

EAST COAST RAILWAY

Office of the
Chief Commercial Manager
Bhubaneswar

Commercial Circular No.133(G)/2016

Date.30.09.2016

Sub: Guidelines for implementation of "Station to Station" Rates (STS).

Enclosed please find herewith Railway Board's letter No.TCR/1618/2016/02 dtd.29.09.2016 {Rates Circular No.26 of 2016} on the above subject for information and necessary action.

All concerned to note and act accordingly. .

Authority: Railway Board's letter No.TCR/1618/2016/02 dtd.29.09.2016
{Rates Circular No.26 of 2016}

Encl: As above (07 Pages)


(P.K.Samal)

Dy. Chief Commercial Manager (FS)

No.CCM/82/STS/Pt-I/03

Dt.30.09.2016

All Station Managers/ Goods Supervisors/Commercial Supervisors /Siding Clerks / Booking Clerk in Charges / Weigh Bridge Clerks / Clerk in Charges .

Copy for information and necessary action to the:-

COM: ECoR., **SDGM**/ECoR/BBS, **Chairman**/RCT/BBS, **Dy.CVO**/ECoR/BBS, **Dy.COM(FOIS)**/ECoR/BBS, **PO/RCT**/BBS, **Audit officer**/BBS. Rates Section /CCM/ECoR/BBS-10 sets **DRM:** KUR,WAT,SBP/ECoR, **Sr.DOM-** WAT,SBP,KUR/ECoR, **Sr.DCM:** KUR,WAT,SBP/ECoR, **Dy.CCO**/ECoR, **FA & CAO/BBS:** E.Co.Rly, **FA&CAO(T)**/ECoR, **Traffic Manager:** Visakhapatnam PortTrust, **Paradeep Port/** Paradeep.


(P.K.Samal)

Dy. Chief Commercial Manager (FS)

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

No. TCR/1618/2016/02

New Delhi, dated: 29.09.2016

The General Managers
All Indian Railways

Sub: Guidelines for implementing "Station To Station" Rates (STS)

Ref : Instruction/Provisions contained in Board's letter No. 2014/TC(CR)/204/11 dated 04.11.2015 and 18.11.2015 & in Traffic Commercial Code.

- 1.0 In terms of Section 32(a) of the Railways Act, 1989 railway administration has been empowered to quote Station to Station Rates in respect of carriage of various commodities. In this regard, Ministry of Railways have issued guidelines from time to time to the zonal railways. Since the rail share of freight is gradually declining over the years, various suggestions have been received from the zonal railways to garner more traffic from road and other modes. Board have considered the same and in supersession of all existing instructions/provisions on Station to Station Rates (STS), comprehensive guidelines are hereby issued in accordance with section 32(a) of the Railway Act 1989. However, in special cases Zonal Railways may frame their own guidelines to attract traffic.
- 2.0 **Applicability**
- 2.1 Concession in freight rates under STS shall be applicable to a specific stream of traffic of a particular commodity for movement between a specific pair of originating and destination stations/points. However, Zonal Railways shall ensure that grant of concession under STS between any O-D pair should result in the overall increase in the NTKM of that station/cluster for that commodity rather than diversion of existing traffic from the adjoining areas.
- 2.2 The reference to benchmark/total NTKM for the station as a whole or for that particular commodity/rail user refers to such benchmark/total NTKM for that particular O-D pairs.
- 2.3 Existing as well as new traffic shall be eligible for concession under STS.
- 2.4 "New traffic" is defined as under:-
- Traffic offered to rail by a new rail user subject to crossing the benchmark NTKM for that commodity and that particular station/cluster; or
 - New commodity offered by an existing/new rail user; or
 - Commodity offered for a new O-D pair of stations/clusters by an existing rail user (subject to total NTKM of that commodity from that particular station/cluster crossing the benchmark NTKMs for that particular commodity).

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- 2.5 It should be ensured that the NTKM/freight earnings for a commodity, from a station/siding/terminal/customer after grant of concession under STS should normally increase. The Zonal Railways should analyse the trend of traffic from a particular station and ensure that the party applying for STS should not be able to take concession in the name of new traffic either by changing the loading point or name of the party.

For example: if the traffic from a particular station 'A' is shifted by the same customer to station 'B' (within 150 km) it should not be treated as new traffic. Similarly, if for a particular commodity or stream of traffic, with same O-D pair, the total NTKMs for a particular commodity remains the same but customer 'A' is replaced by customer 'B', then it cannot be taken as new or incremental traffic. Concession can be granted only when the total NTKM of that commodity from that particular station crosses the benchmark NTKM for that particular station. In other words, concession to a particular individual/ commodity/ stream of traffic would be granted when not only the individual benchmark NTKM for that particular individual has been crossed but also the overall benchmark NTKM for that stream of traffic or commodity has been crossed from that particular station. This would be regulated through a suitable software modification by CRIS.

- 2.6 Concession under STS shall be applicable to cluster of stations also. The cluster of stations is defined as stations/points within close proximity to each other with a maximum distance between any two stations/points not exceeding 150 km. The cluster shall be applicable for loading point only. Further, the booking from a cluster of stations should not normally be from more than two stations in the cluster.

- 2.7 COMs of the loading zone will define cluster for a commodity. If a station happens to fall in two overlapping clusters, then the party concerned can have the option of choosing any one of the clusters for availing this concession. If any station of an adjoining railway is included in the cluster, then the COMs of the concerned zonal railways should consult each other and decide the *modus operandi* to operationalise the scheme. The spirit behind the policy is that traffic of one station should not divert to another station in order to get the benefit under STS.

- 2.8 Zones should provide information in the following format to enable CRIS to provide requisite NTKM, for that particular cluster:

Originating station	Destination station	Commodity	Name of the stations in the cluster		Name of Customer(s)	NTKM of the commodity in the cluster	Individual Customers NTKM for the commodity within the cluster
			Station	Zone			
A	B	C	D	E	F	G	H
			1				
			2				
			3				
			4				
			5				

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A to F columns will be filled by the Zone, whereas data for columns G & H. will be provided by CRIS

- 2.9 Concession under STS can be granted either to the "consignor" or the "consignee".

3.0 Principles for reducing freight rates

- 3.1 Concession under the STS shall be granted only on the incremental traffic over and above the benchmark NTKM subject to other provisions mentioned in these guidelines. **Benchmark NTKM** is defined as average NTKMs of corresponding periods of previous 24 months.

For example: the benchmark NTKM for 2016-17 (April 2016 to March 2017), shall be the average of NTKM of the corresponding period of 2014-15 and 2015-16. Similarly, benchmark NTKM for 2017-18 (April 2017 to March 2018) shall be the average of NTKM of previous 24 months i.e. average NTKM of corresponding period of 2015-16 and 2016-17.

The monthly, quarterly and half-yearly benchmark NTKMs shall be calculated on the same lines.

- 3.2 The station NTKM shall be calculated on monthly, quarterly, half yearly or yearly basis as per the demand of the customer i.e.

(a) if the customer requests for concession to be provided on monthly basis then the agreement shall become effective from the first day of the following month in which the request is made.

(b) if the customer requests for concession to be provided on quarterly basis then the agreement shall become effective from the first day of the following quarter to the one in which request is made. For the purpose of this scheme, the duration shall be corresponding to the financial period of the year i.e. April-June, July-September, October-December and January - March.

(c) if the customer requests for concession to be provided on half yearly basis then the agreement shall become effective from the first day of the following half (financial) of the year i.e. any request made between April to September shall become effective from first October for granting concession on half yearly basis.

(d) if the customer requests for concession to be provided on yearly basis then the agreement shall become effective from the first day of the following Financial year. For example, if a customer requests for STS concession on yearly basis in October 2016, then it will be effective from 1st April, 2017 only. Customers, who want yearly concession, should apply well in advance of the start of the financial year.

- 3.3 Concession under STS shall be given from the next rake after the benchmark NTKM has been crossed i.e., if a customer achieves the benchmark NTKM on the ninth rake, the concession under this scheme shall be granted from the tenth rake onwards.

- 3.4 Zonal Railway may grant concession under STS for retention of traffic also at the current benchmark NTKM of the station as well as individual customer. To arrive at benchmark NTKM in such case, the trend of such

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traffic during previous three years may be analysed to see whether there is any declining trend shown by such traffic. However, in such cases, the reasons for expected fall in traffic should be analysed very scientifically and concession should be proportionate, only to compensate the probable traffic drop in this case irrespective of station benchmark.

The benefit of STS for 'retention of traffic' may also be extended to a commodity/party whose rail-coefficient is already very high and if that co-efficient is maintained at the same level even with increase in production/output/despaches of that commodity/customer/party/siding etc.

For example: if a customer produces 1 lac tonne of traffic (say in 2015-16) and the rail co-efficient is 85% which means he offers 85000 tonne for transportation by rail. In 2016-17, the customer increases its production to 1.5 lac tonne, and then he maintains rail co-efficient at 85% i.e. he offers 1,27,500 tonne by rail. In such case, the customer would be eligible for concession on the incremental volume of traffic i.e. on 42,500 tonne. This concession shall be granted only if benchmark NTKM of the station is met.

- 3.5 The concession under STS shall be in the form of percentage discount over the Normal Tariff Rate (NTR).
- 3.6 Concession under the STS Scheme can be granted normally to that volume of traffic to which concession under no other scheme has been granted.
- 3.7 While giving concession under STS, it should be ensured that the concessional freight should not be less than the NTR of Class-100.
- 3.8 Concession under STS shall be admissible to block rake, two/multi point rake, Mini Rake etc.
- 3.9 The maximum percentage of discount which can be granted under STS for attracting incremental volume of traffic shall be upto 30% depending upon the volume of traffic, road rates, margin over freight rates of Class-100 for that particular commodity. For retention of traffic, the maximum concession that can be given to a particular commodity shall be 15% only.
- 3.10 In case of container traffic, the concession under STS shall be admissible to notified commodities only which are presently charged at "Container Class Rate". Maximum rate of concession should not be more than 15% and the discounted freight should not be less than NTR of Class-100. This concession shall be subject to station benchmark NTKM being crossed.
- 3.11 For the same commodity from the same station, higher rate of concession can be given to rail user offering higher volume of traffic and making commitment for longer period of time subject to the maximum limit of 30% or 15% as the case may be.

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4.0 Permitted Terminals

All terminals (Goods sheds, sidings, ports, CRTs, PFTs etc.)

5.0 Excluded commodities

- (a) All commodities with classification below Class-100.
- (b) All commodities under Main Commodity Head "Coal & Coke"
- (c) Iron ore (all types)
- (d) Military traffic, POL and RMC

6.0 Modalities

Zonal Railways may follow the following procedure for grant of STS. However, these procedures can be suitably modified as per field requirement.

- 6.1 Rail users desirous of availing concession under STS in freight rates shall be required to apply to the Divisional Railway Manager (DRM) of the concerned Division along with full details of traffic to be offered, pair of stations between which the proposed traffic shall move during the proposed period and details of traffic offered during previous years of the same commodity(s), between the same Originating-Destination point, if any.
- 6.2 The application of Rail user shall be verified by a Divisional Empowered Committee (DEC) comprising of Commercial Inspector (CMI) and Travelling Inspector of Accounts (TIA) nominated by DRM.
- 6.3 The application of Rail user, duly verified by DEC shall be put up by Sr. DCM for approval of DRM.
- 6.4 DRM shall forward the application to Headquarters for final approval by General Manager through CCM, COM and FA&CAO. After getting the personal approval of General Manager, necessary instruction shall be issued by DRM or by an officer authorised by him. A copy of the same shall also be endorsed to the applicant. In case, the application is not approved, a regret letter to the applicant shall be issued by DRM or by an officer authorised by him. If railway administration approves grant of concession under STS, an agreement duly incorporating the provisions of STS scheme shall be executed between Railway and Customer.
- 6.5 The agreement under this scheme can be entered into for a maximum period of three years at a time and for not less than one year with provision of fresh agreement every year as benchmark NTKM would change every year and circumstance may warrant change in rate of concession also with change in freight rates of other modes.
- 6.6 Any change in freight rate due to change in classification or base freight rate (excluding imposition of any surcharge) shall not be applicable on the customer during the currency of the agreement or for one year, whichever is less. However, after one year the rate shall have to be revised duly

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taking into consideration the increase in freight rates, if any and concession shall have to be worked out on the new freight rates. In case of any decrease in freight rates, the old rates shall continue to remain applicable till the end of the year under run. However, in this case, the party shall have the option of withdrawal from the scheme after giving notice of three months. Suitable provisions for such annual change in rate and concession may be incorporated in the agreement.

Illustration:

If the agreement is for a period of upto one year, the applicable freight rate as existing on the date of signing the agreement shall remain unchanged during the currency of the agreement. If the currency of the agreement is for more than one year, then for the first year, the freight rate as prevailing on agreement signing date would apply. For the second and third year, the rate prevailing on the starting date of the second year and the third year respectively of the agreement shall apply.

For example: suppose, an STS agreement is signed for three years from 01-10-2016 to 30-09-2019;

- (a) 'Normal freight rate' prevailing on 01-10-2016 will be applicable for period 01-10-2016 to 30-09-2017.*
- (b) 'Normal freight rate' prevailing on 01-10-2017 will be applicable for period 01-10-2017 to 30-09-2018.*
- (c) 'Normal freight rate' prevailing on 01-10-2018 will be applicable for period 01-10-2018 to 30-09-2019.*

- 6.7 It has to be seen by the Zonal Railways that the grant of concession under STS does not lead to manipulations by forming of cartels so as to bring traffic to a particular point/terminal from adjoining areas to avail benefits of this scheme.
- 6.8 Concession under STS shall be granted at the time of preparation of Railway Receipt (RR) once the benchmark is crossed.
- 6.9 No other concession shall be permitted under STS i.e. no traffic shall be allowed more than one type of concession.
- 6.10 In case, any rebate or concession under STS is already being granted on any of the Zonal Railways at present, then the Zonal Railway has the option either to continue with that agreement till the end of the current financial year or till currency of such agreement lapses or to switch over to this STS straight away with mutual consent of both the parties. In case, agreement is discontinued after end of current financial year, from the next financial year, the railway shall have the option to rework their policy according to the guidelines contained in this circular.
- 7.0 To operationalise STS, CRIS shall develop a program, Zonal Railways may write to CRIS giving full details of concession under STS in the following format. CRIS shall design suitable software to implement the scheme.

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Name of the customer and customer code	Commodity and commodity code	Originating station/cluster	Destination station	Benchmark NTKM of the commodity in the cluster	Concession granted (in %)	Remarks

8.0 CRIS shall give daily report to Railway Board regarding progress of implementation of STS.

9.0 This issues in consultation with Traffic Transportation Directorate and with the concurrence of Finance Directorate in the Ministry of Railways.

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**Director, Traffic Commercial (Rates)
Railway Board**

No. TCR/1618/2016/02

New Delhi, dated: **29.09.2016**

Copy for information to:-

FA&CAO's, All Indian Railways.
Dy.C&AG (Rlys.), Room No.222, Rail Bhavan, New Delhi.

29/9/16

For Financial Commissioner (Railways)

No. TCR/1618/2016/02

New Delhi, dated: **29.09.2016**

Copy to:

1. The Chief Commercial Managers, All Indian Railways.
2. The Chief Operations Managers, All Indian Railways.
3. Managing Director, Konkan Railway Corporation, Belapur Bhavan, Sector-11, CBD Belapur, New Mumbai-400614
4. Managing Director, CRIS, Chanakyapuri, New Delhi-23.
5. The Chief Administrative Officer, FOIS, CRIS, Chanakyapuri, New Delhi-23
6. Director General, National Academy of Indian Railways, Vadodara.
7. Director, IRITM, Lucknow
8. GS, IRCA, New Delhi
9. Secretary, RRT, 5, P.V.Cherien Road, Crecent Road, Egmore, Chennai-600105

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**Director, Traffic Commercial (Rates)
Railway Board**

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