

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

No.2001/M(L)/466/75 Pt.

New Delhi, dated 08-08-2014

**General Managers
All Indian Railways**

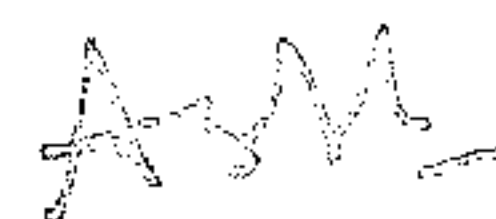
Sub: Sale of overaged diesel locomotives

Old diesel locomotives have been scrapped and auctioned in the past after they had completed their codal life and were found uneconomical to operate. These locomotives were dismantled and auctioned piecemeal. It is felt that if such locomotives are sold on 'as is where is basis' while they are in working condition, the realization from such sale would be higher. Upon receiving a demand for such an old serviceable locomotive from a non-Railway customer, the modalities for such sales have been deliberated upon in the Board.

(A) The Board (MM & FC) has approved the following guidelines for sale of surplus BG, MG and NG locomotives to customers in India:

- i) The locomotive will be sold only upon requests of non-Railway customers.
- ii) Only overaged diesel locomotives which have completed their codal life and are unfit for mainline operations would be offered for sale. These locomotives should be surplus to the needs of Zonal Railways (ZRs).
- iii) The CME of the ZR will certify that the locomotive is overaged and surplus, has completed its codal life, is unfit for mainline operations and would

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otherwise have been condemned, but for the decision to dispose off as a serviceable locomotive on "as is where is" basis.

- iv) The stock is not required for its heritage value.
- v) On receipt of a request for purchase of an old locomotive, CME would forward the details of the locomotive proposed for disposal to the COS with certification as given in para iii.
- vi) The locomotive shall be sold by the COS by inviting bids through the process of the advertised tender/ public auction.
- vii) The concerned CME shall provide the following information, duly concurred by Finance, for determining the reserve price of the locomotive:
 - a. Calculations as per para 777 & 782(b) of Indian Railway Finance Code, Volume-I.
 - b. 25% of the present day replacement cost of locomotive. The present day replacement cost can be derived using NPV method and this should have concurrence of the associate finance.
 - c. Recent sale price for overaged locomotives sold to RITES/IRCON.
- viii) The concerned COS will determine the reserve price of auction sale in consultation with the Associate Finance. This reserve price should be at least the highest of a, b and c in para vii. It may be fixed higher taking into account bids obtained in past auction for similar serviceable locomotives and any other information available. Taxes and duties will be levied extra at prevailing rates. The price of the locomotive would be exclusive of all taxes, duties and any other statutory levies. These taxes, duties and levies, if any at the time of taking delivery, shall have to be borne by the purchaser. Payment and delivery terms will be the same as prevalent in case of scrap sale.
- ix) Sale of locomotive to international parties should be done through RITES/IRCON.
- x) The locomotive should not be repaired or serviced to bring it to a working condition before being sold. Under no circumstances should the following major assemblies have been replaced within 6 months prior to the decision to nominate the locomotive for sale in working condition:
 - a) Power Pack.



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- b) Alternator/Generator.
 - c) Traction Motor.
 - d) Bogie frame.
- xi) The buyer, if he so desires, can get the locomotive serviced/overhauled in a Railway workshop or diesel shed on payment. Such repairs will be carried out only after the locomotive has been sold to the buyer and sales proceeds have been received. The cost of such service/repair will be worked out by the CWM/Sr.DME in consultation with the Associate Finance.

(B) Other terms and conditions will be as followed by Stores Department for sale of condemned rolling stock

This issues with the approval of the Board and concurrence of Finance Directorate of Railway Board.


(A.K. Misra)
Director Mech. Engg. (Traction)
Railway Board.

No.2001/M(L)/466/75 Pt.

New Delhi dated 08-08-2014

- Copy to: 1. CMEs/All Indian Railways.
2. COS/All Indian Railways.


(A.K. Misra)
Director Mech. Engg. (Traction)
Railway Board.

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- Copy to: (i) FA& CAOs, All Indian Railways.
(ii) Dy. Comptroller & Auditor General of India (Railways). Room No.224, Railway Board, Rail Bhawan, New Delhi.


For Financial Commissioner/Railways

- Copy to: (i) F (S)-I, Branch, Railway Board.
(ii) DDS(S)-I, Room no. 429, Rail Bhawan.