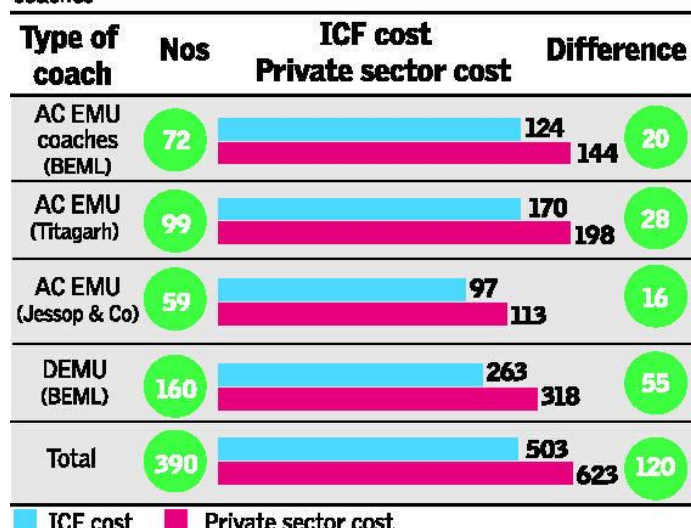


Workers against ICF sharing know-how with private players

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The approximate comparative cost (Rs. in crores) of manufacturing coaches



Note: Outsourcing cost includes material cost of steel, wheel set assembly and traction equipment supplied free to contracting firms, 1.03 per cent Excise Duty and 5 per cent VAT.

A Railway Board directive to the Integral Coach Factory (ICF) to share its coach manufacturing know-how free of cost with private players has upset workmen, who feel it is against public interest and amounts to a sell-out of ICF's mandate as a premier supplier of coaches to the Railways.

The Railway Board's February 13 circular to the General Managers of ICF, Chennai, and the Rail Coach Factory, Kapurthala, on "transfer of design drawings" to contracting firms had triggered a tool-down strike on March 6 for a few hours.

The protest was spearheaded by a Joint Action Council (JAC) formed on behalf 12,000 ICF employees represented by an elected 12-member Staff Council. It demanded that the Board's decision be immediately withdrawn.

The strike was called off based on an assurance from the administration that ICF's intellectual property and its workmen's interests would be protected.

However, with the Railway Board again showing keenness on pushing the project through, JAC sources say workmen would return to the warpath. "Our stand is unchanged. As the Board has offered a second round of consultation, we have deferred direct action until then," an ICF Staff Council member said.

Documents available with The Hindu show how the Rs. 610-crore deal provides five contracting firms free access to ICF's technical repository of coach design and drawings and is tilted in favour of these companies assigned to manufacture over 400 coaches.

Kolkata-based Titagarh Wagons Ltd. will manufacture 99 AC EMU coaches, BESCO eight MEMU coaches, and Jessop 59 AC EMU coaches while the only public sector undertaking in the list, Bharat Earth Movers Ltd., Bangalore, has been assigned two contracts -- one for the manufacture of 72 AC EMU coaches and another for 160 DEMU coaches.

Under the terms and conditions, the ICF would formalise an agreement to hand over design and drawings free of cost.

The ICF had paid Rs. 160 crore for getting LHB design know-how from a German manufacturer 10 years ago. The firms would only bear costs such as "incidental expenses connected with the preparation and printing of drawings," registration fees and stamp duties.

Further, according to clause 6 of the contract, Indian Railways would provide steel raw material, wheel set assembly and electric traction equipment to the contractor's work siding or the railway station nearest to the work site. Even when this is the case, the contract incorporates a "price variation" provision by which the Railways would also shell out the differential in price escalation of material and labour costs to the contracting firm.

"You outsource to lower costs. But, here the Railways will be spending at least Rs. 120 crore more than ICF costs when just a fraction of that money would have been enough to scale up production at existing coaching units at Chennai, Kapurthala and Raebareli," an ICF supervisor said.

The Railway Board did not respond to The Hindu's e-mail request for clarification on these issues.

Earlier this month, the Board's bid to sort out the issue through consultations failed to cut ice with ICF workmen.

On May 4, a delegation of top Board officials held a meeting with the administration and representatives of workers.

"None of the officials could dispute our contention that no public interest is served by this contract," said a JAC member who attended the meeting. As none of the firms other than BEML had turn-key coach manufacturing units, it was unlikely that they would be able to deliver coaches within three months of placement of order.