

2020

Procedure for Applying for Automobile Freight Train Operator (AFTO) Scheme



Ministry of Railway
Govt. of India

Procedure for applying for Automobile Freight Train Operator (AFTO) Scheme

Indian Railways has notified new Automobile Freight Train Operator (AFTO) Scheme under which logistic service providers can induct special wagon on Railways. It was launched in July-10-2013 and allowed private sector to induct and operate the wagons on network.

Eligibility Criteria

Applicant should be :-

- A registered company in India as per Companies Act 1956
- A Subsidiary Company
- A Joint Venture Company Or Partnership
- A Public sector entity in the business of logistics
- The application should have Minimum 1 year experience in any one of the following fields.
 - Transport and logistics
 - Port and land terminal operations
 - Warehousing
 - Container Train Operation
 - Manufacturers of Automobiles
 - Wagon leasing company
- The company should have a net worth of Minimum Rs 20 Crores an annual turnover of Minimum 30 crores as on 31st March of the previous financial Year.
- Any company which has been declared sick under sick Industrial Companies (Special Provision) Act 1985 shall not be eligible to apply under these rules and operate trains either individually or association with other companies.
- In case the applicant is subsidiary company, experience and net worth of the holding company, owning more than 50% equity in the subsidiary company, may be reckoned for the purpose S.N.06 & 07 as above. However, in such case, the applicant company must have more than 25% of the prescribed net worth of Rs. 20 Crore.
- There shall be no change of control of the AFTO through transfer of direct or indirect legal or beneficial ownership or control of equity or other contractual arrangement before the completion of one year from commencement of commercial operation of the AFTO's train pursuant to the Concession Agreement, in which after wards there may be approval from MOR, and same may be rejected or approved.

Registration Fee and Validity

The Indian Railways had formulated Automobile Freight Train Operator (AFTO) Policy.

- Companies have to pay Rs. 3 crore as registration fee to the Railways for the AFTO licence and must invest in a minimum of three rakes.
- The validity of the licence is for 20 years further extendable till expiry of the codal life of the wagons.
- AFTO licence holders are free to invest in specially made wagons to offer services
- Freight charges have to be paid to the railways as per a very simple rate structure. There will be two freight rates one for loaded trains and another for the empty trains.
- AFTO will be free to charge tariff from the end user. Maintenance of wagons will be done by railways at its own cost except special components.

Application /Registration

- Apply to ADV/EDFM with 1% of registration fee Rs. (3 Crores) along with the application.
- The applicant has to apply for a minimum 3 rakes under this scheme.
- If application is rejected by MOR than amount will be refunded within one month of rejection of the proposal.

The applicant shall furnish following details while submitting the application:

1. Name of the Applicant (firm).
2. Address of the application (firm).
3. Details of experience and activities of the applicant.
4. Document in support of the eligibility criteria as above.
5. Document in support of net worth/ turnover of the company as on 31st March of the last financial year like audited balanced sheet and / or document duly certified by a CA
6. PAN of the applicant
7. Number of rake planned.
8. Type of wagon.
9. Anticipated Traffic volume with identification of possible circuits.
10. Proposed loading terminal & destination terminals.
11. Any other relevant information.

MOR will study the proposal and approval may be comminuted to party to deposit the balance registration amount through Demand draft/ Banker's cheque/ Pay order only, favour principal Financial Adviser, Northern Railway.

After that CCM/FM of the Zonal Railway will signed the agreement. The applicants will procure full rake composition with 4% additional wagon as spare.

The AFTO intends to induct additional rakes under this scheme for which the registration fee has been paid, the same may be permitted by Railways without payment of additional fee. Conversely if he wants to withdraw any number of rakes he will be permitted to do so without any refund of any refund of registration fee.

Procurement of wagon

- Procurement of wagons will be allowed only with prior administrative approval of MOR and must conform to application IRS designs and specification same will be inspection by RDSO.
- The Applicant will be required to incorporate warranty clause in their purchase contract.

Signing of Agreement

- After all approvals and before induction of rake, AFTO shall sign an agreement with Railway Administration as per format prescribed by MoR.
- No movement of the rakes shall be permitted prior to the signing of this concession agreement.
- An option is provided for AFTO agreement may be terminated before expiry and transferred to another valid AFTO.

<< End of Document >>