(Amendment No. 1 to Liberalized Wagon Investment Scheme)

Sub: Liberalized Wagon Investment Scheme (LWIS)
Ref: Freight Marketing Master Circular/LWIS/2018/0 vide Letter No. 2016/TC(FM)/4/12 (LWIS) dt. 02.07.2018

1. Please refer to above mentioned Master Circulars on Liberalized Wagon Investment Scheme (LWIS).

2. The following amendments are made:

   (i) Para 5.2.1 of Annexure – B may be read as follows:

   5.2.1 Terminal Access Charge:
   a. The LWIS investor dealing with their rakes at railway owned terminals shall be required to pay Terminal Access Charge (TAC) as notified from time to time by Railway Board.
   b. Charges mentioned above shall be levied on per rake basis, irrespective of the actual rake composition or actual number of wagons on a train at the railway terminal.
   c. Terminal Access Charge (TAC) shall be collected at the time of preparation of RR. The other terms and conditions regarding TAC will be as per Rates Master Circular/CRT-CCR-Hub&Spoke/2015/0 dated 07.04.2015 along with latest corrigendum No. 20 dated 23.07.2018 and its amendment/corrigendum issued from time to time.

3. This issues with the approval of Competent Authority and concurrence of Finance Directorate of Ministry of Railways.

4. These instructions shall come into force with immediate effect.

5. Hindi version will follow.

Please acknowledge receipt.

(Yasir Rizvi)
Deputy Director Freight Marketing

Contd. 2.
No. 2018/TC(FM)/4/35 (LWIS)  
Rail Bhavan, New Delhi – 110 001, dated 15.11.2018

Copy forwarded to:
1. The Deputy Comptroller & Auditor General of India (Railways), Room No. 224, Rail Bhawan with 36 spares.
2. Principal Financial Advisor, All Indian Railways.

No. 2018/TC(FM)/4/35 (LWIS)  
Rail Bhavan, New Delhi – 110 001, dated 15.11.2018
1. The Principal Chief Commercial Manager, All Indian Railways.
2. The Principal Chief Operations Manager, All Indian Railways.
3. The Chief Transport Planning Manager, All Indian Railways
4. The Chief Freight Traffic Manager, All Indian Railways
5. The Chief Commercial Manager (FM), All Indian Railways
6. CAO/PTS, Northern Railways, IRCA Building, New Delhi.
7. The Managing Director / Chief Commercial Manager, Konkan Railway Corporation Ltd., Belapur Bhawan, Plot no. 6, Sector-11, CBD Belapur, Navi Mumbai – 400014.
8. The Managing Director, Centre For Railway Information System (CRIS), Chanakyapuri, Near National Rail Museum, New Delhi.
10. Director General, Indian Railways Institute of Transport Management, Hardoi By-pass Road, P.O. Manak Nagar, Lucknow – 226 011 Uttar Pradesh.
11. Managing Director, DFCCIL, Pragati Maidan, New Delhi.
12. AM(Traffic), AM(Commercial), AM(Mech.), PED(F), PED (Vig.), EDTC(Rates), EDF(C), EDTT(M), EDTT(S), EDTT(F), EDME(Fr.), ED(PLG), EDT(PPP), EDV(T), DTT(Cord.), OSD(CRB), OSD(MT), OSD(M[RHS]), DF(C), DME(Fr.) and DTC(R) in Railway Board for information please.
13. PSO/Sr.PPS to CRB, FC, MT, ME, M(RS), M(Tr.), MS and Secretary, R.Bd, for kind information of CRB, FC, MT, ME, M(RS), M(Tr.), MS and Secretary.

(Yasir Rizvi)  
Deputy Director Freight Marketing
Ministry of Railways has reviewed the existing Liberalized Wagon Investment Scheme (LWIS) issued vide Freight Marketing circular No. 11 of 2011 dated 02.01.2012 and formulated a revised Liberalized Wagon Investment Scheme (LWIS). A copy of the revised Liberalized Wagon Investment Scheme (LWIS) is enclosed herewith. The revised scheme will be in supersession of existing Liberalized Wagon Investment Scheme (LWIS) issued vide Freight Marketing circular No. 11 of 2011 dated 02.01.2012 and all its amendments dated 17.09.2012, 10.06.2013, 21.08.2013, 01.09.2014, 27.10.2014.

This scheme will come into force with immediate effect. The terms & conditions of the revised Liberalized Wagon Investment Scheme (LWIS) will also apply to the customers who have already made investment for procurement of wagons or obtained approval from Ministry of Railways for procurement of wagons under the existing LWIS.

Necessary changes may accordingly be made in the Agreement by incorporating the new clauses in the existing agreements of LWIS customers as per the revised policy.

This issues with the concurrence of Finance Directorate of Ministry of Railways.

The receipt of this letter may please be acknowledged.

DA : As above.

(Mudit Chandra)
Director Freight Marketing

Copy forwarded to:
1. The Deputy Comptroller & Auditor General of India (Railways), Room No. 224, Rail Bhawan with 36 spares.
2. Principal Financial Advisor, All Indian Railways.
No. 2016/TC (FM)/ 4/12(LWIS)  

1. The Principal Chief Commercial Manager, All Indian Railways.
2. The Principal Chief Operations Manager, All Indian Railways.
3. The Chief Freight Traffic Manager, All Indian Railways.
4. The Chief Commercial Manager (FM), All Indian Railways.
5. CAO/PTS, Northern Railways, IRCA Building, New Delhi.
6. The Managing Director / Chief Commercial Manager, Konkan Railway Corporation Ltd., Belapur Bhawan, Plot no. 6, Sector-11, CBD Belapur, Navi Mumbai – 400014.
7. The Managing Director, Centre For Railway Information System (CRIS), Chanakyapuri, Near National Rail Museum, New Delhi.
8. Director General, National Academy for Indian Railways, Lalbaug, Vadodara - 390004, Gujarat.
9. Director General, Indian Railways Institute of Transport Management, Hardoi By-pass Road, P.O. Manak Nagar, Lucknow – 226 011 Uttar Pradesh.
10. AM(Traffic), AM(Commercial), AM(Mech.), Adv.(F), Adv.(Vig.), Adv. (Chg), EDPM, EDPG, EDTC(R), EDV(T), ED(FC), EDME(Chg.), DF(C), Dir (Chg.), Dir (Punct.) in Railway Board for information please.
11. PSO/Sr.PPS to CRB, FC, MT, ME, M(RS), M(Tr.), MS and Secretary, R.Bd. for kind information of CRB, FC, MT, ME, M(RS), M(Tr.), MS and Secretary.

(Mudit Chandra)  
Director Freight Marketing
LIBERALIZED WAGON INVESTMENT SCHEME

1.0 GENERAL

The existing Liberalized Wagon Investment Scheme (LWIS) circulated vide Freight Marketing Circular No. 11 of 2011 along with all its amendments, stand superseded by the revised Liberalized Wagon Investment Scheme (LWIS). The terms & conditions of the revised Liberalized Wagon Investment Scheme (LWIS) shall also be made applicable to the customers who have already made investment for procurement of wagons or obtained approval from Ministry of Railways for procurement of wagons under the existing LWIS.

2.0 DEFINITIONS AND ABBREVIATIONS

Definitions and abbreviations of some of the terms used in this document are as under.

2.1 ACT: means Railway Act 1989

2.2 IR: Railway Administration.

2.3 MOR: Ministry of Railways, Government of India.

2.4 Investors: This refers to End Users or WLCs.

2.5 End User: Rail customers who are producers or consumers of the goods transported by rail.

2.6 Wagon Leasing Company (WLC): A Leasing Company engaged in the business of procuring railway wagons and making them available to other business entities authorized to deploy such wagons for operation over IR network in accordance with the extant policy of MOR.

2.7 Lessor: A WLC engaged in the business of leasing wagons to Lessee(s).

2.8 Lessee: It refers to End Users, Investors under Terminal Development Scheme or Operators under Concession granted by IR to run trains on IR network.

2.9 Leased Wagons: Wagons given on lease by a Lessor to a Lessee.

2.10 Idle Leased Wagons: Wagons owned by a Lessor and held on IR network or a private siding awaiting nomination of a Lessee.

2.11 High Capacity Wagons (HCW): Wagons with payload which are at least 2 tonnes higher than the payload of extant similar wagons on IR for 25.0 or 22.9 tonne axle load route, as the case may be. The dimension of such wagons should be such that it gives commensurate higher payload in the full train length without changing the laid down standard composition of rakes. Such wagons will operate on specific routes approved by IR and will not form a part of the wagon pool of IR.

2.12 Special Purpose Wagons (SPW): Wagons designed for rail transportation of a specific commodity or group of commodities. Such wagons will operate on specific routes or close circuits approved by MOR and will not form a part of the wagon pool of IR.

2.13 Wagon Leasing Scheme (WLS): The Scheme introduced by MOR in the year 2008 for leasing of wagons and their operation on IR.
2.14 **Terminal Development Scheme:** Scheme introduced by MOR in 2008 to encourage development of railway terminals through investment from private sector.

3.0 **TYPES OF WAGONS PERMITTED FOR PRIVATE PROCUREMENT**

Following types of wagons may be procured under this Scheme.

(i) High Capacity Wagons (HCW)
(ii) Special Purpose Wagons (SPW)

4.0 **PROCUREMENT OF WAGONS**

Following types of investors may procure wagons.

(i) WLC (for leasing to End users)
(ii) End users (for their own traffic only)
(iii) Logistics providers exclusively for the end user company

5.0 **PROCEDURE FOR PROCUREMENT OF WAGONS**

5.1 General conditions and procedure for procurement of wagons is laid down in Annexure - A.

5.2 Procurement of wagons will be allowed only with prior administrative approval of MOR.

5.3 Privately procured wagons will be inducted into service only after completion of the mandatory safety and quality inspections by authorized agencies as notified by MOR.

5.4 MOR reserves the right to terminate the Agreement with any investor procuring wagons under LWIS on payment of the residual value as assessed by IR.

6.0 **OPERATION OF PRIVATELY OWNED WAGONS**

HCW and SPW will be operated as per the provisions prescribed in Annexure - B.

7.0 **MAINTENANCE OF WAGONS**

7.1 Maintenance of Wagons will be undertaken by IR on payment as per agreements to be executed with the investor.

7.2 The haulage charges for moving the wagons in rake formation from a private terminal to the workshop/maintenance depot/train examination point of the railway administration and back to the loading point shall be borne by the railway administration.

8.0 **FREIGHT RATES AND CONCESSIONS**

8.1 Freight concessions will be permitted to End Users only as indicated in Annexure - C.

8.2 However, if the investor has availed of any concession, subsidy or any other financial benefit for procurement of wagons from any other Ministry or from Ministry of Railways under any other Scheme, he will not be eligible under this scheme. The investor will give an
undertaking to this effect. In case of false undertaking, benefit given if any, shall be recovered through a suitable mechanism to be developed by the Railways.

9.0 RESTRICTED COMMODITIES

Transport of Coal and coke, ores and minerals including iron ore will not be permitted in privately owned wagons.

10.0 LIEN

In cases of default of payment by the investor, IR may exercise lien on the privately owned wagons and the consignment loaded in such wagons to recover its dues. However, in case of leased wagons the relevant provisions of the WLS will apply.

11.0 DISPUTE RESOLUTION

All disputes in regard to implementation of the agreements with the Zonal Railway, under this scheme, will be resolved as per The Arbitration And Conciliation (Amendment) Act, 2015 by General Manager of the Zonal Railway.

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General conditions and procedure for procurement of High Capacity and Special Purpose Wagons for LWIS

Following procedure and conditions are laid down for procurement of wagons by prospective investors under LWIS:-

1. The Principal Chief Operations Manager (PCOM) of the concerned loading railway should be contacted along with specific details of the proposal. The details should include number of rakes required, type of wagons, commodity, loading station(s), destination station(s), proposed specific route(s) or close circuit(s) and any other information relevant to the proposal.

2. After examination of the proposal regarding its operational feasibility, No Objection Certificate (NOC) shall be issued by the PCOM of the loading railway in consultation with the PCOM of the destination railway. NOC should normally be issued within 10 days of receipt of application.

3. NOC should clearly indicate number of rakes, type of wagon, loading station, unloading station(s), commodity, route or the close circuit for movement of the traffic in such rakes, etc.

4. Application along with NOC should be forwarded by the zonal railway to the Executive Director/Freight Marketing (EDFM), Railway Board for examination by the TT Directorate and issue of final approval of the Railway Board for permitting procurement of rakes under LWIS.

5. On the basis of the approval of the Railway Board, an Agreement will be signed between the Principal Chief Commercial Manager (PCCM) of the concerned Railway and Investor which will be valid for the codal life of the rake inducted under the agreement.

6. Wagons should be procured in units of rake with 4% maintenance spares and one brake van.

7. Rakes will be procured by customers directly from wagon manufacturers or through import subject to compliance with current applicable IRS designs and specifications and inspection by nominated agency of IR, namely, RDSO.

8. Customers will be required to incorporate following warranty clause in the purchase contract with the wagon manufacturer.

"Supplies shall be guaranteed against any manufacturing defect/poor workmanship quality etc. for a period of 24 months of commissioning or 30 months from the date of delivery, whichever is earlier. During this period contractor will arrange to repair/replace any defective part free of cost or replace complete set if required. Further, since these wagons are to be utilized by the customers of Indian Railways, they are hereby authorized to invoke this warranty clause in case of any default on the part of wagon manufacturer."
9. Information regarding placement of order for procurement of rakes may be advised to the PCOM of the concerned zonal railway as well as EDFM, Railway Board.

10. Date of actual induction of the rake on IR network may be informed to the PCOM and EDFM, Railway Board. The zonal railway will keep the details of the wagons and brake-vans procured for each rake.

11. On receipt of documents about commissioning of the rake under LWIS, a commercial notification will be issued by the PCCM in consultation with PCOM. The notification should have all relevant details mentioning inter alia, the details of the concession, the date of commencement of the concession period, the name of the investor, wagon numbers, commodity, approved circuits, the base freight at the time of notification etc.

12. Each rake procured by investor will thus have an associated loading and unloading point(s) over specific route(s) or close circuit(s) as approved by the Railways as per the above procedure.

13. Terminal for loading/unloading

13.1 The rakes procured under LWIS will operate between private sidings/ terminals equipped to handle the traffic for which LWIS customer must have a tie-up with such private sidings/terminals or own its private terminal/sidings for handling of such wagons.

13.2 The wagons can also be operated from railway goods sheds notified in terms of Wharfage Rules, wherever feasible, on the recommendation of PCCM and approval of PCOM provided such rake handling will not in any way hinder or restrict or hamper handling of inward or outward traffic in rail wagons at present and as far as possible, even in the foreseeable future. Operation in the goods shed will only be allowed after due clearance for handling such special purpose wagon traffic.

13.3 The associated loading and unloading point or points can be changed as per the requirement of the LWIS customer. This change is subject to the operational feasibility and NOC from the concerned Zonal Railway and approval of the Railway Board.

14. In case the LWIS customer wants to carry commodity other than for which permission has been given, the same may be permitted provided that commodity is produced/consumed by LWIS customer and can be carried in rake/rakes for which permission has been granted. E.g. If BCCW rake/rakes under LWIS have been procured for loading cement and fly ash and the investor desires to change the number of rake/rakes dedicated to either of the commodity, it should be allowed.

15. However, in the case of leased wagons, changes in the associated loading and unloading point(s) and the route(s) or closed circuit(s) can be made as per the requirement of the WLC subject to the certification of operational feasibility and approval of the Railway Board. Each such case shall, however, be processed for issue of a fresh NOC from the concerned Zonal Railway and the approval of Railway Board as per the procedure prescribed above.

16. Agreement between the Railway and the Investor should be signed within six months from the date of Approval from Railway Board is granted and Rake(s) should be procured under this scheme within one year from the date of signing of the Agreement failing either of which conditions the said approval shall be deemed to have lapsed, unless specific prior extension is given by the Railway Board in both the cases.
Conditions for operation of High Capacity and Special Purpose Wagons in LWIS

IR will operate HCW and SPW as per the conditions prescribed below:-

1. Private wagons falling in this category will not be merged in the wagon pool of IR. Rakes comprising of such wagons will be identified as exclusively belonging to the private investor who has procured them.

2. Loading in wagons procured under this Scheme will be permitted only against indents registered by End Users subject to extant rules for allotment of wagons.

3. Indents for loading in such wagons will be placed at the approved loading point for the approved destination point for movement over specific route(s) or closed circuit(s) as approved by the Railways.

4. If the End User does not place any indents, these wagons will remain idle in his premises.

5. Stabling and Wharfage Charges

5.1 If IR has to stable these rakes in railway owned yards at the request of the End User or otherwise, stabling charges as notified by MOR will be payable as per Rates Master Circular Demurrage-Wharfage-Waiver/2016/0 issued vide letter No.TC-I/2016/201/1 dated 19.05.2016 and its amendment/revision/extension from time to time.

However if an LWIS rake is detained in railway terminal (goods shed), beyond the permissible free time up to the time of release of the rake, detention charge shall be levied.

5.2 For using railway goods shed, Terminal Access Charges, Detention Charges and Ground Charges shall be levied as per the following :-

5.2.1 Terminal Access Charge

The LWIS investor dealing with their rakes at railway owned terminals will be required to pay Terminal Access Charge (TAC) at the rates as notified from time to time by Railway Board.

Charges mentioned above will be levied on per rake basis, irrespective of the actual rake composition or actual number of wagons on a train at the railway terminal.

Terminal Access Charge (TAC) will be collected at the time of preparation of RR. The methodology for levy of TAC is given below:

<table>
<thead>
<tr>
<th>Type of rake handling at Railway goods shed</th>
<th>Terminal Access Charge (TAC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loaded rake in and empty rakes out</td>
<td>1 x Rate of TAC</td>
</tr>
<tr>
<td>Empty rake in and loaded rake out</td>
<td>1 x Rate of TAC</td>
</tr>
<tr>
<td>Loaded rake in and loaded rake out</td>
<td>1.5 x Rate of TAC</td>
</tr>
</tbody>
</table>

Note: Rate of Terminal Access Charge will be as per Rates Master Circular/CRT-CCR-Hub & Spoke/2015/0 dated 07.04.2015 and its amendment/corrigendum from time to time.
5.2.2 Permissible Free time and Detention Charge for use of Railway goods sheds

5.2.2.1 Total Permissible Free time at Railway goods sheds on an LWIS train will be as per type of stock i.e. flat wagons, covered wagons, box wagons or tank wagons as specified, irrespective of the activity or activities done on the rake and number of operations performed according to para 2.2 of Rates Master Circular Demurrage-wharfage waiver 2016_0 dt. 19.05.2016 and amendments issued time to time. This free time will be applicable till a rates circular is issued for free time for the specific stock type.

5.2.2.2 Free time will commence from the time of placement of the first wagon of the LWIS train.

5.2.2.3 An LWIS train will be considered to be released at the time at which the last wagon of the rake is released i.e. at the time at which the rake has been released in its entirety and is available for removal from the placement line(s).

5.2.2.4 Detention Charge will be levied for occupation of railway goods sheds beyond the permissible free time up to the time of release of the rake.

5.2.2.5 Detention charge would be levied at the prevailing rate of Demurrage Charge as notified from time to time for full rake.

5.2.2.6 PCCM/PCOM (whoever is designated for dealing with demurrage) of a Zonal Railways may notify a higher Detention Charge (up to six times the normal rate). Higher Detention Charge will be applied for those LWIS rakes who take excessive time to release their rakes or do so repeatedly.

5.2.3 Ground Usage Charge

5.2.3.1 Ground Usage Charge will be levied for the use of ground at Railway goods sheds.

5.2.3.2 LWIS operators will be permitted a free time for use of ground at the railway goods sheds.

5.2.3.3 Permissible free time for use of ground for dealing with a LWIS train will be same as is permitted under Wharfage rule for goods traffic, irrespective of the activity or activities done on the rake and number of operations performed, which at present is as under:

<table>
<thead>
<tr>
<th>Type of goods shed</th>
<th>Free time (in hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group-I</td>
<td>12</td>
</tr>
<tr>
<td>Group-II</td>
<td>15</td>
</tr>
<tr>
<td>Group-III</td>
<td>30</td>
</tr>
</tbody>
</table>

5.2.3.4 Free time for the purpose of Ground Usage Charge will commence from the expiry of the free time for loading and/or unloading the traffic. Ground Usage Charge will be levied after expiry of the Permitted Free time till the time all goods are removed from the ground by the LWIS operators and ground becomes available to be allotted to the next train.

5.2.3.5 However, if advance stacking has been availed by the LWIS operator, Ground Usage Time will commence from the time advance stacking has been permitted to the time all goods are removed and ground made free for use by the next train. Ground Usage will be levied after making allowance for permissible free times for advance stacking and for ground usage.
5.2.3.6 Ground Usage Charge will be levied on per train per hour basis irrespective of the number of goods on the ground.

5.2.3.7 Ground Usage Charge will be levied for full rake at the prevailing rate of Wharfage charge, and its amendment/corrigendum issued from time to time:

5.2.3.8 PCCM of a Zonal Railway may apply higher Ground Usage Charge (up to six times the normal rate applicable for the 6th Day). Higher Ground Usage Charges will be applied for those LWIS operators who repeatedly fail to release the ground at the goods sheds within two days.

5.2.4 Ground Usage Charge for advance stacking

5.2.4.1 LWIS operator may be permitted advance stacking of goods on the ground of any goods sheds for 24 hours free of any charge for loading on an incoming train.

5.2.4.2 Ground Usage Charge at the rates mentioned in Para (c)(vii) will be levied in accordance with (c)(v) if the ground is not cleared at expiry of the free time for advance stacking. However, no ground usage charge will be levied till the placement of the empty rake for loading even after lapse of the advance stacking period. The empty rake will be supplied only after expiry of the permitted time for advance stacking or completion of stacking, whichever is earlier.

5.2.5 Waiver of Detention Charge and Ground Usage Charge

Detention Charge and Ground Usage Charge will be treated on par with Demurrage Charge and Wharfage Charge for the purpose of consideration of waiver etc. under justified circumstances as per extant instructions as applicable to waiver of Demurrage/Wharfage charge.

6. IR will have no right to use these wagons, except as stipulated in Para 7 below, for loading of traffic of any customer other than the End User for the wagons concerned.

7. Notwithstanding Para 3 and 6 above, HCW or SPW may be used by IR for traffic offered by customers other than the End User subject to a prior mutual written agreement between IR and such Investors or WLCs regarding the terms of such usage.

8. Investor will not be entitled to any residual value of the rake procured by him.

9. Freight traffic transported in the SPW in an approved circuit will originate from a private siding or terminal and terminate at a private siding or terminal capable of handling the traffic in such special purpose wagons. However, Railway goods shed can also be used for loading/unloading provided found feasible as per the conditions mentioned in Para 13(ii) of Annexure A and in Para 5.2 above.

10. Wherever relevant, provisions of the Terminal Development Scheme will apply for operation of SPW.

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FREIGHT CONCESSIONS in LWIS

Freight concessions to the End Users that will be granted for each loading in the rakes consisting of new HCW and SPW procured under LWIS are as under:-

A. **HCW operating on approved specified routes**

1. Investments in HCW, with a payload of 2 tonnes more than the payload of extant similar wagons (as mentioned in Para 2.11 of the scheme) will be eligible for a freight concession of 12% for a period of 20 years.

2. For each additional tonne of payload in excess of what is prescribed in Para 1 above, an additional 0.5% of freight discount will be granted for 20 years.

3. Payload will be reckoned in terms of integral units of tonnes after rounding off the fractions to the lower integer.

B. **SPW operating in approved Closed circuits**

Freight concession of 15% will be granted for a period of 20 years for each loading of a new rake of SPW procured under LWIS operating between existing or new private terminals capable of handling the traffic in such special purpose wagons in an approved close circuit.

The above mentioned freight concessions of 12% and 15% shall henceforth be granted in each case on the Base Freight Rate prevailing at the time of booking during the currency of the concession period of 20 years.

The concession shall be applicable to (a) rakes that are already running over Indian Railways system with prospective effect only and (b) new rakes that will be inducted in Indian Railways System. Arrangements may be made to incorporate the change in the existing LWIS agreements for the rakes which have already been inducted.

C. No freight will be charged for movement of empty rake to the next destination provided the distance travelled by empty rake is less or equal to the distance travelled by the train before unloading. However, if the distance travelled by empty rake is more than the loaded distance then for additional distance travelled by empty rake over and above the loaded distance, empty freight rate shall be charged at 50% of loaded freight of public tariff on carrying capacity of the wagons.

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