

**GOVERNMENT OF INDIA/BHARAT SARKAR  
MINISTRY OF RAILWAYS/RAIL MANTRALAYA  
(RAILWAY BOARD)**

No.TC-1/2004/104/1-pt.

New Delhi, dated 06-04-2009

**Chief Commercial Manager,  
South Western Railway.  
Hubli.**

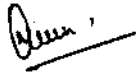
**Sub: Fixation of LC/BG limit for enabling E-payment facility.**

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Please refer to SWR's letter No. C.304/E-Banking/Policy/08-09 dated 01.04.09 on the above mentioned subject wherein SWR has suggested to reduce the LC/BG limit equivalent to 2 days freight transactions instead of 05 days in E-payment system.

The matter has been examined and it is to advise that the proposal of reducing the LC/BG limit equivalent to 2 days freight transactions instead of 05 days in E-payment system, has not been agreed to as failure of E-payment can continue for more than 2 days also.

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

  
**(N.K. Parsuramka)  
Director, Traffic Comml.(Rates)  
Railway Board**

**SOUTH WESTERN RAILWAY**



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Hubli - 580020.

No.C.304/E-Banking/Policy/08-09

Date: 01-04-2009

Advisor (Rates),  
Railway Board,  
New Delhi

**SUB: Fixation of LC/BG limit for enabling E-payment Facility**  
**REF: Board's Rates Circular No. 39 of 2008.**

As per Para No.5.2 of Rates Circular No.39 of 2008, the customer has to open an irrevocable revolving letter of Credit (LC)/ Bank Guarantee (BG) equivalent to 5 days peak period transactions dealt during the last financial Year.

During the meeting held with freight customers, the representatives of the firms stated that the LC/BG limit is too high as compared to the commission payable on getting the demand drafts. Moreover some parties are getting Demand Drafts free of cost, thus discouraging ongoing e-payment. They requested CCM to reduce the LC/BG limit to 2 days or to dispense with the LC/BG as the freight charges are directly credited from their Account to Railway Account within a fraction of 150 seconds and LC/BG is operated only in case of failures. The copy of the minutes of the meeting is enclosed herewith for ready reference.

Hence it is proposed to reduce the LC/BG limit equivalent to 2 days freight transactions dealt by the firm during previous year instead of 05 days. This has the concurrence of Associate Finance.

Board are requested to communicate the approval of the same.

  
(N. R. Sagar)

Chief Commercial Manager  
Freight Marketing