

S. No. 68

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
RAILWAY BOARD

No. 2018/NFR/47

New Delhi, dated 12.09.2018

**The General Managers,
All Indian Railways
Metro Railway, Kolkatta**

(Commercial Circular No. 50/2018)

Sub: Clarifications and Modifications to Non-Fare Revenue (NFR) Policies issued vide CC Nos. 01, 04, 05 and 50 of 2017 dated 10.01.2017 and 11.07.2017 respectively.

Background

Subsequent to the decentralization of bid process management and delegation of powers of implementation of NFR policies to the Zonal Railways, clarifications were sought by Zonal Railways, in the meetings held on 12.06.2018 and 07.08.2018. In the backdrop of Chairman, Railway Board's DO letter dated 12.07.2018 to General Managers of Zonal Railways vesting full powers in them and advising to move forward in a mission mode to generate Non-Fare Revenue, based upon feedback and experience gained from the exercise to award contracts for NFR policies, following clarifications and modifications are issued:

I. Common Clarifications and Modifications applicable on above policies:

1. Contract Tenure and Temporary Extension

- 1.1 The license shall be awarded for minimum of 3 years and maximum of 5 years. Nine months prior to the completion of existing contract, the tendering process for awarding new contract must be initiated and tender must be finalised prior to completion of existing contract to avoid any revenue loss on this account.
- 1.2 There shall be no extension of contracts. However, in exigencies, if a new tender is not finalised within period of completion of the existing contract, competent authority
 - (a) may give an extension on pro rata basis for a maximum period of six months or till completion of tendering process whichever is earlier;
 - (b) with Finance concurrence; and
 - (c) duly recording the reasons for such an extension.
- 1.3 Extension, if any, shall be subject to satisfactory performance of the contract, with no breach of contractual obligations and compliance of all payment obligations by the Licensee.
- 1.4 In addition, if even after the first extension of 6 months to the contract, due to certain exigencies, a further extension is required, the same may be granted

- (a) for a maximum period of six months;
- (b) by General Manager;
- (c) with Finance concurrence;
- (d) based upon personal recommendation of Divisional Railway Managers/ Chief Commercial Managers

that the new contract will be in place within the extension period.

- 1.5 Total period of extension shall not be more than one year. If there has been avoidable delay, suitable action should be taken.

2. Tendering Methodology

- 2.1 Zonal Railways may engage the services of a Professional Media Market Evaluation Agency (PMMEA), if required, who shall invite open bids on behalf of the Zonal Railways after confirming the details about available sites which are in operation or have been identified but not under contract.
- 2.2 The contracts should be implemented through e-tendering and bidding should be through ascending/ forward e-Auction. However, tendering may be continued in traditional mode till e-tendering and e-auction modules are made available by CRIS.

3. Earnest Money Deposit (EMD), Security Deposit (SD) and Payment

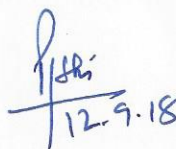
- 3.1 EMD shall be fixed at 10% of the total value of the contract as decided by the Zonal Railways.
- 3.2 Zonal Railways shall receive security deposit for an amount equivalent to the 6 (six) months License Fee for each year of the License Term by way of an irrevocable bank guarantee. This shall be taken in advance for the entire duration of the contract.
- 3.3 Zonal Railways shall receive License Fee in advance in instalments as decided by Zonal Railways in the manner set out in the License Agreement.

4. Escalation clause

- 4.1 The license fee shall escalate by 10% each year after the end of the first 3 years of the contract.

5. Bid Process Management

- 5.1 Zonal Railways shall be responsible for:
 - 5.1.1 Overall Bid Process Management;
 - 5.1.2 Preparation of Tender Documents including the Notice Inviting Tender;
 - 5.1.3 Uploading the NIT/Tender document, addendum/ corrigendum to the tender after approval from the competent authority by arranging suitable e-tendering and e-auction platform;
 - 5.1.4 Receiving, evaluating tenders and subsequently accepting the tender and awarding the contract including issue of the letter of acceptance; and
 - 5.1.5 Signing and implementing the agreement.



- 5.2 Zonal Railway may include suitable penal and arbitration clause in the Agreement of the Contract for meeting any eventuality arising out of default or breach of contract by licensee to safeguard the interest of Railway.

6. Novation of existing contracts

- 6.1 Zonal Railways may if considered necessary novate the existing contracts to the licensee in order to enhance the value of advertising assets. The existing contracts or its revenue shall pass on to the licensee until the expiry of the contracts.

7. Media Agnostic

- 7.1 Zonal Railways shall allow the use of all forms of advertisement that is appropriate, safe and feasible for the corresponding advertising asset/ location subject to restrictions under any policy of the Authority or the Outdoor Advertisement Policy (OAP).
- 7.2 Zonal Railways shall allow the licensee to carry out advertising operations based on relevant laws, provided there is no interference with the operations of Indian Railways, the advertisements do not affect the safety of passengers and train operation and do not deface or detract from the aesthetics or look of the facade of any Heritage or Station building.

8. Copyright Act, 1957

- 8.1 The licensee shall ensure all permissions necessary under provisions of Copyright Act, 1957 regarding the content have been obtained. The licensee shall also indemnify the Railway Administration against any damages levied for any copyright infringement.

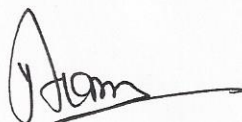
9. Powers of Competent Authority

- 9.1 General Managers of Zonal Railways shall have full powers for implementation of this policy. These powers need to be exercised in consultation with associate Finance.
- 9.2 General Managers may consider further delegation of the powers to Divisional Railway Managers/ Additional Divisional Railway Managers if required.
- 9.3 Further, if these guidelines require any modification or project requires combining of two or more non-fare policies, General Managers of Zonal Railways are fully empowered to do so, in consultation with associate Finance, so that non-fare revenue is maximized.

II. Specific Clarifications and Modifications applicable on individual policies:

1. Out of Home and Rail Display Network

- 1.1. Digital advertising should be encouraged in station premises. However, while doing so it would be desirable that such advertisements inside the station premises ensure heightened aesthetics and improved visual attractiveness of the station.
- 1.2. The advertising asset packages shall be offered for bidding independently by each Zonal Railways.
- 1.3. Contracts can be awarded following rights-based approach. In such cases no particular site or available space may be committed in terms of square metres,



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but the total number of sites/ total area in terms of square metres may be specified.

- 1.4. Zonal Railways may decide the package size for their zone depending upon the local conditions. Stations may be clubbed together if required. However, due to local conditions, competent authority may decide on more than one package at a large station.

1.5. Advertising Plan

1.5.1. The licensee shall submit an advertisement plan for each station/area.

1.5.2. Zonal Railways shall assess the advertising plan on the basis of aesthetics, feasibility, safety and security, standards and specifications of the materials used and their technical or operational considerations.

2. Content on Demand

2.1. Zonal Railways shall endeavour to adopt a hybrid revenue share model under which licensee/ service provider shall quote a Fixed Minimum Guarantee (FMG) and share a percentage of the revenue over the benchmarked FMG.

2.2. Realising that this arrangement can be crucially dependent on robust software to track all the possible revenue generation advertisements under the policy, the Zonal Railways are encouraged to require the licensee to develop a strong IT backbone for tracking revenue generation with adequate verifiable audit trails.

3. Mobile Assets


3.1. When doing Vinyl wrapping of coaches, it may be ensured that visibility is not obstructed.

3.2. The train package sizes may be decided by the Zonal Railways. Clubbing of the trains may be done to the extent possible/feasible.

3.3. While for suburban trains rakes may be the basic unit for tendering, on fixed routes and dedicated rakes, the specific train service shall be the basic unit.

This issues with the approval of the Board and concurrence of Finance Directorate of Ministry of Railways.


Kindly acknowledge the receipt of this letter.


(P. C. Verma)
Joint Director (NFR)
Railway Board

No. 2018/NFR/47

New Delhi, dated 12 .09.2018

Copy to: PFA, all Indian Railways - for information & necessary action.


(Pallavi Joshi)
For Financial Commissioner,
Railway Board