

176

**COMPLETE LOSS OF
GOLD ARTICLES**

**MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

**PUBLIC ACCOUNTS
COMMITTEE**

1989-90

**HUNDRED AND SEVENTY-SIXTH
REPORT**

BEETHI AUR SABHA

HUNDRED AND SEVENTY-SIXTH REPORT

PUBLIC ACCOUNTS COMMITTEE (1989-90)

(EIGHTH LOK SABHA)

COMPLETE LOSS OF GOLD ARTICLES

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action taken on 50th Report of Public Accounts Committee
(8th Lok Sabha)]



*Presented in Lok Sabha on 8 August, 1989
Laid in Rajya Sabha on 8 August, 1989.*

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CORRIGENDA TO 176TH REPORT OF PUBLIC
ACCOUNTS COMMITTEE (8TH LOK SABHA)

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THE COMMITTEE ON PUBLIC ACCOUNTS
(1989-90)

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**Nominated w.e.f. 18-8-89 *vice* Sarvashri Parvathaneni Upendra, Virendra Verma and Jaswant Singh resigned from the Committee.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Seventy-sixth Report on Action Taken by Government on the observations/recommendations of the Public Accounts Committee contained in their Fiftieth Report (Eighth Lok Sabha) on complete loss of gold articles.

2. In this Report, the Committee have pointed out that the reply of Ministry of Railways is silent on a specific point raised by the Committee in their recommendation that if certain instructions are issued in a Zonal Railways to prevent reoccurrence of an incident and if that particular incident could also take place in Railways, then those instructions should be uniformly circulated in the other Zonal Railways and for that purpose some sort of coordination system should be set up at the central level, if the same did not exist. They have desired the Railways to ensure that the Railway Board should function as a coordinating agency in such situations.

3. The Committee have also desired that both the Ministry of Railways and State Bank of India should ensure strict compliance of the respective instructions issued by them in order to plug the various loopholes in the procedure for transport of valuable goods so as to avoid the recurrence of loss of valuables as had happened in this case.

4. The Committee considered and adopted the Report at their sitting held on 1 August, 1989. Minutes of the sitting form Part II of the Report.

5. For reference facility and convenience, the recommendations/observations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in the Appendix to the Report.

6. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller & Auditor General of India.

NEW DELHI;

August 1, 1989

Shravana 10, 1911 (Saka)

P. KOLANDAIVELU

Chairman,

Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with action taken by Government on the Committee's observations/recommendations contained in their Report* on complete loss of gold articles.

2. The observations/recommendations contained in the Committee's Report have been broadly divided in four Categories as shown in Appendix I.

3. The Committee will now deal with action taken by Government on some of their observations/recommendations.

Amendment of Rules for making insurance of Excepted Articles obligatory

(Sl. Nos. 7, 8 & 9—Paras 48, 49 & 50)

4. In the Original Report, the Committee had dealt with a case of theft of gold parcel valued at Rs. 14.08 lakhs from the custody of Railways. The parcel was booked by State Bank of India, Bombay, Ex-Bombay VT to Agra on 23 March 1983. Under Section 77(B) (1) of the Indian Railways Act, 1890. The Railways are not liable to pay the compensation claim for the loss of Excepted Articles like gold, silver etc. unless the consignee chooses to pay the percentage charges on the value of the consignment. As the insurance charges on the value of the consignment were not paid by State Bank of India, the Railways took protection under Section 77 (B) (1) while rejecting the claim for Rs. 14.08 lakhs preferred by State Bank of India towards the loss of gold parcel.

5. The Committee in the aforesaid paragraphs had observed that consequent upon the theft of the gold parcel, the Central Railways had issued instructions (31 October, 1983) with a view to preventing recurrence of such incidents and for alerting and educating the staff in this regard. The instructions provided that the consignments of bullion, gold, silver or jewellery costing Rs. 1 lakh and more should be accepted only on the payment of the percentage charge

*Fiftieth Report (8th Lok Sabha) on Sub-para 1.12 (e) of Para 1 of the Advance Report of the Comptroller & Auditor General of India for the year 1982-83, Union Govt. (Railways).

equivalent to 1 per cent of the value of the consignment and in all such cases an armed RPF escort in addition to an Escort guard should be provided. Since compensation claim for theft|pilferage of gold and silver consignments valued at Rs. 3.83 lakhs occurred on Western Railway in 1964-85 was repudiated by the Railways under Section 77 (B) of the Indian Railways Act as the consignment had not been insured by the party the Committee were led to conclusion that the aforesaid instructions were obviously not enforced in other Zonal Railways. They directed the Railway Board to ensure that the instructions involving common interest of all Zonal Railways were invariably issued and enforced uniformly in all the Railways and for this some sort of coordination system was required at Central level, which might be devised in case such coordination did not exist.

6. The Committee had also desired that the Indian Railways Act, rules thereunder and instructions issued by Railways might be modified so as to make it obligatory on the part of the consignees booking Excepted Articles (i.e. gold|silver etc.) to insure them with the Railways by paying the percentage charges irrespective of the cost of the consignment.

7. The Ministry of Finance were also asked to review the procedure for transport of gold and other valuable articles sent by banks to insure their safe custody during their despatch, transit and receipt at destination.

8. The Ministry of Railways in their reply have stated that the Railway Board had issued instructions in September and October 1985 to all the Zonal Railways which *inter-alia* directed that:

- (a) Gold, Silver, bullion, Jewellery etc. will not be accepted for carriage, unless the sender pays "percentage charges on value." Earlier, the sender had an option not to pay this charge, and in that case the Railways were completely exonerated from any liability for loss of consignment in transit under Section 77(B) of the Indian Railways Act.
- (b) The Railways shall provide armed RPF escorts in each and every case in addition to special Guard.
- (c) Gold, silver, etc. shall be carried only by nominated trains with prescribed safeguards and after proper coordination between various Departments|Divisions|Railways.

9. According to the Ministry the matter was again reviewed and instructions have been issued (October, 1986) which envisage that gold, silver etc. will be carried along with guard and escorts in a reserved compartment or brake van. The Ministry of Railways have further stated that the provisions of the Indian Railways Act are also being amended. In the Railways Bill 1986 the concept of Ex-cepted Articles as such, has been done away with and there is no clause corresponding to Section 77(B) of the Indian Railways Act. The proposed Bill also empowers the Central Government not to accept certain goods unless the percentage charge has been paid.

10. The Department of Economic Affairs (Banking Division) in their reply have stated that State Bank of India constituted a High Powered Committee for examining the case of loss of gold articles and take remedial measures. The Committee review the existing procedure followed by the Bank in regard to gold transactions and has made suggestions to make them safer. The Bank has issued instructions to its local Head Offices to immediately arrange for implementation of the suggestions made by the Committee.

11. The Committee in thier original Report had recommended that if certain instructions are issued in a Zonal Railway to prevent recurrence of a incident and if that particular incident could also take place in other Railways, then those instructions should uniformly be circulated in all the Zonal Railways. The Committee had also recommended that for this purpose some sort of coordination system should be set up at the Central level if the same did not exist. However, the Committee note that the reply of the Ministry of Railways is silent on these points and feel that Railway Board should function as a coordinating agency in such situation.

The Committee are informed that Ministry of Railways, in order to plug the various loopholes in the procedure for transport of valuable goods, studied this case of theft of gold parcel and issued instructions to its Zonal Railways in September and October, 1985 and October 1986, incorporating necessary guidelines. Similarly the State Bank of India constituted a High Powered Committee for this purpose and suggestions made by them are stated to have been circulated by the Bank to its Local Head Offices. The Committee desire that both the Ministry of Railways and the State Bank of India should ensure the strict compliance of the respective instructions issued by them so as to avoid the recurrence of such losses.

CHAPTER II

OBSERVATIONS|RECOMMENDATIONS THAT HAVE BEEN NOTED|ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that the State Bank of India acting as agents for its clients M/s. Hutti Gold Mines Ltd. (HGML) receives gold at Bombay and despatches it to various centres (13 at present) specified by them. This arrangement with the Hutti Gold Mines Ltd. has been in existence since 1963. HGML pays the State Bank of India appropriate service charges in addition to meeting all out of pocket expenses. Omnibus insurance policy issued by United India Insurance Company at the request of HGML covers the risk of transporting gold from the crushing and grinding plant at Hutti Mines to various selling centres of the Bank and until it is delivered to the purchasers. (Para 42)

In accordance with the procedure on such parcel containing 8 kgs. of gold bars valued at Rs. 14.08 lakhs was booked by the State Bank of India, Bombay, ex. Bombay VT to Agra on 23-3-83. Telegraphic intimation about the despatch of the parcel was sent to the Agra Branch of State Bank of India on the same day, that is 23rd March 1983. According to Department of Railways (Railway Board), and confirmed by SBI when the Bank was asked to pay percentage charges on the declared value of this consignment towards its insurance, it elected not to do so and merely endorsed at the time of its booking on the 'Forwarding Note' to the effect, 'Not insured with Railways'. According to existing rules (para 119(b) of Coaching Tariff), an Escort Guard has to be provided for the safety of consignments containing gold, silver, jewellery etc. if their value is Rs. 20,000/- or more whether they are insured or not. The gold parcel was actually despatched by the Railways after a delay of more than a month occurred as the necessary escort guard could not be arranged earlier. The consignment is stated to have been loaded on 26 April 1983 in charge of 'Special Guard' in the locker of the second compartment in the rear SLR (sitting cum luggage cum brake van) of 5 Dn. Punjab Mail in the presence of staff of Railway Protection Force and Government Railway Police as well as the Coaching staff of Bombay VT. According to Department of Rail-

ways, the gold parcel had to be unloaded at Bhusaval by the Escort Guard as he could not be relieved at Igatpuri or Bhusaval by other Escort Guard and he had already completed 8 hours of running duty. However, when the Escort Guard accompanying the 5 Dn train opened the luggage van, in the presence of the Assistant Station Master and RPF staff on duty at Bhusaval, the gold parcel was found to be missing. (Para 43)

[S. Nos. 1 & 2 (Para Nos. 42 and 43) of Public Accounts Committee's 50th Report (1986-87)]

Action Taken by Ministry of Railways

These give factual position. However, the observations of the Committee are noted.

[Ministry of Railways O.M. No. 86-BC-PAC/VIII'50 dated March 1987].

Action Taken by Department of Economic Affairs (Banking Division)

The observations of the Committee have been conveyed to the bank. The office of the Comptroller and Auditor General, who were requested to vet the replies to the recommendations/observations have observed as under:—

- (a) Reasons why the consignment was not insured by the State Bank of India by paying the percentage charges on the declared value, may please be obtained from the bank and incorporated in the draft Note.
- (b) The State Bank of India booked the Gold Parcel with the Railways on 23-3-83, while the Railways actually despatched it on 26-4-83 due to non-availability of Escort Guards. To avoid such delays with the Railways, whether it was not possible for the State Bank of India to contact Railways before hand, and hand over such valuable Parcels/consignments when arrangements for Escort had been made may be ascertained. The result of the enquiry be incorporated in the Note.
- (c) Further, why Railways could not make prior arrangements for Escort Guards for the entire journey from Bombay to Agra, keeping in view the changing of Guards at intervening stations after 8 hours of duty for each Guard.

Reasons be ascertained from State Bank of India and Railways and incorporated in Action Taken Note for information of Public Accounts Committee.

The State Bank of India has replied to these observations as under seriatim:—

- (a) Gold parcels were being sent regularly by SBI, Bombay Main Branch to 13 different centres in terms of an agreement entered into with Hutti Gold Mines Limited. As a part of the arrangement, HGML, took out an insurance policy issued by the United India Insurance Co. covering the stocks of gold from the crushing and grinding plants at Hutti Gold Mines to the various centres of the Bank, till its delivery to the purchasers. Since this policy provided cover against all transit risks including when in railway custody, HGML did not want the Bank to take any further insurance with the Railways for gold consignments sent through them. Moreover, the fact that the parcel contained gold was made known to the Railways in respect of each and every parcel booked through them, since the very beginning of the arrangement in the year 1963, and at no stage did the Railways demand from the Bank extra charges to cover insurance of the parcel. The Bank paid whatever charges were demanded by the Railways.
- (b) The practice prevalent since 1963 was that State Bank of India was booking the gold parcels with the railways and the railways were subsequently despatching the gold parcels, as per the availability of the escort guards. However, at present, on the request of State Bank of India, the Railways inform the bank in advance, the date, time and the train number on which the parcel will be booked. Hence, the bank now books the parcel only on their confirmation that the parcel will be accepted for despatch on such intimated dates.
- (c) Ministry of Railways have stated that as per extant rules contained in para 1120 of I.R.C.M. Vol. I telegraphic advice of despatch particulars has to be sent by the booking stations in case of insured parcels to the Station Masters. RPF & CRP of destination station and all guard changing and other major stations enroute for ensuring safe transit of valuable consignments. Although this

particular consignment was not insured, this procedure was followed and necessary telegraphic advice was issued by Parcel staff of Bombay VT by way of abundant precaution.

In spite of advance message, the relief of special guard was not arranged at Igatpuri and Bhusaval, thereby forcing the special guard to continue his journey upto Bhusaval. For the failure to arrange the relief, Assistant Station Master, Igatpuri was found responsible against whom Departmental action was taken. His increment was withheld for six months.

[Ministry of Finance, Deptt. of Economic Affairs (Banking Division) O.M.No. 15/3/86-Coord, dated 16-9-87]

Recommendation

The Committee would draw attention to yet another instance of indifference and complacency in regard to this case. The Railway Departmental Inquiry Committee of three officers from Claims, Security and Accounts Departments which was set up on 27 April, 1983 took nearly a year to complete its work and submitted its report only on 21st April, 1984. The inquiry is stated to have taken so much time because evidence of a large number of witnesses had to be taken and because of transfers of members of the Inquiry Committee. The very purpose of setting up an Inquiry Committee in such matters is defeated if their findings become available after a long lapse of time. Only if responsibility is clearly fixed can punitive action be taken and therefore it is of the utmost importance to ensure that the Inquiry Committees complete their work expeditiously. Punishment should also be deterrent and commensurate with the nature of the offence.

[Sl. No. 4, para No. 45 of Public Accounts Committee's 50th report (1986-87)]

Action taken by the Ministry of Railways

It is true that the Committee took unduly long time in submitting its findings. The Committee visited Bhusaval, Igatpuri and Bombay VT stations and recorded evidence of 44 witnesses. The members were transferred during the pendency of the enquiry. Despite these factors, the Committee should have submitted their report earlier. Instructions have been issued to the Zonal Railways to ensure that (i) enquiries in such cases should be completed within the target time to be fixed by the General Managers. (ii) the Members of the

Committee, even if transferred during the pendency of the enquiry should continue to hold the enquiry, and (iii) that drastic action should be taken against those found responsible for such losses. A copy of the instructions issued is at Annexure A (enclosed).

It may, however, be stated that without waiting for the receipt of formal report, a joint circular was issued by three Heads of Departments of Central Railway on 31-10-83 for streamlining the procedure, and for making payment of percentage charge compulsory when the value of a consignment of bullion, gold, silver or jewellery is Rs. 1 lakh and more.

[Ministry of Railways (Railway Board) O.M. No. 86-BC-PAC/
VIII/50 dated March, 1987.]

Annexure 'A'

Government of India
Ministry of Railways
(Railway Board)

No. 86-TCIII 53 3 PAC

New Delhi. 19-9-1985

The General Managers,
All Indian Railways.

SUB: *Expeditious submission of Enquiry Committee's reports in cases of loss of consignments.*

In the report on complete loss of Gold Articles on Central Railway. P.A.C. has observed as under:—

“The Railway Department Inquiry Committee took inordinate delay in submitting its report. The very purpose of setting up an inquiry committee in such matters is defeated if their findings become available after a long lapse of time. Only if responsibility is clearly fixed can punitive action be taken and, therefore, it is of the utmost importance to ensure that the inquiry committees complete their work expeditiously. Punishment should also be deterrent and commensurate with the nature of Offence.”

2. It has been observed that delay in finalising the enquiry report was primarily on account of transfers of the members constituting the enquiry committee.

3. The Board desire that:

- (i) In cases where serious lapses are noted in carriage of goods resulting in heavy loss, and it is decided to appoint a committee for fixing staff responsibility and suggesting system improvement, a time limit should be fixed for submission of the report by the committee, and any delay in submission should be brought to the notice of General Manager for appropriate action.
- (ii) Even if the members of the Committee are transferred in administrative interest during pendency of the enquiry, they should continue to function on Enquiry Committee. In fact, in such cases, the Enquiry Committee should further expedite submission of their findings.
- (iii) Deterrent action should be taken against the staff found responsible.

Please acknowledge receipt.

Sd/-

(M. S. Bhandari)

Executive Director Traffic Commercial
Railway Board.

Copy to Chief Claims Officers and Chief Commercial Supdts., all Indian Railways.

Recommendation

The Committee are informed that the Railways are awaiting the report of CID which was entrusted with the task of investigation of this theft case. The final report from the investigating officer, Nasik CID Branch was stated to have been received by the IG's office and was under examination by the legal branch of his office. From the information furnished by Special Inspector-General of Police, C.I.D Crime, Pune, the following is evident: "The parcel was brought from the strong room of the Parcel office at Bombay V.T. to the parcel Van of the 5Dn. Punjab Mail at about 1630 hours on 26-4-1983 and placed in locker of the Parcel van which was latter locked by Guard D.D. Modak, who kept both the keys of the lock affixed to the locker with himself. He also signed appropriate register in token of having received the parcel. The parcel van was later locked by Guard S. B. Sen who was the main guard of the train. The parcel van was next opened at the Igatpuri, Railway Station when Guard Sen handed over charge to Guard Ramkhilawan. According to Guard Modak he had at that time opened the locker and satisfied himself that the gold parcel was inside. This claim has not been corroborated by either Guard Sen or Guard Ram-

khilawan or the box boy who was also present. When the locker was again opened by Guard Modak at Bhusaval in the presence of Sr. Rakshak R.P.F. Shri Devi Prasad Pande, in order to offload it, as Guard Modak had not been provided a reliever, he found the gold parcel missing from the locker though the lock did not appear to be tampered with. It is, therefore, highly probable that the gold parcel was removed at Railway Station Igatpuri or Devlali where also the parcel van was opened for loading some parcels." (Para 46)

The net result is the mysterious disappearance of this gold parcel defying not only detection but also even an intelligent guess as to who could have committed this theft. The guard who was arrested and suspended has not been *prima facie* held responsible for the loss of the gold as it is obvious from the fact that the investigating agency has failed to file a charge sheet against him. Circumstantial evidence to hold him *prima facie* responsible is also not forthcoming. Between the two agencies viz. SBI Officials and Railway Officials and their servants and agents on whom the blame must rest has not been solved by the investigation undertaken. To the question as to whether any charge sheet has been filed against any person, if not reasons therefor, the Spl. I.G.P. CID (Crime), Pune has stated in a note "No charge sheet has been filed against any person in this case. The reason being that no tangible evidence has come up against any person that would reasonably establish a charge of theft or misappropriation. However, the case is still under investigation and decision in this regard would be taken before long". Having regard to the fact that case was registered on 27-4-1983 it can be taken for all practical purposes that no useful purpose will be served by keeping the investigation pending. This adds a new dimension to mysterious disappearance of 5 kg. of gold. The second dimension is the utter weakness, inefficiency and inability of the investigating agency to detect a crime of this magnitude which has occurred on our public carrier system. The third dimension, a still more staggering, is the utter lack of concern, urgency or anxiety on the part of the State Bank of India officials, the Railways officials and the Investigating officials to mutually cooperate and retrieve their prestige by tracing the missing gold or catching the culprit. The naked fact is that gold worth Rs. 14 lakh is lost unsung and unwept. The utter callousness and indifference exhibited by the SBI the Railways and investigating agency over this huge loss has shocked the Committee. The usual monotonous game of passing on the blame from one to the other indulged in all cases of loss of public funds has exhibited itself in this case also in all its ugly form.

As per para 1108 of Indian Railway Commercial Manual Volume-I, all packages containing excepted articles, on which the consignor has under taken to pay the percentage charge on value, should be examined personally by the Station Master or by any authorised Railway official who must see that the declaration agrees with the contents of the packages. The gold consignment in question was accepted by Railways on 'said to contain' R.R. Apparently, the contents were not examined by Railway as the consignor did not elect to pay the percentage charges. Whereas SBI are responsible for not paying the percentage charges with the result that its contents remained unverified at the time of its booking, the Railways are also guilty as the parcel disappeared while in their custody. Committee are of the opinion that immediately after the theft was detected, the SBI and Railways ought to have swung into combined dynamic action and called for the best detecting agency to recover the lost gold and to identify the persons responsible for the loss. The Committee recommend that if the State CID is not in a position to finalise the investigation and identify the culprits, the investigation should be entrusted to the CBI. (Para 47)

[S. Nos. 5 & 6, Paras Nos. 46 & 47 of Public Accounts Committee's
50th Report (1986-87)]

Action taken by the Ministry of Railways

C.I.D. have since completed their investigations and have filed a chargesheet against Shri D. D. Modak, escort Guard, in the court of Railway Magistrate under Section 409 of IPC on 7-7-1986. The other two train Guards, who had worked the train between Bombay V.T. and Bhusaval have not been found responsible, and the cases against them have been dropped.

When it was found that C.I.D. enquiry was taking much longer time than expected, departmental action under Discipline and Appeals Rules was initiated against Shri D. D. Modak for negligence. The D&A enquiry has since been completed and Shri Modak has been dismissed from service.

This has been seen by Audit who have observed that the matter is under verification by Director of Audit, Central Railway.

[Ministry of Railways (Railway Board) O.M. No. 86-BC-PAC/
VIII/50 dated March, 1987.]

Action taken by Dept. of Economic Affairs (Banking Division)

The observation/recommendation of the Committee has been conveyed to the bank. The bank has reported that it did not lodge

any report with the police or the CID because the Sub-Inspector of Police attached to the VT Railway Station came to the Bombay Main Branch of the Bank on 27th April, 1983 for recording the statement of the concerned official of the bank branch. It was, therefore, clear that the Railways had already lodged an FIR with the Police and the matter was under investigation.

The Office of the Comptroller & Auditor General, who were requested to vet the replies to the recommendations/observations have observed as under:—

The results of investigation of the case by the State CID/Police authorities are still awaited. Whether the case has been handed over to the CBI or has not been mentioned in the Note. The same may be ascertained and intimated to Public Accounts Committee.

The State Bank of India has replied to these observations as under:—

The Railways are investigating into the matter. However, its Bombay Main Branch could not get any information in respect of developments of investigation on their informal enquiry. The bank's Bombay Main Branch has been following up the matter.

Meanwhile, the Railways Ministry has sent to us the following comments:—

C.I.D. have since completed their investigations and have filed a charge sheet against Shri D.D. Modak, Escort Guard, in the court of Railways Magistrate under Section 409 of IPC on 7-7-1986. The other two train Guards, who had worked on the train between Bombay V.T. and Bhusaval have not been found responsible, and the cases against them have been dropped.

When it was found that C.I.D. enquiry was taking much longer time than expected, departmental action under Discipline and Appeals Rules was initiated against Shri D.D. Modak for negligence. The D&A enquiry has since been completed and Shri Modak has been dismissed from service. In this connection, action taken note

under recommendations Nos. 46 & 47 sent under this Ministry's O.M. dated 3-4-87 may be referred to.

(Para 47)

[Ministry of Finance, Deptt. of Economic Affairs (Banking Division) O.M. No. 15-3-86-Coord. dated 16-9-1987.]

Recommendation

The Committee find that consequent upon the theft of gold in the present case the Central Railway issued instruction on 31 October, 1983 with a view to preventing recurrence of such incidents in future and for alerting and educating the staff in this regard. These instructions, *inter alia* provide that the consignments of bullion, gold, silver or jewellery costing Rs. one lakh and more should be accepted only on the payment of the percentage charge equivalent to 1 per cent of the value of the consignment and in all such cases an armed RPF escort in addition to Escort guard should be provided. However, the Committee find that in 1984-85 a case of theft/pilferage of gold and silver consignments valued at Rs. 3.63 lakhs occurred on Western Railway. According to Railways the case for compensation claim was repudiated under Section 77B of the Indian Railways Act as the consignment had not been insured by the party. Obviously these instructions were not enforced in other Zonal Railways. Had these instructions been issued uniformly on other Zonal Railways, the theft/pilferage case on Western Railway in 1984-85, could have been avoided. The Committee expect the Railway Board to ensure that instructions involving common interest of all Zonal Railways are invariably issued uniformly in all the Railways and for this some sort of coordination system is required at Central level, which may be devised in case such coordination does not exist at present.

(Para 48)

The Committee desire that the Indian Railway Act, rules thereunder and instructions issued by Railways may be modified so as to make it obligatory on the part of the consignees booking expected articles mentioned in second schedule *ibid* (i.e. gold/silver etc.) to make it obligatory on the part of the consignee booking expected irrespective of the cost of the consignment. Such articles valuing less than Rs. one lakh are being transported without armed guards and thereby exposed to greater risk of theft/pilferage etc. Railways attract adverse publicity by any such acts of theft/loss/pilferage etc. and in the process lose the confidence of the people in them as a safe carrier of their valuable goods. It is therefore important that

these articles are safely transported irrespective of their cost. Once an article is accepted for transport, the Railways as public carrier must take it as sacred duty to transport the goods to its destination safely, securely and expeditiously. Further the Committee find that the claims of the parties for compensation in case of loss etc. of the consignments valuing less than Rs. one lakh can be rejected by the Railways under Section 77B of Indian Railways Act, 1890 if they are not insured with the Railways even though it is proved that loss was due to negligence or misconduct on the part of Railway Administration or any of its servant, whereas Section 75 of the Act provides that Railway Administration shall be responsible for loss etc. of any luggage if it is proved that loss etc. was due to negligence or misconduct on the part of Railway Administration or any of its servant. The Committee feel that this ambiguity in the rules can best be avoided by issuing fresh instructions which may provide that the 'excepted article' mentioned in 'second schedule' must be insured by parties while booking the same with the Railways so that proper check and security arrangement could be made for their safe transport by Railway and also bind the Railways for payment of compensation in the event of loss/theft thereof. The parties can be asked to pay either 1 per cent of the cost of the consignment or some minimum charge commensurate with the cost of making additional security arrangements. (Para 49)

The Committee note that whereas the compulsory insurance of these articles by the consignors and the provision of armed guards by Railways is a safeguard against any theft/pilferage, the plugging up of the various loopholes in the procedure noticed as a result of study of the case by the Railways is also necessary with a view to avoiding recurrence of such instances in future. The Committee expect the Railways to apprise them of the precise steps taken.

The Committee also desire that the Ministry of Finance should review the procedure for transport of gold and other valuable articles sent by Banks to ensure their safe custody during their despatch transit and receipt at destination. (Para 50)

[S. Nos. 7, 8 & 9, Para Nos. 48, 49 & 50 of Public Accounts Committee's 50th report (1986-87)]

Action Taken by Ministry of Railways

In September and October, 1985 Railway Board had issued instructions to all the Zonal Railways, which *inter alia* direct that—

- (a) Gold, silver, bullion, Jewellery, etc. will not be accepted for carriage, unless the sender pays "percentage charges

on value". Earlier, the sender had an option not to pay this charge, and in that case the Railways were completely exonerated from any liability for loss of consignment in transit under section 77B of the Indian Railways Act.

- (b) The Railways shall provide armed RPF escorts in each and every case in addition to special Guard.
- (c) Gold, silver, etc. shall be carried only by nominated trains with prescribed safeguards and after proper coordination between various Departments/Divisions/Railways.
- (d) The senders should give 10 days notice to Railways before booking, and the Railways must despatch the parcels on the very day of booking.

Copies of Railway Board's letter No. 85/TCIII/26|1 dated 17-9-1985, 22-10-1985 and 30-10-1985 on the subject are given at Annexures 'B', 'C' and 'D' (enclosed)

The matter was again reviewed and instructions have been issued which envisage that gold, silver etc. will be carried along with guard and escorts in a reserved compartment or brake van. Copy of Board's letter No. TCII/2425/86 dated 14-10-1986 is given in Annexure 'E' (enclosed). It is hoped that these safeguards will help in preventing recurrence of such cases.

Provisions of the Indian Railways Act are also being amended. In the Railway's Bill, 1986, the concept of excepted articles, as such, has been done away with, and there is no clause corresponding to section 77B of the Indian Railway Act. However, in the new Bill, the extent of monetary liability of the Railways has been limited in relation to the weight of the consignment for which freight has been paid. The law, however, provides for added liability where the consignor declares the value of the consignment and pays prescribed percentage charge. The proposed Bill also empowers the Central Government not to accept certain goods unless the percentage charge has been paid. An extract of clauses 102 and 103 of the Railways Bill, 1986, is reproduced below:—

"102(1) Where any consignment is entrusted to a railway administration for carriage by railway and the value of such consignment has not been declared as required under sub-section (2) by the consignor, the amount of liability of the railway administration for the loss, destruction, damage, deterioration or non-

delivery of the consignment shall in no case exceed such amount calculated with reference to the weight of the consignment as may be prescribed, and where such consignment consists of an animal specified in column (1) of the Schedule, the liability shall not exceed the amount as specified in the corresponding entry in column (2) of the Schedule.

“(2) Notwithstanding anything contained in sub-section (1), where the consignor declares the value of any consignment at the time of its entrustment to a railway administration for carriage by railway, and pays such percentage charge as may be prescribed on so much of the value of such consignment as is in excess of the liability of the railway administration as calculated or specified, as the case may be, under sub-section (1) the liability of the railway administration for the loss, destruction, damage, deterioration or non-delivery of such consignment shall not exceed the value so declared.

“(3) The Central Government may, from time to time, by notification direct that such goods as may be specified in the notification shall not be accepted for carriage by railway unless the value of such goods is declared and percentage charge is paid as required under Sub-section (2).

“(4) Notwithstanding anything in sub-section (2), such declaration of value and payment of supplementary sum shall be mandatory in the case of such goods and luggage as may be specified by the Central Government.

“103. Where the value has been declared under section 102 in respect of any consignment, a railway administration may make it a condition of carrying such consignment that a railway servant authorised by it in this behalf has been satisfied by examination or otherwise that the consignment tendered for carriage contains the articles declared”.

Thus, the proposed law is in keeping with the instructions already issued by the Railways that declaration of the value and payment of percentage charge are mandatory in respect of bullion, gold, silver, jewellery, etc.

The Railways have been asked to take adequate precautions to prevent recurrence of such cases.

[Ministry of Railways (Railway Board) O.M. No. 86-BC-PAC/
VIII|50 dated March 1987]

ANNEXURE 'B'

Government of India
Ministry of Railways
(Railway Board)

No. 85-TCIII/26/1

New Delhi, dated 17th Sept., 1935.

The General Managers (Comml.)

All Indian Railways.

SUBJECT: *Provisions of an armed RPF Escort to accompany High Valued Gold|Silver consignments.*

Ref.: Board's letter of even number dated 26-2-35 and Zonal Railways' Reply thereto.

In supersession of para 3 of Board's letter of even number dated 2-9-35, the Board have decided the following:—

- (a) whenever any consignment of bullion, gold silver or jewellery costing Rs. 1 lakh and above is tendered for despatch, payment of the percentage charge on value should be made compulsory otherwise these should not be accepted for booking; and
- (b) In all such cases an armed RPF Escort in addition to Escort Guard should be provided.

2. Procedure to be followed for booking and despatch:—

- (i) Such consignments of bullion, gold, silver or jewellery. the value of which is Rs. 1 lakh and more, should be accepted for booking only if the party desiring to despatch it gives an advance notice of ten days to HPC/SS/SM of the booking station, indicating full particulars viz., name of destination station, approximate weight, date of despatch and train by which consignment desired to be despatched. It should be permissible to cover more than one consignment under the same advance notice.
- (ii) After finalising the arrangement regarding despatch of such consignment the HPC/SS/SM will advise the party the date on which consignments will be accepted and despatched.
- (iii) The consignments should be accepted from the party on the date of despatch and it should invariably be despatched by the nominated trains on that day.

- (iv) On receipt of intimation from the party, HPC/SS/SM will bring this to the notice of ACS/DCS who will co-ordinate with Operating/Security Departments to arrange for Escort Guard and armed RPF staff who will be in-charge of the consignments from the forwarding station. On rare occasion when Escort guard is not available on the day of despatch any suitable Class-III railway servant preferably an APC/Commercial Clerk, can be booked as Escort Guard. Each case of default in which Escort guard is not made available must be reported to Head Quarters Office (both CCS and COPS) telegraphically. Such cases should be viewed seriously.
- (v) SS/SM immediately after finalising the date and train by which valuable consignments under an Escort Guard is to be despatched must advise the Operating and Security Officers of the adjoining Divisions/Railways over which the consignment has to be moved so that timely arrangements for relief of Escort Guard at crew changing stations and of RPF staff are made. Zonal Railways should ensure that relief for Escort Guards as well as RPF is arranged without fail and there should be no occasion for unloading the consignment en-route for want of relief.
- (vi) The Escort Guard deputed to be in-charge of such consignments should carefully examine and record the condition of the seal or other fastening on the package/packages. He should be present while the valuable parcel/parcels is being loaded in the cupboard/locker provided in the brake van in the presence of parcel staff, RPF/GRP and armed escorts. The cupboard/locker in which such valuable parcels are loaded should be locked and properly sealed in the presence of RPF/GRP armed escort and the key of the locker should be retained by the Escort Guard in his personal custody.
- (vii) The Escort Guard and the accompanying armed RPF staff will travel in the guard's brakevan. The Escort guard and RPF staff accompanying the consignment should be present in the brake-van compartment in which loading/unloading of other package is arranged at the starting and en-route stations and should personally satisfy that there is nobody in the brake-van compartment in which loading/unloading of other packages is arranged at the starting and en-route stations and should

personally satisfy that there is no body in the brake-van compartment when it is finally locked before the departure of the train. Further they should be vigilant while the train is on the run and at all stopping stations where the brake-van compartment may be opened for loading/unloading en-route.

(viii) The armed escort if not replaced en-route will escort the consignment through to the destination even on a foreign railway. The originating Railway shall issue messages to concerned Zonal Railways and Divisions well in time for coordinating for provision of Reliefs for Armed RPF Escort and escort Guard. The message receiving Railways and divisions will confirm back. Advance planning in this regard must be done to ensure that there is no failure.

3. This should be brought to the notice of all concerned and above procedure followed. Please also acknowledge receipt.

Sd./-

(J. N. Tripathi)

*Jt. Director, Traffic Comml. (Claims),
Railway Board.*

ANNEXURE 'C'

Government of India
Ministry of Transport

Deptt. of Railways (Railway Board)

No. 85-TCIII/26/1

New Delhi, dt. 22nd Oct. 1985.

The General Managers,
All Indian Railways.

SUB: *Valuable consignments of 'Expected Articles' Safe custody/
..Transit—regarding.*

Extracts of para 4 and 10 of minutes of meeting held by Board (MT) on 22-9-1985 at Bombay regarding Gold theft, circulated vide letter of even number dated 10-10-1985, are reproduced below:—

Para 4: "For the loading of gold and silver etc., separate iron safe should be provided with double locker and the traffic should be carried by nominated trains on nominated days under escort guard and RPF staff consisting of 1 plus 4. They should go through to destination, if not relieved on the way."

Para 10: "All Railways should be advised to provide strong rooms for the safe custody of 'Excepted Articles' where booking and receipt of such traffic is a regular feature."

2. Board desire that trains by which, and station from which gold, silver etc. is to be booked should be nominated. Safe should be fitted in SLR of such nominated trains. Special arrangements for special guard as well as armed RPF escorts should be made on a regular basis. Strong rooms at nominated booking and destinations should be provided, if not already available.

Instructions have already been issued under this office letter No. 85-TCIII/26/1 dated 17-9-1985 that gold and silver etc. valued at more than Rs. 1 lakh should not be accepted unless percentage charge has been paid.

Sd./-

(J. N. Tripathi)

Jt. Director, Traffic Comml. (Claims),
Railway Board.

ANNEXURE 'D'

Government of India

Ministry of Transport

Department of Railways (Railway Board)

No. 85-TCIII/26/1

New Delhi, dated 30th October, 1985.

The General Managers,

All Indian Railways.

SUBJECT:—*Booking of Excepted Articles and provision of an armed RPF Escort to accompany High Valued Gold|silver consignments.*

Ref : Board's letter of even number dated 17-9-85.

In supersession of para 1 of Board's letter of even number dated 17-9-85, it has been decided that (a) any consignment of bullion, gold, silver, jewellery, masterpiece paintings, Opium, LSD, Television Sets, VCR sets irrespective of their value, should not be accepted for booking unless percentage charge has been paid by the consignor; and (b) In all such cases an armed RPF Escort in addition to Escort Guard should be provided if the value of consignment is Rs. 1 lakh and above. For consignments of the value of less than Rs. 1 lakh but more than Rs. 20000/-, an Escort Guard must be sent in charge of such consignment.

2. These instructions will come into force immediately. All other provisions of the letter dated 17-9-85 remain unchanged.

3. Please acknowledge receipt of this letter.

Sd/-

(J. N. Tripathi)

Jt. Director, Traffic Comml. (Claims)

Railway Board.

No. 85-TCIII|26|1

New Delhi dated 30th Oct., 1985.

Copy for information and necessary action to:

1. Chief Claims Officers, all Indian Railways
2. Chief Comml. Supdt., all Indian Railways
3. Chief Security Officers, all Indian Railways
4. TC-II, TC IV, TGIV, TC (M&S), Sec. (Cr.) Branches, Railway Board.

Sd/-

(J. N. Tripathi)

Jt. Director, Traffic Comml. (Claims)

Railway Board.

ANNEXURE 'E'

Government of India (Bharat Sarkar)

Minsitry of Transport (Parivahan Mantralayas)

Department of Railways (Rail Vibhag)

(Railway Board)

No. TCH|2425|86

New Delhi, dated 14-10-86.

The General Managers,

All Indian Railways

SUBJECT:—*Carriage of Gold, Silver, Jewellery and precious stones by Rail.*

Department of Railways have reviewed the extant rules and instructions regarding booking and carriage of articles of gold, silver—coined and uncoined, manufactured and unmanufactured, jewellery and precious stones, with a view to ensuring their safety in transit. The following decisions may be noted and complied with:—

- (i) The above mentioned articles would be accepted for carriage only when the prescribed percentage charge on value is paid. In other words, as already notified payment of percentage charge on value (insurance charge) would be compulsory in all cases.

- (ii) Such articles would be accepted for carriage only at stations where iron safe inside a strong room exist and RPF staff are posted. These stations may be notified by the General Managers for the information of the public. If there is sufficient demand at other stations, arrangement for providing these facilities should be made and the stations notified.
- (iii) The consigner must give an advance notice of at least 10 days to the Station Master of the booking station indicating all particulars including weight and value of the articles, name of the destination station, proposed date of booking etc.
- (iv) On receipt of such notice, Station Master would coordinate with the concerned Departments/Agencies for arranging special Guard, armed RPF escorts, reservation of compartment in a train by which such goods are to be carried, relief to be provided to the special Guard and RPF escorts enroute, etc. Station Master would advise the consigner the date on which such consignment would be accepted. The consignment would be despatched within 24 hours of its acceptance.
- (v) The parcels of such articles would be carried only in the reserved compartments of passenger/mail or Express trains and not by parcel trains. As far as possible, these would be cleared by through trains without involving any transshipment of re-packing enroute.
- (vi) The consignment would be locked in a mobile iron safe, keys of which would remain with the escort Guard. The safe would be carried in a reserved compartment preferably a I Class Coupe and where it is not available in the front Brakevan. Advance arrangement would be made for getting such compartment reserved for the purpose. As per extant rules, the consigner is required to pay freight at three times of GP scale. It has been decided that instead of this, the freight to be paid by the consigner will be equivalent to the amount of four I Class adult fares for the distance the consignment is to be carried. In case more than one consignment is loaded and despatches in the same compartment, the charge will be proportionately divided between different consignments on the basis of the value of each consignments.
- (vii) The Railway would send a Train Guard (to be called Special Guard) and if one is not available enroute, a Brakevan to travel alongwith the safe in the reserved compartment. In addition armed RPF escorts would be provided to travel in the same compartment throughout the run. The number of armed

RPF escorts required may be decided by the Security Department as per accepted yardstick for carriage of such valuables. Proper advance arrangements would be made for relieving special Guards as well as armed RPF escorts at pre-determined stations enroute. However, if the relief, for some unavoidable reasons does not turn up, the Guard or the escorts would continue to travel till such time they are relieved for which the Railway should make prompt arrangement on phone.

2. In view of the instructions indicated above, the charges for carriage of the above mentioned articles will be (i) freight, which will be equivalent to four I Class Fares; and (ii) percentage charge on value at the rate prescribed in the Coaching Tariff. All the charges should be prepaid.

3. It may please be ensured that such consignments are invariably accompanied by special Guard as well as armed RPF escorts throughout as indicated above.

4. These instructions are in partial modification of those communicated in the marginally noted communications.

5. The receipt of this letter may please be acknowledged.

(Hindi version will follow)

Sd/-

(M. S. BHANDARI)

Executive Director, Traffic Comm^l.

Railway Board,

No. TCII/2425/86

N. Delhi dated 14-10-86

Copy to :

1. DG RPF, Railway Board.
2. Chief Security Officers All Indian Railways.
3. CCS All Indian Railways.
4. FA & CAOs All Indian Railways.
5. TCIII/TCIV Branches of Railway Board.
6. ADAI (Railways), New Delhi with 36 spare copies.

ACTION TAKEN BY DEPTT. OF ECONOMIC AFFAIRS (BANKING DIVISION)

The State Bank of India was asked to examine the case of the loss of gold consignment and take remedial measures. The bank constituted a High Powered Committee comprising its Deputy Managing Director (Associate Banks) and Deputy Managing Director (Corporate Operations and Inspection) for the purpose. The Committee reviewed the existing procedures followed by the bank in regard to gold transactions and has made suggestions to make them safer. The bank has issued instructions

to its Local Head Offices to immediately arrange for implementation of the suggestions made by the Committee.

Subsequent to the loss of gold in this case, the Railways had stopped accepting further parcels unless the bank paid additional charges of 1 per cent of the value of the assignment to enable them to cover the gold loss, while in their custody. The bank arranged for detailed discussions among the concerned authorities viz. Hutti Gold Mines Ltd., Railways and the bank. The Hutti Gold Mines have agreed to make the payment of the additional charges demanded by the Railways. All parcels of gold are now being sent by Railway for which additional 1 per cent of the value of the consignment as demanded by the Railway is paid.

The local Head Offices of the bank also been advised that if any instance of such loss comes to their notice, the matter should be promptly investigated even if the bank is not directly responsible for the loss, considering that in any case it is a national loss.

The Office of the Comptroller & Auditor General who were requested to vet the replies to the recommendations/observations have observed as under:—

- (a) Copy of the instructions issued by the State Bank of India to Local Head Offices may be appended with the Note.
- (b) Precautions taken by the Railways to avoid recurrence of such instances may be mentioned in the Note.
- (c) the suggestions made by the High Powered Committee after reviewing the existing procedures followed by the Bank in regard to gold transactions may please be appended to the Note for information of Public Accounts Committee.

The Action taken by the State Bank is as under, seriatim:—

- (a) Copies of the following letters issued by the State Bank of India are enclosed:—
 - (i) Letter No. BOD: GEN: SPL: 50 dated the 17th October, 1986 addressed to SBI Bombay & New Delhi Circle (Annexure-I).
 - (ii) Copies of SBI Letter No. BOD: GEN: 49750 dated the 17th October, 1986 addressed to SBI, Madras, Bengal, Chandigarh, Lucknow, Hyderabad, Ahmedabad & Bangalore Circles (Annexure-II).
 - (iii) Letter No. BOD: GEN: 49749 dated the 17th October, 1986 addressed to SBI, Guwahati, Bhubaneswar, Bhopal and Patna Circles (Annexure-III).

(b) The Ministry of Railways issued instructions to its Zonal Railways in September and October, 1985, which *inter-alia* direct that:—

- (a) Gold, silver, bullion, jewellery, etc. will not be accepted for carriage, unless the sender pays "percentage charges on value". Earlier, the sender had an option not to pay this charge, and in that case the Railways were completely exonerated from any liability for loss of consignment in transit under Section 77B of the Indian Railways Act.
- (b) The Railways shall provide armed RPF escorts in each and every case in addition to special Guard.
- (c) Gold, silver, etc. shall be carried only by nominated trains with prescribed safeguards and after proper coordination between various Departments/Divisions/Railways.
- (d) The senders should give 10 days' notice to Railways before booking, and the Railways must despatch the parcels on the very day of booking.

Copies of these instructions are at Annexures-IV, V & VI.

The matter was again reviewed and instructions have been issued which envisage that gold, silver, etc. will be carried alongwith guard and escort in a reserved compartment or brake van. Copy of Railway Board's letter No. TCII/2425/86 dated 14-10-1986 is given in Annexure-VII. It is hoped that these safeguards will help in preventing recurrence of such cases.

Provisions of the Indian Railways Act are also being amended. In the Railway's Bill, 1986, the concept of excepted articles, as such, has been done away with, and there is no clause corresponding to Section 77B of the Indian Railways Act. However, in the new Bill, the extent of monetary liability of the Railways has been limited in relation to the weight of the consignment for which freight has been paid. The law, however, provides for added liability where the consignor declares the value of the consignment and pays prescribed percentage charge. The proposed bill also empowers the Central Government not to accept certain goods unless the percentage charge has been paid. An extract of clauses 102 and 103 of the Railways Bill, 1986, is reproduced below:—

"102(1) Whereby any consignment is entrusted to a railway administration for carriage by railway and the value of such consignment has not been declared as required under sub-section (2) by the consignor, the amount of liability of the railway administration for the loss, destruction, damage, deterioration or non-delivery of the consignment

shall in no case exceed such amount calculated with reference to the weight of the consignment as may be prescribed and where such consignment consists of an animal specified in column (1) of the Schedule, the liability shall not exceed the amount as specified in the corresponding entry in column (2) of the Schedule.

“(2) Notwithstanding anything contained in sub-section (1), where the consignor declares the value of any consignment that the time of its entrustment to a railway administration for carriage by railway, and pays such percentage charge as may be prescribed on so much of the value of such consignment as is in excess of the liability of the railway administration as calculated or specified, as the case may be, under sub-section (1) the liability of the railway administration for the loss, destruction, damage, deterioration or non-delivery of such consignment shall not exceed the value so declared.”

“(3) The Central Government may, from time to time, by notification direct that such goods as may be specified in the notification shall not be accepted for carriage by railway unless the value of such goods is declared and percentage charge is paid as required under sub-section (3).”

“(4) Notwithstanding anything in sub-section (3), such declaration of value and payment of supplementary sum shall be mandatory in the case of such goods and luggage as may be specified by the Central Government.”

“103. Where the value has been declared under section 102 in respect of any consignment, a railway administration may make it a condition of carrying such consignment that a railway servant authorised by it in this behalf has been satisfied by examination or otherwise that the consignment tendered for carriage contains the articles declared.”

Thus, the proposed law is in keeping with the instructions already issued by the Railways that declaration of the value and payment of percentage charge are mandatory in respect of bullion, gold, silver, jewellery etc.

(c) The suggestions made by the High Powered Committee may please be seen in Annexure-VIII.

[Ministry of Finance, Deptt. of Economic Affairs (Banking Division)
(Para 49) O.M. No. 15/3/86-Coord. dated 16-9-1987.]

ANNEXURE-I

Copy

**The Chief General Manager,
State Bank of India,
Bombay|New Delhi.**

BOD : GEN : SPL : 50

dated 17th October, 1986

25th Asvn. 1908 (S)

Dear Sir,

**LOSS OF PARCEL CONTAINING 400 GOLD BARS
WEIGHING 8 KGS. BOOKED UNDER RAILWAY
RECEIPT NO. 217202 EX. BBVT TO AGRA CANTT. BY
SBI, BOMBAY MAIN BRANCH ON THE 22ND MARCH
1983**

Please refer to our letter/telex No. _____ dated
the _____

2. The Committee constituted to examine the case of the loss of the captioned consignment has since submitted its report, a copy of which is forwarded herewith for your information.

3. In this connection, we request you to initiate urgent steps to implement various suggestions made by the Committee in paragraph IV(B)(f)2 of the Report to make the procedure of handling these transactions after.

4. The matter regarding staff accountability for the lapses/laxities, if any, in handling of the captioned transaction may also be examined and appropriate action initiated, wherever considered necessary.

5. Further, as suggested by the Committee, where any instance of large loss to public property comes to your notice, arrangement for getting the matter promptly investigated should be made, even if the bank is not directly responsible for the loss considering that in any case it is a national loss.

Yours faithfully,

Sd /-

Dy. Managing Director.

ANNEXURE-II

The Chief General Manager,
State Bank of India,
Madras/Bengal/Chandigarh/
Lucknow/Hyderabad/Ahmedabad/
Bangalore.

BOD: GEN: 49750

17th October, 1986

25th Asvn. 1908 (S)

Dear Sir,

**LOSS OF PARCEL CONTAINING 400 GOLD BARS
WEIGHING 8 KGS. BOOKED UNDER RAILWAY
RECEIPT NO. 217202 EX. BBVT TO AGRA CANTT. BY
SBI, BOMBAY MAIN BRANCH ON THE 22ND MARCH
1983**

The parcel containing 8 kgs. of gold booked by our Bombay Main Branch with Railways for Agra Branch on the 22nd March 1983 on behalf of Putti Gold Mines Ltd. had been lost, from the custody of the Railways while in transit. The matter has been examined by a Committee constituted by the Bank who has suggested several modifications in the existing procedures to plug loopholes in the handling of these transactions on behalf of HGML. The suggestions made by the Committee are as under:

- (i) The Register where in the record of gold received and despatched is maintained should be standardised.
- (ii) These registers should be maintained in duplicate—one always remaining inside the strong room.
- (iii) The Register in which the entries are made relating to receipt/despatch/delivery of gold should be verified by the Manager (Accounts) at Bombay Main Branch and Branch Manager at other centres at regular intervals. It is suggested that its verifications should be done atleast once a month. The Inspecting officials while inspecting these branches should also verify the relative registers and gold held at the branches.
- (iv) The enquiries relating to the despatch/arrival of consignments should always be made in writing by the branches apart from verbal enquiries.

- (v) Based on the experience of the past instances of despatch to various centres, the maximum period should be worked out for each centres, which in our opinion, should be the minimum time taken in any particular instance, whereafter vigorous follow up should be made by both the branches *i.e.* sending and receiving by the quickest means of communication.
- (vi) It is suggested that first formal enquiry with the Railways should be made both by the despatching/receiving branches on the 7th/8th day of delivery of the parcel to the Railways for despatch. Thereafter, the matter should be enquired at regular intervals, say on alternate day.
- (vii) The Chief Manager, Bombay Main Branch and Branch Manager of the Branch at the concerned distributing centre should be kept abreast by the concerned officials about any despatches/receipt of gold developments in regard to these cases from time to time. For the purpose, it would be desirable if all the reminders to the concerned parties, *i.e.* Railways/HGML/our branches are signed by the Branch Manager/Manager of Divisions as it would ensure his remaining aware of the developments/problems, if any, in such cases.

3. As the gold is also despatched by Bombay Main Branch to your— for delivery to the industrial users you are requested to immediately review the procedure followed at the above————— for handling these transactions and initiate necessary steps for early implementation of the suggestions made by the Committee.

4. Further, whenever any instance of large loss to public property comes to your notice, arrangement for getting the matter promptly investigated should be made even if the bank is not directly responsible for the loss, considering that in any case it is a national loss.

5. Please, acknowledge receipt of the letter in due course and advise us the action taken by you in the matter.

Yours faithfully,

Sd/-

Dy. Managing Director
(Corp. Oprs. & Inspn.)

<i>Circle</i>	<i>Branches</i>
	Madras Main
Bengal	Calcutta Main
Chandigarh	Amritsar
Lucknow	Varanasi
Hyderabad	Hyderabad Main, Masulipatnam, Rajahmundry
Ahmedabad	Surat
Bangalore	Bangalore Main

ANNEXURE-III

The Chief General Manager,
State Bank of India,

BOD: GEN: 49719

Bhopal/Bhubaneshwar/Gauhati/Patna.

17th October, 1986

25th Asvn. 1908 (S)

Dear Sir,

**LOSS OF PARCEL CONTAINING 400 GOLD BARS
WEIGHING 8 KGS. BOOKED UNDER RAILWAY
RECEIPT NO. 217202 EX. BBVT TO AGRA CANTT. BY
SBI. BOMBAY MAIN BRANCH ON THE 22ND MARCH
1983**

A parcel containing 8 kgs. of gold valued at Rs. 14,08,000 (approximately) booked by our Bombay Main Branch for Agra Branch on the 22nd March 1983 had been lost from the custody of the Railways while in transit. The Public Accounts Committee (Eighth Lok Sabha) who examined the issue was critical of the fact that the follow up by our branches after delivery of the consignment to Railways was not effective and having come to know of the loss of the consignment no immediate enquiry was instituted by the bank in the matter.

2. The matter was examined at this office in detail and it has been decided that, in future, whenever any instance of large loss to public property comes to notice, arrangement for getting the matter promptly investigated should be made even if the bank is not directly responsible for the loss considering that in any case it is a national loss.

3. Kindly ensure compliance.

Yours faithfully,
Sd/-

Dy. Managing Director
(Corp. Oprs. & Inspn.)

ANNEXURE IV

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 85-TCIII/26/1

New Delhi, dated 17th Sept., 85

The General Managers (Comml.)

All Indian Railways.

SUB: Provision of an armed RPF Escort to accompany High valued
*Gold|Silver consignments.*Ref: Board's letter of even number dated 26-2-85 and Zonal Rail-
*ways Reply thereto.*In supersession of para 3 of Board's letter of even number dated
2-9-85, the Board have decided the following:—

- (a) whenever any consignment of bullion, gold, silver or jewellery costing Rs. 1 lakh and above is tendered for despatch payment of the percentage charge on value should be made compulsory otherwise these should not be accepted for booking; and
 - (b) In all such cases an armed RPF Escort in addition to Escort Guard should be provided.
2. Procedure to be followed for booking and despatch:—
- (i) Such consignments of bullion, gold, silver or jewellery, the value of which is Rs. 1 lakh and more, should be accepted for booking only if the party desiring to despatch it gives an advance notice of ten days to HPC/SS/SM of the booking station, indicating the full particulars viz-name of destination station, approximate weight, date of despatch and train by which consignment desired to be despatched. It should be permissible to cover more than one consignment under the same advance notice.
 - (ii) After finalising the arrangement regarding despatch of such consignment the HPC/SS/SM will advise the party the date on which consignments will be accepted and despatched.
 - (iii) The consignments should be accepted from the party on the date of despatch and it should invariably be despatched by the nominated trains on that day.
 - (iv) On receipt of intimation from the party HPC/SS/SM will bring this to the notice of ACS/DSS who will co-ordinate with

operating/security Departments to arrange for Escort Guard and armed RPF staff who will be incharge of the consignments from the forwarding station. On rare occasion when Escort Guard is not available on the day of despatch any suitable Class-III railway servant preferably an APC/Commercial clerk, can be booked as Escort Guard. Each case of default in which Escort Guard is not made available must be reported to Head Quarters Office (both CCS and CCPS) telegraphically. Such cases should be viewed seriously.

- (v) SS/SM immediately after finalising the date and train by which valuable consignments under an Escort Guard is to be despatched must advise the Operating and Security Officers of the adjoining Divisions/Railways over which the consignment has to be moved so that timely arrangements for relief of Escort Guard at crew changing stations and of RPF staff are made. Zonal Railways should ensure that relief for Escort guards as well as RPF is arranged without fail and there should be no occasion for unloading the consignment en-route for want of relief.
- (vi) The Escort Guard deputed be in-charge of such consignments should carefully examine and record the condition of the seal or other fastening on the package/packages. He should be present while valuable parcel/parcels is being loaded in the cupboard/locker provided in the brake van in the presence of parcel staff, RPF/C and armed escorts. The cupboard/locker in which such valuable parcels are loaded should be locked and properly sealed in the presence of RPF/GRP armed escort and the key of the locker should be retained by the Escort Guard in his personal custody.
- (vii) The Escort Guard and the accompanying armed RPF staff will travel in the guard's brakevan. The Escort guard and RPF staff accompanying the consignment should be present in the brake-van compartment in which loading/unloading of other packages is arranged at the starting and en-route stations and should personally satisfy that there is nobody in the brake-van compartment when it is finally locked before the departure of the train. Further they should be vigilant while the train is on the run and at all stopping stations where the brake-van compartment may be opened for loading/unloading en-route.
- (viii) The armed escort if not replaced en-route will escort the consignment through to the destination even on a foreign railway. The originating Railway shall issue messages to con-

cerned Zonal Railways and Divisions well in time for coordinating for provision of Reliefs for Armed RPF Escort and Escort Guard. The message receiving Railways and divisions will confirm back. Advance planning in this regard must be done to ensure that there is no failure.

3. This should be brought to the notice of all concerned and above procedure followed. Please also acknowledge receipt.

Sd/-
 (J. N. Tripathi)
 Jt. Director, Traffic Conml. (Claims)
 Railway Board.
 Sd/-

ANNEXURE-V

GOVERNMENT OF INDIA
 MINISTRY OF TRANSPORT

DEPTT. OF RAILWAYS (RAILWAY BOARD)

No. 85-TCIII/26/11

New Delhi, dated 22nd Oct., '86.

The General Managers,

All Indian Railways.

SUB: *Valuable consignments of 'Excepted Articles' safe custody Transit—regarding.*

Extracts of para 4 & 10 of minutes of meeting held by Board (KT) on 22.9.85 at Bombay regarding Gold theft, circulated vide letter of even number dated 10.10.85, are reproduced below:

Para 4: "For the loading of gold & silver etc., Separate iron safe should be provided with double locker and the traffic should be carried by nominated trains on nominated days under escort guard and RPF staff consisting of 1 plus 4. They should go through to destination, if not relieved on the way".

Para 10: All Railways should be advised to provide strong rooms for the safe custody of 'Excepted Articles,' where booking and receipt of such traffic is a regular feature".

2. Board desire that trains by which, and stations from which gold, silver, etc. is to be booked should be nominated. Safe should be fitted in SIR of such nominated trains. Special arrangements for special guard as

well as armed RPF escorts should be made on a regular basis. Strong rooms at nominated booking and destinations should be provided, if not already available.

3. Instructions have already been issued under this Office letter No. 85-TCIII/26/1 dated 17.9.85 that gold and silver etc. valued at more than Rs. 1 lakh should not be accepted unless percentage charges has been paid.

Sd/-
(J. N. Tripathi)
Jt. Director, Traffic Commercial (Claims)
Railway Board

ANNEXURE-VI

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT

DEPTT. OF RAILWAYS (RAILWAY BOARD)

No. 85-TCIII/26/1

New Delhi, dated 30th Oct. '85.

The General Managers,

All Indian Railways.

SUBJECT:—*Booking of Expected Articles & provision of an armed RPF Escort to accompany High valued Gold/Silver consignments.*

Ref: Board's letter of even number 17.9.85

In supersession of para 1 of Board's letter of even number dated 17.9.85, it has been decided that:- (a) any consignment of bullion, gold, silver, jewellery, masterpiece paintings, opium, LSD; Television Sets; VCR sets irrespective of their value, should not be accepted for booking unless percentage charge has been paid by the consignor; and (b) In all such cases an armed RPF escort in addition to Escort Guard should be provided if the value of consignment is Rs. 1 lakh and above. For consignments of the value of less than Rs. 1 lakh but more than Rs. 20,000/-, an Escort Guard must be sent in charge of such consignment.

2. These instructions will come into force immediately. All other provisions of the letter dated 17.9.85 remain unchanged.

3. Please acknowledge receipt of this letter.

Sd/-
(J. N. Tripathi)
Jt. Director, Traffic Commercial (Claims)
Railway Board.

No. 85-TCIII:26:1

New Delhi, dated 30th Oct, '85.

Copy for information and necessary action to:

1. Chief Claims Officers, all Indian Railways.
2. Chief Comml. Supdt., all Indian Railways.
3. Chief Security Officers, all Indian Railways.
4. TC-II, TC-IV, TG-IV, TC(M&S); Sec(Cr. Branches) Railway Board.

Sd/-

(J. N. Tripathi)

Jt. Director, Traffic Comml. (Claims)
Railway Board.

ANNEXURE VII

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF TRANSPORT (PARIVAHAN MANTRALAYA)
DEPTT. OF RAILWAYS (RAIL VIBHAG)
(RAILWAY BOARD)

No. TCII:2425:86

New Delhi, dt. 14.10.85.

The General Managers,
All Indian Railways.

SUB: Carriage of Gold, Silver, Jewellery and precious stones by Rail.

Department of Railways have reviewed the extant rules and instructions regarding booking and carriage of articles of gold, silver-coined and uncoined, manufactured and unmanufactured, jewellery and precious stones, with a view to ensuring their safety in transit. The following decisions may be noted and complied with:-

- (i) The above mentioned articles would be accepted for carriage only when the prescribed percentage charge on value is paid. In other words, as already notified payment of percentage charge on value (insurance charge) would be compulsory in all cases.
- (ii) Such articles would be accepted for carriage only at stations where iron safe inside a strong room exist and RPF staff are posted. These stations may be notified by the General Managers for the information of the public. If there is sufficient demand at other stations, arrangement for providing these facilities should be made and the stations notified.

- (iii) The consignee must give an advance notice of atleast 10 days to the Station Master of the booking station indicating all particulars including weight and value of the articles, name of the destination station, proposed date of booking, etc.
- (iv) On receipt of such notice, Station Master would coordinate with the concerned Departments/Agencies for arranging special Guard, armed RPF escorts, reservation of compartment in a train by which such goods are to be carried relief to be provided to the special Guard and RPF escorts enroute, etc. Station Master would advise the consigner the date on which such consignment would be accepted. The consignment would be despatched within 24 hours of its acceptance.
- (v) The parcels of such articles would be carried only in the reserved compartments of passenger/mail or Express trains and not by parcel trains. As far as possible, these would be cleared by through trains without involving any transhipment or repacking enroute.
- (vi) The consignment would be locked in a mobile iron safe, keys of which would remain with the escort Guard. The safe would be carried in a reserved compartment preferably a I Class Coupe and where it is not available in the front Brakevan. Advance arrangement would be made for getting such compartment reserved for the purpose. As per extant rules, the consigner is required to pay freight at three times of GP scale. It has been decided that instead of this, the freight to be paid by the consigner will be equivalent to the amount of four I Class adult fares for the distance the consignment is to be carried. In case more than one consignment is loaded and despatches in the same compartment, the charge will be proportionately divided between different consignments on the basis of the value of each consignment.
- (vii) The Railway would send a Train Guard (to be called Special Guard) and if one is not available enroute, a Brakevan to travel alongwith the safe in the reserved compartment in addition armed RPF escorts would be provided to travel in the same compartment, throughout the run. The number of armed RPF escorts required may be decided by the Security Department as per accepted yard sticks for carriage of such valuables. Proper advance arrangements would be made for relieving special Guards as well as armed RPF escorts at pre-determined stations enroute. However, if the relief, for some unavoidable reasons does not turn up, the Guard or the escorts would continue to travel till such time they are relieved for which the Railway should make prompt arrangement on phone.

2. In view of the instructions indicated above, the charges for carriage of the above mentioned articles will be (i) freight which will be equivalent to four I Class Fares; and (ii) percentage charge on value at the rate prescribed in the Coaching Tariff. All the charges should be prepaid.

3. It may please be ensured that such consignments are invariably panied by special Guard as well as armed RPF escorts throughout as indicated above

4. These instructions are in partial modification of these communicated in the marginally noted communications.

5. The receipt of this letter may please be acknowledged.

(Hindi version will follow).

Sd/-

(M. S. BHANDARI)

Executive Director, Traffic Comml.
Railway Board,

No. TCH/2425/86

N. Delhi dt. 14.10.86

Copy to:

1. DG RPF, Railway Board.
2. Chief Security Officers, All Indian Railways.
3. CCS, All Indian Railways.
4. FA & CAOs, All Indian Railways.
5. TCH/TCIV Branches of Railway Board.
6. ADAI (Railways), New Delhi with 36 spare copies.

ANNEXURE-VIII

Suggestions made by the High Powered Committee after reviewing the existing procedure followed by the bank in handling such cases.

- (i) The Register wherein the record of gold received and despatched is maintained should be standardised.
- (ii) These registers should be maintained in duplicate--one always remaining inside the Strong Room.
- (iii) The details of the summary of despatches made to various centres should be properly maintained in a separate register mentioning *inter alia* the forwarding letter number, Railway Receipt and the Registered AD number of the cover under which the documents has been sent etc. The entries should be duly authenticated by both the joint custodians.

- (iv) The Register in which the entries are made relating to receipt/despatch of gold should be varified by the Manager (Accounts) at Bombay Main Branch and Branch Manager at other centres at regular intervals. It is suggested that its verifications should be done at least once a month.
- (v) The gunny bags in which the gold is kept should also be sealed with the Bank's seal in addition to sealing of the wooden box to avoid any chances of tempering with the contents in the wooden box in the event of the box getting broken or damaged by chance/accident.
- (vi) The enquiries relating to the despatch/arrival of consignments should always be made in writing by the branches apart from verbal enquiries.
- (vii) Based on the experience in the past of instances of despatch to the various centres, the maximum period should be worked out for each centre, which in our opinion, would be the minimum time taken in any particular instance, whereafter, vigorous follow up should be made by both the branches *i.e.* sending and receiving by the quickest means of communication.
- (viii) It is suggested that first formal enquiry with the Railway should be made both by the despatching/receiving branches on the 7th/8th day of delivery of the parcel to the Railways despatch. Thereafter, the matter should be enquired at regular intervals, say on alternate days.
- (ix) The Railways should be advised in advance of the despatch of parcel to a particular centre, so that appropriate arrangements for the escort guard can be made by them in time to avoid the parcel remaining undespached at the Railway Station for a long period.
- (x) The Chief Manager, Bombay Main Branch and the Branch Manager of the branch at the concerned distributing centre should be kept abreast by the concerned officials, about any despatches/receipt of gold and developments in regard to these cases from time to time. For the purpose, it would be desirable if all the reminders to the concerned parties *i.e.* Railways/HGML our branches are signed by the Branch Manager/Manager of Division as it would ensure his remaining aware of the developments/problems, if any, in such causes.
- (xi) The Circles have been asked to implement the suggestions of the High Power Committee immediately.

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRES TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM THE GOVERNMENT

Recommendation

Cash, silver and gold are excepted articles mentioned in the second schedule of Section 77B of Indian Railways Act, 1890 Section 77B(1) *inter alia*, provides that when any article mentioned in the second schedule is delivered to Railway Administration to be carried by Railway and the value of such article exceeds rupees five hundred the Railway Administration shall not be responsible for the loss, destruction, damage or deterioration etc. of the article unless the person sending the article agreed to declare its value and contents in writing and if so required by the administration, paid or agreed to pay in writing a percentage on the value so declared by way of compensation for the increased risk. In this case, the claim for Rs. 14.08 lakhs preferred by the State Bank of India towards the loss of gold parcel was rejected by the Railways as the percentage charges on the value of the consignment was not paid. Hutty Gold Mines Ltd. which had taken out a general insurance policy for all gold sent out from the mines lodged a claim for Rs. 14.08 lakhs with the United India Insurance Company and the latter settled the claim in full. The United India Insurance Company decided to file a civil suit against the Railways to compensate them for the claim paid by them on account of the loss of gold from the custody of Railways. While the Railways take protection under the above stated provisions of Railway Act, the State Bank of India relies upon the practice and tradition of sending the gold by rail for the last 2 decades and more without paying any percentage charges to the Railways. Practice and custom cannot, according to Railways, justify any responsibility being placed on them as carrier in the light of the specific provision in the Railways Act and Rules thereunder. While the Committee agreed that the Railways are on strong ground in rejecting any claim for the loss of gold, they should surely have been gravely concerned that a theft of this kind and magnitude had taken place of valuable goods entrusted to them. As a public organisation they have a responsibility as is clear from the fact that they had delayed the despatch of the gold until day had an escort available. Equally deplorable is the apathy shown

by the State Bank of India in discharging their agency function merely because the gold had been insured by Hutty Mines and the insurers had paid the claim. Their excuse is that as the Hutty Mines had taken out a policy they were absolved. This is not the right attitude for a Bank to adopt. It is expected to justify the trust reposed in it by exercising every care while the gold is in its care and custody. In this case, the bank showed surprising indifference. One would have expected that as a responsible organisation, it would institute inquiry about its parcel of gold as soon as the time it would normally have taken for the parcel to arrive at its destination had expired. The Railways also should have been equally concerned. Insurance is effected only to cover the financial loss involved if the parcel is lost or stolen. It cannot absolve either the Bank as the agent entrusted with the task of delivery to its destination or the Railways as the actual transporting organisation from the primary responsibility of seeing to it that the article entrusted to them was delivered safely to its destination. It was incumbent on them to have taken steps when the loss was discovered. A thorough inquiry should have been made.

[Sl. No. 3, para 44 of Public Accounts Committee's 50th Report
(1986-87)]

Action taken by the Ministry of Railways

Even though the claim for loss of subject gold consignment was not tenable under law, the Railways had taken a serious note of loss of such a valuable consignment from the custody of the Railways. Chronological history of action taken is given at Annexure F. As soon as the loss was detected, the following actions were taken:

- (i) Immediately on detection of the loss of the parcel at Bhusaval, FIR was lodged with Government Railway Police, and three railway Guards (two train guards who worked the train and one Special Guard who was specially deputed for the safety of this valuable package) were arrested, and kept under police/magisterial custody for 34 days till they were released on bail.
- (ii) Preliminary investigation was done by Government Railway Police and Railway Protection Force Inspectors for four days, and thereafter, keeping in view the seriousness of the crime, investigation was entrusted to CID (Crime) of Maharashtra State Police.
- (iii) On the very day of detection of crime, Central Railway Administration appointed a committee of three junior Administrative Officers of the Security, Traffic and Accounts Departments to fix responsibility for this loss.

[Ministry of Railways (Railway Board) O.M. No. 86-BC-
PAC/VIII/50 dated March 1987]

ANNEXURE—'F'*Sub : Theft of parcel containing gold**Chronological History*

- 22-3-1983 State Bank of India booked a parcel said to contain 8 kgs. of gold worth Rs. 14.08 lakhs from Bombay V.T. to Agra. The gross weight of the parcel was 10.5 Kgs. and the freight paid was Rs. 107. The wooden box was covered with gunny cloth and was sealed by the bank. The consignor did not pay additional "percentage charge on value" which in this case would have amounted to Rs. 14,080/-. The forwarding note bears the remarks of the sender : "Not insured with the Railway."
- The gold belonged to M/s. Hutty Gold Mines who had taken an insurance policy issued by United India Insurance Company which covered the transit risk also. The State Bank acted as the agents of M/s. Hutty Gold Mines. They have since received compensation from the Insurance Company.
- 26-4-1983 The parcel was despatched in charge of a special guard, Shri D. D. Modak, by 5 Down, Punjab Mail. Loading was done in the cupboard of rear SLR in the presence of RPF, GRP and parcel staff of Bombay V.T. The cupboard inside the luggage van was padlocked by the special Guard, Shri Modak, and the keys remained with him.
- 26-4-1983 It was decided to unload the parcel at Bhusaval as no relief Guard was available there to relieve Shri Modak. It was then found that though the lock on the cupboard was intact, the gold parcel was missing.
- 27-4-1983 On the same day, FIR was lodged with GRP. A preliminary enquiry conducted by RPF as well as GRP, Bhusaval from 27-4-1983 to 30-4-1983.
- At the same time, Central Railway Administration appointed a Committee of three Junior Administrative Officers (Dy. CCO, Dy. SCO and Dy. CAO) to conduct a fact finding enquiry into the theft of this valuable consignment.
- 30-4-1983 Shri Modak, special Guard, and two other train Guards, who had worked 5 Down, Punjab Mail, from Bombay V.T., to Igatpuri, and from Igatpuri to Bhusaval were arrested.
- 1-5-1983 The case was entrusted to CID (Crime), Nasik Unit of Maharashtra State Police. The three accused remained under Police/Magisterial custody till they were released on bail on 1-6-1983.

31-10-1983 A joint circular was issued by CCS, COPS and CSO of Central Railway to prevent recurrence of such incidents. Instructions were issued that payment of the percentage charge on value will be 'compulsory' in the case of a consignment of bullion, gold, silver or Jewellery costing Rs. 1 lakh and more. It also envisaged improvement in procedures and security measures, laying down 10 days advance intimation by the consignor, booking of the goods on the same day on which arrangements for despatch have been made, escorting of the consignment not only by special guard but also armed RPF staff, co-ordination with other Divisions and Railways, sealing of the locker in the breakvan etc.

Similar instructions with some modifications were later on issued by the Railway Board to all Zonal Railways.

21-4-1984 The enquiry committee of three Dy. HODs. submitted their findings after examining 43 witnesses.

The Committee could not localise the place or Section where the crime occurred. Individual responsibility for theft could not be fixed by the Committee. However, they held the following staff responsible :—

- (i) Shri Modak, Special Guard, was held responsible for his failure to exercise requisite caution and vigilance in his duties.
- (ii) Booking clerk, Bombay V.T. was held responsible for not putting certain remarks in the railway receipt.
- (iii) ASM, Igatpuri, and ASM, Bhusaval, were held responsible for not arranging relief for the special Guard.

Certain suggestions made by the Committee had already been implemented earlier by issue of a joint circular on 31-10-1983, referred to above.

Three staff, namely, Parcel Clerk, Bombay V.T., ASM, Igatpuri, and ASM, Bhusaval, were given minor punishment for the omissions mentioned above. Action against Shri Modak was kept pending till the finalisation of police investigation.

2-12-1985 As CID enquiry was taking longer time, major penalty chargesheet for dismissal was issued against Shri Modak.

7-7-1986 CID Police completed their investigation and filed a chargesheet against Shri Modak in the court of Railway Magistrate under Section 409 IPC. The other two train Guards, who were earlier arrested, were discharged.

- 3-10-1986 Shri Modak, special Guard dismissed from service after completion of enquiry under D&A Rules.
- 14-10-1986 Comprehensive instructions issued to Zonal Railways (Annexure 'E') which inter-alia lays down that such valuable parcels should be carried in a separate compartment or front breakvan, and armed R.P.F. Guards should travel along with the consignment.

Action taken by Deptt. of Economic Affairs (Banking Division)

The observation of the Committee has been conveyed to the Bank.

The Office of the Comptroller and Auditor General, who were requested to vet the replies to the recommendations/observations have observed as under:—

The Ministry have stated that the observation of the Committee have been conveyed to the bank but the follow-up action taken by the bank on these observations has not been incorporated in the Note.

The State Bank of India has replied to these observations as under:—

Immediately after the 50th Report of the Public Accounts Committee (1986-87) (Eighth Lok Sabha) was received by the bank, a High Power Committee consisting of the Deputy Managing Director (Associate Banks) and Deputy Managing Director (CO & I) of the Bank was constituted to examine the case of the loss of the gold parcel and suggest modifications/changes in the existing procedure of handling gold with a view to make it safer.

The Committee examined the matter in detail by referring to the various books/records in respect of despatch/receipt of gold and by visiting the centres where the gold parcel was sent/received and have made a number of suggestions to plug the loop-holes in the existing system. Necessary instructions on the subject had been issued to the operating staff for strict and immediate implementation of the suggestions made by the High Power Committee.

Further, the bank is now paying 1 per cent additional charge of the value of consignment to the railways to meet their insurance charges in addition to the comprehensive General Insurance Policy taken out by Hutti Gold Mines Limited to cover the gold against loss while in their custody, with United Insurance Co. Ltd. These charges are borne by the Hutti Gold Mines Limited.

[Ministry of Finance & Deptt. of Economic Affairs (Banking Division)
O.M. No. 15/3/86-Coord. dated 16-9-87]

CHAPTER IV

**OBSERVATIONS/RECOMMENDATIONS REPLIES TO WHICH
HAVE NOT BEEN ACCEPTED BY COMMITTEE AND WHICH
REQUIRE REITERATION**

NIL

CHAPTER V

**OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH
GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

NIL

NEW DELHI;
August 1, 1989

Agrahayana 10, 1911 (Saka)

P. KOLANDAIVELU
Chairman,
Public Accounts Committee.

APPENDIX I

- (i) Observations/Recommendations that have been noted/accepted by Government:
Sl. Nos. 1, 2, 4, 5, 6, 7, 8 and 9
- (ii) Observations/Recommendations which the Committee do not desire to pursue in the light of the replies received from the Government:
Sl. No. 3
- (iii) Observations/Recommendations replies to which have not been accepted by Committee and which require reiteration:
NIL
- (iv) Observations/Recommendations in respect of which Government have furnished interim replies :
NIL

APPENDIX II

Statement of Observations/Recommendations

Sl. No.	Para No.	Ministry/ Deptt. concerned	Observations/Recommendations
1	2	3	4
1.	11	Railways Economic Affairs (Banking Division)	<p>The Committee in their original Report had recommended that if certain instructions are issued in a Zonal Railway to prevent recurrence of a incident and if that particular incident could also take place in other Railways then those instructions should uniformly be circulated in all the Zonal Railways. The Committee had also recommended that for this purpose some sort of coordination system should be set up at the Central level if the same did not exist. However, the Committee note that the reply of the Ministry of Railways is silent on these points and feel that Railway Board should function as a coordinating agency in such situation.</p> <p>The Committee are informed that Ministry of Railways, in order to plug the various loopholes in the procedure for transport of valuable goods, studied this case of theft of gold parcel and issued instructions to its Zonal Railways in September and October, 1985 and October 1986, incorporating necessary guidelines. Similarly the State Bank of India constituted a High Powered Committee for this purpose and suggestions made by them are stated to have been circulated by the Bank to its Local Head Offices. The Committee desire that both the Ministry of Railways and the State Bank of India should ensure the strict compliance of the respective instructions issued by them so as to avoid the recurrence of such losses.</p>

PART II
MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS
COMMITTEE HELD ON 1-8-1989

The Committee sat from 1500 hrs. to 1600 hrs.

PRESENT

Shri P. Kolandaivelu—*Chairman*

MEMBERS

2. Shri Abdul Hannan Ansari
3. Shri M. Y. Ghorpade
4. Shri Y. S. Mahajan
5. Maj. Gen. R. S. Sparrow
6. Shrimati Usha Rani Tomar
7. Dr. Chandra Shekhar Tripathi
8. Shri Vir Sen
9. Shri Rameshwar Thakur
10. Shri Surender Singh

SECRETARIAT

1. Shri G. L. Batra—*Joint Secretary*
2. Shri K. K. Sharma—*Director*
3. Shri A. Subramanian—*Senior Financial Committee Officer*

REPRESENTATIVES OF AUDIT

1. Shri R. Parameswar—*Addl. Dy. CAG*
2. Shri S. B. Krishnan—*Director (Reports)*
3. Shri S. Satyamoorthy—*Director of Audit, CW&M-I*
4. Shri T. Sethumadhvan—*Director of Receipt Audit-I*
5. Shri K. Krishnan—*Joint Director (DT)*
6. Shri K. Jayaraman—*Jt. Director (Rlys)*

The Committee considered and adopted the following Draft Action Taken Reports:

* * *

On the recommendations contained in 50th Report of PAC (8th Lok Sabha) regarding complete loss of Gold Articles (Subject to amendments/modifications as shown in Annexure-I).

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2. The Committee authorised the Chairman to finalise the Draft Report in the light of verbal and consequential changes arising out of factual verification by audit and present the same to the House.

The Committee then adjourned.

AMENDMENT/MODIFICATIONS MADE BY THE PUBLIC ACCOUNTS COMMITTEE IN DRAFT REPORT ON ACTION TAKEN ON 50TH REPORT OF PAC (8TH LOK SABHA) ON COMPLETE LOSS OF GOLD ARTICLES AT THEIR SITTING HELD ON 1 AUGUST, 1989.

<i>Page</i>	<i>Para</i>	<i>Line</i>	<i>Amendment/Modification</i>
4	11	8—15	<p><i>For</i> "However the Committee are surprised reply to in future."</p> <p><i>Substitute</i> "However the Committee note that the reply of the Ministry of Railways is silent on these points and feel that Railway Board should function as a co-ordinating agency in such situation."</p>

