Sub: Policy for Distribution and accountable of maintenance charges for privately owned container wagons (BLC)

2) Board’s letter No.2006/AC-II/45/13 dated March 09, 2011

For streamlining the collection, distribution and accountable of maintenance charges towards BLC & other container wagons owned by private entity (CTOs), detailed instructions were issued for creation of CDA/WMDA at Delhi Division on NR and Zonal Railways level respectively. It has been reported by various Zonal Railways that some of them are still facing shortage of funds in their WMDA as compared to the actual expenditure booked by them against their WMDA. The matter has been examined at Railway Board and it is accordingly advised that the charging of debits to WMDA towards maintenance cost incurred by railways should be done as per the guidelines given below:

(a) Preparing the detailed estimate under WMDA and actual charging the cost of POH may be done in accordance with provisions made under Para 712 read along with Para 623 of Indian Railway Rolling Stock Code. This cost would include the direct labour, direct material, prescribed on costs and other charges as prescribed in the above provisions.

(b) Cost and all materials including cost of wheel required for POH must always be accounted for as direct material only.

(c) For costing on ROH activities, Sick line repairs and Open line examinations etc., the cost estimated and actual expenses will be calculated based on provisions available in the Code for Engineering Department, applicable to deposit works, as given at Para 727 and 733 read along with Para 1137 of the same.

(d) The deposit estimates shall make a provision of D&G charges as per prescribed rates and 1% environmental charges over and above the cost estimated

(e) The maintenance charges received with haulage charges from the CTOs are already GST paid therefore no GST is required to be made part of the estimate for WMDA.

(f) The final charging of expenditure to WMDA must always be on actual basis and not at lumpsum rates.

It is accordingly, advised that all Zonal Railways must ensure that the above guidelines are followed in all current and future WMDA estimates. In all cases where the past WMDA estimates has not been formally closed, account of the WMDA estimate be made based on the actual cost debited as per above referred guidelines.

The above issues with the concurrence of Finance Dte of Railway Board.

(Aray Nandan)
Exec. Director Mech. Engg. (Fr)
Railway Board

Copy to:
1.P.F.As/All Indian Railways – for kind information & necessary action please.
2.PED(Accounts) & EDFC, Railway Board – for kind information
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)


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 wagens 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 wagens 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 GURTA)
Executive Director Mech. Engg. (Fr.)
Railway Board

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

[Signature]
[Date: 09/5/11]
Annexure
(LETTER No.2008/M(N)/204/2/Vol.I 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 Maintenance 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: 1500x A + 600xB +5xD + 1xD = X
For Y Rly: 1500xE + 600xF + 5xF + 1xG = Y

3) Distribution Ratio for allotting funds from CDA:

Total funds = F

For X Rly = X x F/ (X+Y)  
For Y Rly = Yx F/ (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>OP 2</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 Accountal of Maintenance Charges of Container (BLC) Wagons

Ref: Railway Board’s letter no. 97/M(N)/2004/2 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 accountal 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 accountal of funds being received from the various operators for the maintenance of BLC wagons.

Copy to:-
EDME/Frt/ Railway Board

(Ravi Prabhat)
ED (Accounts)