

**भारत सरकार GOVERNMENT OF INDIA
रेल मंत्रालय MINISTRY OF RAILWAYS
(रेलवे बोर्ड RAILWAY BOARD)**

No. 2014/TC (FM)/ 4/24(WLS)

New Delhi, Dated: 16.12.2014

**General Managers
All Indian Railways.**

Sub: WAGON LEASING SCHEME (WLS)

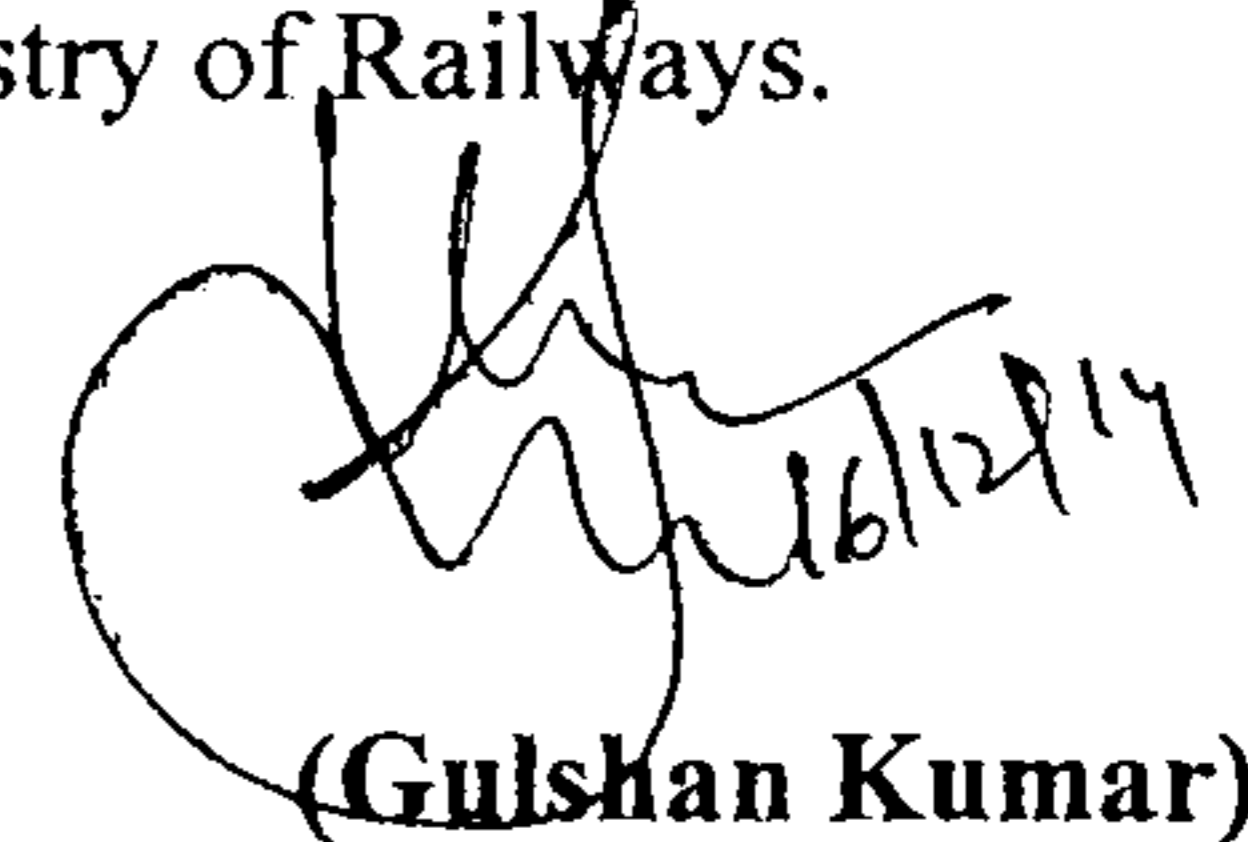
Ref : Board's letter / Circulars Listed below

1. Freight Marketing Circular No. 08 of 2008 dt. 15.04.2008
2. Amendment No.1 to WLS vide FM Circular No. 2 of 2011 dt. 17.02.2011
3. Corrigendum to Amend. 1 to WLS vide FM Circular No. 3 of 2011 dt. 18.02.2011
4. Addendum-1 to WLS vide FM Circular No. 8 of 2014 dt. 29.04.2014

The guidelines regarding Wagon Leasing Scheme (WLS) are prescribed in above mentioned Board's Circulars. It has been decided to issue Freight Marketing Master Circular for WLS duly consolidating all extant guidelines on the subject.

Accordingly, consolidated guidelines regarding WLS are enclosed herewith. It incorporates all the circulars (original circular, amendments and corrigendums to date) of Board on the subject referred to above. While all the care has been taken in preparation of this circular, if any discrepancy is noticed, Zonal Railways are requested to bring it to the notice of the Board immediately for taking corrective action.

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



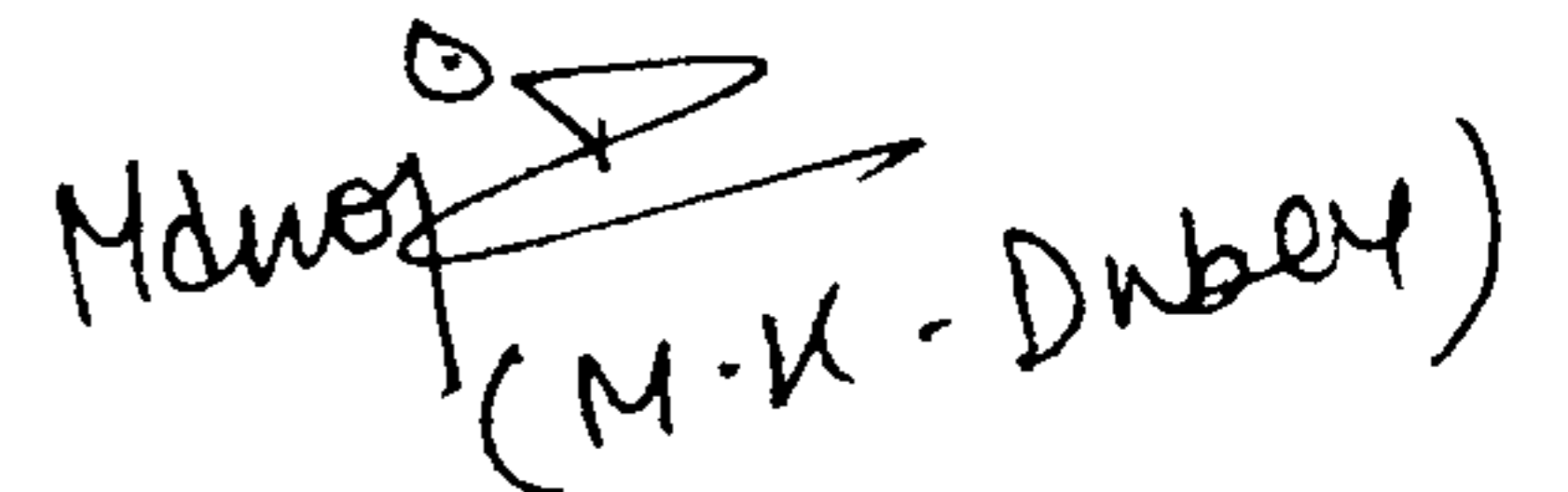
**(Gulshan Kumar)
Dy. Director Freight Marketing**

No. 2014/TC (FM)/ 4/24(WLS)

New Delhi, Dated: 16.12.2014

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1. DAI (Railways) with 36 spares.
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for Financial Commissioner/Railways

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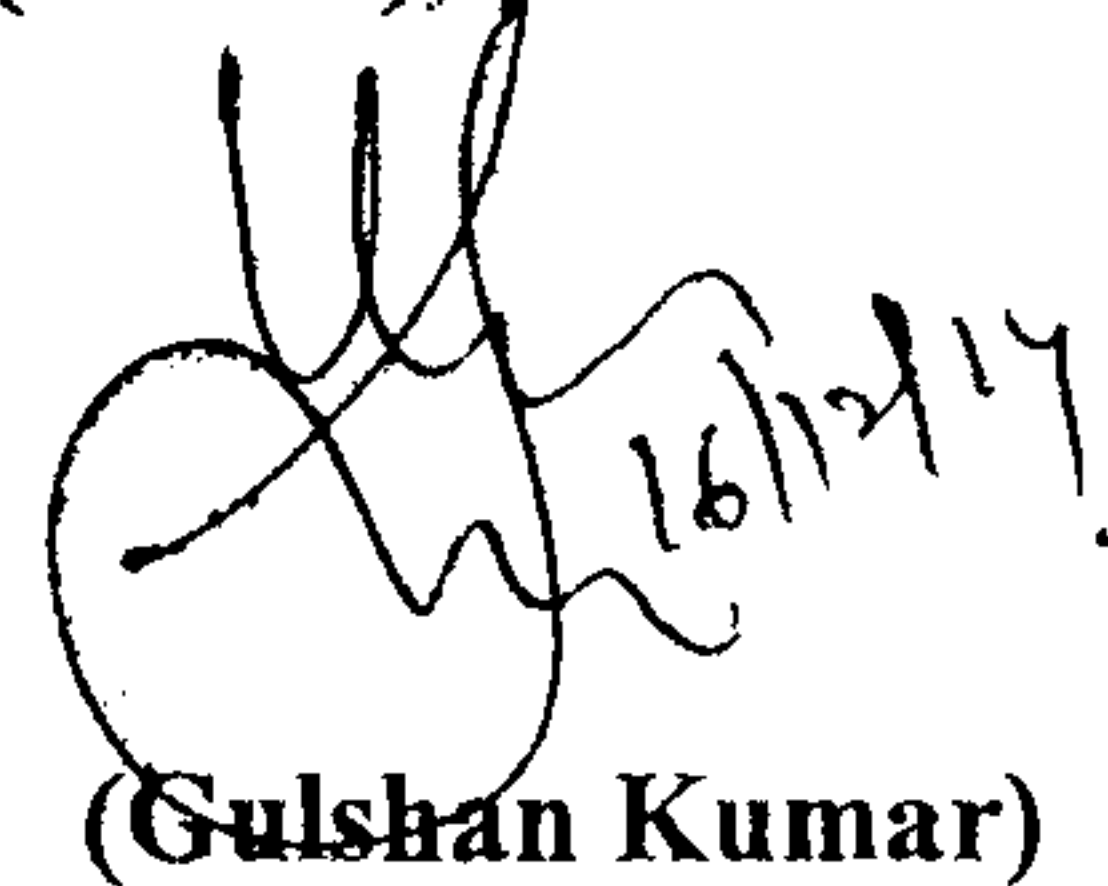
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Copy forwarded for information and necessary action to:

1. Chief Commercial Managers, All Indian Railways.
2. Chief Operations Managers, All Indian Railways.
3. Chief Mechanical Engineers, All Indian Railways.
4. Managing Director, Konkan Railway Corporation, Belapur Bhavan, Plot No. 6, Sector 11, CBD Belapur, Navi Mumbai-400014.
5. Director General, RDSO, Manak Nagar, Lucknow.
6. Director General, Railway Staff College, Vadodara..
7. Director, Indian Railways Institute of Transport Management (IRITM), Manak Nagar, Lucknow.
8. Managing Director, DFCCIL, Palika Bhavan, R.K. Puram, New Delhi.

Copy for information to:

1. CRB, FC, MT, ME, MM
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16/12/14

(Gulshan Kumar)
Dy. Director Freight Marketing

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WAGON LEASING SCHEME

1.0 OBJECTIVE

The objective of this scheme is to develop a strong wagon leasing market by encouraging third party leasing of wagons, particularly with a view to bring in wagons of better designs. This document lays down the policy for leasing of wagons and their operation on the rail network of Indian Railways.

2.0 DEFINITIONS AND ABBREVIATIONS

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

- 2.1 **IR:** Railway Administration.
- 2.2 **MOR:** Ministry of Railways, Government of India.
- 2.3 **End User:** Rail customers who are producers or consumers of the goods transported by rail.
- 2.4 **Operators:** Third Party Logistics Companies engaged in providing service to multiple customers under Concession granted by IR to run their container trains on IR network.
- 2.5 **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.
- 2.6 **Lessor:** A WLC engaged in the business of leasing wagons to a Lessee(s).
- 2.7 **Lessee:** It refers to End Users or Operators under Concession granted by IR to run trains on IR network.
- 2.8 **Leased Wagons:** Wagons given on lease by a Lessor to a Lessee.
- 2.9 **Idle Leased Wagons:** Wagons owned by a Lessor and held on IR network or a private siding awaiting nomination of a Lessee.
- 2.10 **High Capacity Wagons (HCW):** Wagons with payload which are at least 2.0 tonnes higher than the payload of extant similar wagons on IR for 25.0 tonne 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.
- 2.11 **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 as approved by MOR and will not form a part of the wagon pool of IR.
- 2.12 **2.12 Liberalized Wagon Investment Scheme (LWIS):** Scheme introduced by MOR in 2008 to encourage private investment for procurement of different types of wagons.

3.0 TYPES OF WAGONS

Following types of wagons may be procured for leasing:-

- (i) High Capacity Wagons (HCW)
- (ii) Special Purpose Wagons (SPW)
- (iii) Wagons for Container movement.

4.0 LEASING OF WAGONS

Wagons may be leased to the following agencies:-

- (i) End Users (for HCW and SPW)
- (ii) Operators (for only such types of wagons as are permitted under the Concession)

5.0 ELIGIBILITY CRITERIA

The applicant should fulfill the following eligibility criteria to become a WLC:-

- 5.1 It should be an entity registered in India under the Companies Act, 1956.
- 5.2 It should have at least 5 years experience of asset leasing business
- 5.3 It should have a net worth of at least ₹ 100 Crore.
- 5.4 In case the applicant is a subsidiary company, experience and net worth of the holding company, owning more than 50% equity, may be reckoned for the purpose of Para 5.2 and 5.3 ab ove. However, in such cases, the applicant company should have a minimum of 25% of the prescribed net worth.

6.0 REGISTRATION OF WLC

- 6.1 An entity intending to offer railway Wagons on lease for operation on IR network will be required to register itself as a WLC with MOR by paying a one time non-refundable registration fee of Rs. 5 Crore.
- 6.2 Registration of a Wagon Leasing Company (WLC) will be valid for 35 years from the date of registration further extendable on payment of registration fees subject to satisfactory performance.
- 6.3 Registration of a WLC will be summarily cancelled on the Company becoming insolvent or on being found to be acting in manner which constitutes a breach of its contract with MOR.

7.0 PROCUREMENT OF WAGONS BY WLC

- 7.1 A WLC will be required to procure Wagons directly from wagon manufacturers or through imports.
- 7.2 Procurement of wagons will be allowed only with prior administrative and technical approval of MOR.
- 7.3 Procurement of wagons would be in units of the prescribed composition of block rakes for such wagons plus 4% wagons as maintenance spare along with a brake van for each rake.
- 7.4 Freight concessions to which investors are entitled under LWIS will be made available to Lessees. However, this benefit will not be available if wagons are leased to Operators.
- 7.5 These Wagons will be inducted into service only after completion of the mandatory safety and quality inspections by authorized agencies as notified by MOR.
- 7.6 Wagon Leasing Company (WLC) is also permitted to purchase wagons from Container Train Operators (CTO), Special Freight Train Operator (SFTO), Automobile Freight Train Operator (AFTO) and end users with prior approval of Ministry of Railways. The rebate applicable to these wagons will be that of the policy under which the wagons were procured initially and in case the WLC purchases wagons which are not entitled to any rebate, no rebate will be permissible under the WLS scheme.

- 7.7 The brake van of the rake purchased by the WLC will be added to the general pool of IR brake vans, in exchange for the undertaking that IR will meet the operational requirement of providing brake vans to the Wagon Leasing Company's rakes for which it has been procured.

8.0 LEASING CONTRACTS

- 8.1 Wagon Leasing Contracts will be bi-partite agreements between the WLC and the Lessee.
- 8.2 IR will not have any responsibility or liability in respect of wagon leasing contracts except to the extent set forth in this document.
- 8.3 The WLC (as Lessor) and the Lessee will furnish to IR a jointly authenticated copy of their Wagon Leasing Contract which must include clauses certifying the ownership of the Wagons with the WLC and articulating an explicit and unambiguous right of WLC to singly terminate the lease of Wagons to Lessee.
- 8.4 The WLC will have the right of substitution of lessee on the approved route(s) or close circuit(s), under intimation to IR.
- 8.5 Consequent upon receipt of an advice of termination of the lease by the WLC, IR shall cease to make such Wagons available to the Lessee and hold such idle leased wagons in its custody awaiting further nomination of a Lessee by the WLC.
- 8.6 IR will not act on any advice regarding termination of lease from the lessee.

9.0 SUB-LEASING BY THE LESSEE

Lessee will not be permitted to sub-lease the Wagons held by him to another agency.

10.0 LIABILITIES

10.1 Liability of IR

Liabilities of IR in respect of claims and compensation will be regulated by the relevant provisions of the Railways Act in this regard.

10.2 Liability of Lessee

Lessee of the Wagons will be responsible to pay all charges raised by IR in respect of freight, demurrage, wharfage, stabling and any other charges claimed by IR for services rendered.

10.3 Liability of WLC

- 10.3.1 WLC will be the legal owner of the Wagons procured by it and leased to a Lessee.
- 10.3.2 WLC will be responsible to secure necessary insurance against damage to such Wagons in accidents or for third party liabilities etc.
- 10.3.3 If a WLC terminates lease of Wagons to a Lessee and directs IR to hold such Wagons in its custody on IR owned railway lines, the WLC will be liable to pay Stabling Charges at prevalent rates as notified by IR.
- 10.3.4 Stabling Charges, however, will not accrue if such Wagons are held in the private sidings of the WLC or Lessee or any other private siding with which the WLC or Lessee has any agreement for keeping their Idle Leased Wagons.
- 10.3.5 If a WLC requires IR to move Idle Leased Wagons from any terminal or siding to another terminal or siding selected by WLC, WLC will be liable to pay to IR freight charges at Class-100 for movement of empty Rakes of such wagons.

10.3.6 All cess, duty, taxes or fees payable to State Government/s, Central Government or any other authorized agency shall be borne by the WLC.

10.3.7 Stabling charges other than above reasons should considered as follows:

- (a) In case the train suffers detention at the serving station for reasons attributable to the WLC/Lessee or when the WLC/Lessee either declines to accept the inside the terminal, scheduled to be the terminating station or is not in a position to receive placement of subsequent train then stabling charges should be levied.
- (b) At any of the stations en-route due to any reason attributable to the WLC/Lessee including for want of demand then stabling charges should be levied.
- (c) When the rake is on run from originating station to the destination station or on scheduled maintenance, the stabling shall be on Railways account unless expressly asked for by the lessee.

11.0 MAINTENANCE OF WAGONS

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

12.0 LIEN

12.1 In cases of default of payment by WLC, IR may exercise lien on the leased Wagons to recover its dues.

12.2 In cases of default by a Lessee in respect of any payments due to IR, IR may exercise lien on the consignment loaded in the leased wagons to recover its dues.

13.0 DISPUTE RESOLUTION

All disputes in regard to implementation of the agreements with the Zonal Railway, under this scheme, will be referred to an Arbitrator nominated by General Manager of the Zonal Railway.
