

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

No. 2020/TC (FM)/04/02

Rail Bhavan, New Delhi – 110 001, dated **16.03.2020**

**General Managers,
All Indian Railways.**

Sub : LIBERALIZED SPECIAL FREIGHT TRAIN OPERATOR (LSFTO) SCHEME.

Ref : (1) Freight Marketing Master Circular/SFTO/2018/0 issued vide letter No. 2016/TC(FM)/4/12 dated 02.07.2018

(2) Amendment No. 1 to SFTO issued vide Lt. No. 2018/TC(FM)/4/35 dt. 15/16.11.2018

(3) Addendum No. 1 issued vide Lt. No. 2016/TC(FM)/04/04 (Vol.2) dated 16.05.2019


Ministry of Railways has reviewed the existing Policy on “SPECIAL FREIGHT TRAIN OPERATOR (SFTO) SCHEME” which was issued vide circulars under reference. The Liberalized Special Freight Train Operator Scheme shall be in supersession of existing policy. Copy of the revised policy is attached. In case of Operators registered under old SFTO policy wants to migrate into new LSFTO policy, they may be permitted to do so by signing a new LSFTO agreement. However, registration fees already deposited shall not be refunded.

This scheme will come into force with immediate effect.

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

The receipt of this letter may please be acknowledged.

DA : As above.


16/3/2020
(Mudit Chandra)
Director Freight Marketing

No. 2020/TC (FM)/04/02

Rail Bhavan, New Delhi – 110 001, dated **16.03.2020**

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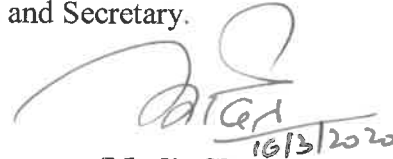
1. The Deputy Comptroller & Auditor General of India (Railways), Room No. 224, Rail Bhawan with 36 spares.
2. Principal Financial Advisor, All Indian Railways.


16.3.2020
For Financial Commissioner/Railways

No. 2020/TC (FM)/04/02

Rail Bhavan, New Delhi – 110 001, dated **16.03.2020**

1. The Principal Chief Commercial Manager, All Indian Railways.
2. The Principal Chief Operations Manager, All Indian Railways.
3. The Chief Freight Traffic Manager, All Indian Railways.
4. The Chief Commercial Manager (FM), All Indian Railways.
5. The Managing Director / Chief Commercial Manager, Konkan Railway Corporation Ltd., Belapur Bhawan, Plot no. 6, Sector-11, CBD Belapur, Navi Mumbai – 400014.
6. The Managing Director, Centre For Railway Information System (CRIS), Chanakyapuri, Near National Rail Museum, New Delhi.
7. CAO/FOIS, Centre For Railway Information System (CRIS), Chanakyapuri, Near National Rail Museum, New Delhi.
8. GM/FOIS, Centre For Railway Information System (CRIS), Chanakyapuri, Near National Rail Museum, New Delhi.
9. Director General, National Academy for Indian Railways, Lalbaug, Vadodara - 390004, Gujarat.
10. Director General, Indian Railways Institute of Transport Management, Hardoi By-pass Road, P.O. Manak Nagar, Lucknow – 226 011 Uttar Pradesh.
11. AM(Traffic), AM(Commercial), AM(Mech.), AM(Rev.), Adv.(Vig.), EDTC(R), EDV(T), ED(FC), EDME(Frt.), DF(C), in Railway Board for information please.
12. PSO/Sr.PPS to CRB, FC, MT, ME, M(RS), M(Tr.), MS and Secretary, R. Bd. for kind information of CRB, FC, MT, ME, M(RS), M(Tr.), MS and Secretary.



(Mudit Chandra)
Director Freight Marketing

LIBERALIZED SPECIAL FREIGHT TRAIN OPERATOR (LSFTO) SCHEME

1.0 GENERAL

The objective of the policy is to increase Railways share in transportation of non conventional traffic in high capacity and special purpose wagons thereby increasing commodity base of Rail traffic. Induction of better design of wagons to increase throughput per train will also be facilitated.

This policy provides an opportunity to logistics service providers or manufacturers to invest in wagons and use advantages of rail transport of selected commodity to create a win-win situation for railways and themselves. This will also create an avenue for end users to optimally utilize their rolling stock by transporting their commodities as well as commodities of third party. The terms and conditions of the policy are indicated as under:

2.0 DEFINITIONS AND ABBREVIATIONS

Definitions and Abbreviations of some of the terms used in this document are as under:

- 2.1 **ACT** means Railway Act 1989
- 2.2 **'CCM/FM'** means Chief Commercial Manager/ Freight Marketing.
- 2.3 **'Commodity'** means commodities approved by MOR for transportation in special purpose privately owned wagons under the LSFTO scheme. The list of commodity will be notified from time to time by MOR.
- 2.4 **'End User'** means customer who is producer/manufacturer or consumer of the goods transported by rail.
- 2.5 **'FA&CAO TA'** means Financial Advisor & Chief Accounts Officer Traffic Accounts.
- 2.6 **'FOIS'** means Freight Operating Information System.
- 2.7 **'High Capacity Wagons (HCW)'** means 'Special Purpose Wagons' notified by IR, based on various designs and carrying capacity of similar types, available with IR, which have increased through put per train beyond 10%.
- 2.8 **'IR'** means Indian Railways network.
- 2.9 **'Logistics Service'** means a business of providing one or more services of rail/road/sea/air transport, warehousing, cold chain services, port terminal service, inland container depot, third party or fourth party logistics.
- 2.10 **'MOR'** means Ministry of Railways, Railway Board.
- 2.11 **Nodal Zonal Railway:** The Zonal Railway nominated by MOR at the time of approval for registration as SFTO will work as Nodal Zonal Railway. Nodal Zonal Railway will sign all the subsequent agreements of SFTO's rakes to be inducted in future (whether loading/unloading terminals are there or not in that railway).

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- 2.12 **‘Private Terminal:** means a private siding, private freight terminal or private port terminal having facility to handle commodities specified under this scheme.
- 2.13 **‘RA’** means Railway Administration. Implies Zonal Railway Administration.
- 2.14 **‘RDSO’** means Railway Design and Standards Organization.
- 2.15 **‘RR’** means Railway Receipt.
- 2.16 **‘SFT’** means Special Freight Train, a privately owned train for transportation of identified commodities.
- 2.17 **‘SFTO’** means Special Freight Train Operator and refers to the parties who invest in procurement of rakes and arranges traffic for loading/unloading in the Special Freight Trains (SFT), owned by them after obtaining necessary permission from the MOR under this policy.
- 2.18 **‘Special Purpose Wagon (SPW)’** means wagons designed for rail transportation of a specific commodity or group of commodities as approved by IR. These wagons include specialized wagons for transportation of commodities as defined in para 4.0 of this policy. Such wagons will not form a part of wagon pool of IR.
- 2.19 **‘TMS’** means Terminal Management System of FOIS.
- 2.20 **‘Wagon Leasing Company (WLC)’** means a Leasing Company engaged in the business of procuring railway wagons and making them available to other business entities authorized to deploy such wagons for operation over IR network in accordance with the extant policy of MOR.

3.0 ELIGIBILITY

- 3.1 Applicant should be
- 3.1.1 A registered company in India as per Company’s Act 2013.
- 3.1.2 A subsidiary company.
- 3.1.3 A Joint venture company or partnership.
- 3.1.4 A public sector entity in the business of logistics.
- 3.2 The company should have minimum one year experience in any one of the following fields as on 31st March of the last Financial Year.
- transport and logistics
 - port and land terminal operations
 - warehousing
 - container train operations
 - manufacturing
 - wagon leasing
- 3.3 The company should have a net worth of minimum Rs. 50 crore or an annual turnover of minimum Rs. 75 crore as on 31st March of the last financial year.

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- 3.4 In case the applicant is a subsidiary company, experience and net worth of the holding company, owning more than 50% equity, may be reckoned for the purpose of Para 3.2 and 3.3 above. However, in such cases, the applicant company should have a minimum of 25% of the prescribed net worth.
- 3.5 Any company which has been declared sick under Sick Industrial Companies (Special Provision Act'1985) shall not be eligible to apply under these rules to operate trains either individually or in association with other companies.
- 3.6 There shall be no change of control of the SFTO through transfer of direct or indirect legal or beneficial ownership or control of an equity or other contractual arrangement before the completion of one year from commencement of commercial operations of the SFTO's train pursuant to the Concession Agreement, where after there may be a Change of Control, subject however, to the condition that such Change of Control shall be effected only after an approval from the MOR, which may reject such Change of Control from a national security or public interest perspective as will be detailed in the Agreement.

4.0 Registration:

- 4.1 The interested party fulfilling eligibility criteria as per para 3.0 above shall apply to PED/ED FM along with the following details to register as SFTO. Along with the application for registration the party has to apply for a minimum one (01) rake for a commodity/commodities under this scheme.

The applicant shall furnish following details while submitting the application:

- (a) Name and Address of the applicant (firm).
 - (b) Details of experience and activities of the firm.
 - (c) Document in support of the eligibility criteria as per para 3.0
 - (d) Number of rakes (minimum one rake)
 - (e) Type of wagon.
 - (f) Anticipated traffic volume
 - (g) Proposed Loading terminals & destination terminals along with circuits
 - (h) Any other relevant information.
- 4.2 On receipt of the application, MOR shall study the proposal in detail (in consultation with Traffic Transportation Directorate of MOR) and grant necessary approvals of registration and procurement as per the provisions of the policy subject to the condition that grant of such permission is not inimical to public interest and national security.
- Approval will be issued by MOR to the concerned zonal railways containing details regarding the name of SFTO, rebate, commodity, number and type of rakes, handling terminals etc. CCM/FM of the Nodal Zonal Railway shall issue a notification including all the details for information of all concerned and sign the agreements as per clause 6 of the policy.
- 4.3 Registration of an SFTO will be summarily cancelled and termination clause will be invoked if at any time, it comes to the notice of MOR that the SFTO is not fulfilling the eligibility criteria (as per the eligibility condition para 3.0 of policy) or is found to be acting in manner which constitutes a breach of its contract with MOR.

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5.0 COMMODITY

The following commodities (which require Special Purpose Wagons) are permitted under the scheme

- (a) Bulk Fertilizers
- (b) Bulk Cement
- (c) Fly Ash
- (d) Bulk Chemicals
- (e) Petrochemicals that includes Light Diesel Oil (LDO), Carbon Black feed Stock (CBFS), Low Sulphur Heavy Stock (LSHS) , Heavy Petroleum Stock (HPS), Vacuum Gas Oil (VGO), Low Viscous Furnace Oil (LVFO), Low Sulphur Furnace Oil (LSFO), Residue Crude Oil (RCO) and Liquefied Petroleum Gas (LPG) (excluding Petroleum products like Naphtha, Aviation Turbine Fuel, High Speed Diesel, Kerosene Oil, Petrol, Furnace Oil)
- (f) Caustic soda
- (g) Liquid Ammonia
- (h) Bulk Alumina
- (i) Steel products requiring specially designed wagons.
- (j) Molasses
- (k) Edible oil
- (l) Bulk Food grain

6.0 AGREEMENT AND VALIDITY

- 6.1 Agreement for registration as SFTO would be signed by CCM(FM) of the Nodal Zonal Railway and the authorized signatory of firm within six months from the date of approval by MOR. This agreement will be valid for 35 years, or till the period the rakes are operational whichever is earlier. This may be renewed. For renewal of agreement, application as in para 4.0 has to be submitted at least one month before expiry of agreement. However, if the agreement is terminated by invoking para 15 of this policy, the rakes will cease to operate and dealt as per the provisions therein.

It will be the responsibility of zonal railway to keep the agreement and its annexures in their safe custody after expiry of agreement till the last rake is in operation.

- 6.2 On approval of each rake the details of induction of rakes will be annexed with the agreement for registration as mentioned in para 6.1 above. The annexure should contain details like date of induction, Purchase Order No., Rake No., type, commodities permitted, wagon numbers, brake van undertaking details and brake van number, circuit details (with amendments from time to time), base depot, etc., It will be the responsibility of Nodal Zonal Railway to notify the induction of rakes with details to all the concerned zonal railways.
- 6.3 Freight rebate for each rake shall be given only in accordance with para 11.2 and 11.3 of this policy.
- 6.4 Granting of permission to an SFTO shall not restrict Indian Railways from transportation of such traffic in wagon procured/arranged by IR under any other scheme, nor shall give any

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kind of sole right to SFTO to run such wagons exclusively, i.e. Such wagons can also be procured and run by other operators also.

- 6.5 SFTOs already registered under the previous SFTO policies will be governed by the original agreement. However, for seeking approval for new rakes the firm has to apply as per para 7.0 of this policy and a new agreement as per para 4.2 will be signed under LSFTO.
- 6.6 Approval granted under previous SFTO policy:
- (i) The rakes inducted prior to the issue of this policy will continue to operate under the previous SFTO policy only.
 - (ii) Rakes for which approval for procurement has been granted prior to issue of this policy and are yet to be inducted should be inducted as per the approval. However, if they desire to induct the rakes under the new LSFTO policy, they have to apply as per para 7.0 of this policy and a new agreement as per para 4.2 shall be signed under LSFTO.

7.0 PROCEDURE FOR SEEKING APPROVAL OF NEW RAKES

- 7.1 Procurement of wagons for induction under this policy will be allowed only with prior administrative approval of MOR. Wagons procured without the prior approval of MOR will not be permitted to be inducted for operation under this scheme.
- 7.2 The registered SFTO has to apply to PED/ED FM for induction of additional rakes along with the following details
- (i) Name and Address of the applicant (firm).
 - (ii) Number of rakes planned.
 - (iii) Type of wagon.
 - (iv) Commodity to be carried in each rake (leg wise).
 - (v) Proposed Loading terminals & destination terminals (along with circuit).
 - (vi) Any other relevant information.
- 7.3 On receipt of the application, MOR shall study the proposal in detail (in consultation with Traffic Transportation Directorate of MOR) & NOC from concerned zonal railway and grant necessary approval for procurement and operation of the rake(s) as per the provisions of the policy subject to the condition that grant of such permission is not inimical to public interest and national security.
- 7.4 Approval will be issued by MOR to the concerned nodal zonal railways containing details regarding the name of SFTO, rebate, commodity, number and type of rakes, handling terminals etc. CCM/FM of Nodal Zonal Railway shall issue a notification including all the details for information of all concerned zonal railways.
- ## 8.0 WAGONS
- 8.1 Wagons to be inducted in the system must be in compliance with applicable IRS designs and specifications. Such wagons will be inducted after inspection by RDSO. Wagons other than IRS designs can also be procured subject to its prior approval by MOR and after technical clearance of RDSO as per extant rule.

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- 8.2 The SFTO may develop new wagon designs in accordance with the "Procedure of New Wagon Design Approvals" issued by RDSO, as amended from time to time. The intellectual property right norms in such cases shall be governed by the latest version of the same procedure.
- 8.3 Privately procured wagons will be inducted into service only after completion of the mandatory safety and quality inspections by authorized agencies as notified by MOR.
- 8.4 The applicant has to procure full rake composition including the brake van as notified by IR with 4% additional wagons as maintenance spares (on cumulative basis of same type of wagons).
- 8.5 The brake van will be added to the general pool of IR brake vans, in exchange for the undertaking that IR will meet the operational requirement of providing brake vans to the SFTO trains.
- 8.6 Customers will be required to incorporate following warranty clause in the purchase contract with the wagon manufacturer:
- "Supplies shall be guaranteed against any manufacturing defect/ poor workmanship quality etc. for a period of 24 months of commissioning or 30 months from the date of delivery, whichever is later. During this period contractor will arrange to repair/ replace any defective part free of cost or replace complete set if required. Further, since these wagons are to be utilized by the customers of Indian Railways, they are hereby authorized to invoke this warranty clause in case of any default on the part of wagon manufacturer."
- 8.7 A SFTO can also take wagons on lease from a wagon leasing company subject to necessary approvals by MOR. However, in such cases SFTO will be entitled for freight rebate for a period which is equal to 20 years minus the expired age of wagon as certified by the concerned zonal railways.
- 8.8 The applicant shall inform the MOR regarding details of placement of procurement order. Similarly the date of actual induction shall be advised by the SFTO to MOR under advice to concerned zonal railway(s) indicating the loading and unloading terminals.
- 8.9 In case of the already approved design of wagons, the SFTO should procure the rake and start operation under this scheme within two years from the date of approval granted by MOR. In case of failure to adhere to this time schedule, unless specific prior extension is given by the MOR, the approval will be deemed to be cancelled and fresh approval has to be sought by SFTO.
- 8.10 In case of new design wagons the registered SFTO shall give details of type and design of wagon, wagon specifications etc. The same shall be evaluated by MOR in consultation with RDSO and if technically it is found feasible to operate such new design wagons, the same should be inducted in IR system within four years from the date of approval granted by MOR unless specific extension is given by MOR. Otherwise the approval shall be deemed to be cancelled and fresh approval has to be sought by SFTO.

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9.0 MAINTENANCE OF WAGONS

- 9.1 Maintenance of the wagons will be undertaken by IR at its own cost during the currency of the agreement. However, in case of wagons which will require special components for maintenance, a suitable provision will be made in the Agreement so that the cost of procurement of such special components is defrayed by the investor.
- 9.2 In case there is a requirement to haul the SFT rake to a specific location nominated by the Railways for the purpose of examination the same will be done without charging of any haulage charge from the SFTO.

10.0 TERMINALS

- 10.1 Terminals permitted under LSFTO policy for loading/unloading :
- 10.1.1 SFTO will operate between private sidings/terminals equipped to handle the traffic for which SFTO must have a tie-up with such private sidings/terminals or own its private terminals/sidings for handling of such trains.
- 10.1.2 SFTO can also operate from railway goods sheds notified in terms of Wharfage Rules, wherever feasible, on the recommendation of PCCM and approval of PCOM provided such rake handling will not in any way hinder or restrict or hamper handling of inward or outward traffic in rail wagons or other privately owned wagons approved at present and as far as possible, even in the foreseeable future.
- 10.1.3 Operations in the goods shed will only be allowed after due clearance for handling such special purpose wagon traffic.
- 10.2 In case the operator wants any addition or deletion in the loading/unloading terminals or circuits, the same may be permitted on the basis of application submitted to MOR for such change/modification. Approval will be granted based on operational feasibility given by the zonal railway.
- 10.3 The loading and unloading zonal railway shall maintain all records pertaining to details of loading/unloading, circuits on which service is being run, changes in circuits over a period of time, rebate granted, freight charged, lead in empty and loaded direction separately, commodity wise through FOIS, as per the agreement.

11.0 FREIGHT PAYABLE AND REBATE

- 11.1 Wagon inducted for transportation of commodities under this scheme should give at least the same net tonnage per train as carried in a train of full rake length as notified by IR.
- 11.2 For each loading of an SPW rake, freight rebate of 12% would be granted for 20 years on the freight rate prevailing at the time of booking.
- 11.3 In case of High Capacity Wagons, if inducted by the operator, resulting in increase in throughput per train beyond 10%, an additional freight rebate of 2% shall be granted on base freight for each increase of 10% in throughput per train subject to a maximum rebate of 10%

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for the additional tonnage carried for a period of twenty years. The additional freight rebate will be applicable only on the incremental throughput. **(The methodology is annexed for ready reference).**

- 11.4 The freight will be charged for minimum composition of train load as notified by Indian Railway from time to time for that particular commodity classification.
- 11.5 No freight will be charged for movement of empty rake to the next destination provided the distance traveled by empty rake is less or equal to the distance traveled by the train before unloading. However, if the distance traveled by the empty rake is more than the loaded distance, then for additional distance traveled by the empty rake over and above the loaded distance, empty freight rate shall be charged at 50% of loaded freight of public tariff on carrying capacity of the wagons.
- 11.6 **Loading of Commodities not covered under LSFTO:**
- 11.6.1 **In Empty Direction:**
If commodities not covered under LSFTO are loaded in the empty direction as specified in the approved circuit, the operator shall get a freight rebate of 10% on the public tariff for that commodity. The tariff to be paid by the SFTO after the concession should not be less than class 100.
- 11.6.2 **In Loaded Direction:**
If commodities not covered under LSFTO are to be loaded in the loaded direction as specified in the approved circuit, the operator shall seek permission for the same. Permission for the same will be granted on case to case basis, subject to operational feasibility. However, the same shall not enjoy any freight rebate as mentioned in para 11.2 and 11.3 of this Policy
- 11.7 All payments on the RR shall be made through e-payment including Freight etc. through TMS.
- 11.8 SFTO shall be responsible to pay all charges and surcharges, fees, cess, duties, taxes etc. as payable on the basis of notification issued by the Central and State Governments from time to time.

12.0 OPERATION OF TRAINS

- 12.1 Trains purchased under this policy shall not be merged in the wagon pool of IR. Rakes comprising of such wagons shall be identified as exclusively belonging to the SFTO who has procured them. Since the rebate will be applicable on the specific rakes for a specific period, each rake will have separate identification with date of commercial commissioning in the TMS.
- 12.2 The SFTO shall have a tie up with the end-users for marketing and arranging traffic. As far as the Indian Railway's liability is concerned, the SFTO will be the Consignor and Consignee for the consignment for which Railway Receipts will be issued by railway commercial staff posted at the terminal.

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- 12.3 The SFTO shall develop his own terminal or tie up with private sidings/terminals as per extant rule for loading/unloading of traffic moved in SFT. In case of tie up with other private terminals, the SFTO shall submit an NOC to this effect with the private terminal operator for such movement to the concerned Zonal Railways. However, Railway goods shed can also be permitted for loading / unloading provided found feasible as per the conditions mentioned in Para 10.1.2.
- 12.4 Indents for loading in such trains will be placed at the nominated loading point/terminals for the nominated destination point.
- 12.5 The rakes may be used by IR in an emergency for traffic offered by customers other than the SFTO subject to a prior mutual written agreement between IR and such SFTO.
- 12.6 The SFTO may carry only the identified commodities in the train subject to conditions specified in the SFTO policy, goods tariff, red tariff, and under the provisions of the Act and any other instructions issued on the subject, by Ministry of Railways or IR from time to time.
- 12.7 To ensure a level playing field, IR shall move the trains of SFTO on the basis of "first come first served principle" without giving any undue preference to any other operators. Railway Administration shall also make all efforts to ensure minimum enroute detention to the SFTO trains and strive to achieve the average speed of freight trains on IR in respect of transit time of SFTO's trains.
- 12.8 Freight Operation Information System (FOIS) of Indian Railways shall also cater to the requirements of the operator for an integrated management and operations information service and the operator shall provide all relevant data as required by FOIS and shall be given 'read only' access to this system on payment of reasonable cost.
- 12.9 The operator shall charge his customers for rail haulage, terminal handling, ground rent on a market determined basis and railways shall not exercise any control over such pricing.
- 12.10 **Terminal Access Charges, Detention/Stabling and Wharfage Charges :**
- 12.10.1 There shall be no demurrage charges by the Railway where Railway terminals are not being used, but the Railway shall levy stabling charges as per the rates notified from time to time in case rolling stock belonging to the operator is stabled on account of SFTO on IR network. However if an SFTO rake is detained in railway terminal (goods shed), after expiry of free time detention charge will be levied on the rake up to the time of release of the rake.
- 12.10.2 For using railway goods shed, Terminal Access Charges, Detention Charges and Ground Charges shall be levied as per the following :-
- 12.10.2.1 Terminal Access Charge
- The SFTO dealing with their rakes at railway owned terminals will be required to pay Terminal Access Charge (TAC) at the rates as notified from time to time by Railway Board.

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Charges mentioned above will be levied on per rake basis, irrespective of the actual rake composition or actual number of wagons on a train at the railway terminal.

Terminal Access Charge (TAC) will be collected at the time of preparation of RR. The other terms and conditions regarding TAC will be as per Rates Master Circular/CRT-CCR-Hub & Spoke/2015/0 dated 07.04.2015 and its amendment/corrigendum from time to time.

12.10.2.2 Permissible Free time and Detention Charge for use of Railway goods sheds

- (i) Total Permissible Free time at Railway goods sheds on an SFTO train will be as per type of stock i.e. flat wagons, covered wagons, box wagons or tank wagons as specified, irrespective of the activity or activities done on the rake and number of operations performed according to para 2.2 of Rates Master Circular Demurrage-wharfage waiver 2016_0 dt. 19.05.2016 and amendments issued time to time. This free time will be applicable till a rates circular is issued for free time for the specific stock type.
- (ii) Free time will commence from the time of placement of the first wagon of the SFTO train.
- (iii) An SFTO's train will be considered to be released at the time at which the last wagon of the rake is released i.e. at the time at which the rake has been released in its entirety and is available for removal from the placement line(s).
- (iv) Detention Charge will be levied for occupation of railway goods sheds beyond the permissible free time up to the time of release of the rake.
- (v) Detention charge would be levied at the prevailing rate of Demurrage Charge, which at present is Rs. 150/- per wagon per hour or part thereof.
- (vi) PCCM/PCOM (whoever is designated for dealing with demurrage) of a Zonal Railways may notify a higher Detention Charge (up to six times the normal rate). Higher Detention Charge will be applied for those SFTO who take excessive time to release their rakes or do so repeatedly

12.10.2.3 Ground Usage Charge

- (i) Ground Usage Charge will be levied for the use of ground at Railway goods sheds.
- (ii) SFTO operators will be permitted a free time for use of ground at the railway goods sheds.
- (iii) Permissible free time for use of ground for dealing with an SFTO's train will be same as is permitted under Wharfage rule for goods traffic, irrespective of the activity or activities done on the rake and number of operations performed, which at present is as under :

Type of goods shed	Free time (in hours)
Group-I	12
Group-II	15
Group-III	30

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- (iv) Free time for the purpose of Ground Usage Charge will commence from the expiry of the free time for loading and/or unloading the traffic. Ground Usage Charge will be levied after expiry of the Permitted Free time till the time all goods are removed from the ground by the SFTO operators and ground becomes available to be allotted to the next train.
- (v) However, if advance stacking has been availed by the SFTO, Ground Usage Time will commence from the time advance stacking has been permitted to the time all goods are removed and ground made free for use by the next train. Ground Usage will be levied after making allowance for permissible free times for advance stacking and for ground usage.
- (vi) Ground Usage Charge will be levied on per train per hour basis irrespective of the number of goods on the ground.
- (vii) Ground Usage Charge will be levied for full rake at the prevailing rate of Wharfage charge, as under and its amendment/corrigendum issued from time to time.
- (viii) PCCM of a Zonal Railway may apply higher Ground Usage Charge (up to six times the normal rate applicable for the 6th Day). Higher Ground Usage Charges will be applied for those SFTO who repeatedly fail to release the ground at the goods sheds within two days.

12.10.2.4 Ground Usage Charge for advance stacking

- (i) SFTO may be permitted advance stacking of goods on the ground of any goods sheds for 24 hours free of any charge for loading on an incoming train.
- (ii) Ground Usage Charge at the rates mentioned in Para (c)(vii) will be levied in accordance with (c)(v) if the ground is not cleared at expiry of the free time for advance stacking. However, no ground usage charge will be levied till the placement of the empty rake for loading even after lapse of the advance stacking period. The empty rake will be supplied only after expiry of the permitted time for advance stacking or completion of stacking, whichever is earlier.

12.10.2.5 Waiver of Detention Charge and Ground Usage Charge

Detention Charge and Ground Usage Charge will be treated on par with Demurrage Charge and Wharfage Charge for the purpose of consideration of waiver etc. under justified circumstances as per extant instructions as applicable to waiver of Demurrage/Wharfage charge.

12.11 The liability of the commodity carried in the wagons shall be that of the SFTO with regard to the common carrier liabilities as given in the Railways Act, 1989.

12.12 Normal rules in respect of claims shall be applicable according to the Indian Railway Act.

13.0 NODAL OFFICER

13.1 PED/ED/Freight Marketing, Ministry of Railways (Railway Board) would be the overall nodal officer for the implementation of the policy. Contact details are –Room No. 471,

Per
16.3.2020

Attd

Ministry of Railways, Rail Bhavan, New Delhi-110 001. Phone No. 011 23385222 (MTNL) and e-mail address edfm@rb.railnet.gov.in.

- 13.2 At the Zonal Railways, Chief Freight Traffic Managers (CFTMs) shall be the nodal officers for granting NOC for the routes applied for by the SFTO. CCM/FM of Nodal Zonal Railway shall be the nodal officer for signing of the Agreement.

14.0 LIEN

In cases of default of payment by the SFTO, IR may exercise lien on the privately owned wagons and the consignment loaded in such wagons to recover its dues.

15.0 TERMINATION OF AGREEMENT

- 15.1 In case SFTO wants to terminate the agreement before the expiry of the agreement period, he has an option to do so with three months advance notice. However, in such case no residual value of the wagons will be payable by IR. In such circumstance, he will also have an option to sell his rakes to any other party including SFTO & WLC. Such rakes purchased by the party or WLC shall be governed by respective policies of IR.
- 15.2 In case the SFTO does not follow the rules laid down by Railways for safety of the goods carried or of railway property or any rules laid down by MOR for movement of SFT, the permission of SFTO can be terminated by giving one month notice without any liability of Indian Railways and he may also be liable to be penalized in accordance with the Indian Railways Act'1989. In such case, IR will not pay any residual value of the wagon, though SFTO will be entitled to dispose off the rake(s) as per the provisions of para 15.1 given above.

16.0 DISPUTE RESOLUTION

- 16.1 In case of any dispute in interpretation of the policy, the decision of MOR will be final and binding.
- 16.2 In case of any dispute in implementation of the Agreement under this scheme, which is not resolved amicably, the same shall be finally decided by arbitration as per "The Arbitration And Conciliation (Amendment) Act, 2015" which will be clearly spelt out in the Agreement.
- 16.3 For resolving disputes on issues pertaining to claims for damages, freight charges, the SFTO may seek redress by resorting to the relevant provisions of the Agreement, Railway Claims Tribunal or Railway Rates Tribunal as the case may be.

17.0 REVIEW OF THE POLICY

IR will review the policy from time to time.

Filed
16.3.2020

Archer

Methodology for calculation of freight rebate for High Capacity Wagons (HCW) under Liberalized Special Freight Train Operator (LSFTO) Scheme.

The methodology for calculation of additional freight rebate in HCW moving under LSFTO shall be as following (Ref : Para 11.3 of the Policy):

Quantum of Loading vis-à-vis Similar Type of Wagon	Additional Rebate (over the standard Rebate of 12%)
Up to 100%	NIL
First increment of 10% (0% to ≤10%)	NIL
Second increment of 10% (>10% to ≤20%)	2% of Base Freight (on loading above 10%)
Third increment of 10% (>20% to ≤30%)	4% of Base Freight (on loading above 20%)
Fourth increment of 10% (>30% to ≤40%)	6% of Base Freight (on loading above 30%)
Fifth increment of 10% (>40% to ≤50%)	8% of Base Freight (on loading above 40%)
>50%	10% of Base Freight (on loading above 50%)

Sample Calculation (for BFNSM 22.9T wagons):

To further elaborate the calculation methodology, sample indicative calculations for BFNSM 22.9T wagons, from TSLJ to DPCB (distance 131 km), is given below:

Wagon Type	Std Rake Size	PCC on CC+8 route	Chargeable Weight
BFNSM 22.9T	58	69T	4,002T
BRN	43	66T	2,838T
Incremental Tonnage in comparison to BRN wagons			1,164 T (i.e. +41%)

Commodity	:	Steel coil
Class	:	165
Rate per Tonne for 131 kms	:	₹310.20
Base Freight	:	₹12,41,420.40
Freight Rebate (@12% of Base Freight)	:	₹1,48,970.45

Quantum of Loading (Chargeable Weight for BRN: 2,838 T)	Additional Freight Rebate (in %)	Additional Freight Rebate (in ₹)
Initial 2,838 T (equal to BRN)	NIL	0.00
On attaining first increment of 10% additional loading on 2838 T (0% to ≤10%) (up to 2,838 + 283.8 = 3,121.8 T)	NIL	0.00
On attaining second increment of 10% additional loading on 3,121.8 T (>10% to ≤20%) (up to 3,121.8 + 283.8 = 3,405.6 T)	2% – on Base Freight of 283.8 T	$283.8 \times 310.2 \times 2\% = 1,760.70$
On attaining third increment of 10% additional loading on 3405.6 T (>20% to ≤30%) (up to 3,405.6 + 283.8 = 3,689.4 T)	4% – on Base Freight of 283.8 T	$283.8 \times 310.2 \times 4\% = 3,521.39$
On attaining fourth increment of 10% additional loading on 3405.6 T (>30% to ≤40%) (up to 3,689.4 + 283.8 = 3,973.2 T)	6% – on Base Freight of 283.8 T	$283.8 \times 310.2 \times 6\% = 5,282.09$
On additional loading on 3973.2 T (>40%) (up to 4,002 T)	8% – on Base Freight of excess loading (i.e. 4,002–3,973.2 = 28.8 T)	$28.8 \times 310.2 \times 8\% = 714.70$
TOTAL		11,278.88

Total Rebate (for HCW 'BFNSM 22.9T') = 1,48,970.45 + 11,278.88 = ₹1,60,249.33 only




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

No. 2020/TC(FM)/4/2

New Delhi, Dated: 18.01.2022


General Managers
All Indian Railways

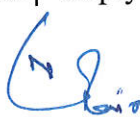
Amendment No.3 to LSFTO MASTER CIRCULAR-2020

Sub: Liberalized Special Freight Train Operator Scheme (LSFTO)
-Amendment to para 6.6 (i) & para 11.5
Ref: FM Master Circular/LSFTO/2020 Dated 16/03/2020

The provisions in the LSFTO Master Circular/2020 regarding migration of rakes inducted under previous (LWIS/SFTO) policies (para 6.6(i)) and charging of freight on empty rake movement (para 11.5) have been reviewed by Board, and are hereby amended as under:-

Existing provision	Proposed Modified provision
6.6 Approvals granted under the previous SFTO policy: (i) the rakes inducted prior to the issue of this policy will continue to operate under the previous SFTO policy only.	6.6 Approvals granted under the previous LWIS/ SFTO policy: (i) the rakes inducted prior to the issue of this policy will continue to operate under the previous LWIS/SFTO policy only. However, the investors have an option to migrate such rakes to operate under LSFTO policy-- subject to the condition that all financial dues with respect to such rakes shall be cleared by the investor and no litigation involving such rakes shall be pending in any arbitration panel/ tribunal/ court of law. The cumulative period for which the freight rebate shall be granted under both the schemes shall not exceed 20 years. A Supplementary Agreement, based on the willingness of the investor to migrate to LSFTO, shall be executed between the Zonal Railway and investor/Operator, for defining the legal and financial conditions as per the LSFTO policy.
11.5 No freight will be charged for movement of empty rake to the next destination provided the distance travelled by empty rake is less or equal to the distance travelled by the train before unloading. However, if the distance travelled by the empty rake is more than the loaded distance, then for additional	11.5 No freight will be charged for movement of empty rake to the next destination provided the distance traveled by empty rake is less or equal to the distance traveled by the train before unloading. However, if the distance traveled by the empty rake is more than the loaded distance, then for additional distance traveled by the empty rake over and above the loaded distance,


18.01.2022


18.01.2022

distance travelled by the empty rake over and above the loaded distance, empty freight rate shall be charged at 50% of loaded freight of public tariff on carrying capacity of the wagons.

empty freight rate shall be charged at 50% of loaded freight of public tariff on carrying capacity of the wagons.

In case, more than one commodities are carried during the last loaded trip, calculation of empty freight rate shall be done taking into account the highest class of commodity carried during the last loaded trip.

2. The above changes will be applicable with immediate effect.
3. This issues with the concurrence of Finance Directorate of Ministry of Railways.
4. The receipt of this letter may please be acknowledged.


Ashutosh Mishra
Jt. Dir. Freight Marketing
Railway Board

No. 2020/TC(FM)/4/2

New Delhi, Dated: .01.2022

Copy to:

- (1) Principal Financial Advisors, All Indian Railways.
- (2) The Deputy C & AG of India (Railways), Room No.-224, Rail Bhavan with 36 spares.


For Member (Finance)/Railway Board

No. 2020/TC(FM)/4/2

New Delhi, Dated: .01.2022

Copy forwarded for information and necessary action to:

- (1) Principal Chief Operations Managers, All Indian Railways.
- (2) Principal Chief Commercial Managers, All Indian Railways.
- (3) Principal Chief Mechanical Engineers, All Indian Railways.
- (4) MD, KRCL, Belapur Bhavan, Plot No. 6, Sector-11, CBD Belapur, Navi Mumbai-14.
- (5) The MD/CRIS, CAO/FOIS, GM/FOIS, CRIS.
- (6) Director General, RDSO, Manak Nagar, Lucknow.
- (7) Director General, National Academy of Indian Railway, Lalbaug, Vadodara-390004.
- (8) Director IRITM, Lucknow.


Ashutosh Mishra
Jt. Dir. Freight Marketing
Railway Board

Copy for information to:

Chairman & CEO, M(Fin), M/O&BD, ME, M(RS), M(Tr.), Railway Board AM/(Traffic), AM/(Commercial), AM(ME), AM(Rev), Adv.(Vig.), EDTC(R), EDV(T), ED(FC) & EDME(Frt) in Railway Board.