

**REPORT OF THE SUB-COMMITTEE ON RE-STRUCTURING**  
**OF TRAINING OF IDAS PROBATIONERS (ORDNANCE FACTORIES)**

**AIM:**

Redesigning the training for the Ordnance Factory module to suit the needs of Users, the working environment, with specific emphasis on developing leadership and managerial efficiency by building a sound knowledge base for delivering professional Accounting, Auditing, Payment and Financial advisory functions to Ordnance Factories.

**OBJECTIVES:**

1. To provide an overall view of the functioning of the Ordnance Factories Organization in association with IOFS Officers at NADP on common areas of interest.
2. Re-orientation of the existing training module with specific emphasis on the working environment at production level.
3. To give exposure and equip the IDAS Probationers to re-orient their skills to the changing global trends and Indian and International Accounting and Costing standards with specific emphasis on the tenets of commercial accounting.
4. To understand the constraints and the role they have to play as Financial Advisors, while posted with Ordnance Factories.
5. To give suitable acquaintance to the principles of direct/indirect taxation on contracts (service, works, manufacturing, outsourcing etc.,)
6. To acquaint them with the provisions of TDS and its compliance in garnering the collections to the Exchequer at its optimum.

**METHODOLOGY ADOPTED:**

The sub-committee thoroughly studied the background papers provided for the purpose and adopted the following methodology for achieving the desired objectives and decided to:

- a. Study the existing format of training**
- b. Hold discussions with users & trainers**
- c. Find out overlaps/repetitions, if any**
- d. Redesign curriculum to have a balanced one with emphasis on developing the skills of the actual role to be played by the Probationers on their posting to Ordnance Factories.**

**a) Existing Format of Training:**

In the present format, the IDAS probationers undergo a 44 weeks training at NIFM, Faridabad, which trains them in Principles of Financial Management, Economics, Cost and Management Accounting, Business Environment etc., in a very detailed way, where the classes are taken by professionals on the subjects with stress on various theories and practices in vogue.

Thereafter the departmental training is conducted at NADFM, which is divided into a number of modules covering various core and functional areas of the Department.

This training is followed by a Study Tour of five months duration approximately during which they travel all over the Country having attachment with various Controllers Offices and Service Installations.

It is only during these five months of study tour that an exposure to the Ordnance Factory's set up is given to the Probationers. Firstly, with an attachment for three days at NADP, Ambajhari, where a module on "Technical Appreciation Course for IDAS Probationers" is conducted for them **(Annexure-A)**. Thereafter they have an attachment to RTC Kolkata for twenty days, where they are trained in detail, regarding the Organisation and functions of Ordnance Factories Board, PC of A (Fys), various Accounting procedures followed in Ordnance Factories as well as some training in Cost Management Accounting principles which is done by Cost Accounting and Management Professionals. In addition, the Probationers visit a number of Ordnance Factories during their Study Tour **(Annexures-B & C)**.

**b) Discussions with Users and Trainers:**

The Sub-committee had detailed discussions with the Director, National Academy of Defence Production at Ambajhari, the Chairman OFB and DGOF, OFB Member (Finance) / Member (Pers.) OFB, Kolkata to understand the user's perspective and their expectations from the IDAS Officers when they are posted to Ordnance Factories, as well as their observation regarding performance at present. Discussion was also held with PCA (Fys), C I A (Fys) and Director, RTC Kolkata. Director, RTC Kolkata gave a presentation on the existing framework for the IDAS Probationers relating to Ordnance Factories module of training (**Annexure-D**).

**b (i) VISIT TO NADP AMBAJHARI:**

The Sub-Committee met Principal Director, NADP Ambajhari on 30<sup>th</sup> Aug, 2007 along with a team of Officers/Faculty of NADP and had a detailed discussion on the existing training module and how it can be developed in a more effective way to give the IDAS Probationers a thorough idea of the role to be played by them, to develop a better understanding/rapport with the Organisation to which the services are to be provided by them.

The present module at **Annexure-A**, it was agreed to by all and was also seen from the feedback received from Probationers of earlier batches, is found to be too short and sketchy and only gives a simple overview of the Organisation and that of the product lines of the Ordnance Factories. It was also agreed that no in-depth idea of the systems and procedures is possible to be given within three days.

The team looked into the existing training schedule of the IOFS Probationers developed by NADP which is in three modules (**Annexure-E**). The first module deals entirely with their own Organisation and related

work. However, there are quite a few topics being dealt with in the other two modules viz., Production Management and Factory Accounting and Human Resources Management modules, which would be of significant relevance for IDAS Probationers. These topics if modified in certain ways to suit the requirements of the DAD will give a skill set which will enable them to understand the procedures and systems of Ordnance Factories and Accounting process therein in a much better way. The relevant areas to be developed in the proposed module are given at the **Appendix-I**. The faculty agreed to develop a 2 to 3 weeks long Module based on the discussion held with them once it is decided to re-structure the training module.

These topics can be dealt with in a better way at NADP, who have the suitable faculty from Ordnance Factories for deliberating on these subjects and wherever felt necessary faculty from DAD can also be called. It was also found relevant that most of these topics once discussed in classroom, are to be followed by practical, which would be convenient, Ordnance Factory, Ambajhari being co-located.

**b (ii) VISIT TO OFB:**

The sub-committee met the Chairman and DGOF, OFB on 04.09.07. During the meeting Member (Finance), Member (Personnel) OFB, PC of A (Fys) and Director RTC were also present.

While starting the discussion, Member (Finance) referred to his letter No. 1/CFormat/FM-VI dated 27.08.2007 which is enclosed at **Annexure -F**. The thrust areas where the Ordnance Factories need professional advice from IDAS Officers as brought out in this letter are as under:

- I. Since, the Ordnance Factories are planning to switch over to a system of budgeting and cost collection through Cost Centre

Approach, an exposure to the basic principles of Overhead Accounting in computerized environment taking into account the methodology for real time overhead allocation in various cost centers and to various cost cards pertaining to out turn items through mechanism of numerical work orders under RDBMS environment is the need of the hour.

II. As the Ordnance Factories are likely to maintain Proforma accounts in commercial formats, the IDAS Officers should be made conversant with the techniques of preparation of Financial Accounts, Cash flow Statements etc., in terms of Companies Act and various Accounting Standards issued by ICAI with appropriate mixture of topics in the training module.

III. Besides, the trainees need an exposure to the following topics :

(i) Introduction to Indian & International Accounting Standards, Indian GAAP & US GAAP.

(ii) Principles of Government Accounting in India and a comparison between Government Accounting system as in vogue in Ordnance Factories and the tenets of Commercial Accounting system as incorporated in various Accounting Standards and Guidance Notes etc issued from time to time by ICAI.

IV. Acquainting with principles of VAT and CenVAT regimes, procedures to valuation, claiming of input credit, pricing etc.,

The Chairman and DGOF, OFB expressed his concern about more of an auditing role being played by IDAS Officers than that of a Financial Advisor. He also stated that the IDAS Officers are part of a common team and are equally responsible for the decisions taken and consequences thereof. Hence, they need to

be trained to keep the prime objective of achieving the production target of the Ordnance Factory in view and their performance should be to aid and enhance that rather than hindering the same. In case something is not agreed to by them they should be capable of giving a solution rather than leaving it as a problem.

Moreover, very high level of financial powers have now been delegated to the Ordnance Factories at various levels both for procurement of stores and plants and machinery, so the IDAS Officers at Ordnance Factory level need to be absolutely thorough with rules and procedures concerning these procedures (**Annexure –G**).

Since Ordnance Factories are going to start e-procurement, they also need to be conversant with such procedures. They need to know the concepts of Budgeting in Ordnance Factories, Budget monitoring and working of Net Budget, e-administration, pricing of various products for services, civil trade and exports, the methodology for e-payment and ensuring timely payment for third party payments.

The Chairman also reiterated that with the proposed change-over to rendering Annual Production Accounts in Commercial Accounting format, all the Officers need to know about the Commercial Accounting processes and other related Laws, Acts and procedures.

He also stressed on strengthening the knowledge base and quality of Internal audit, as the same can be used as a tool for future improvement of procedures.

**b (iii) Discussions With P C of A (Fys) Kolkata, C I A (Fys) & Director (RTC):**

Discussions were held on 5.9.07. Director (RTC) made a presentation on existing module and suggestions (**Annexure -D**). PC of A (Fys) also brought out that the duration of training at RTC Kolkata for IDAS Probationers has been flexible and the training also gets modified accordingly. It was agreed to by them that the classroom lectures need to be followed up with practical which is done at present at RTC by bringing over the documents from Branch Accounts Offices and when the Probationers visit the Bengal Group of Factories.

P C of A (Fys) also stated that the focus needs to be shifted towards Commercial Accounting processes and the IDAS Probationers should have thorough knowledge of the procurement procedures / processes and all Laws, Rules, Acts governing them.

**b (iv) Discussions at NADT NAGPUR:**

The team met Addl. DG, NADT and Jt. Director, NADT on 29<sup>th</sup> Aug, 2007.

It is seen that a major role is played by the DAD as all the payments of salaries, contracts and all other third party payments in Ordnance Factories are made by the Accounts Offices located at Ordnance Factories. Moreover, as members of the TPC, the IDAS officers need to be well aware of the Direct and Indirect taxation policies of the government. Keeping in view the above, the matter was discussed with Addl. DG, NADT to find out the possibility of holding a workshop for IDAS Probationers for training them in various areas of direct taxation like:

- ◆ Over view of the direct taxation policy of the government.
- ◆ TDS
- ◆ Recovery of Income Tax while making various types of third party payments.
- ◆ Role of DDO in recovery of Direct taxes etc.
- ◆ e-filing of returns

The Addl. DG agreed to develop a module on those lines. However, they said that minimum 20 participants will be necessary to make a programme viable and cost effective. The detailed structure of the module and fee structure will be intimated by them shortly. However, a rough module already drafted out by them for a similar course being organised for Railways is at **Annexure – H**.

The Addl. DG also brought out the concern expressed by the Ministry of Finance vide their D.O. letter No. 380/02/2007-IT (B) dated 16<sup>th</sup> July 2007 (**Annexure – I**) and the need for training to all the Officers in all the services dealing with financial matters to improve compliance with the TDS provisions and to garner tax deducted at source to its optimum level. He also stated that they have already referred in this connection to CGDA amongst all others and that Railways have already requested NADT for organizing a training module which they are holding in September 2007.

**c) REVIEW OF THE CURRICULUM (overlaps/repetitions) AND  
COMMENTS THEREON:**

The course contents of the existing modules were reviewed. The training module for IDAS probationers in 2005 and 2006 held at RTC Kolkata and the relevant parts of the course curriculum of NIFM are enclosed at **Annexures –B & C & Annexure -J**.

It can be seen from the ibid Annexures that there is a certain amount of overlapping in the course contents, which might need a re-look and require modification, keeping also in view of the fact that, certain areas of importance do not get covered by any of these modules. It is felt that in case the overlapping areas are removed, the resultant time gained can be allocated appropriately to have a better focus on the areas for which inputs are very much essential for the Probationers but are missing at present, within the overall time-frame.

It can be seen from the course contents that Cost and Management Accounting Principles are dealt with in-detail and adequately over 48 sessions in the 2<sup>nd</sup> semester at NIFM. The relevant areas with Code numbers thereof are enclosed at **Annexure -J**. Considering the course contents, duration and the professional faculty handling these sessions it can be appropriately concluded that level of knowledge acquired in these areas is adequate and need not be repeated. However, the training module at RTC Kolkata also covers Cost and Management Accounting Principles in 10 sessions over two and half days which may be a mere repetition, since here also the subjects are dealt with by outside professionals as faculty. Whereas, the relevance of these concepts in practical use in Ordnance Factories get left out.

The module being dealt with at present at NADP Ambajhari is for three days which commences with a session on Evolution of Ordnance Factories, structure of Ordnance Factories Board and Challenges before

OFB. A session dealing in Organisation and Role of OFB is again done over one session at RTC Kolkata module. Again the module at NADP devotes one day in planning production and inventory management system in OFs which is partly covered at RTC Kolkata.

There are certain areas which do not find place apparently at present in the existing format, to name a few the Net Budget concepts, Estate Management, Pricing mechanism for products in Ordnance Factories, Life Cycle Cost, Negotiation Skills, Import-Export procedures, UCP-600, which are very important part of functioning as Financial Advisor in Ordnance Factories since huge payments are made by Accounts Officer and necessarily the Probationers need to be exposed to it.

There are certain topics which will be dealt better with in the specific context of the Ordnance Factories rather than being taught in general or in isolation. These are Material Accounting, Inventory concepts, Overhead Accounting etc., which are dealt in over 6 sessions by the outside faculty at RTC Kolkata, who necessarily will be imparting general concepts in theory only. It would be relevant if these are dealt with, in-house and, if, possible at NADP where it will be feasible to combine the Ordnance Factory's specific training module along with practical exercises from Accounts side. Another reason for this being done at NADP is due to the fact that Material Accounting, Inventory concepts and Overhead Accounting cannot be understood in isolation by looking into the accounting side alone without the inputs from the executive side, as the procedure starts from the documentation at the end of Executives and ends with issues done by them where a lot of documents are generated in process by the factories; a detailed understanding of flow and genesis of this is considered absolutely necessary to understand and carry out the Accounting process as a complete system. Specially keeping in view the fact that the Ordnance Factories maintain these documents on computer system through PPC package, if a combined lesson plan is developed

giving proper exposure to the details of the complete system right from “raising the necessity” stage to the final accounting process, it will emerge to the Probationers as more meaningful, comprehensive and can be appreciated better by them since it will provide them a holistic view and a clear picture in totality.

In view of the above and to develop a better understanding of the system it may be better that the areas which have a joint role of Ordnance Factories and the Defence Accounts Department be dealt with at NADP where faculties from both sides i.e., Executive & Accounts will be available and practicals and visits can also be organised with ease. Areas which are entirely being handled by Defence Accounts Department, like Organisation and Functions of PC of A (Fys), Overview of Factory Accounting and Cost Accounting, Labour payment and Accounting and Material payment and Accounting should be dealt with at RTC Kolkata. So should be the topics like Principle Ledger, Reconciliation between Financial Account and Cost Account, Preparation of Annual Accounts, Production and Store Account, Preparation of Annual Accounts in commercial format, Role of Finance Member in TPC, Internal Audit etc.,

### **INFERENCES ARRIVED:**

From the above detailed discussions and deliberations the Team had with the various Officials the following inferences could be drawn:

- a) The Probationers when posted in Ordnance Factories should assist the factories within the framework of Govt.Rules / Regulations / Codal formalities in finding solutions which help them to meet their main objective of meeting their production commitments to the services and advise them as to how best the factories can utilize their performing as well as non performing assets in the most efficient manner to reduce the cost of their issues to the services.
- b) The role of the internal audit should lead to proper inputs for decision making by way of taking remedial measures to do away with the deficiencies/functional irregularities and procedural lapses.
- c) While rendering advice in the TPCs, the IDAS Officers should suggest solutions as to how the procurement can be made in the most economical, effective and efficient manner by observing codal formalities / laid down procedures giving due acknowledgement to the fact that the factories have to meet their production targets, as the factories are producing for issues on yearly basis as per the indents issued by the Services and the targets fixed by the OFB.
- d) NIFM provides requisite general knowledge in all professional areas. The training modules outlined at **Annexure -J** already covered at NIFM are meeting the requirements for providing basic knowledge in the areas of Commercial Accounting, Management and Cost Accounting, Business Laws, Taxation structure etc., and this basic knowledge is considered sufficient as an academic

framework keeping in view the thinking going on for the restructuring of OFB/Ordnance Factories Organisation towards by adopting Commercial Accounting, e-procurement, e-payment e-administration, and increased in-house / in collaboration R&D activities etc,.

- e) The focus of the training should be on Departmental functions oriented training and the relevant training Module for Ordnance Factories can be divided in two parts to be covered at NADP, Ambhajari and RTC, Kolkata

**d) RECOMMENDATIONS OF THE SUB-COMMITTEE:**

The Sub-Committee takes into account the following issues:

- (i) The accounts of Ordnance Factories are prepared in a quasi-commercial basis.
- (ii) There are certain functions in the Accounts Office of a Factory, which are distinct and not found in any other Controllers' Offices. Hence IDAS Probationers during their probation period should have good exposure to the common as well as the peculiar functions in the Factory Accounts Offices.
- (iii) Since accounts and finance are enabling functions, to have a good understanding of these functions in Factory Accounts Office, the probationers must understand the contexts in which these functions are discharged. This needs understanding of the Factory organization in totality, starting from the Ordnance Factory Board at the apex level to the shop floor at the other end.
- (iv) Without a holistic approach training only on accounting and financial functions will be incomplete.
- (v) The changes highlighted by the Chairman, OFB regarding the restructuring of the roles and functions of the Ordnance Factories Organisation in the areas of finance and accounts, viz., thinking for the corporatization of the Organisation, going towards commercial accounting framework, creating the separate marketing Organisation (newspaper report enclosed at **Annexure-L**), thinking of signing of the MOUs on behalf of the OFB/Ordnance Factories with the MOD, increased focus on Research & Development, increased involvement of exports to foreign countries and the civil trade to the Para Military Forces and other domestic customers;

- (vi) The 7<sup>th</sup> and 20<sup>th</sup> Reports of the Standing Committee on Defence (14<sup>th</sup> Lokhsabha) relating to Defence, Ordnance Factories.
- (vii) Background papers and the existing computerised packages developed by the PCA (Fys) and the computerized development yet to take place through the Mission Excel IT route for which URS already stands submitted by the MEIT Team of the PCA (Fys).
- (viii) The needs of the Department to equip the IDAS Probationers in inculcating the leadership qualities coupled with managerial ability to provide valuable financial advice to the Executive.

*The Sub-Committee recommends that.....*

- (a) The training module may be divided into two parts, one related to the contexts in which probationers will function in their Factory assignment in future and the other should contain training on Financial Accounting Systems / Procedures. While the first module **(Appendix-I)** proposed by the Sub-Committee may be imparted by NADP, the second proposed module **(Appendix-II)** may be conducted at RTC, Kolkata.
- (b) The module at NADP may precede the module at RTC, Kolkata. Besides, an overview of the URS of MEIT should be given to the Probationers before the MEIT projects are discussed in detail at RTC, Kolkata.
- (c) It is advisable to conduct both the modules sequentially without gap.
- (d) The direct/indirect taxation training course is considered to be a common requirement of the IDAS Probationers and not exclusively meant for the IDAS Probationers for the Factories side only, because the knowledge of taxation structure is required in all areas of

functioning of the IDAS Officers in DAD. It is therefore advised that this part of the training may be got done at National Academy of Direct Taxes at Nagpur and National Academy of Customs, Excise and Narcotics at Faridabad.

- (e) The training materials for the course module (**Appendix-II**) to be undertaken by the IDAS Probationers at RTC, Kolkata should be specifically based on the existing work undertaken by the Branch Accounts Offices and also likely to be taken over in future due to Corporatization of OFB, Introduction of Commercial Accounting System based on National/International Standards of Accounting/Costing so that they practically learn the work required to be managed/supervised by them while posted in OF in order to assist the Ordnance Factories Organisation in achieving their laid down vision /goals.

The existing Faculty strength at RTC, Kolkata is not considered sufficient to revise the course material and it is advised that P C of A (Fys) may utilise the services of C of F & A (Factories) in the field for revision of Syllabus / Course material in a time bound manner.

- (f) A suitable course module (**Appendix-III**) as proposed by the Sub-Committee relating to Import - Export procedures etc., may be considered in consultation with DGFT, RBI, local office of International Chamber of Commerce, IIMs etc., The training for this module should be given to all IDAS Probationers / in service Officers at Training Division, Brar Square.
- (g) A course on Technology Management may be imparted in consultation with IIT, Delhi covering proposed topics (**Appendix-IV**)

**OTHER SUGGESTIONS:**

*Incidentally, although not in the mandate of the Sub-committee, the Sub-committee feels that by the end of 8<sup>th</sup> year of service an IDAS Officer should have rendered at least 3 years of continuous service in the Factories Organisation. The Group charge to the IDAS Probationers on Ordnance Factories side should be given only on acquiring at least one year's experience in the Factories functioning.*

**Annexure –J**

**Relevant Course contents of NIFM, Faridabad**

Code	Unit	Course Contents
102	II	<p><b>Production Decisions</b> : Firm’s Behaviour in the short &amp; long run. Product – input substitution – cost concepts- cost output relations –Production function.</p> <p><b>Pricing Decisions:</b> Determinants of price – pricing under different objectives – pricing under different market structures – perfect competition, monopoly, oligopoly (uncertainty and gametheory) and monopolistic competition – pricing methods in practice.</p>
102	IV	<p><b>Public Sector in India:</b> Industrial evolution in India, Role of public sector –organization of public sector – problems and prospects – State level PEs- emerging issues –employee participation and self management-MOU and performance evaluation – privatization and disinvestment in public sector.</p>
105	I	<p><b>Concepts of Budgeting</b></p>
105	II	<p><b>Modern Techniques in Budgeting</b></p> <p>Zero Base Budgeting</p> <ul style="list-style-type: none"> <li>▪ Performance Budgeting</li> <li>▪ Cash Budgeting: Cash Management and Treasury functions in Government</li> <li>▪ Other budgeting techniques</li> <li>▪ Budgetary reforms and New Public Management</li> </ul>
105	III	<p><b>Central Govt. Budgeting process</b></p> <ul style="list-style-type: none"> <li>▪ Plan &amp; Non-Plan expenditure</li> <li>▪ Capital and Revenue expenditure</li> <li>▪ Preparation of budget</li> <li>▪ Implementation and monitoring of budget</li> <li>▪ Trends in capital and revenue expenditure</li> </ul>
105	XII	<p><b>Parliamentary Financial Committees</b></p> <ul style="list-style-type: none"> <li>▪ Estimates Committee</li> <li>▪ Public Accounts Committee</li> <li>▪ Committee on Public Undertakings</li> <li>▪ Standing Committee for scrutiny of demands for grants</li> </ul>
106	I	<p><b>1. Nature and purpose of Accounting</b></p> <ul style="list-style-type: none"> <li>▪ Definition of Accounting, Need for Accounting, its relationship with other subjects. The Profession of Accounting. The Financial Accounting Framework, source of Accounting Principles, Accounting Policies.</li> <li>▪ The Accounting Equation, Discussion on Accounting Standards on Disclosure of Accounting Policies (AS-I)</li> </ul> <p><b>2. Basic Accounting Concepts : The Balance Sheet</b></p> <ul style="list-style-type: none"> <li>▪ The Money Measurement Concept. The Entity Concept. The Going-concern concept. The cast concept. The Dual Audit Aspect. The Balance Sheet. Owner’s Equity.</li> </ul> <p><b>3. Basic Accounting Concepts : The Income Statement</b></p> <ul style="list-style-type: none"> <li>▪ The nature of Income, the Accounting period concept Interim Reports. Relation between income and Owner’s Equity.</li> </ul>

		<p>Income: Not the Same as Increase in Cash.</p> <ul style="list-style-type: none"> <li>▪ The Conservatism concept</li> <li>▪ An Introduction to Accounting Standard on Valuation of Inventory (AS-2)</li> <li>▪ Revenue Recognition, The Realization Concept, The Matching Concept</li> <li>▪ Recognition of Expenses, Criteria for Expense Recognition, Expenses and Expenditures</li> <li>▪ The Consistency Concept, The Materiality Concept</li> <li>▪ The Income Statement, Revenues, Cost of Sales, Gross Margin, Expenses, Net Income</li> <li>▪ Relation between Balance Sheet and Income Statement, Accrual versus Cash-basis Accounting</li> <li>▪ Net Profit or Loss (AS-5), Prior period items, extraordinary items</li> </ul>
	IV	<ul style="list-style-type: none"> <li>▪ Share Capital, Company Annual Reports, Features of Company Balance Sheet, Profit and Loss Account, Legal Requirements relating to the Preparation of Financial Statement of Limited Companies, Analysis of Financial Statement.</li> </ul>
107	I	<ul style="list-style-type: none"> <li>◆ <b>Features of Government Accounts-Introduction</b></li> </ul>
108		<ul style="list-style-type: none"> <li>◆ <b>Rules, Regulations &amp; Procedures - I &amp; II</b> <ul style="list-style-type: none"> <li>▪ Fundamental &amp; Supplementary Rules</li> <li>▪ CCS (Pension), Rules &amp; Gratuity etc.</li> <li>▪ General Financial Rules (GFR)</li> <li>▪ Procurement of Stores &amp; Works</li> <li>▪ Delegation of Financial Powers</li> <li>▪ Financial Advice System and Institution of Financial Advisors</li> <li>▪ Conduct Rules</li> <li>▪ CCS (CCA) Rules</li> </ul> </li> </ul>
209	I & II	<p><b>Principles of Financial Management</b></p> <p><b>1. Financial Management : An Overview</b></p> <ul style="list-style-type: none"> <li>▪ Meaning and Nature of Financial Management</li> <li>▪ Objectives of Financial Management</li> <li>▪ Financial Management in Central and State Governments</li> </ul> <p><b>2. Time Value of Money, Risk Return Framework and Valuation</b></p> <ul style="list-style-type: none"> <li>▪ Introduction</li> <li>▪ Compounding &amp; Discounting</li> <li>▪ Time Value of Money</li> <li>▪ Features of Risk and Return in Financial Management</li> <li>▪ Corporate Valuation and Approaches to Corporate Valuation</li> </ul> <p><b>3. Capital Budgeting including Risk Analysis</b></p> <ul style="list-style-type: none"> <li>▪ Introduction, Planning and Control of Central Expenditure</li> <li>▪ Capital Budgeting: Process &amp; Nature</li> <li>▪ Evaluation Techniques</li> <li>▪ Payback period, Accounting rate of return, Net Present Value, Internal Rate of Return and Profitability Index</li> <li>▪ Capital Rationing</li> <li>▪ Capital Budgeting under Risk and Uncertainty</li> <li>▪ Capital Budgeting Process and Decisions in Government Departments</li> </ul> <p><b>4. Management of Working Capital</b></p> <ul style="list-style-type: none"> <li>▪ Concepts of Working Capital</li> <li>▪ Importance of Working Capital Management</li> <li>▪ Structure of Current Assets &amp; Liabilities</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Estimating Working Capital Requirements</li> <li>▪ Operating Cycle Analysis</li> <li>▪ Management of Cash and Marketable Securities</li> <li>▪ Inventory Management</li> <li>▪ Working Capital Financing</li> </ul> <p><b>5. Operating Financial and Combined Leverage</b></p> <p><b>6. Cost of Capital</b></p>
210	I	<p><b>1. Auditing</b></p> <ul style="list-style-type: none"> <li>▪ Nature, Objectives &amp; Scope, Principles, Concepts and Precepts of auditing. Profession of Auditing</li> <li>▪ and Development of Auditing</li> </ul> <p><b>2. Role of Auditor</b></p> <ul style="list-style-type: none"> <li>▪ Duties and Liabilities of Auditor. Status and Image of the Auditor; Legal &amp; Regulatory Framework :</li> <li>▪ Spirit of Audit</li> </ul> <p><b>3. Techniques of auditing</b></p> <ul style="list-style-type: none"> <li>▪ Physical Inspection, Observations, Inquiry, Confirmation, Computation and Retracing Book-keeping</li> <li>▪ Procedures, Analytical Procedures, Selection of Audit Techniques</li> </ul>
211	I	<p><b>Cost &amp; Management Accounting:</b></p> <p><b>1. Management Accounting:</b> Information that creates value, Changing business environment &amp; Management Accounting, Management Accounting : Different from Financial Accounting</p> <p><b>2. Material Cost :</b> Material Cost and valuation of material purchases, Pricing of material issues, Pricing of returned materials, Stock Valuation and Inventory reserve.</p> <p><b>3. Labour Cost :</b></p> <p>i] Computation and control, Labour Cost and its control, Time keeping Department, Methods of recording attendance time, Methods of job time booking, Computation of gross earnings and net payable, Preparation of wage packets and paying out wages; and,</p> <p>ii] Remuneration and Incentives, Factors in an incentive system, Principles applicable to all incentive schemes, Time rates at ordinary levels, Straight piece rates, Piece-rates with guaranteed day rate, Differential Piece Rate, Individual bonus systems, Group bonus system, Calculation of hourly rate</p> <p><b>4. Overhead</b></p>
217	I	<p><b>Advanced Financial Accounting</b></p> <p><b>1. A Review of National Accounting Standards, International Accounting Standards and US GAAP</b></p> <p><b>2. Accounting Aspects of Amalgamations, Mergers and Takeovers</b></p> <p><b>3. Emerging Trends in Accounting:</b> Inflation Accounting, Value Added Accounting, Human Resource Accounting, Social Accounting and Environmental Accounting.</p> <p><b>4. Financial Reporting with Specific Reference to :</b> Segment Reporting, Government Grants, Investments, Research and Development, Construction Contracts, Contingencies and Events Offering after the Balance Sheet Date, Effect of Foreign Exchange Rates, Borrowing Costs, Related Party Disclosures and Accounting for Retirement Benefits, ESOPs, Financial Instruments.</p> <p><b>5. Specialized Aspects of Accounting:</b> Lease Accounting, Deferred</p>

		<p>Taxation, Impairment of Assets, Accounting for Associates.  <b>6. Analysis of Corporate Performance (Case Study).</b>  <b>7. Introduction of Accrual Accounting in Government</b>, e.g.,  Experience in New Zealand: Reforms in Government Accounting.  <b>8. New Accounting Standards</b></p>
218	I	<p><b>PRINCIPLES OF TAXATION</b></p> <p><b>INCOME TAX</b></p> <p><b>1. Introduction</b></p> <ul style="list-style-type: none"> <li>▪ Basic Concepts</li> <li>▪ Residential Status</li> <li>▪ Incidental of Tax</li> </ul> <p>Income Exempt from Tax</p> <ul style="list-style-type: none"> <li>▪ Special reference to provisions for 100% EOU and units established in FTZ</li> </ul> <p><b>2. Computation of Income:</b></p> <ul style="list-style-type: none"> <li>▪ Salaries</li> <li>▪ Income from House Property</li> <li>▪ Income from Business &amp; Profession</li> <li>▪ Capital Gains</li> <li>▪ Income from other sources</li> </ul> <p>3. Set off and Carry forward of Losses</p> <p>4. Deductions and Rebates</p> <p>5. Deduction of Tax at Source (TDS) and Advance Payment of Tax</p> <p>6. Assessment of Individual</p> <p>7. Duties and responsibilities of DDO</p> <p><b>CENTRAL EXCISE</b></p> <ol style="list-style-type: none"> <li>1. Introduction of Central Excises Act, 1944 and Central Excise Tariff Act, 1985.</li> <li>2. Nature of Excise Duty, Collection of Excise Duties under the Central Excises, 1944.</li> <li>3. Provisions regarding <ul style="list-style-type: none"> <li>- Manufacturing</li> <li>- Removal of excisable Goods</li> </ul> </li> <li>4. Valuation under the Central Excise Act, 1944, Central Excise (Valuation) Rules, 1974.</li> <li>5. Classification of goods under Central Excise Tariff Act, 1985 with reference to Rules of interpretation, filling and approval of classification list.</li> <li>6. Duty drawback</li> <li>7. CEN VAT</li> </ol> <p><b>CUSTOMS DUTY</b></p> <ol style="list-style-type: none"> <li>1. Principles of governing Levy and Exemption from Custom Duty.</li> <li>2. Basic Principles of Classification of Goods and Valuation of Goods.</li> <li>3. Provisions governing Importation and Exportation of Goods.</li> <li>4. Special provisions regarding Baggage, Sample Goods imported by Post.</li> <li>5. Duty drawback.</li> </ol>

108		<p><b>CORPORATE LAWS- I &amp; II</b></p> <ul style="list-style-type: none"> <li>▪ Incorporation of Companies</li> <li>▪ Prospectus &amp; Allotment</li> <li>▪ Share Capital &amp; Debentures &amp; Regulations of Charges</li> <li>▪ Management &amp; Administration</li> <li>▪ Reconstruction, Mergers &amp; Acquisitions</li> <li>▪ Foreign Exchange Management Act, 1999 (FEMA)</li> <li>▪ Monopolies Restrictive Trade Practices Act, 1969 (MRTP) and other Similar Laws</li> <li>▪ Sick Industrial Companies (Special Provisions) Act; 1985 (SICA)</li> </ul>
219	I	<p><b>LEGAL BUSINESS ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>▪ Law of Contracts</li> <li>▪ Law of Sales of Goods</li> <li>▪ Law of Negotiable Instruments</li> <li>▪ Overview of Legislation pertaining to Pollution</li> <li>▪ Overview of International Trade, Legal Environment with reference to the World Trade Organisation</li> </ul>

**Appendix – I**

**Proposed Course Curriculum for IDAS Probationers at NADP, Ambajhari**

Sl No.	Topics
1	Overview of Ordnance Factories Organisation
2	Inter-linkages of OFB with Department of Defence Production and Supply, DRDO, DGQA and Services (ARMY, AIR FORCE, NAVY)
3	Linkage of Ordnance Factories / OFB with P C of A (Fys) Organisation and Branch Accounts Offices
4	Functions of Various Sections in Ordnance Factories and their responsibilities
5	Industrial payment Laws & Acts governing it for e.g., Factories Act, 1884 ; Payment of Wages Act, 1936 ; Workmen Compensation Act ; Workmen Bonus Act, 1993 ; Explosive Substances Act, 1908
5	e-administration, e-procurement, e-auction, e-payment, EARS (Electronic Attendance Recording System)
6	PPC Package
7	Delegation of Financial Powers to OFB/Factories
8	Budget and it's Monitoring and Cost Control in Ordnance Factories
9	Material procurement–Stores and planning, Material Management Manual– broad outline, Law of Carriage of Goods by Sea & Air, Relevant provisions of Sale of Goods Act, 1913. Arbitration and Conciliation Act 1996 including provisions relating to international arbitration
10	Inventory Management, Standard Estimates, Stock verification, Issue & Receipt of Stores.
11	Disposal – Stores and Plant & Machinery.
12	Pricing mechanism –Services, Civil trade, Export, IFDs, Make or buy decisions.
13	Security regulations in Ordnance Factories, Environmental & Pollution Laws.
14	Civil works and estate management in Ordnance Factories, Quarters and rent policies in Ordnance Factories.
15	Works Committee, JCM, ULMC, Local productivity council, Liaison meeting, Medical Services in Ordnance Factories.
16	Concepts of Total Productivity Management (TPM) and Total Quality Management (TQM) in Ordnance Factories.

**Note:**

*The curriculum will include visit to shop floor & sections of Fys including the documents generated, their purpose and flow.*

## **Appendix-II**

### **Proposed Course Curriculum for IDAS Probationers at RTC, Kolkata**

Sl	Topics
1	Role & functions of PC of A (Fys) – Linkages with OFB, CGDA & Branch AO.
2	Role and functions of Branch AO.
3	Labour Accounting, Flow of documents, Preparation of Agreement form of Labour, Disbursement Certificate, Generation of Labour extract, Overtime under departmental Rules / Factories Act, Overtime Bonus, Integration of Labour Payment with costing.
4	Material Accounting, Vetting of SHIS, Audit of Supply Order, Post Contract Management, Payment of Supplier Bills, Opening of LC, Outstanding Assets and Liabilities, Preparation of Annual Store Account, Generation of PSA & PSL, Generation of Material abstract, Integration of Material Accounting with Costing.
5	Cost Accounting - Overhead, Step-ladder system / Shop Budget Committee, Standard Estimates, Variance Analysis, Pricing.
6	Compilation of Principle Ledger, preparation of Annual Accounts
7	Accounting of Capital Assets, Annual RR Plan, Procurement of Plant & Machinery, Calculation of depreciation.
8	Scrap disposal and Accounting of Sale proceeds.
9	Role of Finance Member in TPC, Case studies in procurement.
10	Hospitals/Schools – Welfare measures, Estate Management.
11	Reconciliation of financial and cost compilation.
12	Auditable documents and their purpose.
13	Internal audit structure, linkage & role of internal audit with special reference to case studies of audit observations/draft paras /audit paras.
14	Existing Computerized Packages for Labour, Inventory & Costing.
15	URS developed for MEIT and further progress thereof.
16	Preparation of Financial Statements and their Analysis – by analyzing the Annual Report of a Defence PSU.

**Note:**

*The curriculum will include practicals with document generated, their purpose and flow.*

**Appendix – III**

Sl	Topics
1	Current export import policy.
2	Import Export procedures / Import Export documentation.
3	Foreign Exchange Management Act (FEMA) and Rules
4	International terms of payment (Incoterms).
5	Letters of credit.
6	Procedures for customs clearance of imported goods.
7	Customs and practice to document the credits (UCP-600).
8	World shipping terms.
9	Indian shipping - An overview.
10	Bank guarantees in internal trade.
11	Model commercial agency contract, model distributorship.
12	International trade terms.
13	International certificate of origin guidelines.

**Appendix -IV**

**Technology Management Module.**

Sl	Topics
1	Fundamentals of Management of Technology.
2	Strategic Technology Management
3	Management of Innovation and Research and Development.
4	Management of Technology transfer and absorption.

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12	IOFS Probationers Training Module	Annexure-E	
13	Member (Finance) OFB letter dated 27.08.2007	Annexure-F	
14	Deligation of Financial Powers in OFB & Ordnance Fys	Annexure-G	
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16	Ministry of Finance D.O. letter No. 380/02/2007-IT (B) dated 16 <sup>th</sup> July 2007	Annexure -I	
17	Relevant Course contents of NIFM, Faridabad	Annexure-J	
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19	Course Curriculum at NADP	Appendix-I	
20	Course Curriculum at RTC	Appendix-II	
21	Import - Export Policy / Procedures	Appendix-III	
22	Technology Management Module.	Appendix-IV	