

**GOVERNMENT OF INDIA  
RAILWAYS  
LOK SABHA**

UNSTARRED QUESTION NO:707  
ANSWERED ON:26.07.2001  
SUSPENSION OF WAGONS ORDER  
M.V.V.S MURTHI

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

- (a) whether the Railway has suspended placement orders for wagons following detection of substandard and cheaper steel use for manufacturing of wagons already supplied to the Railways;
- (b) if so, the names of the companies that has supplied substandard wagons to Railways;
- (c) the loss suffered by the Railways as a result thereof; and
- (d) the action taken against the guilty companies and the officials involved therein?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS AND PARLIAMENTARY AFFAIRS (SHRI O. RAJAGOPAL)

(a) Yes, Sir.

(b) Initially certain vigilance checks were conducted on wagons where it was found that a manufacturer had used cheaper mild steel in place of corten steel being supplied by Railways to wagon manufacturers as free supply item. This firm is M/s.Hindusthan Development Corporation. In the process of inspection by Research Design and Standards Organization (RDSO), use of mild steel in place of corten steel was found in the factory premises of M/s.Burn Standard/Howrah and M/s.Textmaco. Recent vigilance checks show that few more manufacturers have also been found to have used mild steel in place of specified corten steel in manufacturing of wagons. These firms are M/s.Textmaco, M/s.Burn Standard/Burnpur, M/s.Burn Standard/Howrah, M/s.Bharat Wagons and Engg. Ltd./Muzaffarpur and M/s.BESCO. It has, therefore, become necessary to carry out more joint comprehensive checks on all wagon manufacturers in order to assess the quantum and magnitude of the problem before release of further orders. Research Design and Standards Organization (RDSO) have been asked to complete the investigations expeditiously.

(c) Loss can be quantified only after complete investigations are over.

(d) A show cause notice has already been issued to M/s.Hindusthan Development Corporation. For others, investigations are on.