

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS**

**LOK SABHA
UNSTARRED QUESTION NO. 850
TO BE ANSWERED ON 07.02.2018**

PROCUREMENT OF SYNTHETIC PACKING

850. SHRI SANJAY DHOTRE:

Will the Minister of RAILWAYS be pleased to state:

- (a) whether the Railways had, in the past, procured synthetic packing from abroad against contract No. G-437 dated 23.07.2010 in accordance with the laid down specifications and if so, the details thereof;**
- (b) whether it is a fact that during the course of its load trials, the synthetic packing could not be found suitable and the rationale behind its procurement remained defunct and if so, the details thereof;**
- (c) whether the Railways has taken a decision to use the obsolete material with Hydraulic Rescue Equipment and if so, the details thereof and if not, the reasons therefor;**
- (d) whether the Government has constituted an inquest into the whole issue which caused a severe dent to its exchequer; and**
- (e) if so, the details thereof and whether any action has been taken by the Government against the officers who were instrumental in procuring these faulty material and if so, the details thereof?**

ANSWER

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS

(SHRI RAJEN GOHAIN)

(a): Yes, Madam. Central Organisation For Modernization Of Workshops

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(COFMOW) had placed a Developmental Order of ₹ 33.78 lacs on M/s Resqtec Zumro, Netherland for procurement of 280 nos. (216+64) Synthetic Packing for 140T Diesel Hydraulic Breakdown Crane.

(b): Yes, Madam. The material was supplied after inspection by Railway Advisor (RA), Berlin/Germany. The material failed in field trial to be carried out as per contract and was accordingly rejected by the ultimate consignee being not found as per contract specifications.

(c): Yes, Madam. Decision was taken to usefully utilize the material in Hydraulic Rescue Equipment as balance amount of ₹ 15.78 lacs could not be recovered from firm and order being developmental in nature involving developmental cost only.

(d): No, Madam. The order value on M/s Resqtec, Zumro was ₹ 33.78 lacs. The payment of ₹ 18.13 lacs was made to the firm. The PBG of ₹ 2.35 lacs was encashed besides not releasing balance 20% payment. An amount of ₹ 15.78 (₹ 18.13-2.35) lacs could not be recovered.

This order was developmental in nature. The order being developmental in nature, the cost involved is considered as developmental cost as there is always risk involved for failure of product. Thus, the loss is only notional.

(e): No, Madam. Not warranted as being developmental order and balance amount of ₹ 15.78 lacs is considered as developmental cost as there is always risk involved for failure of newly under-developmental product. Besides, a decision was taken to usefully utilize the material in Hydraulic Rescue Equipment.
