

East Coast Railway

Office of the
Pr. Chief Commercial Manager
Bhubaneswar-751017
Dt- 08.06.2022

Commercial Circular No. 202(G)/2022

Sub: Guideline or implementing "Station to Station" Rates (STS)
Ref: Rates Master Circular No.26 of 2016 and corrigenda thereto (this office Commercial circular No.133(G)/2016 dt 30.09.2016 & Corrigenda)

Enclosed please find herewith Railway Board's letter No.TCR/1618/2021/STS policy/3364586 dt 03.06.2022 (Rates Circular No.15 of 2022) regarding Guideline for implementing "Station to Station" Rates (STS).

All concerned to note and act accordingly.

Encl.- 06 pages



(Anil Kumar S)

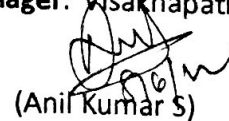
Dy Chief Commercial Manager (FS)

No. CCM/87/containers/Pt-III

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

Copy for information and necessary action to the :-

COM/ECOR,CFTM/ECOR, SDGM/ECOR,Chairman/RCT/BBS, DyCVO(T)/ECOR, DyCOM(FOIS)/ECOR, PO/RCT/BBS, Audit Officer/BBS, Rates Section/CCM/ECOR/BBS-10 sets, DRM : KUR,WAT,SBP/ECOR, Sr DOM : KUR,WAT,SBP/ECOR, Sr DCM : KUR,WAT,SBP/ECOR, Dy CCO/ECOR, FA& CAO/ECOR/BBS, FA&CAO(T)/ECOR, Traffic Manager: Visakhapatnam port Trust, Paradeep Port/Paradeep



(Anil Kumar S)

Dy Chief Commercial Manager (FS)

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

No.TCR/1618/2021/STSPolicy/3364586

Dated: 03.06.2022

The General Manager,
All Zonal Railways.

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

Ref. : Rates Circular No.26 of 2016 and its corrigenda/clarifications.

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 The policy will be customer, commodity as well as originating and destination (OD) pair specific. Concession in freight rates under STS shall be applicable to a particular commodity for movement between a specific pair of OD stations/ points including DFCCIL network.

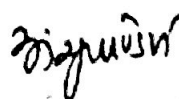
2.2 The reference to benchmark/total NTKM for the station as a whole or for that particular commodity/rail user refers to such benchmark/total NTKM for that particular O-D pairs.

2.3 Existing as well as new traffic shall be eligible for concession under STS.

2.4 "New traffic" is defined as under:-

- i. Traffic offered to rail by a new rail user subject to crossing the benchmark NTKM for that commodity and that particular station;
- ii. New commodity offered by an existing/new rail user; or
- iii. Commodity offered for a new O-D pair of stations 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).

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' 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.

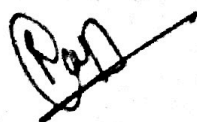
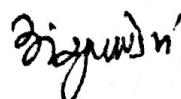
2.6 Concession under STS shall be applicable to cluster of station also. The cluster of station is defined as station /points within close proximity to each other with a maximum distance between any two station/points not exceeding 150km. The cluster shall be applicable for loading points only. Further, the booking from a cluster of stations should not, normally be from more than two stations in the cluster. The maximum distance between any two stations/ points not exceeding 150 kms may not be adequate when it comes to imported traffic received from ports i.e. even a much longer distance may not be adequate to prevent diversion of imported traffic from one port to another. Zonal Railways may also duly take into account the imported traffic at alternate ports/ terminals (including those in other zones) while evaluating STS proposals concerning import traffic proposed to be moved from either a port or any other nearby terminal.

2.7 PCOMs of the Zonal Railway will have the flexibility of defining/not defining the cluster depending on the commodity, its potential, distance between stations, etc. 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 of the policy is that traffic of one station should not divert to another station in order to get the benefit under STS. The calculation of the benchmark shall remain the same as defined in this policy.

2.8 Zones should provide information in the following format to enable CRIS to provide requisite NTKM :

Originating station	Destination station	Commodity	Name of the stations /zone in the cluster	Name of customer (s)	NTKM of the commodity in the station / cluster	Individual Customers NTKM for the commodity in the station / cluster
A	B	C	D	E	F	G

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 incremental traffic over and above the benchmark NTKM subject to other provisions mentioned in these guidelines. Benchmark NTKM for any forthcoming 12 months period is defined as NTKMs of corresponding periods of previous 12 months.

Illustration: the benchmark NTKM for any forthcoming 12 months period shall be the average of NTKM of the corresponding 12 months period of previous year i.e. benchmark NTKM for November'22 to October'23 shall be average of NTKM of November'21 to October'22. The agreement, for STS concession to be provided on yearly (12 months period) basis, shall become effective from the first day of any coming month mutually agreed between Railway and the customer. While entering into the agreement from any month, if any NTKM data not available then the available data may be extrapolated up to full 12 months to arrive at NTKM benchmark. On receipt of actual data, the NTKM benchmark may be modified accordingly.

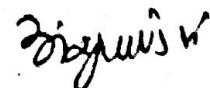
3.2 Concession under STS shall be given from the next 'RR' after the benchmark NTKM has been crossed i.e., if a customer achieves the benchmark NTKM on the ninth RR, the concession under this scheme shall be granted from the tenth RR onwards. Zonal Railway may grant concession under STS for retention 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 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/ despatches of that commodity/ customer/ party/ siding etc.

For example: if a customer produces 1 lac tonne of traffic (say in 2021-22) and the rail co-efficient is 85% which means he offers 85000 tonne for transportation by rail. In 2022-23, 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.

3.3 Concession under the STS Scheme shall be in the form of percentage discount over the Normal Tariff Rate (NTR) and can be granted normally to that volume of traffic to which concession under no other scheme has been granted except 6% concession granted for traffic to and from North East Region.

3.4 While granting concession under STS, it should be ensured that the net chargeable freight after all concession should not be less than the NTR of Class-100.

3.5 Concession under STS shall be admissible to block rake, two/multi point rake, Mini Rake etc. on Wagonload and Trainload.



3.6 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, 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.

3.7 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. Motor Vehicle or Automobile Traffic does not qualify for grant of concession under STS Scheme.

3.8 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.

4.0 Permitted Terminals: All terminals (Goods sheds, sidings, ports, CRTs, PFTs etc.)

5.0 Excluded Commodities

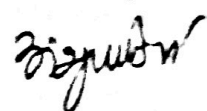
- a) All commodities with classification below Class-100.
- b) All commodities under Main Commodity Head "Coal & Coke"
- c) Iron ore (all types)
- d) Military traffic, POL and RMC

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 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. Time line in finalization of contract at Division Level will be 15 days from the date of application; and at Zonal Level will be 7 days from date of receipt of proposal from division.

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. Total traffic of preceding 12 months will be the benchmark NTKM. The benchmark shall be reviewed as and when required and shall be revised after a maximum period of two years. After three years, the benchmark will be average NTKM of these three years and so on.

6.6 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.

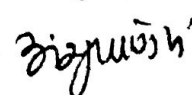
6.7 In case, any rebate or concession under STS is already being granted on any of the Zonal Railways at present, then the Zonal Railway has the option either to continue with that agreement till the end of the current financial year or till currency of such agreement lapses or to switch over to this 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 operationalize 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.

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

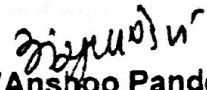
7.1 CRIS shall give daily report to Railway Board regarding progress of implantation of STS.

7.2 Any concession given under this policy should be commensurate with the cost of service and retention of rail coefficient and/or overall increase in NTKM resulting into net increase in freight revenue and its sustainability be there and a standing mechanism under ZRs for such exercise may be put in place



8.0 These instructions shall come into force with effect from 10.06.2022 and shall remain valid till further advice.

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


(Anshoo Pandey)
Director, Traffic Commercial (Rates)
Railway Board.
anshoo.pandey@gov.in
011- 2304 7359
Dated: 03.06.2022

No.TCR/1618/2021/STSPolicy/3364586

Copy for information to:-

1. Principal Financial Advisor, All Indian Railways.
2. Deputy C&AG of India (Railways), Rail Bhawan, New Delhi.

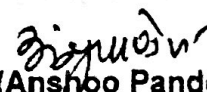

for Member (Finance) Railway Board

No.TCR/1618/2021/STSPolicy/3364586

Dated: 03.06.2022

Copy for information and necessary action to:-

1. Principal Chief Commercial Managers, All Indian Railways.
2. Principal Chief Operation Managers, All Indian Railways.
3. Managing Director, CRIS Chanakya Puri, New Delhi-23.
4. The Chief Administrative Officer, FOIS/CRIS, Chanakya Puri, New Delhi-23.
5. Managing Director, Konkan Railway Corporation, New Mumbai-400614.
6. Director General, National Academy of Indian Railways, Vadodara.
7. Director, Indian Railways Institute of Transport Management, Lucknow.
8. General Secretary/IRCA, New Delhi.
9. CMD/DFCCIL, New Delhi.


(Anshoo Pandey)
Director, Traffic Commercial (Rates)
Railway Board.
anshoo.pandey@gov.in
011- 2304 7359

Copy to:-

Chairman&CEO, M(O&BD), M(F) Railway Board
AM(C), AM(T), AM(Vig), AM(Revenue), PED(TTM),
EDTC(R),ED(FM), EDF(C&PPP), EDTT(F), EDTT(S),
TC(CR) & FC Branches of Railway Board.