

COMPENDIUM

“Electronic Payment System”

As prescribed vide

Rates Master Circular/E-payment/2019/o

and

Subsequent Amendments/Clarifications

(Note: This is a compilation of extant guidelines on the subject matter. Reference to subsequent Board’s circulars/letters have been given with regard to amendments/clarifications and the same be referred to)

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Sub: Guidelines for Electronic Payment system

1.0 E-Payment Scheme:

- 1.1 This Scheme provides a facility to rail users to make payment of freight charges directly from their Bank account to Railway's Bank account through electronic means. Railway aims to promote this mode of payment by their customers.

2.0 Scope

- 2.1 Payment under e-payment scheme will be limited to payment of freight charges at present. Railway may consider payment of other charges through e-payment at a later stage.
- 2.2 This facility will be available only at terminals where Terminal Management System (TMS) has been commissioned.

3.0 Eligibility

- 3.1 Any rail customer having regular business with Railway may apply to the Principal Chief Commercial Manager (PCCM) of the Zonal Railway on which the booking station is located (hereinafter referred to as 'the Railway').
- 3.2 It will be at the sole discretion of the Railway Administration (PCCM in consultation with PFA of the originating Railway) to accept or reject a request for electronic payment of freight charges through E-payment system,
- 3.3 Major customers like FCI, Power Houses and Container Train Operators, operating from more than one location, may nominate one nodal branch of the Bank for transfer of funds in respect of all the transactions taking place at different stations of the Railway. They will, however, need to apply for this facility to each Zonal Railway concerned separately.
- 3.3.1 All Container Train Operators including CONCOR are permitted to operate a single bank account under E-payment system and enter into a single Tripartite Agreement with one Zonal Railway (viz. Northern Railway as nodal Railway) for all the terminals/locations. However, the originating earning will be credited to the originating Railway's bank account by Party's bank and electronic payment advice thereof will be generated at the booking terminal as per E-payment scheme. Container train operators intending to opt for E-payment facility would be required to open Letter of Credit (LC) in favour of Railway. LC amount should be reckoned as LC for all Indian Railways and ERRs will be issued accordingly.

- 3.3.2 NTPC may be allowed the facility of single e-payment agreement with Northern Railway, as nodal railway, for all its terminals, as per Para 3.3.1 above.

(Addendum No.2)

- 3.4 Acceptance of a proposal for introduction of E-payment facility shall be subject to an undertaking by the customer through a Tripartite Agreement to abide by the conditions laid down in this E-payment scheme and any other conditions that the Zonal Railway may decide and add.

4.0 Tripartite Agreement

- 4.1 A Tripartite Agreement will be entered into by the Railway, Nationalized/Public Sector Bank having approved accreditation with Railways (hereinafter referred to as 'the Bank') and the Customer, incorporating the provisions of this Guideline and details of all other arrangements required for operating the E-payment system. in order to authorize the Bank to collect funds (freight charges) from the customer's (consignor or consignee) bank account maintained with them and transfer the same to Railway's Account

- 4.1.1 AXIS bank, HDFC bank, ICICI bank and Kotak Mahindra Bank Ltd. are also authorized to enter into Tri-partite agreement under electronic payment system.

(Corrigendum No.2 & 3)

5.0 Requirement of Letter of Credit (LC)/Bank Guarantee(BG)

- 5.1 LC and BG mentioned in this section is designed to be a security to enable Railways to issue Paid E-RRs even in cases in which no positive electronic confirmation is received by Railway about the freight charges having been transferred from the customer's bank account to Railway's bank account.

- 5.2 Customers intending to opt for e-payment facility will be required to open an irrevocable Letter of Credit (LC) in favour of the Railway at a branch of bank mutually agreed upon by the customer and Zonal Railway for an amount equivalent to 2(two) days of average freight of the highest transaction month of the last financial year. The formula for the calculation of amount of LC/BG will be as under:

(Total freight during the highest freight transaction month of the last financial year/Actual days of transactions in concerned month) x 2 = Amount of LC/BG

If the customer is willing to give LC/BG of more than two days average freight he may be allowed to do so.

- 5.2.1 In case of new customers or the customers whose freight transaction for whole of the last financial year are not available, the amount of Letter of Credit (LC)/Bank Guarantee (BG) may be decided in consultation with the associate Finance on the basis of traffic offered/expected. This can later be revised based on actual traffic.

- 5.2.2 The amount of LC/BG should be on the basis of total freight paid by the customer to Zonal Railway as a whole or TMS location wise as required by the customer.
- 5.3 The LC/BG should be valid for 12 months from the date of commissioning of the e-payment facility with a provision permitting its encashment up to 15 days after the validity period of LC. if required.
- 5.4 Customers will need to provide a fresh LC or arrange to extend the validity of the existing LC/BG before the expiry of the 12 month period.
- 5.4.1 If the Railway, customer and Bank wish to execute the Tripartite Agreement for a period two years or more, such Tripartite Agreement may be executed subject to the condition that the LC/BG should be valid for the same period of agreement (say, if agreement is valid for three years, then LC/BG will also be valid for three years) from the date of commissioning of the E-payment facility with a provision permitting its encashment upto 90 days after the validity period of LC/BG, if required. However, the amount of LC/BG will be reviewed at the end of every financial year on the basis of freight transaction and in case there is an increase in the amount of LC/BG, the customer will submit an additional LC/BG for the difference amount and if the amount of LC/BG is lower than the existing LC/BG limit, the same LC/BG will be revalidated before the end of such financial year.
- (Corrigendum dt.26.11.2021)*
- 5.5 Zonal Railways need to be vigilant about the expiry dates of LC and their validity so that E-Payment system does not come to a stop.
- 5.6 Normally LC should be the preferred mode of security. However, in lieu of the LC as described in the preceding paras, customers may also furnish a Bank Guarantee (BG) on similar terms as set forth for LC. Decision to allow Bank Guarantee in place of LC will be taken by PFA and PCCM of the concerned Zonal Railway ensuring that Railway's financial interests are secured.
- 5.7 If a customer is operating from different Zonal Railways and desires to make E-payment from single bank account, he may be allowed to do so if the bank agrees for the same. However, he will have to execute separate E-payment agreement with concerned Zonal Railways and submit separate LC/BG. Further, the freight collected shall be credited to the deposit account of the concerned Zonal Railway(s).

6.0 Internal Procedure in Railway's field offices

- 6.1 PCCM and FA&CAO/TA of the originating Railway will have the authority to add/delete rail customers allowed to make payment of freight charges through the mechanism of e- payment. They will communicate this information together with details

of the bank branch opted by them, account number, LC/BG number and its validity period to CAO/FOIS for it to be maintained in the FOIS database.

- 6.2 A separate category of Railway Receipts (RR) called 'E-RR', which shall be Paid ERR, will be used under the E-payment scheme. Para 1442(d) of Indian Railway Commercial Manual Volume II shall stand modified accordingly. Similarly, Para 3.1 of Master Policy

Circular No.2003/C&IS/FOIS/Progress dated 10.02.2004 issued on computerization of Railway Receipts(RRS) under the Terminal Management System(TMS) of FOIS shall stand modified as under.

Figure 4 in the 8th digit of RR number shall denote 'Paid ERR issued against LC/BG coverage when no positive confirmation of collection of freight from bank is received'. figure 5 in the 8th digit of RR number shall denote Paid ERR issued against LC/BG coverage when insufficient fund message is received from bank and figure 6 in the 8th digit of RR number shall denote "Paid ERR issued against normal freight transaction through party's account.

- 6.3 Under this scheme, the goods clerk will give a command to the system to prompt the bank for collection of freight charges through E-payment system. The bank on receipt of such an advice through TMS will collect funds from customer's account and electronically credit the same to Railway's account during business hours or at the start of the next business day if such a transaction takes place after close of business hours.
- 6.4 Normally, a request from FOIS to the Bank for electronic payment will be responded within 150 seconds. In cases where this time limit is exceeded, procedure outlined in the Section dealing with Para 8 Procedures in case of Exigencies' will be invoked.
- 6.5 The command requesting collection of freight against a particular transaction will include its complete details viz. invoice number, date of loading (i.e. date of generation of invoice number by the system), station from, station to, commodity, names of consignor and consignee, freight charges due, name and code of the bank. LC/BG number with validity period and system's date and time of triggering this task to the interface device between TMS and the bank.
- 6.6 After successful collection of the requisite amount, the bank will communicate its confirmation in an encrypted form including all the booking details viz. invoice number, date of loading (i.e. date of generation of invoice number of TMS), station from, station to, commodity, names of consignor and consignee, freight charges credited and to be credited to the designated account of the PFA of the originating loading station, name and code of the bank and system's date and time of effecting this transaction to the CRIS Interface, which in turn will communicate these details to the loading point through TMS.
- 6.7 At the loading point (TMS device location), the system will display a message confirming successful completion of transaction to the terminal operator.

- 6.8 Transaction ID given by the Bank, FOIS transaction time, Customer Code, LC/BG number, validity period of LC/BG, Customer Bank branch and Branch code, Railway's Bank Account Number, Bank's name and Branch Code shall be printed on RR generated through E-Payment.
- 6.9 If a positive confirmation of collection of freight charges from bank is received in response to a transaction for collection of freight charges. TMS will permit issue of a Paid ERR". In situations when no confirmation of transfer of fund is received from the bank due to technical/network failure etc. and/or when bank sends a message of insufficient fund, then also Paid ERR will be issued. however, this will be restricted upto the total amount of the LC/BG. The full amount of the RR shall be collected either through e-payment or conventional method. In no case the amount of RR should be split between two modes of payment. In case e-payment is not facilitated for whatever reasons, then rules regarding conventional mode of payment shall be followed. (Extant guidelines regarding issue of RR under conventional mode of payment is given vide Rates Circular No.2 of 2017 and as amended from time to time)

The customer and Bank shall monitor the case of Paid ERRs issued against LC/BG" and ensure immediate crediting of the amount against such Paid ERRs in Railway's bank account, failing which Commercial and associate Finance Departments of concerned Zonal Railway may initiate suitable action for its realization by encashing the LC/BG bond.

Zonal Railway shall monitor all cases of 'Paid ERRs against LC/BG in case of insufficient fund message from bank' at the apex level for expeditious recovery of dues and its timely updation in the system. If need arise suitable action may also be initiated for realization of dues by encashing LC/BG bond as per extant guidelines.

- 6.9.1 In cases of wrong messages being exchanged by the nodal bank server, with the CRIS server, the customer can hold the nodal bank responsible in its position as a signatory to the Tripartite Agreement. CRIS has advised following accepted codes to all banks-

Response code	Remarks/description	Server	RR status
00	Successful	Bank	Paid ERR
03	Insufficient fund	Bank	Paid ERR upto rupee amount of LC/BG
-1	Bank system error	Bank	Paid ERR upto rupee amount of LC/BG
-2	Bank network error	Bank	Paid ERR upto rupee amount of LC/BG
1	FOIS system error (contact OCC*)	FOIS	Paid ERR upto rupee amount of LC/BG
2	FOIS network error	FOIS	Paid ERR upto

	(contact OCC)		rupee amount of LC/BG
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*OCC- Operations Control Centre of FOIS(CRIS)

Any other message(remarks/description) other than the listed above will be treated as 'insufficient funds' message with response code '03' and will lead to generation of 'Paid ERR upto rupee amount of LC/BG'. Zonal Railways are requested to inform in writing to all the concerned banks and customers of the same.

- 6.10 If no message is received from the Bank within 150 seconds for any reason whatever, then system will issue a Paid E-RR subject to conditions laid down in Para 8 Procedure in case of exigencies'.
- 6.11 The Bank shall generate a daily list of transactions incorporating all details given in Para 6.5 above which shall be sent to Focal Point Branch (FPB) of the Banker of the originating Railway and Remittance into bank section of HQ books section shall reconcile the transactions based on daily listing received through FPB and treasury remittance note (one earmarked copy of RR) received from Cash Office.
- 6.12 At the close of each day at 24.00 hrs, based on transaction messages received from TMS and the Bank, the Interface will generate a transaction-wise reconciliation report for the information of FA&CAO/TA and CCM/FS of both originating and terminating Railways. FA&CAO/TA and CCM/FS of the respective Zonal Railways will also get a daily statement from TMS in respect of station-wise successful transactions made on each day up to 24.00 hours on the previous day for re-conciliation with the Bank's statement. Copy of these statements will also be given to the e-payment customer, viz. consignor/consignee/authorized handling agent of the customer as the case may be, for re-conciliation at their end. However, reconciliation procedure for remittance into bank transaction in the Book Section shall be as per FPB scheme as per Para 6.11 above.
- 6.13 Electronic payment system will be a 24x7 facility under which transactions will be made round the clock and on all the days of the year. Freight received till the close of the business hours of the Bank branch (to be specified in the Tri-Partite Agreement) under this arrangement shall be accounted for on the same working day for the purpose of financial settlement between the Bank and Railways. However, payments received electronically after the close of business hours of the Bank branch would be credited to the designated account of PFA of the originating Railway in the next working day's receipts.
- 6.14 After entering into the agreement for E-payment of freight, Railway will be entitled to claim and recover from the Bank issuing LC/BG funds equal to the amount of the LC/BG at any time towards freight charges recoverable. Modalities regarding filing such claims by the Railways and payment towards them by the bank, period of validity of LC/BG as well as other details in this regard should be incorporated in the Tripartite Agreement.

- 6.15 The bank will function in accordance with the FPB scheme for reporting, reconciliation and settlement of such transactions, which will also be incorporated in the Tripartite Agreement.
- 6.16 In case of opening of pooling account, guidelines issued vide Board's letter No. 2007/AC-11/45/12 dated 16.01.08 & 21.01.08 (and amendments issued from time to time) may be followed.
- 6.17 Zonal Railways will furnish the data as prescribed in Annexure-C to CRIS/FOIS along with the copy of Tripartite Agreement to commission E-payment.
- 6.18 A copy of payment advice will be generated from the system which shall be dispatched by the station to cash office along with cash remittance note and will be treated as challan.

7.0 Procedure in Accounts

- 7.1 Cash office shall treat the payment advice, issued in terms of Para 6.18 as TR note for the purpose of accounting and reporting.
- 7.2 In Traffic Accounts office, the present practice of checking the credits taken by stations in their balance sheet for bank remittances with reference to cash check sheet prepared by cash offices shall continue. Likewise, the practice of reconciliation of remittances into bank being done with the daily scrolls and date wise monthly statements received from FPB and that of latter with the clearance memo received from RBI, CAS Nagpur shall continue. There shall be a Bank system generated daily statement stating details of the total freight accrued, total freight credited on that day and amount to be credited on the next working day. These daily statements should be available on TMS for information of station/s concerned and reconciliation by Traffic Accounts office.
- 7.3 The amount of freight so collected by the Bank shall be settled with RBI. CAS Nagpur in line with the applicable procedure/guidelines as may be prescribed by RBI from time to time.

8.0 Procedure in case of exigencies

- 8.1 Paid E-RR can be issued in case there is a failure of communication between the FOIS, CRIS and Bank server either before any transaction details can be sent to the bank or after a transaction message is sent for payment and consequently no confirmation for transfer of fund or otherwise is received at the TMS location.
- 8.2 *deleted*
- 8.3 TMS will maintain a Payment Pending List. Payment Pending List shall indicate all the transactions related to the freight amount due to Railway on account of 'Paid ERRs issued without a positive confirmation from the Bank' and 'Paid ERRs issued on account of insufficient fund message from the Bank'. TMS should also maintain separate RR- wise

details for the following types of transactions which should be annexed to the Station Balance Sheet:

- (i) Paid ERRs after confirmation of payment from bank".
 - (ii) Paid ERRs without positive confirmation of payment from bank upto rupee limit of LC/BG
 - (iii) Paid ERRs on account of insufficient fund message from bank upto rupee limit of LC/BG
 - (iv) Paid ERRs issued under conventional mode of payment
- 8.4 TMS will ensure that the cumulative online Rupee amount indicated in the Payment Pending List must never be allowed to exceed the amount of LC/BG.
- 8.5 A facility would be provided to send a system generated alert message whenever possible to the concerned authorities (specified in the Tripartite Agreement) both by Bank and FOIS systems. The goods clerk/System will send request for E-payment to Bank every hour till fund collection advice (successful transaction message) is received from the Bank. The corresponding transaction, thereafter, will be taken off the Payment Pending List duly adjusting the corresponding on-line balance Rupee amount of LC.
- 8.6 In case there is a failure at the system end either for Bank or for FOIS servers, likely rectification time, whenever practical, should be indicated either through email or telephone to the concerned authorities listed in the Tripartite Agreement.
- 8.7 In case a consignment is booked under e-payment scheme, diversion or dump depot booking of such consignments shall not be made till the relevant software is ready. Till that time, such transactions will have to be accounted for manually.
- 8.8 If the TMS device of the loading point fails to function at any stage, the Sr. DCM of the division, over which the loading station lies, will ensure that the requisite data are fed in the system through the proxy reporting from the adjoining location or divisional control office and that the RR is generated in TMS system and freight collected through e-banking well in time. However. RR will be printed at the goods originating point only on restoration of normal operation. Such transactions will be accounted for in originating station's balance sheet.
- 8.9 In cases a failure is anticipated to last for more than five days, PCCM of the concerned Railway will be apprised and he will decide whether to declare this failure as a Prolonged Failure. If a failure is declared as a Prolonged Failure by the PCCM, E-payment facility will be discontinued and payment shall be arranged by the Customer as per conventional system. In all such cases, E-payment system will be reintroduced through a notification by the concerned PCCM based on a written certification by the Bank and CRIS/FOIS.

- 8.10 In case limit of rupee amount of LC/BG has been fully exhausted, then E-payment facility will be automatically discontinued and payment shall be arranged by the Customer as per conventional system. In all such cases, E-payment system will recommence after availability of necessary rupee amount for processing subsequent RRs.

9.0 Withdrawal/Termination

- 9.1 In case of frequent system failures leading to lack of communication between the TMS and the Bank, the electronic payment facility will be withdrawn in respect of such party by the Railway and manual system of payment shall be introduced. Railways will give a notice of 14 days from the date of issue to the party and the bank before terminating the Tripartite Agreement. Termination of Tripartite Agreement can also be done either by the consignor or the bank after giving a similar notice of 14 days.

10.0 Miscellaneous

- 10.1 Any other master policy circular issued for implementation of Terminal Management System (TMS) shall be read in conjunction with this circular.
- 10.2 deleted
- 10.3 A team of two officers representing the Commercial and the Accounts Department should be nominated by the Zonal Railways to CAO/FOIS/CRIS office for operationalization of E-payment with at least one customer.
- 10.4 Zonal Railways have evolved their own standard E-payment agreement duly keeping in view the extant guidelines and local needs as well as requirement of their customer(s) and bank(s). As regards, inclusion of arbitration clause in the agreement it has been advised that prevailing law on arbitration may be followed.
- 10.5 CRIS has developed and implemented E-Payment Agreement Configuration System (EPACS) for submitting e-payment agreement documents. Zonal Railways shall gradually shift towards electronic uploading of the e-payment agreement documents under EPACS module of FOIS CRIS.

11.0 Quadripartite Agreement

- 11.1 Zonal Railways may also permit authorized handling agent of a customer to make e-payment of freight on his behalf on the basis of the request from the customer. For this purpose, a Quadripartite Agreement will be entered into between the Railway, the Bank, the Customer and the authorized handling agent of the customer (hereinafter referred to as Agent) in order to authorize the Bank to collect funds(freight charges) from the Agent's bank account maintained with them and transfer the same to Railway's Account.
- 11.2 The customer shall also undertake to clear without fail all liabilities of its Agent, if his agent defaults in making such payment to Railways arising in terms of the agreement, as communicated by the Railways.

- 11.3 LC/BG will be furnished by the Agent.
- 11.4 On ERR, in place of customer's bank branch", "Agent bank branch will be printed, besides 'Agent code (along with customer code)' and other details as per Para 6.8.
- 11.5 In case of discontinuation of e-payment facility as per Paras 8.9 and 8.10, payment shall be arranged by the Agent as per conventional system.
- 11.6 Termination of agreement can be done either by the Railway or customer or the bank or the Agent as per Para 9.1.
- 11.7 All other provisions prescribed in the preceding paras including the methodology for calculating the amount of LC will continue to apply unchanged for Quadripartite Agreement.
- 11.8 There is no restriction for E-payment through single bank account by a customer. If an Agent desires to make e-payment through single bank account for his multiple customers, he may be allowed to do so if the bank agrees for the same. However, the Agent will have to execute distinct quadripartite E-payment agree for the same. However, the Agent will have to execute distinct quadripartite E-payment agreements and submit distinct LCs/BGs for each of his customers.

12.0 Permission to Private Bank and Foreign Bank

- 12.1 On request of rail customer, Zonal Railway may permit participation of Private Bank/Foreign Bank under e-payment system as per the guidelines given in Para 11.0 above.
- 12.2 Under this system, the Private Bank/Foreign Bank will open a distinct and dedicated current account with Nationalized/Public Sector Bank having approved accreditation with Railways (hereinafter referred to as Bank) in respect of the rail customer. Private Bank/Foreign Bank will act as an agent of the rail customer and will prefund the dedicated current account of its rail customer maintained with Nationalized/Public Sector Bank. LC/BG will be issued by the Bank on behalf of the rail customer.

13.0 E-payment system in case of RoadRailer

RoadRailer namely M/s Kirloskar Pneumatic Co. Ltd. (KPCL) may be allowed the E-payment facility as per Para 3.3.1 above for movement of their RoadRailer trains.

14.0 Single agreement E-payment System in case of AFTO

Single agreement E-payment facility with base terminal Railway may be permitted to Automobile Freight Train Operators (AFTOs) as per the modalities prescribed below. They will be permitted to make e-payment under single agreement for automobile loading in all types of stock (other than AFTO's rakes also).

1. The AFTO will sign one e-payment agreement with base terminal Railway known as nodal railway for all the terminals/locations over all Indian Railways. AFTO would be permitted to operate a single bank account for transfer of freight charges via e-payment system.
2. The originating earning will be credited to the originating Railway's bank account by AFTO's bank and electronic payment advice thereof will be generated at the booking terminal as per e-payment scheme.
3. AFTO would provide LC/BG in favour of nodal Railway. LC/BG amount will be determined on the basis of the total traffic generated by the AFTO over the entire IR system as per extant e-payment policy. ERRs will be issued accordingly.
4. The nodal Railway shall monitor the status of Railway Receipts/payments, and take action for recovery of due payments as per extant policy guidelines. Nodal Railway (Commercial and Finance departments) must issue a procedure order for the same.
5. Any administrative action against the customer shall be taken by nodal Railway. as per the advice from concerned affected Zonal Railway. All other guidelines stipulated in this circular shall continue to apply unchanged.

15.0: Payment of Ancillary Charges through e-Payment System:

Zonal Railways may permit customers to make payment of ancillary charges (e.g. Siding Charge, Shunting Charge, Demurrage, Wharfage, Re-booking Charge, Diversion Fee, freight under charges etc.) through E-Payment System. In case existing e-Payment customer wishes to avail this facility, they may be allowed to do so by entering into supplementary agreement with concerned Zonal Railway. Zonal Railway will intimate to CAO/FOIS office for incorporating the same in database of FOIS/TMS. In FOIS/TMS, provision will be made to raise and realize ancillary charges through e-Payment System for customers who have entered into agreement for payment of ancillary charges through E-Payment System. Provision will also be made in FOIS/TMS for accountal of ancillary charges after realization of ancillary charges in respective head in balance sheet. The realization of Demurrage and Wharfage shall be done from E-Payment account and transfer to Railway's account through e-payment system or MERS. In case of refund of Demurrage/Wharfage, the system shall process the same through FOIS/TMS, and generate payorder and send it to IPAS through the competent authority. IPAS shall pass it to concerned traffic Accounts unit for arranging refund to customer's bank account after necessary checks."

(Addendum dt.02.03.2021)