

FREIGHT MARKETING MASTER CIRCULAR/AFTO/2021/0

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

No. 2017/TC(FM)/4/12

New Delhi, Date: 26.10.2021

**General Managers,
All Indian Railways.**

SUB: AUTOMOBILE FREIGHT TRAIN OPERATOR (AFTO) SCHEME.

- Ref:** (i) FM Circular No. 13/2018 dated 19.04.2018.
(ii) FM Circular No. 17/2018 dated 28.05.2018.
(iii) FM Circular No. 26/2020 dated 7.12.2020.

Policy on **"AUTOMOBILE FREIGHT TRAIN OPERATOR (AFTO) SCHEME"** issued vide Freight Marketing Circular No. 13 of 2018 dated 19.04.2018 has gone through a number of amendments in the recent past. Besides, there are certain clauses in the policy in which clarifications have been issued, or which need to be re-worded/re-framed in order to bring in more clarity in the AFTO policy.

Accordingly all the amendments and clarifications have consolidated under the updated AFTO scheme which is enclosed herewith.

The updated AFTO Scheme shall be in supersession of all previous instructions along with amendments on AFTO policy. Zonal railways are requested to incorporate necessary changes in the Automobile Freight Train Operator Agreement (Freight Marketing Circular No. 7 of 2014 dated 30.04.2014).

It may be noted that Freight Rate table and Minimum Composition - for charging of rakes of BCACBM wagon as well as Terminal Access Charge for the rake run under AFTO scheme shall continue as per Freight Marketing Circular No. 11 of 2013 dated 21.05.2013 and its amendment from time to time.

The above changes will be applicable 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.


(Anshoo Pandey)
Director Freight Marketing

No. 2017/TC(FM)/4/12

New Delhi, Date: 26.10.2021

Copy to:

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


For Member (Finance)/ Railway Board

FREIGHT MARKETING MASTER CIRCULAR/AFTO/2021/0

No. 2017/TC(FM)/4/12

New Delhi, Date: 26.10.2021

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. Managing Director, Konkan Railway Corporation, Belapur Bhavan, Plot No. 6, Sector-11, CBD Belapur, Navi Mumbai – 400014.
5. The Managing Director, CAO/FOIS, GM/FOIS – Centre for Railway Information System (CRIS), Chankyapuri, Near National Rail Museum, New Delhi-21.
6. Director General, RDSO, Manak Nagar, Lucknow.
7. Director General, National Academy for Indian Railway, Lalbaug, Vadodra-390004.
8. Director, Indian Railways Institute of Transport Management (IRITM), Manak Nagar, Lucknow.


(Anshoo Pandey)
Director Freight Marketing

No. 2017/TC(FM)/4/12

New Delhi, Date: 26.10.2021

Copy for information to:

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


(Anshoo Pandey)
Director Freight Marketing

AUTOMOBILE FREIGHT TRAIN OPERATOR (AFTO) SCHEME
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Per
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AUTOMOBILE FREIGHT TRAIN OPERATOR (AFTO) SCHEME

1.0 GENERAL

At present Indian Railways (IR)'s modal share in transportation of automobile traffic is very meager. Apart from increasing IR's modal share in transportation of automobile traffic, this policy provides an opportunity to logistics service providers and road transporters to invest in wagons and use advantage of rail transport to tie up with end users and market train services to create a win-win situation for railways and themselves. As automobile sector is one of the fastest growing sectors in India, it is imperative that auto carriers of suitable design and higher throughput are inducted in Indian railway system to facilitate bulk transportation of automobiles from production clusters to consumption centers.

2.0 DEFINITIONS AND ABBREVIATIONS

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

- 2.1 **'AFTO'** means Automobile Freight Train Operator and refers to the parties who invest in procurement of rakes and arrange traffic for loading/unloading in the Auto Freight Trains (AFT), owned by them after obtaining necessary permission from the MOR under this policy.
- 2.2 **'AFT'** means Automobile Freight Train, a privately owned train for transportation of automobiles.
- 2.3 **'Container Terminal'** means Private Container Terminals developed by container train concessionaires in terms of the MCA, CONCOR's rail-based terminals and Inland Container Depots.
- 2.4 **'End User'** means customers who are producers or consumers of goods transported by rail.
- 2.5 **'IR'** means Indian Railways
- 2.6 **'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.
- 2.7 **'Private Terminal'** means a private siding or private freight terminal having facility to handle commodities specified under this scheme.
- 2.8 **'Nodal Zonal Railway'**: means zonal railway of the base terminal of AFTO rakes.
- 2.9 **'RA'** means Railway Administration. Implies Zonal Railway Administration
- 2.10 **'MOR'** means Ministry of Railways, Government of India
- 2.11 **'RDSO'** means Research Designs and Standards Organization.
- 2.12 **'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 specialize wagons for transportation of automobile traffic. Such wagons will not form a part of wagon pool of IR. The investor can introduce new designs subject to permissions and clearances from IR as per procedure.

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- 2.13 **'Wagon Leasing Company (WLC)'** 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: Applicant should be

- 3.1.1 A registered company in India as per Companies Act 1956, or
3.1.2 A subsidiary company, or
3.1.3 A Joint venture company or partnership registered under the Companies Act., or
3.1.4 A public sector entity in the business of logistics.
- 3.2 The applicant should have minimum one year experience in any one of the following fields.
- a. transport and logistics
 - b. port and land terminal operations
 - c. warehousing
 - d. container train operations
 - e. manufacturing of automobiles
 - f. wagon leasing
- 3.3 Any company which has been declared sick under Sick Industrial Companies (Special Provision) Act 1985 shall not be eligible to apply under these rules and operate trains either individually or in association with other companies.
- 3.4 In case the applicant is a subsidiary company, experience of the holding company, owning more than 50% equity in the subsidiary company, may be reckoned for the purpose of Para 3.2 above.
- 3.5 There shall be no change of control of the AFTO 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 AFTO's train pursuant to the Agreement, in which afterwards there may be a Change of Control but that 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 PROCEDURE FOR APPLICATION

- 4.1 The applicant has to apply to PED/ED FM with all details for becoming an AFTO. The applicant has to apply for a minimum one rake including the brake van with 4% additional wagons spare as stipulated in para 4.6 under this scheme.
- 4.2 The applicant shall furnish following details while submitting the application:
- (a) Name of the applicant (firm).
 - (b) Address of the applicant (firm).
 - (c) Details of experience and activities of the applicant.
 - (d) Document in support of the eligibility criteria as per para 3.0 above.
 - (e) PAN of the applicant
 - (f) Number of rakes planned.
 - (g) Type of wagon.
 - (h) Anticipated traffic volume
 - (i) Proposed loading terminals & destination terminals
 - (j) Proposed Base Terminal for the rake
 - (k) Any other relevant information.

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- 4.3 On receipt of the application from the AFTO intending to be registered, MOR shall study the proposal in detail and grant necessary approval 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.
- 4.4 Approval will be issued by MOR to the applicant as well as the concerned zonal railway of proposed base terminal provided by the applicant.
- 4.5 On the basis of approval of MOR, agreement in the form prescribed by MOR will be signed by the CCM/FM of the Nodal Zonal Railway of the base terminal of the rake of AFTO for and on behalf of the President of India and the authorized signatory of the Automobile Freight Train Operator (AFTO).
- 4.6 The applicant has to procure full rake composition including the brake van as notified by IR with 4% additional wagons as spare. The number of maintenance spare wagons to be procured shall be arrived at by calculating 4% on the basis of cumulative holding of the operator in cases where the operator is already having existing ways.
- 4.7 If the AFTO intends to induct additional rakes or want to withdraw any number of rakes under this scheme, the same will be permitted with prior approval of MOR.

5.0 REGISTRATION AND VALIDITY

- 5.1 Agreement for registration as AFTO 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 till the codal life of the rakes. However, if the agreement is terminated by invoking para 16 of this policy, the rakes will cease to operate and dealt as per the provisions therein.

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

- 5.2 On approval of each rake the details of induction of rakes will be annexed with the agreement for registration as mentioned in para 5.1 above. The annexure should contain details like date of induction, purchase order no., rake no., type of wagon, wagon numbers, brake van no. base depot, etc,. It will be responsibility of Nodal Zonal Railway to notify the induction of rakes with details to all the concerned.
- 5.3 Granting of permission to an AFTO shall not restrict Indian Railways for transportation of such traffic in wagons procured / arranged by IR under any other scheme or will not give any kind of sole right to the AFTO to run such wagons exclusively and such wagons can be procured and run by other operators also.

6.0 PROCUREMENT OF WAGONS

- 6.1 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.

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- 6.2 Wagons to be inducted in the system must conform to applicable IRS designs and specification. Such wagons will be inducted after inspection by RDSO.
- 6.3 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.
- 6.4 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.
- 6.5 The Applicant will be required to incorporate the following warranty clause in their purchase contract with the wagon manufacturer (Vendor):

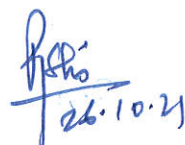
"The Vendor of AFTO hereby covenants that it is a condition of the contract that all wagons furnished to the AFTO under this contract shall be of the highest grade, free of all defects and faults and of the best material, quality, manufacture and workmanship throughout and consistent with the established and generally accepted standards for materials of the type ordered and in full conformity with the contract specification, drawing or sample if any and shall, if operable, operate properly:

The Vendor of AFTO also guarantees that the said wagons would continue to conform to the description and quality as aforesaid, for a period of 30 months after their delivery or 24 months from the date of placement in service whichever shall be later, and this warranty shall survive notwithstanding the fact that the wagons may have been inspected, accepted and payment therefore made by the AFTO.

If during the aforesaid period, the said wagons be discovered not to conform to the description and quality aforesaid or have deteriorated, otherwise than by fair wear and tear, the decision of the AFTO in that behalf being final and conclusive then the AFTO will be entitled to reject the wagons or such portions thereof as may be discovered not to conform to the said description and quality. On such rejection, the wagons will be at the Vendor's risk. If the Vendor so desires, the rejected goods may be taken over by him or his agents for disposal in such manner as he may deem fit within a period of 3 months from the date of such rejection. At the expiry of the period, no claim whatsoever shall lie against the AFTO in respect of the said wagons, which may be disposed of by the AFTO in such manner as he thinks fit. Without prejudice to the generality of the foregoing, all the provisions in the AFTO's standard condition of contract relating to rejection of wagons, failure and termination shall apply.

The Vendor shall, if required, replace the wagons or such portion thereof as have been rejected by the AFTO, free of cost, at the ultimate destination, or at the option of the AFTO, the Vendor shall pay the AFTO, the value thereof at the contract price and such other expenditure and damage as may arise by reason of the breach of the conditions herein before specified. Nothing herein contained shall prejudice any other right of the AFTO in that behalf under this contract or otherwise."

- 6.6 An AFTO can also take new wagons on lease from a wagon leasing company subject to necessary approvals by MOR. AFTO can also purchase or take on lease wagons procured under this scheme from another registered operator, in



that particular category, subject to necessary approval by MOR. However, in such cases AFTO will run the rakes as per the freight rates stipulated for AFT.

- 6.7 The applicant shall inform the MOR regarding details of placement of procurement order. Similarly the date of actual induction of rakes shall be advised by the applicant to MOR under advice to nodal zonal railway(s) indicating the loading and unloading terminals.
- 6.8 In case the design of wagon is already approved, the AFTO should procure the rake and start operation under this scheme within two years from the date of signing of the agreement. In case of failure to adhere to this time schedule, unless specific prior extension is given by the Railway Board, the approval will be deemed to be cancelled and fresh approval has to be sought by AFTO.
- 6.9 In case AFTO desires to introduce a new design for auto wagons, the procedure as outlined in the "Procedure of New Wagon Design Approvals" issued by RDSO (as amended from time to time) shall apply. The applicant, shall give details of type, drawing and design of wagon, wagon specifications etc. The same shall be evaluated by MOR in consultation with RDSO for technical feasibility. Permission to run such wagons will be subject to necessary sanction of the Commissioner of Railway Safety. The intellectual property right norms in such cases shall be governed by the latest version of the same procedure.
- 6.10 Such new wagons shall be SPW wagons and should be inducted in IR system within four years from the date of signing of the agreement unless specific extension is given by MOR. Otherwise approval will be deemed to be cancelled and fresh approval has to be sought by AFTO.
- 6.11 If the AFTO is already registered, such new design wagons should be inducted within three years of the design and trial runs being approved by RDSO.
- 6.12 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 AFTO trains.
- 6.13 In case the AFTO procures the rake(s) without the brake vans he will have to pay the haulage cost of brake van provided by IR.
- 6.14 The AFTO shall be charged for the first run of the rake from the Manufacturing unit to the loading point as per the extant procedure.
- 6.15 The AFTO will be permitted to commence operations as soon as first rake is inducted.

7.0 MAINTENANCE OF WAGONS

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.

8.0 COMMODITY

Automobile traffic will include passenger cars, two /three wheeler automobile units, mini trucks, tractors, chassis, shells of cars, automobiles moved in CKD condition, automobile verticals i.e. auto ancillaries and auto spare parts.

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9.0 FREIGHT PAYABLE

- 9.1 Rates as notified from time to time for the specific stock shall be applicable for such traffic moving in automobile rakes.
- 9.2 The rates shall be separate for rakes running as loaded and those running as empty.
- 9.3 Even if one wagon is loaded the full rake shall be charged as loaded.
- 9.3.1 However, if the immediate preceding trip has been charged at loaded rates for all wagons, the next trip shall be charged at loaded rates for loaded wagons and at empty rates for empty wagons.
- 9.4 The freight will be charged for the composition of train load as notified by Indian Railways from time to time.
- 9.5 All payments after signing of agreement shall be made through e-payment including Freight etc.
- 9.6 AFTO 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.
- 9.7 In case the AFTO sells his wagons to another AFTO or end user or WLC, necessary approvals shall have to be taken from MOR before such transactions take place.

10.0 OPERATION OF TRAINS

- 10.1 Trains procured under AFT scheme will not be merged in the wagon pool of IR. Rakes comprising such wagons shall be identified as exclusively belonging to the AFTO who has procured them. Each rake shall have separate identification with the date of commercial commissioning in the FOIS.
- 10.2 IR shall run the rake with the standard composition as notified from time to time.
- 10.3 The AFTO will be required to have a tie up with the end-users for marketing and arranging traffic. As far as the Indian Railway's liability is concerned, the AFTO will be the Consignor and Consignee for the consignment for which Railway Receipts shall be issued by railway commercial staff posted at the terminal.
- 10.4 AFTO can operate their trains between Railway terminals or Private Sidings or Private Freight Terminals or Container Terminals, equipped to handle automobile traffic – for which AFTO may either have a tie-up with such private sidings or private freight terminals or container terminals, etc; or may have its own private freight terminals or sidings or container terminals for handling of such trains; or may pay Terminals Access Charges to IR to access Railway terminal(s).
- 10.5 The AFTO is free to run trains over IR provided the railway terminal is open for automobile booking, and the private terminal is also willing to handle automobile traffic. No NOC shall therefore be required for the routes from zonal railways.

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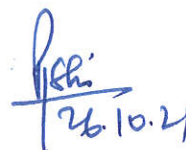
- 10.6 The AFTO shall however, nominate a base terminal from where it will operate so that a base maintenance depot can be nominated by the railways. This railway is Nodal Zonal Railway. The Agreement shall be with the Nodal Zonal Railway on which such a base depot is situated.
- 10.7 Indents for loading in such trains will be placed at the loading point/terminal for the destination point/terminal.
- 10.8 The AFTO may carry only the identified commodities in the train subject to conditions specified in the AFTO policy, goods tariff, red tariff, and under the provisions of the Railways Act and any other instructions issued on the subject, by MOR from time to time.
- 10.9 To ensure a level playing field, IR shall move the trains of AFTO 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 AFTO trains and strive to achieve the average speed of freight trains on IR in respect of transit time of AFTO's train.
- 10.10 In case there is requirement to haul the AFT rake from its base terminal to its maintenance depot and back for the purpose of examination, no haulage charge will be levied from the AFTO for the movement between base terminal and maintenance depot.
- 10.11 The nodal zonal railway shall also be responsible for the operation of the Agreement.
- 10.12 The rakes may be used by IR for traffic other than the AFTO subject to a prior written agreement between IR and the AFTO.

11.0 CHARGES

- 11.1 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/tariff.
- 11.2 If an AFTO rake is detained in a railway terminal, beyond the permissible free time upto the time of release of the rakes, detention charges shall be levied at the rate of demurrage charges as notified by Railways from time to time.
- 11.2.1 No demurrage or detention charges shall be levied by Railway on privately owned wagons in a private terminal.
- 11.2.2 Detention charges once levied, shall not be waived off.
- 11.3 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 the serving station on account of no room at the private terminal. This private terminal can be his own or a PFT.
- 11.4 Standard rules in respect of claims shall be applicable according to the Railways Act, 1989.

12.0 FOIS/TMS

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 as decided by IR.

13.0 LIEN

In cases of default of payment by the AFTO, IR may exercise lien on the privately owned wagons to recover its dues.

14.0 AGREEMENT BETWEEN RAILWAY AND AFTO

After all approvals and before induction of rake, AFTO shall sign an agreement with Railway Administration as per a format to be prescribed specifically by MOR. No movement of the rakes shall be permitted prior to the signing of this agreement.

15.0 NODAL OFFICER

15.1 PED/ED Freight Marketing, Ministry of Railways (Railway Board) would be the overall nodal officer for the implementation of the policy. Contact details are - EDFM, Room No. 471, Ministry of Railways, Rail Bhavan, New Delhi-110 001. Phone No. 011 23385222 (MTNL) and e-mail address edfm@rb.railnet.gov.in.

15.2 After the commencement of the operations CCM/FM shall be the nodal officer at the Nominated Nodal Zonal Railways.

16.0 TERMINATION OF AGREEMENT

16.1 In case AFTO wants to terminate the agreement before the expiry of the agreement period, he has an option to do so with three months advance notice. In such circumstance, he will also have an option to sell his rakes to another AFTO provided the buyer has a valid registration. The AFTO can also sell his rake to end user or WLC. Such rakes purchased by end user or WLC shall be governed by respective policies on IR.

16.2 In case the AFTO 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 AFT, the permission of AFTO can be terminated by giving one months notice without any liability of Indian Railways. 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 he will be entitled to dispose off the rake(s) as per the provisions of para 16.1 given above.

17.0 DISPUTE RESOLUTION

17.1 In case of any dispute in interpretation of the policy, the decision of MOR will be final and binding.

17.2 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.

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- 17.3 For resolving disputes on issues pertaining to claims for damages, freight charges, the AFTO may seek redress by resorting to the relevant provisions of the agreement, Railway Claims Tribunal or Railway Rates Tribunal as the case may be.

18.0 REVIEW OF THE POLICY

IR reserves the right to review the policy from time to time

Signature

*Per
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