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.

*****

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 Comm.(Rates)
Railway Board
SUB: Fixation of LC/BG limit for enabling E-payment Facility

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.

(Chit Com Manager)
Chief Commercial Manager
Freight Marketing

Date: 01-04-2009