

**FORTY-SEVENTH REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**

**(1980-81)**

**(SEVENTH LOK SABHA)**

**LOST PROPERTY OFFICES**

**MINISTRY OF RAILWAYS**



*Presented in Lok Sabha on 30 April, 1981*

*Laid in Rajya Sabha on 30 April, 1981*

**LOK SABHA SECRETARIAT**  
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CORRIGENDA TO 47TH REPORT OF THE PUBLIC ACCOUNTS  
COMMITTEE (1980-81)

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Minutes of the Public Accounts Committee (1980-81) held on

29-12-1980 (FN)

29-12-1980 (AN)

21-04-1981 (AN)

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(1980-81)

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3. Shri T. R. Ghai—*Senior Financial Committee Officer.*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Forty-Seventh Report of the Public Accounts Committee (Seventh Lok Sabha) on paragraph 36 of the Report of the Comptroller and Auditor General of India for the year 1978-79, Union Government (Railways) regarding Lost Property Offices.

2. The Report of the Comptroller & Auditor General of India for the year 1978-79, Union Government (Railways) was laid on the Table of the House on 19 March, 1980.

3. This Report deals with the working of Lost Property Offices of the Railways on various aspects, such as non-observance of rules regarding taking of inventories of goods, delay in disposal of goods (including intoxicating goods, gold and other valuables) for a number of years, heavy detention to wagons and congestion in Lost Property Offices.

4. The Committee have recommended modification of the relevant rules so that inventory of goods is taken within one month of their receipt, and packages received by Lost Property Offices are disposed of within six months of their receipt. As regards detentions to the wagons at Lost Property Offices, the Committee have emphasised the need for effective supervision, vigilance and close coordination among the staff of Lost Property Office, the line staff and Railway Protection Force. It has also been suggested that all cases of detention to wagons at the Lost Property Offices beyond the stipulated free time of 5 hours should be enquired into and the officers concerned made accountable for such detentions.

5. The Public Accounts Committee (1980-81) examined paragraph 36 at their sittings held on 29 December, 1980. The Committee considered and finalised this Report at their sitting held on 21 April 1981 based on the evidence taken and the written information furnished by the Ministry of Railways (Railway Board). The Minutes of the sittings form Part II\* of the Report.

6. A statement containing observations and recommendations of the Committee is appended to this Report (Appendix II). For facility

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(vi)

of reference these have been printed in thick type in the body of the Report.

7. The Committee would like to express their thanks to the Ministry of Railways (Railway Board) and Ministry of Finance (Department of Revenue) for the cooperation extended by them in giving information to the Committee.

8. The Committee also place on record their appreciation of the assistance rendered to them in the examination of this paragraph by the Office of the Comptroller and Auditor General of India.

NEW DELHI,  
April 23, 1981.

CHANDRAJIT YADAV,  
*Chairman,*  
*Public Accounts Committee.*

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Vaisakha 3, 1903 (S).

**REPORT**  
**LOST PROPERTY OFFICES OF RAILWAYS**

*Audit Para*

1.1. The Audit para on Lost Property Offices as appearing in the Report of the Comptroller and Auditor General of India for the year 1978-79 (Railways) is reproduced as Appendix I of this Report.

*Introductory*

1.2. Consignments booked for transportation by rail but lying at the Railway stations beyond the prescribed period as unclaimed, undelivered and unconnected, or any lost or unclaimed property, other than the booked consignments, deposited with Station Masters are required to be sent to the Lost Property Offices of the Zonal Railways for custody and disposal either by delivery to the rightful owners, if the consignments are subsequently claimed or connected, or by periodical auction. There are 61 Lost Property Offices/Unclaimed Parcels and Goods offices/Disposal Centres on Indian Railways. The working of three Lost Property Offices on Northern Railway, as reviewed by Audit for the years 1973-74 and 1974-75, was commented in the Report of Comptroller and Auditor General of India for the year 1975-76, Union Government (Railways). As a result, the Ministry of Railways (Railway Board) issued instructions to the General Managers of the Railways, reiterating the extent rules on the subject and further enjoining that the working of the Lost Property Offices should be streamlined. The Committee desired to know the steps taken by the Railway Administrations to streamline the working of the Lost Property Offices and the improvements actually made in their working. In a note furnished in this regard the Ministry of Railway (Railway Board) have *inter alia* stated:

“As a sequel to the review made by Audit of the working of three Lost Property Offices on Northern Railway for the years 1973-74 & 1974-75, instructions were issued by the Ministry of Railways in March, 1977 to the Zonal Railways to strictly observe the extent rules on the subject and also to streamline the working of the Lost Property Offices. This has created a greater awareness amongst the Zonal Railways as regards the need for directing special attention to the working of the Lost Property Offices and they

have been making efforts to tone up the functioning of the Lost Property Offices under their respective jurisdictions. It may be mentioned that as ordered by the Ministry of Railways in March, 1980, each Zonal Railway has set up a Committee comprising one Senior Officer each from Traffic and Accounts Departments to go into the question of streamlining the working of the Lost Property Offices."

1.3. However, a review of the working of these offices by Audit with reference to the records for the years 1977-78 and 1978-79 showed that the extent rules were still not being observed. In this connection the Chairman, Railway Board stated during evidence:

"I may accept right at the beginning that this is one of the comparatively darker areas on the Railways—the LPO, and we are grateful to the Committee that for the first time, it is receiving a focussed attention. Since 1977 a lot of attention has gone into it and a lot of instructions have been issued. Upto 1977, I must own, there were no uniform instructions. After all there were different company railways following its own practices and upto 1977, in a way those things continued and no great effort was made to universalise on an all-India basis the practices to be followed. Now focussed attention has been received and we have been issuing instructions, and, after evidence before this Honourable Committee, we would like to give further instructions to the staff in the light of the discussions here. There is another element in it and that is the size of the problem and the cost that we are prepared to incur. We can make any system foolproof by making the cost exorbitant in which case it will be self-defeating and we may spend much more money and save comparatively little. All those problems are there but now that the Committee has focussed attention on different problems, we are concerned with it and we will be devoting more and more attention. Since the time the audit para came up, there has been a substantial improvement in this field."

#### *Inventories of Goods Transferred to/received in Lost Property Offices*

1.4. Rules 2216, 2221, 2222, 2228 and 2229 of Railway Commercial Manual Vol. II provide that full particulars of consignments transferred to Lost Property Offices should be entered in the prescribed form, and inventory of the contents of each package (after opening) should be shown on the reverse thereof. Two copies of this form are

required to be sent to Lost Property Office. The Lost Property Office should again take an inventory of the contents of all packages at the time of their receipt and compare their inventory with that taken by the station booking the consignments to the Lost Property Office. Audit para points out that it was noticed during review that on Northern, North Eastern, North East Frontier, Southern, South Central, South Eastern and Western Railways, inventories were neither being taken by stations, while forwarding goods to Lost Property Offices, nor by Lost Property Offices, while receiving goods from the stations.

1.5. According to audit para, the delay in taking inventories in some cases in certain Zonal Railways was as under:

<i>Name of the Railway</i>	<i>Delay</i>
Northern	5 years
Southern	3 years
North Eastern	179 to 355 days
South Eastern	3 to 9 month

1.6. When asked to indicate the reasons for the delay upto a period of 5 years in taking of inventories by the staff of the Lost Property Offices on the Northern Railway, the Ministry of Railways (Railway Board) have, in a note, stated that the details of 64 cases as pointed out by Audit were obtained in order to ascertain the date of receipt of packages in the Lost Property Office and the dates on which the inventories were taken. It is seen that inventory was taken within a period of one month to 15 months. There were also cases in which the inventory was not taken upto a period of 5 years

1.7. The Committee desired to know as to why the extent rules were not being observed by the staff. In their reply, the Ministry of Railways (Railway Board), have in a note stated:

“The rules provide that inventory of the contents of all packages (after opening) should be taken by the despatching stations before their despatch to the Lost Property Office. The rules also provide that inventory should be taken in the Lost Property Offices of the contents of the packages received there. While inventory of the packages received in the L.P.O., with defective outward appearance and sign of pilferage should be taken immediately on their receipt. Rules do not prescribe any definite time limit for taking inventory in respect of other packages. As regards taking of inventory of each and every package at the despatching station, it has not always been possible to observe

the prescribed procedure on account of certain practical constraints as given below:—

- (i) Opening of well packed packages without damaging the contents thereof and then repacking them in proper manner require the services of skilled workers, proper packing material and implements, which are generally not available at the wayside stations.
- (ii) Difficulty in arranging timely attendance of Railway Protection Force staff to witness inventories, especially at wayside stations.
- (iii) If the packages after having been opened cannot be repacked securely, there is possibility of thefts/pilferages being committed in transit.
- (iv) Many of the unconnected/unclaimed packages are subsequently taken delivery of by the rightful owners at the L.P.Os. If the original packing is found disturbed at the time of delivery, the owners of the packages demand open/assessment delivery, which is not always in the interest of the Railways.

Inventories of the contents of the packages are taken at the Lost Property Offices as and when it is possible to arrange the attendance of Railway Protection Staff and Travelling Inspectors of Accounts of the Section who are necessarily to be associated at the time of opening the packages/consignments and taking their inventories. It is not always possible to arrange the presence of the concerned Travelling Inspectors of Accounts soon after the receipt of packages/consignments in the Lost Property Offices on account of his pre-occupation with other duties such as scheduled station inspections etc. Besides, the flow of packages/consignments from station to Lost Property Offices being a continuous process, it is not found feasible to take inventory of each package as and when it is received. Having regard to the practical difficulties in regard to strict compliance with the existing instructions, in December, 1979 the matter was referred to an expert Committee named Commercial Committee of the Zonal Railways to examine and recommend whether the relevant instructions on the subject need to be amended, if so, the manner in which the amendment has to be effected."

1.8 At the instance of the Committee, the Ministry of Railways (Railway Board) have further stated that the recommendation of

the Commercial Committee has since been received and the same is reproduced below:—

*“Streamlining the working of—Lost Property Offices Re.—*

The Commercial Committee recommend that paras 2216 & 2222 of Indian Railways Commercial Manual Volume II, be amended as under:—

*Para 2216—*Transfer of goods, parcels or luggage consignments lying unconnected at stations to the Lost Property Office. Unconnected consignments required to be transferred to the lost property office should be sent under a free invoice or way-bill. Full particulars of these consignments should be entered in Form Com./L-23. In the event of any package required to be transferred to the lost property office showing signs of tampering from outward condition or there being good reason for doubt as to what it contains the inventory of the contents of such package should be taken and recorded on the back of this Form. The form should be prepared in four foils, three foils being sent to the lost property office should quote the lot number under which each article is registered in lost property office against each item in the list, sign it in token of acknowledgement and return one copy to the Station Master concerned for record. The second copy will be forwarded to the Claims Prevention Officer and the third copy retained in the lost property office.

*Para 2222—*The actual weight found at the time of transfer of the consignment to the lost property office should be shown on the free invoice or way-bill, as the case may be. In the event of any package required to be transferred to the lost property office showing signs of tampering from outward condition or there being good reason for doubt as to what it contains, the inventory of the contents of such package should be taken and recorded on the back of Form Com./L-22.”

1.9. Explaining the position further in this regard, the Chairman, Railway Board stated during evidence:

“We want to change the provisions in the Commercial Manual rules in regard to inventory being taken at the sending points. Now, we feel that it will be counter-productive. If packages are opened at all and sundry places, all sorts

of things may take place. It is not for one or two people to open the packages. If the packages are opened at small railway stations, there will be difficulties, I had already referred to this problem earlier. The packages, we feel, should not be tampered with at way-side railway stations but they should be sent to the Lost Property Offices which are at least some sort of safer places. What we feel is that if a package is sound, it need not be tampered with. Only if the package is damaged, the inventory should be taken immediately by the sending station."

The witness further stated:

"As far as the other end is concerned, the rule so far has been that the LPO inventory is supposed to be taken immediately in the case of packages which are not in proper shape. But there has been no rule as to what is to be done in cases where the package, is sound. That has been rather loose. We would like to tighten that and fix a time-limit, say two or three months as the upper limit for the inventory to be made at the receiving end, i.e. LPO's which is comparatively a more secure area. We will enforce that rule. We were waiting for giving oral evidence before this Committee. We will modify the rules to the extent I have indicated. If we make the size of the problem too big, we may not be getting the desired results and it may be counter productive, taking into account the totality of the conditions."

1.10. It is seen from the audit para that it was noticed by Audit during review in Northern Railway that 21 consignments in the Lost Property Office at Delhi Kishanganj, 15 consignments in the Lost Property Office at Kanpur, 14 consignments in the Lost Property Office at Amritsar and 14 consignments in the Lost Property office at Jodhpur, when opened were found to contain bricks, borada, torn gunny bags, stone, dry grass etc., while these had been described as consisting of 'cases', 'vegetable seeds', handloom cloth', 'engineering and electrical goods' etc. Similar instances were also detected in Western Railway (16 cases), Southern Railway (159 cases) and Northeast Frontier Railway (7 cases). When enquired whether any inventory in these cases was received alongwith the packages, the Ministry of Railways (Railway Board) have stated that no inventory was taken in respect of these packages before transferring them to the Lost Property Offices.

1.11. When enquired whether any report was made to the Chief Commercial Superintendent of the Railway when it was found that the contents did not tally and whether any investigations were made thereafter, the Ministry of Railways (Railway Board) in a note have *inter-alia* stated:

*"Northern Railway*

All the packages mentioned in the Audit para are still lying on hand. All these cases were reported to the Chief Commercial Superintendent and the Railway Protection Force. A special cell to investigate such cases was constituted and the investigations revealed that the consignments were booked with a view to cheating the banks. No claim for compensation was preferred in such cases. The Railway Protection Force took up the matter with the concerned Police authorities for registration of cases and proper investigations to bring the defaulters to book. However, Asstt. Inspector General Govt. Railway Police, Haryana, Ambala has advised that mere misdeclaration of contents of consignment without preferring of claims for compensation does not constitute the offence of cheating. As such, he has shown his inability to take cognizance of such cases. Under the circumstance it has not been possible for the railway administration to take any further action in the matter.

*Western Railway*

As the packages in question were outwardly in sound condition no inventory was taken by the forwarding stations. Copy of Damage and Deficiency Message issued by the Lost Property Office was endorsed to the Chief Commercial Superintendent.

*Jaipur Lost Property Office*

The eleven packages received at Jaipur were transferred there from Bhilwara station. These had earlier been booked from Moradabad to Bhilwara describing the contents as M.B. wares. Enquiries made by Anti-Fraud Squad of Northern Railway had revealed that Messrs Cottage Industries, Kasral, Moradabad who were the consignors in all these cases, were a bogus firm who were indulging in fraudulently booking packages declaring their contents as M.B. wares whereas dummy material like bricks etc. were

put in them; this was presumably done with a view to obtaining money from the Bank on the strength of the railway receipts issued. As no one turned up for taking delivery of these packages, Station Master, Bhilwara transferred them to the Lost Property Office, Jaipur. No claim was received in respect of these packages and the Northern Railway was informed by the Western Railway accordingly.

*Bhavnagar Para Lost Property Office*

The packages received at this Lost Property Office were transferred there from Salaya and Himatnagar. The former were described as 'Said to contain medicine powder' and the latter as 'contents not known—weight 8 kgs.' On opening of the packages booked from Salaya at the Lost Property Office, these were found to contain 'earth like sand' and the package booked from Himatnagar was found to contain one stone. In all these instances, the outward condition of the packages was sound and the discrepancy observed on opening them was notified by issuing Damage and Deficiency Message to all concerned on the same day as required under the rules.

*Southern Railway*

Inventory was not received along with the packages at Disposal Centre, Bangalore city.

The misdeclaration in respect of the packages received at the Disposal Centre, Bangalore was detected by the Chief Claims Officer of the Railway during the course of his inspection of the Lost Property Office. As regards the packages received in the Lost Property Office at Mysore, the matter was reported to the Traffic Superintendent (Claims Prevention) on 21-2-1974. Thereafter, the matter was reported by the Chief Commercial Superintendent, Southern Railway during March, 1974.

*Bangalore City*

It was detected that the parcels described as 'chaddar' actually contained only gunny pieces and cut pieces of cloth. The matter was reported to the Chief Claims Officer, South Central Railway for investigation by Security Branch and by the Railway Police regarding suspected

fraud. Subsequently the Booking Station informed that the despatch of the consignment was not personally supervised by the sender but was entrusted to the casual labourers of the sender who might have substituted cut pieces of cloth and gunny pieces in place of chaddar and that sender had paid the freight charges due and had no claim on the railway regarding the value of the mis-declared consignments. The matter was persistently followed by the Southern Railway with the South Central Railway regarding the results of the investigations and whether any suit had been filed in this regard on the South Central Railway. Investigations revealed that the sender Shri K. N. Tigadi used to get Railway Receipts for weight 2 or 2½ kgs and subsequently altered the weight as 82 or 82½ kgs and pledged the Railway Receipts with Banks drawing huge advances from them. The Canara Bank filed a criminal suit against the sender for cheating to the tune of about Rs. 1½ lakhs. It also came to light that the party cheated the Bank of Maharashtra to the tune of about Rs. 1.2 lakhs and the Vysa Bank to the tune of Rs. 2 lakhs. Further investigations were conducted by the Anti-Fraud Squad of the Southern Railway Headquarters which revealed that even though civil suits filed by the Bank were pending in the court of Civil Judge, Gadag and criminal investigation was also pending, the Railways had not been impleaded as party in the Civil Suits and criminal investigations as per the report received in the Headquarters Commercial Branch, Southern Railway during May, 1979. The Railway therefore, finally disposed of the packages by public auction on 21-6-1979.

### *Mysore*

As regards the packages received at the Lost Property Office Mysore, the matter was reported by the Chief Commercial Supdt., Southern Railway to the Chief Commercial Supdt., Central Railway and investigations were initiated by the Security Branch of the Southern Railway. Investigations were also initiated by the Security Branch of Central Railway in coordination with Railway Police. The matter was persistently followed by the Southern Railway with the Central Railway. The Central Railway processed the matter for launching prosecution proceeding against the senders. Investigations Wing of the State Police, Banga-

lore did not bring forth fruitful results to prosecute the accused persons in the criminal cases registered at the Police Station, Mysore and the cases were treated as undetected and no person was arrested by the Police."

1.12. About the misdeclarations the Chairman, Railway Board stated during evidence:

"About misdeclaration, Indian Railways handle about 10 lakh packages a day. Finally what reaches the LPO is about 2 lakh packages a year. Every transport agency in the world air, sea or ground proceeds on the basis of some sort of trust and we do only random sampling. Otherwise, if we start opening all packages, it will bring the whole transport organisation to a halt. This is the universal system that we do random sampling. The percentage of misdeclaration is extremely small. We have done a study for 2 years for LPOs on Northern Railway. The total misdeclaration recorded is 0.09 per cent on Western Railway 0.1 per cent on NF Railway 0.16 per cent. To stop this small percentage, we would not like to enter into a process of opening up of all the packages. The size of the problem is very small."

1.13. When asked to state the steps taken to avoid such instances in future, the Ministry of Railways (Railway Board) have, in a note, stated:

"Instructions already exist to staff at Booking Stations to check up the contents in respect of suspected misdeclaration, and to Commercial & Travelling Inspector of Accounts to make spot checks at stations. These instructions are followed on the railway. It may be appreciated that such cases of misdeclaration are few and are not regular feature."

1.14. Procedure to be followed in regard to the goods to be booked at the Railway stations and about the misdeclaration of goods has been laid down in rules 1415, 1416 and 1417 of Indian Railway Commercial Manual which are reproduced below:

"1415. Examination of goods with regard to commodity. Each package in a consignment tendered for despatch should be carefully examined by the staff responsible and the actual commodity, as far as discernible and private marks should be compared with the particulars entered in the forwarding note.

1416 *Misdeclaration of goods*

- (a) Misdeclaration of goods by consignors is generally made for the purpose of securing transportation at a cheaper rate than the authorized charge; the articles chargeable at a higher rate being discribed in the forwarding notes as those chargeable at a higher rate being described in the forwarding notes as those chargeable at a lower rate. Misdeclaration is also taken recourse to for securing booking against restriction orders. The station staff should, before accepting the commodity as described in the forwarding note, check it, as far as possible, by actual examination of the packages of a consignment.
- (b) Similarly, staff at the destination station should carefully examine contents of consignments, when they have reason to suspect misdeclaration or when they have received information of such suspicion. If misdeclaration is detected, freight should be recovered in accordance with the rules for misdeclaration laid down in the T.R.C.A. Goods Tariff and appropriate action taken for booking against restriction.
- (c) A record of cases of misdeclaration detected should be maintained at all stations and cases of frequent misdeclaration by a particular merchant or of goods from a particular station should be brought to the notice of the Divisional Commercial Superintendent and a special vigil kept on such bookings.

1417. *Surprise checks to detect misdeclaration*

Surprise checks should be carried out to detect misdeclaration of goods in the same manner as in the case of *Parcels.*"

1.15. It has been stated by the Ministry of Railway (Railway Board) that in certain cases relating to Northern, Western and Southern Railways the consignors had sent fake consignments or fraudulently altered the quantity booked in the Railway receipts, and taken advances from the banks against the railway receipts. The investigations by the Police on the complaints filed by the banks on the malpractices indulged in by the consignors, resulted in delayed disposal of the consignments, as it was felt by the Railway Administration that the goods might be required for production in court of Law. The Committee desired to know during evidence whether the Railway Board had considered that wherever such cases of fraud were detected the banks at the originating station might be informed of the fraud indulged in by a particular party so that they could

take action on subsequent Railway Receipts produced by it. In reply, the Chairman, Railway Board stated:

“Basically, the Railway Receipt is a negotiable instrument and trade will suffer very badly if anything is done to change this nature of the Railway Receipt. For example, if a person sends a consignment by road, the road agency also issues a receipt but no bank will take it. It is not a negotiable instrument. But for very long this is the universal practice—not only in India but the world over, that Railway Receipt is treated as a negotiable instrument. The banks advance loans on Railway Receipts and when they do that, they have got to take all precautions. They have got the agencies. They have got their anti-fraud squads. As I said, the percentage is so low that we do not consider it necessary to advise the banks. It is strictly their job because they are not supposed to part with their money without making doubly sure that they are parting with their money for a good cause and we do not consider that it will be of any help our telling the bank that such and such odd consignment has been misdeclared.”

The witness added:

“Of course, we are going to seek legal opinion that there should be a penalty for misdeclaration. At present, as the law stands, if anybody misdeclares any consignment, we just correct it and collect the proper freight. But we do not have any legal power at our disposal to impose a penalty immediately for misdeclaration and it has been brought out in the paragraph and we will be seeking legal advice because that, we feel, will be a deterrent that if anybody is misdeclaring anything, then there will be a penalty imposed.”

#### TRANSFER OF FRAGILE GOODS, GOODS IN BULK DANGEROUS GOODS AND GOODS OF INSIGNIFICANT VALUE

1.16. Procedure regarding transfer of fragile goods, goods in bulk, dangerous goods and goods of insignificant value has been laid down in rules 2208 and 2219 of Railway Commercial Manual Volume II and these are as under:

2208. *Disposal of lost Property articles of insignificant value.*—  
Lost Property of insignificant value or no value such as

empty earthen pots, worn out old shoes and boots, un-serviceable hats, dirty or incomplete packets of playing cards, rags, broken baskets, etc.; remaining unclaimed at the station should not be sent to lost property office. After the expiry of one month from the date of their deposit as lost property such articles should be sold locally by Station Masters by public auction. Articles fetching no price should be thrown away. In such cases, Station Masters should personally record a certificate in the lost property register that the article was of no value.

2219. (a) If after the expiry of the period of notice of removal served on the Sender/Consignee, the consignment is not taken delivery of, it should be disposed of by auction. The consignment should be auctioned either at the destination station itself or transferred to lost property office nominated by the Railway Administration.

(b) The following types of articles should not be transferred to Lost Property Office:—

(i) Articles such as coal, ores, roadmetal, lime stone etc., which owing to their nature cannot be conveniently transferred to lost property office.

(ii) Dangerous, inflammable and explosive goods, and

(iii) Fragile goods.

(c) Before transferring a consignment to Lost Property Office, Station Master should obtain the orders of Divisional Commercial Supdt. in the following circumstances:

(i) If the delivery of the consignment is under dispute, or

(ii) If any claim for compensation is pending. or

(iii) If the estimated value of a consignment exceeds Rs. 3000,  
or

(iv) If it is considered necessary to transfer the types of articles mentioned in Para (b) above to the Lost Property Office.

1.17. Although the extant rules enjoin that goods liable to breakage/damage in transit, goods of insignificant value or of no value, articles such as coal, lime stone etc., which owing to their nature cannot be transferred conveniently and dangerous, inflammable and

explosive goods should not be sent to the Lost Property Offices, there were according to the Audit Para several instances in different Zonal Railways where such types of goods were sent to Lost Property Offices in disregard of the existing rules during 1977-78 and 1978-79 and these are detailed below:

Name of Railway	No. of packages/cases/ consignments	
	(1977-78)	(1978-79)
1. Northern	87	337
2. North east Frontier	3015	3025
3. Southern	1514	842
4. South Central	7058	9335
5. South Eastern	659	215
6. Western	1351	1063
Total	13684	14817

1.18. When enquired as to why the relevant rules were not followed, the Ministry of Railways (Railway Board) have stated that the position in this regard as explained by the concerned Zonal Railways is as under:—

#### '-NORTHERN RAILWAY

Considering that the articles received in Lost Property Offices such as old tyres, bundles of cotton waste, empty Glass wares, stone chips, slates etc., would fetch much better prices and, would otherwise have fetched hardly any price at way side stations, these were transferred to Lost Property Offices.

#### NORTHERN FRONTIER RAILWAY

Due to lack of suitable market at the stations where the goods were lying, those were transferred to the Lost Property Offices with the expectation of getting better price.

#### SOUTHERN RAILWAY

The booked destination stations where such consignments were received did not have proper market for disposal of the goods at those places by public auctions. These consignments were, therefore, transferred to the Disposal Centres with a view to getting better sale price. If such action

would not have been taken these would have been disposed of for low value or would have been thrown away.

#### SOUTH CENTRAL RAILWAY

Due to the limited number of packages available for auction at a station and in absence of markets nearby, the goods might not have fetched any reasonable price and on occasions there would have been no bid at all.

#### SOUTH EASTERN RAILWAY

There are no instructions in the Commercial Manual that undelivered and unconnected consignments though they may be of insignificant value should not be sent to Lost Property Office. The relevant provisions of para 2208 of Commercial Manual Vol. II are only for Lost Property and not for undelivered and unconnected booked consignments. The implication is obviously that a consignment should not be booked by rail unless it has got certain value. Moreover, on a consignment which has been booked there are bound to be some Railway dues like freight charges, wharfage charges etc. Therefore, it will not be proper to give instructions to the staff to dispose of the booked consignments and probably for this reason there are no such instructions in the Commercial Manual regarding unconnected and undelivered articles but mention has been made only about Lost Property. In most of the cases, the commodities mentioned by Audit were actually undelivered and unconnected consignments and not lost property.

It is true that consignments like old newspapers, stone chips, stone boulders should be of insignificant value but is very difficult to say whether old gramophone records, old tyres, old books are of insignificant value; on the other hand, the value of these may be very high especially if they are not readily available in the market. Sameway, matting cloth, grinding stones cannot be said to be of insignificant value unless the actual condition of the consignments is seen by some component persons. As no exhaustive list of commodities is given the staff are reluctant to dispose of the consignments even though they feel that the same are of insignificant value because they may be charged later on that they have done so malafide. In most of the cases it is found that these consignments were put to

auction on a number of occasions and as they attracted no bidders at the station, the same were sent to Lost Property Office, Shalimar. It is felt that blanket permission for disposing of articles on the basis of subjective judgment of the staff regarding value would not be correct and there may be occasions when genuinely valuable articles though they may be old are disposed of by the staff in view of such instructions.

#### WESTERN RAILWAY

It is not always possible to dispose of such articles at stations by auction. Transfer of such goods to Lost Property Offices was resorted to only from stations where there was no market for such goods and/or no reasonable price could have been obtained by auctioning them there.

#### WESTERN RAILWAY

Normally such cases are disposed of at the stations where they are lying unclaimed/unconnected. In a few cases they are transferred to Lost Property Office with a view to fetching reasonable price."

#### *Disposal of Goods*

1.19. The procedure adopted in the Lost Property Offices for disposal of goods is auctioning. According to the Ministry of Railways (Railway Board) auctions are held normally once a month in each Railway. The procedure for auctioning of articles in the Lost Property Offices as prescribed in the Indian Railways Manual, Volume II, is as under:

"The sale of Lost or unclaimed articles by public auction will be held in the Lost Property Office at frequent intervals on the dates to be notified by the Chief Commercial Superintendent by advertising and by public notice. Articles which have remained in the possession of the Railways for three months or such other shorter period as notified by the Railway Administration concerned will be included in the auction sales. In the case of foodgrains, however, the period is over two months.

At least fifteen days notice of each auction will be given by an advertisement in the local newspaper. If there is no local newspaper, the intended auction should be advertised, (i) by posting of notices at or near the goods shed,

(ii) by a notice published in any newspaper printed in the State and circulating in the District in which the station at which the sale is to take place is situated.

The exact date, time and place of proposed auction, the nature of goods intended to be sold and other particulars necessary to enable the public to identify the commodities intended to be put up for auction should be indicated in the advertisement or in the public notice. On the date of auction sale, the contents of each consignment should be separated and auctioned in separate lots unless the official supervising the auction considers that collection of items of one and the same nature in one lot is likely to fetch better price. The conditions of the auction sales should be announced before starting the auction. It should be the condition of all auction sales that the Railway reserves the right to withdraw any article from sale for which an acceptable offer is not made. No article of value should be sold without a predetermined reserve price being fixed for.

When a pool is found to exist among the bidders to keep the price at their minimum suitable auction should be taken to break the pools.

Ordinarily, the highest bidder on the fall of the hammer must be considered as the purchaser unless the bid is lower than any reserve price that has been fixed or the sale is subject to the approval of a higher authority.

The sale proceeds must be collected in cash on the spot and remitted to the Chief Cashier on the same day.

Auctioned articles should be removed from the Lost Property Office within the period allowed for removal. If not removed within the prescribed time, wharfage charges should be collected.

The Lost Property Office will prepare an auction sale statement in respect of all articles sold by public auction."

1.20. According to the Ministry of Railways (Railway Board), in Northern Railway, previously only senior subordinates of the Claims Branch associated by Traffic Inspectors of Accounts and Superintendent, Lost Property office were deputed to conduct auctions. However, as a result of introduction of new policy, only gazetted officers

are being deputed to conduct auction in Lost Property Offices. When asked whether this system was being followed uniformly in all the Railways, the Chairman, Railway Board has stated during evidence:

“At the moment, six Railways are following the procedures where auctions are done under the supervision of a gazetted officer. We have issued the instructions that this procedure be universalised, viz., the auctions should be supervised by the gazetted officers.”

1.21. In a note subsequently furnished in this regard the Ministry of Railways (Railway Board) have stated:

“The practice of associating a Gazetted officer in auctions at Lost Property offices is uniform on all Railways. With a view to ensuring supervision of a higher order, it is desirable that auctions at Lost Property offices are conducted in the presence of a Gazetted officer. This practice is generally working satisfactorily on all Railways.”

1.22. The Committee pointed out that there were some professional auctioners in certain areas and their help might be sought. To this the Chairman, Railway Board stated that this suggestion would be examined.

1.23. According to audit the number of packages|cases|consignments received and disposed of by the Lost Property Offices during 1977-78 and 1978-79 were as under:

Name of the Railway	1977-78		1978-79	
	Received	disposed of	Received	disposed of
Central	13,507	11,391	14,607	12,050
Northern	34,581	38,597	33,719	29,941
North Eastern	11,019	13,608	10,407	10,995
North East Frontier	4,512	2,161	5,424	3,266
Southern	6,079	3,180	8,193	6,101
South Central	14,960	£5,806	18,543	6,876
South Eastern	13,287	*12,568	16,705	13,215
Western	17,929	19,879	18,275	19,649
Total :	115,874	1,07,190	1,25,873	1,02,093

@Figures relate to 3 out of 5 units.

\*Figures relate to 7 out of 8 units.

1.24. It is seen from the following table that substantial number of packages|cases|consignments were lying at the various Lost Property offices at the end of the year 1979-80 and some of which are of very old period:

Name of the Lost Property Office	No. of pack- /cases/ consignments lying at the end of the year 1979-80	The year of the receipt of oldest package
1	2	3
<i>Central Railway</i>		
Nagpur . . . . .	2884	April, 79
Wadi Bunder . . . . .	1645	March, 79*
<i>Eastern Railway</i>		
Howrah . . . . .	15204	1977
Patna Ghat . . . . .	3078	1975
Mughal Sarai . . . . .	1939	1979
<i>Northern Railway</i>		
Delhi Kishanganj . . . . .	6687	Not available
Kanpur . . . . .	6464	Do.
Amritsar . . . . .	2074	Do.
Jodhpur . . . . .	1379	1975
<i>North Eastern Railway</i>		
Gorakhpur . . . . .	1959	1971
Raxaul Nepal Siding . . . . .	10304	1971**
<i>North East Frontier Railway</i>		
Dibrugarh Town . . . . .	1840	1960
New Gauhati . . . . .	1878	1979
Katihar . . . . .	1267	1975
New Coochbehar . . . . .	400	1973
<i>South Central Railway</i>		
Secunderabad . . . . .	5076	..
Vijaywada . . . . .	2020	..
Hubli . . . . .	2703	..

\*Pending due to court case.

\*\* Includes packages which are awaiting disposal for want of clearance from Collectorate of Customs, Panta

1	2	3
<i>South Eastern Railway</i>		
Shalimar . . . . .	3450	1968-69
Itanagar . . . . .	1443	1972-73
Itwari . . . . .	1119	1971-72
Bilaspur . . . . .	306	1971-72
Raipur . . . . .	1455	1973-74
Cuttack . . . . .	688	1973-74
<i>Western Railway</i>		
Church Gate . . . . .	742	1967
Parcel Depot Grant Road . . . . .	2673	1968
Carnac Bridge . . . . .	324	1970
Bhavnagar para . . . . .	1238	1978
Jaipur . . . . .	2929	1974

1.25. As regards steps being taken for expeditious disposal of goods, the Chairman, Railway Board during evidence, stated:

“At present the rules say that they (goods) can be disposed of only by auction. This is the rule which is exploited by some unscrupulous elements by forming themselves as cartel and they did not allow the bids to go up. We are, therefore seeking to amend the Railway Act by saying that we should have other avenues—not only this avenue of auction only. Take for example bitumen consignment. This gets unconnected. They are left aside and they are straightaway used for road-building. Now that we have got several public undertakings that have come into existence, these may be made use of by them. Take also the bauxite consignment. This can be given to the aluminium factory. There are public sector undertakings who can make use of it. We are therefore, seeking to amend the rules. Once these are amended, we will then try to diversify this and get out of the clutches created by this

single rule that these articles could be disposed of only by public auction."

1.26. During their visit to the Lost Property Office at Bangalore during October, 1980, a Study Group of the Committee was informed that the inventories were made only when packages were opened at the time of auction. When asked whether it would not be better to have the inventory made as soon as the packages were received in L.P.O., the Chairman, Railway Board stated:

"We agree that inventories should be taken at the receiving point in the L.P.O. The sooner we take inventories the better it is so as to avoid the subsequent fraud. There is a lacuna in the rule which lays down that the inventory of consignments should be taken in respect of those consignments which were tampered with. Now, in respect of untampered consignments, we propose to lay down the limit of two to three months so that there is no question of anybody's waiting right up to the auction in public. All these things have been highlighted in the paragraphs that are coming up. After this oral evidence is over, we hope to issue more instructions; some instructions have already been issued."

1.27. The audit para points out that the amount of freight and other charges including wharfage charges exceeded the sale proceeds by Rs. 31.95 lakhs during 1977-78 and by Rs. 20.16 lakhs during 1978-79. In addition, the Railways would have paid compensation to the rightful owners in respect of the goods auctioned in the Lost Property Offices. The sale proceeds of the goods auctioned are often far less as compared to Railway's liability for compensation of the goods thus sold.

1.28. In a note furnished to the Committee in this regard the Ministry of Railways (Railway Board) have stated:

"Goods disposed of by public auction at the Lost Property Offices/disposal Centres are of 3 types:—

- (i) Unclaimed booked consignments.
- (ii) Unclaimed lost property.
- (iii) Unconnected booked consignments.

The question of Railways' liability for compensation arises only in case of unconnected booked consignments. Generally the sale proceeds realised through public auction are less than the actual value of the goods auctioned. The main reasons for this are as follows:—

- (i) The bids obtained in the auction are controlled by the usual market forces e.g., availability/security of the goods, tactics of bidders etc., which are beyond the control of the Railway Administration.
- (ii) Because of fairly long storage of the goods before they can be disposed of by public auction the condition of the goods does not normally remain the same as obtaining at the time of original booking."

1.29. The amount received by the Railways as a result of disposal of consignments at the Lost Property Offices during the last 5 years (Year wise) is as follows:

Year	Amount (Rs. in lakhs)
1975-76	53.56
1976-77	53.87
1977-78	49.58
1978-79	51.31
1979-80	62.34

1.30. When asked about the claims preferred by consignees for compensation and paid by the Railways during the last 5 years, the Ministry of Railways (Railway Board) have, in a note, stated:

"The claims preferred by the consignees in cases where consignments booked by them do not reach the destination stations and are paid by the Railways, have no direct relation with the consignments/packages transferred to Lost Property offices. In cases where consignments/packages transferred to Lost Property offices are connected with compensation claims preferred, arrangements are made by the concerned Railway Administrations to deliver the consignments to the claimants and thus settle their claims. However, the amount of compensation paid on account of

loss/theft of complete packages/consignments during the last 5 years viz., 1975-76 to 1979-80 was as under:—

Year	Amount paid (in lakhs of Rs.)
1975-76	419.78
1976-77	422.76
1977-78	345.94
1978-79	371.06
1979-80	371.39

1.31. Illustrating a case where sale proceeds of the goods auctioned were less as compared to Railway's liability for compensation, the Audit para has pointed out that a consignment of 12 bundles of electrical steel sheets (imported) was booked on 7th November, 1974 ex-Carnac Bridge (Western Railway) to Hardwar (Northern Railway) under Invoice No. 5/RR No. 518760 dated 7th November, 1974. As the consignment did not reach the destination station, the consignee (a public sector undertaking) lodged a complaint in March, 1975, and preferred a claim for Rs. 1.58 lakhs in October, 1975. The consignment reached Howrah (Eastern Railway) on 13 December, 1974 and was unloaded there on 14 December, 1974. It was treated as an unconnected consignment and sold by public auction on 2 May, 1975 for Rs. 25,000 by Howrah Station (nominated disposal centre). The claim of the consignee was settled for Rs. 1.44 lakhs by Northern Railway in October 1977.

1.32. The Committee desired to know whether other cases of this nature had come to the notice of the Ministry of Railways (Railway Board). In reply, they have stated in a note:

“Details of the cases of the type referred to in the above point, as reported by Eastern Railway and South Eastern Railway are as under:—

*Eastern Railway:*

Ex. Kandla to Varanasi—RR No. 21/238878 dt. 11-9-74  
1120 bags of Muriate of Potash received as unconnected at Howrah and unloaded on 2-12-1974.

All efforts were made by Howrah Goods to connect the consignment. When efforts to connect the consignment failed the goods in question were disposed of by public auction on 2-5-1975 for Rs. 15,000/- only. It was later

learnt from Northern Railway that the goods were meant for Varanasi and were costly ones. A claim amount of Rs. 66,080/- has been paid in December, 1979. Suspecting some malpractice an enquiry was ordered in 1976. The officers who conducted an enquiry retired without handing over papers to his successor. The copy of the report with all relevant papers is missing. A fresh enquiry is in progress to find out if any irregularities were committed during the auction sale.

*South Eastern Railway*

- (i) Ex. Pathardih Jn. to Barbil Inv. No. 269 RR 486044 of 17-11-1977—Coal wagon SE-13510.

M|S K.I.W.|Barbil preferred a claim for Rs. 5821.49 on account of non-delivery of one wagon coal booked under the particulars quoted above. Enquiries were conducted to trace the movement of the wagon and it transpired that the wagon being misdespatched to Rourkela remained unconnected. The contents of the wagon were unloaded at Rourkela on 17-1-1978 and remained there undisposed upto 10-4-1978 when as per orders of Divisional Commercial Superintendent, Bilaspur, the consignment was sold by public auction for Rs. 462.30. At the time of auction only 2.9 tonnes (approximately) quantity of hard coke were found as against booked quantity of 18.8 tonnes. Claim of M|s. K.I.W.|Barbil had to be settled on payment of Rs. 5817.30

- (ii) CS No. 15B|78 in the Court of the I CJI|Bilaspur—M|s Raghavar Dayal Subhas Kumar v|s Union of India—ex. Bhopal Jn. to Bilaspur Jn.—Inv. 12, RR 984194 dated 19-7-1977—Claim for Rs. 8060|.-

Initially M|s Raghavar Dayal Subhas Kumar of Bilaspur preferred a claim for non-delivery of the consignment of 125 bags of maida booked under the particulars quoted above. The consignment subsequently arrived at the destination station on 3-9-1977 when out of 125 bags of maida 52 bags were found damaged by wet. The party left the 52 bags for assessment delivery which was examined jointly by Divisional Commercial Superintendent, ADMO|Health, GSR, Health Inspector and party and on examining the contents it was found that the same was unfit for human consumption but could be used by the Veterinary Department for use as cattle fodder. Before the party's claim was settled, the party took recourse to litigation. During

the suit stage Railway's defence was found not strong enough to contest the suit successfully and as such it was settled out of court for Rs. 8830.00. The damaged 52 bags of maida were handed over to Manager, Poultry Farm, Bilaspur, on valuation of Rs. 1312.20. This was re-negotiated with the party and the revised terms for Rs. 8330.00 were subsequently obtained and payment of Rs. 8330.00 was made to the party on 5-7-1980 towards full and final settlement of the claim."

1.33. When asked whether any such cases had come to the notice of the Railway Administration where some unauthorised persons removed the labels from the wagons carrying booked goods and intentionally diverted them, the Chairman, Railway Board stated during evidence:

"We have got anti-fraud squads for that. The frauds committed a big organisation like Railways are many and varied. There is no end to human ingenuity for that. Nobody cared about coal diversion as long as coal was cheap and easily available. When coal has become scarcer, all these things are happening. Not only labels are removed, but there are cases where labels are changed, fake RRs are issued to a different station and delivery of coal is taken. There are certain centres for those activities. At one time Mughalsarai developed as a centre for change of labels, because a large number of wagons pass through that station. One shunting porter shunts the wagons, removes the labels and the wagons float about for a number of days. After that, somebody puts another label and takes delivery. This kind of frauds do take place. We are continuously seized of the problem. We try to cover up any loopholes that come to our notice by strengthening the vigilance, by making sure that diversions of consignments in this manner do not take place."

1.34. Asked subsequently to furnish figures of such cases which had come to notice of the Zonal Railways during 1979-80, the Ministry of Railways (Railway Board) in a note stated:

"On the Central, Northern, Northeast frontier, Southern, South Central and Western Railways there was no case of fraudulent diversion of wagons during 1979-80. On Eastern Railway 5 cases on North Eastern Railway 3 cases and on South Eastern Railway 2 cases of fraudulent diversion of wagons were reported to have taken place during

1979-80. Appropriate action is being taken by the concerned Zonal Railway administration in this regard."

1.35. It is learnt from Audit that the Chief Commercial Superintendent, Eastern Railway, had observed some *malpractices* in the auction of goods and ordered Divisional Superintendent, Howrah in June 1976 to hold fact finding enquiry. When asked about the results of the enquiry, the Ministry of Railways (Railway Board) have stated in a note:

"Enquiries revealed that there was no *malafide* in the course of auction conducted by the Divisional Officials. The goods in question were received as unconnected at Howrah Goods and were blocking the wharf for quite sometime at the busy terminal. Necessary action was taken by the Goods Shed staff by sending wires as also registered notices to the stations concerned. When there was no clue about the connections, the goods were put to auction after the competent authority personally ordered that the goods should be disposed of by public auction. It is seen from the report that the goods deteriorated in quality due to long storage in open space and were subjected to pilferage as all the crates were in broken condition and the steel sheets were scattered over the wharf. The Officials auctioning the goods took into account the above conditions as also the rates of ordinary steel sheets and fixed the reserve price at Rs. 20,000|- and sold the goods for Rs. 25,000|-. It may be mentioned here that a machinery or a particular part may be worth lakhs of rupees to the person who has got its use but will have only scrap value for another person who has got no immediate use of such commodities. In the instant case Divisional Officials could not even doubt that the steel sheets were of special quality, *viz.*, Electrical Steel Sheets. It was only known from a reference of Northern Railway that those were special sheets imported from Japan for the use in a particular Industry. As the officials have acted in good faith in auctioning the goods it was proposed not to take any further action against them in the matter."

1.36. It is learnt from Audit that neither any enquiry was held nor any report submitted to the Chief Commercial Superintendent. The relevant case files are also not traceable and the officer (DCS Spl), Howrah in whose custody these cases were has retired and he had not handed over the files to his successor.

137. In a note furnished to the Committee the Ministry of Railways (Railway Board) have stated:

“The DCS (Spl.) retired from service on 31-7-79. It was noticed on 27-9-80 that the relevant file had not been handed over by him to his successor. The file has not yet been traced. The fresh enquiry was ordered on 2 January 1981 and the same is about to be completed.”

1.38. Explaining the position in this regard the Chairman, Railway Board stated during evidence:

“Each case has to be judged on its own merits. It is a fact that the officials did not know that the steel sheets were imported, as they had got discoloured. So, they were disposed of at a very cheap price. There has been bungling by different agencies in this. It is being pursued by the Railways still to fix responsibility. But this is an old case, where some officers who were involved have retired. It has to be treated separately, on its own merits. This is positively a bad case of bungling, where probably officials connived at different levels.”

1.39. However the letter dated 14-7-1976 from the Chief Commercial Superintendent, Eastern Railway addressed to Sr. DGM, Eastern Railway *intra-alia* contained:

“Sub: 1. Kandla Port to Varanasi Inv. 21|238870 of 11-9-74 Wagon No. Cr. 67263 Contg. 1120 bags Postash Non-delivery, claim for Rs. 66,000.

2. Carnac Bridge to Hardwar. Inv. 5|51876 of 7-11-74 Wagon No. Cr. Xc 4303 Contg. 12 Bels. Steel sheets—Non-delivery, claim Rs. 1,58,241/-.

Recently a few cases of auction sales of consignments at Howrah Goods have come to our notice, wherein various *malpractices* appear to have been committed in auctioning the aforesaid two consignments of very high valuation without verifying prices and taking due action to connect them. It has been noticed that before auctioning the aforesaid two consignments at a very normal price, no reserve price was fixed and the auction sales were conducted at Howrah on 2-5-75 under the supervision of one Commercial Inspector in presence of a TI(A). Enclosed copy of my d.o. letter of even number dated 7-9-76 addressed to Sinha, DS|Howrah contains all the details and various other aspects of the case. It has also been reported that six such wagon consignments including the afore-

said two were sold by auction at Howrah on 2-5-76 without fixing any reserve price."

1.40. It is therefore, clear that reserve price in both the cases (steel sheets and muriate of potash) was not fixed before auctioning. The Committee desired to know as to how the Railway Board had stated earlier in their reply that the reserve price at Rs. 20,000 was fixed in case of steel sheets. To this the Ministry of Railways have stated that the Eastern Railway in their report had categorically stated that the officials auctioning the goods took into account the conditions of the articles obtaining during the material time as also the rates of ordinary steel sheets and fixed the reserve price at Rs. 20,000|- and sold the goods for Rs. 25,000|-.

1.41. The crates auctioned bore private marks indicating 'HSL| BHEL' Bombay etc. When asked whether it was correct to say that the officials conducting the auction were not knowing that the steel sheets were imported, the Ministry of Railways (Railway Board) have stated in reply:

"At the time of auction the crates were broken and steel sheets were scattered and discoloured and in pilfered condition received as unconnected. The officials conducting the auction could not, therefore, take note that the steel sheets were imported ones."

1.42. In reply to a question the Ministry of Railways (Railway Board) have stated that the price of ordinary steel sheets in good condition in May, 1975 was between Rs. 1800|- and Rs. 2000|- per metric tonne and neither the Controller of Stores nor other technical officers were consulted regarding price of the commodity or its use for departmental purpose. In this context, the Committee desired to know whether it would not be possible to associate technical officers of the Railway determining the value and reserve prices of such materials|stores.

1.43. In reply, the Ministry of Railways (Railway Board) have stated:

"As the goods sheds are spread all over the Railway, it is not possible to associate technical officers in determining the value and reserve price of such unconnected material/stores. However, in case of machinery and machinery parts, the technical officers are invariably associated in determining the condition and value of those consignments. In case association of technical officers for assessing the condition and value of all consignment is insisted

upon, disposal of unconnected consignments will get delayed further."

1.44. The Committee note that the practice in regard to fixation of reserve price being followed in Eastern and Western Railways is different. According to the Ministry of Railways (Railway Board), in Eastern Railway the fixing of reserve price and associating representatives of Traffic Accounts Branch has helped in getting better bids as also avoiding procedural irregularities/malpractices. It is further stated that in Western Railway previously the representatives of Accounts Branch were being associated in fixing the reserve prices of the articles. To quicken up the process of fixing the reserve prices of the articles, association of a representative of Accounts Branch has been done away with. The Committee asked whether it would not be better to associate a representative of the Accounts Branch in the fixation of the reserve price before the commodity is auctioned. The Chairman, Railway Board stated in reply:

"We know that the systems vary. We want to introduce a uniform system. We want to follow the system of the Western Railway where they have dispensed with the Accounts Inspector for determining the reserve price, because he has no special expertise available with him. In fact, if anything, a Commercial Officer would be in a better position to know the market conditions and commodity prices than an Accounts Inspector. Therefore, the system was simplified on the Western Railway. The induction of the Accounts man will create one more link to determine the reserve price, which will create inefficiency. So, we are going to adopt the system of the Western Railway on all the Railways."

#### *Detention to Wagons*

1.45. Audit para reveals that there was considerable detention to wagons in some Lost Property Offices in Northern Railway, Western Railway and South Eastern Railway. The Committee desired to know the extent of detention to wagons carrying lost property consignments in respect of all the Lost Property Offices during 1978-79 and 1979-80. In their reply the Ministry of Railways (Railway Board) have, *inter alia*, stated in a note that there was no detention to wagons in Central Railway, North Eastern Railway and Southern Railway. (The position regarding detention to wagons in other Railways and causes thereof as intimated by the Railway Board is as under:

***Eastern Railway***

In all the Lost Property Offices except the one at Cossipore Road, there were no detention to wagons beyond normal free time. The position in respect of the Lost Property Office at Cossipore Road was as under:

Year	No. of wagons detained	Tonnage/packages loaded	Total detention (Hours)	
1978-79	8	278 tonnes	381 (Average 37 mts)	47 hrs
1979-80	6	200 tonnes	203 (Average 34 hrs)	

Detention was due to dispute with Dock authorities regarding the disposal of the wagons.

***Northern Railway***

(a) The position on the Northern Railway was as under:

Year	No. of wagons detained	Tonnage/packages loaded	Total detention (Hours)	
<b>1978-79</b>				
Delhi Kishanganj L.P.O.	4	Not known	217 hrs. (Average 54 hrs. 15 mts. per wagon)	
<b>Northern Railway</b>				
Kanpur L.P.O.	44	Not known	3522 hrs (Average about 80 hrs. per wagon)	detention per wagon
Jodhpur L.P.O.		No. case of detention		
Amritsar L.P.O.		No. case of detention		
<b>1979-80</b>				
Delhi-Kishanganj L.P.O.	15	Not known	2528 hrs. (Average 168.32 hrs. per wagon)	detention per wagon
Kanpur L.P.O.	29	Not known	4906	
Jodhpur L.P.O.		No. case of detention	(Average 169 hrs)	detention per wagon
Amritsar L.P.O.		No. case of detention		

Some of the main reasons for unavoidable detention to wagons in Lost Property Offices are as follows:

- (i) Staff working in Lost Property Offices come from ministerial cadre whose working hours are from 10.00 to 17.00 hours with all privileges of Sundays, 2nd Saturdays and other holidays as allowed to Central Government Ministerial staff. As against this the line staff, i.e. Goods Clerks and Parcel Clerks have 8 hours shift duty with no holidays except weekly rest etc. This aspect reduces the net working hours of Lost Property Offices.
- (ii) Staff strength is not commensurate with the work load.
- (iii) Covered space in godowns is limited and packages cannot be left in open after being unloaded.
- (iv) Labour provided in Lost Property Office is inadequate and untrained.
- (v) Unloading of wagons during auction days becomes difficult as the staff and labour are engaged in auction, for preparation of lots, preparation of gate passes and handling cash etc.

*Northeast Frontier Railway*

Except at the Lost Property Offices at Dibrugarh Town and Kishanganj, there was no detention to wagons beyond the free time of 5 hrs. at any other Lost Property Office on this Railway.

Year	No. of Wagons detained	Tonnage/ packages loaded	Total detention (hours)
<b>1978-79</b>			
Dibrugarh Town	9	164.7 tonnes/ 1075 packages	134 hrs. (Average detention about 15 hrs per wagon)
Krishanganj-	8	246.5 Tonnes/ 1233 packages	452 (Average detention 56 hrs. 30 mts. per wagon).
<b>1979-80</b>			
Dibrugarh Town	3	55 tonnes/ 96 packages	238 hrs. (Average deten- tion 79 hrs. 20 mts. per wagon)

The main reasons for detention are want of godown space, long lead from unloading line to Lost Property Office Godown, busy public road in between Lost Property Office.

and stations, inclement weather and local agitations and inadequate strength of porters.

*South Central Railway*

The required information is as under:

Year	No. of Wagons detained	Tonnage/packages loaded	Total Detention (hrs.)
<i>1978-79</i>			
Secunderabad	.	Information is not readily available.	
Vijayawada	.	Information is not readily available.	
<i>1979-80</i>			
Secunderabad	33	5966 packages	11,112 hrs. (Average detention 336 hrs. per wagons)
Vijayawada	12	Not known	1656 hrs. (Average detention 138 hrs. per wagon)

There was no detention to any wagon at the Lost Property Office at Hubli.

The reason for detention to wagons at Secunderabad is that there is no separate line and platform to unload such wagons by the side of the Lost Property Office. The portion of the line adjacent to this Lost Property Office can hold only 4 wagons at a time and that too when the line is not otherwise occupied.

At Vijayawada, the detention is due to the difficulty in releasing the wagons and stacking the contents inside the shed on account of a considerable portion of the shed being occupied by rags involved in C.B.I. investigations."

1.46. Audit para further points out that during the years 1977-78 to 1979-80, 49 wagons received at Lost Property Office, Tatanagar and 7 wagons received at Lost Property Office, Shalimar in South Eastern Railway had been detained for 2583 hours and 37372 hours respectively.

1.47. According to the Ministry of Railways (Railway Board) the detention to wagons at Shalimar and Tatanagar during the years 1978-79 and 1979-80 was as under:

Year	No. of wagons detained	Tonnage/ Packages loaded	Total detention (Hrs.)
<i>1978-79</i> Shalimar L.P.O.	4	Not known	5935 hrs. (Average detention 1483hrs 45 mts. per wagon).
Tatanagar L.P.O.	15	Not known	1572 hrs. 44 mts. (Average detention 104 hrs. 51 mts. per wagon)
<i>1979-80</i> Shalimar L.P.O.	2	Not known	6179 hrs. (Average detention 3089 hrs. 30 mts. per wagon)
Tatanagar L.P.O.	1	Not known	50 hrs.

1.48. At the instance of the Committee, the Ministry of Railways (Railway Board) have furnished a note indicating the following reasons for detention to wagons in South Eastern Railway:

- (i) Late placement of wagons—As the number of wagons to be placed at the Lost Property Offices is not very large and first preference is always to be given for goods shed placement, sometimes the wagons are placed late in the afternoon at the Lost Property Offices and it is not possible for the staff to unload the wagon within 2/3 hrs. and the wagons have to be detained overnight and cleared on the next day.
- (ii) As the unloading has to be done departmentally by the departmental labour, in times of casualties it is not possible for the supervisory staff to engage labour straightway and this results in detention to wagons.
- (iii) Actually Railway Protection Force Staff are required to witness the unloading and it so happens that at the same time unloading at the goods shed also is to be witnessed.

**Therefore detentions to Lost Property Office wagons do take place on this account too.**

- (iv) Heavy consignments like machinery, steel articles etc. which require crane power for unloading cannot be off loaded by labour and they have to wait for the crane resulting in retention to wagons."

1.49. At the instance of the Committee, the Ministry of Railways (Railway Board) have furnished the following note indicating the steps taken by them to avoid detention to wagons in the Lost property Offices:

"The Zonal Railways have been directed to study the problem of detention to wagons at each Lost Property Office in their respective jurisdiction and to take corrective measure to ensure that there is no detention to wagons at the Lost Property Offices. Besides, instructions have been issued to the Zonal Railways that apart from ensuring expeditious disposal of packages/consignments at the Lost Property Offices so as to keep sufficient room available for fresh arrivals, they should take the undermentioned measures with immediate effect:—

- (i) As far as possible, use of full wagons exclusively for the transfer for packages/consignments should be avoided. Such packages/consignments should be moved by Road Vans along with other packages/consignments.
- (ii) Where the Lost Property Offices are situated close to the stations serving them, transfer of packages/consignments to the Lost Property Offices should be done manually or by wheel barrows or by road transport. Where use of wagons is inescapable, departmental wagons should preferably be use.

The zonal Railways have also been instructed to examine the question of doing away with the practice of associating the Traffic Inspector of Accounts and the Rly. Protection Force personnel in witnessing the inventory of the contents of sound packages received in the Lost Property Offices. Further, the zonal railways have been directed to authorise the senior Supervisors in charge of the Lost Property Offices to engage casual labourers on those occasions when there are difficulties in getting

adequate number of departmental labourers for unloading the packages and releasing the wagons quickly."

1.50. In this regard, the Chairman, Railway Board stated during evidence:

"There have been very bad delays in Lost Property Offices. Now, the detentions have been brought down considerably. We are pursuing this subject. We are making Lost Property Offices accountable for detention of wagons."

#### *Handling of Valuable Articles*

1.51. A review by Audit of the inventories of valuable articles (like gold and silver ornaments, watches etc.) lying at the Lost Property Offices revealed that there was delay in disposal of valuable articles in some of the Lost Property Offices. In Northern Railway 77 items (oldest item pertained to 1974) were lying at the Lost Property Office, Delhi-Kishanganj and 25 items (oldest item pertaining to 1972) at the Lost Property Office, Kanpur. According to Audit out of 77 items lying at Delhi-Kishanganj, 33 items of gold were made over to Mint Master, Bombay on 26-3-80, 8 items were disposed of in auction on 21-9-79 and remaining 46 items were still lying undisposed of. At Kanpur, out of 25 items one item relating to year 1972 was destroyed and the remaining items were still lying undisposed of.

1.52. In Southern Railway 14 items (oldest pertained to July 1977) were lying at the Disposal Centre, Kumbakonam. In respect of gold articles received by the Headquarters Commercial Branch, 3 out of 17 items received during 1976 to 1979 are yet to be disposed of. The oldest item pertained to September 1976.

1.53. Similarly, in Western Railway 83 packages of 'yellow metal ornaments' received at Lost Property Office, Churchgate between 1973 and April 1979 were lying undisposed of.

1.54. When asked about the present position of the valuables lying at these Lost Property Offices, the Ministry of Railways (Railway Board) in a note furnished to the Committee have stated that the Railway-wise position of such articles is as under:

*"Northern Railway*

The valuable articles comprising gold and silver ornaments were sent to the Mint Master, Bombay as under:

- |  |           |
|--|-----------|
| 1. Lost Property Office/ Delhi Kishanganj. . . . . | 26-3-1980 |
| 2. Lost Property Office/Kanpur . . . . .           | 29-8-1980 |

No valuable items have been destroyed or lost from the Lost Property Offices over Northern Railway.

*Southern Railway*

The valuable articles mentioned by the Audit were disposed of as under:

Name of Articles and Number	Date of receipt	Date of disposal
1. Metal chain . . . . .	11-8-1977	23-1-1978
2. Idol of Aumai velanganni made of clay 11 . . . . .	14-3-1977	23-7-1977
3. Forks . . . . . 3 . . . . .	16-9-1977	28-3-1978
4. Silver articles 3 . . . . .	18-2-1978	28-11-1978

No items have been destroyed or lost from lost Property Offices.

*Western Railway*

All the 83 packages (containing 110 items) referred to by Audit have been disposed of by delivering them to Mint authorities. In addition to these 83 packages, the packages which were received subsequently and were available upto August 1980, were also handed over to Mint authorities."

1.55. Audit para points out that although Rule 2210 of Commercial Manual Vol. II provides for weighment of valuable articles these valuable articles were neither weighed by forwarding stations nor by the Lost Property Office, while receiving the same. When enquired about the circumstances due to which these valuables were not weighed or even the approximate weight recorded by the forwarding stations and Lost Property Offices, the Ministry of Railways (Railway Board) have explained the position, in a note as under:

*“Northern Railway*

- (a) All the valuable articles were received in Lost Property Offices duly weighed by forwarding stations. These items were reweighed on their receipt in Lost Property Offices.

*Southern Railway:*

Sample checks conducted recently over Southern Railway revealed that valuable articles like gold ornaments requiring weighment are weighed before despatch from forwarding stations and after receipt at Lost Property Offices.

*Western Railway*

Valuable articles are received in Lost Property Office, Churchgate, from various stations. There is no facility either at the stations or at the Lost Property Office in the Headquarters at Churchgate for weighing the yellow metal ornaments with the skill and precision that is required. The valuable articles are received in sealed packets which are opened there in the presence of Senior Commercial Officer (Claims Prevention) and the representative of Accounts Branch. After taking the inventory, the packets are resealed with the seals of Senior Commercial Officer (Claims Prevention) and Accounts representative.”

1.56. The Committee desired to know as to how the Ministry of Railways (Railway Board) proposed to ensure correct observance of rules in future. In a note furnished in this regard, the Ministry have stated:

“The incidence of gold and silver articles being deposited at stations as lost property is negligible. As such it is not considered advisable to provide weighing facilities, which should be as precise as jewellers weighing scale, at each and every station at considerable expenditure. While for the big stations it may be possible to take assistance of goldsmiths from the nearby markets, such facility is generally not available at roadside stations. Further there is a risk in allowing the staff concerned to indicate the approximate weight of such articles before despatch to the Lost Property Offices in view of the fact that a slight error in assessing approximate weight would cause

confusion at the Lost Property Offices. In view of the practical difficulties involved in weighment of gold and silver articles the following revised procedure for disposal of lost property made of gold and silver is under examination:—

The forwarding station will send the gold and silver articles to the office of the Chief Claims Officer instead of the Lost Property Offices as at present, in a carefully packed sealed cover indicating the full particulars of the articles, through a special messenger. In the office of the Chief Claims Officer these packets should be opened by a nominated officer not below the rank of a Senior Commercial Officer, in the presence of an Accounts Officer. After verification and weighment of the contents of the sealed packets the nominated officer will have the packets repacked and sealed in the presence of the Accounts Officer, keeping a record of the description of the articles including their actual weight.”

*Disposal of intoxicating goods*

1.57. Rule 2209 of Railway Commercial Manual Vol. II provides that the intoxicating liquors, opium including its preparations, hemp drugs etc. the sale of which by unlicensed person is prohibited by law, when left unclaimed, should be made over to the police or Excise authorities for disposal. However Audit para has revealed that:

- (a) 126 bags of 'poppy head husk' were found lying in Lost Property Office, Shalimar since June 1978;
- (b) Out of the 149 bags of tobacco received at Lost Property Office, Delhi-Kishanganj on Northern Railway during the years 1976 to 1978, 52 bags are still lying;
- (c) 57 packages of intoxicating material received at the Lost Property Office, Kanpur in 1974, 1977, 1978 and 1979 are still lying there; and
- (d) 9 bags containing poppy head and 2 consignments of tobacco received at the Lost Property Office, Jodhpur during the years 1971 to 1979 are still lying there.

1.58. At the Committee's instance, the Ministry of Railways (Railway Board) have furnished the following note indicating the present

position of 126 bags 'poppy head husk' lying at the Lost Property Office, Shalimar:

"As per rules, Railways cannot dispose of such consignments and those have to be made over to the Excise authorities. Despite continuous efforts made by the South Eastern Railway the intoxicating articles referred to have not yet been taken over by the Excise officials. Apart from personal contacts, the matter has been taken up with the Collector of Excise and numerous letters have been issued, the last reminder being issued on 22-8-1980. The contents have been inspected by the Excise officials and it is understood that they tried to handover those articles to licensed dealers but they have failed. They have got problems regarding transport, godown etc. for which they are not taking over the consignment."

In regard to the remaining consignments, the Ministry have stated:

"52 bags of tobacco at Lost Property Office, Delhi-Kishanganj were sold on 26-9-1979. Out of 57 packages of intoxicating auction at Lost Property Office, Kanpur. The matter was Ganja, 12 packages of Bhang and 114 cases of wine (total 29 packages) were handed over to the Excise Department on 23-5-1979. The balance of 28 packages are still on hand and the matter is being pursued with the Excise Department. 9 bags of poppy husk were made over to Excise Inspector, Jodhpur on 11-6-1980, 2 bags of tobacco were disposed on 5-12-1979 and 25-1-1980 by public auction."

*Congestion in Lost Property Offices*

(a) *Northern Railway*

1.59. According to the audit para, the year-wise details of 3443 bags of urea received at the Lost Property Office, Kanpur during the years 1972 to 1979 and lying undisposed of are as under:

Year	No. of urea bags
1	2
1972 . . . . .	3
1973 . . . . .	5
1974 . . . . .	219

1	2
1975 . . . . .	705
1976 . . . . .	433
1977 . . . . .	475
1978 . . . . .	651
1979 . . . . .	952
TOTAL :	3443

1.60. When asked about the reasons for accumulation of these 3443 bags, the Ministry of Railways (Railway Board) have, in a note, stated:

“Due to civil restrictions imposed by Uttar Pradesh State Government, the urea bags could not be sold in public auction at Lost Property office, Kanpur. The matter was pursued with the State Government authorities but in vain. Hence those bags were transferred to Lost Property Office, Amritsar and Lost Property Office, Delhi Kishanganj and were disposed of as under:

- (i) 825 bags disposed of by public auction on 27-10-79 at Lost Property Office, Delhi Kishanganj.
- (ii) 2236 bags disposed of by public auction on 27-10-79 at Lost Property Office, Amritsar.”

(b) *North Eastern Railway*

1.61. Unclaimed and unconnected goods in transit to Nepal are stored and disposed of by public auction at Raxaul-Nepal Siding Goods Shed. 4345 unclaimed and unconnected packages of foreign synthetic cloth and other ‘sensitive’ goods received during the years 1972 to 1979 were lying undisposed of in June 1979. The Committee desired to know the reasons for delay in disposing of these items. In reply, the Chairman (Railway Board) stated during evidence:

“Raxaul is a border station for Nepal. There are certain goods imported by people in Nepal which we take over from the Calcutta Port, put in our wagons and take to Raxaul. There they are expected to be claimed by the consignees. There are several consignments lying over long period. We do not have any authority to dispose them of. Of course, we remain in touch with the Cus-

toms and Excise authorities. They have their problems in permitting us. There are a number of packages lying; and we are helpless in getting those consignments disposed of."

He added:

"We are only a 'transit' country. Imports are directly done by Nepal. Goods are transported from Calcutta to the Raxaul Station under Custom bond. The destination is Nepal. For over-land route, they have necessarily to move through India. Customs do not permit delivery of these goods to Nepal at Calcutta, for the reasons that otherwise, after being taken delivery at Calcutta, people can dispose them of within India itself. Goods have to move under customs bond to Raxaul from Calcutta.

1.62. In reply to a question as to whether there were any claimants of these packages, the witness stated:

"Nobody has come to claim these consignments. If somebody comes to claim them with proper RRs, other documents and customs clearance, we will deliver them. But these are lying unclaimed and undelivered. There were lots of consignments during this period which were imported and which have been delivered. The consignments under discussion consist of synthetic yarn, clothes, etc. some importers have ordered them, but, for some reasons, they don't have the capacity, or don't want to take delivery. In the ordinary course, we will have the right to sell them; but these being under customs-bond, we don't have that right."

1.63. When asked whether the Railways informed the importers that such and such goods had been received and were to be taken delivery of by them, the Chairman Railway Board replied:

"Primarily it is the duty of the consignee to keep in touch with our terminal stations. We don't have any legal liability or responsibility to inform any consignee that his goods have arrived. For our convenience, i.e. to ensure that we don't have any cluttering up of goods in any shed, we keep up touch with well-known parties to the extent possible and tell them that their consignments have come. The legal responsibility remains entirely theirs. They cannot say they would not pay

demurrage and other charges. Legally, we are under no obligation, either at Raxaul or anywhere else in India, to tell consignees that their consignments arrive, we list them and put them on the notice board in the goods shed itself. Similarly, all these consignments have been notified on the notice board at Raxaul itself. In some cases, where the addresses of the parties were there, we have issued notices also in writing, that such-and-such are the consignments which have come. In respect of the others, we have put up that such and such number of consignments are pending with us."

1.64. The Committee enquired from the Ministry of Finance (Department of Revenue) as to why the customs authorities were not able to take a decision for such a long time. In a note furnished to the Committee in this regard, the Ministry of Finance (Department of Revenue) have *inter alia* explained the position thus:

"This Ministry initiated action on two parallel lines. While, on the one hand the Collector of Customs, Calcutta was advised to take action against the goods under the provisions of the relevant Indian laws, we, on the other hand took up the matter with the His Majesty's Government of Nepal through diplomatic channels. This issue was also taken up for discussion in the meeting of Inter Governmental Committee between the representatives of the two Governments held in Kathmandu earlier this year. The Nepalese side shared fully the concern of the Indian side over this matter and agreed to get the old cargo cleared within 6 months. They also said that they would make all possible efforts aimed at the non-recurrence of this problem in future.

The Collector of Customs, Calcutta has, so far, issued show-cause notices in case of 321 consignments. Out of these, evidence has been received by him that 53 consignments have already crossed into Nepal. Action is being taken in respect of remaining cases. It is hoped that this two-pronged action will produce the desired results."

1.65. Explaining the position further in this regard the representative of the Department of Revenue stated during evidence:

"This problem should not be seen in isolation. On a rough basis, our estimate is 20,000 packages are received per month under this arrangement in Raxaul, which makes

2-1/2 lakh packages in a year. Out of this huge number if four or five packages remain unclaimed, it is not something which is unusual. There can be various reasons for it. The consignee having cleared the bulk of the packages, some are abandoned either because he feels they are not in accordance with what he had ordered or may be a part of them may have been pilfered or broken on the way; etc. Coming to your question whether the railways have been in touch with us from time to time for getting permission to dispose of those packages, they would have been in a position to dispose of similar cases under their own law, had the customs not come into picture. Because customs have come into the picture, they have been in touch with us for getting clearance from us. The last clearance that was given was after considering the pros and cons at an inter-ministerial meeting held towards the end of 1976. As a result of that clearance, up to about September 1978 certain things were disposed of by the railways. In the meanwhile, two or three developments took place. One was that we entered into a new treaty with Nepal which came into effect in March, 78. The treaty did not in terms specifically provide for penal action in respect of goods which may not be taken to Nepal in accordance with the procedure envisaged in the treaty. The treaty provided for some disincentives for people to keep the goods on this side of the border. The treaty says, if proof of having crossed the border is not received by the Calcutta customs house within a month of the goods leaving Calcutta, then the importer is liable to a penalty of one rupee per week per thousand value. I was a member of the delegation which negotiated this treaty. There was a long discussion. Ultimately because of the sensitivities involved with another Government, this arrangement was made that this will be a sort of token penalty if evidence of the goods having crossed the border is not brought back to Calcutta within a certain period. At the same time, we feel that under the Indian law, action is possible in respect of goods which are imported into India. These goods are imported in accordance with the arrangement covered by the treaty. Since the treaty envisages that the goods must cross the border within a certain period, we can probably take the view which we have since taken, that whatever has moved through

Raxaul was not in accordance with the treaty and therefore, of outside the protection of the treaty and is liable to action under our own law. We have consulted the experts in this. We have also taken into account the possible sensitivities of a sovereign government in this regard and we have issued show-cause notices to the owners of these goods asking them to show cause why these goods should not be outright confiscated instead of agreeing to an arrangement whereby the railways would sell these goods in open auction. The danger is that these are sensitive goods which will go into the Indian market any yet, unless the goods are confiscated, the owners of these goods will always have a claim to the residuary sale receipt after the dues of railways and customs are satisfied. If we can confiscate those goods, the owners have no such right. This is one line of action. Secondly, we have through our embassy written to the Nepalese Government. The matter was taken up by our ambassador with the Nepal Prime Minister also. There was a meeting of the inter-governmental committee constituted under the treaty in August where we specifically brought to the notice of the Nepalese Government that this congestion is causing quite a lot of concern and we would be constrained to take action under the law unless something was done. We were given an assurance by the Nepalese Government that they will endeavour to clear this congestion within a period of six months. Some movement took place since then. It is not that things are static. The number of packages lying in Raxaul now is 11,000 which will amount to 15 days receipt. The third problem was, in 1977 the Government ordered that goods of a sensitive nature, whether confiscated by customs or not, should not find their way into the Indian market and they should not be sold to the consumers at all. The craze for foreign goods should be eliminated and this can only be done by denying the consumers access to foreign goods. When we were appearing before this Committee on a customs paragraph sometime back, we had submitted that there was a general ban on the disposal of confiscated goods and foreign goods. One view taken by the Government then was that these could be destroyed. The alternative view taken later was that these could be re-exported, and some foreign exchange earned the impracticability of these various alternatives were taken into account and the ban

was lifted only in the middle of 1979. In the middle of 1979 we were asked to go ahead and dispose of the goods in accordance with the procedure that we had been following before 1977. So, it was only in 1979 when the ban was lifted that we could have told the railways also probably to go ahead. But in the meanwhile these two or three problems—sensitivity of Nepal Government, the question being taken at the diplomatic level, the question being taken up at the inter-governmental Committee under the treaty—these had come in and consideration also come in that unless the goods are confiscated, to allow to enter the Indian market would not be desirable. Regarding our action under the customs law to confiscate these goods, we have given sufficient notice to the Nepalese Governments at various levels. It is under way. We do hope that it will work. All that we have got is an assurance from them that they will try to help the individual importers to get these goods across the border of India-Nepal and we hope that things may well improve.”

1.66. The Committee desired to know whether there was any alternative with the Government if the Nepalese Government were not able to clear or lift the goods within six months as per assurance given by them. In reply, the representative of the Department of Revenue has stated during evidence:

“The law certainly gives the power to confiscate the goods; there is no problem or difficulty at all. The only angle that was involved was the possible political sensitivity of another sovereign country. That is why we took it up with the Prime Minister of Nepal through our Ambassador. Also we took that in the inter-governmental consultative Committee. We just tried to bring this upto their notice. We are not in a hurry to bring our law into operation and to expedite it. At the same time it is not that we are helpless; it is not that our law cannot reach there to meet this kind of a situation or to tackle this kind of a problem. These goods are liable to confiscation. These properties will be confiscated after this period is over after a show-cause notice is issued in these cases. These will be dealt with accordingly.”

1.67. The Ministry of Finance (Department of Revenue) informed the Committee on 9 January, 1981 that out of these 4345 packages only 636 packages belonging to the period 1972—79 were lying uncleared at the Raxaul Railway head; other packages having been cleared to Nepal. The year-wise break-up of these packages and their approximate value is as under:

Year	No. of package pending	Value (Rs.)
1972 . . . . .	6	15,000
1973 . . . . .	Nil	Nil
1974 . . . . .	Nil	Nil
1975 . . . . .	6	20,000
1976 . . . . .	10	24,000
1977 . . . . .	13	17,000
1978 . . . . .	112	5,12,500
1979 . . . . .	489	5,49,480
TOTAL . . . . .	636	11,37,980

1.68. It is seen from audit para that the number of outstanding items as on 31st March, 1979 at other Lost Property Offices in North Eastern Railway was as under:

Name of Lost Property Office	No. of items
1. Gorakhpur . . . . .	1064
2. Varanasi City . . . . .	403
3. Muzaffarpur . . . . .	422
4. Bareilly city . . . . .	179

1.69. The details of the present position of these outstanding items, as furnished by the Ministry of Railways (Railway Board), are as under:

Lost Property Office	No. of items outstanding as on 31-3-1979	Disposal of packages				Balance as on 30-9-80
		By re-booking	By delivery	By making over to department	By public auctions	
Gorakhpur	1064	30	9	301	600— On 48 different dates between 19-4-79 and 26-9-80	124
Varanasi City	403	7	11	1	315— 14 On different dates from 7-6-79 to 25-7-80	69
Muzaffarpur	422	6	11	2	359— On 25 different dates between 21-4-79 to 19-7-80	41
Bareilly City	179	..	..	..	156—On 30 different dates from 14-4-79 to 8-9-80	23

1.70. The working of three Lost Property Offices on Northern Railway was commented upon in the Report of the Comptroller and Auditor-General of India for the year 1975-76 (Railways). As a sequel to this, the Ministry of Railways (Railway Board) issued instructions in March 1977 to the General Managers of the Zonal Railways reiterating the observance of the extant rules on the subject and further enjoining upon them that the working of the Lost Property Offices should be streamlined. A further review of the working of the Lost Property Offices with reference to the records for the years 1977-78 and 1978-79 was made by Audit and has been commented upon in the Report of the Comptroller and Auditor General of India (Railways) for the year 1978-79. Some of the shortcomings in the working of the Lost Property Offices that have come to the notice of the Committee through his audit para are described in the succeeding paragraphs.

1.71. Goods received at the Lost Property Offices are; (i) unclaimed booked consignments; (ii) unclaimed lost property; and

(iii) unconnected booked consignments. The rules provide for taking of inventory of the contents of each package (after opening) to be sent to Lost Property Office by the forwarding stations. It was noticed by Audit that these instructions had not been followed in a large number of cases. The Ministry of Railways have explained that it has not always been possible to observe the prescribed procedure on account of non-availability of the services of skilled workers for opening and closing the well-packed packages and difficulty in arranging timely attendance of Railway Protection staff to witness inventories, especially at wayside stations. In December 1979 this matter was referred to a Commercial Committee of the Zonal Railways who have recommended amendment of the relevant rules so as to dispense with the requirement of taking of inventory in respect of those packages which do not show signs of tampering from outward condition at the forwarding stations.

1.72. The rules also provide that inventory should be taken in the Lost Property Offices, at the time of receipt of packages and should be compared with that taken by the stations booking the consignments to the Lost Property Offices. The Committee find that these rules are not generally being followed and inventory is taken not at the time of receipt of packages but it is done at the time of auctioning of goods. The delay in taking inventories in Lost Property Offices ranged generally between 1 to 15 months and in two cases upto 5 years in Northern Railway, 3 years in Southern Railway, 6 to 12 months in North Eastern Railway and 3 to 9 months in South Eastern Railway. As regards reasons for non-observance of rules in this regard, the Ministry of Railways have explained that "it is not always possible to arrange the presence of the concerned Travelling Inspector of Accounts soon after the receipt of packages/consignments in the Lost Property Office on account of his pre-occupation with other duties . . . . Besides, the flow of packages/consignments from station to Lost Property Offices being a continuous process, it is not found feasible to take inventory of each package as and when it is received."

1.73. The existing rules provide for taking of inventory in Lost Property Offices immediately, in the cases of tampered with packages/consignments. In other cases, no time limit has been prescribed for taking of inventories. In this context, the Chairman, Railway Board observed during evidence: "There is a lacuna in the rules. The sooner we take inventories the better it is so as to avoid the subsequent fraud . . . . Now, in respect of untampered consignments, we propose to lay down the limit of two to three months." The Committee find that on an average 200 consignments/packages

were received at each of the LPOs. per month during the years 1977-78 and 1978-79. The Committee are therefore of the view that it should be possible for the LPOs staff to take the inventory of all such packages within a time limit of say one month of their receipt. The Committee recommend that the relevant rule may be modified accordingly.

1.74. The Committee find that in a number of cases, the consignments when opened at the Lost Property Offices were found to contain items like sand, bricks, torn gunny bags, stone, dry grass etc., whereas these had been described as consisting of "vegetable seeds", "handloom cloth", "engineering and electrical goods" etc. A study Group of the Public Accounts Committee which visited the Lost Property Office at Bangalore during October, 1980 and had discussion with the Railway Officials, was informed that due to non-observance of the procedure which requires the taking of inventories by the despatching stations, it cannot be determined whether the packages found to contain bricks, sand, stones, torn gunny bags etc. had been originally booked as such or the contents of the packages had been subsequently replaced.

1.75. The Ministry of Railways have informed that investigations in a typical case noticed at the Lost Property Office, Jaipur revealed that certain consignments were booked with a view to cheating the banks. The Modus operandi of some bogus firms was that they were indulging in fraudulent booking of packages by putting bricks etc. in the packages and obtaining money from the banks on the strength of railway receipts issued. Investigation in another case reported to the Lost Property Office, Bangalore revealed that a party used to make alterations in railway receipts and pledge the same with banks, drawing huge advances from them.

1.76. The Committee find that the rules regarding examination of goods at the booking stations prescribe that the station staff should before accepting the commodity as described in the forwarding note, check it, as far as possible, by actual examination of the package of a consignment. Also, at the destination station, the staff should examine the contents of consignments when they have reason to suspect misdeclaration or when they have received information of such suspicion. If misdeclaration is detected freight is required to be recovered in accordance with the rules prescribed for misdeclaration. Cases of frequent misdeclarations by a particular merchant or of goods from a particular station are required to be brought to the notice of the Divisional Commercial Superintendent and a special

vigilance kept on such bookings. The Chairman, Railway Board informed the Committee during evidence: "The percentage of misdeclaration is extremely small. We have done a study for two years for Lost Property Offices on Northern Railway. The total misdeclaration recorded is 0.90 per cent; on Western Railway 0.1 per cent and NF Railway 0.16 per cent. To stop this small percentage, we would not like to enter into a process of opening up of all the packages. The size of the problem is very small."

1.77. The Committee feel that if the instances of misdeclaration of goods received at the Lost Property Offices have been around one per cent; the problem is not "very small" as has been sought to be made out by the Chairman, Railway Board. They would recommend that in cases of misdeclarations involving substantial loss of revenue to the Railways, deterrent action, besides recovery of freight under the rules for misdeclaration should be taken. Further, instances of dummy goods like sand, bricks, torn clothes etc., received at the Lost Property Offices should be taken serious notice of for taking necessary penal action against the consignors for committing such misdeclarations deliberately. If the Railways do not have adequate powers under the Indian Railways Act or the rules framed thereunder to take such penal action, the question of making suitable amendment in the law should be examined by the Government.

1.78. The Committee wanted to know whether the Railways had considered that cases of drawals of advance from the banks against railway receipts obtained fraudulently, should be intimated to the banks at the originating station. The Chairman, Railway Board in this context stated before the Committee: "The banks advance loans on Railway Receipts and when they do that, they have got to take all precautions . . . . We do not consider that it will be of any help our telling the bank that such and such odd consignment has been misdeclared." The Committee wonder how the Ministry of Railways chooses to be so unconcerned even if unscrupulous persons obtain railway receipts by tendering fake goods for despatch and cheat the nationalised banks by drawing advances against such railway receipts or by otherwise misusing railway receipts. The Committee consider that in every case of misuse of railway receipt coming to the notice of the Railways the banks should be suitably and timely advised about the activities of such persons. The Committee recommend that the Ministry of Railways and the Banking Department of the Ministry of Finance should examine the matter in depth and if necessary provide by law penal action against those who resort to such irregular practices.

1.79. The extent rules enjoin that goods liable to breakage/damage in transit goods of insignificant value or of no value, articles such as coal, imestone etc. which owing to their nature cannot be transferred conveniently; and dangerous, inflammable and explosive goods should not be sent to the Lost Property Offices. Contrary to such rules 13,684 and 14,817 packages/cases/consignments were transferred to the Lost Property Offices during 1977-78 and 1978-79 respectively in different Zonal Railways. Lack of suitable market for disposal of such goods at the stations and expectation of getting better price at the Lost Property Offices are stated to be the main reasons for transferring such items to Lost Property Offices. The Committee are, however, not convinced how goods like broken baskets, empty glass bottles, un-serviceable bricks damaged cement, waste paper, rotten vegetables etc. which are reported to have been transferred to the Lost Property Offices would have earned better price there. The rules provide that articles fetching no price should be thrown away at the forwarding stations, after the Station Master personally records a certificate stations, after the deployment of revenue earning wagons for transportation of such consignments is in violation of the rules and unbooked consignments to dispose of by auction at the stations financial powers of the Station Masters to dispose of lost property and unbooked consignments to dispose of by auction at the stations may be suitably enhanced.

1.80. The Committee are concerned to note that a large number of packages are lying at Lost Property Offices under different Zonal Railways. Surprisingly enough, in some Lost Property Offices, packages have been lying for more than ten years. In Dibrugarh Lost Property Office on Northeast Frontier Railway, packages pertaining to the year 1960 are still lying undisposed of. All this indicates an unsatisfactory state of working of the Lost Property Offices. Delay in disposal of articles not only causes avoidable congestion in the Lost Property Offices but also results in deterioration of the quality of goods. Besides, the material stored for a considerable period of time can fall prey to pilferages. The Committee would therefore like the Ministry of Railways as also the General Managers of Zonal Railways to take appropriate steps to expedite disposal of old packages and also ensure that the packages received by Lost Property Offices are disposed of within 6 months of their receipt.

1.81. At present auctioning of goods is the only method for disposal of goods at the Lost Property Offices. A study Group of the Committee which visited the Lost Property Office at Bangalore

during October, 1981 and had discussions with the Railway Officials was informed that very often people attending auctions form themselves into organised cartels and manage to keep the bids at a fairly low level. This results in low sale proceeds and on many occasions the Railways have to withdraw the articles from the auction when the highest bid falls short of the reserve price. The articles so withdrawn are put on subsequent auctions. This, it was stated, had been one of the reasons for delay in disposal of goods at the Lost Property Office. In order to obviate the problems created by organised bidders, the Ministry of Railways are presently considering amendment of the relevant rules so as to enable them to dispose of goods through modes other than public auction, whenever so needed. The Chairman, Railway Board stated in evidence that with these enhanced powers, certain items like bitumen, aluminium etc. could be sold through public sector undertakings. The Committee welcome the above proposal and would like to have further report from the Ministry of Railways as to implementation of this proposal.

1.82. The Committee note that the sale proceeds realised as a result of auctioning of consignments in Lost Property Offices during 1977-78 and 1978-79 could not meet the freight and wharfage charges exceeded the sale proceeds by about Rs. 32 lakhs during 1977-78 and about Rs. 20 lakhs during 1978-79. Viewed in the context that the Railways would have paid compensation to the rightful owners in respect of unconnected booked consignments auctioned in the Lost Property Offices, the sale proceeds of the goods sold were thus very low.

1.83. The sale proceeds accrued to the Railways as a result of disposal of consignments at the Lost Property Offices during the years 1975-76 to 1979-80 varied between Rs. 49.58 lakhs and Rs. 62.34 lakhs in a year whereas the amount of compensation paid by the Railways to the consignees on account of loss/theft of complete packages/consignments during these years varied between Rs. 3.71 crores and Rs. 4.53 crores. According to the Ministry of Railways, the claims preferred in cases where consignments booked do not reach the destination stations and are paid by the Railways, have no direct relation with the consignments/packages transferred to Lost Property Offices. The payment of larger sums as compensation to the claimants in comparison to the sale proceeds realised by the Railways, however, leads the Committee to conclude that various malpractices including thefts and deliberate diversion of wagons carrying booked consignments do take place on a fairly large scale. The Chairman, Railway Board also conceded during evidence that

“not only labels are removed, but there are cases where labels are changed, take RRs, are issued to a different station.” While expressing their concern over the substantial amount paid every year by the Railways by way of compensation for the booked consignments which are lost, the Committee strongly emphasise the need for greater vigilance against such frauds and for taking appropriate legal action to plug the loopholes which come to the notice of the Railways.

1.84. Two typical instances in which sale proceeds of the goods auctioned were far less as compared to the Railways' liability for compensation of the goods, have been brought to the notice of the Committee by Audit. In one case a consignment of 12 bundles of electrical steel sheets (imported) was sold by public auction on 2nd May, 1975 for Rs. 25,000. The reserve price of this consignment was stated to have been fixed at Rs. 20,000. Later, the claim of the consignee was settled for Rs. 1.44 lakhs in October 1977. In another case a consignment of 1120 bags of potash was sold by public auction on 2nd May, 1975 for Rs. 15,000. Later, a sum of Rs. 66,080 was paid on 30th November, 1979 to the consignee for the non-delivery of the consignment.

1.85 The Committee find from a letter addressed by the Chief Commercial Supdt, Eastern Railway to Sr. DGM, Eastern Railway that in both the aforementioned cases, the goods were sold by auction at Howrah on 2-5-1975 without fixing any reserve price. The Ministry of Railways have contended that the Eastern Railway in their report had categorically stated that the officials auctioning the electrical steel sheets had fixed the reserve price at Rs. 20,000. The contradiction in the two statements needs to be satisfactorily explained to the Committee.

1.86. The Chief Commercial Supdt., Eastern Railway had observed some malpractices in the auction of goods in these cases and had asked the Divisional Commercial Supdt. Howrah in June 1976 to hold a fact-finding enquiry but neither any enquiry was held nor any report submitted to the Chief Commercial Superintendent. According to the Ministry of Railways, the officer (DCS, Howrah) in whose custody these cases were retired from service on 31 July, 1979. It was noticed on 27 September, 1980 that the relevant file had not been handed over by him to his successor and the file has not yet been traced. The fact that the enquiry was not conducted during a period of three years from June 1976 (when the enquiry was ordered) to July 1979 (when the officer retired from service), the discovery in September 1980 that the relevant file had not been

handed over by him to his successor and the file not being traceable ever since, clearly indicate that there has been deliberate attempt on the part of the concerned officers to hush up the matter. It is evident that the Railway authorities woke up to look into this case in September 1980 only after the Audit para was selected by the Committee in August 1980 and when the required information was called for from the Railways. The Chairman, Railway Board also conceded during evidence that "this is positively a bad case of bungling where probably officials connived at different levels." A fresh enquiry has been ordered on 2 January, 1981, i.e. soon after the Railway officials appeared before the Committee to give evidence on 29-12-80. The Committee would like the enquiry to be completed expeditiously. The enquiry report and the action taken by the Ministry of Railways thereon should also be furnished to the Committee.

1.87. The Committee find that the practice being followed by the Zonal Railways in regard to fixation of reserve price is not uniform. As for example, in the Eastern Railway a representative of the Traffic Accounts Branch is associated while fixing the reserve price whereas in the Western Railway, this practice has been dispensed with. There are also no specific instructions requiring the officers in-charge of Lost Property Offices to consult technical officers of the Railways whenever considered necessary, for determining the reserve prices of goods. The Committee would suggest that these matters may be examined by the Railways and suitable instructions issued so that instances of under-valuation of goods meant for auction as noticed in the two cases mentioned above do not recur. In important LPOs where the value and number of items to be disposed of are substantial, the question of association of technical officers of the Railways and appointment of professional auctioneers should also be considered by the Railways.

1.88. The Committee find that there was inordinate delay in the disposal of valuable articles like gold and silver ornaments, watches etc., in some Lost Property Offices. As for example there were 77 items (oldest item pertaining to the year 1974) lying at the Lost Property office, Delhi Kishanganj, 25 items (oldest item pertaining to the year 1972) at the Lost Property Office Kanpur and 110 items at church gate oldest items pertaining to the year 1973). The Ministry of Railways have stated that some of the valuable articles comprising gold and silver ornaments, referred to in the Audit para have since been delivered to the Mint authorities. The Committee are

constrained to point out that considerable time has taken in the disposal of valuables and the matter was taken up only after Audit had pointed out such delays. Since storage of valuables requires special measures for their safe custody and long storage could result in pilferages, the Committee need hardly emphasise that concerted efforts should be made for early disposal of such articles.

1.89. The Committee are informed that a revised procedure for disposal of lost property made of gold and silver is under examination according to which the forwarding station will send these articles to the office of the Chief Claims Officer instead of the Lost Property Offices in a packed sealed cover indicating the full particulars of the articles. After verification and weighing of the contents of the sealed packets in the office of the Chief Claims Officer in the presence of an Accounts Officer, these would be repacked and sealed. The Committee would await further reports as to how the proposed system works in the timely disposal of valuable articles.

1.90. The Committee find that there was considerable amount of detention to wagons in some Lost Property Offices. As for example, the detention during the years 1978-79 and 1979-80 in Lost Property Offices in South Eastern Railway was 13736 hours, in South Central Railway—12768 hours and in Northern Railway 11173 hours. Some of the reasons for detention to wagons are stated to be; lack of enough space for handling the packages, paucity of labour, non-availability of Railway Protection staff to witness the unloading, non-availability of cranes for unloading heavy machinery and different working hours of LPO's staff and line staff. The Committee are unable to accept that the detentions to the wagons of the magnitude mentioned in the audi para would have resulted due to reasons aforesaid. Attendance of the staff of the different categories e.g. R. P. F. Accounts, could be ensured by proper coordination. As regards different working hours of the L. P. O staff and Railway stations, the Committee consider that working hours of LPO should be changed to synchronise with these of Railway stations. The average detention to wagons at some of the Lost Property Offices during 1978-79 was: Delhi-Kishanganj 168 hours; Kanpur—169 hours; Secunderabad—336 hours; Vijayawada—135 hours; Shalimar—3089 hours. Some typical instances of detention to wagons were noticed on the Western Railway where wagons were used for transferring the consignments from Jaipur goods shed to the Lost Property Office which is located in the same compound

at a distance of just 150 feet and on account of which the average detention worked out to 192 hours per wagon. Similarly, at Lost Property Office, Bhavnagar para wagons were utilised to carry consignments weighing 8 kg. to 10 quintals, at a distance of 300 feet only. The Chairman Railway Board, in this context, conceded during evidence: "There have been very bad delays in Lost Property Offices. Now the detentions have been brought down considerably."

1.91. The Committee are of the opinion that with effective supervision, vigilance and close coordination among the staff of Lost Property Offices, the line staff and Railway Protection Force, the detention to wagons could and should have been avoided to a large extent. The Committee also disapprove of the action of the concerned staff at the railway stations for utilising the wagons for short distances and small quantities resulting not only in unnecessary detention but also leading to considerable under-utilisation of wagons.

1.92. The Committee are informed by the Ministry of Railways that the Zonal Railways have been directed to study the problem of detention to wagons at each Lost Property Office in their jurisdiction and to take corrective measures. Instructions are stated to have been issued that the use of full wagons exclusively for the transfer of package/consignment should be avoided and instead such packages should be moved by road vans where the Lost Property Offices are situated close to the stations serving them, transfer of packages/consignments to the Lost Property Offices should be done manually or by wheel barrows or by road transport. In this connection the Committee would also suggest that all cases of detention to wagons at the Lost Property Offices beyond the stipulated free time of five hours allowed, should be enquired into and the officers concerned made accountable for such detentions.

1.93. Under the Indo-Nepal Treaty of Transit, the Government of India provides transit facilities in respect of the goods imported/exported by Nepal. Raxaul is one of the major Land Customs Stations through which goods in transit through India, pass on way to or from Nepal. The goods are transported from Calcutta to Raxaul station by the Railways under customs bond. As in June, 1979, 4345 unclaimed and unconnected packages of foreign synthetic clothe and other sensitive goods received during the years 1972 to 1979 were lying undisposed of at Raxaul-Nepal Siding Goods Shed. The Chairman Railway Board informed the Committee during evidence that out of these 4345 packages, 4319 packages related to the year 1979 and the balance pertained to the period 1972—78. The

congestion here is stated to be due to the fact that the consignees had not come forward to claim these consignments. According to the Ministry of Railways, these goods could have been auctioned in the ordinary course but these being under customs bond, the Railways were unable to dispose them of.

1.94. In this connection, the Ministry of Finance (Department of Revenue) have informed the Committee that the present Treaty of Transit with the Government of Nepal which came into effect in March 1978 is silent about the procedure to be followed in respect of Nepalese transit goods remaining uncleared at the railway heads beyond the stipulated transit period of one month. Further, according to the Ministry of Finance, if the transit goods particularly the sensitive ones, are allowed to be auctioned, the consumer and luxury items which are not ordinarily allowed to be imported into India, would find their way into Indian markets. The Committee are informed that this issue was taken up in the meeting of the inter-Governmental Committee held in Kathmandu in August, 1980 where the Nepalese side shared fully the concern of the Indian side over this matter and agreed to get the old cargo cleared within six months. The Department of Revenue have informed the Committee subsequently in January, 1981 that out of 4345 packages, 636 packages (value Rs. 11.38 lakhs) belonging to the period 1972—79 are now lying uncleared at the Raxaul railway head and other packages have since been cleared to Nepal. The Committee consider that the question of disposal of unclaimed packages lying at the Raxaul rail head had not been taken up in right earnest and the authorities concerned moved in the matter only after the Audit para highlighted this issue and later it was taken up for examination by this Committee. As the goods are transported from Calcutta to Raxaul under customs bond and are required to be stored and protected by the Railways, the customs authorities should realise that it is their primary responsibility to ensure that customs clearance is given without delay. The Committee expect that the remaining 636 packages still lying at the Raxaul rail head will be disposed of soon and accumulations of this nature avoided. . . . .

1.95. During evidence taken by the Committee on the Audit para under examination, the Chairman, Railway Board had observed: 'I may accept right at the beginning that this is one of comparatively darker areas on the Railways—the Lost Property Offices, and we are grateful to the Committee that for the first time, it is receiving a focussed attention. . . . Upto 1977, I must own there were no uniform instructions. After all there were different company railways

following their own practices and upto 1977, in a way those things continued and no great effort was made to universalise on an all-India basis the practices to be followed. Now focussed attention has been received and we have been issuing instructions, and, after evidence before this Honourable Committee, we would like to give further instructions to the staff in the light of the discussions here." The Committee appreciate this assurance given by the Chairman, Railway Board to effect improvements in the working of the Lost Property Offices. They would further suggest that the General Managers of the Zonal Railways should pay greater attention to the functioning of the Lost Property Offices under their charge. Also, methods should be evolved for submission of periodical returns to the Railway Board and for evaluation of such returns by the Board. The working of Lost Property Offices should also be discussed at the Conferences of General Managers of the Zonal Railways with a view to sorting out common problems and for effecting improvements in their functioning.

NEW DELHI;  
 April 23, 1981.  
 Vaisakha 3, 1903 (S).

CHANDRAJIT YADAV,  
 Chairman,  
 Public Accounts Committee.

## APPENDIX I

### LOST PROPERTY OFFICES

#### *Audit Paragraph*

1. Consignments booked for transportation by rail but lying at the Railway stations beyond the prescribed period as unclaimed, undelivered and unconnected, or any lost or unclaimed property, other than the booked consignments, deposited with Station Masters are required to be sent to the Lost Property Offices of the Zonal Railways for custody and disposal either by delivery to the rightful owners, if the consignments are subsequently claimed or connected, or by periodical auction. A Lost Property Office is generally under the charge of a Superintendent (Senior Subordinate) who is assisted by a number of staff. In all matters affecting commercial and accounts procedures, a Lost Property Office is treated like a Railway station and is inspected by the Officers and inspectors of the Commercial Department as well as by Inspectors of Station Accounts.

2. There are 61 Lost Property Offices/Unclaimed Parcels and Goods Offices/Disposal Centres on Indian Railways, as indicated below:

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Central . . . . .	8
Eastern . . . . .	10
Northern . . . . .	4
North Eastern . . . . .	5
Northeast Frontier . . . . .	5
Southern . . . . .	11
South Central . . . . .	5
South Eastern . . . . .	8
Western . . . . .	5
TOTAL : . . . . .	<u>61</u>

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3. The working of three Lost Property Offices on Northern Railway, as reviewed by Audit for the years 1973-74 and 1974-75, was commented in the Report of Comptroller and Auditor General of

India for the year 1975-76—Union Government (Railways). As a result, the Ministry of Railways (Railway Board) issued (March 1977) instructions to the General Managers of the Railways, reiterating the extant rules on the subject, and further enjoining that the working of the Lost Property Offices should be streamlined. However, a review of the working of these offices by Audit with reference to the records for the years 1977-78 and 1978-79 showed that the extant rules were still not being observed. The results of the Audit review are mentioned in the succeeding paragraphs.

I. Inventories of goods transferred to/received in Lost Property Offices.

4. The rules provide that full particulars of consignments transferred to Lost Property Offices should be entered in the prescribed form, and inventory of the contents of each package (after opening) should be shown on the reverse thereof. Two copies of this form are required to be sent to Lost Property Office. The Lost Property Office should again take an inventory of the contents of all packages at the time of their receipt and compare their inventory with that taken by the station booking the consignment to the Lost Property Office. If the two lists do not tally, the matter should be reported to the Chief Commercial Superintendent of the Railway.

5. It was noticed during review in Audit that on Northern, North Eastern, Northeast Frontier, Southern, South Central, South Eastern and Western Railways, inventories were neither being taken by stations while forwarding goods to Lost Property Offices, nor by Lost Property Offices, while receiving goods from the stations. The inventories were generally taken by the Lost Property Offices at the time of auctioning the goods. The failure to follow the instructions by the despatching station and by the Lost Property Office can facilitate serious malpractices.

6. On Northern Railway there was delay upto 5 years in some cases in taking inventories of the consignments in the Lost Property Offices. Further, it was noticed by Audit that 21 consignments in the Lost Property Office at Delhi Kishanganj, 15 consignments in the Lost Property Office at Kanpur, 14 consignments in the Lost Property Office at Amritsar and 14 consignments in the Lost Property Office at Jodhpur when opened were found to contain bricks, borada, torn gunny bags, stone, dry grass etc., while these had been described as consisting of 'cases', 'vegetable seeds', 'handloom cloth', 'engineering and electrical goods' etc.

7. On Western Railway while opening 11 packages (after a delay of 10 days) at the Lost Property Office, Jaipur it was found that these contained bricks, instead of brass wares as booked. Similarly, at Lost Property Office, Dhavanagar Para, sand was found in 5 cases described as containing medicine powder and in one case only a stone was found in a parcel described as 'one case'.

8. On Southern Railway, it was noticed that in the case of 107 items parcels opened (after a delay of 3 years at the time of auction in 1979) at Disposal Centre, Bangalore City, these were found to contain torn pieces of gunny bags, cut pieces of cloth instead of blankets. At Disposal Centre, Mysore, 57 cases described as containing plastic goods were found to contain salt. These had been lying without disposal since February 1974 i.e. for more than 5 years, and were auctioned in August 1979.

9. In Disposal Centre, Kishanganj on Northeast Frontier Railway, 7 packages described as containing cinema films, jars etc., received in October 1977 and April 1978, when opened at the time of auction in January 1978 and August 1978, were found to contain bricks, stone and firewood.

10. The delay in taking inventories on North Eastern Railway ranged upto 178 days, 355 days and 227 days in the case of Lost Property Offices at Gorakhpur, Muzaffarpur and Bareilly City respectively.

11. In Lost Property Office, Cuttack on South Eastern Railway inventories of as many as 146 packages received during September 1978 to March 1979 were not taken till June, 1979, resulting in delay of three to nine months.

12. As the stations transferring consignments to the Lost Property Offices did not take inventories of the contents of the packages, and the Lost Property Offices too delayed taking of inventories, it could not be determined whether the packages found to contain bricks, stones, sand and torn gunny bags etc., had been originally booked as such, or the contents of the packages had been subsequently replaced, and if so, at what stage this replacement had been done. The non-observance of the rules by the forwarding stations as well as by the Lost Property Offices rendered it impossible to identify the source of mischief.

The Ministry of Railways (Railway Board) stated (December 1979) that there have been difficulties in implementation of the existing instructions in regard to opening/closing of packages and taking inventory of the contents at wayside stations at the time

of transferring consignments to Lost Property Offices due to non-availability of carpenters.

The Ministry of Railways (Railway Board) further stated (January 1980) that in consideration of these difficulties, the whole matter has been remitted (27th December 1979) to an expert Committee named 'Commercial Committee of the Zonal Railways' to examine and recommend whether the extant rules need to be amended, and if so, in what manner.

The Ministry of Railways (Railway Board) added that in certain cases relating to Western and Southern Railways the consignors had sent fake consignments or fraudulently altered the quantity booked in the railway receipts, and taken advances from the banks against the railway receipts. The investigations by the Police on the complaints filed by the banks on the malpractices indulged in by the consignors, resulted in delayed disposal of the consignments, as it was felt by the Railway Administrations that the goods might be required for production in Courts of Law. However, ultimately it became known that the subject consignments "did not figure in the criminal suits or Police complaints filed by the banks".

II. *Transfer of fragile goods, goods in bulk, dangerous goods and goods of insignificant value*

13. Although the extant rules enjoin that goods liable to breakage, damage in transit, goods of insignificant value or of no value, articles such as coal, lime stone etc., which owing to their nature cannot be transferred conveniently, and dangerous, inflammable and explosive goods should not be sent to the Lost Property Offices, it was noticed that such goods had been transferred in the following cases in disregard of the extant rules:

S. No.	Name of the Railway	Particulars of goods as in the Inward Register of the Lost Property office and Rebooking Invoices	Year	No. of packages/cases/consignments
1	2	3	4	5
	i. Northern	(i) Empty glass, phials, empty vaccum flasks, glass wares, old drums, old unservicable tyres, sirkis, cotton waste, Multani Mitti, Yellow earth, Stone chips, slate pencils, damaged salt, cotton rags, broken empty glass bottles, moonj, brooms.	1977-78 1978-79	84 302

1	2	3	4	5
		(ii) Patakhas, Crckers, Fire Works and acids	1977-78 1978-79	3 35
2. Northeast Frontier	.	Acid, Bangin powder, damaged salt, yellow powder, unservicable bricks, damaged cement clotted, dolomite powder, damaged wheat & rice, waste paper, Government forms, calendars, tamarind, shooks, betels, old warm coats, burnt coal, rotten vegetable, achar, unservicable cycle, cinema publicity material, Ganga water, news paper.	1977-78 1978-79	2576 3025
3. Southern	.	Electrical goods, glass wares, empty bottles, straw, wooden shooks, empty drums, rice bran, jute waste, manure sweepings, paper bundle, old trays, empty baskets, old tyres, old clothes, used chappals, slate pencils, cinema publicity pamphlets, old magazines, tea seeds, metal wares rusted, beedi, lables, greeting cards, old gunnies and waste films.	1977-78 1978-79	1514 842
4. South Central	.	Urea, mill stone, rice bran, empty gunnies, white earth, sall seeds, empty oil drums, film boxes etc.	1977-78 1978-79	7058 9335
5. South Eastern	.	Old news papers, stone chips, old tyres, old books, matting cloth, old crates, old grinding stones, old grammo. phone records, silica stone, wheat husk and stone boulders.	1977-78 1978-79	659 215
6. Western	.	Chip stone, earth, salt powder, mile stone, lime stone, bamboo chips, slate-pencils, empty drums, empty wooden cases, rags, broom, pattal dona, torn papers, bricks and dry glass.	1977-78 1978-79	1351 1063

14. The carriage of these goods to Lost Property Offices involves deployment of revenue earning wagons for unproductive purposes.

### III. Disposal of goods

15. (i) The number of packages/cases/consignments received by the Lost Property Offices during 1977-78 and 1978-79 are given below:

Name of the Railway	Numbers received	
	1977-78	1978-79
1	2	3
Central	3,792 A	4,199 A
Northern	34,581	33,794

1	2	3
North Eastern . . . . .	11,019	10,407
Northeast Frontier . . . . .	4,082 B	5,976 B
Southern . . . . .	6,079	8,193
South Central . . . . .	14,960 C	18,543 C
South Eastern . . . . .	13,287	16,705
Western . . . . .	17,929	18,275
Total	1,05,729	1,16,092

A figures relate to 2 out of 8 units.

B figures relate to 3 out of 5 units.

C figures relate to 3 out of 5 units.

(ii) The number of packages/cases/consignments disposed of by the various Lost Property Offices during 1977-78 and 1978-79 were as under:

Name of the Railway	Number disposed of	
	1977-78	1978-79
Central . . . . .	3,002 A	4,337 A
Northern . . . . .	38,881	30,193
North Eastern . . . . .	12,808	10,995
Northeast Frontier . . . . .	1,651 B	4,551 B
Southern . . . . .	3,180	6,101
South Central . . . . .	5,806 C	6,876 C
South Eastern . . . . .	12,568 D	13,215 C
Western . . . . .	19,879	19,649
Total	97,775	95,917

A figures relate to 2 out of 3 units.

B figures relate to 3 out of 5 units.

C figures relate to 3 out of 5 units.

D figures relate to 7 out of 8 units.

(iii) The freight and wharfage charges due on consignments auctioned during 1977-78 and 1978-79 and the sale proceeds realised, are indicated below:—

Name of the Railway	Freight and other charges due		Sale proceeds	
	1977-78	1978-79	1977-78	1978-79
				(in rupees)
Central . . . . .	19,26,823	14,12,230	6,65,328	8,61,928
Northern . . . . .	10,08,135	2,23,777	6,06,536	6,23,491
North Eastern . . . . .	8,88,702	7,23,241	4,82,944	3,34,984
Northeast Frontier . . . . .	25,179B	71,127B	50,236B	1,66,917B
Southern . . . . .	1,64,761	3,75,585	1,40,529	1,52,792
South Central . . . . .	5,60,230C	6,59,330C	3,13,995D	5,06,734D
South Eastern . . . . .	10,06,959D	13,39,661D	4,94,268B	4,84,754D
Western . . . . .	13,54,446	10,34,013	6,86,235	6,90,988
Total . . . . .	66,35,235	58,38,964	34,40,071	38,22,588

B figures relate to 3 out of 5 units.

C figures relate to 3 out of 5 units.

D figures relate to 7 out of 8 units.

The amount of freight and other charges including wharfage charges exceeded the sale proceeds by Rs. 31.95 lakhs during 1977-78 and by Rs. 20.16 lakhs during 1978-79. In addition, the Railways would have paid compensation to the rightful owners in respect of goods auctioned in the Lost Property Offices.

16. The sale proceeds of the goods auctioned are often far less as compared to the Railway's liability for compensation of the goods thus sold. An illustrative case is given below.

A consignment of 12 bundles of electrical steel sheets imported was booked on 7th November 1974 ex-Barnac Bridge (Western Railway) to Hardwar (Northern Railway) under Invoice No. 5/RR No. 518760 dated 7th November 1974. As the consignment did not reach the destination station, the consignee (a Public Sector Undertaking) lodged a complaint in March 1975, and preferred a claim for Rs. 1.58 lakhs in October 1975. The consignment reached Howrah (Eastern Railway) on 13th December

1974 and was unloaded there on 14th December 1974. It was treated as an unconnected consignment and sold by public auction on 2nd May 1975 for Rs. 25 thousand by Howrah Station (nominated disposal centre). The claim of consignee was settled for Rs. 1.44 lakhs by Northern Railway in October 1977.

There may be other case of this type. As such, there is need for investigation.

The Ministry of Railways (Railway Board) stated (January 1980) that wharfage charges are in the nature of penalty for non-removal of consignments within the prescribed period. Further, these are subject to waiver in part or in entirety at the discretion of the competent authority. In the circumstances, the sale proceeds should be compared with railway dues exclusive of wharfage charges. An assessment made by the Ministry in respect of Western and Central Railways showed that the sale proceeds exceeded the Railway due exclusive of wharfage charges substantially during the years 1977-78 and 1978-79.

In this connection it may be pointed out that wharfage charges are waived only if the parties concerned bring forth extenuating circumstances warranting such waiver. In the cases under consideration the parties had been evading taking delivery of the goods with the result that the same had to be auctioned ultimately. In the meantime the goods had been lying at the stations and occupying the limited space available in the railway sheds. The extent rules provide that if the sale proceeds of an unclaimed consignment are not sufficient to cover freight and other charges inclusive of wharfage charges, the excess of the latter over the former should be formally written off.

#### IV. *Detention to wagons*

##### (a) *Northern Railway*

17. During the year 1978-79, 44 wagons received at Lost Property Office, Kanpur had been detained for 3522 hours (in the case of 29 wagons the extent of detention per wagon beyond free time of 5 hours ranged from 45 hours to 429 hours). Similarly, 4 wagons received at the Lost Property Office, Delhi-Kishanganj during 1978-79 had been detained for 217 hours. The detention was attributed to the following factors:

- (i) Lack of enough space for handling the packages.
- (ii) Paucity of labour.
- (iii) Non-placement of wagons in the position of unloading.
- (iv) Non-availability of Railway Protection Force staff to witness the unloading.
- (v) Non-availability of cranes for unloading heavy packages.

**(b) Western Railway**

18. For transferring the consignment from Jaipur goods shed to the Lost Property Office which is located in the same compound at a distance of just 150 feet, average detention worked out to 192 hours per wagon. At Lost Property Office, Bhavnagar Para, wagons were utilised to carry consignments from Bhavnagar Terminus (distance: 4 km) and Bhavnagar Para (distance: 330 feet), even though the number of consignments were at times (88 occasions) as few as 1 to 10, and total weight ranged between 8 kg. to 10 quintals. This involved considerable under-utilisation of wagons.

The Ministry of Railways (Railway Board) stated (January 1980) that the Railway Administration had since issued instructions to the Divisional Railway Manager, Jaipur not to utilize wagons for transferring packages from the Goods Shed to the Lost Property Office. At Bhavnagar Para station too the packages are now being taken by hand barrows to the Lost Property Office.

**(c) South Eastern Railway**

19. During the year 1977-78 to 1979-80, 49 wagons received at Lost Property Office, Tatanagar and 7 wagons received at Lost Property Office, Shalimar had been detaining for 2593 hours and 37272 hours respectively. (Four wagons after suffering detention for 13824 hours till 15th November 1979 had still not been released).

**V. Handling of valuable articles**

**(a) Northern Railway**

20. A review of the inventory of valuable articles (like gold and silver ornaments, watches, currency notes etc.) received at the Lost Property Office, Delhi-Kishanganj disclosed that out of 77 items, 4 items were over 4 years old, 12 items were over 3 years old, 9 items were over 2 years old and 19 items were over one year

old. The oldest item pertained to the year 1974. Similarly, at the Lost Property Office, Kanpur out of 25 items, 1 item was over 7 years old, 10 items were over 2 years old and 11 items were over 1 year old. The oldest item pertained to the year 1972.

(b) *Southern Railway*

21. A review of the inventory of valuable articles received at the Disposal Centre, Kumbakonam revealed that all the 14 items lying there were over one year old and the oldest item pertained to July 1977. In respect of gold articles received by the Headquarters Commercial branch, 14 out of 17 items received during the period 1976 to 1979 are yet to be disposed of. The oldest item pertained to September 1976.

(c) *Western Railway*

22. A review of the inventory of valuable articles lying at Lost Property Office, Churchgate revealed that 83 packages (containing 110 items) of 'yellow metal ornaments' received during 1973 to April 1979 had been lying undisposed of. The yearwise details of these packages are as under:

1973	. . . . .	5
1974	. . . . .	13
1975	. . . . .	8
1976	. . . . .	6
1977	. . . . .	12
1978	. . . . .	29
1979 (Upto April)	. . . . .	10
		83

It was further noticed that these valuable articles were neither weighed by forwarding stations nor by the Lost Property Office, while receiving the same.

The Ministry of Railways (Railway Board) stated (January 1980) that the yellow metal articles were kept in safe custody until sufficient quantity was accumulated, as the Mint authorities to whom these articles were to be made over for valuation, do not accept such articles in small numbers.

### VI. Disposal of intoxicating goods

23. The rules provide that intoxicating liquors, opium including its preparations hemp drugs etc., the sale of which by unlicensed person is prohibited by law, when left unclaimed, should be made over to Police or Excise authorities for disposal.

24. 126 bags of 'poppy head husk' were found (June 1979) lying in Lost Property Office, Shalimar on South Eastern Railway since June 1978. These were not handed over to Excise Department. 149 bags of tobacco were received at the Lost Property Office, Delhi-Kishanganj on Northern Railway during the years 1976 to 1978. While 97 bags were sold by auction in March 1979, 52 bags are still lying. 57 packages of intoxicating material (tobacco country and poppy seeds) received at the Lost Property Office, Kanpur in 1974, 1977, 1978 and 1979 are still lying there. At the Lost Property Office, Jodhpur, 9 bags containing poppy head and 2 consignments of tobacco received during the years 1971 to 1979 are still lying there.

### VII. Fictitious documentation

25. Three wooden cases booked under Railway Receipt No. 175067 dated 13th September 1977 were received at the Lost Property Office, Jodhpur (Northern Railway) on 1st October 1977 from Bikaner station. The consignment was originally booked from Ludhiana (Northern Railway) under Railway Receipt No. 172705 of October 1976. The Station Master, Ludhiana, when asked by Divisional Commercial Superintendent, Jodhpur to intimate the address of the sender and to send the forwarding note, replied (30th March 1978) that no such Railway Receipt was issued from Ludhiana station. The wooden cases were opened in the Lost Property Office, Jodhpur and these were found to contain machine cut iron sheet pieces of small sizes of 3 to 4 inches. Similarly, 3 wooden cases booked from Bikaner station under Railway Receipt No. 175069 dated 13th September 1977 were received at Lost Property Office, Jodhpur on 1st October 1977. These were originally booked from Ludhiana under Railway Receipt No. 172701 of September 1976. These cases also contained iron sheet pieces. On enquiry from the Station Master, Ludhiana, it was found that no such Railway Receipt was issued from Ludhiana station.

26. It is not known how Bikaner station indicated (13th September 1977) Ludhiana as the originating station on the re-booking invoices.



The packages contained mostly foreign synthetic cloth, yarn and other 'sensitive' goods. The Railway Administration has not yet obtained clearance from the Customs Authorities for their disposal by auction.

The Ministry of Railways (Railway Board) stated (December 1979) that 4345 packages of foreign synthetic cloth and other 'sensitive' goods were lying at Raxaul Nepal Siding Goods Shed over the years 1972 to 1979 as the Customs have not given permission for sale without clearance from the Ministry of Finance. The matter has been under correspondence between the Ministry of Railways and the Ministry of Finance.

28. The position of outstanding items (March 1979) at other Lost Property Offices was as under:

Name of the Lost Property Office	Number of items
1. Gorakhpur . . . . .	1064
2. Varanasi City . . . . .	403
3. Muzaffarpur. . . . .	422
4. Bareilly City . . . . .	179

The oldest items pertained to the year 1965-66 for Gorakhpur, 1976-77 for Muzaffarpur and 1977-78 for Bareilly City Lost Property Office.

(c) *Western Railway*

29. The position of outstanding items (March 1979) in various Lost Property Offices was as follows:

Name of the Lost Property Office	No. of packages Consignments
Parcel Depot Grant Road . . . . .	2493
Carnac Bridge . . . . .	552
Jaipur . . . . .	3323
Bhavnagar Para . . . . .	1038
Churchgate . . . . .	505

The oldest items pertained to the year 1966-67 for Lost Property Office, Churchgate, 1967-68 for Lost Property Office, Parcel Depot Grant Road, 1970-71 for Lost Property Office, Carnac Bridge and 1973-74 for Lost Property Offices, Bhavnagar Para and Jaipur.

### 30. Summary

(i) The non-observance of the rules regarding inventories to be taken by the forwarding stations and the Lost Property Offices made it impossible to verify whether the packages found to contain bricks, stones, sand etc., had been originally booked as such, or the contents of the packages had been subsequently replaced, and if so, at what stage this replacement had been done.

(ii) Transfer of fragile goods, goods of insignificant value, loose goods which owing to their nature cannot be transferred conveniently, dangerous, inflammable and explosive goods to the Lost Property Offices in disregard of the rules, resulted in unnecessary deployment of revenue earning vehicles for the carriage of such goods.

(iii) The total sale proceeds collected by the Lost Property Offices fell short of the freight and other charges due to the Railways. In addition, the Railways incurred liability for payment of compensation in respect of the booked consignments sold out in the Lost Property Offices.

(iv) The wagons carrying goods to Lost Property Offices suffered heavy detentions. On South Eastern Railway 7 wagons were detained for 37272 hours during September 1977 to November 1979.

(v) Valuable articles like gold and silver ornaments, watches, currency notes etc., have been lying in the Lost Property Offices for long periods dating as far back as 1972/73 in some cases.

(vi) Goods like poppy seed husk and tobacco country etc., requiring to be handed over to Excise Department, have been lying in the Lost Property Offices for long periods dating as far back as 1971 in some cases.

(vii) Fictitious documentation had been done in the case of packages found to be containing waste material.

(viii) A number of consignments have been lying in the Lost Property Offices for years dating back to 1965-66 in some cases.

The Ministry of Railways (Railway Board) stated (January 1980) as under:

The Number of packages/consignments lying undisposed of at various Lost Property Offices, as have been detected.

by Audit, forms only a minor part of the total number of packages/consignments dealt with in the Lost Property Offices. The bidders participating in the public auctions held in the Lost Property Offices, more often than not, form rings and thereby manage to keep the bid at a fairly low level. This practice on the part of the bidders not only result in realisation of low sale proceeds, but, on many occasions, compels the Railways to withdraw the articles from the auction when the highest price quoted, falls short of the reserve price. The articles so withdrawn are put on subsequent auctions leading to further delay in their disposal. In order to obviate the problems created by the formation of rings, it has been proposed to amend the relevant section of the Indian Railways Act so as to enable the Railways to dispose of the unclaimed/undelivered packages/consignments through modes other than public auction, if it is so needed. This has been incorporated in the draft bill of the revised Indian Railways Act.

[Paragraph 36 of the Report of C&AG for the year 1978-79,  
Union Government (Railways)]

## APPENDIX II

### STATEMENT OF OBSERVATIONS AND RECOMMENDATIONS

Sl No.	Para No.	Ministry/Deptt. Concerned	Recommendation and Observation
1	2	3	4
1	1.70	Railways	<p>The working of three Lost Property Offices on Northern Railway was commented upon in the Report of the Comptroller and Auditor-General of India for the year 1976-77 (Railways). As a sequel to this, the Ministry of Railways (Railway Board) issued instructions in March 1977 to the General Managers of the Zonal Railways reiterating the observance of the extant rules on the subject and further enjoining upon them that the working of the Lost Property Offices should be streamlined. A further review of the working of the Lost Property Offices with reference to the records for the years 1977-78 and 1978-79 was made by Audit and has been commented upon in the Report of the Comptroller and Auditor General of India (Railways) for the year 1978-79. Some of the shortcomings in the working of the Lost Property Offices that have come to the notice of the Committee through this audit para are described in the succeeding paragraphs.</p>
2	1.71	Railways	<p>Goods received at the Lost Property Offices are; (i) unclaimed booked consignments; (ii) unclaimed lost property; and (iii) unconnected booked consignments. The rules provide for taking of</p>

inventory of the contents of each package (after opening) to be sent to Lost Property Office by the forwarding stations. It was noticed by Audit that these instructions had not been followed in a large number of cases. The Ministry of Railways have explained that it has not always been possible to observe the prescribed procedure on account of non-availability of the services of skilled workers for opening and closing the well-packed packages and difficulty in arranging timely attendance of Railway Protection staff to witness inventories, especially at wayside stations. In December 1979 this matter was referred to a Commercial Committee of the Zonal Railways who have recommended amendment of the relevant rules so as to dispense with the requirement of taking of inventory in respect of those packages which do not show signs of tampering from outward condition at the forwarding stations.

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1.72

Railways

The rules also provide that inventory should be taken in the Lost Property Offices, at the time of receipt of packages and should be compared with that taken by the stations booking the consignments to the Lost Property Offices. The Committee find that these rules are not generally being followed and inventory is taken not at the time of receipt of packages but it is done at the time of auctioning of goods. The delay in taking inventories in Lost Property Offices ranged generally between 1 to 15 months and in two cases upto 5 years in Northern Railway, 3 years in Southern Railway, 6 to 12 months in North Eastern Railway and 3 to 9 months in South Eastern Railway. As regards reasons for non-observances of rules in this regard, the Ministry of Railways have explained that "it is not

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always possible to arrange the presence of the concerned Travelling Inspector of Accounts soon after the receipt of packages/consignments in the Lost Property Office on account of his pre-occupation with other duties..... Besides, the flow of packages/consignments from station to Lost Property Offices being a continuous process, it is not found feasible to take inventory of each package as and when it is received."

The existing rules provide for taking of inventory in Lost Property Offices immediately, in the cases of tampered with packages/consignments. In other cases, no time limit has been prescribed for taking of inventories. In this context, the Chairman, Railway Board observed during evidence: "There is a lacuna in the rules. The sooner we take inventories the better it is so as to avoid the subsequent fraud..... Now, in respect of untampered consignments, we propose to lay down the limit of two to three months." The Committee find that on an average 200 consignments/packages were received at each of the LPOs. per month during the years 1977-78 and 1978-79. The Committee are therefore of the view that it should be possible for the LPOs staff to take the inventory of all such packages within a time limit of say one month of their receipt. The Committee recommend that the relevant rules may be modified accordingly.

5	1.74	Railways	<p>The Committee find that in a number of cases, the consignments when opened at the Lost Property Offices were found to contain items like sand, bricks, torn gunny bags, stone, dry grass etc., whereas these had been described as consisting of "vegetable seeds", "handloom cloth", "engineering and electrical goods" etc. A study Group of the Public Accounts Committee which visited the Lost Property Office at Bangalore during October, 1980 and had discussion with the Railway Officials, was informed that due to non-observance of the procedure which requires the taking of inventories by the despatching stations, it cannot be determined whether the packages found to contain bricks, sand, stones torn gunny bags etc. had been originally booked as such or the contents of the packages had been subsequently replaced.</p>
6	1.75	<u>Railways/ Finance</u>	<p>The Ministry of Railways have informed that investigations in a typical case noticed at the Lost Property Office, Jaipur revealed that certain consignments were booked with a view to cheating the banks. The <i>modus operandi</i> of some bogus firms was that they were indulging in fraudulent booking of packages by putting bricks etc. in the packages and obtaining money from the banks on the strength of railway receipts issued. Investigation in another case reported to the Lost Property Office, Bangalore revealed that a party used to make alterations in railway receipts and pledge the same with banks, drawing huge advances from them.</p>
7	1.76	Railways	<p>The Committee find that the rules regarding examination of goods at the booking stations prescribe that the station staff should before</p>

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accepting the commodity as described in the forwarding note, check it, as far as possible, by actual examination of the packages of a consignment. Also, at the destination station, the staff should examine the contents of consignments when they have reason to suspect misdeclaration or when they have received information of such suspicion. If misdeclaration is detected, freight is required to be recovered in accordance with the rules prescribed for misdeclaration. Cases of frequent misdeclarations by a particular merchant or of goods from a particular station are required to be brought to the notice of the Divisional Commercial Superintendent and a special vigilance kept on such bookings. The Chairman, Railway Board informed the Committee during evidence: "The percentage of misdeclaration is extremely small. We have done a study for two years for Lost Property Offices on Northern Railway. The total misdeclaration recorded is 0.90 per cent; on Western Railway 0.1 per cent and NF Railway 0.16 per cent. To stop this small percentage, we would not like to enter into a process of opening up of all the packages. The size of the problem is very small".

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The Committee feel that if the instances of misdeclaration of goods received at the Lost Property Offices have been around one per cent; the problem is not "very small" as has been sought to be made out by the Chairman, Railway Board. They would recommend that in cases of misdeclarations involving substantial loss

of revenue to the Railways, deterrent action, besides recovery of freight under the rules for misdeclaration should be taken. Further, instances of dummy goods like sand, bricks, torn clothes etc., received at the Lost Property Offices should be taken serious notice of for taking necessary penal action against the consignors for committing such misdeclarations deliberately. If the Railways do not have adequate powers under the Indian Railways Act or the rules framed thereunder to take such penal action, the question of making suitable amendment in the law should be examined by the Government.

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1.78

Railways  
Finance

The Committee wanted to know whether the Railways had considered that cases of drawals of advance from the banks against railway receipts obtained fraudulently, should be intimated to the banks at the originating station. The Chairman, Railway Board in his context stated before the Committee: "The banks advance loans on Railway Receipts and when they do that, they have to take all precautions. . . . . We do not consider that it will be of any help our telling the bank that such and such odd consignment has been misdeclared." The Committee wonder how the Ministry of Railways chooses to be so unconcerned even if unscrupulous persons obtain railway receipts by tendering fake goods for despatch and cheat the nationalised banks by drawing advances against such railway receipts or by otherwise misusing railway receipts. The Committee consider that in every case of misuse of railway receipt coming to the notice of the Railways the banks should be suitably

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and timely advised about the activities of such persons. The Committee recommend that the Ministry of Railways and the Banking Department of the Ministry of Finance should examine the matter in depth and if necessary provide by law penal action against those who resort to such irregular practices.

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1.79

Railways

The extant rules enjoin that goods liable to breakage/damage in transit, goods of insignificant value or of no value, articles such as coal, lime-stone etc. which owing to their nature can not be transferred conveniently, and dangerous, inflammable and explosive goods should not be sent to the Lost Property Offices. Contrary to such rules, 13,634 and 14,817 packages/cases/consignments were transferred to the Lost Property Offices during 1977-78 and 1978-79 respectively in different Zonal Railways. Lack of suitable market for disposal of such goods at the stations and expectation of getting better price at the Lost Property Offices are stated to be the main reasons for transferring such items to Lost Property Offices. The Committee are, however, not convinced how goods like broken baskets, empty glass bottles, unserviceable bricks, damaged cement, waste paper, rotten vegetables etc., which are reported to have been transferred to the Lost Property Offices would have earned better price there. The rules provide that articles fetching no price should be thrown away at the forwarding stations, after the Station Master personally records a certificate to that effect. The deploy-

ment of revenue earning wagons for transportation of such consignments is in violation of the rules and should be stopped. The Committee also recommend that the financial powers of the Station Masters to dispose of lost property and unbooked consignments to dispose of by auction at the stations may be suitably enhanced.

11 1.80 R

The Committee are concerned to note that a large number of packages are lying at Lost Property Offices under different Zonal Railways. Surprisingly enough, in some Lost Property Offices, packages have been lying for more than ten years. In Dibrugarh Lost Property Office on Northeast Frontier Railway, packages pertaining to the year 1960 are still lying undisposed of. All this indicates an unsatisfactory state of working of the Lost Property Offices. Delay in disposal of articles not only causes avoidable congestion in the Lost Property Offices but also results in deterioration of the quality of goods. Besides, the material stored for a considerable period of time can fall prey to pilferages. The Committee would therefore like the Ministry of Railways as also the General Managers of Zonal Railways to take appropriate steps to expedite disposal of old packages and also ensure that the packages received by Lost Property Offices are disposed of within 6 months of their receipt.

12 1.81 Do.

At present auctioning of goods is the only method for disposal of goods at the Lost Property Offices. A Study Group of the Committee which visited the Lost Property Office at Bangalore during October, 1980 and had discussions with the Railway Officials was

informed that very often people attending auctions form themselves into organised cartels and manage to keep the bids at a fairly low level. This results in low sale proceeds and on many occasions the Railways have to withdraw the articles from the auction when the highest bid falls short of the reserve price. The articles so withdrawn are put on subsequent auctions. This, it was stated, had been one of the reasons for delay in disposal of goods at the Lost Property Office. In order to obviate the problems created by organised bidders, the Ministry of Railways are presently considering amendment of the relevant rules so as to enable them to dispose of goods through modes other than public auction, whenever so needed. The Chairman, Railway Board stated in evidence that with these enhanced powers, certain items like bitumen, aluminium etc., could be sold to public sector undertakings. The Committee welcome the above proposal and would like to have further report from the Ministry of Railways as to the implementation of this proposal. 8

13. 1.82

Railways

The Committee note that the sale proceeds realised as a result of auctioning of consignments in Lost Property Offices during 1977-78 and 1978-79 could not meet the freight and wharfage charges due on the consignments. The amount of freight and other charges including wharfage charges exceeded the sale proceeds by about Rs. 32 lakhs during 1977-78 and about Rs. 20 lakhs during 1978-79. Viewed in the context that the Railways would have paid compen-

sation to the rightful owners in respect of unconnected booked consignments auctioned in the Lost Property Offices, the sale proceeds of the goods sold were thus very low.

The sale proceeds accrued to the Railways as a result of disposal of consignments at the Lost Property Offices during the years 1975-76 to 1979-80 varied between Rs. 49.58 lakhs and Rs. 62.34 lakhs in a year whereas the amount of compensation paid by the Railways to the consignees on account of loss/theft of complete packages/consignments during these years varied between Rs. 3.71 crores and Rs. 4.53 crores. According to the Ministry of Railways, the claims preferred in cases where consignments booked do not reach the destination stations and are paid by the Railways, have no direct relation with the consignments/packages transferred to Lost Property Offices. The payment of larger sums as compensation to the claimants in comparison to the sale proceeds realised by the Railways, however, leads the Committee to conclude that various malpractices including thefts and deliberate diversion of wagons carrying booked consignments do take place on a fairly large scale. The Chairman, Railway Board also conceded during evidence that "not only labels are removed, but there are cases where labels are changed, fake RRs. are issued to a different station". While expressing their concern over the substantial amount paid every year by the Railways by way of compensation for the booked consignments which are lost, the Committee strongly emphasise the need for greater vigilance against such frauds and for taking appropriate legal action to plug the loopholes which come to the notice of the Railways.

	2	3	4
15	1.84	Railways	<p>Two typical instances in which sale proceeds of the goods auctioned were far less as compared to the Railways' liability for compensation of the goods, have been brought to the notice of the Committee by Audit. In one case, a consignment of 12 bundles of electrical steel sheets (imported) was sold by public auction on 2.5.1975 for Rs. 25,000. The reserve price of this consignment was stated to have been fixed at Rs. 20,000. Later, the claim of the consignee was settled for Rs. 1.44 lakhs in October 1977. In another case, a consignment of 1120 bags of potash was sold by public auction on 2.5.1975 for Rs. 15,000. Later, a sum of Rs. 66,080 was paid on 30-11-1979 to the consignee for the non-delivery of the consignment.</p>
16.	1.85	-do-	<p>The Committee find from a letter addressed by the Chief Commercial Supdt., Eastern Railway to Sr. DGH, Eastern Railway that in both the afore-mentioned cases, the goods were sold by auction at Howrah on 2.5.1975 without fixing any reserve price. The Ministry of Railways have contended that the Eastern Railway in their report had categorically stated that the officials auctioning the electrical steel sheets had fixed the reserve price at Rs. 20,000. The contradiction in the two statements needs to be satisfactorily explained to the Committee.</p>
17	1.86	-do-	<p>The Chief Commercial Supdt., Eastern Railway had observed some malpractices in the auction of goods in these cases and had</p>

asked the Divisional Commercial Supdt. Howrah in June 1976 to hold a fact-finding enquiry but neither any enquiry was held nor any report submitted to the Chief Commercial Superintendent. According to the Ministry of Railways, the officer (DCS, Howrah) in whose custody these cases were, retired from service on 31 July, 1979. It was noticed on 27 September, 1980 that the relevant file had not been handed over by him to his successor and the file has not yet been traced. The fact that the enquiry was not conducted during a period of three years from June 1976 (when the enquiry was ordered) to July 1979 (when the officer retired from service), the discovery in September 1980 that the relevant file had not been handed over by him to his successor and the file not being traceable ever since, clearly indicate that there has been deliberate attempt on the part of the concerned officers to hush up the matter. It is evident that the Railway authorities woke up to look into this case in September 1980 only after the Audit para was selected by the Committee in August 1980 and when the required information was called for from the Railways. The Chairman, Railway Board also conceded during evidence that "this is positively a bad case of bungling where probably officials connived at different levels". A fresh enquiry has been ordered on 2 January, 1981, i.e., soon after the Railway officials appeared before the Committee to give evidence on 29-12-80. The Committee would like the enquiry to be completed expeditiously. The enquiry report and the action taken by the Ministry of Railways thereon should also be furnished to the Committee.

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18	1.87	Railways	<p>The Committee find that the practice being followed by the Zonal Railways in regard to fixation of reserve price is not uniform. As for example in the Eastern Railway a representative of the Traffic Accounts Branch is associated while fixing the reserve price whereas in the Western Railway, this practice has been dispensed with. There are also no specific instructions requiring the officers in-charge of Lost Property Offices to consult technical officers of the Railways whenever considered necessary, for determining the reserve prices of goods. The Committee would suggest that these matters may be examined by the Railways and suitable instructions issued so that instances of under-valuation of goods meant for auction as noticed in the two cases mentioned above do not recur. In important LPOs where the value and number of items to be disposed of are substantial, the question of association of technical officers of the Railways and appointment of professional auctioneers should also be considered by the Railways.</p>
19	1.88	Do.	<p>The Committee find that there was inordinate delay in the disposal of valuable articles like gold and silver ornaments, watches etc., in some Lost Property Offices. As for example, there were 77 items (oldest item pertaining to the year 1974) lying at the Lost Property Office, Delhi Kishanganj, 25 items (oldest item pertaining to the year 1972) at the Lost Property Office, Kanpur and 110 items</p>

at church gate (oldest items pertaining to the year 1973). The Ministry of Railways have stated that some of the valuable articles comprising gold and silver, ornaments, referred to in the Audit para have since been delivered to the Mint authorities. The Committee are constrained to point out that considerable time has taken in the disposal of valuables and the matter was taken up only after Audit had pointed out such delays. Since storage of valuables requires special measures for their safe custody and long storage could result in pilferages, the Committee need hardly emphasise that concerted efforts should be made for early disposal of such articles.

20 1.89 Do.

The Committee are informed that a revised procedure for disposal of lost property made of gold and silver is under examination according to which the forwarding station will send these articles to the office of the Chief Claims Officer instead of the Lost Property Offices in a packed sealed cover indicating the full particulars of the articles. After verification and weighing of the contents of the sealed packets in the office of the Chief Claims Officer in the presence of an Accounts Officer, these would be repacked and sealed. The Committee would await further reports as to how the proposed system works in the timely disposal of valuable articles.

21 1.90 Do.

The Committee find that there was considerable amount of detention to wagons in some Lost Property Offices. As for example, the detention during the year 1978-79 and 1979-80 in Lost Property Offices in South Eastern Railway was 13736 hours, in South Central Railway—12768 hours and in Northern Railway 11173 hours. Some

of the reasons for detention to wagons are stated to be; lack of enough space for handling the packages, paucity of labour, non-availability of Railway Protection staff to witness the unloading, non-availability of cranes for unloading heavy machinery and different working hours of LPO's staff and line staff. The Committee are unable to accept that the detentions to the wagons of the magnitude mentioned in the audit para would have resulted due to reasons aforesaid. Attendance of the staff of the different categories e.g. R.P.F.. Accounts, could be ensured by proper coordination. As regards different working hours of the L.P.O. staff and Railway stations, the Committee consider that working hours of L.P.O. should be changed to synchronise with those of Railway stations. The average detention to wagons at some of the Lost Property Offices during 1978-79 was: Delhi—Kishanganj 168 hours; Kanpur—169 hours; Secunderabad—336 hours; Vijayawada—135 hours; Shalimar—3089 hours. Some typical instances of detention to wagons were noticed on the Western Railway where wagons were used for transferring the consignments from Jaipur goods shed to the Lost Property Office which is located in the same compound at a distance of just 150 feet and on account of which the average detention worked out to 192 hours per wagon. Similarly, at Lost Property Office, Bhavnagar para, wagons were utilised to carry consignments weighing 8 kg. to 10 quintals, at a distance of 300 feet only. The Chairman Railway Board, in this context, con-

ceded during evidence: "There have been very bad delays in Lost Property Offices. Now the detentions have been brought down considerably."

22 1.91 Do.

The Committee are of the opinion that with effective supervision vigilance and close coordination among the staff of Lost Property Offices, the line staff and Railway Protection Force, the detention to wagons could and should have been avoided to a large extent. The Committee also disapprove of the action of the concerned staff at the railway stations for utilising the wagons for short distances and small quantities resulting not only in unnecessary detention but also leading to considerable under-utilisation of wagons.

23 1.92 Do.

The Committee are informed by the Ministry of Railways that the Zonal Railways have been directed to study the problem of detention to wagons at each Lost Property Office in their jurisdiction and to take corrective measures. Instructions are stated to have been issued that the use of full wagons exclusively for the transfer of package/consignment should be avoided and instead such packages should be moved by road vans where the Lost Property Offices are situated close to the stations serving them, transfer of packages/ consignments to the Lost Property Offices should be done manually or by wheel barrows or by road transport. In this connection the Committee would also suggest that all cases of detention to wagons at the Lost Property Offices beyond the stipulated free time of five hours allowed, should be enquired into and the officers concerned made accountable for such detentions.

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24	1.93	Railways/Finance	<p>Under the Indo-Nepal Treaty of Transit, the Government of India provides transit facilities in respect of the goods imported/exported by Nepal. Raxaul is one of the major Land Customs Stations through which goods in transit through India, pass on way to or from Nepal. The goods are transported from Calcutta Raxaul station by the Railways under customs bond. As in June, 1979, 4345 unclaimed and unconnected packages of foreign synthetic cloth and other sensitive goods received during the years 1972 to 1979 were lying undisposed of at Raxaul-Nepal Siding Goods Shed. The Chairman, Railway Board informed the Committee during evidence that out of these 4345 packages, 4319 packages related to the year 1979 and the balance pertained to the period 1972-78. The congestion here is stated to be due to the fact that the consignees had not come forward to claim these consignments. According to the Ministry of Railways, these goods could have been auctioned in the ordinary course but these being under customs bond, the Railways were unable to dispose them of.</p>
25	1.94	Do.	<p>In this connection, the Ministry of Finance (Department of Revenue) have informed the Committee that the present Treaty of Transit with the Government of Nepal which came into effect in March 1978 is silent about the procedure to be followed in respect of Nepalese transit goods remaining uncleared at the railway heads beyond the stipulated transit period of one month. Further, according to the Ministry of Finance, if the transit goods particularly the</p>

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sensitive ones, are allowed to be auctioned, the consumer and luxury items which are not ordinarily allowed to be imported into India, would find their way into Indian markets. The Committee are informed that this issue was taken up in the meeting of the inter-Governmental Committee held in Kathmandu in August, 1980 where the Nepalese side shared fully the concern of the Indian side over this matter and agreed to get the old cargo cleared within six months. The Department of Revenue have informed the Committee subsequently in January, 1981 that out of 4345 packages, 636 packages (value Rs. 11.38 lakhs) belonging to the period 1972—79 are now lying uncleared at the Raxaul railway head and other packages have since been cleared to Nepal. The Committee consider that the question of disposal of unclaimed packages lying at the Raxaul rail head had not been taken up in right earnest and the authorities concerned moved in the matter only after the Audit para highlighted this issue and later it was taken up for examination by this Committee. As the goods are transported from Calcutta to Raxaul under customs bond and are required to be stored and protected by the Railways, the customs authorities should realise that it is their primary responsibility to ensure that customs clearance is given without delay. The Committee expect that the remaining 636 packages still lying at the Raxaul rail head will be disposed of soon and accumulations of this nature avoided.

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During evidence taken by the Committee on the Audit para under examination, the Chairman, Railway Board had observed: "I

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may accept right at the beginning that this is one of comparatively darker areas on the Railways—the Lost Property Offices, and we are grateful to the Committee that for the first time, it is receiving a focussed attention. Upto 1977, I must own there were no uniform instructions. After all there were different company railways following their own practices and upto 1977, in a way those things continued and no great effort was made to universalise on an all-India basis, the practices to be followed. Now focussed attention has been received and we have been issuing instructions, and, after evidence before this Honourable Committee, we would like to give further instructions to the staff in the light of the discussions here." The Committee appreciate this assurance given by the Chairman, Railway Board to effect improvements in the working of the Lost Property Offices. They would further suggest that the General Managers of the Zonal Railways should pay greater attention to the functioning of the Lost Property Offices under their charge. Also, methods should be evolved for submission of periodical returns to the Railway Board and for evaluation of such returns by the Board. The working of Lost Property Offices should also be discussed at the Conferences of General Managers of the Zonal Railways with a view to sorting out common problems and for effecting improvements in their functioning.

