Sub : Incentive Scheme for Incremental Traffic Rates Circular No. 62 of 2009 and corrigenda thereto.

Ref. : (i) Northern Railway’s letter No.36RD/835/Incentive/Pt.VII dated 22.04.2019.

1. An issue has been raised by M/s R.D. Pallav & Co. on Northern Railway regarding chargeable freight with respect to Rates Circular No. 62 of 2009 which defined Floor Rate : Minimum chargeable freight after all concessions should not be less than NTR of Class LR 1 for Incentive Scheme for Incremental Traffic.

2. Northern Railway, Delhi Division, vide letter No. 600-CP/MKTG/FIS/2011-12 dated 12.08.2019 has raised query regarding inclusion of Terminal Charges in Chargeable Freight to interpret the floor rate under Incentive Scheme for Incremental Traffic.

3. It is reiterated in continuation to Board’s letters referred at (iii) above, that total or minimum chargeable freight, for booking of any consignment on Indian Railways, is arrived at after granting all applicable concession on Normal Tariff Rate/NTR (Base Freight+Busy Season Charge if applicable) and adding to NTR all charges/surcharges as applicable as per then extant policies like Development Charge, Terminal Charges etc.

(Shilpi Bishnoi)
Director Traffic Commercial (Rates)
Railway Board

C/-

Principal Chief Commercial Manager of All Indian Railway
No.TCR/1078/2011/03

New Delhi, Dated 04.06.2019

Chief Commercial Manager/FM,
Northern Railway,
Baroda House,
New Delhi.

Sub: Clarification regarding Incentive Scheme for incremental traffic Rates Circular No. 62 of 2009 and corrigenda thereto.

Ref:
(i) Northern Railway’s letter No. 36-RD/835/Incentive /Pt.VII dated 03.01.2019; and 22.04.2019;
(ii) Delhi Division letter No. 600-CP/MKTG/FIS/2011-12 dated 14.12.2018 to Northern Railway HQ;
(iii) Northern Railway letter No. 36-RD/835/Incentive/Pt.VI dated 12.12.2012 to Delhi Division; &
(iv) Railway Board’s letter no. TCR/1078/2010/03 dated 10.07.2015 to North Western Railway.

Northern Railway, vide ref (i) above, have referred an issue raised by Delhi Division to Northern Railway HQ (vide ref. (ii) above) regarding application/methodology to apply “Floor Rate” under policy of Incentive Scheme for incremental traffic issued under Rates Circular No. 62 of 2009 and corrigenda thereto.

Freight Incentive Scheme for incremental traffic issued under Rates Circular No. 62 of 2009 clearly stipulates “Floor Rate” and laid down that “Minimum Chargeable freight after all concessions should not be less than NTR of Class LR-1.”

Railway Board, vide ref. (iv) above, have also issued a clarification to NWR on this subject (annex). It unambiguously explains that chargeable freight after all concessions (and not NTR/discounted NTR of subject rake) is to be compared with NTR of Class LR-1. The same stands applicable in respect of query raised by Northern Railway.

Further necessary action may be taken accordingly.

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

DA: as above

(Shilpi Bishnoi)
Director Traffic Commercial (Rates)
Railway Board
Sub: Clarification- Levy of Development Surcharge under Freight Incentive Scheme.
Ref: NWR's reference No. C-429/1/Vol. II dated 18.05.2015

Please refer to NWR's letter under reference on the above cited subject wherein clarification has been sought as to how Development Surcharge in the cases of Freight Incentive Scheme should be levied.

The matter has been examined in consultation with Finance Directorate of Ministry of Railways. The Freight Incentive Scheme circulated vide Rates Master Circular/FIS/2014/0 clearly stipulates that 'Minimum chargeable freight after all concessions should not be less than NTR of LR1'.

<table>
<thead>
<tr>
<th>Description</th>
<th>Calculation of Freight</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As per TMS</td>
<td>Charges as per Audit</td>
</tr>
<tr>
<td>Class</td>
<td>Commodity</td>
<td>Floor Rate</td>
</tr>
<tr>
<td>Class</td>
<td>140</td>
<td>LR1</td>
</tr>
<tr>
<td>From</td>
<td>LCTX</td>
<td>LCTX</td>
</tr>
<tr>
<td>Station</td>
<td>RXL</td>
<td>RXL</td>
</tr>
<tr>
<td>Distance (KM)</td>
<td>1484</td>
<td>1484</td>
</tr>
<tr>
<td>Basic Freight (₹)</td>
<td>1923.3</td>
<td>1305.10</td>
</tr>
<tr>
<td>Busy Season SC(₹)</td>
<td>288.495</td>
<td>195.77</td>
</tr>
<tr>
<td>NTR (₹)</td>
<td>2211.795</td>
<td>1500.87</td>
</tr>
<tr>
<td>Discount 40% (₹)</td>
<td>884.718</td>
<td>00</td>
</tr>
<tr>
<td>Reduced NTR (NTR-Discount) (₹)</td>
<td>1327.077</td>
<td>1500.87</td>
</tr>
<tr>
<td>Development SC (₹)</td>
<td>110.59</td>
<td>75.04</td>
</tr>
<tr>
<td>Total (₹)</td>
<td>1437.67</td>
<td>1575.91</td>
</tr>
<tr>
<td>Chargeable Freight (₹)</td>
<td>N/A</td>
<td>1575.91</td>
</tr>
</tbody>
</table>

From the table above, it may be seen that chargeable freight after all concessions under the scheme comes to Rs. 1437.67 which is less than NTR of LR1 i.e. Rs.1500.87. Therefore, the chargeable freight in this case, should be Rs.1500.87, which is the NTR of LR1.

Audit may be advised accordingly.

(Sanjay Kumar Jha)

Director, Traffic Commercial (Rates)
GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
RAILWAY BOARD

No. TCR/1078/2006/4 Pt. New Delhi, date: 15-02-2010

CAO/FOIS,
Northern Railway
CRIE Complex
Chanakya Puri
New Delhi.

Ref: Rates Circular No.75 of 2007

Reference is invited to CAO/FOIS’s letter No. CAO /FOIS/63 /TMS /2010 dated 22.01.2010
on the above mentioned subject.

The issue has been examined. It is to advise that a note along with illustration, which was
under, may be added below Rule No.191 of IRCA Goods Tariff No.41 Pt.I Vol.I.

"Note: In the course of calculating the total chargeable freight during the intermediate
stages of calculation such as calculation of different charges etc., figure arrived in ratio
may be rounded up to two decimal places only.

Illustration:

<table>
<thead>
<tr>
<th>Description</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Chargeable weight</td>
<td>3835 ton</td>
</tr>
<tr>
<td>Base Frt. Rate</td>
<td>Rs. 341.1 per ton</td>
</tr>
</tbody>
</table>
| NTR (Base Frt. + 7% busy season surcharge)       | Rs. 364.977 - 364.98 per ton (upto two decimal
                                                      places) |
| 2% development charge on NTR                     | Rs. 7.2996 - 7.30 per ton                             |
| Frt. Rate per ton (NTR + Dev. Charge)            | Rs. 372.28                                            |
| Frt. For chargeable weight                       | Frt. Rate per ton X total chargeable weight =
                                                      Rs.372.28 X 3835= Rs.1427693.8                     |
| Terminal charges (Originating as well as
  Destination)                                    | Rs.20 per ton for each terminal. For both
                                                      terminal, Terminal charges will be Rs.153400.     |
| Total Freight                                    | Rs.1427693.8 + Rs.153400=
                                                      Rs.1581093.8 - Rs.1581094                          |

The above instruction will be applicable w.e.f. 01-03-2010.

This issue with the concurrence of Finance Directorates of Railway Board.

Necessary action may be taken accordingly.

Copy to: CCMs/All Indian Railways and GS/IRCA, New Delhi for necessary.