

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

No.86/RS (S)/709/14

New Delhi, dated 14th April 1987.

To

The General Managers,
All Indian Railways,
CLW, Chittaranjan/DLW Varanasi/
ICF Perambur Madras,
Wheel & Axle Plant, Bangalore,
Metro Railway, Calcutta,
GM. (Construction),
North-East Frontier Railway,
Director General, R. D. S. O., Lucknow.

The Chief Administrative Officer,
Railway Electrification, Allahabad,
Railway Coach factory, Kapurthala,
Diesel Component Works, Patiala,
C. O. F. M. O. W. New Delhi,
CAO's (Construction),
Central Railway, Bombay,
South-Eastern Railway, Waltair.

Sub : Policy and Procedure for efficient and speedy disposal of scrap.

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The question of streamlining the policy and procedure for efficient and speedy disposal of scrap has been engaging the attention of the Board for quite some time. For this purpose, the matter was deliberated at length in a workshop for COS's which was held in July 1986 in the Board's office, the minutes of which were forwarded *vide* the Board's letter No. 86/RS (S)/708/14 dated 24th July 1986.

2. On further consideration of the matter, the Board have decided the following :-

- (1) Whenever disposal of scrap is not progressing at a satisfactory level, the auction supervising officer may be authorised to accept a price below the reserve price under his discretion up to a certain limit (say 10%) to be fixed by the COS in consultation with FA. & CAO. by recording reasons therefor.
- (2) In addition, in case where the disposal does not still improve, a committee may be nominated consisting of Junior Administrative Grade/ Senior Scale Officers of Stores and Finance Departments respectively who should be deputed to supervise the auction and to decide regarding the disposal of scrap on the spot. The extent to which such a committee can exercise their discretion to accept bids below the reserve price may be laid down in the same manner as in item (1). above.

(3) **Size of the lot :** Size of the lot should be kept as small as convenient and practicable and it should not normally exceed the limit of 1,000 tonnes. The depot officer may however form a bigger size lot (initial lot) where considered expedient with the prior permission of COS and FA. & CAO. and subject to overall delivery period not exceeding 120 days.

(4) **Publicity :** Auction notice, indicating date time and venue of auction with broad nature of the items to be auctioned, should appear in the national press as also in the periodical publications of the scrap associations sufficiently in advance allowing a notice period of not less than 30 days.

Auction catalogu indicating various details regarding quantity of scrap and size of lots, payment and delivery terms, date, time and venue of sale, etc. should be sent eight days in advance, free of charge, to the prospective bidders even in the case of departmental auctions.

(5) **Reserve Price :** Instructions already exist that reserve price should be fixed based on the bids obtained in the past auctions as also on information like published market rates of similar material, recent, etc. In this connection, the instructions contained in the Board's letter No. 74/1809/37/RS (S) dated 25th February 1983 should be referred to.

(6) **Payment time :** Instructions already exist that 100% Payment is to be made for sale value up to Rs. 2,000, 25% (Subject to a minimum of Rs. 2,000) in case of sale value above Rs. 2,000 but up to Rs. 10,000, and 10% (Subject to a minimum of Rs. 2,500) in case of sale value exceeding Rs. 10,000 and that a maximum period of 10 days is to be allowed for sale value upto Rs. one lakh, and 20 days for sale value exceeding Rs. one lakh. In this connection, the Board's letter No. 69/Rs. (S)/709/22 dated 26th February 1977 may be referred to.

In exceptional cases, however, more time may be permitted at the discretion of COS. in consultation with FA. & CAO. This is however, subject to such announcement being made **prior** to bidding of the lot.

(7) **Delivery time :** Normally, delivery period should be kept within 90 days. Delivery period of up to 120 days may be allowed for sale value exceeding Rs. 20 lakhs. In exceptional cases where proper bids are not forthcoming, the same may be allowed up to 180 days at the discretion of COS. in consultation with FA. & CAO. provided the same is announced **before** the bidding of the lot, but such powers should be used very sparingly.

(8) **Earnest Money in Tender Sale :** Instructions were issued by the Board *vide* their letter No. 86/RS. (S)/709/14 dated 5th December 1986 permitting earnest money, in tender sale, up to 5% of the estimated sale value subject to a maximum of Rs. 50,000 with the stipulation that full 10% security deposit should be made by the successful tenderer before ordering sale. These instructions are applicable upto 31st March 1987. It has now been decided that these instructions should be implemented as a regular measure. The Railway should return the earnest money to unsuccessful bidders within the shortest possible time after the bids are evaluated and the successful bidder selected.

(9) **Preventing local/undesirable interests from manipulating auctions :** The auction supervising officer is at liberty to withdraw a lot from auction if a ring is suspected and even cancel the total auction if he finds that a ring persists and that some interested parties are trying to exert pressure and intimidate other willing bidders. In such cases, the reasons/circumstances shall be recorded by the auction supervising officer.

(10) **Miscellaneous :**

- (a) Financial concurrence should be obtained where it is required in terms of existing code rules and Board's instructions.
- (b) Railway should subscribe for one daily newspaper like Economic Times/ Financial Express and one periodical dealing with the scrap for each depot, besides what is already being obtained in COS's Office.
- (c) The scrap depots should be inspected regularly by a Senior Administrative Officer of the Stores Department to improve administration thereof.
- (d) All scrap depots need to be provided with affective boundary walls.

3. This issues with the concurrence of the Finance Directorate of the Railway Board.

4. Receipt may kindly be acknowledged.

DA : Nil

-Sd-

(Narendra Sahu)
Executive Director
Railway Stores (Steel)
Railway Board.

No.86/RS (S)/709/14

New Delhi, dated 14th April 1987.

Copy to FA. & CAO., All Railways, CLW, DLW, ICF, Wheel & Axle Plant, Bangalore, Metro Railway, Calcutta, Railway Electrification, Allahabad, Railway Coach factory, Kapurthala, DCW. Patiala, C. O. F. M. O. W. New Delhi, R. D. S. O., Lucknow. GM. (Construction), NF, Railway CAO., (Construction), Central Railway, Bombay, South-Eastern Railway, Waltair.

-Sd-

(N. Sahu)
Executive Director
Railway Stores (Steel)
Railway Board.

Copy for information and necessary action to :—

1. EDV, 2. EDME, 3. EDME (W), 4. EDME (PU & WP), 5. ED. (Track), 6. EDF (S),
7. EDRS. (F) 8. JDRS (IC), 9. RS (G). (2 Spares).