

# EAST COAST RAILWAY

Office of the  
Principal Chief Commercial Manager  
1<sup>st</sup> Floor, Rail Sadan  
C.S.Pur, Bhubaneswar-17  
Date: 02.04.2019

## Commercial Circular No. 60 (G)/2019

**Sub: Guidelines regarding Freight Advance Scheme.**

**Ref : (i) Rates Circular No. 05 of 2019 (Circulated vide this office Commercial Circular No. 37(G)/2019 dtd.13.03.2019)**  
**(ii) Board's letter No.TC-I/2018/104/2 Pt.C dt.22.03.2019 (Circulating JPO) (Copy enclosed)**

Railway Board vide letter No.TC-I/2018/104/2Pt.C dated 29.03.2019 have issued instructions to add following provision at the end of Para 4.3.2 under the head 'Procedure for Application and Approval' of Rates Circular No.05 of 2019 dtd 09.03.2019 (Circulated vide PCCM/ECOR's Commercial Circular No. 37(G)/2019 dtd.13.03.2019) :

**"For container train operators, the requirement of providing list of commodities and list of O-D pairs (station to station or point to point ) is not mandatory."**

Railway Board's letter under reference (ii) is enclosed herewith for information and necessary action.

All concerned to note and act accordingly.

**Authority: Railway Board's letter No. TC-I /2018/104/2 Pt.C dated 29.03.2019 ( Corrigendum to Rates Circular No. 05 of 2019).**

Encl: As above (10 pages).

*H.L. Luwang*  
(H.L. Luwang)

Dy. Chief Commercial Manager (FS)

Date: 02.04.2019

No. CCM/171/Freight Advance /Policy/Pt. I

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

Copy for information and necessary action to the:-

**PCOM:** ECoR/SER/SECR/NR/NFR/ER/SR/SCRWR/NER/CR/SWR/NCR/NWR/WCR/ECR/KRly.. **SDG**  
**M/ECOR/BBS, Chairman/RCT/BBS, Dy.CVO/ECOR/BBS, Dy.COM(FOIS)/ECOR/BBS, PO/RCT/BBS,**  
**CAO(FOIS)/NDLS, Audit officer/BBS. Rates Section /CCM/ECOR/BBS -10 sets**  
**DRM:** KUR,WAT,SBP/ECOR, **Sr.DOM-** KUR,WAT,SBP/ECOR, **CAO(FOIS), CRIS/NDLS, Sr.DCM**  
**:KUR,WAT/ECOR. Dy.CCM(Claims)/E.Co.Rly, FA & CAO:E.Co.Rly, FA & CAO(T)/ECOR/BBS**  
**Traffic Manager:** VZP, Paradeep Port Trust / Paradeep.

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11 pages (1)

*H.L. Luwang*  
(H.L. Luwang)

Dy. Chief Commercial Manager (FS)

भारत सरकार (GOVERNMENT OF INDIA)

रेल मंत्रालय (MINISTRY OF RAILWAYS)

रेलवे बोर्ड (RAILWAY BOARD)

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

New Delhi,

Dt. 22.03.2019

General Manager

All Zonal Railways

Subject: Model JPO for Freight Advance Scheme

Ref: Rates circular 05 of 2019 dt 09.03.2019- Guidelines Regarding Freight Advance

Scheme

Guidelines regarding Freight Advance Scheme were issued vide Rates Circular referred to above. As per para 4.9.1 of aforesaid circular, model Joint Procedure Order is hereby issued for guidance of Zonal Railways for implementation and monitoring of Freight Advance scheme. It is reiterated that the same may be modified by Zonal Railways as per their typical requirements, in consonance with the Railway Board Policy.

*Shilpi Bishnoi*  
22.03.19  
(Shilpi Bishnoi)

Director, Traffic Commercial(Rates)

Railway Board

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

New Delhi, dt. 22.03.2019

Copy to:

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

*for*  
22.3.19  
for Financial Commissioner/Railways

New Delhi, dt. 22.03.2019

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

Copy to:

1. Principal Chief Commercial Manager, All Zonal Railways

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2. Principal Chief Operations Manager, All Zonal Railways
3. Managing Director, CRIS, Chanakyapuri, New Delhi-21.
4. Chief Admn. Officer, FOIS, N. Rly., Camp: CRIS, Chanakyapuri, New Delhi-21.
5. Managing Director, KRCL, Belapur Bhavan, Sector-11, CBD Belapur, Navi Mumbai-400614.
6. Director General, National Academy of Indian Railways, Vadodara
7. General Secy., IRCA, New Delhi.
8. Director, IRITM, Campus: Hardoi Bye-pass Road, Kanausi, Manaknagar, Lucknow-226011
9. Chief Commissioner of Railway Safety, Lucknow.

*Shilpi Bishnoi*  
22.03.19  
(Shilpi Bishnoi)

Director, Traffic Commercial (Rates)

Railway Board

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

New Delhi, dt. 22.03.2019

Copy for information:

CRB, MT, FC, Railway Board

AM(C), AM(T), AM(T&C), AM(IT), Adv(F), Adv(Safety), Adv.TT(M), EDTC/R, EDFM, EDCC, ED(PG), EDTT(S), EDTT(F), ED(Coal), EDFC, EDVT, ED(S&E), ED(Plg), DFM, DFC, Railway Board

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

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**Model Joint Procedure Order (Commercial and Accounts) for RC-05 of 2019****1. Background and procedure :**

- 1.1 Zonal Railways shall process the application for Freight Advance Scheme and enter into agreement with eligible customers. PCCM and PFA shall nominate nodal officers for implementation of Freight Advance Scheme as per policy
- 1.2 The customer shall pay (Name) Railways a freight advance inclusive of GST (break-up of advance towards Freight charges and GST thereon may be specified), towards payment of transport of specified commodities for the financial year 20\_\_-\_\_, as per Rates Circular 5 of 2019.
- 1.3 Nodal officer of commercial department (specify designation) shall seek required details from concerned Accounts officer (specify designation), and further advise the customer of particulars of amount with GST break up, authority in whose favour cheque is to be issued or RTGS details etc
- 1.4 Railway shall debit the freight charge as per actuals at the rate of base freight charges and class as applicable on date of commencement of this agreement, i.e. only the base freight rate and class of the commodity for the customer shall remain fixed at the level prevalent on the date of commencement of agreement till such time that advance mode of payment is in operation or till date 31 March' 20\_\_ or till termination of agreement, whichever is earlier; after which the charges as per the published freight tariff will be applicable. Other charges like Busy Season surcharge, Development Surcharge, any discounts or concessions shall continue to apply as per concerned specific policies/circulars
- 1.5 In case the customer/applicant is under an existing Long Term Tariff Contract, the applicability of revised freight rates and class shall be as per terms and conditions Long Term Tariff Contract policy. Due care must be taken that particulars of LTTC agreements in TMS are accurate at all times.
- 1.6 Nodal Commercial officer of Zonal Railway (specify designation), on advise of receipt of freight advance from Nodal Accounts officer, shall get the Advance Freight Scheme operationalised in FOIS/TMS through direct coordination with CAO/FOIS office based on details included in the agreement; i.e. list of customer codes, commodities, GSTINs and originating/destination points etc. it must be ensured prior to entering into agreement that all customers/customer codes are under a single legal entity. The customer shall also provide a matrix of State-wise and Zone-wise Originating-Destination points for the purpose of GST accounting. The format for getting these details from customer is at Annexure 1.
- 1.7 Customer may add O-D points and commodities during tenure of agreement with a prior notice of thirty days to Principal Chief Commercial Manager, with undertaking that the traffic being added is its own traffic. Notwithstanding any

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DTCR 22.03.19

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provision of this policy, for commodities added later than date of signing of the agreement, the base freight rate and class in force on date of acceptance of such application shall apply. Nodal officer ensure completion of all re-requisites including changes required in TMS for addition of new O-D points or commodities, as per policy.

2. Procedure for receipt of payment and accountal thereof:

- 2.1 Zonal Railway is responsible for collection, monitoring and re-conciliation of this advance freight payment. Thereafter, this Railway will apportion this to various loading Railways. Upon receipt of advance, FA&CAO/TA (or any other concerned Accounts officer) Railway shall intimate the Nodal Officer, who shall then advise CRIS along-with relevant details so as to enable it to activate advance payment mechanism.
- 2.2 A distribution of freight advance amount and proportionate GST is to be given for each agreement/ installment by concerned Accounts officer of Zonal Railway.
- 2.3 Loading Railways shall account for this money and the relevant GST thereupon in the manner as placed at Annexure 2. 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 Since there will be an overlap in the period of the earlier e-payment system and roll-out of accounting under Advance Freight Mechanism, RRs under the two systems will have to be handled separately.

Illustration:

In case the Freight Advance Mechanism starts from 01 April 2019, the E-payment mechanism under TPAs shall remain functional for 72 hours, say till 00:00 hrs on 04 April 2019. However, paid RRs against the freight advance shall become operational from 00:00 hrs of 01 April 2019 itself, unless advised otherwise.. (Note- a gap of three days is necessary for realization of freight amounts against E-RRs already issued through existing E-payment agreements. Zonal Railways may accordingly decide dates for each agreement)

- A. This implies that the freight charges payable on all the RRs including supersessional RRs issued for loading completed till 01 April 2019 shall be processed in accordance with the e-payment TPA guidelines.
- B. Incase payment against E-RRs is pending beyond 00:00 hours of 04 April 2019, the same may be realized through any mode, other than e-payment TPA.
- C. RRs for all subsequent loading i.e. loading done after 00:00 hours of 01 April 2019 shall be debited to the freight advance account.

- 3.2 The TMS of FOIS shall operate for the customer related RRs in a manner similar to what is currently in vogue, except that there would not be any need to access the

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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 Customers Accounts.

3.2.1 CRIS/FOIS shall ensure 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 customers and Nodal 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 Annexure 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.

3.3.2 When the balance freight advance reaches an amount equivalent to one month's average freight charges, the nodal officer of the Railway shall issue a notice to all concerned Zonal Railways as well as to the customer to reactivate the TPAs.

3.3.3 In order to ensure a smooth transition back to e-freight arrangement under the TPAs, the customer 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 over the time elapsed till then under the Agreement. The generation of RR from Advance Freight shall stop at this point, and system shall revert to realization of freight payment through e-payment system.

3.3.5 In case of termination of agreement in event of non-payment of second installment by the customer, the payment of freight shall continue from the balance freight advance amount. The freight base rate and class of commodities as prevailing on date shall apply. Tri-partite agreements shall subsequently be reactivated as per para (3.3.4) above.

#### 4. Reconciliation and Final Adjustment

4.1 Nodal officers of Commercial and Accounts Departments of the Railways will undertake joint reconciliation regarding debit of freight amount and balance

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advance, and intimate the customer of the same. The joint reconciliation should be carried out on monthly basis in the second week of the following month.

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

**Note:**

In no case shall the benefit of fixed base rate and class of commodities extend to the financial year following the year for which the agreement has been made, even if some balance of the advance remains with the Railway upon expiry/termination of the agreement.

5. Other Issues:

- 5.1 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.

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Freight Advance Scheme - Accounting Modalities

In respect to Freight Advance Scheme, the accounting procedure will be as under (and as revised by Accounts Director of Railway Board from time to time) -

- a) The nodal Railway receiving freight advance shall issue Advance Receipt Vouchers (ARVs) indicating the basic amount of freight and GST separately. Classification of GST shall be made as determined by counter-party GSTIN, as declared by the Customer. On the basis of ARVs, concerned Railway will be responsible for discharging the GST output Tax liability, as computed by GST Suvidha Provider (GSP).
- b) Under the GST Act, when an entity receive advance, Advance Receipt Voucher (ARV) has to be generated within the same month of receipt of such advance. The ARV shall be for the amount received through Cash TC plus TDS receivable. On the basis of ARV, the Railway who has received the money shall deposit appropriate GST with the tax authorities. However, ARV is not treated as invoice for purpose of availing input tax credit.
- c) 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 GSTR 3B and GSTR-1 to be submitted for the month.
- e) The Advance Receipt Voucher (ARV) generated by the GST portal shall be communicated to FOIS, which shall be used as reference number of tax invoice generated based on the collection from the Freight Advance account of Railway's customer. On actual generation of RRs, GST as levied will be computed as output tax liability of the concerned nodal Railway and adjusted against GST paid by the nodal Railway as per ARV. CRIS shall ensure generation of MIS for the same.
- f) Freight Advance shall be treated as goods earnings of the nodal Railway, in the month of receipt. However, charges accrued against actual RRs issued subsequently against the party, shall be adjusted against Freight Advance by FOIS till such time net credit is available and Station Balance Sheet debit thereof shall be cleared through Special Credits.
- g) The amount of monthly bookings (Railway-wise) will be transferred by Traffic Accounts Office of the Railway which received the advance to other originating Railways every month based on MIS provided by FOIS, CRIS.
- h) Apportionment of this Freight advance earnings (excluding GST) shall be made based on actual RRs issued against the freight advance which shall be advised by CRIS/FOIS on a monthly basis.
- i) Following procedure will be adopted for accountal of GST-
  - (i) RR-cum-Tax Invoice generated by FOIS giving reference to ARV issued to the customer when actual transportation takes place.
  - (ii) Details of RR raised with corresponding ARV issued from respective GSTIN to GSP in future, will be available in the FOIS portal.
  - (iii) FOIS to provide to GSP every month the details of such adjustment of advances with tax invoice (RRs) of Railway customers in Table-11B of GSTR-1 in the month in which RR-cum-Tax Invoice is issued. By this exercise, the output liability based on RR issued is the subsequent period gets adjusted against the GST paid at the time of receipt of advance.
  - (iv) FOIS portal has to be developed to adjust the RR amount from the ARVs of each GSTIN of Railway customer.

Necessary software changes would be required in FOIS. Further, since GSP will have to offset the GST charged in the RR with that of GST collected through ARV in as brought out above, necessary data for adjustment shall be provided by CRIS/FOIS alongwith the monthly data submitted to GSP, to enable GSP to report the same in Table 11B of the GSTR1 Return.

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**Freight Advance Scheme - Modalities for FOIS**

1. This payment mode shall be named as 'A -Freight Advance' with Instrument as 'Collection against Advance' for differentiating this collection from E-Payment Collection.
2. The amount collected from the advance shall be treated as digital.
3. All Railway Receipts (RRs) prepared against this advance shall be tagged as 'Paid Advance ERR-7'.
4. The total RR amount (including GST) shall be debited from this advance.
5. WRF amount (paid by customer through other modes) will be adjusted in the RR amount when collection is made from this advance.
6. Only the base freight rate and class as on date of commencement of agreement will remain applicable till functioning of this mode. Other charges (Busy Season Surcharge, Development Charge, concessions and discount etc., if any) will be applied as per extant guidelines.
7. List of originating & destination stations, customer codes as consignor and consignee, GSTIN, commodity codes will be provided by the customer. The system will validate the 'Customer Code', 'GSTIN Code'. Commodity and 'Originating & Destination station code'.
8. 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.
9. 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 customer separately according to the current refund process. Also, in the case where the amount of the SRR can not 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 the customer shall claim the refund for the Original RR's freight.
10. 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.
11. 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.
12. Remark and Payment Mode shall be printed on the RR accordingly giving the reference to the advance.

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13. Logs shall be maintained RR wise to track each debit from this advance.
14. Queries and reports shall be made as per the requirement of Railways.
15. 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. Customer shall also be given viewing right to track utilization of Freight Advance Amount.
16. 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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22/03/19  
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