

EAST COAST RAILWAY

Commercial Circular No. : 13 (GC) / 10

dt. 29.1.2010
02.02.2010

Office of the
Chief Commercial Manager
Bhubaneswar

Sub:- Policy for implementation of pilot project under Kisan Vision project.

During Railway Budget 2009-10, the Hon'ble Minister of Railway had announced that Railways would encourage creation of facilities of setting up cold storage and temperature controlled perishable cargo centres and its transportation through public private partnership mode.

In pursuance of the same, Ministry of Railways has formulated policy guidelines for setting up cold storage and temperature controlled perishable cargo centres under pilot project of 'Kisan Vision Project'. The details of the scheme of the pilot project are enclosed herewith.

These instructions will come into force with immediate effect.

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

Authority: Railway Board's letter No. 2009/TC(FM)/ 11/ 15 dated 14.1.2010 (FM Circular No. 1 of 2010).

(S. Mahapatra)
Dy. Chief Commercial Manager(FS)

No. CCM/ Project/ KVP/2010

dt. 29.1.2010

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(S. Mahapatra)
Dy. Chief Commercial Manager(FS)

POLICY FOR IMPLEMENTATION OF PILOT PROJECT
UNDER KISAN VISION PROJECT

1.0 Minister of Railways had announced to the Parliament in her Budget Speech for the year 2009-10 that Railways would encourage creation of facilities of setting up cold storage and temperature-controlled perishable cargo centres and transportation through public private partnership mode. Accordingly, a policy for pilot project has been developed as below-

2.0 OBJECTIVE OF THE PILOT PROJECT

2.1 To provide necessary cold chain and storage infrastructure on the rail side at identified locations, to facilitate collection, storage, aggregation and transportation of perishable cargo, a policy outlining the terms and conditions for the pilot project have been formulated as contained in para 3.0.

2.2 To draw lessons from the working of this pilot project to take it forward for implementation of the Kisan Vision Project on Pan India basis through public private partnership mode based on a comprehensive study by a professional agency and on the basis of a policy to be formulated by MOR.

2.3 It has been decided to utilize the experience and expertise of CONCOR, CWC and its subsidiary CRWC to undertake pilot project at six potential locations namely Dankuni, Mechheda, Nasik, New Jalpaiguri, New Azadpur and Singur. Instructions regarding the agency for each location will be decided by Railway Board and necessary notification for the same would be issued separately.

3.0 TERMS & CONDITIONS FOR IMPLEMENTATION OF PILOT PROJECT

The broad terms and conditions for development of temperature controlled perishable cargo centers near the identified railway terminals under the pilot project will be as under:

3.1 Railway will provide the required railway land on lease basis for developing necessary cold chain facilities at the identified locations as mentioned in para 2.3 for the pilot project on the basis of a proposal received from the above mentioned PSUs.

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- 3.2 The PSU will construct as well as maintain the facilities to be developed by them depending on the nature of agri produce to be stored and distributed.
- 3.3 It will also construct and maintain approach road to the complex, circulating area, lighting, fencing, office complex, etc. as required.
- 3.4 The concerned PSU will provide loading/ unloading facilities, total logistics solution through collection, aggregation, storage, delivery, distribution, etc by road to the doorstep of the user and strategic marketing to improve rail share. In other words both at dispatch and receipt end, these services will be performed by the PSU.
- 3.5 All railway infrastructure such as for loading/ unloading lines, yard lines, junction arrangements, etc. as may be required, will be provided by railways.
- 3.6 Railway transportation of the agri produce will be provided as per agreed schedule and commercial terms.
- 3.7 The railway land will be leased to the PSU for 20 years or the currency of the pilot project whichever is earlier and the PSU will pay to railways nominal lease rent @ Re.1/- per sq. meter per annum for the area leased to them, including any open areas around the built-up storage structures, used for commercial purposes as mutually agreed. Lease rental payable shall be reviewed after a year of operationalisation.
- 3.8 From the 2nd year onwards, after the date of operationalization or execution of the agreement whichever is earlier, the concerned PSU in addition to the payment of lease rental, will also pay to railways 5% (five per cent) of the gross receipts from all activities arising out of the business at the location leased to them.
- 3.9 The percentage of gross receipts payable by PSU to the Railways will be reviewed every three years after the date of commencement of the first payment of 5% of the gross receipts as mentioned under 3.8 above.

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- 3.10 Separate agreement will be executed by the concerned PSU with zonal railway for each of these terminals to be developed under the pilot project. The format for the agreement will be on similar lines as the agreement executed between Railway and CWC for Rail-side warehousing complexes, incorporating necessary changes as per the terms and conditions of this policy.
- 3.11 Besides developing cold storage at the perishable cargo centre, the lessee would be authorized to develop agri-retail outlets to be allotted to different parties on terms and conditions to be decided by lessee. The turnover of these outlets should not be considered for calculation of gross revenues for revenue sharing. However, the amount earned by the lessee from the outlets should be included in the gross revenue for the purpose of revenue sharing. The licensee should ensure that the allottee of agri-retail outlets do not gain any right to the land on which the outlet/stall/kiosk is standing.
- 3.12 If the contract is terminated prematurely, the Railway land should be handed back without any encumbrances.
- 3.13 Railway will reserve the right to terminate the agreement, if :
- (i) the construction work does not start within 3 months of handing over of land by railway and non-operationalization of the facility within one year of handing over of land by railway.
 - (ii) there is any other violation of the terms and conditions of the agreement.

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