

**GOVERNMENT OF INDIA  
RAILWAYS  
LOK SABHA**

UNSTARRED QUESTION NO:1307  
ANSWERED ON:10.03.2005  
PROCUREMENT OF COMPOSITE BRAKE BLOCKS  
Murmu Shri Hemlal

**Will the Minister of RAILWAYS be pleased to state:**

(a) whether attention of the Government has been drawn to the C&AG Report No. 8 of 2004 (Railways) wherein it has been observed that Railway Board failure in analysing the reasonableness of rates and availing of lower rates resulted in extra expenditure of Rs. 7.10 crore on procurement of Composite Brake Blocks;

(b) if so, the facts thereof; and

(c) the reaction of the Government thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI R. VELU)

(a) Yes, Sir.

(b) The facts are: -

i) Whenever a new technology is developed, initially the rates are generally high as Research & Development cost is amortised on the product cost over a period of time. In view of the substantial investment in machinery & plant, testing equipments and transfer of technology fee etc., it is generally not possible to make reputed companies to agree to do business without commitment for some assured business.

ii) Normally, the lowest rate of established/regular suppliers is counter offered to the likely Suppliers.

(c) The observations made in the Report are considered factually and logically incorrect for which the Action Taken Note has been sent to Comptroller & Auditor General of India (C&AG). However, subsequent observations made by the C&AG are being replied.