GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 2001/RS(S)/709/20

New Delhi, dated 24-9-2002.

The General Manager,
All Indian Railways
Including CLW, DCW, DLW,
ICF, RCF, Metro Railway
& Wheel & Axle Plant.

Sub: Review of the Policy and procedure for
disposal of scrap on Indian Railways.

The question of streamlining the policy and procedure for efficient and speedy
disposal of scrap, particularly in the context of prevention of leakages of revenue
from scrap disposal, has been engaging the attention of Board for quite some time.
In this connection, a senior level committee of SAG officers was constituted to
examine all aspects of the scrap disposal including prevention of leakages and to
suggest measures to check influence of Mafia, wherever it exists.

The committee submitted its report on 4-10-2001. The recommendations of the
committee have been examined by Board in detail. The recommendations made
and Board's orders thereon is given juxtaposed in Annexure-I.

It is desired that the recommendations of the committee as accepted by the
Board are implemented forthwith. An SAG officer each from Stores and Engineering
Department may be nominated to monitor the progress of the implementation of the
accepted recommendation. A consolidated monthly report indicating the progress
made should be sent by 10th of every month for the perusal of Board (MM & ME).

This issues with the concurrence of Finance Directorate of this Ministry.

Receipt of this letter may please be acknowledged.

(Sushil Kumar)
Executive Director,
Railway Stores (G),
Railway Board.

Contd........2/-
No. 2001/RS(S)/709/20

New Delhi, dated 24-9-2002

Copy forwarded for information and necessary action to:-

1. OSDs, North Central Railway/Allahabad, South Western Railway/Bangalore, East Central Railway, Hajipur, East Coast Railway/Bhubaneswar, North Western Railway/Jaipur, West Central Railway/Jabalpur and South East Central Railway/Bilaspur.

2. The Controller of Stores, Chief Engineers, CSTEs, CEEs, C.M.E., FA&CAO, All Indian Railways and Production Units

3. Controller of Stores, Wheels and Axle Plant, Yelahanka, Bangalore.


5. Director General, RDSC, Lucknow.

6. A.D.A.I., Railways, New Delhi. (with 10 spares)

7. DG/RSC, Vaddodara, Directors/ IRMEE, Jamnagar/ IRICEN, Pune IRISET, Secunderabad and IRIEE, P.B.No. 33, Nasik Road, Mherashtra.

8. Vigilance-IV, RS(G), FS(POL), Track and Mech.(W), M(N), M(C) & M(I) Branches in Railway Board's office.

(Sushil Kumar)
Executive Director,
Railway Stores (C),
Railway Board.

Copy to:-

PPS/CRB, PPS/FC, PPS/MS, PPS/ME, PPS/MM, PPS/MT, PPS/ML & PPS/Secy/RB.

AM(CE), AM(W), AM(ME), AM(F), AM(RS), AM(PU), Adv.(Vig.), DG/RPF.

EDV(S), EDF(S), EDCE(P), ED(W), EDME(Tr), EDME(Chg.), EDME(Fr.), EDME(W), EDTT(M), EDRS(G), EDRS(S) & EDRS(P).
### Recommendations made by the Committee

1. Sectional DEN/Sr.DEN in the Divisions should be responsible for implementation of the provisions of the IRPWM in respect of quantification and stacking of various categories of P-Way scrap. Besides, CTE at the Headquarters level should watch compliance with these instructions, before clearing/advising the P-Way scrap lots for disposal to the COS's office. Schedule for Stock verification/ISA's inspection issued by the FA&CAO(WS) should include the Schedule for foot-by-foot survey of the track, as and when requested by the DEN/Sr.DENs.

2. There is a need to computerise the account of P-Way scrap. The M.I.S. being developed by N.Rly includes a sub-system for the P-way scrap accountal, but it is likely to take considerable time before it is developed and implemented. As a one time measure, DRM's in the Divisions, may be authorised to procure upto 10 PCs exclusively for the purpose of accountal of P-way materials. The Committee recommends that the computerisation of P-way scrap may be undertaken straightaway at the Divisional Headquarters, by utilising the existing facilities and 10 PCs to be provided additionally for this purpose in each Division. The system may be devised locally in the Divisional Headquarters for maintaining PWI-wise: (i) stocks of various items of P-Way scrap under the charge of PWI, and (ii) and details of scrap lots sold along with details of free delivery period and quantity delivered lot-wise to the purchasers. The formats on which data should be available may be laid down by the Civil Engg Directorate of Railway Board for adoption uniformly by all the Zonal

### Board's decision

Sectional DEN/Sr.DEN in the Divisions should exercise proper control for implementation of the provisions of the IRPWM in respect of quantification and stacking of various categories of P.Way Scrap. Schedule for stock verification/ISA's inspection by the FA&CAO(WS) should include the schedule for foot-by-foot survey of the stock, as and when requested by the DENs/Sr.DENs.

Accepted. This needs top most priority for developing a standard software and hardware specification to be developed centrally for this purpose and it's implementation.
Railways. The entire data should be updated periodically, at least once a month duly taking into account fresh arisings of P-way scrap and the quantities delivered to the purchasers during the month. The DRMs should ensure that the system becomes fully operational within 6 months.

3. Verification of ground balances of various items of P-way scrap under the charge of the PWI with respect to the book balances should be done once in a year jointly by the stock holder and the stock verifier.  

| Accepted. |

4. Scrap rails measuring one meter and above, and those measuring less than one meter should be formed into separate lots. The lot of "scrap rails measuring 1 meter and above" should comprise of only one variety (like 90R), and the quantity in the lot should be arrived at by measuring the total lengths of all pieces in meters, which should then be expressed in weight on the basis of nominal sectional weight for the purpose of sale. Percentage wear advised by the Engg. department may be taken into account by the depot officer only for the purpose of fixing the Reserve Price. Other lots of scrap rails measuring less than 1 meter, be formed indicating the quantity on actual weight basis and such lots be sold on actual weight basis. Items like tongue rails, points and crossings, check rails, and rails released from the yards where wear & tear is generally much beyond the normal limits, may also be sold on actual weight basis.

| Accepted. |

5. All unbroken scrap sleepers should be formed into lots separately for each type like CST-9 & steel trough sleepers, and the quantity therein be shown both on the basis of numbers and weight. Such lots of sleepers should, however, be sold and delivered on the basis of numbers only.

| Accepted. |

6. Lots of P-Way scrap which are required to be delivered on weight basis should be formed at convenient points near the point of generation along the line where weighing facilities are available or items are such that these can be weighed on a beam scale. If weighing facilities are not available in the close vicinity of the point of generation of P-Way scrap, and the items are such that their weighment on beam scale is not feasible, such P-Way scrap may be

| Accepted. In addition efforts for developing mobile weighbridges are to be made. |
moved to the Track Depot (or the Scrap depot as per present practice) for further disposal.

7. In terms of Railway Board’s letter No.86/RS(S)/709/14 dated 14.4.1987, "size of the lot should be kept as small as convenient and practicable and it should not normally exceed the limit of 1000 Tonnes". The Committee recommends that the size of the lot ideally should be such that in terms of money value it ranges from Rs.10 to Rs.25 lakhs so that a buyer of average means can participate in the auction and that in no case size and value of a lot should exceed 500 Tonnes, and Rs.50 lakhs respectively. At times, on demand from the purchasers, the auction supervising officer clubs a few lots for sale. In such cases, the total value of the clubbed lots also should generally not exceed Rs.50 lakhs.

| Accepted. |

8. The locations of all lots of P-way scrap offered by the Division for disposal should be properly identified. For this purpose, each lot should be described with reference to the telegraphic pole no, type of line, i.e. Main line/UP or Down Line or Yard Line etc. and any other local landmark like permanent structure. Such details should be specified in the Statements sent by the Division to CTE, as also in the Statements forwarded by the CTE to COS’s office for arranging disposal of P-way scrap lots.

| Accepted. |

9. When scrap is returned to the Stores Depot, the department returning it should, as far as possible, ensure that it has been sorted out before dispatch according to the correct nomenclature in the Price List. Various markings (like IR, NR etc.) on the unserviceable materials should be obliterated by the returning subordinates, before dispatching/delivering the same to the Stores depot.

| Accepted with a modification that all efforts should be made to obliterate various markings (like IR, NR etc.) to the extent possible before dispatching of scrap. |

10. If any stores are not received within 14 days of receipt of the advice note, the Depot Officer should take up with the Traffic Department and the returning

| Accepted. |
subordinate simultaneously and also lodge a claim with the Commercial Department in accordance with the instructions contained in Para 1618-S.

11. Generally, all unserviceable materials received in the depot should be accounted for and taken on books within 14 days of their receipt in the depot. If any returned stores are received in the depot before arrival of the advice note, efforts should be made in accordance with 1619-S to obtain the advice note from the returning subordinate/ his Divisional/Dist. Officer In-charge and in the event of such advice note not being received within 14 days of arrival of stores, such stores should be dealt with as "excess found in stock" and accounted for accordingly through Departmental Stock Sheets.

12. The Stores Accounts Officer attached to the Stores depot should ensure maintenance of the 'Accounts Register of Advice Notes' in accordance with Para 1622-S and watch the prompt accountal of returned stores by the Depot Officer. Stores Account Officer should inspect the said register once in a fortnight (as per Codal Provisions in para 1623-S) to see that there is no avoidable delay on the part of the Depot Officer in acknowledging receipt of the return stores and accounting of them. He should take up cases of delayed accountal promptly with the Depot Officer. Any items which remain outstanding for accountal for over 3 months should be brought to the notice of the FA&CAO and COS through a special report in accordance with Para 1623-S.

13. The Divisional/District Officer incharge of the returning subordinate should maintain a proper register of advice notes in accordance with Para 1605-S. The Accounts Officer attached to the Division/District should take up all cases of credit not afforded within one month of the dispatch of materials, with the Depot Officer and the Stores Accounts Officer, in accordance with Para 1607-S. If any discrepancies are noticed in affording the credit, the Divisional/Workshop Accounts Officer should take up the matter with the Depot Officer, in accordance with Para 1628-S.

14. Distribution of six foils of Advice Notes, at the time of forwarding the returned stores to the Stores

Accepted.
depot, and subsequent disposal of all the foils after receipt and account of materials, should fully conform to the Codal provisions in Paras 1604, 1605, 1606, 1610, 1620, 1621, 1624, 1625, 1626 and 1628 of the Stores Code. The Committee recommends that Advice Notes should be printed in sets, indicating Foil Nos 1, 2, 3, 4, 5 & 6, to facilitate observance of the Codal Provisions without any difficulties.

15. All returned stores received in the Stores Depot should be weighed properly on the Weigh Bridge in the Depot and proper record of weighment should be maintained by the DSK incharge of the Returned Stores Section. Accepted.

16. While generally the system of receipt of scrap in the depot and its account through Advice Notes is arranged by the Depots in accordance with the extant instructions, there are instances of old accumulations of ferrous, non-ferrous and miscellaneous scrap in the Stores Depots, all of which are not reflected fully in the depot's book balances. There is a need for one-time examination of all accumulations of scrap, segregation of which is in arrears for various reasons, with a view to segregating and forming them into proper lots for further disposal. The Committee recommends that Depot Officers may be given an urgent task of arranging such segregation and lot formation, and account of materials which are found to be excess, within a strict target schedule of six months. Accepted.

17. The Committee notes that transactions of all stores (including scrap) are computerised in the EDP Centre of the Zonal Railway Headquarters. There is, however, a need to monitor the lot formation and further disposal of scrap, using the computer systems provided/being provided in the Stores depots. SDT of Central Railway has developed various modules of Stores Computerisation including Scrap Module. The Committee recommends that the Scrap Module be examined and if necessary modified suitably by Central Railway to ensure that monitoring of all aspects of scrap disposal are full catered for in this Module. Accepted.

18. The norms for size of lots specified for P-Way scrap in Para 7 above may be made applicable to Accepted.
lots of ferrous, non-ferrous and miscellaneous scrap formed in the Stores depots. Such norms will not apply to condemned bridges disposed of from a site.

19. With a view to ensuring that there are no leakages of scrap at the point of arising, there is a need to lay down norms for the quantum of annual arisings at various points of scrap generation, viz Railway Workshops, Loco Sheds, Coaching depots, R.O.H. depots etc. Such norms on an annual basis may be laid down by the respective PHODs (CME, CEE, CE & CSTE) in consultation with the Workshop and Divisional Officers. In addition, these PHODs may nominate an SAG level Officer for analysing periodically the quantum of scrap returned by various units with reference to the yearly norms fixed by the PHODs, for a corrective action, wherever necessary.

20. Certain components of the condemned rolling stock can be put to a further use for POH/maintenance of the rolling stock which is still in service. Hence, the Technical Department prepares a list of such components called "excluded components" which are required to be retained from the condemned stock before its delivery to the purchaser. At times, ambiguities in such lists are noticed after the auction. The Committee, therefore, recommends that all lists of excluded components for various categories of rolling stock (locomotives, coaches and wagons) may be reviewed critically by the CME/CEE and a final list be drawn up quoting drawing numbers etc. of the excluded components which are required to be taken back by the Railways at the time of delivery. There are occasions when lists of excluded components are revised by the Technical Department on account of either large scale condemnation or completely phasing out of a particular type of rolling stock. Hence all advices for disposal of a lot of condemned rolling stock to the COS’s office and the Stores depot must be accompanied by the current list of excluded components approved by the PHOD (CME/CEE).

21. After a lot of condemned rolling stock has been advised to the COS’s office for disposal, it is necessary that the stock holder arranges a proper vigil on the lot so that there are no disputes after the auction specifically in regard to the removal of components from the sold lot.
22. Same norms for the size of lot of condemned rolling stock as recommended for P-way scrap in Para 7 above may be adopted. Thus, the size of a lot should be ideally such that its sale value lies between Rs.10 to Rs.25 lakhs, and the lot value should not exceed Rs.50 lakhs, except in case of disposal of accidented stock at a site.

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23. Northern Railway has delegated ‘disposal of low value scrap’ to the Divisions, in accordance with Codal provisions in para 2314 S. Such system may be adopted by other Zonal Railways also.

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24. All the Railways should switch over to the departmental auctions at the earliest possible. Railway Board may fix the target date for this change over.

| Accepted. Orders have been issued vide Railway Board’s letter No. 2001/RS(S)/709/20 on 28-3-2002 for switching over to Departmental auction. |

25. Under the present system, reserve prices of scrap lots (excepting condemned locomotives and non-ferrous scrap) are fixed by the auction supervising officer before the conduct of auction, keeping in view the previous auction prices, prices obtained in auctions in the adjoining depots and the prevailing market prices. The reserve prices of condemned locomotives and lots of non-ferrous scrap are fixed in the Headquarters office by CMM in consultation with the Accounts Department and the reserve prices, thus, fixed are conveyed confidentially to the depot officer (Auction Supervising Officer). Reserve Prices fixed by the Depot Officer as also those fixed by the Headquarters must be kept secret by the Depot Officer so that clear responsibility devolves only on one person for ensuring secrecy of the Reserve Prices.

| Accepted. Reserve price of all the lots should be fixed by the JA Grade officer conducting the auction. |

26. The Committee notes that the conduct of auction in certain places is influenced by the presence of organized gangs and mafia. The auction supervising officer (depot officer) has to safeguard Railways’ interests in such situations by ensuring that the bids accepted by him compare favourably with the

| Accepted. |
Reserve Prices. The Committee recommends that in such cases, the Depot Officer should in advance seek assistance from the local SP or DIG of the region for ensuring presence of local police during auction for its smooth conduct. For this purpose, the Depot Officer may also take the help of DSC/Sr DSC of the Division concerned, and if necessary, bring the matter to the notice of COS and CSC at the Headquarters.

27. Besides, the Committee recommends following measures to counteract the influence of organised gangs/mafia:

(i) The Depot officer who normally conducts auctions in the Stores depot for the sale of scrap lying in that depot as also scrap lying on the Divisions serviced by it, may be asked to conduct auctions at other venues, say other Stores depots, where similar auctions are being conducted by other Depot Officers. Presence of different sets of buyers during auctions at new locations is expected to neutralize the undesirable influence of gang/mafia at the traditional venues.

(ii) There are instances where mafia operates in a manner which leads to removal/lifting of excess quantity of scrap, particularly the P-Way Scrap. If the step suggested at (i) above does not result in sale of scrap to competitive bidders, (i.e. bidders other than the mafia), further accumulation of P-way scrap at such locations should be discontinued immediately. Fresh arisings may be moved to suitable points which are expected to be free from the influence of mafia. In addition, efforts be made to shift out the accumulated scrap from the locations where mafia has a strong influence to other locations where Railways' interests can be fully safeguarded.

(iii) If prospective buyers feel reluctant to participate in auctions at certain places, on account of threats from gangs/mafia, the auction supervising officer, apart from arranging the presence of the local police on the day of auction, may provide similar support at the time of delivery of the sold lots.

Accepted.

Accepted subject to that the scrap arisings should be shifted to the locations within the geographical jurisdiction of the same stockholder to facilitate smooth Accountal. For this purpose, the division should finalise suitable contracts for movement of material.

Accepted.
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<td><strong>For this purpose</strong>, the depot officer may also seek assistance from the DSC/Sr. DSC of the concerned Division and COS/CSC. This would instil greater confidence in the minds of the buyers. <strong>(iv)</strong> Scrap rails measuring 1 meter or over, be sold on nominal weight basis, without applying the factor of wear and tear. <strong>(v)</strong> Scrap Unbroken sleepers be sold on the basis of numbers.</td>
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<td><strong>28.</strong> The Committee notes that the practice requiring the stock-holders (P.W.I, Section Engineers) to attend the auctions, when the lots of P-way scrap and condemned rolling stock under their custody are scheduled to be tried in the auctions, has gone into disuse. Consequently, difficulties &amp; disputes arise at post-auction stage in regard to the exact details of lots sold. The Committee recommends that the requirement of stock-holder attending the auction be strictly enforced, and no scrap lots be sold unless the stock-holder (or a competent representative authorised by the stock-holder) is present during the auction, who should as per extant procedure also sign the bid sheet in token of correctness of the material sold. After the auctions, the stock-holders must submit their reports within 2 days thereof to their Branch Officers (like DSE/C, Sr.DME, Sr.DEE etc), in respect of lots sold during the auctions.</td>
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<td><strong>29.</strong> Auctions in the Stores Depots should not be conducted by an Officer below the JA grade level. If a Depot is not manned by a Dy.COS, Controller of Stores may nominate a Dy.COS from the Headquarters Office for conducting the auctions in the depot. If an additional post has to be created for this purpose, this may be done by utilising the share of 2.5% of the scrap sale value in a Railway for setting up the Sales Organization.</td>
<td>Accepted. The relevant orders have already been issued vide Railway Board’s letter No. 2001/RS(S)/709/20 dated 28-3-2002 for implementing it by 30-6-2002.</td>
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<td><strong>30.</strong> As per extant instructions, entry fees is payable at the Stores depot gate on the date of auction by the bidders who wish to participate in the auction, so as to restrict the entry only to the serious purchasers. The scale of entry fees laid down by the Railway Board calls for a revision. Accordingly, the Committee recommends that the amount of entry fees may be raised from the present level of Rs.5000/- to Rs.10,000/- per person, to be furnished in the form of</td>
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bank draft, and in each case the person wishing to participate in the auction must furnish a letter of authority from the firm on its proper letter head which has authorised him to attend the auction. A firm shall furnish authorisation to only one person to attend the auction. As per extant instructions, the entry fees is refundable after the auction is over.

31. To ensure that a properly constituted firm deputes its representative to participate in the auction, it would be desirable to insist on Sales Tax Registration reference being furnished by the bidders attending the auctions. Since such a measure would not be readily acceptable to the purchasers, and is in turn likely to affect the sales, the Committee recommends that the requirement of Sales Tax registration may in the first instance be made mandatory for bidders wishing to purchase lots valued over Rs. 5 lacs. The utility of this requirement may be reviewed after 6 months by the COS of the Railway so as to consider the need for continuing with this requirement or even extending it to all scrap sales irrespective of the value of the lot.

32. As per extant procedure, the purchaser of scrap deposits the earnest money on the spot at the time of auction and is allowed 10 to 20 days depending upon value of lot sold, for depositing the balance sale value. When the purchaser presents the cash receipt from the Divisional Cashier, after depositing the balance money, the Delivery Order is issued by the auctioneer/ Depot Officer. The Committee recommends that the cash receipt submitted by the purchaser as evidence for depositing the balance sale value should be subjected to a verification by deputing a person to the station or the office of the Divisional Cashier where the money was deposited, and that the Delivery Order be issued only after the cash receipt has been verified. This system should be introduced immediately irrespective of whether the auctions are being conducted departmentally or through the agency of the auctioneer. With a view to minimising the delay in verification of cash receipt issued for the balance sale value, the Zonal Railways may limit the no. of points/stations at which purchasers are allowed to deposit the balance sale value.

Orders have already be issued to All Zonal Railways/PUs vide Board’s letter No. 2002/RS(S)/709/14 dated 6-5-2002 to ensure correctness & genuineness of the cash receipts before affecting the delivery of sold scrap material. COS’s should formulate the system in consultation with FA&CAOs to ensure verification of cash receipts before issue of delivery order.
33. Purchasers are allowed free delivery time for lifting the scrap lot upto 60 days counted from the date of auction, after the delivery order has been issued by the specified authority. The Committee is of the view that the time allowed is liberal and that excessive time promotes undesirable nexus between the purchaser and the officials deputed for witnessing deliveries. Therefore, the Committee recommends that the system be modified as under:

(i) Free delivery shall be maximum 50 days from the date of auction.

(ii) If the purchaser fails to deposit balance sale value for a sold lot within the allowed period of 20 days from the date of auction, and requests for an extension of this period, the Railway Administration, may at its discretion, on the merits of the case, allow further time not beyond 50 days from the date of auction, subject to the levy of interest charges. However, the Earnest Money shall stand forfeited, if the balance sale value is not deposited by the purchaser within the said period of 50 days.

34. AWM, or WM in the Workshops may be entrusted the specific responsibility of over-seeing the deliveries of shop sweeping to eliminate any malpractices, during deliveries. Similarly, a workshop officer/shed-incharge should be entrusted the responsibility of over-seeing the deliveries of Turnings & borings, or other scrap items, if the same have been sold on the basis of delivery from the site.

35. The Committee is of the view that the system of delivery of P-way scrap, especially the lots formed along the line (at points other than the properly set up track depot having boundary walls) needs to be tightened to prevent any leakages. Complaints are generally voiced by the purchasers of P-way scrap that the delivery is delayed by the PWIs, allegedly on administrative grounds, but such grounds and the extent of delay may not be actually justifiable. The Committee notes that it is beyond the PWI, under the present system of delivery, to fix up the availability of stock verifier, and RPF's representative well in time.
to meet the schedule of delivery sought by the purchaser. Therefore, this aspect calls for the streamlining of the system. The Committee recommends that the system of delivery of P-way scrap may be streamlined as under:

(i) The delivery of sold P-way scrap may be coordinated by the DSE (Coordination)/Sr. DEN (Coordination) in the Divisional Headquarters and he should be made accountable for the delivery of sold P-way scrap.

(ii) After getting the Delivery Order, the purchaser of P-way scrap should contact the DSE (C) in the Division, along with a written request for delivery of the sold lot of P-way scrap. DRMs may notify alternate arrangements so that in the absence of DSE (C) this work is attended to promptly by an alternate officer. Under no circumstances, the purchaser should be asked to go back and re-visit the Divisional Headquarters, and the arrangements for witnessing the delivery of scrap must be finalised on the same date on which the purchaser approaches the DSE(C) for this purpose, or in any case on the following day.

(iii) The delivery of P-Way scrap should commence within 7 days of the date of the receipt of the request for delivery from the purchaser. DSE(C) shall ensure that he makes arrangements for arranging the delivery jointly by the PWI, Stock verifier and RPF's representative within this period. If this be not possible in any rare situation of administrative difficulties, DRM's personal approval shall be taken by the DSE/C for deviation from the specified time schedule of 7 days.

(iv) The Committee has recommended later in the Report (Para 5.2), for augmenting the Divisional Stores Organisation and providing work-charged posts of DMS for witnessing the delivery of P-Way scrap. Once the DMSs are in position, the delivery of sold lots of P-Way scrap should be witnessed additionally by the DMS along with other three officials viz. stock holder, stock verifier and RPF's representative, with a view to achieving better efficiency in scrap disposal. These DMSs
along with the other DMSs already posted in the Divisional Stores Organisation, may be deputed by the DCOS by rotation to witness the delivery of P-way scrap.

(v) Presently Stock Verifiers are not under the control of the Divisions. This system is not conducive to expeditious delivery of P-way scrap. Hence for smoother operation, Stock Verifiers and ISAs may be attached to the Divisions and the Sr.DAOs should have the responsibility of nominating a Stock Verifier or getting one nominated for witnessing the delivery.

(vi) DSE(C) should finalise the date on which delivery will commence, in consultation with the Sr.DAO and the DSC, (and the DCOS after DMSs posts referred to in sub-para (iv) are sanctioned & operated) who are required to nominate respectively the stock verifier and the RPF's representative (and the DMS after posts for this purpose are created) for witnessing the delivery. A written intimation should be furnished to the purchaser by the DSE(C) confirming the date on which all the three (or four) officials would be available at site for effecting delivery.

(vii) The stock verifier and the RPF's representative will be nominated by rotation for witnessing the delivery. As far as possible, the same stock verifier and the same RPF's representative shall not be deputed a second time for delivery of P-way scrap at the same site. In each case, the nominated officials should be notified by these Branch Officers only one or two working days before the date on which the delivery is to commence.

(viii) Once the delivery of a lot commences, the delivery should be completed as far as possible without any break so that similar arrangements are not required to be tied up again at the level of DSE(C).

(ix) To enable the Engineering Department to plan for the delivery of sold P-way scrap, the Deptt Officer entrusted with the conduct of auction should advise CTE and the DSE(C) of the concerned Division within next two working days of the conduct of auction, the details of lots of P-Way Scrap (Lot number, quantity,
rate, purchaser's name etc.) which have been sold in the auction. Similar report should also be submitted by the concerned PWIs immediately after the auction to the DSE (C) concerned and the CTE. (Para 3.6).

(x) For disposal of P-way scrap offered by the Construction Organisation on a Railway, the duties assigned to DSE/C & DRM will be performed respectively by the concerned Dy.CE(C) and CE/Const.

| 36. Delivery of scrap rails measuring more than one metre should be effected on the basis of measurements and the weight delivered should be arrived at on the basis of nominal sectional weight without applying any factor for wear & tear. Similarly, all unbroken sleepers should be delivered by count to the purchasers. |
| Accepted. |

| 37. Inspection of Weigh Bridges in the Stores Depots should be carried out once in a month on the first working day of each month and the official responsible for maintenance should submit a report of the proper functioning of the Weigh Bridge to the Depot Officer, during his visit to the Depot for this purpose. Zonal Railways may also consider entering into AMCs so that maintenance of weigh bridges is placed on a sound footing and the dependence of departmental maintenance is eliminated. |
| Accepted. |

| 38. Mechanical weigh bridges are prone to frequent break-downs, and also more easily amenable to tampering. Therefore, electronic weigh bridges along with arrangements for AMCs may be provided in all stores depots and track depots, which deal with disposal of scrap. |
| Accepted. For procurement of Electronic Weighbridges the instructions have already been issued vide Board’s letter No. 2002M(M&P)/814/1 dated 1-4-2002. |
39. For all lots of P-Way scrap which are formed on the line (as distinct from a Track Depot) and which are sold on actual weight basis (as for instance, lots of scrap rails less than one meter long, scrap points and crossings, check rails track fittings, broken sleepers etc), the weighment on Dharam Kanta of the empty truck and loaded truck in which delivery is effected is to be witnessed jointly by the nominated officials. All these officials must be present physically at the time of weighment and should sign the issue note and other records jointly on the spot in token of having witnessed the weighments.

40. For small sized lots of P-Way scrap, say upto 100 MTs, the delivery may be effected on a beam scale instead of arranging weighments on privately owned Dharam Kantas. The Divisions may arrange procurement of adequate number of beam scales for this purpose.

41. Delivery of sold scrap spreads over several days/weeks. It is necessary that the stock-holder keeps a proper record of quantity delivered progressively. With a view to eliminating any irregularities in delivery, the Committee recommends that particulars of deliveries made should be recorded each time jointly by nominated officials witnessing the delivery, on the reverse of both copies of the Delivery Order viz. the purchaser’s copy and the stock-holder’s copy. These officials should after every entry record the cumulative quantity delivered so far, and the balance quantity yet to be delivered. The Proforma of the Delivery Order laid down in the Code, vide para 2424 S may be amended to read as ‘Quantity sold’ instead of ‘Approximate quantity in the lot’.

42. Surprise checks particularly in respect of the item & quantity being delivered may be made at officers’ level during the course of delivery of scrap to the purchasers. These checks should be conducted by the depot officers in case of delivery of scrap from the depot, by DME/Sr DME in case of delivery of condemned rolling stock, by DEN/Sr. DEN in case of delivery of P-way scrap, and by the Workshop officer/Shed officer in case of delivery of scrap from the shop/shed premises.
43. The stock-holders who deliver the sold scrap to the purchasers from the line, should furnish the progress of delivery, on a weekly basis during the period the delivery is in progress, in writing to their respective Branch Officers (like DSE/C, Sr.DME etc) on the following format:

<table>
<thead>
<tr>
<th>Position as on: ............ (Date)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot No:</td>
</tr>
<tr>
<td>Description:</td>
</tr>
<tr>
<td>Quantity sold:</td>
</tr>
<tr>
<td>Purchaser's name:</td>
</tr>
<tr>
<td>Free Delivery Period:</td>
</tr>
<tr>
<td>Delivery Order No./date:</td>
</tr>
<tr>
<td>Quantity delivered during the week:</td>
</tr>
<tr>
<td>Cumulative quantity delivered:</td>
</tr>
<tr>
<td>Balance quantity due to be delivered:</td>
</tr>
</tbody>
</table>

Accepted.

44. CMM/Sale in the Zonal Railway Headquarters wherever such posts are created, or are in operation already should look after exclusively the activity of scrap disposal with the only exception that Inventory Control and Budgeting may also be entrusted to the CMM/Sale.

Accepted.

45. CMM/Sale (or the concerned CMM looking after scrap disposal) should monitor closely the scrap disposal on the Railway. He should analyze the sale prices received in various Depots with reference to the prevailing market prices, particularly for items of high value Scrap, and also analyze the inter-depot variation in prices for comparable lots, with a view to formulating a strategy for realizing better value. For this purpose, he may associate the Dy.CAO/S&W or the Dy.CAO looking after scrap sale.

Accepted.

46. A Monitoring Team may be set up at the Railway Board's level comprising of an Executive Director (Railway Stores), and Joint Director/Director from each of the other concerned Directorates viz. Mechanical, Engineering, Accounts and Security, to monitor the scrap disposal on IR. This team should

Accepted.
report to the Addl. Member (Stores)/Railway Board and Member Mechanical/Railway Board.

| 47. Railway Board vide letter No. 86/RS(S)/709/14 dated 14.4.87 had issued instructions for setting up a Committee comprising of a JAG/Sr.Scale Officers of Stores and Finance Departments respectively who should be deputed to supervise the auction in cases where disposal of scrap lots does not improve despite a discretion given to the depot officer to accept bids below the reserve price. However, these instructions are not being followed by the Railways. The Committee recommends that a Standing Committee comprising of a Dy.COS from the Headquarters and Dy.CAO/S&W may be constituted to supervise auctions in Stores depots where the progress of disposal of scrap is not found satisfactory. | Accepted. |
NORTHERN RAILWAY

HEADQUARTERS OFFICE
BARODA HOUSE
NEW DELHI.

No. 117-S/Sale/ DIVIN/ Small Value/ Disposal
dated May 23, 2001

The Divisional Railway Manager,
Northern Railway,
Allahabad/Lucknow/Delhi/Firozpur/
Moradabad/Jodhpur/Bikaner/Ambala

SUB: DISPOSAL OF LOW VALUE SCRAP

Consequent upon complete stoppage of Store Van services by Rail with effect from 31.7.1995, it has been noticed that the Divisions have been returning only high value scrap items to the adjoining Stores Depots for their disposal and low value scrap items have been accumulating on the Divisions in view of proportionately high cost involved in transportation of such items through road.

2. Codal provisions contained in para 2314S permit scrap materials being disposed of directly by the Divisions, if freight and loading charges likely to be incurred on transporting them to Stores Depots are likely to be heavy and incommensurate with the market value of such scrap materials. Even though Divisional Stores Officers had been delegated powers for disposal of low value scrap through Bulletin/Limited tenders upto Rs.25,000/-, these powers are not being exercised.

3. Keeping above aspects in view, the matter has been considered in the Headquarters Office and with the concurrence of FA&CAO and approval of G.M., following procedure is laid down for disposal of low value items of scrap on the Divisions upto a value of Rs.50,000/- per lot:

i) Disposal of low value scrap items will be arranged by DCOSs/Sr.DCOSs in the Divisions.

ii) The present delegation of sale of scrap to the DCOSs/Sr.DCOSs through Limited Tender will continue upto Rs.25,000/- per tender. In addition, DCOSs/Sr.DCOSs are now authorised to sell scrap through auction also upto Rs.50,000/- per item/per lot.
iii) Low value items would include empty drums, rubber Hose Pipes (used in carriage filling), vacuum brake hose pipes, scrap tarpaulins, scrap tents, scrap mattresses of all types, road vehicles tyres & tubes, scrap linen, empty cement bags, waste paper, scrap furniture, scrap umbrella, condemned bicycles, scrap hand signal and tail lamps, miner cap lamps and small hand tools. This list is illustrative and further items may be added to this list by the Divisions with the concurrence of DAO/Sr.DAO and with the approval of DRM, keeping in view the Codal provisions of 2314S referred to above.

iv) Scrap items may be disposed of on 'as is where is' basis.

v) Before any low value item of scrap is taken up for disposal by the Divisional Stores Officer, the concerned Branch officer of the Division should furnish the list of items under his signatures duly certifying that the items being offered for disposal have been inspected by him personally and found unserviceable and unfit for any further use on the Railway.

vi) Subject to the Branch Officer furnishing the certificate of unserviceability or nil utility for the Railway, a dispensation from Survey (of low value items of scrap) by the Survey Committee has been given, by the G.M. with FA&CAO’s concurrence.

vii) All lots of scrap valued upto Rs.25,000/- may be disposed of by calling tenders. For this purpose, the Divisional Stores Officer may obtain the list of likely buyers from the nearest General Stores Depot which is conducting auctions. Other likely buyers known to the Divisions, may also be invited to participate in the tender. In terms of the existing delegation, DCOS/Sr.DCOS will accept a sale tender upto Rs.25,000/- per tender. In doing so, due regard should be given to the Codal provisions, extant instructions and acceptability of offered price.

viii) All lots of scrap likely to fetch value more than Rs.25,000/- but up to Rs.50,000/- may be disposed of through auction for which, an Auction Notice in the press is required to be given in advance, with intimation to likely buyers. The auction may be conducted jointly by the Sr.DCOS/DCOS and DAO. Where there is no DAO in the Division, Sr.DAO will associate in the auction. Present procedure of conducting the auction departmentally, using the standard terms and conditions of auction as is being presently followed by the Stores Depots on the Northern Railway may be adopted by the Divisions.

ix) Reserve prices for Auction will be fixed by the Committee of DCOS/Sr.DCOS & DAO/Sr.DAO in advance of the date of auction as for bridge girders.
x) If in a case, the total value of a lot comprising of low value scrap items exceeds Rs.50,000/-, concerned Depot Officer of the Main Stores Depot may be advised for inclusion of the lot in the Auction Catalogue and its further disposal on 'as is where is', in the same manner as is being done for scrap P-way items.

xi) After the Divisional Stores Officer has arranged the sale either through tender or auction, and issued the sale order/delivery order (after required payments have been made by the purchaser), all further action for delivery of the sold item would be taken by the Branch officer. Delivery of scrap should be witnessed by the stock holder and a stock verifier who may be deputed by the Sr.DAO/DAO for this purpose.

4. Please acknowledge receipt of this letter.

-Sd-
(S.C.GOEL)
Chief Materials Manager(Sale)

Copy for information & necessary action to:-

1. DCOS/Sr. DCOS, N.Rly., All Divisions.
2. DAO/Sr.DAO, N.Rly., All Divisions.
3. Dy.COSs, N.Rly., AMV/LKO, SSB, JUDW, JU

Copy to: CME, CEE, C.E., CSTE, FA&CAO, COM, CCM, CMD, CSC, C.P.O.