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to RS/S

Government of India (Bharat Sarkar)
Ministry of Railways (Rail Mantralaya)
(Railway Board)

~~ANNEXURE-IV~~

New Delhi, Dated 25-2-1983.

No. 74/709/37/RS(S).

The General Manager (Stores),
All Indian Railways and
Production Units.

Sub: Fixation of reserve prices for scrap to be sold in
auction.

Ref: Board's letter Nos. 1. 74/709/16/RS(S) dated 12-3-1975
2. 73/RS(G)/779/70. dated 8-9-1975 and 3. No. 74/709/37/
RS(S) dated 10-2-1976.

The question of fixation of reserve prices for scrap to be
sold in auction was examined in details on a reference received
from Central Vigilance Commission.

Para 2411-S lays down that reserve prices based on the best
bids obtained in past auctions and any other information available
should be fixed by the Controller of Stores or the Depot Officer
for each item of scrap to be sold.

Further instructions were issued vide Board's letter quoted
above which inter-alia stated that :-

- (a) whenever the reserve prices are fixed by Controller of Stores
the same should be advised to the auction supervising officer
sufficiently in advance under a secret cover to be opened by
him personally and kept in his safe custody till the day of
auction.
- (b) It was also clarified in Board's letter dated 8-9-75 that
the terms "any other information available" (in para 2411-S)
includes information like published market rate of similar
material, recent auction rate of similar material in depots
situated nearby etc. Board also desired that necessary
guidelines may be laid down by Railways Production Units
for this purpose.
- (c) Board vide their letter dated 10-2-76 referred to above
issued further instructions that reserve prices in respect
of non-ferrous scrap and condemned rolling stock consisting
of locomotives & boilers which are items of high value,
be fixed by the Railways in Headquarters office in
consultation with the associated finance.

While the existing instructions regarding fixation of reserve prices
or a realistic estimate and maintenance of its secrecy till the
date of auction is considered adequate, the Board desire that the
instructions in the matter may be reiterated to the staff concerned
to avoid any irregularities.

.....2/-.

In respect of the items of scrap for which reserve prices are fixed by auction conducting officer it is suggested that auction conducting officer shall fill up the reserve prices in the relevant register in advance and seal the register and keep it in his safe custody. This register shall be opened by him only at the commencement of the auction. This will ensure an independent administrative check being conducted by the administration, if so desired to see that the auction officer has fixed the reserve prices before start of the auction.

With a view to reinforcing the existing safeguards, the records/register for recording reserve prices by Depot Officers should be subjected to a test check by Addl.COS/COS's during their periodical inspection of the depot.

Please acknowledge receipt.

Sd/-
(K.P. VARMA)
Addl. Director, Rly. Stores (Steel)
Railway Board.

No. 74/709/37/RS(S).

New Delhi, Dated 25-2-83.

- Copy to: i) the FA&CAOs, All Indian Railways and Production Units.
- ii) RS(G), F(S) Branches in Board's Office.
- iii) Vig. IV - This has reference to their file No. V4/80/WR/ST/43.

Sd/-
(K.P. VARMA)
Addl. Director, Rly. Stores (Steel)
Railway Board.

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

New Delhi, dated 14-4-1987

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

To

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

The Chief Administrative Officer,
Railway Electrification, Allahabad,
Railway Coach Factory, Kapurthala,
Diesel Component Works, Patiala,
COFMW, New Delhi,
C.A.O's (Construction),
Central Railway, Bombay,
South-Eastern Railway, Waltair.

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

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 COSs 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)/709/14 dated 24.7.1986.

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.

Contd. 2

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(2) In addition, in cases 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 1000 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 catalogue 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 auction rate of similar material in nearby depots, etc. In this connection, the instructions contained in the Board's letter No. 74/709/37/RS(S) dated 25.2.1983 should be referred to.

(6) Payment time: Instructions already exist that 100% Payment is to be made for sale value up to Rs.2000, 25% (subject to a minimum of Rs. 2,000) in case of sale value above Rs. 2000 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 26.2.77 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 5.12.1986 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 31.3.1987. 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 effective boundary walls.

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

4. Receipt may kindly be acknowledged.

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

DA: Nil

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

New Delhi, dt. 14-4-1987

Rail Plant Copy to FA & CAO, All Railways, CLW, DLW, ICF, Wheel and Axle
Allahabad, Bangalore, Metro Calcutta, Railway Electrification,
Delhi, RDSO Lucknow, GM (Construction), NF Railway, CAO (Construction),
Central Railway, Bombay & South-Eastern Railway, Waltair.

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

Copy for information and necessary action to:-

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3. EDME(W)
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8. JDRS(IC)
9. RS(G) (2 spares)