

CASE STUDY ON PERFORMANCE MANAGEMENT SYSTEM IN INDIAN RAILWAY

Dr. A. Nilasco Arputharaj,
Southern Railways, mail: anelasco@yahoo.com

Every good performance deserves an equivalent reward after a proper assessment. The Public Sector Undertakings in India including Indian railways are following the traditional Confidential Report Writing system. Seldom is the potential of the individual reflected in his performance. 'What he is?' is different from 'how he performs'? To make his potential capabilities into the actual, motivation is basically needed. Motivation is generated by training, promotion and incentives. To identify the same, Performance Appraisal is necessary.

Different Performance Management systems in Private Companies

Many Private Companies are following latest techniques of Performance Appraisal systems like 360 degree system. Since big companies and Multi-national Corporations have well structured Performance Management system and Performance Linked Reward system, the high performing human capital started moving slowly toward those sectors. If such a scenario continues, Indian public sector will be left out with the only low performers. Hence, a serious thinking on attracting and retaining the high performers becomes mandatory. Hence this paper attempts to study the existing system in Indian Railways and its credibility.

There are different types of employee appraisal systems such as rating by superiors, feedback on appraisal information, field review technique, rating by self and peer group, 360 degree Performance Appraisal System and so on. Among the various systems, the 360 degree Performance Appraisal System is the modern and widely accepted system. This system collects feedbacks from all around.

Traditional methods include Field review technique, Ranking Method, Checklist method, Graphic Rating Method, Paired Comparison Methods, Forced Choice List Method, Critical Incidence Method, Forced Distribution Method, Confidence Report writing method etc. *The Modern methods include* Behaviorally Anchored Rating Scales (BARS) method, Management By Objective (MBO) method, Group or team appraisal method, Human resource accounting method, 360 degree appraisal method, Potential appraisal method, Self appraisal method etc.

The area of study

The area of study is Indian Railways. The **Ministry of Railways** in India is in charge of the Indian Railways, the state-owned company that enjoys a monopoly in Rail transport in India. **The Railway Board** which is the apex body of the Indian Railways reports to this ministry. Every day nearly 1.3 crores people are travelling by Indian Railways. As per the 6th Pay Commission Report, the Indian Railways is the largest civilian employer in the country. Now, the Indian Railways comprises sixteen zones, a Metro Railway, Calcutta, six production units, construction

Case Study On Performance Management System In Indian Railway

organization, and other railway establishments. A vast rail system as India's, the 3rd largest in the world, has been managed at a regional level. Indian Railways has divided itself into 16 zonal railways.

There are currently 67 divisions on the system nationwide. Total number of employees as on 31-3-2005 was 14, 10, 646 (14 lakhs). The distribution of staff strength is: Group A- 8285, Group B- 7247, Group C- 873536 and Group D - 521578. The annual Budget presented by the Ministry of Railways reveal that it is generating surplus (net revenue receipts) to the tune of more than Rs. 5,000 crores annually. Thus Indian Railways has proved itself as a economically and socially viable organization. This structure is considered for the study.

There are 16 Railway zones in the Indian Railway. Each zone is has at least 6 divisions. Of these Southern Railway is the zone with the head quarters at Chennai. Southern Railway, which is chosen for the study consists of six divisions viz. Chennai (MAS), Tiruchirappalli (TPJ), Madurai (MDU), Palghat (PGT), Trivandrum (TVC) and the newly formed Salem (SA).

The existing Performance Appraisal system in the Railways

The existing system adopted in Indian Railways is called as **Confidential Report Writing System**. This is adopted for non-gazetted railway servants.

The Confidential Report is an important document, providing for the basic and vital inputs necessary for assessing the performance of a Railway servant for his/her advancement in official career.

The report is written annually on every Railway servant, except those mentioned below, in the form prescribed for the purpose, generally for the period ending with the financial year, appraising the performance, character, conduct and qualities of the concerned Railway servant¹. The Confidential Report Writing is not used for the following groups of staff:

- Group 'D' Railway Servants: [Ref: Board's letter No. E55/CR/3 dated 9-11-1956]
- Group 'C' Railway servants in the initial recruitment grade of Rs/950-1500 (RPS), except those working in the Ministry of Railways; [Ref: Board's letter No. E[NG] 57/CR3/1 dated 14.6.1996]
- Group 'C' Railway servants whose initial grade is higher than the grade of Rs.950-1500 (RPS) provided the next higher grade for them is a non-selection grade, except in the case of Skilled Gr.I & II. Artisans staff for whom Confidential Report shall be written for those in two grades below the selection grade.

¹ Confidential Reports on Non-gazetted Railway servants – Master Circular, No. E (NG)I/90/CR/4, dated 17.6.1991.

In respect of Railway servants working in grade Rs.1600-2660 (RPS) and in grades above Rs.1600-2600, likely to be considered for promotion to Group 'B' Gazetted service, an additional section called Section-II is required to be written in the prescribed form.

Different Forms of CR Writing Systems for Group C Employees

There are six different forms used in writing the Confidential Report for Group C staff (PB 1/1619). The first part of each of the forms is designed to get the personal information such, name, date of birth, designation, station employed, pay (both substantive and officiating), date of appointment, date of entry in the present grade, permanent/temporary status, qualification (educational, professional and technical), particulars of examinations passed (including departmental) and whether belonging to SC/ST community. The second part deals with the self-appraisal in which the employee himself has to declare his prescribed duties and brief resume of work done during the assessment year. The third part is the part that gives the data regarding the assessment by the reporting officer usually the supervisor under whom the employee is working. The fourth part has the remarks by the reviewing officer. The six different forms of Group C staff are as follows:

1. The form (PB1/1619-R) Annexure I A is used in writing the Confidential Report for the Station masters and Station Superintendents.
2. The form (PB1/1619-R/Rev. 04) Annexure I is used in the Confidential Report writing for the Group C staff including workshop staff except PWI s, APWIs, Signal Inspectors, Assistant Signal Inspectors and teachers / instructors.
3. The form (PB1/1619-R) Annexure II is used in writing the Confidential Report for the I.O.W.s., A.I.W.O.s
4. The form (PB1/1619-R) Annexure III is the form used in writing the Confidential Report for the Group C staff (P.I.W.I., A.P.W.I.):
5. The form (PB1/1619-R) Annexure IV is the form used in the writing of Confidential Report for Teachers/Instructors in Teaching and Training Schools.
6. The form (PB1/1619-R/REV 2K) Annexure V: Confidential Report for the staff in scale Rs. 4500-7000 grades of 5th pay commission.

Confidential Report for the Group C staff (PB-1/1619-R / ANNEXURE I-A)

For a sample, this form of Station Masters and Station Superintends is studied. Part I, consists of the personal information of the staff and the part II consists of self- appraisal.

Case Study On Performance Management System In Indian Railway

Personal Data: The part I consists of personal information such as name, date of birth, designation (If Army personnel, their Territorial Army rank also should be given), station employed, pay (both substantive and officiating), date of appointment, date of entry in the present grade, permanent/temporary status, qualification (educational, professional and technical), particulars of examinations passed (including departmental) and whether belonging to SC/ST community.

Self Appraisals

Every Railway servant working in Gr.Rs.1600-2600 and in grade(s) above Rs.1600-2600 (as per 4th pay commission pay) should, before the CR is initiated to furnish a brief description of his duties and a resume of the work done - limited to 100 words - by him during the year/period for which CR on him/her is written, bringing out the special achievements during the period and also shortfall in achievement, if any, together with reasons therefore this should be done in part-II of the CR form. The figure 4:1 is the scanned picture of the Confidential Report for the Group C staff (PB-1/1619-R / ANNEXURE I-A) meant for Station masters and Station Superintendents.

Assessment of the Reporting officer

Next is the **assessment of the Reporting officer**. In this form, the Reporting officer will give his assessment about the employee regarding the self appraisal given by the employee in the II part. This consists of comments on the character of the employee like integrity, tact and temper, conduct, attendance and physical fitness, departmental ability such as initiative and direction, intelligence, keenness, promptness and efficiency, power to control others, organizing/supervising ability, capacity for hard work and amenability to discipline, special qualification or attitude, physical disability for some outdoor or posting to particular area, reliability, relations with superiors, subordinates and customers, drafting power, knowledge of rules, regulations and procedures, ability to conduct enquiry, sift evidence and prepare report, attendance of refresher courses, reprimanding if any for indifferent working, outstanding and commendation of work done and general grading. Generally for the typists and stenographers, comments are made on the accuracy, speed, neatness and trustworthiness in confidential matters. In case of drawing office staff, comments are made on the neatness and accuracy in drawing and tracing and calculating. In case of ministerial staff, hand writing, file maintenance, maintenance of rule book, diary and memo book are commented upon and in case of workshop and technical field staff, technical attitude is commented.

The confidential report should be initiated by the Reporting Authority, who is an immediate superior to the Railway servant on whom the report is written or such other authority as may be specifically empowered in this behalf by the General Manager or any other officer authorized by him.

The confidential reports of Railway servants working in grade below Rs.1600-2660

(RPS) should be initiated by Supervisors working in Gr. Rs.2000-3200 (RPS) and above. For those working in Gr. Rs.1600-2660 (RPS) and above, the report should be initiated by a Gazetted officer.

Where a close relative of Reporting Authority functions under the latter, the Reporting Authority should abstain from writing the annual Confidential Report on the Railway servant who is his close relative. The Reviewing Officer will in such cases take the role of the Reporting Authority. If a similar relationship exists between the Reviewing Officer and the officer reported upon, the same rule would apply in respect of the Reviewing officer and the role of the Reporting officer will be transferred to the authority next higher. In cases of this nature, should there be any doubt, it would be incumbent upon the Reporting Officer to consult the next higher authority before he writes the report.

The confidential Report should be recorded within a month, at the expiry of the reporting period. Any delay in this regard by the Reporting Authority will be adversely viewed. If the Railway servant delays submission of self-appraisal, the Reporting Authority should comment adversely on this aspect. If the Reporting authority retires or demits office, he may give the Confidential Reports on his subordinates within a month of his retirement / demission from office.

Reporting Authority should realize that the objective behind the appraisal is to develop the Railway servant, so that he / she may realize his / her true potential. There should, therefore, be no hesitation on the part of the Reporting Authority to report shortcomings in performance, attitude or overall personality of the Railway servant reported upon. Although writing CR is a year end exercise, in order that it may be an effective tool for developing the individual, the Reporting Authority should, at regular intervals, review the performance of the Railway servants and take corrective steps as may be necessary, by way of advice, counsel etc. It should be the endeavour of each Reporting Authority to present the truest possible picture of the Railway servant on whom the report is written, with regard to his/her performance, conduct, behaviour and potential.

Review by the Authority

Soon after the confidential report on a Railway servant is written by the Reporting Authority, it will be reviewed by the Reviewing Authority and the form given in **Fig 4:4** is used for this purpose.

The Reviewing Authority should exercise a positive and independent judgment on the remarks recorded by the Reporting Authority in the Confidential Report(s) on his subordinates and should clearly express his / her agreement or disagreement with the remarks of the Reporting Authority, particularly if they are adverse. The remark of the reviewing officer in the part IV of the CR form consists of the length of the service of the employee, satisfaction of the reporting officer's report, agreeing with the reporting officer's assessment and so on. If the officer reported upon

Case Study On Performance Management System In Indian Railway

belongs to SC or ST category, then the Reporting officer should remark about their specific ability and characteristic that will justify for 'out of turn' promotion of the officer assessed as a specific comment in general remark.

This review should be done by the Operating officer for operating works, by the Commercial Officer for commercial works and by the Safety officer for safety works.

Assessment for Grade B promotion

In addition if the employee is considered for promotion to **Grade-B service**, then he should be assessed for his integrity, leadership quality, decision making capacity, willingness to shoulder higher responsibility, ability to inspire confidence, guide, motivate and obtain best out of the staff and ability to enforce discipline using the form given in **Fig 4:5**.

This Section II of the Part III of the CR form should be reviewed by DRM or Dy. Head of the Department. The Head of the department also has to give his remarks.

The confidential Report should be reviewed and countersigned by the Reviewing Authority ordinarily within a month of its receipt from the Reporting Authority.

Mode of communication of adverse Remarks

Any remark recorded in the confidential report of a railway servant, adversely reflecting on his performance or his basic qualities or potential shall be treated as adverse. Adverse remarks recorded in the confidential report of a railway servant should be communicated, in writing, irrespective of whether they are considered remediable or not, to the Railway servant concerned along with the substance of the favorable remarks contained in the Confidential Report. Such a communication shall be sent by the Reviewing Authority or by any other authority specified by the G.M. in this behalf within a period of one month of acceptance of the confidential Report. A record of such communication should be kept in the C.R. folder of the railway servant concerned, attached to the relevant report. Care should be taken to ensure that the remarks are communicated in such a way, that the identity of the officer making the adverse remarks is not disclosed.²

1. An entry in the confidential report that the railway servant concerned is not fit for promotion shall be deemed to be an adverse remark and the whole entry including the reason for the remark shall be communicated to the railway servant.

² Confidential Reports on Non-gazetted Railway servants – Master Circular, No. E(NG)I/90/CR/4, dated 17.6.1991.

2. Any remark describing as 'average' either the performance or any other quality of the Railway servant shall not be treated as an adverse remark. All representations against adverse remarks should be dealt with and decided upon expeditiously by the competent authority i.e., normally the authority next above the Reviewing authority and in any case with in three months from the date of submission of the representation.

If no representation has been submitted or the representation submitted has been finally disposed of, there is no base to the adverse remarks being taken note of. The orders passed on the representation shall be final and the Railway servant concerned should be informed suitably of the decision, duly keeping a copy of the order in his CR folder.

No memorial or appeal against the rejection of representation should be allowed six months after the rejection. The remarks 'average' recorded in the confidential reports are not to be treated as adverse.

It is necessary that every employee should know what his defects are and how he can correct them. Past experience suggests that it would make for better efficiency and contentment of the public services if every Reporting Officer realizes that it is his duty not only to make an objective assessment of his subordinate's work and qualities but also to give him at all times the necessary advice, guidance and assistance to correct his faults and deficiencies. If this part of Reporting Officer's duty is properly performed, there should be no difficulty about recording adverse entries. Otherwise the defects would have persisted despite the Reporting Officer's efforts to correct them.³

Basic points to be kept in mind by the Reporting officer while attempting to make entries in the Confidential Reports of the employees are:

1. The Memo, of services (explained below) should invariably be consulted at the time of writing the annual report though the report itself should necessarily be based on the employee's performance during the year as a whole.
2. Where an adverse remark is recorded in respect of an official having consistently good record, some details regarding the same should invariably be given.
3. The report should give a clear opinion on the main points like character and integrity.

³ V. S. Bhanot, Law of Confidential Reports for Government Servants, Universal Law Publishing Co. Pvt. Ltd., Delhi-33, p-126, 2004.

Case Study On Performance Management System In Indian Railway

4. There should be no hesitation on the part of the reporting officers to record adverse remarks in justified cases.
5. Reporting Officers should not be in a hurry to write all the reports on one day.
6. Adverse entries should be communicated and an opportunity of making representation against the adverse entries should be given to the Railway servant. Final decision regarding adverse entry whether to be maintained, altered, modified, changed or deleted, should be decided after communicating and consulting the Railway servant. These principles are in accordance with the principles of natural justice. Any adverse remarks recorded in the confidential report of a railway servant should be communicated, in writing as a new addition in the existing system after this process was statutorily supported by the case of Bahadur Singh V/S State of Rajasthan, 1981 (2) SLR 582.

STRENGTHS OF CR WRITING SYSTEM

CR writing system is a systematic description of an employee's job-relevant strengths and weaknesses.

- CR writing system is always systematic in the sense as it tries to evaluate performance in the same manner using the same approach.
- Appraisals are arranged periodically according to a definite plan.
- CR writing system is not job evaluation; instead, it helps to find how well someone is doing an assigned job.
- CR writing system is a continuous process in large scale organizations such as Railways.
- The basic purpose of CR writing system is to find out how well the employee is performing the job and how well it can establish a plan for improvement.
- During promotion, it helps to identify the capability to fit into higher responsibility.
- The top management is committed to develop the competency of the employees on a continuous basis.
- The top management's willingness to invest its time and efforts in giving feed back to its own subordinates.
- The management's willingness to take the appraisal system seriously and do all that is needed to ensure its effective implementation.

- The management can conduct the performance review and counseling sessions regularly.

The Honorable Supreme court of India in the case of Amarnath Choudhary v. State of Bikaner observes that, 'The Central Government and the State Governments should examine whether the present system of maintenance of confidential roll should be continued. Confidentiality in the existing Performance Appraisal system is the major weakness. Though this system suffer due to some weakness, this structured system of examining the staff performance is very good for the public sector. Performance Appraisal through confidential report is intended as a tool for human resources development. The objective behind the appraisal is to develop the Railway servant, so that he/she may realize his/her true potential.⁴ Considering the latest modes, incorporating the latest techniques of appraisals are necessary. The changing needs of the organization and the existing lacunae in the Performance Appraisal System need the Railways to design their own updated appraisal system to fulfill the organizational as well as individual needs.

REFERENCES

- Andrew Dutta & Manjeesh K Singh, (2003), "Appraisal Tools for Today's Performance Management", HRM Review, September 2003.
- Asha Nagendra, (2008), "An Analysis of Performance appraisal System in the Automobile Industry", Rai Management Journal, Vol.5, Issue 1, March 2008, pp 77-83.
- Bhanot, V.S (2004), Law of Confidential Reports for Government Servants, Universal Law Publishing Co. Pvt. Ltd., Delhi-33, p-126, 2004.
- Biswajeet Pattanayak (2005), 'Human Resource Management', Prentice Hall of India Pvt. Ltd., New Delhi, pp116-130.
- Brian Flannigon, (1997), "Turnaround from Feedback", HR Focus, October 1997, pp.3
- Buhari's Railway Establishment Rules and Labor Laws, pp 859.
- Chandresh Agarwal, Dr. Babita Agarwal & Prof. Shweta Soni, (2005), "Personal Linked Reward System: A Strategic Approach towards Accomplishment of Work and Source for High Performance and Excellence in Organization"- Management Trend, Journal of Department of Business Management, vol. 3, No.1, October 2005-March 2006.
- Confidential Reports on Non-gazetted Railway servants – Master Circular, No. E (NG)I/90/CR/4, dated 17.6.1991.
- Kavita Sastri, (2006), 'Enabling Human Resource for Excellence in Performance', Personnel Today, A Quarterly Publication of NIPM, April-June 2006, Vol. XXVII, No 1, pp 27-36.
- Lakshmipathy, V. (1985), "Performance Appraisal in Public Enterprises", Himalaya Publishing House, 1985.
- Payal Chanania (2008), "Self-appraisal must lead to Performance Development", The Hindu, Opportunities, November 5, 2008, p4.
- Performance Management System: A Case study on Indian Fertilizers Industry", The ICFAI Journal of Organizational Behaviour, April 2004, The ICFAI University Press.
- Railway Board's Compendium on Confidential Report on Non-Gazetted Railway Servants, Master Circular No. 28, Bahri Brothers, Delhi, (1995).
- Rao, T. V. and Udai Pareek, 'Redesigning Performance Appraisal System', Tata McGraw-Hill Publishing Company Limited, New Delhi-2.
- S. K. Bhatia (2007), 'Performance Management', Deep & Deep Publications Pvt. Ltd., New Delhi -27.
- Stuart Murray, (1983), 'A Comparison of Results – Oriented and Trait-Based Performance Appraisals,' Performance Administrator, June 1983, p100.
- Venkataraman Rao, R. (2005), "Making Performance Appraisal an Open System", HRM Review, August 2005, pp. 48-57

⁴ Buhari's Railway Establishment Rules and Labor Laws, pp 859