

PRESENTATION
On new investment
schemes on ir
ON 12.09.2011
AT Lucknow

By –

DFM/RB

**NEW
INVESTMENT
POLICIES**

Investment Schemes

- **Private Freight Terminal (PFT)**
- **Special Freight Train Operator (SFTO) Scheme**
- **Automobile Freight Train Operator (AFTO) Scheme**
- **Development of Automobile & Ancillary Hub**
- **WAGON LEASING SCHEME (WLS)**
- **Liberalized Wagon Investment Scheme (LWIS)**
- **KISAN VISION PROJECT**

Private Freight Terminal (PFT)

Objective

- Enable rapid development of net work for freight terminals with Private Investment.
- To integrate rail transport with supply chain to provide efficient and cost effective logistics to end users.
- A new business opportunity to the investor who gets rail access to handle third party cargo.

Private Freight Terminal (PFT)

Salient features

- Terminals (green field or brown field) to come up only on private land.
- Development of appropriate rail infrastructure and other services.
- Can handle all traffic except outward coal, coke and iron ore.
- Application fee of Rs. 1 crore and security deposit of Rs. 1 crore to ensure timely commissioning of PFT.
- Can provide value added logistics related services and charge for the same.
- In Principle Approval by Railway within 100 days.

Private Freight Terminal (PFT)

- Period of agreement for 20 years extendable by one period of 10 years. Further extension permitted on the basis of extant policy at the time of such extension.
- Revenue sharing equivalent to 50% of terminal charge or Rs. 10 per ton whichever is higher.
- Increase in terminal charge from 6th year onwards will be by indexing it to 90% in the WPI increase.
- Gestation period for commissioning –
 - Brown Field -1 year
 - Green Field – 3 years.

PFT - Response from Industry

- The following proposals have been finalized/ approved by the zonal railways :-

S.N.	Location	Railway	To be developed by
1.	Bamanhari	NR	CWC
2.	Nabha	NR	CWC
3.	Wardha	CR	Lloyd Steel
4.	Rudrapur	NER	Palogix Infrastructure Pvt. Ltd

PFT - Response from Industry

The following proposal are pending - awaiting clearance:-

Sr.No.	Location	Rly.	Name of firm	Green filed/ Brown field
1.	Dct/ Nagulapally	SCR	CONCOR	Brown field
2.	Balsore	SER	CONCOR	Brown field
3.	Khodiyar	WR	CONCOR	Brown field
4.	KRIBHCO siding Hazira	WR	KRIBHCO	Brown field
5.	Giridih	ER	Palogix Infrastructure Pvt. Ltd.	Green field
6.	MuradNagar	NR	Palogix Infrastructure Pvt. Ltd.	Green field
7.	Durgapur	ER	Palogix Infrastructure Pvt. Ltd.	Green field
8.	Somathane	CR	(Mumbai Division)	
9.	Kalamboli	CR	Tata Iron & Steel	
10	Rudrapur	NER		
11.	Timapore Siding	SCR	(Hyderabad Division)	
12.	Balsad	WR	Atul Ltd (BCT Division)	
13	Dct/ Nagulapally	SCR	CONCOR	Brown field

Special Freight Train Operator Scheme (SFTO)

In order to increase Rail share in the commodities like fertilizers, molasses, edible oil, caustic soda, chemicals, petrochemicals, alumina, bulk cement/fertilizer and fly ash etc., where rail coefficient is traditionally very low, a new scheme namely Special Freight Train Operator Scheme (SFTO) has been launched, to attract private investment in special purpose wagons required for transportation of these commodities.

Special Freight Train Operator Scheme (SFTO)

Response from Industry

A proposal received from M/s. Fourcee for procurement of 3 rakes (tank wagons) for movement of Caustic Soda from Gangavaram/Visakhapatnam to Jharsuguda has been finalized under the scheme.

Another proposal received for Alumina is under consideration.

Automobile Freight Train Operator (AFTO) Scheme

Objective

With a view to increase IR's market share in transportation of automobile i.e. two/ three-wheelers, cars and tractors etc. by inviting private participation for procurement and operation of special purpose wagons, a new scheme namely Automobile Freight Train Operator Scheme AFTO has been launched. The policy has been issued on 19.07.2010.

Automobile Freight Train Operator (AFTO) Scheme

Salient features

- Period of concession for 20 years, extendable till expiry of codal life of wagon.
- Train operator will be free to charge tariff from end user.
- Maintenance of wagons by railways at its own cost except special components, cost of which will be defrayed by investor.
- Rebate of 12% (15% for AFTO) on base freight for 20 years or recovery of cost whichever is earlier.
- Additional freight rebate of 2% for each increase of 10% in throughput subject to a maximum of 10%.
- One time upfront registration fee and minimum investment for 2 rakes

Automobile Freight Train Operator (AFTO) Scheme

Response from Industry

For investment under AFTO scheme, prospective investors like M/s Maruti Suzuki and Hind Terminals have shown interest.

Development of Automobile & Ancillary hub

Objective

- To increase IR's modal share in automobiles traffic by facilitating end-to-end bulk movement by rail to potential hubs, providing facilities for storage and other ancillary activities ensuring secondary distribution by road to the nearby hinter land.
- To compliment the policy on Automobile Freight Train Operator Scheme.

Development of Automobile & Ancillary hub

SALIENT FEATURES

- To be developed on railway land on commercial licensing basis, initially for a period of 7 years extendable every year.
- Land license fee will be recovered in advance every year as per policy of commercial land licencing of L&A Dte, which will be increased every year.
- A common user facility and handling traffic of all OEMs.
- Cost of investment of all facilities and maintenance to be borne by the investor.
- Will be free to charge for all the services rendered subject to a ceiling fixed by railways.

Development of Automobile & Ancillary hub

Response from Industry

- First such hub already operationalized at Shalimar as a pilot project.
- The following proposals are under examination:-

Sr. No.	Name of firm	Location
1.	SIAM/CONCOR/TCI	Walajabad in SR
2.	TCI	Guwahati
3.	TCI	Hosur
4.	TCI	Chennai

Wagon Leasing Scheme

General Conditions

- New Scheme being launched to introduce the concept of leasing of railway wagons on IR just as Aero planes, Ships, Road trucks etc. are taken on lease.
- Rakes will be procured from wagon manufacturers or through import subject to compliance of IRS specifications and mandatory inspections by IR.
- Bilateral contract between WLC and lessee.
- Full rights to WLC for substitution of lessee.
- Freight concession under LWIS will be given to Lessees.

Wagon Leasing Scheme

Wagons Leasing Company

- An entity registered in India under the Companies Act, 1956.
- At least 5 years experience of assets leasing business.
- Net worth of Rs 100/- crore.
- Non-refundable registration fee of Rs. 5 crore.
- Registration valid for 20 years, extendable by 10 years based on satisfactory performance.

Wagon Leasing Scheme

WAGON TO BE LEASED

- High Capacity Wagons (HCW,) Special Purpose Wagons (SPW) and wagons for container movement permitted for leasing.
- HCW and SPW to end users
- Container Flats to operators (covered under the concession to run container trains on IR)

Wagon Leasing Scheme

Response from Industry

- There has been a positive response from the Industry and M/s. GATX has applied for registration.
- M/s. TOUAX and Seahorse Buss have also shown interest.

Terminal Development Scheme

- To address capacity constraints in the wake of unprecedented growth of freight traffic, a new scheme namely Terminal Development Scheme (TDS) was issued on 15.04.2008 for development of new railway terminals through investment from private sector.
- End users, PSUs or their authorized agencies are permitted to develop terminals under TDS.
- Two types of terminals i.e. Terminal for bulk commodities (cement, fly ash and fertilizer) and Terminals for finished product (iron and steel, bagged cement and bagged fertilizer) are allowed under the scheme.

Terminal Development Scheme

Response from industry

- Approval has been given for the proposal of M/s. ACC for development of private terminal under Terminal Development Scheme (TDS) for fly-ash loading at Raichur Terminal Power Station (RTPS) served by Yedalapur station.
- Another proposal has been received from M/s. UltraTech Cement Limited for setting up a bulk terminal at Uruli near Pune under Terminal Development Scheme.

**WAGON
INVESTMENT
SCHEME
(WIS)**

Wagon Investment Scheme (WIS)

The scheme of Wagon Investment Scheme (WIS) was introduced to cater to increasing demand for wagons through investment by individual by corporate entities as producers association or groups like sail for procurement of general service wagons.

Wagon Investment Scheme (WIS)

- Applicable for only general service wagons BOXN, BCN, BTPN, BOST, BRNA, BOBRN.
- Cost of wagon is repaid through freight concession over a fixed period.
- Wagon fleet merges with IR fleet.
- Wagon fleet becomes IR fleet after the period of rebate.

Wagon Investment Scheme (WIS)

- This scheme has so far received good response.
- So far, orders for procurement of 141 rakes have been received from private parties under the scheme.

**LIBERALIZED WAGON
INVESTMENT SCHEME
(LWIS)**

LWIS

- LWIS allows investment by End users (Vis. Producer, manufactures, and consumers of goods) in S Special purpose wagons (SPW) and High capacity wagons (HCW).
- Each rake procured by investor will have an associated loading and unloading point(s) over specific route(s) or close circuits as approved by IR.

LIBERALIZED WAGON INVESTMENT SCHEME (LWIS)

Objective

- Aimed to attract private investment in High capacity wagons (HCW)
Special purpose wagons (SPW)
- Increase rail co-efficient where our market share is low
- Induct higher capacity wagons to increase throughput per train

LWIS - Salient features

- Opened to end users and wagon leasing companies
- 15% rebate for a period of 20 years for SPW
- 12% rebate for a period of 20 years for HCW
- Transportation will be done on approved closed circuit between private siding or private terminal
- Wagon maintenance will be done by IR on payment

Response under LWIS

Approvals for procurement of 30 rakes to various parties has been given under the scheme.

KISAN VISION PROJECT

Objective

To encourage creation of facilities of setting up of cold storage and temperature controlled perishable cargo centres through Public Private Partnership (PPP) mode to facilitate their transportation to consumer centers, maintaining quality and freshness of the perishable produce.

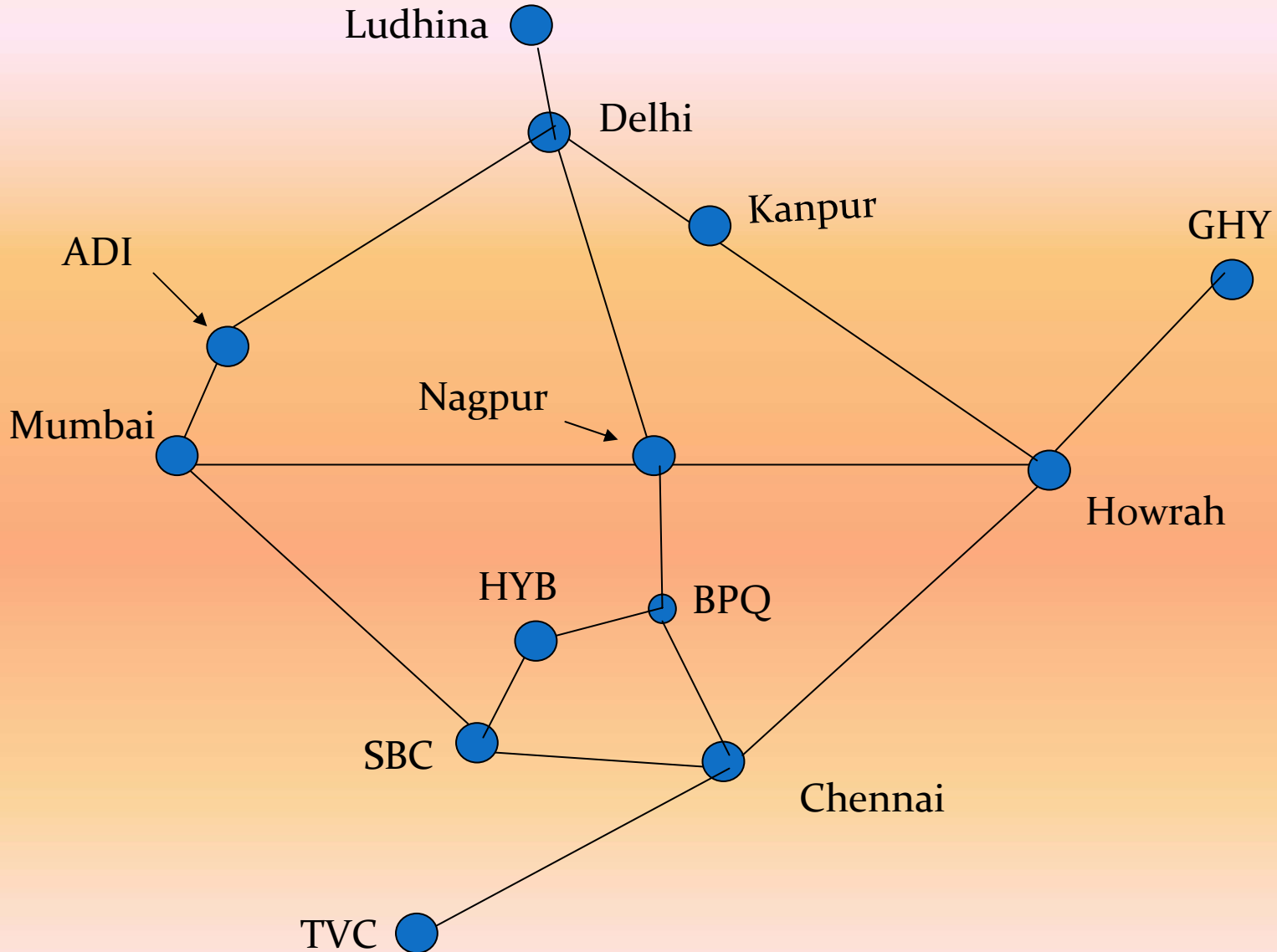
KISAN VISION PROJECT

- Six potential locations namely Dankuni, Mechheda, Nasik, New Jalpaiguri, Naya Azadpur and Singur have been identified as a pilot project to be executed by logistics based PSUs like CONCOR, CWC, CRWC.
- Ten Refrigerated Parcel Vans (VPRs)–deployed for carrying Fruits/Agricultural products on SWR & NR. 20 more under production.

Parcel business on

Indian Railways

MAJOR PARCEL ROUTES



MODE OF TRANSPORTATION OF PARCEL TRAFFIC

- Assistant Guard's Cabin (AGC)
- Break Vans (SLRs)
- Parcel Vans (VPs/VPUs/VPHs)
- Special Parcel Trains/Parcel Exp trains
- BCN rakes for perishables traffic

TYPE OF SERVICE FOR PARCEL

- **Non-leased** piecemeal Parcel traffic (booked through Railway)
- **Leased** Parcel Service (through Private operators)
- **Non-leased** parcel traffic in bulk (by consignors)

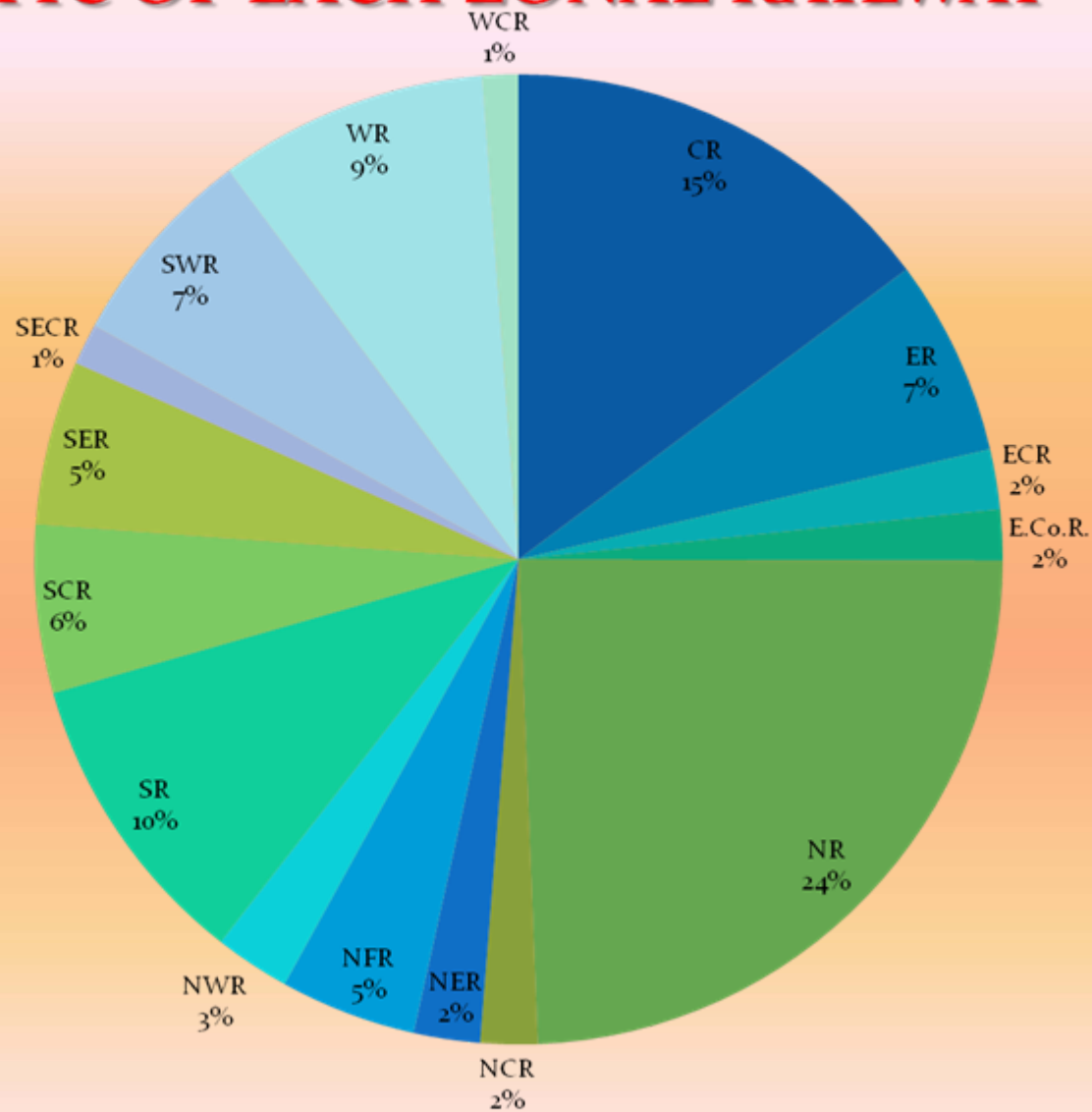
GROWTH IN TONNAGE

Year	Tonnage (Mill.)	%age increase
2000-01	3.00	-
2001-02	3.42	14.00
2002-03	3.53	3.22
2003-04	3.91	10.76
2004-05	4.19	7.16
2005-06	4.63	10.50
2006-07	4.94	6.70
2007-08	5.54	12.15
2008-09	5.74	3.61
2009-10	6.18	7.67
2010-11	6.35	2.75

GROWTH IN EARNING

Year	Earnings (Rs. Crores)	%age increase
2000-01	386.66	-
2001-02	436.73	12.95
2002-03	458.73	5.04
2003-04	476.56	3.89
2004-05	532.34	11.70
2005-06	637.38	19.73
2006-07	900.12	41.22
2007-08	1008.14	12.00
2008-09	1079.56	7.08
2009-10	1259.43	16.66
2010-11	1377.38	9.37

SHARE OF EARNINGS OF PARCEL TRAFFIC OF EACH ZONAL RAILWAY



Earning Target - 2011-12

Railway	(Rs. In crores)
Central Railway	235.00
Eastern Railway	104.00
East Central Rly	31.80
East Coast Railway	26.90
Northern Railway	386.10
North Central Railway	30.20
North Eastern Railway	35.00
Northeast Frontier Rly.	72.00
North Western Railway	40.00
Southern Railway	159.00
South Central Rly.	89.00
South Eastern Railway	87.00
South East Central Rly	21.80
South Western Railway	108.00
Western Railway	143.00
West Central Rly.	19.20
TOTAL	1588.00

SERVICE AVAILABLE FOR LEASING

The service is available in following

- Asstt. Guard's Cabin (AGC)
- Brakevans (SLRs)
- Parcel Vans (VPs)
- Refrigerated Vans (VPRs)
- Parcel Cargo Express trains

MINIMUM PARCEL AVAILABLE FOR LEASING **FOR DIFFERENT TYPE OF SERVICES**

Type of service	Parcel space available	
Asstt. Guard's Cabin (AGCs)	1 Tonne	One way
Brake Van (SLR)	4 tonnes and its multiples	One way
Parcel Vans (VPHs)	Entire permissible CC of VP and its multiples	Round trip
Parcel Cargo Express trains	20 VPs i.e. Appro. 468 tonnes	Round trip

PARCEL LEASING SCHEME

- **Main features of the scheme**

- Value-added assured service
- Guaranteed supply of space
- Fixed transit time
- Competitive pricing
- Long term contracts
- No Budgetary increase

PERFORMANCE OF VARIOUS LEASING SCHEMES

	Trains originating	Leasable* parcel space (in units)	Actual Leased out *
Asstt. Guard.'s Cabin (AGCs)	2252	2119	466
Compt. of Brake Vans (SLRs)	2252	6255	1447
Parcel Vans (VPs)	—	—	249

* (Position as on March 2011)

Share of leased traffic from total Parcel Traffic

	2008 - 09		2009 - 10		2010 - 11	
	Tonnes (in 000)	Earnings (Rs. In crore)	Tonnes (in 000)	Earnings (Rs. In crore)	Tonnes (in 000)	Earnings (Rs. In crore)
(1). Leased traffic	2519.74	536.01	2757.19	664.02	2679.96	757.42
(2). Non-leased traffic	2842.10	475.48	3031.19	521.87	3171.05	541.62
(3). Total Parcel Traffic	5361.84	1011.49	5788.38	1185.89	5851.01	1299.04
(4). Share of Leased traffic	47%	53%	48%	56%	46%	58%

LEASING OF PARCEL CARGO EXPRESS TRAINS – **ADVANTAGES**

- Long term earning contract
- Committed traffic
- Assured earnings
- No claims liability
- No expenditure on marketing, loading, unloading, storage, warehousing,

contd/...

LEASING OF PARCEL CARGO EXPRESS TRAINS – **ADVANTAGES**

- Documentation cost
- Staff cost
- Assured earnings
irrespective of actual
utilisation
- Reduction in paper work

contd/...

LEASING OF PARCEL CARGO EXPRESS TRAINS – ADVANTAGES

- No chance of over-carriage
- No chance of mis-dispatch
- Minimize chances of theft/ pilferage
- End-to-end movement and thereby reduce congestion at platform of intermediate stations. Reduction in paper work
- Customer's satisfaction
- **Decongestion of passengers' platform, which is an important issue**

PARCEL CARGO EXPRESS TRAINS RUNNING ON LEASE

- Haldi Road – SGWF – Haldi Road
- Aurangabad – SGTY – Aurangabad
- Aurangabad – MNM – Aurangabad
- Erode – VAPI – Erode
- PTNR – RPM – PTNR
- SGWF – NGC – SGWF
- PTNR – CHZ – PTNR
- Jalgaon – Shalimar – Jalgaon
- Jalgaon – NGC (One way)
- KYN – NGC (One way)

LOADING OF AUTOMOBILES TRAFFIC

	2009-10		2010-11		% age increase in earnings
	No. of rakes	Earnings (Rs. In crore)	No. of rakes	Earnings (Rs. In crore)	
1. Loading of automobiles traffic in auto wagons					
NMG	166	20.81	260	31.28	50%
BCCN-R	37	5.58	34	5.08	-9%
BCACM	60	10.49	64	13.19	26%
VPU's	198	17.84	216	22.59	27%
Total	461	54.72	574	72.14	32%
2. Loading of automobiles traffic in other goods wagons					
BCN	129	26.72	153	30.09	13%
BRN	19	3.72	84	15.08	305%
Total	148	30.44	237	45.17	48%
3. Total traffic	609	85.16	811	117.31	38%

PARCEL CARGO EXPRESS TRAINS

RUNNING TIME

Sr. No.	Originating point	Destination Station	Distance (Kms.)	Actual transit time	
				Days	Hours
1.	HLDD	SGWF	2431	9	02
2.	SGWF	HLDD	2431	10	16
3.	PTNR	RPM	2191	3	06
4.	RPM	PTNR	2191	3	00
5.	VAPI	ED	1500	5	03
6.	ED	VAPI	1500	4	08
7.	SGWF	NGC	2876	5	06
8.	JL	NGC	2173	6	04
9.	JL	SHM	1544	2	20
10.	SHM	JL	1544	2	18

PARCEL CARGO EXPRESS TRAINS

RUNNING TIME

Sr. No.	Originating point	Destination	Distance (Kms.)	Actual transit time	
				Days	Hours
11.	PTNR	CHZ	1663	2	19
12.	CHZ	PTNR	1663	2	10
13.	AWB	MNM	1648	5	05
14.	MNM	AWB	1648	6	06
15.	KYN	NGC	2540	8	23
16.	AWB	SGTY	1780	3	18
17.	SGTY	AWB	1780	3	15

STRATEGIC PLAN TO STEAMLINE PARCEL BUSINESS

- Focus to increase earnings through leasing routes.
- Running of Tatkal Parcel Service for non-lease traffic
- Move away from Passenger Trains/ platforms
- Development of separate terminals exclusively for parcel handling

Development of Parcel Terminals

- In view of the tremendous growth in passengers traffic, number of trains are being increased day-by-day.
- Instructions were issued to the zonal railways to develop at least 2 terminals by each railway for the exclusive use of parcel traffic.
- The final goal is to decongest passengers' platforms by shifting parcel handling activities to Parcel Terminals.

BPC FOR PARCEL EXPRESS TRAINS

For round trip journey of Parcel Express trains BPC is valid upto 4500 kms run in accordance with provisions of category 3(a) of Policy Circular - 4 for coaching maintenance (Revision Jan'2010)

MODIFICATION IN THE DESIGN OF PARCEL VANS

- Modification in the existing design of the Parcel Vans by converting it into 'Goods Stock' is under consideration in Board's office. Board (MT) has approved the proposal in principle.
- The advantage will be as under –
 - There would be room for attaching another passenger bogie in passenger carrying trains.
 - Congestion on passengers' platforms will be removed.
 - IR would be able to run block rakes for parcel traffic.
 - Round trip BPC would be given.
 - Requirement of pit line examination of VPs would be done away.
 - Over-loading in Parcel Vans attached in mail/ express trains is a safety hazard to passenger carrying trains.

PROPOSED POLICY

**“TATKAL PARCEL
SERVICE”**

'Tatkal Parcel Service' (Proposed policy)

Salient features

- Object is to capture high value and transit sensitive non-bulk traffic moving by road.
- Applicable for non-leased parcel in full load VPs.
- Run on identified circuits on scheduled time-table on fixed path for end-to-end movement in block rakes.
- Assured supply on the nominated day of loading.
- Nominated day's service with scheduled time-table on fixed path for each origin-destination point.
- End-to-End Service without loading/unloading at intermediate stations.

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'Tatkal Parcel Service' (Proposed policy)

Salient features

- No piecemeal non-leased demand's VP will be attached by any passenger carrying train on route(s), where 'Tatkal Parcel Service' is introduced.
- Rake size will be 20 VPs + 1 SLR for Tatkal Parcel trains .
- Registration fee shall be Rs 5,000/- per VP.
- Any number of VP can be registered by customers.
- Priority in supply of rake over other non-leased piecemeal Demand's VP.
- No detention of rake shall be allowed on account of loading/ unloading. Rake will be moved on its schedule departure time.

'Tatkal Parcel Service' (Proposed policy)

Charging of freight

- Freight shall be levied at Scale-P + 20%. Other charges leviabale for such booking like 'Development charge' will also be recovered as per extant rules.
- For round trip basis, there will be a concession of 10% on the prescribed freight (i.e. Scale-P+20%).

COMPARATIVE EARNINGS

Delhi – Chennai (Distance 2190 Kms.)

Earning per vehicle from parcel traffic –

	CC	Rate per tonne	Freight per VP 23 tonne CC (Rs.)
Leased Parcel Van (lumpsum leased freight)	23 tonne	(Bid's rate)	115201
Demand's VP (Non-leased) Earnings at Scale-R	23 tonne	4833	111159
Earning per VP under Parcel Express train (Non-leased) (Scale-P)	23 tonne	3222.5	74118
Earning under Tatkal Parcel Service (Non-leased) (Proposed rate - Scale-P + 20 Premium)	23 tonne	3867	88941

‘Tatkal Parcel Service’ (Proposed policy)

- Draft policy framed by Railway Board on ‘Tatkal Parcel Service’ has been forwarded to zonal railways for comments.
- Zonal railways are requested to go through the draft policy and offer their comments so that final decision can be taken.

POINTS FOR DISCUSSION

- Draft policy framed by Railway Board on 'Tatkal Parcel Service'
- Removing leased VP's from Mail/Exp Trains – End Date
- Development of Parcel Terminals
- Timely Finalization of Lease/Extension
- Intermediate Loading/Unloading
- Supervision/Weighment during Loading
- Issue of PWB versus Manifest by lease holder

Parcel Management System (PMS)

- Pilot project approved
- All the stations on HWH- NDLS route have to change over to PMS only
- Implementation plan:
 - 1) NDLS-BCT
 - 2) NDLS- CEN
 - 3) CEN-HWH
 - 4) HWH - CSTM

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Parcel Management System (PMS)

Railways have to gear up for:

- 1) Site readiness
- 2) Working Procedures
- 3) Procedures for Consumables – bar code labels, stationary for PWB's, for printing reports etc.

A vibrant sunset or sunrise over a body of water. The sky is filled with warm, glowing colors of orange, red, and yellow, with large, dramatic clouds catching the light. The sun is partially obscured by the clouds, creating a bright, shimmering effect. The water in the foreground reflects the intense colors of the sky. Overlaid on the center of the image is the text "THANK YOU" in a large, bold, blue font with a thick yellow outline. The text is slightly tilted upwards, giving it a sense of movement and energy.

THANK YOU