

Provisional Joint Procedure Order (JPO) for computation of Operation & Maintenance (O&M) costs, raising and realizing the bills and adjustment of apportioned earnings on M/s. Krishnapatnam Railway Company Limited (KRCL) for B.G line from Venkatachalam/Komarampudi to Krishnapatnam Port (24.50 Km).

This JPO delineates the modalities for computation of Operation and Maintenance costs, raising and realizing the bills and adjusting the apportioned earnings on M/s. Krishnapatnam Railway Company Limited (KRCL) by the South Central Railway. The Principles are laid down in the Operations and Maintenance Agreement dated 06-1-2012 between M/s. Krishnapatnam Railway Company Limited (KRCL) and South Central Railway.

1. The basis of billing will be the computation model adopted by Western Railway for Pipavav Rail Corporation Limited based on the recommendations of the Joint Survey Team whose elements are given as Annexure 'A'.
2. All bills will be prepared by Sr.DFM/BZA in quadruplicate, sending the original to Krishnapatnam Rail Company Limited (KRCL) directly, the second copy to FA&CAO/T, third copy to (CCM's office) for information and retaining the fourth copy for record purposes.
3. Bills shall be raised by Sr.DFM/BZA for
  - 3.1 Fixed Cost - Staff (FCS)
  - 3.2 Fixed Cost - Material (FCM)
  - 3.3 Variable Cost (VC)
  - 3.4 Indirect Cost (IC)
4. For item 3.1 above, the number of staff is fixed as per Annexure-III to the O&M Agreement. SR.DFM/BZA will raise the bills to Krishnapatnam Rail Company Limited (KRCL) by 10<sup>th</sup> of the following month, e.g., for April'09, bill will be

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raised by 10<sup>th</sup> May '09, based on the details of the manpower as defined in Para 1.1 of Annexure I to O&M agreement.

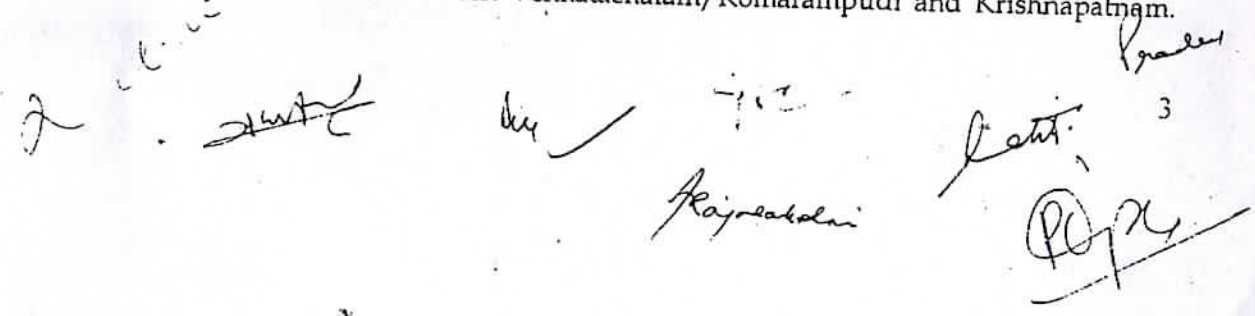
- 4.1 For item 3.2 above, billing will be on the basis of monthly average expenditure from Statement No.15 (Goods) for 2008-09, 2009-10 and so on duly inflated to the billed month using the Escalation Factor given in the "Summary of End Results - Freight Services" published by Railway Board from time to time.. The billing for each month shall be done by 10<sup>th</sup> of the following month e.g., bill for April '09 will be raised by 10<sup>th</sup> May '09. Heads of accounts (Electricity Charges, Breaches etc.) in Annexure-A, which are to be billed on actuals by SR.DFM/BZA by 10<sup>th</sup> day of the following month.
- 4.2 For item no.3.3, the figures required for the variable cost (as per Annexure-A) for the current month are ready only in the second fortnight of the next month. The billing for the variable cost will be done by the 10<sup>th</sup> of the next following month i.e., for April '09, the bill will be raised by 10<sup>th</sup> June '09.
- 4.3 Item No.3.4 will also be billed in the same manner as staff cost i.e., by 10<sup>th</sup> of next month.
5. Krishnapatnam Rail Company Limited (KRCL) can raise objections, if any, regarding the bills raised within fifteen working days of the presentation of the bills, failing which the bills will be taken as being accepted.
6. The discrepancies, if any, pointed out by Krishnapatnam Rail Company Limited (KRCL) will be examined by SR.DFM-BZA and the amended bill, if required, be issued within fifteen working days of the receipt of letter from Krishnapatnam Rail Company Limited (KRCL) with a copy each to CCM and FA&CAO/T.
7. Krishnapatnam Railway company Limited (KRCL)'s share of apportioned earnings will be computed by Traffic Accounts Office (TAO) following the normal rules of apportionment with regard to distance and the same advised in triplicate by 15<sup>th</sup> of second following month, sending the original copy to KRCL

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directly, the second copy to Headquarters (CCM's office) for information, duly retaining the third copy with TAO for record purposes.

- 7.1 If the O&M cost payable (sum of items 4, 4.1, 4.2 and 4.3) by Krishnapatnam Railway Company Limited (KRCL) is more than their apportioned share of earning, Krishnapatnam Railway Company Limited (KRCL) will remit the difference to Railways latest by 30<sup>th</sup> of the second following month, eg. for April '09 payments should be made by 30<sup>th</sup> June '09.
- 7.2 If the O&M cost is less than apportioned share, South Central Railway shall make payment of the difference to Krishnapatnam Railway Company Limited (KRCL) by 30<sup>th</sup> of second following month i.e., for April '09 payments should be made by 30<sup>th</sup> June '09.
- 7.3 The bills from November 2008 till the signing of O&M Agreement between Krishnapatnam Railway Company Ltd (KRCL) and South Central Railway for O&M costs shall be raised on actual basis. The apportionment due for Krishnapatnam Railway Co. Ltd for this period shall be worked out and the net payable to KRCL or net payment due from KRCL will be advised separately along with first bill for the month after signing of the O&M Agreement. Thereafter, monthly bills will be prepared as stipulated in this JPO.
- 7.4 Modification to the above clauses can be made subsequently with mutual written consent of Railways and KRCL based on Survey Committee recommendations. The above procedure is applicable for billing the O&M cost from the Date of commencement/agreement till the modifications as suggested by Survey Committee or any subsequent suitable procedure with the approval of CCM/SCR and due concurrence of FA&CAO/SCR.
- 8. The requirement of staff indicated in the Annexure III of the O&M agreement is only for the line between Venkatachalam/Komarampudi and Krishnapatnam.


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The staff required for Phase-II will be processed separately once the line between Obulavaripalle and Krishnapatnam is constructed, certified fit for operation and taken over for maintenance by SCR.

9. The number of staff as shown in the Annexure III of the O&M Agreement, may be revised from time to time depending on the actual requirements and traffic, etc.
10. In the absence of manpower, certain activities will be required to be outsourced. The cost of such outsourcing will also be taken as manpower cost and this will be met by SC Rly out of fixed cost to be deposited by KRCL as per Annexure-III.
11. Respective PHODs of S C Rly will ensure that the unit costs and the basis for apportionment of maintenance cost are promptly furnished to the Accounts department to enable billing raised in time against KRCL.
12. As a permanent measure, a separate bill unit will be maintained to collect and consolidate the expenses of manpower, material cost (fixed costs) and other expenses so that the expenses can be booked directly and the bills can be raised (Para 3.1.6 of O&M agreement).
13. It is mutually agreed upon by both the parties i.e., M/s KRCL and S.C.Railway to review this JPO at the end of six months after execution of the JPO.

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Acting MD/KRCL

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1. FIXED MATERIAL COST:

The calculation for Cost will be done using the expenditures under all Primary units other than PU 1 to 16 and PU-34 for the relevant head of account. This expenditure will be proportionately apportioned to Krishnapatnam Railway Company Limited (KRCL) on the "basis of apportionment" adopted in the tables below for the Krishnapatnam Railway Company Limited (KRCL) and South Central Railway.

1.1 Engineering Dept:

Head Description, ..	Code	Basis of apportionment
Contingent Expenses in Offices	4B-130	ETKMs
Maintenance of P.Way & Works	4B-240	ETKMs
Girder Bridges	4B-310	Length of bridges
Other bridges	4B-320	Length of bridges
Road under / Over bridges & FOB	4B-340	Length of bridges
Maintenance of office building	4B-410	No. of stations
Maintenance of stations & Goods Shed	4B-420	No. of stations
All other structures	4B-440	No. of stations
Special Repairs for Bridges & Breaches	7E-460, 4B - 710, 4B -720	Actual Basis on SPV
Water supply	4B-510	No. of stations
Sanitation	4B-520	No. of stations
Service roads & others (Misc.) Stations & Good shed	4B-531	No. of stations
Fencing & level crossing	4B-532	No. of stations
Station Machinery other than Water supply	4B-620	No. of stations
Tree plantations, nurseries etc.	4B-642 to 4B-644	No. of stations
Misc. expenses	4B-651 to 4B-654	ETKMs
Other adjustments	4B-656	ETKMs
Other Misc. expenses	4B-657	ETKMs
Plant & Equipment including furniture and office equipment	7E 210	No. of stations
Track & Other equipments	7E 221 & 7E 222	ETKMs
Repair of service motor car & Trolley (Rail & Road)	7E-231	ETKMs
Other un-classified Equip.	7E-233	No. of stations
Other Misc. repairs	7E-234 to 7E-237	ETKMs
Credits from material released from revenue works (Civil Engineering)	4B-911 to 4B-912	ETKMs

4B-240 is for D category route as in the case of Krishnapatnam Railway Company Limited (KRCL).

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1.4 Traffic Dept:

Head description	Code	Basis of apportionment
Sanitary Staff	9G 291	No. of stations
Sanitary Stores	9G 293	No. of stations
Clothing	9G 295	No. of stations
Fire, light & Gen. Stores	9G 297	No. of stations
Contingency Expenses	9G 298	No. of stations
Safety	9G 610, 620 & 630	No. of stations
Office Establishment	9G 121 & 122	No. of stations
Commercial contingency	9G 123	No. of stations
Traffic Deptt. Equip.	7E 810 & 7E 830	No. of stations
Goods yards operations	9G 320	No. of stations
Common terminal yards	9G 330	No. of stations
Goods terminal yards	9G 370	No. of stations
Other staff & Misc. Expenses	9G 560	No. of stations
Misc. Charges	9G 760	No. of stations
Traffic & Movement Inspection	9G 210	No. of stations
Train passing & Control	9G 250	No. of stations
Other Joint Costs	9G 260	No. of stations
Shed and Yard staff	8F 230	No. of stations

2. VARIABLE COST:

2.1. Cost of fuel:

It should be calculated as per SFC/SEC for 1000 GTKMs as assessed by South Central Railway every year.

The HSD consumption can be worked out by taking the GTKM of Krishnapatnam Railway Company Limited (KRCL) section and multiplying it with SFC/SEC for freight movement. On this the average HSD rate of SCR should be applied to get the cost of fuel for SPV portion.

Cost of HSD = [Per 1000 GTKMs (on SPV)\* SFC Per 1000 GTKMs on (SCR BG)]\* Average HSD rate.

Cost of Electricity = [Per 1000 GTKMs (on SPV)\* SEC (Per 1000 GTKMs on BZA Division)]\* Average Electricity rate.

Following other items pertaining to fuel should also be added.

Item	Code	Basis for apportionment
Fuel	H-200	SFC
Lube Oil	F-241	GTKM/1000
Other Stores	F-242	GTKM/1000

Cost of electrical energy consumed

	Code	Basis for apportionment
Cost of energy used for traction services	H-330	SEC
Other operating expenses- Lubricants	F-331	GTKM/1000
Other operating expenses- Consumable stores	F-332	GTKM/1000

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2.2 Cost of Crew:

Mechanical

Crew cost will be computed as per GTKM basis by taking following unit costs:

Item	Account Head	Unit for allocation o head
Running staff - Loco crew	F-212	GTKM/1000
Running staff - Guard	G-510	GTKM/1000
Other operating staff accompanying freight trains	G-520	GTKM/1000 (All tracti
Contingent expenses	8F-243	GTKM/1000 (All tracti
Misc. Expenses	8F-291 to 294	GTKM/1000
Other unclassified expenses	8F-295	GTKM/1000
Supervisory and office staff, Running	8F-211	GTKM/1000

Electrical

Crew cost will be computed as per GTKM basis by taking following unit costs:

Item	Account Head	Unit for allocation of he
Running staff - Loco crew	F-312	GTKM/1000
Running staff - Guard	G-510	GTKM/1000
Other operating staff accompanying freight trains	G-520	GTKM/1000 (All tractor
Contingent expenses	8F-333	GTKM/1000 (All tractor
Misc. Expenses	8F-341 to 344	GTKM/1000
Other unclassified expenses	8F-345	GTKM/1000
Supervisory and office staff, Running	8F-311	GTKM/1000

2.3 Cost of loco usage and wagon usage:

Loco/wagon hire charges circulated by Railway Board from time to time for IRFA will be applied to the KRCL excluding the element of interest.

2.4 Running repairs of wagons (not included in Wagon Hire Charges)

Cost of following allocation units exclusively for freight train operations shall be taken into account while computing the cost of running repairs of wagons:

Item	Account Head	Allocation Units
Running repairs in sick lines	D-310	Wagon days
Running repairs in Workshop for sick lines	D-320	Wagon days
Periodical overhaul	D-330	Wagon days
Special repairs	D-340	Wagon days
Other repairs	D-360	Wagon days
Misc. Expenses including adjustments	D-370	Wagon days
Credits for material release from Rev. works	D-913 & 914	Wagon days
Misc. Expenses Mech. Department	D-611 to 615	Wagon days
Dir. Sup-furniture & O/E and Ser. Motor cars	E-361 & 362	Wagon days
Plant & Equipment Rep. & Maintenance	E-330, 340, 354, 366 to 369	Wagon days
C&W Optg. Exp. Optg. Staff rolling stock and Equip.	F-521, 522, 531, 532, 541, 542 to 545	Wagon days
C&W Optg. Exp. Supervisory Staff & office staff	F-510 & 515	Wagon days
Direct Supervision - Rolling Stock	3A-600	Wagon days
Hire of Vehicles		Wagon days

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2.5 Computation of Documentation Cost:

Cost booked under following heads (only for goods traffic) will be taken for calculation of documentation and compensation cost.

Item	Account Head	Allocation Units
Forms and stationery	G-294	No. of wagons loaded
Direct supervision	% age basis	No. of wagons loaded

2.6 Computation of cost of Compensation Claims:

Item	Account Head	Allocation Units
Claim settlement & Prevention organization	K-210	NTKM
Compensation clams & Misc. Exp.	K-230 & K-240	NTKM
Compensation Goods settlement through books adjustment	K-260	NTKM

2.7. Engineering Department

- (i) Maintenance activities beyond the purview of departmental labour as specified vide Railway Board's instructions in force time to time, have not been included while working out strength shown in Annex-III, and shall be executed through contract, which also will form part of the cost to be borne by the Krishnapatnam Railway Co.Ltd. Railway Board's instructions issued for these activities vide letter No.95/CE-I/GNS/2 Vol II dt 3/6.3.06 as per MCNTM norms are being followed at present. Expenditure done by S.C.R for these activities will be in addition to cost of staff those shown in Annex-III and shall be raised on actual basis.
- (ii) Since the system of maintenance has to be mechanized, track machines as per requirement shall be deployed by SCR. The cost towards deployment of machines shall be in addition to staff cost at Annexure -III and para-(i) and charged on KRCL as per the laid down norms on actual basis, which is inclusive of staff cost on track machines.
- iii. In addition to Annexure-III and (i) & (ii) above, KRCL is also required to provide tools and plants and inspection vehicles initially and subsequently bear the cost for maintenance and replacement of all such infrastructure on actual basis.

2.8 Expenses for hiring of vehicles for inspection of the line by concerned departments of S.C.Rly needs to be borne by KRCL.

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3.0 INDIRECT COST

3.1 OVERHEAD COST:

3.1.1 Pension

Pension calculations should be done @ 13% for Group-C staff and @ 10% for Group-D staff on the actual basic salary.

3.1.2 Leave Salary:

Should be billed @ 30 days of salary per employee, only if no Leave Reserve has been provided on Krishnapatnam Rail Company Limited (KRCL) cadre.

3.1.3 DCRG:

DCRG element should be charged @ 15 days per annum for the staff deployed on Krishnapatnam Rail Company Limited (KRCL) section as per IREC rules.

3.1.4 RPF Staff:

Full cost of RPF staff deployed exclusively for freight operation on Krishnapatnam Rail Company Limited (KRCL) section should be charged on monthly basis.

3.1.5 Personnel and Accounts Department:

For various administrative support functions, Krishnapatnam Rail Company Limited (KRCL) will be billed for 9 number (1 Supervisor + 8 Clerical) of Non-Gaz. Personnel staff and 5 number (1 Sr. Section Officer + 4 Clerical) of Non-Gaz. Accounts Department staff.

3.1.6 Medical

Medical Cost for staff deployed for Krishnapatnam Rail Company Limited (KRCL) work will be recovered as per the rate advised by Executive Director/Health/Railway Board. As per ED(H) letter No.98/H-1/2/1 dated 23/1/2003 the unit cost of Medical service per staff is Rs.2,463/-.

3.1.7 Miscellaneous

Any other expenditure directly or indirectly related to the maintenance of the line between Venkatachalam/Komarampudi-Krishnapatnam (24.50 Kms) *for the additional line provision for loops, etc*

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