

भारत सरकार **BHARAT SARKAR**
रेल मंत्रालय **MINISTRY OF RAILWAYS**
रेलवे बोर्ड (**RAILWAY BOARD**)

No. 2011/RS/G/779/8

New Delhi, dated: 12.02.2016

The General Manager, All Indian Railways/PUs, NF (C), CORE
The DG/RDSO/Lucknow & NAIR/Vadodara
CAOs, DMW/Patiala, WPO/Patna, RWP/Bela, COFMOW/NDLS, RCF/RBL/NDLS
All MD/CAO of Railway PSUs, autonomous units.

Sub: Import of material.

Ref: 1. Railway Board's letter No. 2011/RS(G)779/8 dated 5.9.2011 (Copy enclosed) addressed to CAO/COFMOW

2. Ministry of Shipping letter No. SC-18013/1/2013-ASO-I dated 8.9.2015 (copy enclosed)

1. Vide letter under reference 2 above, Ministry of Shipping has permitted import on the FOB (Free on Board)/FAS (Free alongside Ship)/C&F (Cost & Freight)/CIF (Cost Insurance Freight) basis and also permitted to make one's own shipping arrangement.

In view of the above, all wings of Indian Railways (including PSUs & autonomous units) may enter into import contract on any one of the above bases and arrange for shipping from any entity besides SCI (Shipping Corporation of India).

1.1 However, the inter-se position will be based on the total landed cost as per Board circular No. 2003/RS(G)/777/1 dated 08/08/08 wherein for CIF/CIP offers by the firm, the CIF/CIP rates as quoted by the firm will be considered.

2. While deciding the mode of delivery in the contract, your attention is brought to the revised INCOTERMS – 2010. It is to be noted that, based on INCOTERMS 2010, the containerized/multimodal equivalent of CIF is CIP (Carriage and Insurance Paid). Further in both CIF & CIP, the risk passes when the goods are handed over to the first carrier (even though the contract is CIF/CIP). Since, in CIF/CIP contract the risk of material passes to the buyer after goods are loaded on the vessel, responsibility for settling insurance claim, if any, lies with the buyer though insurance is arranged by the supplier.

2.1 It may thus be advisable to go for CFR (Cost and Freight) contract. CFR is the INCOTERMS – 2010 equivalent of what was earlier known as C&F (Cost and Freight) contract. Here, the marine insurance is arranged and tackled by the Railway but the shipping arrangement till the port at destination is done by the foreign company. Further, depending on the mode of delivery (FOB/C&F/CIP/CIF etc.) in the contract which the purchasing units decide to adopt, they would need to frame suitable conditions in the contract to safeguard the interests of Railways in line with INCOTERMS – 2010.

3. Your attention is also brought to INCOTERMS – 2010 called 'DDP' (delivered duty paid) wherein all risks including custom duty formalities is dealt by supplier.

3.1 In cases where the Railway desires to hand over the entire responsibility to the foreign vendor and receive the material on Indian shore with Custom Duty duly paid by the foreign supplier, one option is to go for DDP contracts. In DDP, the handing over of material by the foreign firm to Railway and the risk of material are co-terminus but in other modes of contract (CFR, CIF etc.), the handing over of material by foreign firm are not co-

Santosh Mittal *Ashok*

terminus with the risk. In CFR/CIF/CIP etc, the risk passes on to Railways even though the material is still not handed over to Railway.

This is issued with the concurrence of Finance Directorate of Ministry of Railways.

Santosh Mittal
(Santosh Mittal)

Dy. Director Railways Stores(G)-I
Railway Board

No. 2011/RS/G/779/8

New Delhi, dated: 12. 2.2016

1. FA&CAOs, All Indian Railways & Production Units
2. PCEs, All Indian Railways & PUs, WPO/Patna, RCF/RBL, COFMOW, DMW
3. The ADAI(Railways), New Delhi (with 10 spares copies)
4. The Director of Audit, All Indian Railways

Ashok

for Financial Commissioner / Railways

No. 2011/RS/G/779/8

New Delhi, dated: 12. 2.2016

1. COSs, CMEs, CEEs, CSTE, All Indian Railways & PUs, RCF/RBL/NDLS, COFMOW, CORE, WPO and RWP/Bela
2. The Directors—
 - a) Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad
 - b) Indian Railway Institute of Mech. & Elec. Engg., Jamalpur
 - c) Indian Railway Institute of Elect. Engg., Nasik
 - d) Sr. Prof. (Material Management), NAIR, Vadodara
 - e) Indian Railway Institute of Civil Engg., Pune
 - f) Indian Railway Institute of Traffic Management, Lucknow
3. Director, Iron & Steel, 3, Koila Ghat Street, Kolkata
4. Executive Director (Stores), RDSO, Lucknow
5. Chief Commissioner, Railway Safety, Lucknow
6. Zonal Railway Training Institute, Sukadia Circle, Udaipur

Santosh Mittal
(Santosh Mittal)

Dy. Director. Rly. Stores(G)I
Railway Board

No. 2011/RS/G/779/8

New Delhi, dated: 12. 2. 2016

Copy to :

1. The Genl. Secy., AIRF, Room No. 248, & NFIR Room No. 256-C, Rail Bhavan
2. The Secy. Genl., IRPOF, Room No. 268, FROA, Room No. 256-D & AIRPFA, Room No. 256-D Rail Bhavan

Santosh Mittal
(Santosh Mittal)

Dy. Director. Rly. Stores(G)I
Railway Board

Copy to:- Sr. PPSs / PPS / PS to :

1. MR, MOS(R)
2. CRB, FC, ME, ML, MM, MS, MT, SECY., DG (RHS), DG (RPF)
3. All AMs, Advisors & Executive Directors of Railway Board

Issue fair pl.
Santosh
SJA

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 2011/RS(G)/779/8

New Delhi, dated 05-09-2011

CAO,
COFMOW,
Tilak Bridge,
New Delhi.

Subject: Procurement of M&P items from foreign firms.

- Ref: 1. CAO/COFMOW letter No. COFMOW/IR/S-101 dated 9.5.2011.
2. Ministry of Shipping letter No. 23011/2/2011-ASO-III dated 5.7.11(enclosed).

Vide letter under reference, Ministry of Shipping has permitted COFMOW to go for import of M&P items upto approx Rs.200 crores and with approx weight 6000 tonnes for a period of 2 years i.e from 1st July, 2011 to 30th June, 2013 on CIF/Turnkey basis.

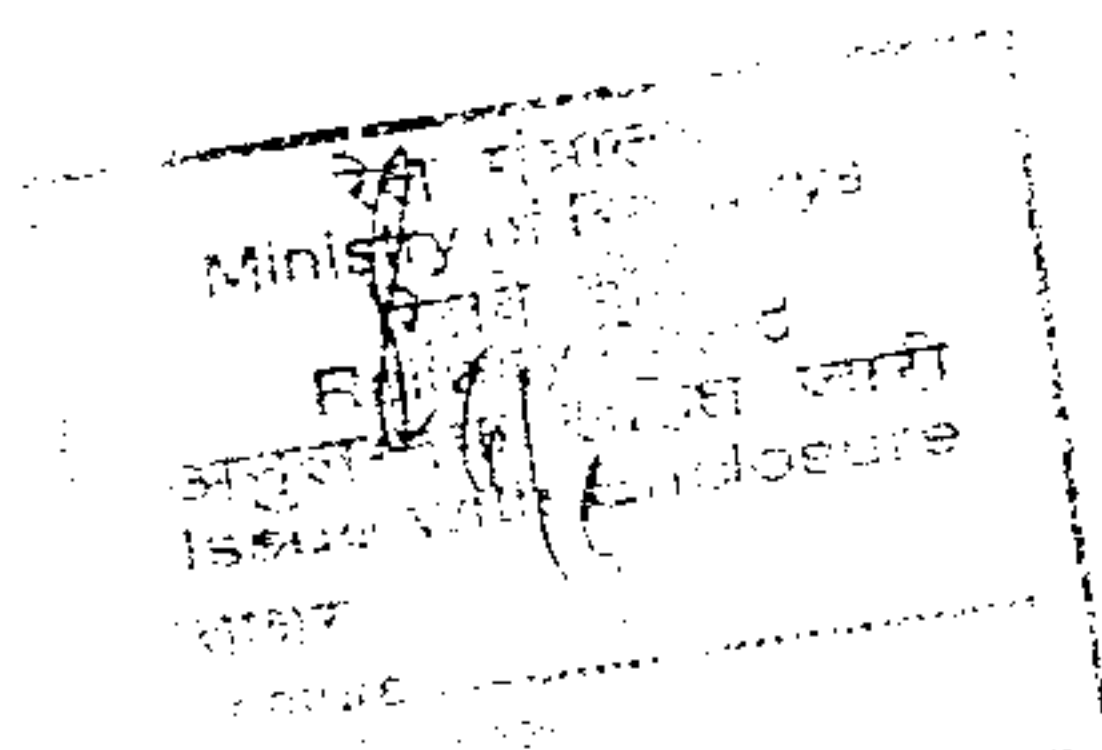
In view of the above, COFMOW may enter into import contracts for M&P items on CIF/Turnkey basis.

While deciding the mode of shipment/delivery in the contract, your attention is brought to the revised INCOTERMS -2010 which are available on the internet. It is to be noted that, based on INCOTERMS 2010, CIF is valid only when transportation is entirely conducted by water. However, the risk of material is transferred to the buyer once the goods are loaded on the vessel. The containerized /multimodal equivalent of CIF is CIP (Carriage and Insurance Paid) where again the risk passes when the goods are handed over to the first carrier.

Since the risk of material remains with the buyer after goods are loaded on the vessel, responsibility for insurance claim, if any, lies with the buyer only even though insurance is arranged by the supplier, on behalf of buyer.

COFMOW would need to frame all suitable conditions required in the contract to safeguard the interests of Railways.

This is issued with the concurrence of Finance Directorate of Railway Board.



Santosh Mittal
(Santosh Mittal)
Dy. Director Railway Stores (G).
Railway Board.

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सभी पत्र सचिव, पोत प
मंत्रालय, को उनके नाम पर नहीं बल्कि पद के
पते पर भेजे जाने चाहिए।

All communications should be addressed to the
Secretary to the Government of India, Ministry of
Shipping, by title NOT by name.
Telegram: "TRANSPORT"

Government of India

परिवहन मंत्रालय

Ministry of Shipping

परिवहन भवन/Transport Bhawan

1, संसद मार्ग/1, Parliament Street

नई दिल्ली-110001/ New Delhi-110001

No. SC-18013/1/2013-ASO-I

Dated: 08 September, 2015.

OFFICE MEMORANDUM

Subject: Decentralisation of shipping arrangements in respect of ocean transportation of cargoes under the control of Government/Public Sector Undertaking.

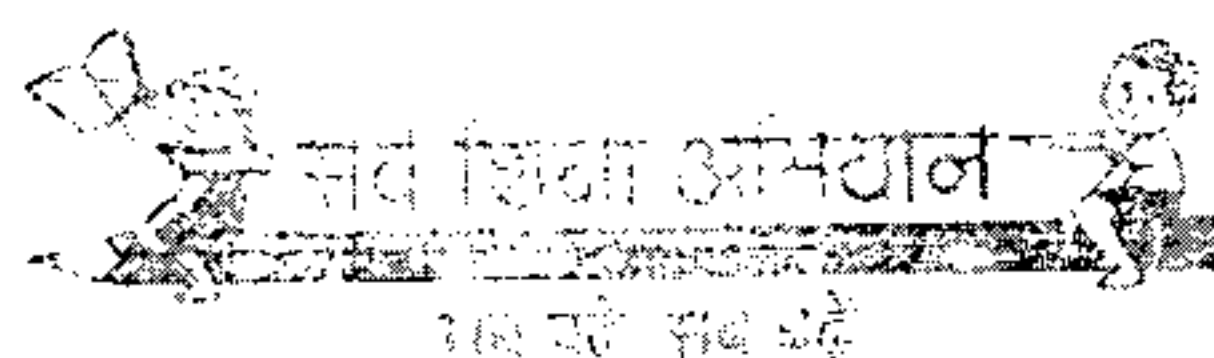
The undersigned is directed to say that as per the existing policy of the Government of India, all import contracts are to be finalized on FOB (Free on Board)/FAS (Free Alongside Ship) basis in respect of Government owned/controlled cargoes on behalf of Central Government Departments/State Government Departments and Public Sector Undertakings under them and in case of any departure therefrom, prior permission is required to be obtained from the Chartering Wing of the Ministry of Shipping on a case-to-case basis.

2. Based on the growing demand of various Government Departments/PSUs to allow them to organize their own shipping arrangements so as to take quick decisions in efficiently managing their cargo supply and logistics chain operations, it has now been decided by the Government that :

(a) All importing Government Departments/PSUs will make their own shipping arrangements without needing to route their requirements through Chartering Wing of Ministry of Shipping subject to the following:

(i) the import of bulk cargoes, both dry and liquid, will continue to be made on FOB/FAS basis by importing Government Departments/PSUs and shall remain subject to extant Government policy notified vide this Ministry's OM No. SC-11011/1/1994-ASO-II/Vol.III dated 27th February, 1996 (Annexure-I) and OM No. SC-11021/3/1999-ASO-I/Vol. III dated 15th November, 2001 (Annexure-II) and that in case of any departure therefrom, prior permission and No Objection Certificate will have to be obtained from the Ministry of Shipping on a case-to-case basis with the approval of the concerned administrative Ministry/Department.

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- (ii) the import of general liner cargoes (project cargoes, heavy lift, container, break bulk cargoes etc.) can now be made by Government Departments/PSUs on FOB (Free on Board)/FAS (Free Alongside Ship) or C&F (Cost & Freight)/CIF (Cost, Insurance & Freight) basis which shall otherwise remain subject to extant Government policy notified vide this Ministry's OM No. SC-11011/1/1994-ASO-II/Vol. III dated 27th February, 1996 (Annexure-I) and OM No. SC-11021/3/1999-ASO-I Vol. III dated 15th November, 2001 (Annexure-II). In case of C&F/CIF import, there is no need of obtaining NOC from the Ministry of Shipping.

3. Until the various Government Departments/PSUs organize their own chartering arrangements, the services of the Chartering Wing of the Ministry of Shipping will remain available during the transition period only until 31.12.2015.

4. It is requested that the above decision taken by the Government of India may kindly be brought to the notice of all the Public Sector Undertakings/projects/autonomous bodies/purchasing and selling organizations under the administrative control of Ministries and Departments concerned. Government Departments/PSUs may utilize the services of the Chartering Wing of the Ministry of Shipping till 31st December, 2015, if required.

5. A copy of the instructions issued may please be endorsed to this Ministry.

6. Hindi version is also enclosed.



(Barun Mitra)

Joint Secretary to the Government of India

Tele. No. +91-11-23356712

To,

- (1) All Ministries/Departments of Government of India.
- (2) The Chief Secretary to all the State Governments including the Union Territories.

Copy forwarded for information and necessary action to:

1. The Directorate General of Shipping, 9th Floor Beta Building, i-Think Techno Campus, Kanjurmarg (East), Mumbai – 400042.
2. Chairman, Mumbai Port Trust.
3. Chairman, Kolkata port Trust.
4. Chairman, Chennai Port Trust.
5. Chairman, Visakhapatnam Port Trust.
6. Chairman, Cochin Port Trust.
7. Chairman, Kandla Port Trust.
8. Chairman, Mormugao Port Trust.
9. Chairman, Paradip Port Trust.
10. Chairman Tuticorin Port Trust.
11. Chairman, New Mangalore Port Trust.
12. Chairman, Jawaharlal Nehru Port Trust.
13. The Chairman cum Managing Director, Kamarjar Port Ltd., 23, Raja Salai, Chennai-1.
14. The Managing Director, Central inland Water Transport Corporation Ltd., 4, Fairlie Place, Kolkata-700001.
15. The Chairman & Managing Director, Cochin Shipyard Ltd., Cochin.
16. The Chairman, Dredging Corporation of India Ltd. LTC Building, Visakhapatnam-530004.
17. The Directorate General of Lighthouses & Lightships, A-13, Sector-24, Noida-20131 (UP).
18. The Chairman & Managing Director, Inland Water Authority, NOIDA, Ghaziabad, U.P.
19. The Chairman-cum-Managing Director, Shipping Corporation of India, Shipping House, 245, Madame Cama Road, Mumbai.
20. The President INSA, Mumbai.

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21. The Reserve Bank of India, Foreign Exchange Control Department,
RBI Building, Fort, Mumbai.
22. Ports Wing (05 copies)
23. Shipping Wing (05 copies)



(Barun Mitra)

Joint Secretary to the Government of India

Tele. No. : +91-11-2335 6712

Copy also forwarded to :

1. Cabinet Secretariat, Rashtrapati Bhawan, New Delhi.
2. Principal Director Audit, IP Estate, New Delhi.
3. C&AG, New Delhi

.op
TELEGRAM: TRANSCHART
TELEX: VAHAN IN 31-61157/
31-61158/31-61159
FAX: 3718614
TELEPHONE: 3710356/3710039/
3718390/3719480

Government of India
Ministry of Surface Transport
(Chartering Wing)

No.SC-11011/1/94-ASO.II/Vol.III New Delhi, the 27th February, 1996

OFFICE MEMORANDUM

Subject: Ocean transportation of cargo under the control of
Government/Public Sector Undertakings - review of the
... policy regarding.

...

The undersigned is directed to say that as per the existing policy of Government of India all import contracts are to be finalised on FOB (Free on Board/FAS (Free Alongside Ship) basis and those for exports on C&F (Cost and Freight)/CIF (Cost, Insurance, Freight) basis in respect of Government owned/controlled cargoes on behalf of Central Government Departments/State Government Departments and Public Sector Undertakings under them and in case of any departure therefrom, prior permission is required to be obtained from the Chartering Wing of the Ministry of Surface Transport on a case to case basis. The shipping arrangements are centralised in the Ministry of Surface Transport. These instructions about FOB/FAS purchases and C&F/CIF sales and entering into contracts where the element of foreign exchange expenditure is minimum already stand incorporated in the General Financial Rules of the Government.

2. Based on the difficulties/problems, as intimated by certain Government Departments/Public Sector Undertakings in the changed context of economic liberalisation, the thrust on performance improvement and competitiveness of Public Sector Undertakings, decanalisation of certain cargoes, Government has undertaken a through review of the above policy at various levels and it has now been decided by the Government that:-

- (i) Government policy for import contracts to be finalised on FOB/FAS basis and for exports on CIF basis in respect of Government owned/controlled cargoes on behalf of Central Government Departments/State Government Departments and Public Sector Undertakings under them and centralised shipping arrangements through the Ministry of Surface Transport (Chartering Wing) in

association with the concerned user
Ministry/Department/PSU may continue.

- (ii) Prior permission is required to be obtained from Ministry of Surface Transport on a case-to-case basis in case of any departure from the above policy. However, Ministry of Surface Transport shall ensure disposal of such requests within four working days on receipt of the complete information/request from the concerned Ministry/PSU.
- (iii) Ministry of Surface Transport, Chartering Wing to ensure full utilisation of suitable Indian vessels in case they are able to meet the indenter's requirements at competitive rates and are able to maintain the time schedule.
- (iv) In case of import of bulk quantities like fertilisers, coal, foodgrains etc. where freight element is substantial, a representative from Ministry of Surface Transport may be invited to participate in the discussions for advising on the shipping aspects of import/export contracts.
- (v) Ministry of Surface Transport should make all out efforts to finalise vessels, Indian or foreign, at the most competitive rates and before fixing the vessels, prior approval of the indenting department/PSU should be obtained.
- (vi) In order to make imports and exports cost-effective and for judicious use of foreign exchange, Ministries/Departments should ensure imports on FOB/FAS and exports on CIF basis failing which necessary No Objection Certificate (NOC) should be obtained from Ministry of Surface Transport (Chartering Wing) while applying for release of necessary foreign exchange for the purpose of chartering foreign vessels and for making freight payment in foreign currency.
- (vii) The tendering system to be followed by Ministries/Departments/PSUs will be standardised. The Cabinet secretariat will initiate appropriate action in this regard.

3. It is requested that above decision taken by the Government of India may kindly be brought to the notice of all the Public Sector Undertakings/Projects/Autonomous Bodies/Purchasing & Selling Organisations under the administrative control of Ministries and Departments concerned and they may be advised to follow the prescribed procedure for arranging shipment of their cargoes through Chartering Wing (popularly known by its Cable Address "TRANSCHART" in the shipping circle, the world over) of this Ministry and incorporating the prescribed Shipping Clauses in the purchase orders/contracts. They may also be instructed to

send two copies each of the contracts in respect of both exports as well as imports, alongwith cargo particulars like weight, volume, loading port, discharging port, loading rate, discharging rate, period of shipment, parcel size and any other specific condition relating to shipment of cargoes etc. to this Ministry as soon as the same are finalised, for taking further necessary action with regard to the shipping arrangements.

4. A copy of the instructions issued may please also be endorsed of this Ministry.

T.V. Shanbhag
(T.V. SHANBHAG)
Chief Controller of Chartering

To

- (1) All Ministries/Departments of Government of India2 copies
- (2) The Chief Secretary to all the State Governments including the Union Territories.

Copy forwarded for information and necessary action to:-

- 1. The Directorate General of Shipping, Jahaz Bhavan, Walchand Hirachand Marg, Fort, Bombay-400001.
- 2. Chairman, Bombay Port Trust
- 3. Chairman, Calcutta Port Trust
- 4. Chairman, Madras Port Trust
- 5. Chairman, Visakhapatnam Port Trust
- 6. Chairman, Cochin Port Trust
- 7. Chairman, Kandla Port Trust
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- 11. Chairman, New Mangalore Port Trust
- 12. Chairman, Jawaharlal Nehru Port Trust
- 13. The Chairman & Managing Director, Hindustan Shipyard Ltd., Visakhapatnam.

14. The Managing Director, Central Inland Water Transport Corporation Ltd., 4, Fairlie Place, Calcutta-700001.
15. The Chairman & Managing Director, Cochin Shipyard Ltd., Cochin.
16. The Chairman, Dredging Corporation of India Ltd., LIC Building, Visakhapatnam-530004.
17. The Director General of Lighthouses & Lightships, Department of Lighthouses & Lightships, R.K. Puram, New Delhi.
18. The Chairman & Managing Director, Inland Water Authority, NOIDA, Gaziabad, U.P.
19. The Secretary (BRDB), B-Wing, Sena Bhawan, New Delhi.
20. The Chairman-cum-Managing Director, Shipping Corporation of India, Shipping House, 245, Madame Cama Road, Bombay.
21. The President INSA, Bombay
22. The Reserve Bank of India, Foreign Exchange Control Department, RBI Building, Fort, Bombay.
23. Roads Wing (5 copies)
24. Ports Wing (5 copies)
25. Shipping Wing (5 copies)

T.V. Shanbhag
(T.V. SHANBHAG)
Chief Controller of Chartering

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2. Principal Director Audit, IP Estate, New Delhi.
3. C&AG, New Delhi.

TELEGRAM: TRANSCHART
TELEX: VAHN IN 31-61157/
 31-61158/31-61159

FAX NO: 3718614/3352726
TELEPHONE: 3710356/3710039/
 3718390/3719480

GOVERNMENT OF INDIA
MINISTRY OF SHIPPING
CHARTERING WING

No.SC-11021/3/99-ASO-I VOL.III

Dated. the 15th November, ,2001

OFFICE MEMORANDUM

Subject: Ocean Transportation of cargo under the control of Government/
 Public Sector Undertakings review of --The policy regarding.

.....

The undersigned is directed to say that as per the existing policy of Government of India all import contracts are to be finalised on FOB(free on Board/FAS(Free alongside Ship)basis and those for exports on C&F (Cost and Freight)/CIF(Cost Insurance, freight) basis in respect of Government owned/controlled cargoes on behalf of Central Government Departments/State Government Departments and Public Sector Undertakings under them. In case of any departure therefrom, prior permission is required to be obtained from the Chartering Wing of the Ministry of Shipping. These instructions about FOB/FAS purchases and C&F/CIF sales and entering into contracts where the element of foreign exchange expenditure is minimum already stand incorporated in the General Financial Rules of the Government.

2. Based on the difficulties/problems, intimated by certain Government Departments/Public Sector Undertakings for exporting their cargoes in the changed context of economic liberalization, Government has undertaken a thorough review of the above policy at various levels. It has now been decided by the Government that:-

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- (i) The present policy for placing import contract on FOB/FAS basis and Centralised shipping arrangements through Ministry of Shipping(Chartering Wing) notified vide this Ministry's O.M. No.SC-11011/1/94-ASO.II/VoL.III dated 27th February, 1996 in respect of government owned/controlled cargoes on behalf of Central Government Departments/State Government Departments and Public Sector Undertakings under them will continue.
- (ii) The policy of centralized shipping arrangements through Chartering wing has been relaxed in case of exports. Government Departments/PSUs are free to finalize export contracts on FOB/FAS basis without seeking prior clearance from Ministry of Shipping(Chartering Wing).

3. It is requested that above decision taken by the Government of India may kindly be brought to the notice of all the Public Sector Undertakings/Projects/ Autonomous Bodies/ Purchasing & Selling Organisations under the administrative control of Ministries and Departments concerned and they may be advised to follow the prescribed procedure described above. They may also be instructed to send two copies of Import contracts alongwith cargo particulars like weight, volume, loading port, discharging port, loading rate, discharging rate, period of shipments, parcel size and any other specific condition relating to shipment of cargoes etc. to this Ministry as soon as the same are finalised for taking further necessary action with regard to the shipping arrangements in respect of import cargoes.

- 4. A copy of the instructions issued may please be endorsed to this Ministry.
- 5. Hindi version is also enclosed.


(T.V.SHANBHAG)
CHIEF CONTROLLER OF CHARTERING

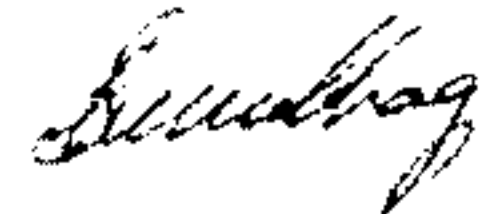
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- 4. Chairman, Chennai Port Trust.**
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- 12. Chairman, Jawaharlal Nehru Port Trust.**
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- 15. The Chairman & Managing Director Cochin Shipyard Ltd. Cochin.**
- 16. The Chairman, Dredging Corporation of India Ltd.,, LIC Building Vishakapatnam -530004.**
- 17. The Director General of Lighthouses & Lightships, Department of Light-Houses & Lightships, R.K.Puram, New Delhi.**

18. The Chairman & Managing Director, Inland Water Authority, NOIDA, Ghaziabad, U.P.
19. The Chairman –cum- Managing Director, Shipping Corporation of India Ltd, Shipping House, 245, Madam Cama Road, Mumbai.
20. The President, INSA, Mumbai.
21. The Reserve Bank of India, Foreign Exchange Control Department, RBI Building, Fort, Mumbai.
22. Ports Wing (5 Copies).
23. Shipping Wing (5 Copies).



(T.V.SHANBHAG)

CHIEF CONTROLLER OF CHARTERING

Copy also forwarded to:-

1. Cabinet Secretariat, Rashpati Bhavan, New Delhi.
2. Principal Director Audit, IP Estate, New Delhi.
3. C&AG, New Delhi.