

भारत सरकार (GOVERNMENT OF INDIA)

रेल मंत्रालय (MINISTRY OF RAILWAYS)

रेलवे बोर्ड (RAILWAY BOARD)

No.TC-I/2018/104/2 Pt.C

New Delhi, dt. 09.03.2019

General Manager

All Zonal Railways

Sub: Guidelines regarding Freight Advance Scheme

1. Introduction/ Brief description of scheme :

The Scheme provides a facility to major freight customers to avail tariff certainty against payment of advance freight to Indian Railways. Customers who agree to pay a freight advance in the last quarter of a financial year to cover their estimated freight upto the end of next financial year will have the benefit of fixed base freight rate and class of the commodity upto the end of the next financial year; subject to terms and conditions of the scheme, as below

2. Eligibility:

- 2.1 The customer should have given minimum annual freight revenue of ₹500 crore in previous calendar year.
- 2.2 The customer should be E-payment customer under the extant policy for all freight payments.
- 2.3 Railway Receipts issued in favour of customer or applicant as freight payee shall be considered for determining eligibility for offering tariff certainty and for payment from advance amount.

3. Validity:

Customers can approach the Railways from 1 January to 31 March of a calendar year to offer freight advance upto 31 March of the following financial year. The agreements under Freight Advance scheme will normally be valid and effective from 1 April to 31 March of Financial Year only. However, on customer's request, agreements may commence anywhere between January to March of a calendar year and be valid till 31 March of subsequent calendar year; i.e. agreements may be valid for a period of

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maximum fifteen months. After expiry or termination of agreement as per para 4.6 of this policy, customers may apply for fresh agreement, and the base fare and class of commodities as prevalent on date of commencement of new agreement shall be applicable.

4. Terms and Conditions:

4.1 Amount and instalments of Freight Advance-

- 4.1.1 The customer shall agree to pay Railways a minimum of ₹500,00,00,000/- (Rupees five-hundred crore only) as Freight Advance (inclusive of GST and other taxes applicable).
- 4.1.2 The freight advance committed can be either in one or maximum two instalments; each of minimum forty percent of total advance committed. Eligible customers may opt to offer advance freight amount less than their total estimated freight for the full agreement period (subject to minimum of Rs 500 cr), however fixed base rate and class of commodities will be applicable only till exhaustion of freight advance given or termination of agreement as per para 4.6 of this policy, whichever is earlier.
- 4.1.3 The agreements shall remain valid till exhaustion of freight advance amount or till 31 March of the same financial year or till termination of agreement, whichever is earlier. That is, the base freight rate and class of the commodity for the customer shall remain fixed, as prevalent at time of commencement of agreement, up to 31 March of same financial year or till exhaustion of freight advance amount or till termination of agreement, whichever is earlier. However, in case of customers whose agreements commence during last quarter of a financial year i.e. before 1 April, "31 March" would mean 31 March of subsequent financial Year.
- 4.1.4 The customer shall pay the first instalment of Freight advance to Nodal Railway before the date of commencement of the agreement. The agreement shall be effected or operationalised in Terminal Management System (TMS) of the Freight Operations Information System (FOIS) upon specific advice from Principal Finance Advisor (PFA) of the Nodal Railway regarding confirmation of receipt of freight advance.
- 4.1.5 The second instalment of the advance shall have to be paid before the exhaustion of the first instalment of the advance or by 30 September of the same financial

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year, whichever is earlier. In case sufficient leftover balance is available from first instalment, the General Manager may extend submission of second instalment till 15 November of the same year, subject to availability of advance amount till then. For avoidance of doubt it is clarified that in event of exhaustion of freight advance before payment of second instalment, the agreement shall cease to exist and the agreement including fixed base freight and class of commodities will no more be applicable.

Note 1: Zonal Railways shall advise an assessment of freight amount required to last for the entire duration of the agreement to such customers offering freight advance before 1 April; say on 10 of January or 10 of February or 10 of March. This shall only be advisory and shall have no bearing on para 4.1.1.

Note 2: Customers opting for freight advance in the month of January, February or March can have agreement for more than 12 months and benefit as per terms and conditions of the scheme for a period of 15 months, 14 months or 13 months respectively or till the exhaustion of freight advance or till termination of agreement whichever is earlier.

4.2 Base freight rate and commodity class applicability:

- 4.2.1 Under this scheme, only the base freight rate and class of the commodity for the customer (as freight payee) shall remain fixed at the level prevalent on the date of commencement of agreement till such time that advance mode of payment is in operation or till date of validity of agreement, whichever is earlier. Thereafter, Freight Rates and class of commodities as applicable on the date on which the validity of the agreement ends shall be charged. Other charges like Busy Season charge, Development Surcharge, any discounts or concessions shall continue to apply as per concerned specific policies/circulars.

Note 3: In no case shall the benefit of the scheme extend to the financial year following the year for which the agreement has been made, even if some balance of the advance remains with the Railways at the end of the relevant financial year i.e. if the agreement is for the year 2019-20 then the scheme including fixed freight base rate and class of commodities will not be valid beyond 31 March, 2020. For the next year, a fresh agreement may be entered into.

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- 4.2.2 In case the customer/applicant is under an existing Long Term Tariff Contract, the applicability of revised freight rates and class shall be as per terms and conditions of Long Term Tariff Contract policy.

4.3 Procedure for application and approval

- 4.3.1 The customer shall apply to Principal Chief Commercial Manager (PCCM) of the Zonal Railway of its choice. Container Train Operators (CTOs) shall apply to Principal Chief Commercial Manager/Northern Railway, since Northern Railway is the nodal Railway for CTOs. The application must include all details and relevant documents.
- 4.3.2 The customer shall provide a list of customer codes, the commodities proposed to be carried under the agreement, GSTINs and originating-destination (O-D) points, as applicable. It may be noted that all customers/customer codes must be under a single legal entity. Customer may add O-D points and commodities during tenure of agreement with a prior notice of thirty days to Principal Chief Commercial Manager provided the traffic being added is its own traffic, for which the customer will give necessary undertaking to the Zonal Railway. Notwithstanding any provision in this policy, for commodities added later than date of signing of the agreement, the base freight rate and class in force on date of acceptance of such application for addition of new commodities, shall apply. The customer shall also provide a matrix of State-wise and Zone-wise O-D points for the purpose of GST accountal.
- 4.3.3 The applications shall be processed for General Manager's approval by PCCM and Principal Chief Operations Manager (PCOM) with due concurrence of Principal Financial Advisor (PFA). The applications should be finalised within a month.
- 4.3.4 After approval from General Manager, the Railway shall enter into the agreement with the customer. The agreement shall be signed by PCCM and PFA of the relevant Zonal Railway. A model agreement is annexed for the guidance of Zonal Railways. The same may be modified as per specific and typical requirements of Zonal Railway.
- 4.3.5 The agreement including the fixed freight base rate and class of commodities shall commence from the date and time that freight advance amount is received

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by the Zonal railway. On receipt of advance CCM FM and FA&CAO /Traffic or HoD looking after Traffic Accounts will ensure immediate switch to mode of payment through TMS advance account. Railway must invariably ensure that date of signing of agreement is within 72 hours of receipt of advance amount. The commencement of agreement shall coincide with date and time of receipt of freight advance by Railway.

- 4.3.6 Tripartite Agreement (TPA) for e-freight payment should continue to operate for next 72 hours from commencement of freight advance agreement only for clearance of pending Railway Receipts. In case, there are outstanding RRs after the said 72 hours, the same may be cleared by manual mode of payment.

4.4 Limitations on use of Freight Advance amount:

- 4.4.1 The advance amount shall be used only for payment of charges accrued against Railway Receipts.
- 4.4.2 Customer shall have no interest claim, under any circumstance, on Freight Advance amount paid under this scheme to Railway.

4.5 Modalities of Freight Advance-

- 4.5.1 Till adequate amount is available from freight advance for adjustment, no amount will be debited under existing Tripartite Agreement (TPA) for e-freight payment; and the TPAs for e-payment will be kept in abeyance till the freight advance mode of payment is in operation.
- 4.5.2 To ensure a smooth transition back to e-freight arrangement under the TPA, the customer shall reactivate the TPA for e-freight payment with all the relevant terms and conditions applicable on receipt of notice from Indian Railways. Railways will issue this notice once the balance of the total freight advance under the agreement is likely to fall below one month's equivalent freight on customer's account
- 4.5.3 The freight amount in the RRs shall continue to be debited to freight advance account of the customer under this scheme till the time the balance in the account is more than the sum of two days of peak freight realised up to then in the period of the agreement.

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4.5.4 When the balance Advance Freight reaches an amount equal to one month's average Freight Charges, the nodal Railway shall issue a notice to the customer and to other concerned Zonal Railways to reactivate the e-payment agreement. FOIS shall track and flag when the remaining balance of Freight advance falls below the sum of peak two days freight equivalent realised up to then in the period of the agreement. The generation of RR from Freight Advance shall stop at this point and system shall revert to realisation of freight payment through e-payment system.

4.5.5 In case of termination of agreement in event of non-payment of second instalment by the customer, the payment of freight shall continue from the balance freight advance amount. The freight base rate and class of commodities as prevailing on date shall apply. Tri-partite e-payment agreements shall subsequently be reactivated as per para 4.5.4 above.

4.6 Termination of agreement:

4.6.1 The agreement shall be deemed to be terminated either on exhaustion of freight advance amount or in event of failure of customer to pay the second instalment or end of the financial year i.e. 31 March (as applicable), whichever is earlier.

4.6.2 In case of termination of agreement, the fixed freight base rate and class of commodity shall not be continued.

4.6.3 After termination or expiry of the agreement, the Nodal Railway and customer may enter into fresh Freight Advance agreement.

4.7 Treatment of unutilised advance:

4.7.1 The unutilised advance from first instalment may be added to second instalment, if any. Railway shall refund to the customer unutilized advance, if any, as on 31 March or adjust against the advance for the next financial year under fresh agreement.

4.8 The customers shall be able to view their position regarding debit of freight amount and balance advance through a report in FOIS. CRIS shall implement the same.

4.9 Miscellaneous:

4.9.1 The Commercial and Finance departments of the concerned Railway shall issue a Joint Procedure Order for smooth operation of the scheme and implementation of

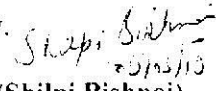
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the agreement. For this purpose, a model JPO shall be issued from Railway Board for guidance; the same can be modified by the concerned Railway as per local requirements.

4.10 The Zonal Railway may seek any clarifications regarding the operation of the system in TMS directly through the liaison offices of FOIS in the respective Zones.

4.11 All other relevant rules shall remain applicable

This issues with the concurrence of Finance Directorate of Ministry of Railway.


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Director, Traffic Commercial(Rates)
Railway Board

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New Delhi, dt. 09.03.2019

Copy to:

1. Principal Financial Adviser, All Zonal Railways
2. Dy.C&AG(Rlys), Room No.222, Rail Bhavan, New Delhi.

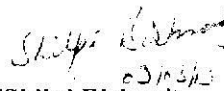

for Financial Commissioner/Railways

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New Delhi, dt. 09.03.2019

Copy to:

1. Principal Chief Commercial Manager, All Zonal Railways
2. Principal Chief Operations Manager, All Zonal Railways
3. Managing Director, CRIS, Chanakyapuri, New Delhi-21.
4. Chief Admn. Officer, FOIS, N. Rly., Camp: CRIS, Chanakyapuri, New Delhi-21.
5. Managing Director, KRCL, Belapur Bhavan, Sector-II, CBD Belapur, Navi Mumbai-400614.
6. Director General, National Academy of Indian Railways, Vadodara
7. General Secy., IRCA, New Delhi.
8. Director, IRITM, Campus: Hardoi Bye-pass Road, Kanausi, Manaknagar, Lucknow-226011
9. Chief Commissioner of Railway Safety, Lucknow.


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Director, Traffic Commercial (Rates)
Railway Board

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TC(R), TC(CR), F(C), Safety Branches, Railway Board