GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.2001/M(L)/466/75 Pt. **New Delhi dated 15-6-2012**

General Managers
All Indian Railways

Sub: Sale of surplus 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 locomotives to customers in India:

i) The locomotive will be sold only upon requests of non-Railway customers and not put up for auction for this purpose.

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 as well as its parts is surplus to the Railway's requirement and there are no components/serviceable parts which can be used by IR.

iv) The stock is not required for its heritage value.

v) The buyer should be the end user of the locomotive and should be asked to give an undertaking that he is buying for his own use and not for further disposal to any other party.

vi) The CME will determine the price of sale in consultation with the Associate Finance. Taxes and duties will be levied extra at prevailing rates. The price of locomotives is exclusive of all taxes, duties and any other statuary levies, if any at the time of taking delivery, shall have to be borne by the purchaser. Sale of locomotive to international parties should be done through RITES/IRCON.

vii) The sale price of the locomotive will be the highest of the following:

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 locomotives sold to RITES/IRCON for their overseas customers.

viii) The sale of locomotive will actually be carried out by the Stores Department of the ZR in the case of sale of loco to government department/PSU but in the case of sale of loco to private parties, approval of Board/MM should be obtained. Additional costs as prescribed in the Stores Codes will be applicable.

ix) The locomotive should not be repaired or serviced to bring it to a working condition before being sold out. No replacement for such stock should be sought. 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.

x) Individual cases of sale of loco to government department/PSU should not be sent to Railway Board for approval.

(B) Other terms and conditions will be as below:

(i) Delivery:

On submission of proof of payment the office of the SrDME/CWM will issue an authorization letter. Delivery of the locomotives shall be taken within 3 months from the date of issue of the authorization letter. Any delay in taking delivery beyond three months would result in demurrage @ 1/2% per month or part thereof. Failure to take delivery within 6 months from the date or issue of authorization letter may result in cancellation of sale and the money deposited shall be returned after deduction of 10% of the value of the order.

(ii) Inspection of Stores:

The purchaser or his authorized representative shall inspect the locomotive at the Diesel Shed or Workshop to satisfy himself that the locomotive is in working order. The purchaser shall accordingly, convey his acceptance to Sr. DME/CWM and shall also make arrangement for transportation of these locomotives from Railway premises to his own.

(iii) Loading/Un-loading:

Transport arrangements will be made by the purchaser at his own expense. In the event of purchaser requiring other facilities, these can be provided on payment, subject to availability and at the discretion of the SrDME/CWM in accordance with rules & regulations existing on the railway.

(iv) Indian railways reserve the right to cancel the sale of the locomotives at any point of time without assigning any reason whatsoever.

(v) Any dispute arising in connection with the sale of locomotives will be settled as per Indian Arbitration Act.

(C) General Terms and Conditions:

i) Locomotives can only be removed from railway premises on production and presentation of the authorisation letter along with sale order and proof of payment within sixty days receipt of order.

ii) In case, the purchaser does not present himself for taking delivery and desires that the delivery may be given to his authorized representative, a power of attorney on a non-judicial stamp paper duly executed before and authenticated by Notary Public or any law court judge Magistrate may be furnished to the Sr.DME/CWM at the time of taking delivery of the material along with sale order and proof of payment.

iii) No interest shall be paid to the purchaser on the amount deposited by him and subsequently found refundable to him/them under any circumstances.

iv) Purchaser shall give three days advance notice to the concerned SrDME/CWM regarding the date on which the purchaser intends to commence taking delivery. Delivery of this locomotive will not be made on Sunday and Gazetted holidays or the holidays observed by the diesel shed or the workshop.

v) At the time of loading of locomotives by the purchaser, following conditions will apply:-

a) The labour of the purchaser will be allowed in the railway premises on producing identification card issued by the shed authorities.

b) The purchaser will be entirely responsible for any loss, damage, etc. suffered by or injury sustained by labour within railway premises. Under no circumstances shall railway administration entertain any claim in the matter.

c) On no account, purchaser or his labour shall be permitted to reside in the railway premises after closing hours of the office.

d) Tools and other articles brought by the labour of the purchaser will be recorded at the entry gate while the labour is allowed in the shed premises and will be subject to check at the gate while going out.

e) Railway administration reserves the right to check the contents of the material already delivered and loaded in the vehicle before it actually leaves the site and no claim from the purchaser due to detention on this account, if any, shall be entertained.

f) As soon as this locomotive is handed over to the purchaser, the responsibility of the railway ceases. No claim will be entertained by the Zonal Railways/Ministry of Railways, for shortage(s) if any, which may be discovered after the locomotive has been handed over to the purchaser.

g) Administration reserves the right to obtain any sum, due from the purchaser hereunder and any claim which the Administration may have under this or any other agreement.

(vi) Stores will remain property of Indian Railways until all the conditions of sale are fulfilled. Mere payment of the purchase price does not constitute complete purchase. Material will become the property of the purchaser only after the sale has been completed. The Railway administration shall not, under any circumstances, be liable for theft or misappropriation, loss by deterioration/fire or any other loss through any cause whatsoever, which may occur after all the formalities of the sale are completed.

(vii) In the event of any dispute or difference arising under these conditions or in connection with this contract (except as to any matters the decision of which is specifically provided by these conditions), the same shall be referred to the sole arbitration of a Gazetted Railway Officer appointed to be the Arbitrator by any Member of the Railway Board, Ministry of Railways, New Delhi India, The Gazetted Railway Officer to be appointed as Arbitrator, however, will not be one of those who have dealt with the matters concerning this contract or who in the course of their duties as railway servant had expressed views on all or any of the matters under dispute of difference. Award of the Arbitrator shall he final and binding on the parties to this contract.

(viii) In the event of the Arbitrator neglecting or refusing to act or resigning or being unable to act for any reasons or his award being set aside by the court for any reason, it shall be lawful for the authority appointing the arbitrator to appoint another arbitrator in place of the outgoing arbitrator in the matter aforesaid.

(ix) No person other than the person appointed by the authority as aforesaid should act as arbitrator and that if for any reason, which is not possible that the matter is not to be referred to Arbitrator at all.

(x) The arbitrator may, from time to time, with the consent of all parties to the contract enlarge the time for making the award.

(xi) Upon every and any such reference, the assessment of the cost incidental to the reference and respectively shall be at the discretion of the arbitrator.

(xii) The venue of arbitration shall be at Divisional Headquarter or the Zonal Headquarter or such other place as the arbitrator at his discretion may determine.

(xiii) In this clause, the authority to appoint the arbitrator includes, if there be no such authority, the officer who is for the time being discharging the functions of that authority whether in addition to other function or otherwise.

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

5/6/12

(S.M. Sharma)
Director Mech. Engg. (Traction)
Railway Board.

No.2001/M(L)/466/75 Pt. **New Delhi dated -6-2012**

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

5/6/12

(S.M. Sharma)
Director Mech. Engg. (Traction)
Railway Board.

No.2001/M(L)/466/75 Pt. **New Delhi dated -6-2012**

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.

1.8.12

For Financial Commissioner/Railways

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