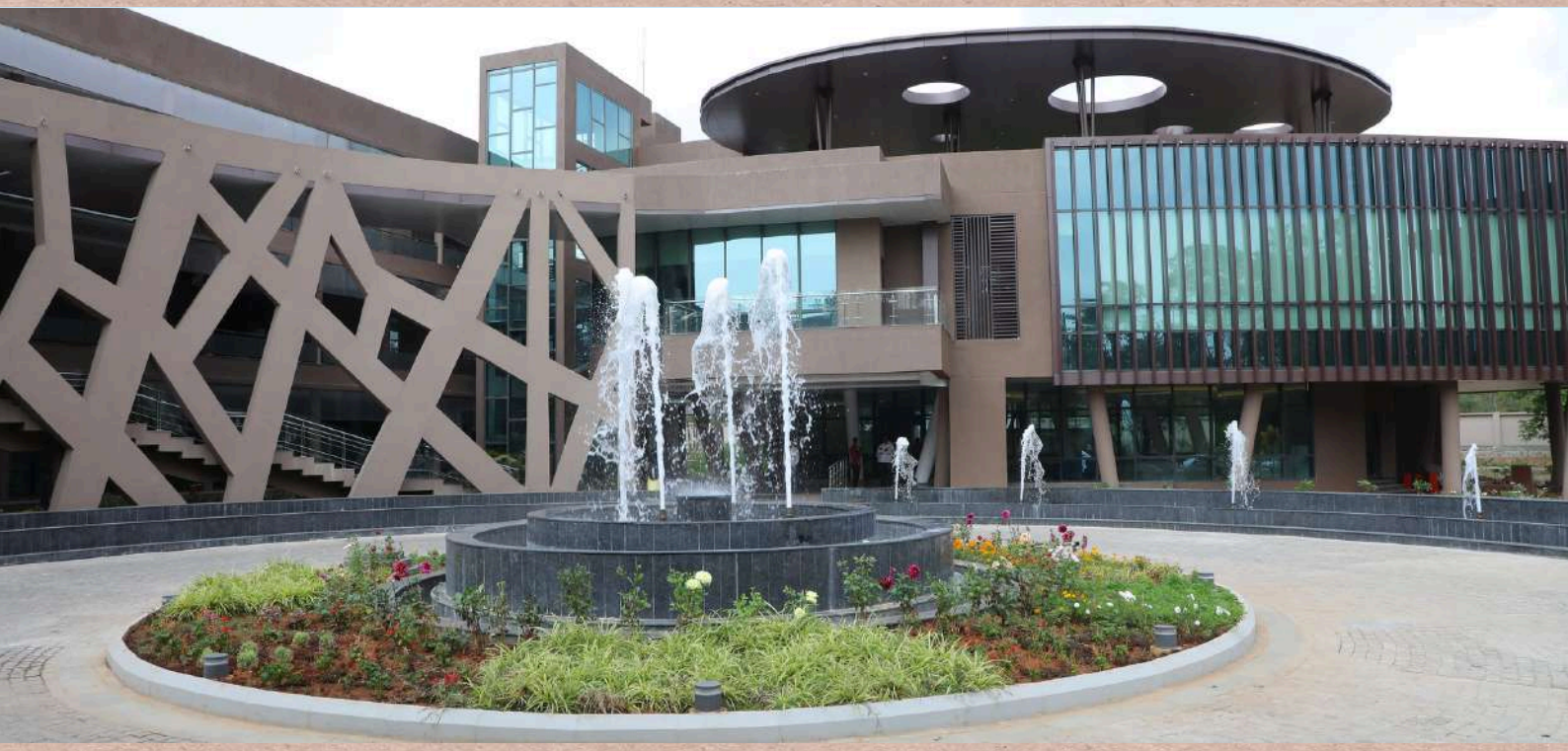
IRIFM

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INDIAN RAILWAYS INSTITUTE OF FINANCIAL MANAGEMENT(IRIFM)

THE FISCAL TRACK

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Railways as a Catalyst for Industrial Growth - Reflections from the Keynote Address by Amitava Mukherjee, IRAS 1995, CMD, National Mineral Development Corporation on IRIFM Day 2025, which offered deep insights into the strategic role of Indian Railways in enabling industrial expansion, particularly in infrastructure-heavy sectors like steel and mining, is the special focus of this edition.

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In case of dissension, never dare to judge
till you have heard the other side.

- Euripides

FROM DG'S DESK

Dear esteemed readers,



Mandate of IRIFM now encompasses training to IRPS, IRHS in addition to IRAS; all departments predominantly function as service departments to other departments engaged in building rail infrastructure and train operations.

The attitude of patronizing superiority is in complete antithesis to the word 'service'. The word SERVICE encompasses traits like simplicity and humility but definitely not servitude.

Direct public delivery component is to be driven by customer centric approach whereas for services which have an indirect role, a problem-solving attitude with accessibility and relatability and not condescension is the way to go. Involvement versus indifference.

In several places the general dictum of work is – "Say No first, then Negotiate", delay first then deliberate; considered an effective practice tool. While it tests the resilience of the team piloting the cause, it also ensures that only the most urgent works, important references get through. Time delays in all these dealings are inconsequential. It also ensures that system improvements in a government set up are kept to the barest minimum, for ingenuity is not worth the quibble and constant reminders.

Contrary to the above is the approach of collaboration, rigorous analysis and due diligence from the very beginning, an exercise of mutual trust. Over time it inspires confidence, forges connections and nurtures organizational goals. A choice one has to make between procrastination, action and inaction.

We attended the accreditation function in which the capacity building commission emphasized on 'role-based competency models. The version 2.0 for standards in training as a meaningful driver of quality and performance is being rolled out. This is aimed at enabling, nurturing and sharpening functional, behavioral and domain related capabilities. Emphasis is on incorporating 5 C's *(confidence, collaboration, communication, compassion, commitment)*, 5 P's *(Processes, protocol, progressive, purposeful, problem-solving learning)* and domain specific 5 D's *(discipline, data driven, digital literacy, design thinking, and decision making)* in training curriculum. The transmission of intent of these words and phrases from training modules to workplace will make all the difference in delivery of the community goods (includes services).

There are as many as 195 CSTI's in the country to fulfil the training needs of bureaucracy. For this vast training eco system to work optimally, the concept of 'embedded autonomy', (though popularized, in connection to the state structures and policies, the framework) is considered relevant. An equilibrium between autonomy and embeddedness is the need of the hour. A degree of independence along with a responsive system which takes care of needs and requirements, strikes a balance in resource distribution alone will enable that the vast training resources are effectively utilized. If the training infrastructure is not nurtured in terms of faculty and financial support, then it is business as usual, and the transformation as envisaged will continue to lag.

First IRIFM day function on 27th June was a resounding success. The address by the keynote speaker touched upon the huge untapped opportunity which awaits IR in the mineral belt. A summarized write-up on the subject is our special focus article. We also take pride in showcasing the meticulous work on the development of HRMS and there is a brief write up on this by the case study writer, Chief Manager CRIS. We also took the fourth batch in our flagship course on Forensic Accounting and corporate finance. Leveraging technology and diving deep in the system generated exception reports serves as a preventive tool in fraud detection. Training creates informed awareness and equips TOs with tools to pre-empt financial irregularities. CAO/ Treasury takes us through a road map to usher IR into a new era of digital financial management. It is a compelling read on remittance, reconciliation and the way forward. The second part of the simple guide to understanding financial statements features Dupont analysis and our regular column by CA Sharan Kumar list further more interesting tools in using MS office.

Warm regards,

Aparna Garg, IRAS
Director General,
Indian Railways Institute of Financial Management.

RAILWAY BUDGET AT A GLANCE

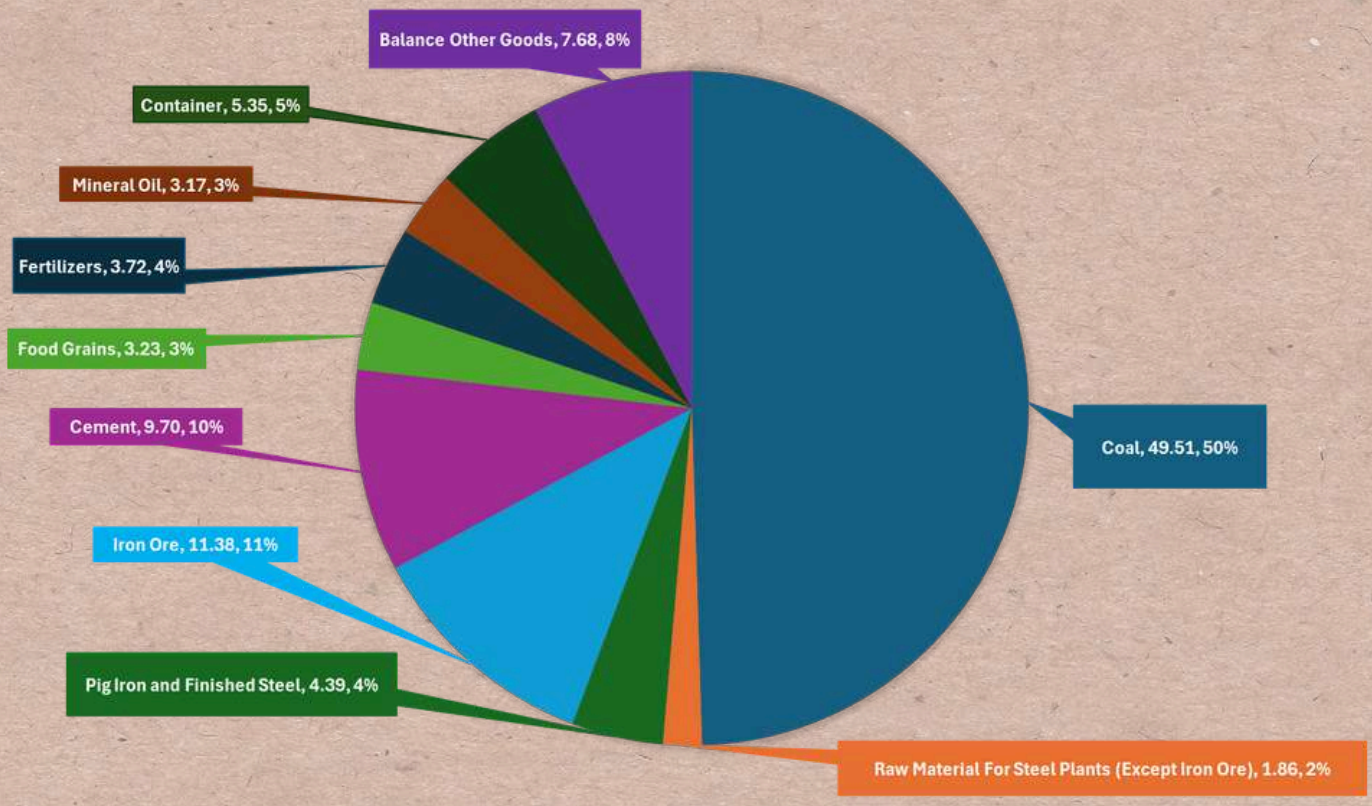
ANALYSIS ON COMMODITY WISE LOADING OF INDIAN RAILWAYS

COMMODITY	ACTUALS FY 2023-24 (IN MT)	ACTUALS FY 2024-25 (IN MT)	VARIATION OVER LAST YEAR (%)
Coal	787.58	822.78	4.47
Raw Material For Steel Plants (Except Iron Ore)	29.61	29.53	-0.27
Pig Iron and Finished Steel	69.89	67.97	-2.75
Iron Ore	180.94	178.12	-1.56
Cement	154.31	145.08	-5.98
Food Grains	51.45	49.77	-3.27
Fertilizers	59.18	59.91	1.23
Mineral Oil	50.49	50.80	0.61
Container	85.04	88.73	4.34
Balance Other Goods	122.15	124.70	2.09
Total	**1590.63**	**1617.39**	**1.68**

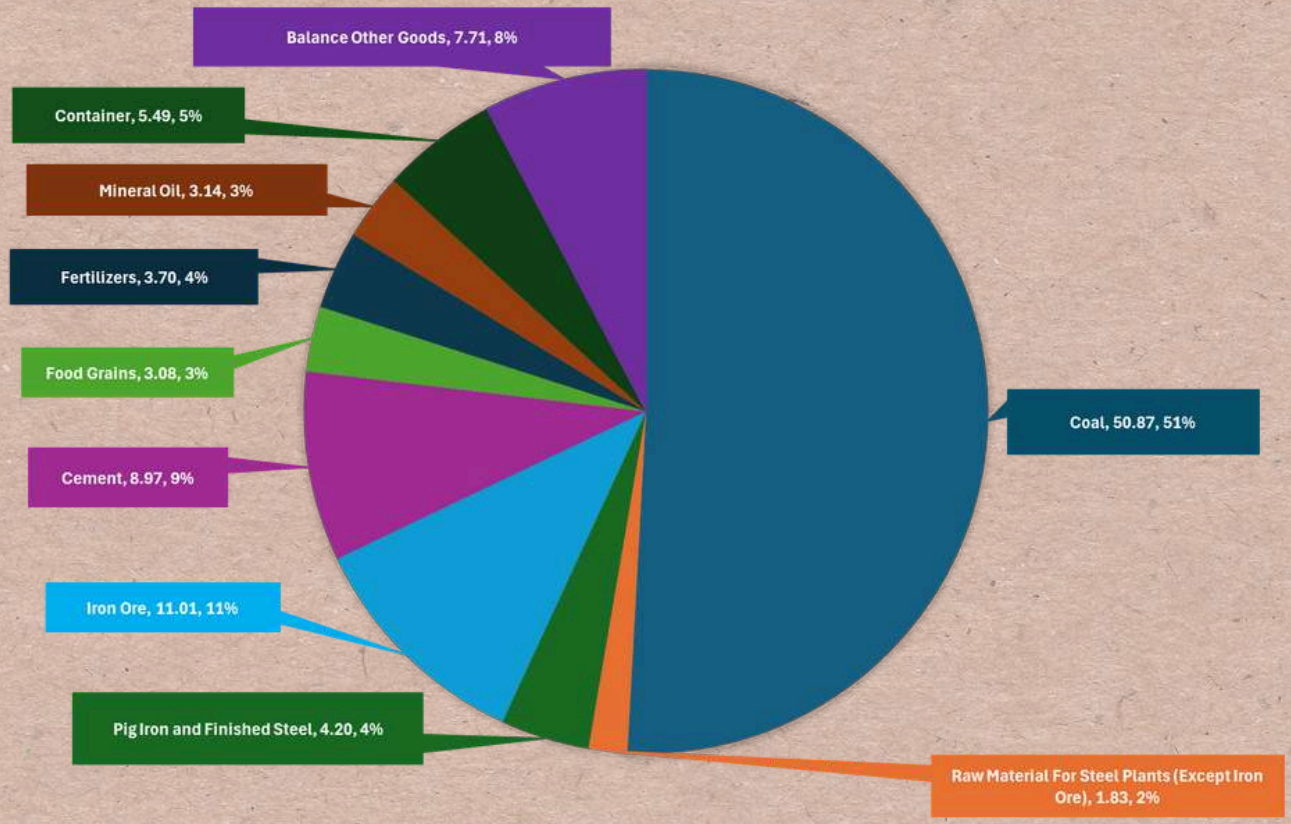
Source: Railway Board

RAILWAY BUDGET AT A GLANCE

ACTUALS 2023-24



ACTUALS 2024-25



Source: Railway Board

RAILWAY BUDGET AT A GLANCE

Freight is the main source of Earnings for Indian Railways. It constitutes more than 65% of the total revenue of IR. Further, Railways is a bulk Carrier. From above table, it can be seen that, 3 bulk commodities viz., Coal, Iron Ore and Cement account for about 71 % of Total Freight carried by IR in 2024-25.

Demand for freight transport has been increasing rapidly to keep pace with the high economic growth coupled with the rising population and improved standards of living. With rising income levels, rapidly growing e-commerce and retail market and a projected GDP growth of around seven percent in the next few years, the demand for goods movement is expected to grow considerably and transportation output is expected to increase, which will spur growth across all freight modes.

However, over Indian Railways, percentage of growth in Loading in 2024-25 compared to that in 2023-24 is just 1.68%. Loading of Commodities such as Iron Ore and Cement which are the main stay of Railway business apart from Coal, has declined marginally in 2024-25 compared to 2023-24. IR has set a target to achieve originating freight traffic of 3000 MT by 2030 for which freight traffic needs to grow at an annualized rate of 9%.

From market analysis, it is seen that, in case of Commodities such as Finished Steel, Cement, fertilizer and POL, the Railways is losing share on account of availability of alternative mode of Transport – Road for other commodities mentioned and Pipeline for POL. Road sector offers better first & last mile connectivity.

Some measures taken by Railways to address this issue are:

- Investment in lines to connect industrial hubs, ports and mining areas;
- Development of cargo terminals under Gati Shakti Multi-modal Cargo Terminal (GCT) [354 terminals have been identified).
- Door-to-door services in partnership with India Post to attract parcel.

It is important to identify strategies for capturing increased share in Balance of Other Goods (BOG) and container traffic.

On analyzing Revenue Loading of IR - Railway-Wise/Commodity-Wise (in Million Tonnes), Zonal Railways with highest contribution to various commodities is shown below for year 2024-25:

Commodity	Coal	Iron Ore	Steel	RMSP	Cement	Food Grain	Fertilizer	POL	BOG
Zonal Railways with Major share	ECR ECoR SECR	SER ECoR	SER ECoR	ECoR SER SCR SECR	SCR SER SECR WR WCR	NR	WR	CR WR NCR NR SR	ECoR ER WR SCR
Grouping geographical location wise	East	East	East	East South	East West	North	West	West North South	East West South

From the above it can be seen that, for Bulk Commodities transportation, share is more in Eastern side of the country whereas remaining commodities' transport is distributed across the country. Thus, to enhance Rail-Coefficient in various commodities, it is better to analyze the commodity specific issues faced in the above regions and address them individually & effectively rather than applying one policy for all.

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DIGITAL TRANSFORMATION OF HR IN INDIAN RAILWAYS - A CASE STUDY BRIEF

- WRITTEN BY ULLAS KUMAR, IRPS/2012

& COLLATED BY NEERAJ ANAND, PRM/IRIFM)



Indian Railways, one of the world's largest employers, had long used manual, paper-based HR systems and standalone digital tools (e.g., PMIS, EGRS). These systems were fragmented, caused data redundancies, and limited strategic decision-making due to poor integration and outdated processes. Launched over 5 years ago, HRMS is a centralized, enterprise-wide digital platform that unified all HR functions. This case study explores how Indian Railways digitally transformed its human resource management through the Human Resource Management System (HRMS).

Crafting and Sharing the HRMS Case Study

My journey with the HRMS case study began with an opportunity from the Capacity Building Commission coming my way. This venture was supported by the ADB Institute and conducted by Stanford Leadership Academy for Development. Through an Introductory Course on Case Writing for Public Policy, a case proposal on HRMS was submitted, which was selected for further development. The subsequent 5-day Advanced Case Writing and Teaching Workshop at the Institute of Foreign Studies was a transformative experience.

This case study is an outcome of this. It has a compelling narrative which engages learners by connecting real-world challenges to actionable lessons.

Introduction

Indian Railways, one of the world's largest employers under a single management, has long been a pioneer in leveraging Information Technology (IT), starting with its Passenger Reservation System over three decades ago. While early IT adoption focused on passenger and freight services, the new millennium brought IT-enabled solutions to other operational areas, including human resources (HR). However, initial HR applications like the Personnel Management Information System (PMIS), Employee Grievance Redressal Systems (EGRS), and CompTRAN for transfers were standalone systems. These isolated applications led to redundant databases, data integrity issues, and limited integration, restricting higher management's ability to harness organization-wide data for strategic decision-making.

To address these challenges, Indian Railways envisioned an enterprise-wide Human Resource Management System (HRMS) to integrate all HR processes, replace outdated manual systems, and empower employees and administrators with accessible, reliable data. Launched over five years ago, HRMS has revolutionized HR management, delivering a seamless, transparent, and data-driven approach to workforce administration. This case study explores how HRMS has transformed HR operations in Indian Railways, highlighting its key modules, impact, and lessons for large-scale digital transformation.

The Need for HRMS

Before HRMS, Indian Railways' HR processes relied heavily on manual, file-based systems, leading to inefficiencies, delays, and inconsistencies. Standalone applications, while effective within their scope, created fragmented databases and lacked integration,making it difficult to maintain a single source of truth

for employee data. This fragmentation hindered strategic decision-making, as management struggled to access comprehensive, reliable data for workforce planning and policy implementation. Moreover, employees faced cumbersome processes to access their records or request services, often requiring physical visits or written approvals.

The vision for HRMS was to create a unified, enterprise-level platform that would:

- Consolidate all HR processes, from recruitment to transfers, into a single system.
- Replace manual, paper-based workflows with digital, transparent processes.
- Empower employees with self-service access to their data and services.
- Provide management with real-time, organization-wide data for informed decision-making.

Given Indian Railways' scale, with millions of employees across diverse units, HRMS promised to be a transformative step toward modernizing HR management.

HRMS: A Catalyst for Digital Transformation

The HRMS journey began with the creation of the Employee Master Database, a centralized repository assigning a unique HRMS ID to each employee. This database became the foundation for all HR processes, serving as the single source of truth for employee data. Since its launch, other railway applications have adopted the HRMS ID, phasing out redundant employee databases and ensuring consistency across systems.

Key modules of HRMS include:

1. **Employee Self-Service Portal:** Employees can now access their records, apply for privileges, and manage requests online, anytime, anywhere. This eliminates the need for physical visits or manual approvals, enhancing convenience and efficiency.
2. **Cadre Management Module:** This module digitized critical processes such as cadre creation, post sanctioning, and management of reservation rosters and seniority lists. By automating these government-specific processes, HRMS standardized workflows, reduced errors, and generated verified data for manpower planning and analytics.
3. **Unified Digital Interface for Transfer (UDIT):** UDIT streamlined transfer and posting processes, enabling online submission and approval of transfer requests, digital issuance of orders, and real-time updates to employee records, seniority lists, and rosters. This end-to-end integration has significantly reduced processing times and improved transparency.
4. **Indent Management:** This functionality enables fair and accurate assessment of vacancies for recruitment, supporting data-driven workforce planning.

HRMS has also become the preferred platform for implementing new policies and initiatives, such as online awards nominations and applications for senior positions, including Railway Board and IRMS posts. Its integration with external systems, such as the Central Government's eHRMS, the iGOT training portal, and Railways' Health Management Information System (HMIS), underscores its role as a cornerstone of digital governance.

Impact of HRMS

The implementation of HRMS has delivered profound benefits to Indian Railways, transforming how HR functions are managed:

- **Employee Empowerment:** The self-service portal has made HR services accessible and efficient, reducing dependency on administrative intervention and enhancing employee satisfaction.
- **Operational Efficiency:** By replacing manual processes with digital workflows, HRMS has streamlined operations, minimized errors, and accelerated processes like transfers and promotions.
- **Data-Driven Decision Making:** The centralized database and cadre management tools provide reliable, real-time data, enabling management to make informed decisions on workforce planning, recruitment, and policy implementation.
- **System Integration:** The adoption of HRMS ID across other railway applications has eliminated data redundancies, ensuring consistency and integrity across systems.
- **Scalability and Adaptability:** HRMS's flexibility has made it the go-to platform for new initiatives, proving its scalability and adaptability to evolving organizational needs.

Lessons from HRMS Implementation

The success of HRMS offers valuable insights for organizations undertaking large-scale digital transformation:

1. **Centralized Data as a Foundation:** A unified employee database is critical for eliminating redundancies and enabling integration across systems.
2. **End-to-End Process Integration:** Seamless integration of HR processes, from request to approval to execution, is essential for maximizing efficiency and transparency.
3. **Employee-Centric Design:** Empowering employees with self-service tools fosters engagement and reduces administrative burdens.
4. **Scalable Architecture:** A flexible, scalable system can accommodate new functionalities and integrations, ensuring long-term relevance.
5. **Stakeholder Buy-In:** Successful implementation requires collaboration across units, from field-level staff to top management, to ensure adoption and alignment with organizational goals.

The success of HRMS demonstrates that strategic vision, robust technology, and stakeholder collaboration can yield remarkable outcomes, even in an organization as vast as Indian Railways.

Crafting and teaching this case study has been a profoundly enriching experience. The case study methodology brought the narrative to life, making complex concepts accessible and engaging. Class could see how HRMS addressed practical challenges, from eliminating manual processes to enabling data-driven decisions. The interactive discussions sparked insights into replicating such innovations in other contexts, reinforcing the value of India-specific case studies.

The HRMS case study is not just a story of technology–it is a testament to the potential of human ingenuity and collaboration to transform institutions for the better.

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Disclaimer: Views expressed are personal and do not reflect the official policy/ position of the Institute.

SPECIAL FOCUS

RAILWAYS AS A CATALYST FOR INDUSTRIAL GROWTH: REFLECTIONS FROM THE KEYNOTE ADDRESS ON IRIFM DAY 2025

– CONSOLIDATED BASED ON THE ADDRESS BY THE KEYNOTE SPEAKER



The keynote address delivered at the inaugural IRIFM Day by Shri Amitava Mukherjee, offered deep insights into the strategic role of Indian Railways in enabling industrial expansion, particularly in infrastructure-heavy sectors like steel and mining. While drawn from real-world experience in commissioning and operating large-scale production facilities, the address ultimately served as a broader commentary on how Railways must proactively align with industry to sustain India's growth trajectory.

Railways: Backbone of growth, often an afterthought?

India's logistics cost stands at nearly 14% of GDP – among the highest globally – and is a known hurdle to industrial competitiveness. Railways, being the most efficient and cost-effective freight carrier, can play a transformative role. However, as the keynote illustrated, **industrial infrastructure is often built in isolation**, with rail connectivity and freight readiness considered only at the tail end. This results in avoidable delays, underutilization, and heavy financial losses.

A case in point was the commissioning of a greenfield steel plant at Nagarnar in Jagdhalpur, Chhattisgarh in the Bastar region, a remote tribal district in central India. Despite overcoming engineering and administrative hurdles to bring the plant online, **the absence of pre-planned railway rake allocation** meant that no finished goods could be evacuated for the first two months. The eventual provision of just **one rake per day** allowed production at **only 40% capacity**, resulting in a **cash burn of ₹2,500 crore** in the first year alone.

The clear takeaway: **rail connectivity and capacity planning must precede or, at minimum, be parallel with industrial commissioning.** When freight corridors are not ready, even a technically successful project can become commercially unviable.

Understanding the Freight Multiplier

Steel and mining operations have a high logistics multiplier. For every **1 Tonne of steel** produced, approximately **4 to 4.5 Tonnes of material** – including coal, iron ore, fluxes, and finished goods – must be transported. The freight burden on lines like the **KK route**, which already operates near saturation, becomes a critical chokepoint. In this case, the Nagarnar Steel Plant has a production capacity of 3 million Tonnes per annum (3 MTPA) and the requirement is for **2.5 rakes per day**, but **only 1.5 are available**. This shortfall is partially mitigated through a long-term freight tariff contract (under the LSFTO scheme) designed to ensure reliability for large-volume customers.

The point was strongly made that **investments in underdeveloped regions will remain unattractive to the private sector unless freight logistics are secured upfront.** Unlike public sector firms that can absorb temporary setbacks, private investors typically seek assurance on input and output evacuation before committing capital.

Railways as the deciding factor in future industrial decisions

India aspires to rapidly expand domestic production of core materials like steel and iron ore to meet the rising demand and reduce import dependency. One mining enterprise, for instance, plans to scale from **45 to 100 million Tonnes** per annum of iron ore production over the next five years, involving an investment of **₹60,000–70,000 crore.** However, these expansion plans are viable **only if Railway infrastructure – both mainline and sidings – can handle the corresponding traffic volume.**

While some sections such as **Jagdalpur–Kirandul** are nearly doubled and ready, the adjoining **Jagdalpur–Kothavalasa–Vizag** stretch remains single-lined. Without timely capacity augmentation, even existing cargo levels will saturate the corridor, let alone new inflows expected from recently auctioned mines, which could add another **20–30 million Tonnes annually within the next decade.**

This scenario makes it imperative that **Railways and industry share their medium- and long-term plans with each other through an institutionalized dialogue mechanism.** Currently, most such coordination occurs on a **case-by-case, personal-relations basis**, which is unsustainable at scale. It is important to have sector-specific platforms – particularly for **steel, mining, and coal** – where both stakeholders can align investment timelines, assess corridor readiness, and identify infrastructure gaps.

Lessons from global freight leaders

The address highlighted freight handling benchmarks from global leaders. For example, the Roy Hill, Australia, Southern Hemisphere, the iron ore rakes carry up to **34,000 Tonnes per train**, compared to **4,200 Tonnes** in Indian conditions. Their **236-wagon trains** are loaded in **just 2.5 hours**, with each wagon carrying **142 Tonnes,** more than **twice the Indian standard**. This points to a gap – but also an opportunity – for Indian Railways to invest in **longer, heavier, and faster rakes**, supported by automated loading and unloading systems. Indian Railways can aspire to massive rake loads, faster turnaround and hyper efficient evacuation systems.

India's industrial growth ambitions cannot be met by incremental changes alone. If we aim to move 100+ million Tonnes from a single mining zone by 2035, **Railway infrastructure** planning must start today, not after the industrial capacity is built.

Proactive officers, rapid solutions: A case for empowerment

Despite systemic constraints, the dedicated efforts of individual Railway officers has enabled rapid problem-solving on a case-to-case basis. In one case, the approval for loading steel coils in coal wagons (BoxN wagons on return) provided a crucial lifeline during evacuation bottlenecks. In another, a new siding of 700–800 meters was made operational in less than 45 days, resulting in daily rake movement fetching ₹1.10 crore to Railway revenue – translating to ₹400 crore annually.

Similarly, operationalizing a fourth line at a mining site in Waltair Division enabled two additional rakes per day, again adding roughly ₹400 crore per year to the Railway's earnings. These achievements underscore the untapped potential of empowered field officers. However, the larger argument is this: **success must not depend on personal goodwill, but on system-wide policy and institutional support.**

Optimizing capacity through smarter cargo

The speaker advocated for **coal washing at source** as a game-changer. Indian coal typically contains 40–50% ash, which not only reduces its industrial utility but also burdens the Railway system with dead weight.

Transporting waste across the country – from eastern India to power plants in the south and north – is economically and environmentally wasteful. **'Washing coal at the source'** would eliminate unnecessary loads and potentially free up **20% of coal rake capacity** – space that could be used for higher-value cargo.

Such reforms would not only enhance Railway efficiency but also contribute significantly to national energy and environmental goals.

Towards a shared vision of development

PM Gati Shakti initiative has the potential to integrate industrial and logistics planning to unlock the next phase of **multimodal, digitally-enabled freight movement** when fully implemented. Until then, the burden falls on Railway officers, planners, and policy-makers to **formalize mechanisms of engagement with industry.**

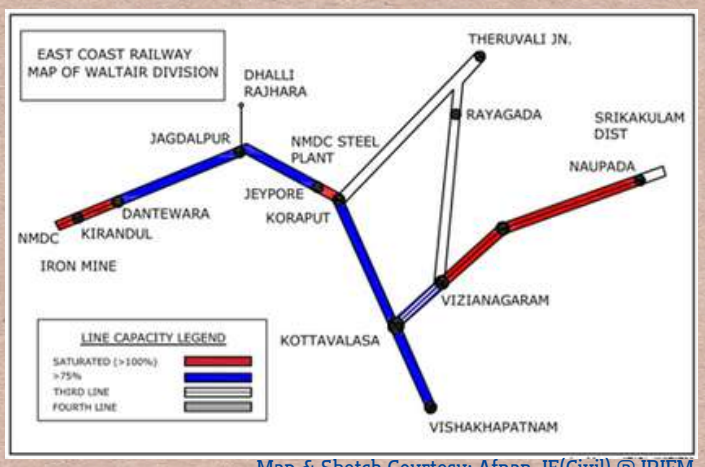
As India builds the infrastructure for its future, Railways must not just keep pace but set the direction. Rail capacity, corridor readiness, and logistics intelligence will increasingly determine where factories are built, where mines are auctioned, and how quickly the economy grows.

Conclusion

This address was a reminder of the strategic importance of Indian Railways in enabling national development. It was a call to future Railway officers to recognize that their decisions – on line capacity, rake allocation, siding approvals, and freight policy – will shape not only operational outcomes but also investment decisions, regional development, and industrial competitiveness.

In essence, Railways is not just a mode of transport. It is the infrastructure of aspiration – and its alignment with industry is fundamental to realizing India's growth story.





Map & Sketch Courtesy: Afnan, JE(Civil) @ IRIFM

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EVENTS AT IRIFM

Receiving the **CBC Accreditation Certificate** from Hon'ble Minister of State for Personnel, Public Grievances & Pensions, Dr Jitendra Singh @ launch of NSCSTI 2.0 Framework by CBC, at New Delhi on 18th July 2025.



4th batch of training on Forensic Accounting, Corporate & Government Accounting and Finance



MoU with ICFAI, Hyd

Joining of IRHS Probationers

New Faculty joins at IRIFM



Dr. Arunangshu Sarkar, IRHS
Sr. Prof. (Health Mgmt.)



Dr. S.P. Chaudhry, IRHS
Prof. (Health Mgmt.)



Neeraj Anand, IRPS
Prof. (Relations Mgmt.)

Hope is the thing with feathers that perches in the soul
and sings the tune without the words
and never stops at all.

- Emily Dickinson

RE-ENGINEERING RAILWAY REVENUE ACCOUNTING PROCEDURE - THE DIGITAL BLUEPRINT FOR 'REMITTANCE AND RECONCILIATION'

- BY DR. HARI PUDI PRASAD, IRAS
CHIEF ADMINISTRATIVE OFFICER/TREASURY AND RECONCILIATION, INDIAN RAILWAYS



Railway remittances are governed by Chapter IV of the Indian Railways Accounts Code. Funds flow via RBI through designated remittance heads, and transactions must be properly booked, tracked, and reconciled. Delays, manual processes, and poor data integrity have led to large unadjusted suspense balances. Despite partial digitization, serious systemic and operational gaps persist in revenue collection and remittance. The article provides insights into the blueprint for financial transformation in Indian Railways, aiming for complete digitization of revenue handling by utilizing blockchain, AI, and unified systems.

Backdrop to this article:

Settlement by book adjustment should be done by classifying the transactions in the books of Railways under the relevant remittance head of account. Remittance transactions are covered in Chapter IV of Indian Railways Code for Accounts department vol I.

Code outlines the process for settling inter-governmental financial transactions through the Reserve Bank of India (RBI). Each railway's transactions are consolidated under a central fund in the RBI's books, and monthly clearance advices are submitted for adjustments with State Governments and Central Ministries. Transactions are initially booked under suspense heads and adjusted upon receipt of clearance memos from the RBI. Registers are maintained to track advice issued and received, and monthly reconciliations are carried out using bank/treasury statements to identify discrepancies.

A key component is Remittance into Banks (RIB), where railway earnings are deposited in banks and booked under the "Remittance into Banks" head. Each day's remittance notes are debited to this head and reconciled monthly with actual bank acknowledgments. Only confirmed receipts cleared by the RBI are adjusted against the "Deposit with Reserve Bank" head. This ensures accuracy in reporting liquid funds and prevents overstatement. Unaccounted remittances (rare) must be promptly reconciled.

Large outstanding amounts under different 'Suspense Heads' reflect that the accounting authorities are not taking necessary action as required to be taken under the rules. The code stipulates that the balances under each of the Suspense Head should be proved and reconciliation at the end of the financial year should be complete in all respects.

CAO (Treasury & Reconciliation) chaired a committee which was constituted to go into the shortcomings and pending dues towards Railways. This article collated by ADG, is contributed by the Chairman of the said Committee.

Introduction

The Indian Railways is a financial behemoth, collecting revenue from diverse streams like passenger services, freight, parcel, and sundry earnings. Every rupee must traverse a complex journey–from counters, online portals, and cash pickup agencies–to finally land in the Government account through structured bank remittances.

Yet this journey has been riddled with issues: manual errors, missing records, delayed reconciliations, and fragmented systems. Recognizing the gravity of the challenge, the Railway Board constituted a committee for identifying issues related to RIB reconciliation. The outcome was the comprehensive report on issues related to Remittance into Bank (RIB), cash pickup arrangement and reconciliation – a roadmap for ushering Indian Railways into a new era of digital financial management.

This article delves into the technical heart of that report, summarizing its analysis, recommendations, and proposed digital architecture.

The problem landscape: Where systems fall short

Manual data entry and human errors

Despite significant digitization, many critical revenue records are still manually keyed into systems like IPAS (Integrated Payroll and Accounting System). The report highlights errors such as:

- Typographical mistakes in Transaction Reference (TR) numbers.
- Incorrect bank codes assigned during cash office entries.
- Merged records where multiple TR notes are erroneously combined into single entries.

These errors create cascading reconciliation issues, delaying financial closure and increasing audit risks.

Fragmented Digital Systems

The Indian Railways employs multiple IT systems:

- UTS – Unreserved Ticketing System
- PRS – Passenger Reservation System
- FOIS – Freight Operations Information System
- IREPS – e-Procurement and e-Auction platform
- AIMS – Accounting Information Management System
- TAMS – Treasury Accounts Management System

Each system captures revenue data but often operates in isolation. Lack of seamless integration leads to:

- Missing debit or credit entries in RIB modules.
- Inability to reconcile multi-cart payments in e-freight transactions.
- Gaps in digital transactions such as UPI and PoS receipts.

Cash pickup complexities

Cash pickup remains a logistical and financial challenge:

- Non-uniform agreements with banks across zones.
- Variations in frequency of cash collections.
- Delays in crediting cash to Railway accounts.
- Incomplete or missing physical TR notes post-COVID.

For instance, bank officials sometimes club multiple TR notes into a single remittance, complicating transaction tracing.

Digital Transaction Gaps

Emerging digital modes like PoS, UPI, and e-freight add complexity:

- Missing debit records for refunded transactions.

- Mismatch between bank scrolls and internal records.
- Short transaction IDs from banks causing duplication errors in AIMS.

For instance, UPI receipts often lack unique RRN (Retrieval Reference Number) mapping, hindering proper reconciliation.

Technical Recommendations: Laying the Digital Foundation

The report offers a robust set of technical solutions. Below are the key pillars:

1.**Standardization across systems**

- Uniform TR Note Formats: Proposed format: [Station Code (4 digits)] + [Application Code (4 digits)] + [Date DDMMYY] + [Serial Number (2 digits)].
- Standardized Debit Scrolls: Collaboration between CRIS and major banks to create uniform scroll formats for seamless data import.

2.**Full e-TR rollout**

Electronic Treasury Receipts (e-TR) are central to modernization:

- Already live for coaching revenue as of January 2025.
- Planned extension to freight and other earnings.
- Digital bank acknowledgments replacing manual signatures.

Key technical benefits:

- QR or barcode-based digital acknowledgments.
- Real-time MIS reporting on cash pickups.
- Automated alerts for delays in deposits.

This reduces manual paperwork, enhances speed, and prevents manipulation.

3.**System Integration through API Frameworks**

CRIS has been tasked to:

- Develop APIs connecting all major systems to banking partners.
- Enable real-time data exchange and automated reconciliation.

For example, UTS and banking applications would synchronize TR datasets directly, minimizing manual intervention.

Technical specifics:

- Use of RESTful APIs (REST: Representational State Transfer)
- JSON/XML data exchange formats.
- Role-based access for security compliance.

4.**Centralized Integrated Receipt System (C-IRS)**

This is the flagship proposal—a future-ready digital platform integrating all revenue streams into a single ledger.

Key technical features:

- Microservices Architecture - Modular deployment - Scalable across zones
- Blockchain Enabled Ledger - Tamperproof transaction logs - Immutable audit trails
- AI-Powered Analytics - Anomaly detection in real time - Predictive modelling to forecast discrepancies
- Real-Time Dashboards - Transaction wise reconciliation status - Drilldown analysis for unmatched records

- Automated Error Resolution - Machine Learning to suggest corrective actions for mismatches.

5.**Enforcement and Accountability**

The Committee suggests:

- Time-bound completion of change requests within 90 days.
- Penalty clauses for banks delaying scroll submissions.
- A standardized MoU framework between Railways and banks to enforce compliance.

Pilot and Roadmap

Phase 1 – Pilot

- Implement C-IRS in a high-revenue zone like Northern or Western Railway.
- Validate system integrations, performance under real loads.

Phase 2 – National Rollout

- Gradual expansion across all zones.
- Training and change management for staff.

Phase 3 – Continuous Improvement

- Periodic enhancements based on feedback.
- Incorporation of emerging technologies like IoT-based cash tracking.

Projected Benefits

Implementing the recommendations promises:

- 95% automation in reconciliation tasks.
- Reduced manpower dependency.
- Near-real-time financial visibility.
- Improved audit compliance.
- Significant reduction in cash flow delays.

Ultimately, IR could save thousands of man-hours annually and enhance revenue assurance.

Conclusion

The comprehensive report on RIB, cash pickup, and reconciliation serves as a blueprint for transforming accountal of railway finances. Beyond fixing errors, it envisions a robust digital infrastructure leveraging blockchain, AI, and API-driven integration.

With Indian Railways moving toward full digital transformation, successful implementation of these recommendations could set a benchmark for public sector financial management globally.

"It's time to make Railway finance future-ready–not merely for accounting precision but for operational excellence."

The challenge now lies in swift execution. If the vision comes alive, the journey of every rupee–from the customer's pocket to the government treasury–will become fully transparent, traceable, and tamper-proof.

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Disclaimer: Views expressed are personal and do not reflect the official policy/ position of the Institute.

SIMPLE GUIDE TO UNDERSTANDING FINANCIAL STATEMENTS AND FORENSIC ANALYSIS (PART-II)

- BY NIKHIL SHARMA, IRMS (A) 2022



The article builds on basic financial ratio analysis by applying the DuPont method to understand the drivers of Return on Equity (ROE) for RITES Ltd in Financial Year 2024-25 and compares performance with Financial Year 2023-24 to draw actionable insights. Author opined that the RITES' ROE is supported by strong profit margins but is hindered by inefficient asset use and with strategic improvements in asset utilization and capital structure, there is significant potential to enhance shareholder returns.

After understanding the basic financial ratios and their interpretation through the financial statements of RITES, this article continues the first part. In this part, we will continue to build upon our understanding and see how we can use the different ratios in tandem. One of the key performance indicators of any organization is Return on Equity (ROE). This metric can be written as a simple ratio or in terms of a combination of different ratios. The DuPont Analysis method helps in identifying the key drivers of ROE. Let us first calculate the standalone ROE of RITES and then apply the DuPont analysis on RITES and see the insights that can be gathered.

$$ROE = \frac{PAT}{Total\ Equity} = \frac{423.66}{2749.26} = 15.4\%$$

DuPont Analysis of RITES Limited (FY25) – Identifying ROE Drivers

DuPont analysis breaks **Return on Equity (ROE)** into three key components to pinpoint what's driving profitability:

$$ROE = \frac{PAT}{Total\ Equity} = \frac{PAT}{Total\ Revenue} \times \frac{Total\ Revenue}{Total\ Assets*} \times \frac{Total\ Assets*}{Total\ Equity*}$$

Explanation: We have introduced Revenue and Total Assets in both numerator and denominator which can effectively be cancelled out to get back the original formula.

(*) Instead of average total assets and average shareholders' equity, audited figures of total assets and total equity have been taken as on 31.03.2025.

Data (Consolidated FY25) from financial statement of RITES:

- Net Profit (PAT): ₹423.66 Cr
- Total Revenue: ₹2,323.52 Cr
- Total Assets: ₹6,119.20 Cr
- Total Equity: ₹2,749.26 Cr

Step 1: Calculating Components

1.Net Profit Margin (NPM)

$$NPM\ (\%) = \frac{PAT}{Total\ Revenue} \times 100 = \frac{423.66}{2323.52} \times 100 = 18.23\%$$

Interpretation: For every ₹100 of revenue, RITES retains ₹18.23 as profit.

2. Asset Turnover (ATO)

$$ATO = \frac{Revenue}{Total\ Assets} = \frac{2323.52}{6119.20} = 0.38x$$

Interpretation: Generates ₹0.38 revenue per ₹1 of assets (capital intensive).

3. Equity Multiplier (EM)

$$EM = \frac{Total\ Assets}{Total\ Equity} = \frac{6119.20}{2749.26} = 2.23x$$

Interpretation: Assets are 2.23 times of the equity.

Step 2: Computing ROE via DuPont

$$ROE = 18.23 \times 0.38 \times 2.23 = 15.44\% \approx 15.4\%$$

(*Matches standalone ROE calculation approximately. Approximation is required as the values of the three metrics were rounded off to the nearest decimal)*

Step 3: Trying to determine the component which is the primary driver of ROE and what is driving the value down.

Key Drivers of ROE

Component	Value	Impact on ROE	Root Cause
Net Profit Margin	18.23%	**Primary driver** (high margins)	Strong consultancy segment (₹492 cr profit).
Asset Turnover	0.38x	**Drags ROE down** (low efficiency)	Heavy assets (₹6,119 Cr) + long term projects.
Equity Multiplier	2.23x	**Minimal leverage effect** (low debt) compared to others in the sector	Debt-to-Equity for RITES (1.23) is conservative with respect to peers like Ircon Intl (2.08)[1] and L&T (2.88)[2]

[1] Data taken from https://www.screener.in/company/IRCON/consolidated/#balance-sheet,

[2] Data taken from https://www.screener.in/company/LT/consolidated/#balance-sheet

For more actionable insights, we can do the same set of calculations for FY24 which can help us in doing a comparative analysis. The comparison will highlight where the organization has improved, and which components give us a scope of improvement.

Comparative Analysis (FY25 vs. FY24):

Metric	FY25	FY24	Change	Reason
Net Profit Margin	18.23%	19.50%	↓	Decline in PAT and total revenue
Asset Turnover	0.38x	0.45x	↓	Revenue fell (about 9%) + assets grew
Equity Multiplier	2.23x	2.08x	↑	Slightly higher asset base

Result: ROE dropped from 18.25% (FY24) to 15.4% (FY25) due to declining profits, revenue, and asset efficiency.

Actionable Insights to Improve ROE

1. Enhance Margins by expanding consultancy with high margin (domestic consultancy profit margin is approx 41%).
2. Optimize Capital Structure by increasing debt slightly to fund high-return projects.
3. Boost Asset Turnover by monetizing idle assets

Target: Raise ROE to 18–20% by improving asset turnover to 0.45x and NPM to 20%.

To conclude, RITES' ROE is primarily driven by high margins but dragged down by low asset efficiency. Strategic asset utilization and selective leverage can unlock value.

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Disclaimer: Views expressed are personal and do not reflect the official policy/ position of the Institute.

FILE FORENSICS MADE SIMPLE:
ONE EXCEL TRICK TO TRACE EVERY FILE IN A FOLDER TREE

- BY SARAN KUMAR.U, CHARTERED ACCOUNTANT



Forensic readiness no longer requires special software or IT intervention. This simple Power Query technique empowers finance and audit professionals to uncover hidden files, late edits, or unusual activity –all from within Excel.

Objective

Automatically extract and load metadata (file names, paths, created/modified/accessed dates, file sizes, and extensions) from all files within a specified folder and its subfolders using Power Query in Excel. This enables audit officers and finance teams to flag newly added, recently modified, or suspicious files without opening each folder manually making it ideal for pre-audit sweeps and forensic verification.

Steps

1. Open a blank Excel workbook.
2. Go to **Data > Get Data > From File > From Folder**.
3. Browse and select the parent folder (e.g., "Inspection Docs" or "Accounts FY2024-25").
4. Power Query Editor will open with a preview of file metadata (Name, Extension, Date accessed, Date modified, Date created, Size, Folder path).
5. Click **Transform Data** to enter the Power Query Editor.
6. (Optional) Apply filters to isolate files based on:
   - Recent modification dates
   - Suspicious size (too large/small)
   - Specific file types (e.g., .xlsx, .pdf)
   - Keywords in file names (e.g., "adjustment", "confidential", "backup", "don't touch")
7. Click **Close & Load** to bring the full list into Excel.
8. Use Excel filters, conditional formatting, and PivotTables to spot anomalies.

Practical Case Study

A task was assigned to review records related to last-quarter adjustments and expenditure bookings. There was a suspicion that certain sensitive files like backdated approval notes or adjustment entries were prepared just before the audit.

Instead of checking hundreds of folders manually, **Power Query** was launched on the department's shared drive and the following activities were executed in less than 10 minutes:

- Loaded metadata for over **900 files** across multiple folders and subfolders.
- Filtered for files **modified within the last 72 hrs**.
- Applied **keyword filters** such as "adjustment", "confidential", "final version", "don't touch".
- Identified **17 suspicious files** created just before audit–several of which had no official covering letters or sanctions.
- Noted that **4 files** contained provisional figures directly impacting revenue & grant reporting.

This metadata sweep gave clear leads, revealed undocumented adjustments, and showed potential backdating without opening even a single folder manually.

In the world of internal audit, this is not just productivity, it's precision with proof.

Patience is not the ability to wait,

but the ability to keep a good attitude while waiting.

- Joyce Meyer

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