

भारत सरकार (GOVERNMENT OF INDIA)
रेल मंत्रालय (MINISTRY OF RAILWAYS)
रेलवे बोर्ड (RAILWAY BOARD)

No.TCR/1618/2016/STS/02

New Delhi, dated 15.11.2017

Chief Commercial Managers
All Zonal Railways

Sub: Clarification on benchmark fixation for "New Traffic" for STS.

Ref: Board's letter No.TCR/1618/2016/02 dated 29.09.2016 (Rates Circular No.26 of 2016)

Some Zonal Railways have sought clarification regarding fixing of benchmark for granting STS rates to new traffic. In this connection, attention is drawn to the following clauses of the policy.

1. Para 1.0 of the STS guidelines state that *"in special cases Zonal Railways may frame their own guidelines to attract traffic."*
2. The definition of **New Traffic** given in para 2.4 of the said policy guidelines is as under:
 - (i) Traffic offered to rail by a new rail user subject to crossing the benchmark NTKM for that commodity and that particular station/cluster; or
 - (ii) New commodity offered by an existing/new rail user; or
 - (iii) Commodity offered for a new O-D pair of stations/clusters by an existing rail user (subject to total NTKM of that commodity from that particular station/cluster crossing the benchmark NTKMs for that particular commodity)
3. Para 2.1 of RC 26/2016 stipulates that *"concession in freight rates under STS shall be applicable to a specific stream of traffic of a particular commodity for movement between a specific pair of originating and destination stations/points. However, Zonal Railway shall ensure that the grant of concession under STS between any O-D pair should result in the overall increase in the NTKM of that station/cluster for that commodity rather than diversion of existing traffic from the adjoining areas."*
4. In the illustration given in para 2.5, it is already clarified that *"In other words, concession to a particular individual/commodity/stream of traffic would be granted when not only the individual benchmark NTKM for that particular individual has been crossed, but also the overall benchmark for that stream of traffic or commodity has been crossed from that particular station."*

5. From the above clauses the following is evident :

- (a) The STS policy is commodity as well as O-D point specific. From the definition of new traffic in para 2.4 and illustration in para 2.5, it can be inferred that if a customer offers a new commodity for a station/cluster, i.e. if there was no loading of this commodity from that particular station/cluster for last 24 months, then the benchmark NTKM for this commodity from said station/cluster becomes "Zero". Thereby implying that such new traffic may start to get the benefit of STS rate from the first rake itself.
- (b) In an alternative scenario, if there is a new rail user, i.e. if he has not loaded that commodity from the said station/cluster during last 24 months, then his benchmark NTKM becomes zero, however, he may avail STS rate subsequent to crossing the particular station/cluster benchmark for that particular commodity.
- (c) The Zone must ensure Para 2.5 of the policy, which states that "*it should be ensured that the NTKM/Freight earning for a commodity from a station/siding/terminal/customer after grant of concession under STS should normally increase*", and also para 2.7, including the portion stating that "*the spirit behind the policy is that traffic of one station should not divert to another station in order to get the benefit under the STS*".

This issues in consultation with Finance Directorate of Ministry of Railways.

Shilpi Bishnoi
15.11.17

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