GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
RAILWAY BOARD

No. 2018/RS(S)/709/8

New Delhi, dt. 06.09.2018

Principal Chief Material Managers,
NR, NER, NCR, NWR, WCR

Sub:- Minutes of the meeting of PCMMs of Northern Region with Railway Board held on 17.08.2018 at Railway Board.

A copy of the Minutes of the meeting of PCMMs of Northern Region with Railway Board on 17.08.2018 regarding review of Scrap Sale Performance is sent herewith for information and necessary action. Action taken on the Minutes may please be advised at the earliest.

DA: Minutes.

(V Apparao)
Director Railway Stores (C)
Railway Board.

Copy to 1. GM(EPS), CRIS, Charkya Puri, New Delhi -110021 for information and necessary action.

2. Sr.PPS to DG/RS – for kind information of DG/RS.

3. PPS to AM/RS – for kind information of AM/RS.
MINUTES OF SALES PERFORMANCE REVIEW MEETING OF PCMMs OF NORTHERN REGION HELD ON 17.08.2018 AT RAILWAY BOARD

Present

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1.0 **Presentation by EDRS(C)**

1.1 EDRS(C) welcomed all the PCMMs of Northern Region in the meeting. A presentation was made on overall sales performance of IR.

1.2 At the end of July’18, total scrap sales was Rs. 838 crores as against the proportionate target of Rs. 992 crores, a deficit of 15.6%. NER, NWR, NR WCR and NCR are lagging behind their proportionate target by 52%, 36%, 29%, 17% and 10% respectively.

1.3 Scrap balance at the end of July’18 of all Railways put together was Rs. 271 crores which is substantially higher as compared to the corresponding balance of Rs. 188 crores at the end of July’17.
1.4 Scrap sales in first quarter of current year was at monthly average of Rs. 220 crores but has dropped to Rs. 180 crores in July. Thus, there is an urgent need to reverse this downward trend.

1.5 Price trend of average sold rate was also presented. In Jul’18, the prices of ferrous scrap, rails and P-way scrap have fallen on an average by 6% over the corresponding prices of Jun’18. However, the prices have stabilized in August and therefore, sales should now pick up. In this context all Railways were advised to form online group of Auction Conducting Officers and share their selling experiences regularly with each other.

1.6 NR, NER & NWR have scrap balances equivalent to 1.9, 1.5 and 2.0 months of their average monthly sales which is considered on higher side and all out efforts are to be made by these Railways to bring it below one month’s average sale.

2.0 Address by AM/RS

2.1 Scrap disposal is an important activity of Stores Department. The meeting at Regional level is organized with a view to have focused discussion at micro level on agenda items.

2.2 Scrap sales and month end balances are closely monitored at Railway Board level and therefore, PCMMs should pay specific attention to the activity.

3.0 Address by DG/RS

3.1 Scrap sales till July’18 is lagging behind the proportionate target by 15.6%. IR’s performance is pulled down by NR, NER and NWR. We need to aggressively plan and organize our sales so as to speed up scrap disposal.

3.2 DG/RS while addressing the officers mentioned that our field inspections should be with the objective to identify scrap available in the railway system but not yet offered for sales. We need to proactively pursue with executives for expeditious offer of scrap for sales.
3.3 Scrap sales prices are affected by market prices of steel and are likely to fluctuate. In this regard, there is a need to be up-to-date with market trend and to act in conformity with the prevailing market rates.

4.0 Discussion on Railway-wise performance

4.1 North Western Railway

4.1.1 Railway has achieved sales of Rs.34.2 crores at the end of July’18 as against the proportionate target of Rs.54 Crores (deficit of 36.5%).

4.1.2 CMM/NWR presented depot/division-wise sales performance. He was advised to organize foot by foot survey of all the sections of Railway by deputing Stores officers and to make ground assessment of available scrap.

4.1.3 All PCMMs/CMMs were directed that an independent assessment of engineering scrap arising out of Gauge Conversion and CTR works should be made for last year and current year and regularly monitored for its offer for sales.

4.1.4 Railway should also examine whether second hand rails released from track works is lying unutilized for long durations say six months and if so, such material should be pursued for offering as scrap.

4.1.5 CMM/NWR mentioned that in gauge conversion projects, approx 8000MT of engineering scrap is left over for disposal. It is lying in Udaipur-Himmatnagar, Mavli-Sadri and Jaipur-Churu sections of Meter Gauge.

4.1.6 NWR has closing scrap balance of Rs. 17.0 crores at the end of July’18, which is equivalent to two months average sales and is considered to be on the higher side. CMM/NWR was advised to pay specific attention to speed up disposal of available P-way scrap and to bring down the closing balance to below one month.
4.1.7 NWR as of now is conducting one auction per month in each unit which is inadequate. They must hold minimum 3 auctions/month by each Auction Conducting Officer (ACO).

4.1.8 CMM/NWR while discussing unit wise sales performance, was optimistic of achieving the sales target of Rs.190 crores.

4.2 North Central Railway

4.2.1 The Railway has sold scrap of Rs.52.4 crores as against the proportionate target of Rs.58 crores.

4.2.2 PCMM/NCR mentioned that arising of 32,000 MT of engineering scrap has been assessed for current year through foot by foot survey. Further 13,000 MT ferrous scrap is to be mobilized for achieving sales target.

4.2.3 Depot/division-wise sale targets and performance were discussed. PCMM/NCR brought about following additional areas as potential source of scrap mobilization:

i. Sales of electrical poles to Power Corporation

ii. Mobilization of scrap from the Stores of CDO, TMS/Kanpur, ETD/Kanpur.

iii. Abandoned structures viz., in Kanpur GMC Yard, Gwalior-Shivpuri and Sikohabad-Farukhabad sections, etc.

iv. Communication and signal structures in Agra-Bandikui section – 4000 MT (approx).

v. General Electric, S&T and TRD Stores

vi. Non-Ferrous scrap, off cuts released from RE works.
4.2.4 PCMM/NCR was advised to have detailed input/output analysis from RE works for last three years and make an assessment of non-ferrous that can be obtained for disposal.

4.3 Northern Railway

4.3.1 The Railway has achieved sales of Rs.69.3 crores as against the proportionate target of Rs.97.8 crores till July' 18. It is lagging behind the target by 29%.

4.3.2 PCMM/NR stated that there was a drop in sales in July primarily due to fall in market prices and reduced scrap demand. However, he was optimistic that sales will pick up as prices have now stabilized in August. He advised that SSE wise assessment of track material on all the divisions is being carried out and will be completed within a month. In addition, following areas will be specifically surveyed for scrap mobilization:

i) Kalka-Simla section,

ii) Pathankot-Jogindernagar section,

iii) Bridge Workshop Jalandhar,

iv) TRD and S&T Stores,

v) Abandoned bridges and other assets at stations, and

vi) Materials released on modification of traffic yards

4.3.3 ASR Workshop has a higher target of wagon manufacturing in the current year and therefore, arisings of ferrous scrap will be relatively on the higher side as compared to last year. Its assessment is to be made and monitored for sales.
4.4 North Eastern Railway

4.4.1 The Railway has done scrap sales of Rs.24.9 crores as against proportionate target of Rs.52.4 crores and is lagging behind by 52%.

4.4.2 PCMM/NER mentioned that due to heavy rains and fall in market prices, sales were sluggish and that sales will improve, once rainy season is over. Division wise mapping and photographs of line scrap were presented by PCMM/NER.

4.4.3 PCMM/NER was advised to undertake an independent assessment of arising based upon GC and CTR works of current year and last year and monitor for prompt offerings for sales. Similarly, release of non-ferrous off-cuts from RE works should also be assessed and monitored for disposal.

4.4.4 PCMM/NER was advised to gear up his resources and speed up scrap sales so as to have monthly disposal of Rs.20 crores.

4.4.5 Released girders/bridge structures of MG sections should be identified and processed for sale.

4.5 West Central Railway

4.5.1 WCR has achieved sales of Rs. 45.9 crores as against the proportionate target Rs.55 crores till July’2018.

4.5.2 PCMM/WCR mentioned that they have already completed foot by foot survey of entire zone and 32,500 MT of engineering scrap is expected to be received.

4.5.3 Railway has a balance of 2,582 MT of scrap rails, 1,000 MT of scrap P.way and 3096 MT of other ferrous scrap available for disposal. It should be expeditiously sold.

4.5.4 PCMM/WCR discussed division/depot-wise sales target and performance and was confident of surpassing the annual target of Rs.195 crores.
4.6 CRIS

4.6.1 GM/CRIS discussed the issue of updation of base rate of SBI in IREPS. In context of interest charges on delayed payment, Zonal Railways are having different practices. In this regard, a uniform procedure needs to be adopted.

4.6.2 He also intimated that Railways are adopting different rates of surcharge on TCS and requested Board to issue instructions to Railways to adopt uniform rate of surcharge on TCS. Both the issues will be addressed on priority by Railway Board.

Meeting ended with vote of thanks to DG/RS, AM/RS, PCMMs/CMMs and other participating officers.