

No. 2021/M(L)/466/12Pt

नई दिल्ली, दिनांक - 29.12.2022

The General Managers.
All Zonal Railways.

Sub: Comprehensive Policy for Condemnation of Locomotives and Sale of Surplus Diesel Locomotives.

- Ref.: (i) Railway Board's L. No. 2016/M(L)/466/19/1 Policy, dated 17.03.2017.
(ii) Railway Board's L. No. 2020/M(L)/466/4 Pt, dated 06.12.2021.
(iii) Railway Board's L. No. 2003/M(L)/466/18 Pt-II, dated 12.03.2020.
(iv) Railway Board's L. No. 2003/M (L)/466/18 Pt-II, dated 17.11.2020.

In view of Electrification and rationalization of Locomotives, a comprehensive policy has been approved by Board [CRB & CEO, M (T&RS), M (O&BD) & M (Finance)] for Condemnation of Locomotives and Sale of Surplus Diesel Locomotives to Railway PSUs & Non-Railway Customers (NRCs) in India.

A. Condemnation of Locomotives

In supersession of policy letters No. 2016/M(L)/466/19/1 Policy, dated 17.03.2017 & 2020/M(L)/466/4 Pt, dated 06.12.2021, the following procedure shall be adopted for condemnation of Locomotives:

SN	Category of locos	Condition for condemnation	Competent Authority for approval
A.1	Overaged Locos	Overaged Locomotives shall be condemned on age cum-condition basis after being personally inspected by the Sr.DME/Sr.DEE/CWM of the Shed/Workshop.	Competent Authority- PCEE's of Zonal Railways. Approval of PCEE of owning Railway, after he/ she is satisfied that the locomotive is uneconomical to be retained in service on age-cum condition basis and the proposal has been vetted /concurred by PFA. In this connection, details should be intimated to Railway Board.

SN	Category of locos	Condition for condemnation	Competent Authority for approval
A.2	Underaged/premature condemnation		
A.2.a	Accidental Locos.	<p>Locomotives damaged in accidents and which are beyond economical repairs: Condemnation proposal should be sent to Railway Board accompanied with the following documents:</p> <ol style="list-style-type: none"> Joint Inspection report of 3 HODs (i.e from Mechanical, Electrical & Finance Dept.). Action taken against delinquent staff, including punishment imposed, if any. Copy of the police report wherever required. <p>Note: In case of locos involved in accidents over another Railway's territories, the joint inspection report of 3 HODs should be made by the Railway in which the accident has taken place and submit inspection report to owning Railway. However, the proposal has to be processed by the owning Railway, who should send the same to Railway Board after vetting/ concurrence by Associate Finance. The credit of released materials would accrue to the owning Railway.</p>	<p>Competent Authority- Board M(T&RS) after obtaining Finance concurrence of Board's office.</p> <p>Proposal should be sent to Railway Board accompanied by PCEE's approval and with the concurrence of PFA's.</p>
A.2.b	Non Accidental Locos.	<p>Locomotives not involved in accident, but some defects are observed during schedule inspection/POH schedule which is beyond economical repair:</p> <p>3 HODs committee should be constituted by the Railway where the loco is physically present and further the procedure mentioned in A.2.a above may be followed.</p>	<p>Competent Authority- Board M(T&RS) after obtaining Finance concurrence of Board's office.</p> <p>Proposal should be sent to the Railway Board accompanied by PCEE's approval and with the concurrence of PFA's.</p>

Edm
29/12/2022

SN	Category of locos	Condition for condemnation	Competent Authority for approval
A.2.c	Surplus Locos	<p>Locos which are not required and declared surplus (due to Gauge conversion, Closure of Lines, 100 % Electrification, etc.) by Traffic Department. Disposal of such surplus locos shall be done as per following:</p> <ol style="list-style-type: none"> On account of 100% electrification, only ALCO locomotives which are above 15 years of age can be declared surplus and considered for condemnation. In case of surplus locos on a particular Zonal Railway before processing disposal of locos, it should be ascertained from the other Zonal Railways about requirement of such locos. Requirement of such loco/DEMU for non traffic services like DMT and other departmental works should also be considered. Surplus locos shall be offered to RITES and other organizations for sale/export/Exhibits to non Railway customers. Surplus locos shall be offered for sale to port trust & siding owners. In case no demand is received from RITES and other organizations, such cases may be sent to Railway Board with non-requirement certificate by the Railway's Traffic Department. Locomotives which are funded by IRFC, the lease foreclosure amount will have to be paid by RM Directorate and IRFC Board's approval for transfer of asset shall be required before approval of condemnation. <p>The proposal of condemnation should be processed with the concurrence of Associate Finance and personal approval of General Manager.</p>	Competent Authority- Board M(T&RS)

Edh
29/12/2022

SN	Category of locos	Condition for condemnation	Competent Authority for approval
A.2.d	Surplus ALCO loco (Below 15 years of age, Non-IRFC) & Surplus HHP loco (Non-IRFC) for sale purpose to NRCs and Railway PSUs.	<p>Surplus ALCO locomotives (Below 15 years of age, Non-IRFC) & Surplus HHP locomotives (Non-IRFC) can be identified for sale purpose to NRCs and Railway PSUs. For this, the procedure mentioned in A.2.c above to be followed.</p> <p>Note:- If such ALCO locos are not sold, they will not be scrapped and If such HHP locos are not sold, they will not be scrapped, unless overage.</p>	Competent Authority- Board M(T&RS)

Further it must be ensured that:-

1. Useful and serviceable material is to be removed from the loco (minimum to be removed and to be certified by CMPE/CELE) and used as spares for other similar loco, if not sold in working condition.
2. Proper accountal of serviceable items and necessary write back adjustment is made.
3. Parts/ Material condemned should be disposed of as per established procedures.
4. Replacement of the loco should not be proposed under subsequent RSP or Revenue.

B. Sale of Diesel Locomotives to Railway PSUs & Non-Railway Customers (NRCs) in India

To expedite and enable the sale process of surplus diesel locomotives to Railway PSUs & Non-Railway Customers (NRCs) in India, the previous policy letters No. 2003/M (L)/466/18 Pt-II dated 12.03.2020 & 17.11.2020 have been superseded by the instructions given below. The instructions below are directed towards the sale of surplus Diesel Locomotives and to no other form of Rolling Stock.

- B.1** Surplus locomotives are to be sold on 'as is where is basis' while they are in working condition, so that the realization from such sales may be higher. Such serviceable locomotives may be sold to Railway PSUs and Non-Railway Customers for their domestic clients and /or for their own internal utilization purposes. The procedure for sale of locomotives shall be followed:-
- i. Sale of underaged surplus Diesel Locomotives shall be applicable to the following two categories:
 - a. Diesel locomotives (ALCO & HHP) which are less than 30 years of age and are non IRFC funded, or
 - b. ALCO Diesel locomotives which are IRFC funded and are on IRFC secondary lease (above 15 years of age).
 - ii. The locomotive in working condition will be sold to PSUs and Non-Railway Customers.

Edy
29/12/2022

- iii. PCEE/ZR in consultation with PCOM/ZR should certify that the locomotives offered for sale are surplus to the needs of Zonal Railway and would otherwise have been condemned, but for the decision to dispose of as a serviceable locomotive on 'as is where is basis'.
- iv. Declaration of locomotive as surplus shall be done by the Traffic Transportation Directorate of Railway Board.
- v. PCEE/ZR would forward the details of the locomotive proposed for the disposal to the PCMM/ZR with certification as given in para-iii.
- vi. Railway PSUs are exempted from the auction process for purchase of such diesel locomotives and direct sale of surplus diesel locomotives is extended to Railways PSUs. However, for **Non Railway Customers**, the locomotive shall be sold by the PCMM/ZR by inviting bids through the process of the advertised tender/ public auction.
- vii. The PCEE/ZR shall provide the following information, for determining the Cost/ Reserve Price of the locomotive :-
- The sale of the surplus locomotive can be calculated as higher of (I) 25 % of the original manufacturing cost or (II) the scrap value on weight basis as per market rates of the scrap which should be raised by 25% cost subject to the following conditions:*
- Stock is surplus and condemned.
 - Replacement of stock is not required.
 - Components are not required by IR.
 - The stock is not required to be kept from heritage point of view. (Ref: Railway Board's letter no. 2006/Heritage/Movable dated 28.11.2006).
- viii. For direct sale to **Railway PSUs**, PCMM/ZR shall charge the 'higher of the two costs mentioned in para (vii) above' and concurrence of finance shall not be needed.
- ix. For advertised tender/ public auction to **Non Railway Customers**, PCMM/ZR will determine the Reserve Price of sale and concurrence of finance shall not be needed. This Reserve Price should be at least the higher of the two costs mentioned in para (vii) and extant procedure for auction may be followed.
- x. The price of the locomotive would be exclusive of all taxes, duties and any other statutory levies. These taxes, duties and any other statutory levies, if any at the time of taking deliveries shall have to be borne by the purchaser.
- xi. Payment and delivery terms will be the same as prevalent in case of scrap sale.
- xii. If underaged surplus locomotive are not sold on "as is where is basis" to Railway PSUs or NRCs, the following shall be followed:-
- ALCO Diesel locomotives above 15 years of age should be sold as scrap as per extant policy.
 - ALCO Diesel locomotives (below 15 years of age) and HHP Diesel locomotives (below 30 years of age) should not be scrapped.
- xiii. The buyer, if he/she so desires, can get the locomotive serviced/ overhauled in a Railway workshop or diesel shed on payment basis. 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/ Sr. DEE in consultation with the Associate Finance.

Em
29/12/2022

B.2 Other terms and conditions shall be followed by the Stores Department for sale of surplus/condemned rolling stock.

This issues with the approval of the Board [CRB & CEO, M (T&RS), M (O&BD) & M (Finance)].

(हरीश चंद्र भट्ट)
निदेशक यांत्रिक अभियांत्रिकी (चल स्टॉक)
रेलवे बोर्ड

No. 2021/M(L)/466/12Pt

New Delhi, Date 29.12.2022

Copy to:

- 1) PCEEs / PCMEs All Indian Railways.
- 2) PCMMs/ All Indian Railways.
- 3) PCOMs/ All Indian Railways.
- 4) Managing Director/ All Railway PSUs.

(हरीश चंद्र भट्ट)
निदेशक यांत्रिक अभियांत्रिकी (चल स्टॉक)
रेलवे बोर्ड

No. 2021/M(L)/466/12Pt

New Delhi, Date 29.12.2022

Copy to:

- 1) PFA/ All Indian Railways.
- 2) Dy. Controller & Auditor General of India (Railways), Room No.224, Railway Board, New Delhi.

For Member (Finance) /Railways

Copy to:

- (i) FS-II Branch, Railway Board.
- (ii) EDF(S)/ Railway Board.
- (iii) EDRS(RS)/ Railway Board.
- (iv) PEDTT(M)/ Railway Board.
- (v) DDS(S)-I, Room no. 429, Rail Bhawan.