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GOVERNMENT OF INDIA (भारत सरकार)
MINISTRY OF RAILWAYS (रेल मंत्रालय)
(RAILWAY BOARD रेलवे बोर्ड)

No.TC-I/2018/104/2Pt.B New Delhi, dt.28.03.2018

General Manager
All Zonal Railways

Sub: Joint Procedure Order regarding Freight Advance in case of NTPC

A Memorandum of Understanding(MOU) between Ministry of Railways and National Thermal Power Corporation(NTPC) regarding Freight Advance is under finalisation.

A Joint Procedure Order(JPO) is enclosed herewith for implementation of the above-mentioned scheme of Freight Advance in the case of NTPC.

This issues with the concurrence of Finance and Accounts directorates of Ministry of Railways.

Shilpi Bishnoi
28.03.18
(Shilpi Bishnoi)
Director, Traffic Commercial(Rates)
Railway Board

No. TC-I/2018/104/2Pt.B New Delhi, dt.28.03.2018

Copy to:

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

28/3/18
for **Financial Commissioner, Railways**

No. TC-I/2018/104/2Pt.B New Delhi, dt.28.03.2018

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, Camp:CRIS, Chanakyapuri, New Delhi-21
5. MD, KRCL, Belapur Bhavan, Sector-11, CBD Belapur, Navi Mumbai-400614.
6. Director General, National Academy of Indian Railways, Vadodara.
7. General Secy., IRCA, New Delhi.
8. Director, IRITM, Hardoi Bye-pass Road, Kanausi, Manaknagar, Lucknow-226011
9. Chief Commissioner of Railway Safety, Lucknow.

Shilpi Bishnoi 28.03.18

(Shilpi Bishnoi)
Director, Traffic Commercial(Rates)
Railway Board

Copy for information:
CRB, MT, FC, Railway Board
AM(C), AM(T), AM(IT), PED(F), PED(Acct.), PED(TT/M), PED(Vig.), EDTC(R), EDPG, ED(C&IS), EDFM, EDTT(S), EDTT(F), ED(Coal), EDFC, EDVT, DFM, DFC, DPG, DF(CCA), JDA, Railway Board
TC(R), TC(CR), F(C), Safety Branches, Railway Board

Joint Procedure Order (Commercial, Finance and Accounts)regarding Freight Advance given by NTPC for the year 2018-19

1. Background:

   1.1 NTPC shall pay Indian Railways a freight advance of ₹5,000 Crore inclusive of GST, towards payment of transport of coal for the financial year 2018-19. This freight advance is likely to be received by the IR in the year 2017-18.

   1.2 As per the conditions of the MoU between IR and NTPC, the base freight rate and class for haulage charges of coal to be transported by IR for NTPC shall remain fixed at the level prevalent on 31.03.2018 till such time that advance mode of payment is in operation. Thereafter, freight rates as applicable on the material date shall be charged.

   1.3 NTPC has provided a list of customers (consignees) and destination stations which is placed at Annex 1, which will be supplied in due course.

2. Procedure for receipt of payment and accountal thereof:

   2.1 Northern Railway shall be the nodal Railway for collection, monitoring and re-conciliation of this advance freight payment. Thereafter, NR will apportion this to various loading Railways as per Annex 2.Upon receipt of this advance, NR shall intimate CRIS along-with relevant details so as to enable it to activate advance payment mechanism

   2.2 Loading Railways shall account for this money and the relevant GST thereupon in the manner placed at Annex 2.

   2.3 This advance amount shall be used only for payment of charges accrued against Railway receipts.

3. Procedure for preparation of RR and booking of freight charges against freight advance:

   3.1 The E-payment mechanism under TPAs shall remain functional till 00:00 hrs on 07 April 2018. However, paid RRs against this freight advance shall be operational from 00:00 hrs of 04 April 2018 itself, unless advised otherwise..

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3.1.1 This implies that the freight charges payable on all the RRs including supersessional RRs issued for loading completed till 03 April 2018 shall be processed in accordance with the e-payment TPA guidelines.

3.1.2 Incase payment against E-RRs is pending beyond 00:00 hours of 07 April 2018, the same may be realized through any mode, other than e-payment TPA.

3.1.3 RRs for all subsequent loading i.e. loading done after 00:00 hours of 04 April 2018 shall be debited to the freight advance account.

3.2 The TMS of FOIS shall operate for the NTPC related RRs in a manner similar to what is currently in vogue, except that there would not be any need to access the Bank account for drawing the freight charges. The leviable freight charges shall be debited to the freight advance amount which shall be kept as a notional balance in the TMS for NTPC Accounts.

3.2.1 CRIS/FOIS shall suitably modify the TMS software to operationalise the adjustment of RRs against freight advance account. The operation of the TMS for this arrangement shall be kept as close as possible to the present GUI (Graphic User Interface) to avoid confusion by the field offices.

3.2.2 CRIS shall generate a Daily summary of RRs generated and amount deducted from freight advance and shall provide the same to NTPC and Northern Railway (Traffic Accounts).

3.2.3 Viewing facility, though, may be given to all FOIS users in all loading Railways.

3.2.4 The modalities for FOIS for operation of freight advance module are at annex 3.

3.3 This system shall continue till such time any freight advance amount is available in the system, with conditions as listed in paragraphs 3.3.2 and 3.3.4 below.

3.3.1 E-payment TPAs shall be kept in abeyance till such time the RRs are debited to advance freight account.

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3.3.2 When the balance freight advance reaches an amount equivalent to one month's average freight charges, the IR shall issue a notice to NTPC to reactivate the TPAs.

3.3.3 In order to ensure a smooth transition back to e-freight arrangement under the TPAs, the NTPC shall reactivate the TPAs for e-freight payment with all the relevant terms and conditions applicable.

3.3.4 The system shall track and flag when remaining balance of Freight Advance is less than total of peak two day's freight equivalent. The generation of RR from Advance Freight <u>shall stop</u> at this point, and system shall revert to realisation of freight payment through e-payment system.

4. <u>Reconciliation and Final Adjustment</u>

4.1 Railways will intimate NTPC regarding debit of freight amount and balance advance through a joint reconciliation should be carried out on monthly basis in the second week of the following month.

4.2 Railways shall refund/adjust to NTPC unutilised advance at the end of FY 2018-19, if any, in case the actual freight payable by NTPC is less than the amount already in balance with the Railways.

5. <u>Other Issues:</u>

5.1 Treatment of outstanding Taxes and Duties

5.1.1 Zonal Railways shall immediately process the dues on account of taxes and duties/GST outstanding till 31.03.2018 in respect of various NTPC stations due to waiver of demurrage charges.

5.2 Zonal Railways shall be able to seek any clarifications regarding the operation of the system in TMS directly through the liaison offices of FOIS in the respective Zones.

28/3/2018   28/3/18   Shilpi Mishra 28.03.18

Director (Accounts)	**Director Finance (Commercial)**	**Director Traffic Commercial (Rates)**
Railway Board	**Railway Board**	**Railway Board**

ANNEXURE-2

Freight Advance - Accounting modalities

a) NTPC may remit the entire amount of advance to Northern Railway either by cheque issued in favour of FA&CAO/ Northern Railway or by Direct credit or RTGS (SBI, Main Branch, Parliament Street, New Delhi, IFSC No.SBIN000691, Government Account, Account No. 30788224089, MICR code of Bank: 110002087) through GAR-7.

b) Northern Railway Traffic Accounts Office shall transfer the earnings to concerned Zonal Railways in the ratio of their earnings from loading of coal for NTPC (as consignee) for the period of September 2017-February 2018. The data for same is annexed-2/i .

c) Advance Freight money receiving Railway shall take the earnings to Part-A of identified stations to be identified by Zonal Railways. Identified stations shall take this amount as special debit towards Freight earnings.

d) Under the GST Act, when an entity receives advance, Advance Receipt Voucher (ARV) has to be generated within the same month of receipt of such advance. On the basis of ARV, a person who has received the money has to deposit the appropriate GST with the tax authorities. However, ARV is not treated as invoice for purpose of availing input tax credit.

e) The entire ARVs shall be taxable as Inter-State transactions implying levy of IGST. The concerned Zonal Railways shall enter ARVs in the GST portal (GST manual utility) created by CRIS, so that the same can be accounted for in GSTR3B and GSTR1 to be submitted for the month of March, 2018. Format of ARV is placed as Annexure-2/ii.

f) The Advance Receipt Vouchers (ARV) generated by the GST portal shall be communicated to FOIS, which shall be used as reference number for tax invoice generated based on the collection from the Advance account of M/s NTPC.

g) Apportionment of advance earnings (excluding GST) may be done by respective Zonal railways based on railway wise apportioned earnings of NTPC traffic flows, to be advised by CRIS, through normal apportionment matrix..

h) In subsequent months the eligible NTPC RRs will be cleared through Special Credits.

Following procedure will be adopted for accountal of GST in FOIS:-

a) RR cum tax invoice generated by FOIS should have reference to ARV issued to the customer when actual transportation takes place.

b) FOIS shall provide inputs on details of RR raised with corresponding ARV issued with respective GSTIN to GST portal, which shall then send the required details to NSDL.

c) GST portal shall provide to NSDL every month, in the format to be provided by Accounts directorate GST Consultants, the details of such adjustment of advances with tax invoice (RRs) for reporting in Table-11B of GSTR-1 Return in the month in which

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RR cum tax invoice is issued. By this exercise, the output liability based on RR issued in the subsequent period gets adjusted against the GST paid at the time of receipt of advance.

d) FOIS portal has to be developed to adjust the RR amount from the ARVs of each GSTIN of NTPC, as per ARV details provided by GST portal of CRIS.

Necessary software changes would be required in FOIS and GST portal. Further, since NSDL will have to offset the GST charged in the RR with that of GST collected through ARV in March/2018, necessary data for adjustment will require to be provided by GST portal along with the monthly data, to enable NSDL to report the same in Table 11 B of the GSTR1 Return.

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Annx.-2/i

In Rupees

CREDIT TC	IGST	FREIGHT	RLY
32000000000	1523809524	30476190476	ECR
4500000000	214285714.3	4285714286	ECOR
5500000000	261904761.9	5238095238	SEC
3000000000	142857142.9	2857142857	SE
5000000000	238095238.1	4761904762	SC
50000000000	2380952381	47619047619	

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Annexure-2/ii

Receipt voucher

1st Copy ORIGINAL *For Recipient*
2nd Copy DUPLICATE *For Supplier*

Name of the Supplier (Railways)
Address line 1
Address line 2
Name of State, India
GSTIN:

Receipt Voucher No.
Receipt Voucher Date

Name of the Recipient (NTPC)
Address line 1
Address line 2
State Name & Code
GSTIN

Place of supply (State Name & Code)(mandatory incase of Interstate supplies) (To contain recipient GSTIN State)

S.No.	Description of Services	SAC of services	Advance Amount received	Central Tax		State Tax /Union Territory Tax		Integrated Tax		Cess		Total Amount (incl. tax)
				Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	
	Grand Total		xx		xx		xx		xx		xx	xx

Total value (in words)

Note: Reverse Charge Mechanism not applicable

Signature or digital signature of supplier/ authorised representative

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ANNEXURE-3

Freight Advance for NTPC – Modalities for FOIS

- This payment mode shall be named as **'A – Freight Advance'** with Instrument as **'Collection against Advance'** for differentiating this collection from E-Payment Collection.
- The amount collected from the advance shall be treated as digital.
- All Railway Receipts (RRs) prepared against this advance shall be tagged as 'Paid Advance ERR-7'.
- The total RR amount (including GST) shall be debited from this advance.
- WRF amount (paid by NTPC through other modes) will be adjusted in the RR amount when collection is made from this advance.
- The base freight rate and class only as on date of commencement of MOU will remain applicable till functioning of this mode. Other charges (Busy Season Surcharge, Development Charge etc., if any) will be applied as per extant guidelines.
- List of destination stations and customers(conginees) will be provided by NTPC. The system will validate the 'Customer Code', 'GSTIN Code', Commodity and 'Destination station code'.
- Freight is re-calculated at destination at the time of unloading, undercharge if any, is collected in book delivery. Collection from advance is not advised for any other transaction except for the collection of RR. Thus, at the time of unloading freight may automatically be calculated at freeze rate.
- In the case of Supersessional RR, if the original RR's collection is being done from this advance, the freight amount of the SRR shall be adjusted and the balance freight amount on SRR shall be collected from the same Advance Account as per the extant guidelines. However, in case the freight amount of the SRR is less than the freight amount of the Original RR, no refund or credit shall be done in this Advance Account, and refund of the same shall be claimed by NTPC separately according to the current refund process. Also, in the case where the amount of the SRR cannot be collected from this Advance Account due to insufficient balance, the freight amount shall not be adjusted and the full freight shall be collected and M/s NTPC shall claim the refund for the Original RR's freight.
- All transactions on the advance shall be maintained in FOIS/TMS Application only. No financial transactions shall be executed in the Banking System for the same.
- User shall report payment mode as 'E' for e-payment at the time of RR generation as is being currently done in FOIS/TMS Application.
- Remark and Payment Mode shall be printed on the RR accordingly giving the reference to the advance.
- Logs shall be maintained RR wise to track each debit from this advance.
- Queries and reports shall be made as per the requirement of Railways.
- FOIS shall generate daily and monthly reports for the RRs prepared from this advance alongwith the Opening and Closing balance etc. and shall be sent to Principal Financial Adviser(PFA) of the Nodal Railway and all concerned Railways also.
- Also, all the RRs generated in a particular month from this Advance Account shall be made available to the PFA of the concerned/nodal railway's login in Error Sheet Module. PFA after due verification/validation of the RR Details, shall confirm the same in the Module for authorization of the said transactions done in FOIS.

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