

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
RAILWAY BOARD**

No.TCR/1078/2008/1

New Delhi, dated 09 .05.2008

The General Managers,
All Indian Railways.

Sub: Operation of Merry-Go-Round (MGR) System by Railways.

Several companies are operating their own MGR Systems and some new companies are also planning to set up MGR Systems. Railways inherently possess domain expertise in running these systems more efficiently and economically. As such, Railways can provide an economical and reliable alternative to attract such short lead traffic.

In view of the above, a scheme of operation under MGR System has been formulated by Board as detailed below:

2. Operation of MGR:

The guidelines specifying terms and conditions for operation of MGR system are given below:

- (i) All proposals for MGR system should be approved by the General Manager of the concerned zonal railway on the recommendations of the Committee consisting of COM, CCM and FA&CAO of the Zonal Railway.
- (ii) The MGR Terminals at both ends shall be privately owned. The customer owning the terminals will provide necessary infra-structure for efficient loading and unloading operations.
- (iii) The MGR Terminals should have FOIS connectivity and operated under Terminal Management System (TMS) and enabled for e-payment of freight and other charges to the railways. Freight payment should be in line with the guidelines issued for e-payment of freight.
- (iv) Rail track between the two terminals should be provided by the customer. The track should be fit for running of goods train with axle load of 22.9 tonne at a speed not lower than 40 kmph.
- (v) Signaling equipments shall be provided by the Railways at their costs.

- (vi) The customer shall maintain the terminals, rail track and other assets owned by them in accordance with the standards specified by Railway. However, the responsibility for maintaining the terminals, rail track and other assets owned by the customer can be entrusted to Railways on payment of usual charges as per separate agreement for this purpose.
- (vii) Railways will provide locos, wagons, brake-vans and other rolling stock as per requirement for running of the rakes under MGR system.
- (viii) Railways will deploy one rake of BOBRN or BOXN as the case may be. Customer should offer loading of minimum one rake per day under the MGR system.
- (ix) Terminals at both ends will operate round the clock.
- (x) Permissible free time will be 3 hours for loading and 2 hours for unloading in case of BOBRN and 3 hours for loading and 5 hours for unloading in case of BOXN wagons.
- (xii) Normal demurrage rules will apply at both the terminals for detention of rake beyond free time.
- (xiii) Customer shall provide an in-motion electronic weighbridge at the loading point to ensure that there is no overloading of wagons. If the wagons are overloaded, extant rule for levy of punitive charges shall apply.

3. Charging for MGR Traffic:

- (i) Lump-sum rates shall be charged under the MGR System which would depend upon the number of rakes to be loaded per day and the lead of traffic. Different rates have been notified for loading of one rake per day, two rakes per day or three rakes per day by deploying single rake in the operation.
- (ii) Number of rakes per day will be arrived at by dividing the total number of rakes committed by the customer for the full year divided by 365. Fractions may be converted into the lower integer for the purpose of charging.

Illustration

If AB &Co. wants to utilize one rake of BOBRN wagons owned by railways and commits to load 700 rakes per year for a lead of 15 kms, the number of rakes per day to be loaded by the customer will be $700/365 = 1.8$ rounded off to one rake per day and chargeable rate will be rupees 32.00 per tonne for distance slab of 11 – 20 kms.

- (iii) Distance-wise lump-sum rates under this System are given in the Annexure.
- (iv) These freight rates shall remain applicable w.e.f. the date of Agreement and shall be valid upto 31st March, 2009.
- (v) The freight rates effective from 1st April, 2009 for next five years shall be notified separately on the basis of feedback and response received to this scheme.
- (vi) The freight rates notified for the next five years effective from 1st April, 2009 shall increased by 4% annually over the immediate preceding year.
- (vii) If the number of rakes loaded in a year is less than the stipulated number of rakes, a penalty of 4% on freight paid on actual number of rakes loaded in a year shall be recovered from the party for non fulfillment of commitments. However, the sum total of freight paid and penalty thereof should not exceed freight for committed number of rakes.

Illustration

If in the case as illustrated under (ii) above, AB &Co. loads only 680 rakes in a year against the commitment of 700 rakes and pays freight of Rs. 200 cr. , penalty will be 4% of 200 cr subject to maximum of freight for 700 rakes

- (viii) As the actual number of rakes loaded in a year will be known only at the end of the year, Railways shall make a suitable arrangement in the nature of Letter of Credit/Bank Guarantee etc. to ensure recovery of undercharges. This should be finalized before the signing of Agreement. A clause to this effect should also be included in the Agreement
 - (ix) Development Charge, Charges under Dynamic Pricing Policy (Busy Season Charge) and Terminal charge shall not be applicable under this Scheme.
 - (x) All relevant commercial rules and charges as amended from time to time, would be applicable, unless specifically mentioned to the contrary.
4. Zonal railway should enter into a formal agreement with the company for the operation of MGR system covering all the relevant aspects.
 5. Proposals for MGR operation not covered under the conditions stated above, may be forwarded to Board for examination.
 6. These instructions come into effect from **15.5.2008.**

7. This issues with the concurrence of Finance Dte. of Ministry of Railways

DA: Annexure.


(N.K. Parsuramka)
Director, Traffic Comml.(Rates)
Railway Board.

No.TCR/1078/2008/1

New Delhi, dated 09 .05.2008

Copy for information and necessary action to:

1. FA & CAOs, All Indian Railways.
2. Dy.C&AG (Rlys.), Room No.222, Rail Bhavan, New Delhi.

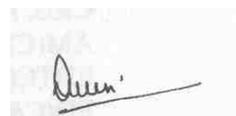
For Financial Commissioner (Railways)

No.TCR/1078/2008/1

New Delhi, dated 09 .05.2008

Copy for information and necessary action to :-

1. The Chief Commercial Managers, All Indian Railways.
2. The Chief Operating Managers, All Indian Railways.
3. Managing Director, CRIS Chanakya Puri, New Delhi-23.
4. The Chief Administrative Officer, FOIS, Northern Railway, CRIS, Chanakya Puri, New Delhi-23.
5. Managing Director, Konkan Railway Corporation, Belapur Bhavan, Sector-11, CBD Belapur, New Mumbai-400614.
6. Director General, Railway Staff College, Vadodara.
7. GS/IRCA, New Delhi.
8. Director, Indian Railways Institute of Transport Management, Campus; Hardoi Bye Pass Road, Village & Post Office Kanausi, Manakanagar Lucknow.
9. Managing Director, Pipavav Railway Corporation Ltd. Jeevan Tara Building, Ist Floor, Gate No.4, Sansad Marg, New Delhi-1.
10. Managing Diector, Kutch Railway Corporation Ltd. Jeevan Tara Building, Gate No.4&5, Sansad Marg, New Delhi-1.
11. Secretary, Railway Rates Tribunal, 5, P.V.Cherien Road, Crecent Road, Egmore, Chennai-600105.
12. Commissioner of Railway Safety (CRS), Lucknow.


(N.K.Parsuramka)
Director, Traffic Comml. (Rates)
Railway Board.

Annexure-I
Proposed Rates for MGR Traffic

| Distance Slab | BOXN WAGONS | | BOBRN WAGONS | | |
|------------------|---------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|
| | 1 Rake per day (Rs/Tonne) | 2 Rakes per day (Rs/Tonne) | 1 Rake per day (Rs/Tonne) | 2 Rakes per day (Rs/Tonne) | 3 Rakes per day (Rs/Tonne) |
| 1-10 | 26.00 | 15.50 | 27.00 | 16.50 | 13.00 |
| 11-20 | 30.00 | 20.00 | 32.00 | 21.00 | 17.50 |
| 21-30 | 34.50 | 24.50 | 36.50 | 26.00 | 22.50 |
| 31-40 | 39.00 | 29.00 | 41.50 | 33.50 | |
| 41-50 | 43.50 | 33.00 | 46.00 | 35.50 | |
| 51-60 | 48.00 | | 51.00 | | |
| 61-70 | 52.50 | | 55.50 | | |
| 71-80 | 56.50 | | 60.50 | | |
| 81-90 | 61.00 | | 65.00 | | |
| 91-100 | 65.50 | | 69.50 | | |