

## **Section - 6**

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# Commercial Management of Railways

## Part 1: Functions and Organization

### Introduction

1. Like any well set organisation, Indian Railways also has a number of Departments dealing with different functions. While the Technical Department, such as the engineering Department, the Mechanical Department, Electrical Department, the Signalling Department, etc. provide the necessary inputs such as track, locomotives, wagons, coaches, signal and telecommunication, etc. and the Operating Department makes use of these facilities to produce transport by running trains, the commercial Department is responsible for marketing of traffic, booking it, arranging for its loading, transshipment, devlivery, storage, etc. and keeping in touch with the customers and providing passenger amenities.

With lakhs of employees all over the Country, laying down of proper rules and procedures for working becomes very important. The rules and procedures made by the Commercial Department are contained in a number of different publications mentioned below :

- (i) **Traffic Code**—It contains the policy directives to be followed by all Railway Managements.
- (ii) **Commercial Manual** – It contains the rules and procedures for working of the commercial department to be followed by all officials, stations, etc.
- (iii) **The IRCA Goods Tariff** containing rules, etc. for booking and delivery of goods traffic. It has three parts :-
  - (a) Part I, Volume I contains general rules for acceptance, carriage and delivery of goods.
  - (b) Part I, Volume II –contains the general classification of goods for the purpose of charging.
  - (c) Part II- contains the Rate Tables showing the rates chargeable for different classes for different distances.
- (iv) **IRCA Coaching Tariff** contains rules and procedures for booking of passengers, parcel and luggage traffic. It has five parts as follows :-

Part I. Volume I –containing general rules for conveyance of passengers, parcels and luggage.

Part I. Volume II – Railway concessions.

Part II — Passenger Fare Tables.

Part III — Rates for Parcels and Luggage traffic.

Part IV — Rates Tables for certain descriptions of Coaching traffic such as motor cars

etc.

- (v) **IRCA Red Tariff** contains rules and procedures for booking, packing, storage, etc. of explosive and other dangerous goods to be carried by railway.
- (vi) **IRCA Military Tariff** contains the rules and rates applicable to military traffic.
- (vii) **Alphabetical List of Railway Stations** – All stations on Indian Railways are listed in this book, showing the district and the state in which situated and the traffic for which these are open.
- (viii) **Distance Tables** – Show the chargeable distance between different stations. These are of two types namely, local distance tables showing the distance between different stations on the issuing Zonal Railway, and junction distance tables showing the distances via the junction through which the traffic has to pass over the adjacent railway.

2. In addition some other publications for guidance of the staff in the Zonal Railway may also be issued by the Zonal Railways such as Passenger Guide, hand books for guidance of different categories of staff, claim prevention manual, etc.

### 3. Functions of the Commercial Department

As the marketing and sales arm of the Railways, the Commercial department performs the following important functions :

- (i) Booking of passenger traffic that is selling of passenger tickets at the stations/booking offices.
- (ii) Provision of reserved accommodation to passengers in trains.
- (iii) Booking of goods traffic.
- (iv) Booking of parcel/luggage traffic.
- (v) Re-booking/diversion of traffic.
- (vi) Delivery of goods/parcel/luggage traffic.
- (vii) Transshipment of traffic, where necessary.
- (viii) Pricing of traffic.
  - (a) Fixing of fare/reservation charges etc. for passengers.
  - (b) Fixing of freight rates for goods/parcel/luggage traffic.
- (ix) Settlement of compensation claims for loss, damage etc. to consignments and for death/injury to passengers in railways accidents.
- (x) Refund of fares and freight charges.
- (xi) Prescribing rules and rates for and collection of demurrage and wharfage charges.
- (xii) Prevention of ticketless travel by arranging ticket checking.

- (xiii) Prevention of claims by enforcing precautions and by educating the staff.
- (xiv) Providing catering and vending services.
- (xv) Provision of passenger amenities such as waiting rooms, waiting halls, drinking water, etc.
- (xvi) Provision of facilities for dealing with goods/parcel traffic such as goods sheds, sidings, strongrooms etc.
- (xvii) Keeping proper account of the traffic booked, the money realised on day to day basis and to submit monthly returns of the same to the Accounts Office.
- (xviii) Monitoring the growth in traffic and to carry out marketing analysis, liaison with important customers, introduction of door to door services, etc.
- (xix) Conducting techno-economic surveys for construction of railway lines.
- (xx) Analysing the working of uneconomic branch lines so as to recommend closure of those no longer justified.

## **Organization of the Commercial Department**

### **Ministry of Railways (Railway Board)**

4. The Indian Railways are owned by the Government of India and controlled by the Ministry of Railways (Railway Board). The members of the Railway Board are functional, viz. member (Engg.), Member (Mech.), Member (Traffic) and so on. Member (traffic) looks after the Operating Departments as well as the commercial department of the Railways. He is assisted by an Additional member exclusively incharge of Traffic Commercial Directorate which in turn consists of a number of Executive Directors and other officers.

5. A separate Directorate has recently been set up for tourism and Catering, headed, by an additional member.

6. Railway Board has the function of laying down the policy and also for monitoring the functioning of the Zonal Railways. For example, the proposals for revision of railway fares and freight rates forming part of the annual Railway Budget are formulated by the commercial directorate of the Railway Board and they also ensure that these are properly implemented by the Zonal Railways.

### **Zonal Railways**

7. Indian Railways are divided into 16 zones, each zonal Railway is headed by a General Manager. The commercial work of a zone is looked after by the Chief Commercial Manager, who is assisted by a number of other Heads of Departments.

8. As in the case of Railway Board, the Sections or Branches at the zonal Railway level are also organised functionally. Generally, the Commercial Department of the Zonal Railway will have Branches as described below :

**9.** Rates Branch deals with all matters concerning rates for passengers, parcel, luggage and goods traffic, rules for booking and delivery of traffic, issue of monthly rate circulars, quoting special reduced rates, fixing siding charges, etc. A number of Rates Inspectors working in this Branch keep visiting and inspecting the stations to ensure that the charges are correctly levied by the staff, that the Tariffs and other publications are kept up to date, and that the staff understand the rules.

**10.** The marketing Branch keeps a watch on the trend of traffic being carried by the Railways with special reference to the traffic of high rated and profit making commodities. Wherever they find that on account of road competition, certain type of traffic is moving away from rail, they take steps to ensure that it is recaptured by the Railways. The steps included proper liaison with the Industry, ensuring regular supply of wagons and proposing and quoting, in coOrdination with the Rates Branch, special reduced station to station rates.

**11.** The Claims Branch deals with all claims received from the rails users regarding loss, damage, destruction, etc. of consignments booked by rail. It is the function of this Department to ensure that all claims are settled promptly in accordance with the provisions of the Railways Act, 1989. A team of Claim Inspectors carries out investigation in the field to see if a particular claim is payable or not and based upon the factual position claims are settled. Prevention of claims is also a function of the claims Department. Periodical drives are launched to educate the staff in proper handling, booking, labeling and marking of consignments. Special steps are taken to make wagons waterproof during rainy season and for proper storage of the consignments to protect them from damage by wet. This Department also has a commercial control organisation working under it, whose function is to connect wagons found without label and unconnected at the stations and to trace missing wagons.

**12.** Keeping in view the need to provide good and wholesome meals to rail users, separate Chief Commercial Manager has been posted in almost all the Zonal Railways to look after the arrangements for supply of proper food, tea, beverages, etc. to the passengers at the stations as well as in the trains/pantry cars. It is the function of Catering Department to supervise the working of contractors and to take action against them for unsatisfactory working apart from ensuring that the catering units run departmentally are functioning properly. Recently, a public sector unit under the ministry of Railways, called the Indian Railway Catering and Tourism Corporation has been formed to look after this function.

**13.** Miscellaneous work such as looking after the work of handling contractors, book stalls, opening of flag stations are looked after by the General Branch. While the practice may vary from Railway to Railway, generally the General Branch also looks after the matters concerning levy of demurrage and wharfage charges, submission of returns in time by the stations, provision of passenger amenities, clearance of outstanding etc.

**14.** The Public Relations Branch of Railway is also partly responsible to the Chief Commercial Manager though in many cases the Chief Public Relations Officer reports directly to the General Manager. The main function of the Public Relations Department is to maintain cordial relations with the press, to look after commercial publicity such as advertisements at railway stations,

time tables, etc. to issue advertisements on behalf of the Railways and so on.

**15.** With large scale computerisation of reservation of berth/seat in the trains, a separate branch has also started functioning to look after this work.

### **At Divisional Level :**

**16.** Each Zonal Railway is further divided into a number of Divisions. There are a total of 68 Divisions spread over the Sixteen Zonal Railways, each of which is headed by a Divisional Railway Manager (DRM). Generally, senior officers in the senior administrative grade are entrusted with this assignment. The DRM is assisted by one or more Additional Divisional Railway Managers (ADRM) who are assisted by several branch officers. The head of Commercial Branch is Sr. Divisional Commercial Manager (Sr. DCM) or Divisional Commercial Manager (DCM) depending on the size of the Division. He is assisted by one or more DCMs & Assistant Commercial Managers (ACMs) respectively. The Division primarily performs, executive functions. Senior DCM is responsible for the efficient working of the stations, the goods sheds, the parcel offices, the booking & reservation offices, catering units, ticket checking organisation etc. of the Division. He exercises disciplinary control over the staff and is in charge of their transfers, promotions, etc. It is his job to see that all the traffic booked from and received at the stations in the Division is properly accounted for, that cash is remitted daily to the cash office or the bank and that the Railways genuinely work as a public service organization giving paramount importance to the convenience and comfort of the rail users.

### **Area Officers**

**17.** At very big and important stations, senior officers known as Area Officers or Area Managers are appointed. They not only oversee the day to day working of the station or the area under their control, handling administrative, operational, commercial and staff matters but also provide an easily accessible contact point for the rail users for prompt attention to their day to day problems. Financial powers in matters like waiver of demurrage & wharfage charges are also delegated to them so that the rail users do not have to travel all the way to the Divisional Headquarters.

### **Stations level**

**18.** There are nearly 7030 stations on the Indian Railways. Names of all these stations, the civil districts in which situated, the facilities available and the type of traffic for which open etc. are given in the alphabetical List of Railways Stations. This is an important reference book kept at all the stations to enable them to know where a particular station is located and what types of traffic can be booked to it.

**19.** The stations are generally headed by the station manager. At very important stations gazetted officers are posted as Station Managers. At some stations, which are known as Flag Stations and where only commercial work is done (as distinct from a block station where operating work is also performed ) the person in charge is a booking clerk. Flag Stations normally deal only with passenger, parcel and luggage traffic as facilities for dealing with goods traffic are not available there. The station masters and the assistant station masters at most of the stations handle both

operating and commercial work in their respective shift duty. They not only perform train passing duties but also book passenger, parcel and luggage and goods traffic. They also arrange for collection and remittance of cash and maintenance of accounts at the station. However, at bigger stations where the workload is heavy it is not possible for one staff to handle all the work. Therefore, at such stations, separate set of staff are provided for dealing with different functions such as booking clerks, reservation clerks, parcel clerks, goods clerks, ticket collectors, enquiry clerk, etc. At very big stations generally headed by Station Managers the number of staff required for each function is quite large. For example, at a station like New Delhi, the number of booking clerks itself for manning numerous counters in different shifts cannot be restricted to a small number. Therefore at such stations, Commercial Supervisors are provided. As for example, a Chief Booking Clerk may be in charge of booking arrangements at such a station and he will control the staff manning the counters, availability of adequate stock of tickets etc. Similarly, there would be Chief Goods Clerk, Chief Parcel Clerk, Chief Ticket Collector, Chief Reservation Supervisor, Catering Manager, sanitary Inspector etc.

### **Parliamentary Control**

**20.** No government expenditure can be incurred without the approval of the Parliament and since Railways are owned by the Government of India, Railway Ministry has to get approval of the Parliament to its proposals for expenditure to be incurred in a particular financial year. For this purpose, Demands for grant are presented to Parliament as part of the annual railway budget and in the debate which follows, Railways performance is thoroughly discussed. Parliamentary committees, such as, the Railway Convention Committee, the Estimates Committee, the Public Accounts Committee and the Informal Consultative Committees of Members of Parliament are the other instruments for the Parliament to exercise control over the functioning of the Railways

### **Consultative Committees**

**21.** In order to keep regular touch with the rail users and to get their suggestions for improving the service, Railway have also set up the following consultative bodies :-

- (i) Station Consultative Committee (at important stations).
- (ii) Divisional Railway Users' Consultative Committee (One on each division).
- (iii) Zonal Railway Users' Consultative Committee (at the headquarters of each Zonal division).
- (iv) National Railway Users' Consultatives Council (at the Rly. Ministry's level).

**22.** This four-tier network of the Consultative Council bodies corresponds to the four-tier network of railway organization explained above. In addition to Members of Parliament or Legislature, varied interests of agriculture, industry, education and Chambers of Commerce and Trade associations are represented on these committees. It is the responsibility of the Commercial Department to convene meetings of these committees and to take follow up action on the suggestion made by them.

### **Indian Railways Conference Association – The Commercial Committee**

**23.** To ensure proper coordination between different Zonal Railways, and other Railways such as Port Trust Railways and to have a uniform set of rules for booking/delivery etc. of traffic and for interchange of traffic between different Railways, an Association known as Indian Railway Conference Association was set up. Its members include not only all the nine Zonal Railways but also Railways of the major Port Trust. The Traffic rules framed by the Association are also applicable to the Central Inland Water Transport Corporation although it is not a member of the I.R.C.A

**24.** The Goods Tariff, the Coaching Tariff, the Red Tariff, the Military Tariff and the Alphabetical List of Railways Stations, details of which have been given earlier, are issued by the IRCA. In addition it issues the following other publications :

- (i) Conference rules for the interchange of rolling stocks and traffic between individual Railways.
- (ii) Rules for interchange of traffic between India and Pakistan/Bangladesh.

**25.** I.C.R.A. has a number of committees one of which is the Commercial Committee. Chief Commercial Managers of Zonal Railways are the members of this committee. The functions of this committee are :-

- (a) To make recommendations on matters referred to it by the Railway Board.
- (b) To consider and recommend alterations or additions to the general classification of goods.
- (c) To examine and make recommendations on proposals affecting rates and all matters tending towards uniformity and simplification of tariffs.
- (d) To consider and recommend alterations or additions to the General Rules in goods. Coaching, Red and Military Tariffs.
- (e) To act as an Arbitration Committee to determine the liability of Railway for any claim which one or more Railways may have against another Railway arising out of claims for compensation by the public.

The Commercial Committee is assisted by a sub/committee of Rates officers of all the zonal Railways.