

Commercial Contract Policy – wef -01/10/2015

Preamble:

Konkan Railway deals with various commercial contracts which include catering establishments and various amenity related works. These contracts are allotted and are functioning as per the provision of the Commercial Contract policy issued in 2007 and various amendments from time to time. In the mean period many developments have taken place in the stations, number of trains and the expectations of the passengers. Therefore modification of the policy has now been necessitated considering the experience gained and public perception since the operation of the present policy.

A) Objectives of Commercial Contract Policy:

- a. To provide hygienic, good quality affordable catering and other services to the travelling public by adopting best trade and hospitality industry practices.
- b. To provide an inclusive approach to make the services available from the least advantaged passengers to the relatively affluent passengers in a socially responsible manner.
- c. To meet the social objectives of the Corporation, including provision of reservations as per Government Directives issued from time to time and giving the priority to land losers who has not been given job for their livelihood.

B) Contents of the policy:

1. Classification of stations
2. Provision of Commercial Contracts at station
3. Size and location of the stalls on platform
4. Classification of Commercial Contracts
5. Jurisdiction of Commercial Contracts
6. Eligibility Criteria for allotment of Commercial Contracts
7. Priorities in allotment of Commercial Contracts
8. Definition of Existing Contractor
9. Experience required for qualification
10. Reservation in allotment of Commercial contracts
11. Ceiling limit for holding number of contracts
12. Fixing of capital cost and Ground rent Component
13. Reserve Price / License Fee
14. Notification
15. Committee Nomination
16. Award of contract
17. Execution of Agreement
18. Tenure / Extension period for contracts
19. Sale Assessment

20. Running of Commercial Contracts
21. Number of Vendors permitted
22. Attachment of Mobile trolleys
23. TBA , Halt Agency
24. Annual Confidential Reports of the Catering Contractors
25. Action in case of unsatisfactorily performance
26. Items to be permitted for sale
27. Base kitchen facility
28. CCB/PCO phone
29. Rationalization of commercial contract
30. Delay in payments
31. Transfer of license in the event of death of the contractor / licensee
32. Subletting of contract
33. Termination of contract
34. Blacklisting of Contractor
35. Exceptions/Deviations from the policy.
36. Date of Effect of policy

C) Commercial Contract Policy:

1 Classification of stations:

The station classification based only on the earnings does not give the correct and factual requirement of the stalls at the stations. Therefore, the stations are classified giving due weightage to the other related aspects in addition to the earnings. The aspects considered for classification of stations include number of passengers, number of trains halting at stations, importance of station (district, Taluk, tourist place, educational hub etc), number of originating trains from the station and earnings from the present available contracts at the station.

1.1. **Allocation of points to related aspects:** The classification of the stations shall be decided based on the points earned by the stations on the following scales;

SN	Criteria	Range	Points
1	Average number of originating passengers/day (20 points)	5001 and above	20
		2001 – 5000	16
		1001 – 2000	12
		501 – 1000	8
		201 – 500	6
		101 – 200	4
		100 and below	2
2	Average Earnings /day (in Rs) (20 points)	Above 10 lakh	20
		500001 – 1000000	16
		300001 – 500000	13
		200001 – 300000	10
		75001 – 200000	8
		25001 – 75000	6
		Less than 25000	4
		Halt stations	2

3	Average number of trains halting at station per day (15 points)	21 and above	15
		16 – 20	12
		11 – 15	9
		6 – 10	6
		5 and less	3
4	Importance of stations (15 points)	District + Tourist + Edu/Health	15
		District + Tourist	12
		District	10
		Taluka + Tourist	8
		Tourist	6
		Taluka	4
		Rest of the stations	2
5	No.of originating trains/day (15 points)	More than 4	15
		4	12
		3	9
		2	6
		1	3
		Less than 1	2
6	License fee at station (in Rs.) (2014-15) (15 points)	Above Rs.50,00,000	15
		11,00,001 to 50,00,000	12
		3,00,001 to 10,00,000	10
		1,00,001 to 3,00,000	8
		50,001 to 1,00,000	6
		10,001 to 50,000	4
		Upto 10,000	2
		Nil	0

- 1.2. **Criteria (points earned) for classification of stations** : Based on the points earned on the scales mentioned above the stations shall be classified into five groups as under:

S N	Class of station	Points Earned
1	Class - I	91 – 100 points
2	Class – II	71 to 90 points
3	Class – III	41-70 points
4	Class - IV	16-40 points
5	Class – V	1 to 15 points

- 1.3. **Classification of stations** : As per the methodology explained above, classification of the stations shall be as under:

SN	Class of station	Stations
1	Class - I	MAO
2	Class – II	RN, UD
3	Class – III	KAWR, CHI, KKW, KUDL, THVM, SWV,KHED, SL, KUDA, KRMI , BYNR (H), BTJL,

4	Class - IV	KT, SNDD, VBW, SGR, MNI, HNA, MRDW, RAJP, GOK, PERN, CNO, MULK, VID, SVX, ANKL, VEER, KFD, AVR, ADVI, NAN, KOL, BKJ
5	Class – V	SEN, VEN, MJO, NAND, TOK, PDD, BIJR, SRVX(H), AT, VINH, INJ (H), DWV, ANO, KMAH, UKC, BOKE, NIV, ZARP, MADR, BLLI, HAA, MANK, SHMI, LOL, INP(H), GNO(H), SAPE(H), CTP(H)

1.4. **Review of classification:** The classification of station shall be reviewed based on the criteria mentioned above every five years.

2 Provision of Commercial Contracts at station:

The number of commercial establishments at each station (main and island platform) shall be as under:

SN	Stall details		Class - I	Class - II	Class - III	Class - IV	Class - V
(A)	Catering units						
1	Veg Restaurant (Concourse or PF-1)		1	1 **	-	-	
2	NonVeg Restaurant (Concourse or PF-1)		1	-	-	-	
3	Tea stalls	PF-1	2	2	2	1	1
		PF-2	2	2	2	1	-
4	Milk parlour per platform	PF-1	1	1	1	-	-
		PF-2	1	1	1	-	-
5	Ice-cream parlours	PF-1	1	1	-	-	-
6	Kokam/local products stall	PF-1	1	1	1	1	1 ***
		PF-2	1	1	1	-	-
7	Fruit stall	PF-1	1	1	-	-	-
		PF-2		-	-		-
8	Ethnic food stall	PF-1	1	1	1	***	-
8	Cyber café		1	-	-	-	-
			13	11	8	3	2
(B)	Non catering Units						
1	Book stalls (PF-1)		1	1	1	-	-
2	STD Booths		-	-	-	-	-
3	General Stores (PF-1)		1	1	1	-	-

(C)	Pantry Car and In-train vending contracts		As per requirements of the trains				
	Total on PF-1	PF-1	12	10	7	2	2
	Total on PF-2	PF-2	4	4	4	1	0
	Grand Total	-	16	14	11	3	2

Notes :

1. *Stalls at PF-1 includes the stalls in the concourse area of station building*
2. *** Veg Restaurant shall be decided based on the local conditions at the station.*
3. **** - As per demands, viability and requirements.*
4. *Any other type of stall as per requirement from time to time shall be added with the approval of the Competent Authority.*

3 Size and location of the stalls on platform:

Size and location of the stall should be such that it should not obstruct the passenger movement. To ensure this the following guidelines should be followed:

- 3.1. Wherever there is a wall/fencing for the platform, the stalls shall be attached with such wall.
- 3.2. On Island platform the location of the stall shall be at the centre of the platform width.
- 3.3. The maximum size of stall shall be 4 X 2.5 M. If more area is required to be given, then it should be increased lengthwise only. Width of the stall shall remain same in all the cases.
- 3.4. As far as possible, the tea stall shall be kept at the centre of the platform length.

4 Classification of Commercial Contracts:

The present commercial contracts operated over Konkan Railway have been classified as under :

- (a) Earning contracts
- (b) Expenditure Contracts
- (c) Long term lease contracts

4.1. **Earning contracts:**

4.1.1. **Minor Catering Units**

S.N	Name of establishment / contract	S.N	Name of establishment / contract
1	Tea stalls	2	Mobile trolleys for (a) tea/coffee/snacks, (b) fruits, Any other type as decided by the Corporation.
3	Ice cream stall	4	Cyber cafe
5	Kokam stall / local products stall	6	Chinese stall
7	Fruit Juice stall	8	Milk Parlour / Booth
9	Fast food stall	10	Ethnic food stall
11	Water vending machines		

4.1.2. **Minor Non-Catering Units**

S.N	Name of establishment / contract	S.N	Name of establishment / contract
1	Book stall	2	Curio – mobile trolley
3	Parking stand	4	General stores
5	Halt agents	6	Advertisements at stations
7	Cloak Room	8	Taxi stand / Pre-paid taxi

4.1.3. **Major Catering Contracts :**

S.N	Name of establishment / contract	S.N	Name of establishment / contract
1	Pantry Car Contract	2	In-train vending contracts
3	Veg / Non-veg Restaurants	4	Automatic vending machines

4.1.4. **Major non catering contracts:**

S.N	Name of establishment / contract	S.N	Name of establishment / contract
1	Personal Weighing machines	2	Executive lounge
3	Town Booking Agencies (TBA)	4	Advertisements – interior and exterior portion of trains
5	Automated Teller Machines (ATMs)	6	Weighbridge for trucks

Any new units introduced on KR system shall be incorporated in the commercial contract policy from the time to time.

4.2. **Expenditure Contracts:**

- 4.2.1. Supply of bed rolls in trains
- 4.2.2. Housekeeping contracts in trains
- 4.2.3. Upkeep and housekeeping of stations
- 4.2.4. Maintenance of restrooms for TEs, Retiring rooms etc
- 4.2.5. Maintenance of AC lounge
- 4.2.6. Marketing agents for RORO service

4.3. **Long term leasing contracts:**

- 4.3.1. Railotels

5 Jurisdiction of Commercial Contracts :

- 5.1. Corporate Office will award the contracts viz. Railotel, In-train vending contract, Integrated Pantry Car, Bed roll supply and House Keeping of train, Advertisement on interior & exterior portion of trains, ATMs, RORO marketing contracts and Rest rooms for Ticket Examiners beyond KR jurisdiction.
- 5.2. The proposal for new commercial establishment can be initiated either by the Regional Office or Corporate Office. Once the proposal is approved by CCM then the process of fixing of agency for the same can be initiated by adopting procedure laid down in the policy
- 5.3. Jurisdiction for new contracts shall be decided as and when introduced.
- 5.4. Tender / issues which have deviation from approved commercial contract policy requires approval from Corporate Office.

6 Eligibility Criteria for allotment of Commercial Contracts:

- 6.1. The allotment of all commercial contracts shall be made by inviting applications through press notification except otherwise specified, from the eligible parties on the following criteria:
 - 6.1.1. A firm / Company / Association of Person (AOP) / Individual who are competent to enter into a contract under Indian Contract Act.
 - 6.1.2. Turnover of applicant in the relevant / similar business for previous three years.
 - 6.1.3. Financial standing of the applicant expressed in terms of bank solvency.
 - 6.1.4. Experience on similar establishments minimum three years as and when specified.
- 6.2. Among the eligible applicants the contract will be finalized based on financial bidding/ direct bidding/suitability by adopting the priority given under head “Priorities in allotment of Commercial contracts”. (Para- 7)

7 Priorities in allotment of Commercial Contracts:

In order to provide the earning opportunity to land losers who have not been given job in KRCL, one stall shall be allotted under Priority P-1 for his livelihood. Considering the same the provisions for allotment of commercial contracts shall be as under:

7.1. Earning Contracts with reserve price less than Rs.20 lakh per annum:

7.1.1. **Priority -1 (P-1)** : Fresh landlosers (first time entry)/ existing landlosers contractors holding single unit with its contract validity upto one year ahead of new notification.

7.1.2. **Priority -2 (P-2)** : Any Commercial contractor (including landloser) who has successfully completed six years or more in KR on the date of notification on a similar establishments.(Existing contractor as specified in para-8)

7.1.3. **Priority-3 (P-3)** : Other than P-1 and P-2

7.2. Earning Contracts with reserve price more than Rs.20 lakh per annum:

There shall not be any priority for contracts with reserve price more than Rs.20 lakh per annum. Allotment of such contracts shall be decided purely on the Commercial terms.

7.3. **Expenditure Contracts:** There shall not be any priorities in the allotment of expenditure contracts.

7.4. It is clarified that, the landlosers having been given employment in Corporation to any of the family member shall not be considered for allotment of any stalls / contract under Priority 'P1'.

8 Definition of Existing Contractor:

8.1. Any commercial contractor who has successfully completed six years or more in KR on the date of notification on a similar commercial establishments. In case of mobile units like pantry car contracts, in-train vending, the required experience for similar commercial units will get expanded to any commercial catering contracts and vice versa.

8.2. The contractors having completed six successful years of contract over KRCL but not holding any Commercial Units on date can retain their status as existing contractor up to three years from the date of closure of their last contract.

8.3. The landloser holding single unit and with validity upto one year ahead of the new notification will be considered as not holding any unit.

8.4. If any contract of any contractor has been prematurely terminated due to violation of terms and condition of the contract, such contractor will cease to be an existing contractor for three years.

9 Experience required for qualification:

9.1. **Major catering and non catering contracts:** Experience for minimum three years is mandatory in operating similar type of contracts.

9.2. **Minor catering and non-catering units at Class-I and Class-II stations:** Experience in the similar field for three years shall be mandatory.

9.3. **Minor catering and non-catering units at Class III, IV and V stations:** Experience is not mandatory.

9.4. In the opinion of the Corporation, if special expertise is warranted for particular type of contract, Corporation is free to frame the relevant terms and conditions including experience for such contracts.

10 Reservation in allotment of Commercial contracts:

While allotment of minor catering units at stations on Konkan Railway, reservations to SC / ST / OBC / minorities etc have been kept as under :

10.1. Reservations in Class –I, II and III category of station

There should be 25% reservation for minor catering units in I ,II & III category of stations on following breakup :

Scheduled Caste	6%
Scheduled Tribe	4%
People below poverty line	3%
Freedom fighter / women including war Widows and widows of Konkan railway employees	4%
Other Backward Class	3%
* Minorities	3%
Physically / mentally challenged persons	2%

* The term minorities will include the communities namely (i) Muslims (ii) Christians (iii) Sikhs (iv) Buddhists (v) Zoroastrian (Parshis)

10.2. Reservations in Class-IV and Class-V category of station

There will be 49.5% reservation for allotment in class-IV and Class-V category of stations on following breakup :

Scheduled Caste	12%
Scheduled Tribe	8%
Other Backward Class	20%
** Minorities	9.5%
Total	49.5 *

- * Out of this 49.5% their will be sub-quota obtained 10% for freedom fighters, women including war widows and widows of Konkan Railway employees and another sub quota of 2% will be for physically and mentally challenged people. Within 49.5% total reservation.
- ** The term minorities will include the communities namely (i)muslims (ii) Christians (iii) Sikhs (iv) Buddhists (v) Zorastrian (Parshis).

The sub quota of 10% for freedom fighters and women including war widows and widows of Konkan Railway employees sub quota of 2% for physically and mentally challenged people will also apply in the general category of 50.5%

- 10.3. For the purpose of reservation Ratnagiri and Karwar Region will be considered as separate units for which one time station wise exercise be done for separate region. Reservation percentage be progressively achieved as & when either new units are provided or old units get vacated due to various reasons.

11 Ceiling limit for holding number of contracts:

Priority is given as a welfare measure to provide livelihood to those affected by land acquisition for construction of Konkan Railway. This policy cannot be an instrumental in enrichment for a few. Hence In order to ensure proper service through wider participation ceiling limit for holding maximum number of units by a contractor shall be as under.

11.1. Land losers, land losers in partnership/Society holding one unit:

- 11.1.1. In the capacity of individual landloser or landlosers in partnership only one unit during the tenure of the contract. It is further clarified that, they can hold only one unit under category 'P-1' .

- 11.2. The landloser holding stall at the time of applying for additional stall will be considered as holding a stall under priority-1, irrespective of the priority under which the stall was allotted. As the priority in allotment is given to provide earning opportunity to the landloser, till such time the landloser is holding one stall (irrespective of its priority of allotment), allotment of another stall under P1 category will not be considered.

- 11.2.1. It is further clarified that, such landloser can apply for stall under priorities other than 'P-1'. However, the total units hold by him at any given time should not be more than those prescribed in para 11.2.

11.3. **Other than above:** The contractor can hold the maximum number of units as given below.

1	Minor Units :	Two per station; Four on entire KR
2	Major Units	
(i)	Static Units	Two per station; Four on entire KR
(ii)	Mobile units (train vending)	Two pairs (UP & DN) of trains with base kitchen.
3	Long terms contracts (e.g. Railotel) and Major contracts	Two units in entire KR
4	Overall units	Two per station (any combination of major and minor) ; Total Six on entire KR (maximum two major units)

Notes:

1. *The land losers can apply under priority 'P-1' for one contract only on entire KR. (The bidders already holding one unit can apply under priority P-2). As the priority in allotment is given to provide earning opportunity to the landloser, till such time the landloser is holding one stall (irrespective of its priority of allotment), allotment of another stall under P-1 category will not be considered.*
2. *The landloser with contract validity upto one year ahead of the new notification will be considered as not holding any unit.*
3. *In case there is no response to the first notification, 2nd notification will be issued. If no response in 2nd notification also, then the contract can be considered for allotment beyond the ceiling limit in the 2nd notification.*
4. *The intrain vending contract for special train shall not be taken into account for the purpose of ceiling limit.*

12 Fixing of capital cost and Ground rent Component:

The capital cost of the station to calculate the ground rent component for eligible contracts has been fixed as given below:

Charging of Capital Cost Component to fix ground rent Component			
S.N	Class	Capital Cost per Sq.m	% to be applied to obtain ground rent (per Sq.m)
1	I	Rs.11000/-	20%
2	II	Rs. 6000/-	18%
3	III	Rs. 5250/-	16%
4	IV,V	Rs. 4500/-	12%

The capital cost stated above shall be subject to revision from time to time.

13 Reserve Price / License Fee :

- 13.1. The reserve price / license fee will be calculated @12% of assessed / estimated sales figures for the commercial establishment, which are going to be notified for the first time.
- 13.2. For all the commercial contracts (except mentioned below) which are going to be notified second time onward, the previous license fee or license fee calculated @ 12% on assessed/ estimated sale whichever is higher shall be adopted as reserve price for license fee.
- 13.3. The reserved price / license fee shall be calculated differently for the following commercial contracts:
- 13.3.1. **Class-V station** : If there is no response to the press notification at these stations, lump sum license fee of Rs.1000/- p.a. will be fixed. CCM will award the contract directly on application on the lump sum license fee for a period of three years and at the end of three years notification will be issued.
- 13.3.2. **Award of contract at flag station (Halt stations)** : Under this category of stations (halt stations) CCM will grant permission for selling of eatables by the halt agent of that station on receipt of application by the said agent, without levy of license fee. This permission will run concurrent to halt agency contract and will automatically terminated as soon as the halt agency contract ceases to operate.
- 13.3.3. **Tourist Information Counters** : Reserve price / License fee to be fixed at capital cost component as tabulated under para 12 above.

- 13.3.4. **Book stalls :** Reserve price / License fee to be calculated at 2% of the annual sale PLUS ground rent based on the capital cost as stipulated in Para 12 above. However, in case of book stalls, the ground rent shall be charged 10% of the capital cost for Class-I stations, 9% of the capital cost for class-II stations, 8% of the capital cost for class-III stations and 6% of the capital cost for class IV and V stations. Additional 2.5 % towards ground rent to be charged if bookstall structure is provided by KR.
- 13.3.5. **Cloakroom :** Reserve price / License fee to be fixed at capital cost component as stipulated in para 12 above plus 4% of annual sale.
- 13.3.6. **Cyber cafe :** Reserve price / License fee to be fixed at capital cost component as stipulated in para 12 above plus 4% of annual sale.
- 13.3.7. **Parking stands:** Notification to be called without fixation of reserve price. License fees to be increased 5% every year.
- 13.3.8. **Prepaid taxis:** The reserve price / license fee to be charged at ground rent (as stipulated in para 12 above) for the cabin area plus additional charges per taxi per month. RRM will nominate a committee of at least 3 (three) Regional officers including one member of accounts department to fix the charges per taxi per month.
- 13.3.9. **Advertisement at stations, trains and ROB/RUB :** It is proposed to frame separate and comprehensive policy for advertisement on KR.
- 13.3.10. The contracts like Personal weighing machine will be allotted on commission sharing basis to KRCL and Weigh bridge on Railway land for weighing of trucks would be dealt in accordance with land management policy for reserve price.
- 13.3.11. **Railotel :** In case of long term licensing contracts (30 / 60 years) like Railotel the practice of ground rent as license fee will continue, in addition to the royalty decided by the bidding system.
- 13.3.12. **In-train vending Contract (Festival, Summer, Winter Special trains etc):** CCM will award in-train vending contract for holiday specials by inviting applications from existing catering contractors.
- 13.4. **Annual revision in license fee:**
- 13.4.1. Class 'I', 'II', 'III' and 'IV' category of stations:
- 13.4.1.1. In case no revision is undertaken in rates of the items sold during the year, the license fee shall increase by 3% every year.

13.4.1.2. In case, revision in rates of items sold is undertaken during the year, the license fee shall be revised to 3% plus additional increase by 10% of the % age increase in rates.

13.4.2. Class – V category of stations :

No increase will be applicable up to five years. At the end of five years the license fee will be revised 10% upward once and will continue for next four years.

13.4.3. Halt/Flag stations:

In case of catering stalls at flag stations CCM will give permission for selling eatable to concerned Halt Agent contractor without levy of license fee.

13.5. **Award of contracts below reserve price:** The award of contract below reserve price will require concurrence of Director (Finance) and approval of Chairman and Managing Director.

14 **Notification :**

14.1. **Tender Notice :** Applications shall be invited in the prescribed form through press notification covering the region in which allotment to be done and it should be notified in Regional / Hindi / English languages. Wide publicity shall also be given by displaying the Notice inviting applications on the station notice board. A copy of notification along with complete application form (along with terms & conditions) shall also be uploaded on KR's website at www.konkanrailway.com. Prescribed Application Form should be made available for sale at concerned stations also.

Detailed notification shall include (i) Name of contract (ii) Location (Name of station) (iii) License fee/reserve price (iv) EMD (10% of the reserve/ license fee) and (v) reservation etc.

14.2. **Cost of tender form :** The cost of application forms for earning contracts shall be :

- | | | |
|----|---|------------------|
| a) | Minor Units at class-III, IV and V stations | - Rs. 500/- + ST |
| b) | Minor units at class-I and Class-II stations | - Rs.1000/- + ST |
| c) | Major units at class -I and Class-II stations | - Rs.2000/- + ST |
| d) | In-train vending and Pantry Car | - Rs.2000/- + ST |
| e) | Special type of contracts like ATMs | - Rs.2500/- + ST |
| f) | Long term leasing contracts like Railotel | - Rs.5000/- + ST |

14.3. **Notice Period :** Minimum 30 (thirty) days should be kept for receipt of applications from the date of notification. However, if required the time limit can be reduced with the approval of Director (Operations & Commercial).

14.4. **Fresh notification** : In the event of the completion of tenure of contract or termination due to unsatisfactory performance fresh notification will be issued.

14.5. **Preparation of tender documents** :The tender documents would invariably include;

- i) Scope of the contract.
- ii) Category of contract – General, Reserved general, SC/ST/OBC/ Minorities etc.
- iii) Mode of finalisation of contract (Two packet system/ direct bidding/suitability)
- iv) Tenure of contract and guidelines for extensions.
- v) Eligibility criteria
- vi) Priority criteria
- vii) Reserve price / license fee.
- viii) EMD and SD details.
- ix) Revision of license fee during tenure of contracts.
- x) Other charges payable under the contract.
- xi) Inspections clause
- xii) Statutory registration like Service Tax, Sales Tax and EPF etc.
- xiii) Execution of agreement.
- xiv) Termination clause.
- xv) Any other relevant general conditions

The tender documents should be duly vetted by finance before issue.

15 **Committee Nomination:**

15.1. **Contracts at Regional level**

The selection committee for award of Commercial contract having jurisdiction at regional level the committee shall consists of three Jr. Scale Officers (Commercial, Accounts and one from other department) nominated by RRM.

The applications received shall be tabulated in accordance to the eligibility criteria by a scrutinizing committee comprising of Senior Commercial Supervisor / Commercial Supervisor nominated by Jr.Scale officer of the Commercial department and Sr.SO / SO (accounts) nominated by Jr.Scale officer of Accounts department. The tabulation of the scrutinizing committee shall be put up to the selection committee.

The recommendations of the selection committee will require acceptance of RRM. Jr.Scale officer of commercial department shall be authorized to sign contract agreement on behalf of KRCL.

15.2. Contracts at CO level:

The selection committee for award of Commercial contracts dealt at CO shall consist of three Jr Scale officers (Commercial, Accounts and one from other department) shall be nominated by CCM.

The applications received shall be tabulated in accordance to the eligibility criteria by a scrutinizing committee comprising of Sr. Commercial Supervisor / Commercial Supervisor nominated by CCM and Sr.SO / SO (accounts) nominated by Accounts department (FA&CAO). The tabulation of this scrutinizing committee shall be put up to the selection committee.

The recommendations of the selection committee will require acceptance of CCM. Commercial Officer nominated by CCM shall be authorized to sign contract agreement on behalf of KRCL.

15.3. Long term and high value contracts :

In case of long term licensing contracts (tenure more than 9 years) and contracts having value (Reserve price) of more than 25 lakh, the selection committee consisting of three SAG level officers (Commercial, Accounts and one from other department) will be nominated by Chairman and Managing Director.

The applications received shall be tabulated in accordance to the eligibility criteria by a scrutinizing committee nominated by convener of the selection committee. The tabulation of the scrutinizing committee shall be put up to the selection committee.

The recommendations of committee will require approval of Chairman and Managing Director. CCM shall be authorized to sign such long term licensing agreement on behalf of KRCL.

16 System for Award of contract :

All commercial contracts listed at Para (4) above except (i) halt agency, (ii) Town Booking Agency (iii) In-train vending of special trains shall be awarded on two packet bidding system. The contracts for (i) halt agency, (ii) Town Booking Agency (iii) In-train vending of special trains shall be awarded based on suitability of the applicant. Contract under reservation category shall be awarded through press notification based on eligibility criteria and short listing.

16.1. Proposal for awarding of new commercial units :

For starting any new establishments at stations it needs the approval of Corporate Office. The proposal for the same could be initiated either by the Regional Office or Corporate Office. Once the proposal is approved then the process of fixing of agency for the same can be initiated.

16.2. **Award of commercial contracts by Corporate Office:**

The commercial contracts like Integrated contract for pantry car, supply of bed rolls and housekeeping in trains, In-train vending , Maintenance of Rest Room for Ticket Examiners beyond KRCL jurisdiction, advertisement on interior and exterior portion of trains, ATMs, and Railotel shall be awarded and maintained at Corporate office.

16.3. **Award of existing contracts by regional administrations**

All the commercial contracts which are described under the approved commercial policy of awarding contract shall be processed and awarded by the regional office except Integrated contract for pantry car, supply of bed rolls and housekeeping in trains, In-train vending , Maintenance of Rest Room for Ticket Examiners beyond KRCL jurisdiction, advertisement on interior and exterior portion of trains, ATMs, and Railotels and contracts mentioned below under para 16.4, 16.5, 16.6 and 16.7.

16.4. **Award of contract at Class“V” station :**

Under this category of stations if there is no response for award of commercial contracts through press notification, CCM can award the contract directly on application on the lump sum license fee of Rs.1000/- p.a. and contract will be valid for a period of three years. At the end of three years notification will be issued again.

16.5. **Award of contract at Halt stations :**

Chief Commercial Manager will give permission for selling of eatables by the halt agent of that station on receiving of application by the said agent, without levy of license fee. This permission will run concurrent to halt agency contract and will automatically get terminated as soon as the halt agency contract ceases to operate.

16.6. **In-train vending Contract for Special trains (Festival, Summer and Winter Specials etc):**

Normally special trains are introduced at short notice and enough time is not available for elaborate tender process under two-packet system. To introduce the catering service under short notice CCM will award contract as special case by inviting applications from existing catering contractors. These trains shall not be considered in the ceiling limit for holding of maximum contracts.

16.7. **Award of contract for Pantry Car, Supply of bed rolls and on board train Housekeeping:**

The contracts for supply of linen and bed sheets and on board housekeeping are clubbed along with pantry car contract. The contract shall be awarded based on the highest bid. The amount considered would be the net earning to KRCL. i.e. license fee quoted by the tenderer after deducting annual payment towards the supply of bed rolls.

16.8. **Award of Rest Room Maintenance Contract :**

The contract for maintenance of rest rooms for Ticket Examiners will be awarded by inviting applications from experienced contractors and awarded based on the lowest offer.

16.9. **Award of contracts below reserve price:**

As a normal practice the commercial earning contract would not be awarded below the reserve price. However contract can be awarded below reserve price with concurrence of Director (finance) and approval of Chairman and Managing Director.

16.10. Tender / issues which may have deviation from approved commercial policy needs to be referred to Corporate Office.

17 Execution of Agreement:

Selected candidates have to execute an agreement on non-judicial stamp paper of Rs.200/- (the cost of which will be borne by the contractor) with the Corporation before commencement of contract. The cost of non-judicial stamp paper will be borne by licensee.

18 Tenure / Extension period for contracts:

18.1. The tenure of contract will be nine years except for those specified separately hereinunder. The first allotment will be done for a period of five years and thereafter a screening committee will be nominated to evaluate the working performance. On the recommendations of screening committee a further extension of 4 years can be granted.

Tenure for the contracts for bookstalls, Parking stands and Town Booking Agencies shall be as under:

Bookstalls – 5 years
Parking stands – 3 years
Town Booking Agents – 3 years

- 18.2. Extension of the contract shall be subject to withdrawal of court cases, if any against KRCL. Failure to do so shall be treated as violation of conditions of contract.

19 Sale Assessment:

The contracts are awarded under competitive bidding, therefore, the sale assessment figures shall not have any bearing on the existing licence fee as the same is fixed under competitive bidding and also being increased annually. No revision in the licence fee is proposed other than the annual increase stipulated irrespective of increase/decrease in the business potential etc.

The sale survey should be conducted during the period from (Apr-Jun) and (Nov-Dec). However, Administration can decide the necessity of sales assessment depending on the ground realities.

20 Running of Commercial Contracts:

Successful contractor has to pay the following amount in advance :

- 20.1. First installment of License fee in advance
- 20.2. **Security deposit** : The security deposit as under shall be paid in the form of DD / Cash or Bank Guarantee.
- 20.2.1. Static units – 20% of the license fee
- 20.2.2. Mobile units – 50% of the license fee
- 20.2.3. Pantry Car and long term licensing contracts – 50% of the license fee.
- 20.3. Security deposit in respect of electricity consumption charges – Rs.3000/- per commercial establishments except mobile units or as advised by Electrical department whichever is higher.
- 20.4. Electricity connection charges.
- 20.5. Electricity & water consumption charges.

21 Number of Vendors permitted: The number of vendors permitted to catering units are as under:

21.1. Static Units:

Stn	No.of vendors permitted			
	Tea Stalls / Chinese food stalls	Restaurants	STD Booth / Gen Stores / Book stalls / Milk Parlor / Fruits Juice stalls / Ice cream parlor / Kokam stalls / Ethnic food stall	Mobile trolleys
I	6 per shift	For Veg : 20 (Mgr+ vendors & 8 kitchen staff) For N/veg 20 (Mgr + vendors & 8 kitchen staff)	2 per shift	2 per shift
II	6 per shift	8 vendors + 8 kitchen staff	2 per shift	2 per shift
III	6 per shift	-	1 per shift	1 per shift
IV	6 per shift	-	1 per shift	1 per shift
V	6 per shift	-	1 per shift	1 per shift

21.2. Mobile units :

	No.of vendors permitted
Pantry cars	Manager – 3, Cook - 6, Kitchen staff- 6 Vendors – 26, Bed rolls vendors-7
In-train vending contracts	Manager-1, Vendors- 17

Identity card and travelling authority will be issued by concerned ACM of the region. The vendors should display their I-card prominently visible.

The vendors of the catering stalls shall be permitted for vending/ selling of items on platform to ensure the availability of the same to the travelling public of general compartment, in particular.

22 Attachment of Mobile trolleys

In order to avoid congestion at platforms and to allot contract on need basis through tender the following guidelines shall be followed.

- 22.1. No trolley will be permitted with the contract.
- 22.2. Wherever warranted, separate contract will be allotted for operation of trolley through tendering process.
- 22.3. The existing contracts shall be permitted to operate the trolleys attached with them as per the previous policy till completion of five / nine years whichever is earlier. Thereafter the permission for operation of trolleys shall cease to exist.

23 Review of performance of TBA , Halt Agency:

- 23.1. **Town Booking Agencies (TBA)** For the TBA locations beyond 8 Kms radius from the station and if the sale figures is poor and agent is taking more than one month to exhaust the revolving deposit, CCM can permit on request of agent to reduce the revolving deposit amount from Rs.50,000/- to Rs.25,000/-.
- 23.2. **Halt Agencies:** The amount of commission payable to Halt agent shall be as prescribed by the Corporation from time to time.

24 Annual Confidential Reports of the Catering Contractors:

For all type of catering contractors, annual confidential reports (ACRs) shall be maintained. The details regarding the performance of the contractor, complaints / appreciations of the service rendered by the contractor, penalties imposed, litigation history etc shall be recorded in the Annual Confidential reports. Such reports shall be maintained for the financial year.

The reports shall be initiated by Commercial Supervisor (Catering), reviewed by ACM (under whose jurisdiction the contract is maintained) and accepted by Dy.CCM/CCM.

The inputs from the Annual Confidential reports shall be taken into account while allotment / continuation / extension of the contract.

25 Action in case of unsatisfactory performance:

In case of any shortcomings in performance noticed during the inspections, through complaints, press reports etc Corporation may impose the penalties on the contractor. The authority for imposing such penalties and the limit for the same shall be as under:

1. Commercial Supervisors – Upto ₹ 500/- per incidence.
2. Assistant Commercial Manager – Upto ₹ 5000 per incidence.
3. Dy.Chief Commercial Manager – Upto ₹ 25,000 per incidence
4. Chief Commercial Manager – Upto ₹ 1,00,000 per incidence

When nature and gravity of the incident is severe and major penalty is warranted, same shall be decided by administration after making inquiry through the committee nominated by CCM and on acceptance of the inquiry report by CCM which shall be binding on the contractor. Further appeal lies with D(O&C) and mercy appeal lies with CMD.

- 26** **Items to be permitted for sale** : Items to be permitted for sale at any commercial contracts needs prior approval of CCM.
- 27** **Base kitchen facility:** Base kitchen facility can be provided at inside as well as outside the paid area only to the In-train vending Contractor and Pantry Car Contractors on written request. License Fee will be ground rent calculated at the rates stated in para 12 above, and 10% escalation every year in case of base kitchen facility provided inside the paid area. However if the base kitchen facility is provided outside the paid area license fee will be ground rent calculated under the provision of land management policy in force with the approval of CCM . The base kitchen facility will be treated as a part of contract and if the contract is terminated then this facility automatically stands cancelled.
- 28** **CCB/PCO phone:** One CCB/PCO line is permitted to be installed at all commercial establishment as a passenger amenity without levy of license fee.
- 29** **Rationalization of commercial contract:** Under the rationalization scheme commercial contracts will be operated to coincide with the financial year i.e. April – March for all the regions. However if the contract is awarded in between then the first and last installment of license fee will be calculated for part of the year on pro-rata basis. For the entire intervening period license fee will be charged from April-March i.e. covering with financial year. The process to levy six monthly bills in respect of all commercial establishment for license fee, water charges and electricity etc. will continue.
- 30** **Delay in payments:** The successful applicant has to pay the annual license fee in advance as per the stipulated time. In case of delay in payment, an interest @ 18% p.a. shall be levied for the number of days of delay. The days of delay means the time taken for payment of license fee from due date.
- 31** **Transfer of license in the event of death of the contractor / licensee:** In the event of the death of the contractor / licensee the license can be transferred in the name of legal heir for the un expired portion of the agreement / tenure of contract.

32 Subletting of contract: Any commercial contract cannot be subletted. If subletting is detected at any stage of contract, it will be terminated.

33 Termination of contract:

33.1. If the contract is required to be terminated by the Corporation for its own reasons or by the contractor, the same can be done by giving a termination notice of 90 days either way.

33.2. The contract will be terminated automatically after completion of tenure i.e. 9 years. However contracts can also be terminated due to “unsatisfactory performance” during contract period. The following items would constitute unsatisfactory performance leading to termination of the contract.

- a) Use of establishment for any other purpose than the contract is awarded
- b) Sale of unauthorized items.
- c) Overcharging.
- d) Delay in payment of dues.
- e) Poor quality of service.
- f) Complaints from the serving public.
- g) Adverse inspection report by authorized KR representative
- h) Subletting
- l) Un lawful behavior of the licensee or his representatives.
- j) Additional instances leading to violation of conditions:

(i) KRCL shall inspect the processing from procurement of raw materials till the end product is sold for non branded and food products prepared locally. Contractor should facilitate for the same at his own cost. Any shortcoming, deficiency will be treated as violation.

(ii) Recurrence of the same type of complaint with severe nature wherein penalty imposed is more than Rs.50,000/- three times a year shall lead to termination of the contract,

(iii) Any unwarranted/repeated suit/case, habitual complaints, allegations against KRCL / employees of KRCL / other existing contractors of KRCL without any valid reason will be blacklisted and if any contract is awarded will be subject to termination on this reason.

33.3. The termination clause 33.2 will be invoked by one month notice in advance, extending opportunities to the contractor to make good the performance. This will

be followed by 07 days notice and final termination notice at the end of notice period. This clause will form integral part of contract agreement.

34 Blacklisting of Contractor: Premature terminated contractors would not be given chance in bidding for next three years.

35 Exceptions/Deviations in the policy:

35.1. Any deviation or relaxation from the policy should be referred to the corporate office to be processed for the consideration of Competent Authority.

35.2. For the exceptions / deviations from the policy decision of the Corporation shall be final. In case of any dispute, the matter should be referred to Director (O&C). Further appeal, if any shall be dealt by the committee of two directors nominated by CMD. Decision of the committee approved by CMD shall be final and binding on the contractor.

36 This policy for commercial contracts over Konkan Railway will come in force with immediate effect and shall be applicable for the contracts notified and awarded on and after 01/10/2015.

37 This policy is issued with concurrence of the finance and approval of the competent authority.

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