GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No.2008/M(N)/204/2/Vol.I  
Dated: 3/5/2011

Chief Mech. Engineers  
All Indian Railways

SUB: Policy for Distribution and accountal of maintenance charges for privately owned container wagons (BLC)

Ref: ED/(Account)/Railway Board’s letter No.2008/AC-II:45/  
dt. 9/3/11 (enclosed)

Following up on complaints from zonal railways about shortage of funds for maintenance of BLC wagons, Board vide letter referred above has issued orders to streamline collection, distribution and expenditure accountal of maintenance charges on privately owned BLC wagons.

Irrespective of ownership, the responsibility for maintenance of wagons plying on IR network rests with IR. Increasing participation of private players is expected with introduction of new policies like AFTO, SFTO, LWIS/MWIS etc., To nurture this business, zonal wagon maintenance infrastructure has to be strengthened to provide quick and quality maintenance of non-railway wagons. The system has to be geared up for carrying out ROH and POH in reasonable time by arranging necessary spares, particularly uncommon items well in advance. Maintenance charges recovered from private operators shall be used to defray such expenses both in workshops and open line.

As contained in Board’s above referred letter, zonal railways should open “Wagon Maintenance Deposit Account (WMDA)” at zonal level. The expenditure incurred at divisional depots and workshops should also be debited to this account. The maintenance charges collected from BLC operators centrally through CDA maintained by Sr. DFM/DLI/NR will be distributed on the basis of distribution ratio decided by EDME(Fr’)/RB and credited to zonal railway WMDA on monthly basis.

It has been decided to issue the distribution ratio at half yearly interval on the basis of actual maintenance schedules carried out by zonal railways in the previous 6 months. CRSE(Fr’s)/zonal railways shall advise operator-wise, depot-wise number of maintenance schedules done(in no. of wagons) in each month to the Board. The schedules to be reported shall be POH, ROH, CC examination and BPC re-validation at the other end which are
being allotted the following weightage on the basis of actual cost data collected from Northern Railway.

<table>
<thead>
<tr>
<th>Type of Maintenance</th>
<th>POH</th>
<th>ROH</th>
<th>CC</th>
<th>BPC Revalidation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. cost based weightage</td>
<td>1500</td>
<td>600</td>
<td>05</td>
<td>01</td>
</tr>
</tbody>
</table>

Average typewise schedules performed in a month in conjunction with the above weights will be used to arrive at distribution ratio for zonal railways. Zonal Railways shall also distribute the total expenditure debited to WMDA to different operators accounts on the basis of actual schedules done in conjunction with the respective schedule weights. An example is given in the Annexure to illustrate the above system of distribution of funds and expenditure.

CRSE/Fr.s of zonal railways, as the coordinators, shall prepare an annual deposit estimate which should account for maintenance expenditure expected to be incurred during the year on the basis of recent workload and projections. This should cover the expenses incurred for maintenance of private wagons in totality including material, labour, M&P, facility upgradation and management so that the railways revenue budget is not burdened. A Statement of operator-wise expenditure charged on the zonal railways should be submitted to Board on six monthly basis. Railways may take immediate action to advise month-wise schedules performed on privately owned BLC wagons including CONCOR during April 2010 to March 2011 to Board by 10/5/2011 to enable issue of zone wise distribution ratio for the period April- Sep.2011.

Immediate action may kindly be taken to put the above system in place.

Encl: as above

(RAVINDER GUPTA)
Executive Director Mech. Engg.(Fr.)
Railway Board

Copy:
1. EDF(Accounts)/Railway Board.
2. FA&CAO/Zonal Railways
3. Sr. DFM/DLI/NR

3/3/11
Annexure
(LETTER No.2008/M(N)/204/2/Vol.1 dt. 3/5/2011)

Illustration for calculation of distribution ratio for railway-wise distribution of private wagon maintenance charges and booking of operator wise maintenance expenses

A) **Distribution of Maintenances Charges**
   1. (Avg. schedules done within last six months)

<table>
<thead>
<tr>
<th>RLY</th>
<th>POH</th>
<th>ROH</th>
<th>CC Examination</th>
<th>Revalidation of BPC at other end</th>
</tr>
</thead>
<tbody>
<tr>
<td>X Rly</td>
<td>A</td>
<td>B</td>
<td>C</td>
<td>D</td>
</tr>
<tr>
<td>Y Rly</td>
<td>E</td>
<td>F</td>
<td>G</td>
<td>H</td>
</tr>
<tr>
<td>Schedule Weights</td>
<td>1500</td>
<td>600</td>
<td>05</td>
<td>01</td>
</tr>
</tbody>
</table>

2) **Total Distribution Weight Calculation**

For X Rly: 1500xA + 600xB + 5xD + 1xD = X
For Y Rly: 1500xE + 600xE + 5xF + 1xG = Y

3) **Distribution Ratio for allotting funds from CDA**

Total funds = F
For X Rly = X / (X+Y)  
for Y Rly = Y / (X+Y)

B) **Distribution of total maintenance expenditure incurred against WMDA at zonal level**:

1) For X Rly.

<table>
<thead>
<tr>
<th>Operator</th>
<th>POH</th>
<th>ROH</th>
<th>CC Examination</th>
<th>Revalidation at other end</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP1</td>
<td>a</td>
<td>b</td>
<td>c</td>
<td>d</td>
</tr>
<tr>
<td>OP2</td>
<td>e</td>
<td>f</td>
<td>g</td>
<td>h</td>
</tr>
<tr>
<td>Schedule Weights</td>
<td>1500</td>
<td>600</td>
<td>05</td>
<td>01</td>
</tr>
</tbody>
</table>

2) **Total Expenses distribution weights calculation**:

For OP1 = 1500xa + 600xb + 05xc + 01d = W1

OP2 = 1500xe + 600xf + 05xg + 01xh = W2

3) **Distribution Ratio for charging maintenance expenditure to operators for X Rly**

Total expense charged to WDMA = T
For OP1 = W1 x T/W1+W2  For OP2 = W2 x T/W1+W2

**NOTE:**

1) Schedule weights will; be revised by Board from time to time based on Actual cost data from NR, being the highest holding railway.
2) Fund distribution ratio will be advised by Railway Board
3) Extension distribution between operator to be done by Railway on annual basis
Government of India
Ministry of Railways
Railway Board

No. 2006/AC-II/45/13

March 09, 2011

FA&CAOs
All Zonal Railways

SUB: System of Account of Maintenance Charges of Container (BLC) Wagons

Ref: Railway Board’s letter no. 97/M(N)/204/2 Vol I Pt. dated November 10, 2006

Zonal Railways have been complaining about shortage of funds for maintenance of BLC wagons. As per the present system of transfer of funds, the funds are being transferred by Sr. DFM, Delhi, Northern Railway to the Zonal Railways as per the percentage decided by EDME/Freight/Railway Board. However, the funds so transferred are not credited correctly and as a result, the Mechanical Department is not able to utilize the same. The following procedure may please be followed with immediate effect to correct the situation:

1. Maintenance charges (4.76% of Haulage charges) as apportioned by RITES should be transferred by the Zonal Railways to the Centralised Deposit Account (CDA) being maintained by the Northern Railway, on a monthly basis, by the end of the following month.

2. The Credit TCs being sent by the Zonal Railways for transfer of funds to CDA should clearly mention at the top that the TC pertains to ‘Maintenance charges of Container Flats’. The allocation code of the Deposit Head may also be clearly mentioned in the TC.

3. Railways must invariably transfer maintenance charges (4.76% of haulage charges) to the CDA, irrespective of whether any BLC wagons are based in their Railway or not. Retention of these funds by any Zonal Railway is not permitted.

4. The money being credited by the CDA (Sr. DFM, Delhi/NR) to the Zonal Railways for the purpose of maintenance may be maintained in the Deposit Account, Operator-wise, at the Zonal level as Wagon Maintenance Deposit Account. Railways may further credit the same to the Deposit Work account of the operators in the Divisions/Workshops. Any expenditure on maintenance of BLC wagons may be booked against the “Deposit Work Estimate” sanctioned against the “Wagon Maintenance Deposit Account” (as instructed vide the above referred letter).

5. The procedure for account of expenditure, operator-wise, as laid down vide above referred Board’s letter should be followed properly so as to reflect the correct booking of expenditure. Further revision of the procedure is under consideration and would be intimated in due course of time.
It is essential that the above steps may be taken immediately by the Railways in order to streamline the system of receipt, expenditure and accountability of funds being received from the various operators for the maintenance of BLC wagons.

Copy to:-
EDME/Frt/ Railway Board

(Ravi Prabhat)
ED (Accounts)
The General Managers
All Indian Railways

Sub.: Maintenance of privately owned container flats.

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Kindly recall that prior to 1.4.06, 5% of the capital cost of the wagons was being deposited by operator (CONCOR so far) on an annual basis with NR, and the entire cost including the cost of maintenance organization, spares etc was being charged to work charged estimates, sanctioned for this activity.

2. However in terms of Board's letter No.2006/TT-III/73/2 dt4-21.3.2006, recovery of maintenance charges of wagons from operators for movement of container flats has been stopped w.e.f. 1.4.2006.

3. It has now been decided that w.e.f. 1.4.06 in lieu of separate recovery of maintenance charges, 4.76% of haulage charge (5 over 100 i.e. 4.76% of 105) recovered from operators (including CONCOR) of container flats, shall be set apart towards the cost of maintenance of stock. The amount inibid shall be apportioned from the haulage charge and deposited separately in the "Deposit Accounts" to facilitate the work of maintenance of operator's stocks in open line depots and workshops.

The following procedure shall be adopted for managing the work of maintenance of wagons owned by operators of container flats, including CONCOR:-

1. The work of maintenance of container flats in open line depots and work shop shall be managed as "Deposit Work" and the entire expenditure on maintenance of operator's stock including the cost of labour, spares, materials, overheads etc shall be booked against the "Deposit Work Estimate" sanctioned against the "Deposit Account" of the respective operator. Any maintenance organization already existing or to be created in future should be charged against these estimates.

All Zonal Railways shall apportion 4.76% of haulage charges realized for each operator of container flat and pass on this amount to Northern Railway for crediting it to centralized "Deposit Accounts" of each operator to be maintained for this purpose.

Since these instructions are applicable w.e.f. 1.4.06, the adjustment on account of apportionment of maintenance charges since 1.4.2006 till implementation of instructions contained in this letter, shall also be carried out by all railway immediately as per procedure detailed in para (ii) above.
iv. Northern Railway shall transfer the amount of the maintenance charges credited in the operator’s centralized “Deposit Account” every month to all concerned Railways to further transfer the same to the divisions/workshops (including divisions/workshops of Northern Railway), as per percentage advised by Mechanical Directorate/Railway Board for crediting the same in the respective Deposit Work Account of the operator.

v. In cases like induction of operations by a new operator, excessive growth of operator’s traffic/rolling stock population etc., sufficient amount may not be available in the “Deposit Account” of the operator to plan/start/maintain maintenance requirements of operator’s stock. Therefore, in such cases “Work Estimates” shall be prepared based on maintenance charges likely to accrue in next one year and these estimates shall be temporarily sanctioned and charged against Deposit Work Account of the operator pending transfer of maintenance charges in the “Deposit Account” from centralized Account referred to above.

vi. The maintenance charges apportioned from the haulage charges recovered from the operators and amount deposited to the centralized “Deposit Account” maintained by NR (party-wise) shall be reconciled by Northern Railway on a quarterly basis.

vii. A close watch should be kept on the expenditure incurred on the maintenance of operator’s stock to ensure that the same is within the deposited amount and respective party/parties. The excess over deposit, if any, should be brought to the notice of Railway Board for review of the apportioned percentage.

This issues with the concurrence of Finance Dte. of Railway Board.

Kindly acknowledge receipt and ensure compliance.

( A.K. Pruthi)
Executive Director Mechanical Engineering

New Delhi, 10.11.2008

No.97/M(N)/204/2 Vol.I Pt.

Copy for information and necessary action to:
1. Pr. Director of Audit, Northern Railway, Baroda House, New Delhi
2. FA&CAOs/CCMs/CMEs, All Indian Railways.

For Financial Commissioner/Railway Board

Copy for information and necessary action to:
M(E),TC, F(B), F(C), AC-I,AC-P, C-III,AC-IV, CR

(A.K. Pruthi)