

From Rails to Revenue

or

From Waste to Wealth:

A Presentation on Scrap

Disposal in Indian

Railways

SCRAP:

- Scrap can be defined as the material, which is no longer useful to the Railways for the purpose for which it was originally purchased or obtained by the consuming department.
- Scrap consist of arising of waste material from repairing processes such as turnings and borings, sweepings, foundry dross, off cuts of metals, waste paper, weeded out records, used tickets, wooden pieces and saw dust etc.



Why Scrap Disposal is Critical for Indian Railways

- Indian Railways is one of the world's largest Railway networks.
- This massive infrastructure generates a huge volume of scrap materials annually.
- Scrap includes, condemned rolling stock (locomotives, coaches, wagons), old rails, sleepers, track fittings, and other unserviceable items.
- The proper disposal of this scrap is crucial for:
- **Safety:** Removing hazardous materials from tracks and premises.
- **Space Management:** Freeing up valuable space for new infrastructure and operations.
- **Environmental Sustainability:** Promoting a circular economy through recycling and reuse.
- **Financial Gain:** Generating significant revenue to supplement railway finances.

A Structured and Transparent System

- The process is governed by the **Indian Railways Stores Code** and various directives from the Railway Board.
- **Identification & Segregation:** Scrap materials are identified by technical departments and declared as "unserviceable."
- **Categorization:** Scrap is classified into different groups (e.g., ferrous, non-ferrous, rolling stock) to facilitate disposal.
- **Centralized Collection:** Scrap is collected at designated "scrap yards" or depots to form lots for auction.
- **Nodal Responsibility:** The Stores Department, headed by the Principal Chief Material Manager (PCMM), is responsible for the collection and disposal of scrap.

Beyond Revenue: Contributing to a Greener Future

Recycling and Reuse: The majority of metallic scrap is sold to be recycled, which is an energy-efficient alternative to producing new metal from raw ore.

Space Reclamation: Disposing of condemned materials frees up significant space, which can be utilized for new workshops, depots, or other operational needs.

Hazardous Waste Management: A separate, stringent procedure is followed for hazardous waste like e-waste and batteries, ensuring compliance with statutory guidelines from the Central and State Pollution Control Boards (CPCB/SPCB).

"Zero Scrap" Mission: Indian Railways is working towards a "zero scrap" status by ensuring timely disposal of all generated scrap.

Types of Scrap :

- On the basis of sources of arising, scrap has been classified as follows:
- **Ordinary Scrap:** These are the items, which have regular demands as raw material in the Railway Workshops such as cast iron, non-ferrous materials which are used for manufacturing various components of Rolling stock & after use such materials are released as scrap.
- **Surplus Scrap:** These are items which are not required by the Railways for their own use and are invariably disposed off by auction sale or other means. Even new or second hand material that is usable, may come in this category of scrap, if it is useless for the Railways. All surplus scrap is almost always "dead surplus"

Scrap Schedule: Group: 98 scrap & receptacles

S.No	Sub-groups	Description
01	01	Industrial Scrap Ferrous
02	03	Re-rollable Scrap Ferrous.
03	05	Melting Scrap, other than Cast Iron.
04	08	Cast Iron.
05	09	Other Ferrous Scrap.
06	11	Condemned Rolling Stock & Wheel Sets
07	20	Brass & Bronze Scrap.
08	21	Non-Ferrous Copper Scrap.
09	23	Non-Ferrous Scrap other than Bronze & Copper
10	31	Drums, Kegs, Cans & Receptacles.
11	32	Scrap Machinery & Vehicles.
12	41	Miscellaneous Scrap.

FACTORS LEADING TO GENERATION OF SCRAP:

1. Ageing,
2. By regular repair and maintenance,
3. By manufacturing process,
4. Change in technology/ design,
5. Change in policy.

Criteria for condemnation:

- The equipment has become:
 1. Non-functional & beyond economical repair,
 2. Non-functional & obsolete,
 3. Functional, but obsolete,
 4. Functional, but hazardous,
 5. Functional, but no longer required.

The major sources of arising Scrap:

1. **Railway Workshops:** Under Mechanical Engineering, Civil Engineering, Electrical Engineering, Signal & Telecommunication Engineering Department, Printing Presses etc.
2. **Condemned Rolling Stock:** Such as wagons, coaches, locomotives, boilers, etc. These are kept at nominated central locations or kept with different Chief/Head train examiners, Carriage (SSE), Loco (SSE) in the Divisions.
3. **Scrap Permanent Way Materials:** Such as released condemned Rails, Tie bars, M.S. & C.I. Sleepers, track fittings, Points & Crossings, etc.
4. **Scrap Building Material:** Such as off-cuts of bars and rounds, structures, pipe and pipe fittings which arise with the Inspector of Works of various divisions, administrative offices and Railway colonies.
5. **Inactive/Surplus:** Items being declared as scrap by Survey Committees.

Various stages of auction of scrap:

- Receipts of scrap: Material received on advice note of returned stores S-1539 (DS-8).
- Valuation of scrap: credit is given as per book rate classified under 98 group.
- Segregation of scrap: mixed scrap are sorted out.
- Formation of lots: for convenient of auction.
 - 500 MT or 1.5 crore whichever is lower.
 - Special cases (approval of PCMM) 750 MT or 4.5 Crore whichever is lower. (Railway Board letter no. 2015/RS(S)/709/5 dated 26.08.2021).
- Survey of Scrap: wherever necessary.
 - Exempted for scrap received through DS-8.

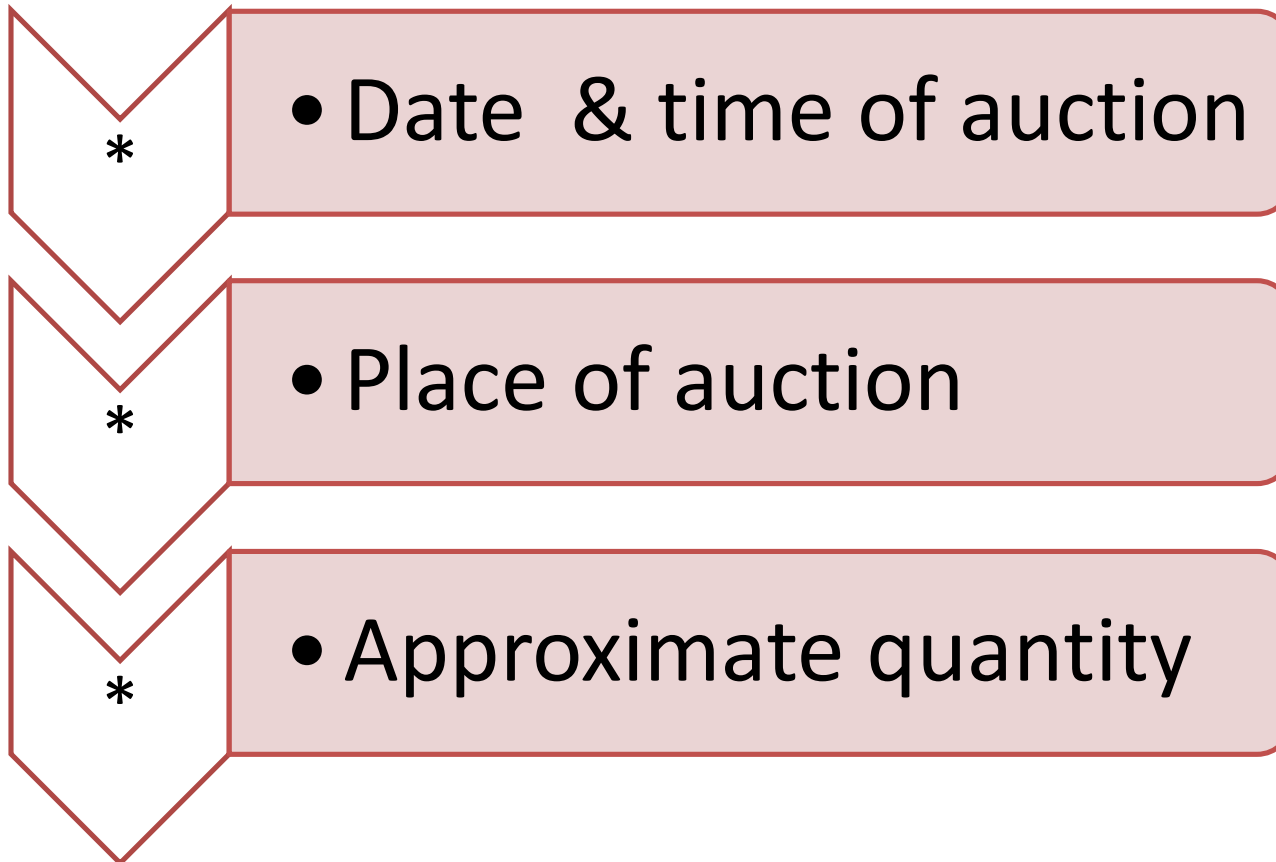
Scrap lot



- **Lot Register:** Once lots formed, details are entered into lot register.
- **Contains details:** lot number, Description, book rate, approximate quantity, rate secured at previous auction, name of last purchaser, rate at which sold, total value at auction rate and remarks.
- The lots are sold on “as is where is” and no guarantee is given for size, measurement, quantity and quality etc.

Publication of auction catalogue

➤ Publishes with details such as:



Fixation of Reserve price:

Fixed by auction conducting officer.

Facilitates auction conducting officer while conducting auction.

Physical conditions of materials.

Fixed on the basis of last three successive auction.

Market rate of the materials.

E-Auction:

- Auction conducted electronically i.e. through Internet is called e-auction.
- Bids are submitted online through Internet.
- Bidders needn't to be present physically.

E-auction (Basic requirements):

- Online Registration are available for bidders/
Purchaser.
- Valid Class III Digital Signature Certificate.
- One time Registration Fee of Rs. 10,000.00 with
Valid Email ID.
- SBI Account with Net banking for online
registration and submission of EMD @ 10%.
- An Affidavit as per prescribed format duly
notarized on stamp paper of requisite value.
- GST registration for trading in scrap material.
- Having PAN Card.
- Personal Computer with browser IE 6 or IE 7 and
Internet Connectivity.

Auction



Bidding Process:

- Live auction takes place as per time table fixed.
- Auction conducting officer invited all purchaser for bidding through online.
- Bidders login and see E-Auction Schedule for Live Auctions in their home page on left navigation.
- Auction Catalogue shows details of various lots including Auction Start and Close Date/ Time. Bidder can select the lots for the bidding after click on “Enter” icon.
- After Entering Bidding password bidding can be done on lots.
- At the same time Railway user can login and Enter to that Lot and can see the Bidding.
- Railway User can send the messages lot wise to bidders during bidding.
- Identity id hide during bidding, the bidders can see only his name while others will see as “Others Bid”.

Bid decision:

- After bidding is over Auction Conducting Officer will have the facility to decide on the awarding of that lot to highest bidder or rejecting the same.
- The decision can be taken Manually or automatically.
- Automatic Decision force the Admin to apply the decryption key and then the lots are accepted and rejected based on above or lower than RP.
- Bid Sheet is Created and signed by concerned users.

EMD and Lien Facility for online payment of EMD:

- Lien facility is currently available with SBI only.
- It is essential for online payment of EMD @ 10% of accepted BID values.
- The registered bidders/purchaser needs to integrate SBI Bank account through IREPS to avail online real time Lien facility solely for bidding process.
- The Bidders/Purchaser can submit bids equivalent to or up to 10 times of the amount available in the Lien on real time basis.
- This Lien shall be updated on real time after each transaction.
- If a bidder is awarded, appropriate EMD@10% of accepted bid value will be deducted from the lien and transferred to Railway's Bank account through IREPS.

Online real time Lien facility

- Bidder's lien account amount: Rs. 2,00,000.00
- Bidder to participate in a auction up to the value of lot Rs. 2,00,000.00 x 10 = Rs. 20,00,000.00
- Highest price of a lot is Rs. 15,00,000.00
- After awarded of Bid to purchaser
- Rs. 1,50,000.00 deducted from his lien account
- Balance in lien Account is Rs. 50,000.00

Payment and delivery time for P-Way Scrap and other line lots

S. No.	Sale value of Lot	Free time allowed to payment BSV from bid accepted date	Free time allowed for delivery from bid accepted date	Number of Installments permissible for payment BSV
1.	Up to & including Rs. 3 Lakhs	10 days	50 days	1
2.	Exceeding Rs. 3 Lakh and up to Rs. 5 Lakh	15 days		1
3.	Exceeding Rs. 5 Lakh and up to Rs. 15 Lakh	15 days		2
4.	Exceeding Rs. 15 Lakh	15 days		3

Free time for balance sale value (BSV) and delivery time for depots/ Workshop Lot

S. No.	Sale value of Lot	Free time allowed to payment BSV from bid accepted date	Free time allowed for delivery from bid accepted date	Number of Installments permissible for payment BSV
1.	Up to & including Rs. 3 Lakhs	10 days	40 days*	1
2.	Exceeding Rs. 3 Lakh and up to Rs. 5 Lakh	15 days		1
3.	Exceeding Rs. 5 Lakh and up to Rs. 15 Lakh	15 days		2
4.	Exceeding Rs. 15 Lakh	15 days		3

* Railway board letter dated 14.08.2025, FDP is 30 days for lot valued up to Rs. 3 lakh for three months on trial basis.

Bid sheet:

- A documents generated after finalization of auction, contains such as:
- Details of lot No.,
- Brief description of the lot,
- Quantity sold,
- The rate at which sold,
- The earnest money realized and
- The total value payable and
- Special conditions, if any.
- Bid sheet is signed by the representative of auctioneer, Auction Conducting Officer, Accounts Representative, Custodian/ DMS of scrap yard and the purchaser.

Extension of time for BSV and delivery:

- **Interest Rate:** vide Railway board letter No. 2021/RS(S)/709/15 dated 07.10.2025, the rate of interest on BSV @15 % per annum.
- **Extension of time for BSV:** time for payment of BSV with interest may be extended by Railway for P-way scrap and other line lots up to 40 days and for depots lots up to 35 days from the date of acceptance of bid.
- **EMD shall be forfeited, if BSV is not deposited by Purchaser within the period of 40/35 days.**
- **Maximum period of delivery:** Free delivery period is 50/40 days from the date of acceptance of Bid. In deserving cases delivery date is extended for a period of 15 days over the prescribed period of 50/40 days.

Sale Release order (SRO) :

- Delivery order is an authority for the purchaser to take delivery of sold materials from the Scrap Yard.
- It is issues with the mutual understanding of purchaser and Depot Officer.
- delivery order will be issued only after realization of balance sale value (Railway Board letter dated 05.05.2022).
- fulfilled all the other conditions of sale.

Delivery Of Sold Material to the Purchaser:

- Disposal of the scrap materials to de-congested the work place and avoid theft of the materials which resulting in loss to Railway.
- Due to shortage of manpower and steep rise of the cost of manpower.
- Supervision of delivery of scrap materials for value upto Rs 5 lakhs two/three member committee shall be authorized.
- The composition of delivery/supervising team shall be.

Lot value upto Rs. 2 Lakhs:

- Two members team (custodian, other than stores department.
 1. Custodian of the Scrap/senior supervisor level.
 2. Stores supervisor of rank not less than DMS.

Above Rs. 2 Lakhs upto Rs. 5 Lakhs:

- Three members team (custodian, other than stores department.
 1. Stock verifier,
 2. Custodian of the Scrap/senior supervisor level,
 3. Stores supervisor of rank not less than DMS.
- Note: If custodian is of stores department committee will include (1) & (3) above as two member committee.

Above Rs 5 lakhs:

- The purchaser approaches DMS in-charge of scrap Yard/stock holder like PWI etc., with delivery.
- Delivery is given by the nominated DMS/ Stock Holder which is *witnessed by*:
- Representative from Accounts (normally a Stock Verifier),
- Representative from Security Department (normally an Asst. Sub Inspector).

At the time of delivery it is to be ensured that

- Delivery to lot actually purchased by the purchaser.
- Delivery from one side and no picking and choosing.
- Fresh arising of similar material are neither dumped on the sold lot nor delivery of these is given at the time of delivery.
- The purchaser does not have access to other lots.
- Record of weighment is maintained.
- Delivery of ferrous items weighment on a lorry weigh-bridge.
- delivery of non-ferrous items weighing on beam scale.

Note: Delivery time in special circumstances:

- More time require for cutting like Bridges girder, microwave towers etc.
- CMM, empowered to allow the free delivery period of that lot as 80 days.
- Fixed in advance on recommendation of auction conducting officer. Duly recording proper justification.
- Published in auction catalogue as a special conditions of sale.

Ground Rent:

- Ground rent is charged for unremoved materials on sold lot.
- Extension granted on merit of each case.
- Granted with levy of ground rent, except in case of delay in Railway administration.
- Ground rent is recovered @ 0.5% un-removed lots value per day or part of day.

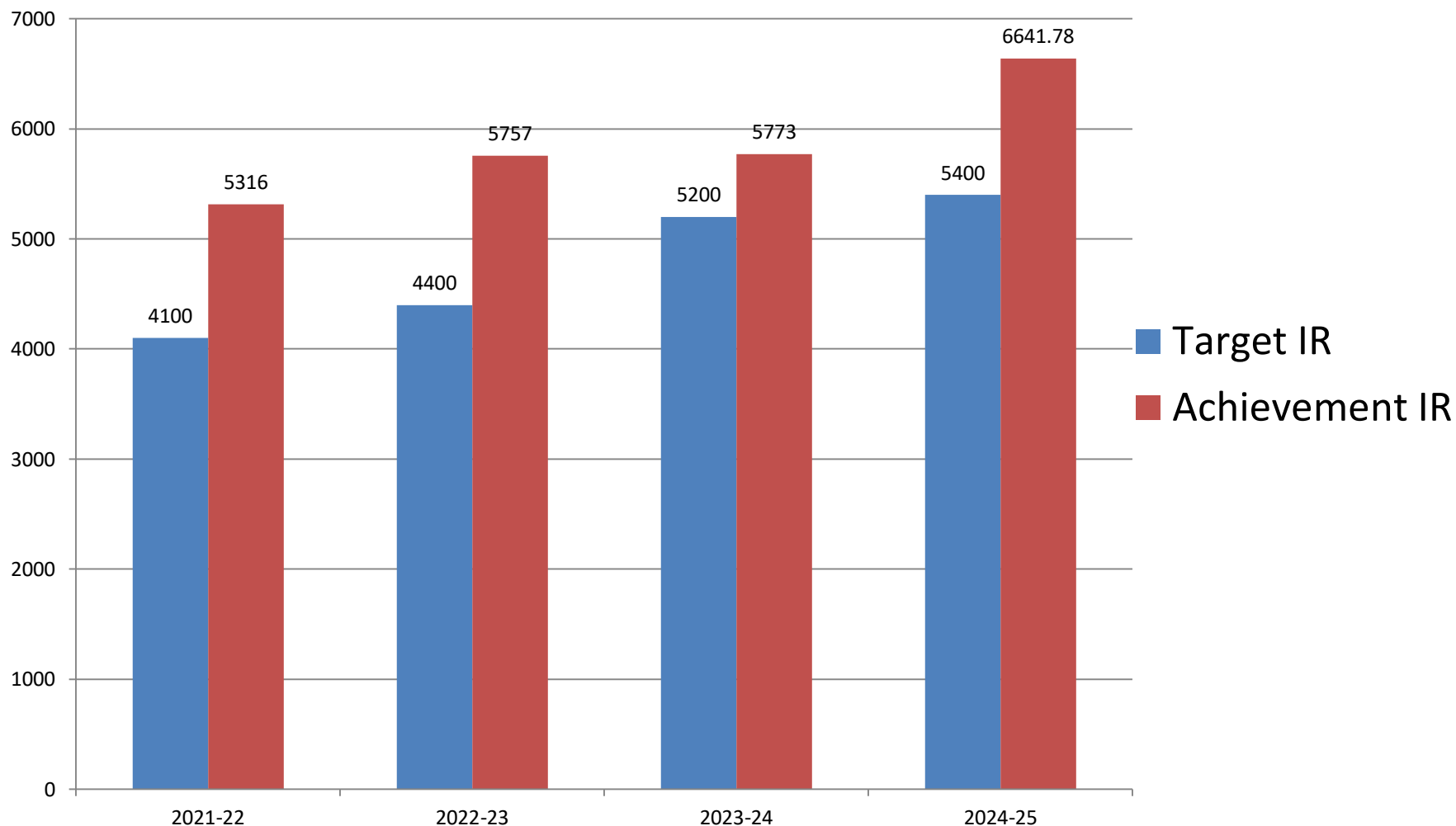
Sale Issue Note:

- Delivery is completed a Sale Issue Note is prepared.
- Contains details of materials of sold lots.
- Details of progress of delivery are maintained on the back of the Sale Issue Note.
- The Sale Issue note is signed by officer, a Gate Pass is issued and it is the duty of the Delivery Witnessing Officials to escort the lorry up to the gate so that there is no possibility of mixing any other material within the depot.

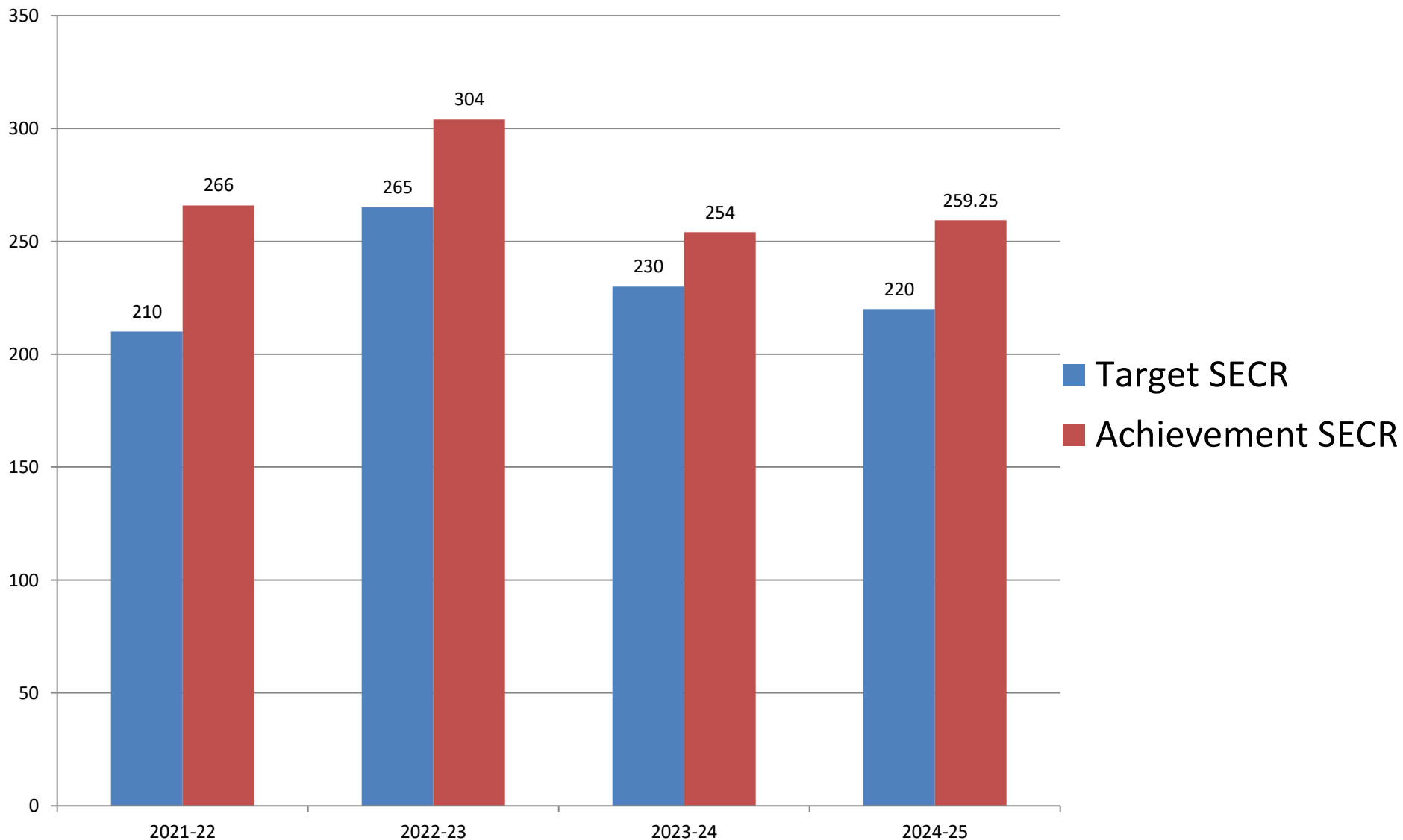
Statics on Scrap sale of SECR:

Financial Year	Target in Cr		Actual in Cr	
	IR	SECR	IR	SECR
2025-26	6000	270		
2024-25	5400	220	6642	259
2023-24	5200	230	5773	254
2022-23	4400	265	5757	304
2021-22	4100	210	5316	266

Scrap disposal in Crore Rupees IR



Scrap disposal in Crore Rupees SECR



Conclusion: A Model of Sustainable and Profitable Management

- Indian Railways' scrap disposal is a critical component of its operational strategy.
- It successfully converts a liability (waste) into a valuable asset (revenue).
- The system not only contributes significantly to the railway's finances but also aligns with national goals of sustainability, cleanliness (Swachh Bharat Abhiyan), and resource optimization.
- It serves as a prime example of a large public organization effectively managing its resources for both economic and environmental benefit.

Question:

Q1. Scrap material received on advice note of returned stores form no.

- A. S-1313
- B. S-1319
- C. S-1510
- D. S-1539

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A. S-1313

B. S-1319

C. S-1510

D. S-1539

Question:

Q2. Formation of lots size for convenient of auction is:

- A. 500 MT
- B. Rs. 1.5 Crore
- C. 500 MT or 1.5 Crore whichever is more
- D. 500 MT or 1.5 Crore whichever is less

Question:

Q2. Formation of lots size for convenient of auction is:

- A. 500 MT
- B. Rs. 1.5 Crore
- C. 500 MT or 1.5 Crore whichever is more
- D. 500 MT or 1.5 Crore whichever is less

Question:

Q3. in e-auction a Bidders/Purchaser has deposited Rs. 500000.00 in his lien account he can participated in auction a value of:

- A. Rs. 25 lakh
- B. Rs. 30 lakh
- C. Rs. 50 lakh
- D. All of the above

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B. Rs. 30 lakh

C. Rs. 50 lakh

D. All of the above

Question:

Q4. Maximum free delivery time for P-Way Scrap and other line lots is:

- A. 50 days from BSV payment date.
- B. 50 days from sale release order.
- C. 50 days from bid accepted date.
- D. 40 days from BSV payment date.

Question:

Q4. Maximum free delivery time for P-Way Scrap and other line lots is:

- A. 50 days from BSV payment date.
- B. 50 days from sale release order.
- C. 50 days from bid accepted date.
- D. 40 days from BSV payment date.

Question:

Q5. EMD shall be forfeited, if BSV is not deposited by Purchaser for depot lot within the period of

- A. 15 days from bid accepted date.
- B. 15 days from the date of 1st installment payment days.
- C. 35 days from bid accepted date.
- D. 40 days from bid accepted date.

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Q5. EMD shall be forfeited, if BSV is not deposited by Purchaser for depot lot within the period of

- A. 15 days from bid accepted date.
- B. 15 days from the date of 1st installment payment days.
- C. 35 days from bid accepted date.
- D. 40 days from bid accepted date.

Question:

Q6. Ground rent is recovered from purchaser

- A. @ 0.05% un-removed lots value per day or part of day.
- B. @ 0.05% Bid value per day or part of day.
- C. @ 0.5% total lots value per day or part of day.
- D. @ 0.5% un-removed lots value per day or part of day.

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Question:

Q7. As per Stores code, an Item not required for the purpose for which it was originally procured is known as -----

- A. Surplus Item
- B. Inactive Item
- C. Scrap Item
- D. Overstock Item

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Question:

Q8. Valuation of returned stores depends upon: (i) Whether the item is “Stock” item or “Non-Stock” item (ii) Whether the item is new, second hand or scrap (iii) The rate demanded by the sender.

Which of the statements given above are correct ?

- A. All three statements are correct
- B. Statements (ii) & (iii) are correct
- C. Statements (i) & (ii) are correct
- D. Statements (i) & (iii) are correct

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- C. Statements (i) & (ii) are correct
- D. Statements (i) & (iii) are correct

Question:

Q9. What is maximum Free delivery period without ground rent for depot lots from date of Auction?

- A. 30 days
- B. 40 days
- C. 50 days
- D. 65 days

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THANK YOU