Principal Chief Commercial Managers,
All Indian Railways

Sub: Long Term Tariff Contract (LTTC) policy - addition of new terminals (outward /inward points) to existing LTTC contracts

Ref: (i) Board's letter of even number dated 30.03.2017 (Rates Circular No.14/2017) & 29.05.2018
(ii) Board's letter No. TCR/1078/2016/14/Pt. dated 04.09.2017
(iii) Board's letter No.TCR/1078/2016/14/LTTC/3 dated 15.06.2018

1. In terms of Board's letter of even number dated 30.03.2017, policy guidelines for Long Term Tariff contract (LTTC) were issued. Further to this, certain clarifications were also issued vide letters under reference above. Guidelines regarding framing of Joint Procedure Order (JPO) necessary for implementation and monitoring of LTTC had also been issued vide Board's letter dated 29.05.2018 referred at (i) above.

2. References from Customers and Zonal Railways have been received for inclusion of new terminals (outward /inward points) and new commodities to existing LTTC contracts; i.e. after signing of the agreement. The matter has been examined keeping in view the primary objective of the policy, which is to garner additional loading and revenue for IR by incentivising customers by way of giving rebate on incremental traffic.

3. It has been decided to permit inclusion of new terminals (outward /inward points) under existing LTTC agreements subject to fulfilment of following conditions:

   a. The addition of new terminals (outward /inward points) shall be effective from beginning of next year of contract; e.g. if agreement period for a customer is 01 August 2017 - 31 July 2022, and if the customer applies during, say, April- July 2019 for addition of a new loading point under LTTC contract, the same shall be effective from 01 August 2019. Also, TMS shall start tagging the eligible RRIs generated to/from such "new terminal" with unique contract ID to take them in account for calculating AGFR.

   b. Zonal Railways must ensure that if there was any loading during benchmark year via rail to/from the applicant (which would have otherwise been eligible under its LTTC contract) from such new terminals (outward /inward points) being added, the same may be accounted for in BGFR also. The revised BGFR (if any), must be updated in TMS before the date of effectiveness of change (which is 1st August 2019 in the example given in Para 3.a. above).

   c. In case, any traffic to or from the so added "new" terminals is already accounted for in any other exiting LTTC Contract (regardless of whether as outward/inward or as consignor/consignee), then such traffic shall not be added
for the applicant; i.e. it is not to be added to applicant’s traffic (either in BGFR or in AGFR). That is the concession over such RRs shall continue to be granted to customer, who already had this traffic stream in its contract. This shall take precedence over para 6.8 of RC no. 14 of 2017.

4. Regarding inclusion of new commodities under existing LTTC agreements, it has been decided that new commodities shall not be added during existing contract period. The same may be considered afresh at the time of renewal or signing of new agreement.

5. It may be kept in view that BGFR is to be updated, if required, to include all data of revenue of the benchmark year, so that percentage increase in loading and revenue (in AGFR) over BGFR would be correctly reflected.

6. Zonal Railways must have proper monitoring mechanism to prevent diversion of existing traffic from one customer to another customer without any increase in overall loading.

7. CRIS shall provide one-time facility to Zonal Railways on request through CAO/FOIS office to update the revised details, including BGFR and MGGFR, in the LTTC agreement in TMS, if required.

8. Customer will be permitted to apply for addition of new terminals (outward /inward points) only once during a contract year. Therefore, Zonal Railways, in consultation with LTTC customers, should ensure that all terminals (outward /inward points) as per customers’ requirement are covered.

9. The basic principle to be kept in perspective is that all traffic that was moved by rail in benchmark year should be reflected in BGFR, so that gap between BGFR and AGFR is not unduly inflated. Secondly, parity in principles while deciding BGFR and AGFR should be maintained. For e.g. any traffic stream if taken in AGFR, should also have been taken in BGFR and vice-versa.

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Director, Traffic Commercial(Rates)
Railway Board

No.TCR/1078/2016/14

New Delhi, Date 22.05.2019

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2. Dy.C&AG(Rlys), Room No.222, Rail Bhavan, New Delhi.

for Financial Commissioner/Railways
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1. Principal Chief Operations Manager, All Zonal Railways
5. Director General, National Academy of Indian Railways, Vadodara
6. General Secretary, IRCA, New Delhi.
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