

REPORT

PUBLIC ACCOUNTS COMMITTEE (1982-83)

(SEVENTH LOK SABHA)

LOST PROPERTY OFFICES

MINISTRY OF RAILWAYS

[Action Taken by Government on the recommendations of the
Public Accounts Committee contained in their 4th Report
(in Lok Sabha)]



Presented in Lok Sabha on
Laid in Rajya Sabha on

LOK SABHA SECRETARIAT
NEW DELHI

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			22.	Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akur Lane, Calcutta 12.	82
			23.	M/s. Mukherji Book House, 8B, Duff Lane, Calcutta-6.	4

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PUBLIC ACCOUNTS COMMITTEE

(1982-83)

CHAIRMAN

Shri Satish Agarwal

MEMBERS

Lok Sabha

2. Shri Chitta Basu
3. Shrimati Vidyavati Chaturvedi
4. Shri C. T. Dhandapani
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Rajya Sabha

16. Dr. Sankata Prasad
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19. Shri B. Satyanarayan Reddy
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21. Shri Nirmal Chatterjee
22. Shri A. P. Janardhanam

SECRETARIAT

1. Shri T. R. Krishnamachari—*Joint Secretary*
2. Shri K. C. Rastogi—*Chief Financial Committee Officer*
3. Shri Ram Kishore—*Senior Financial Committee Officer*

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this 128th Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 47th Report (Seventh Lok Sabha) regarding Lost Property Offices.

2. In this action taken report, the Committee have expressed the view that the existing penal provisions are not deterrent enough to curb the cases of misdeclaration of goods by consignors with a view to getting the benefit of lower freight rate as well as the cases where fake goods are tendered for despatch which may not be cleared at the destination thereby causing loss of freight to the Railways. The Committee have desired that the question of amending the Indian Railways Act so as to make the penal provisions more stringent should be given serious consideration. The Committee have also urged the Ministry of Railways and the Banking Department of the Ministry of Finance to evolve appropriate legal and inter-institutional measures to deal with unscrupulous persons who cheat the banks by drawing advances against Railway receipts obtained by tendering fake goods for despatch.

3. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 29 January, 1983.

4. For facility of reference and convenience, the conclusions and recommendations 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.

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

NEW DELHI;

February 3, 1983

Magha 14, 1904 (S)

SATISH AGARWAL

Chairman

Public Accounts Committee.

CHAPTER I

This Report of the Committee deals with the action taken by Government on the Committee's conclusions and recommendations contained in their 47th Report (Seventh Lok Sabha) on Ministry of Railways—Lost Property Offices.

1.2. Action Taken Notes on the conclusions and recommendations of the Committee contained in the Report have been received from the Government and categorised under the following heads:

- (i) Conclusion and Recommendations that have been accepted by Government:

Sl. Nos. 1—3, 5—8, 10—14, 19—26

- (ii) Conclusions and Recommendations which the Committee do not like to pursue in view of the replies of Government:

Sl. Nos. 4 and 18

- (iii) Conclusions and Recommendations replies to which have not been accepted by the Committee and which require reiteration:

Sl. No. 9

- (iv) Conclusions and Recommendations in respect of which Government have given interim replies:

Sl. Nos. 15—17

1.3. The Committee regret to observe that despite repeated reminders, the Ministry of Railways have failed to furnish final replies to the recommendations at Serial Nos. 15—17 in respect of which interim replies were furnished in December, 1981. Even as late as 4th November, 1982 the Committee were informed that "there is no change in the position as already advised however, every possible effort is being made to obtain reply from Eastern Railway and it may take another one month to finalise the replies". The Committee have received no further communication in the matter. The Committee take a serious view of the inordinate delay on the part of the Eastern Railway in implementing the recommendations of the Committee referred to them by the Railway Board. The Committee desire that the Railway Board should ensure compliance by concerned authorities without further delay and report the compliance to the Committee within a month.

1.4. The Committee will now deal with the action taken by Government on some of their recommendations.

Misdeclaration of goods (S. Nos. 8 and 9, Paras 1.77 and 1.78)

1.5. Commenting adversely on instances of deliberate misdeclaration of goods resulting in loss of revenue to the Railways, the Committee had in paragraphs 1.77 and 1.78 of the 47th Report recommended:

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

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

banks should be suitably and timely advised about the activities of such persons. The Committee recommend that the Ministry of Railways and the Banking Department of the Ministry of Finance should examine the matter in depth and if necessary provided by law penal action against those who resort to such irregular practices." (Para 1.78)

1.6. In their Action Taken Note dated 15 December, 1981 the Ministry of Railways (Railway Board) have stated:

"Existing rules provide for the levy of penal rate of freight at double the highest class rate in cases where at destination goods have been found to be improperly described with a view to getting the benefit of a lower rate than what is correctly applicable. Provision also exists that in cases where a materially false account is given with respect to description of the goods, the person who gives such false account and if he is not the owner, the owner also, is liable, on conviction by a Magistrate, to a fine upto Rs. 150/- for every quintal or part of quintal of the goods which will be in addition to the freight charges leviable under the rules. Instructions already exist that the Commercial Inspectors who visit the stations should check, a few consignments to see whether there has been any misdeclaration with a view to having the benefit of lower freight rates or booking against restriction. The Zonal Railways have been asked to reiterate these provisions to the staff concerned for strict observance. The Ministry of Railways consider that the existing penal provisions are sufficiently deterrent to curb the incidence of misdeclaration. (Para 1.77)

The recommendation of the Public Accounts Committee is under active consideration and a final reply will be furnished shortly." (Para 1.78)

The Ministry of Railways (Railway Board) informed the Committee further on 4 November 1982 as under:

"Instructions have since been issued to the Zonal Railways copy enclosed*, asking them to take suitable action to curb misdeclaration of goods."

*Please see page 33.

1.7. The Committee have been informed that the existing rules provide for levy of penal rate of freight where at destination goods have been found to be improperly described "with a view to getting the benefit of a rate lower than what is correctly applicable," and that provision also exists for imposing a fine upto Rs. 150 for every quintal or part of a quintal of goods on the persons concerned on conviction by a Magistrate where a materially false account has been found to have been given. The Committee feel that these provisions are not deterrent enough. Further it is not clear whether the provisions would take care of cases where fake goods are tendered for despatch which may not be cleared at the destination thereby causing loss of freight to the railways. In such cases there could be a claim for "damages" from the Railways. The Committee accordingly desire that there should be no loophole in law and the rules and the Penal Provisions thereof should be made stringent, which should include imprisonment in deserving cases.

1.8. The question of amending the Indian Railways Act should therefore be given serious consideration. The Act should also provide for adequate punishment to the railway employees who collude with the consignors in lodging false compensation claims and/or defrauding the Railways of their revenue.

1.9. As regards unscrupulous persons obtaining railway receipts by tendering fake goods for despatch and cheating the banks by drawing advances against such railway receipts, in para 1.78 of the 47th Report the Committee had further recommended that in every case of misuse of railway receipt coming to the notice of the Railways, the banks should be suitably and timely advised about the activities of such persons. The Committee had further recommended that the Ministry of Railways and the Banking Department of the Ministry of Finance should examine the matter in depth and if necessary provide by law, penal action against those who resort to such irregular practices. Instructions are stated to have since been issued (November 1982) to the zonal railways asking them to take suitable action to curb misdeclaration of goods and that whenever they come to know that the railway receipt has been obtained fraudulently and delivery is being taken by presenting such railway receipt and when the railway staff are in a position to identify the name of the bank through which the railway receipt has been cleared, the bank concerned should be advised suitably and in time about the activities of such persons.

1.10. The Committee consider that in order to deal with unscrupulous persons cheating the banks by drawing advance, against

railway receipts obtained by tendering fake goods for despatch it is not enough for the Railway Board merely to have issued instructions to the zonal railways asking them to take suitable action to curb misdeclaration of goods. The Committee regret that the matter does not appear to have been taken up with the Ministry of Finance. As already desired by the Committee the matter should be examined in depth by the Ministry of Railways and the Banking Department of the Ministry of Finance to evolve appropriate legal and inter-institutional measures to effectively curb such fraudulent practices.

Disposal of valuable goods (S. No. 20, Para 1.89)

1.11. Referring to the revised procedure for disposal of lost property made of gold and silver, the Committee had, in paragraph, 1.89, recommended:

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

1.12. In their Action Taken Note dated 15 December, 1981 the Ministry of Railways (Railway Board) have stated as under:

"The observation of the Committee has been noted. Suitable instructions have been issued to the Zonal Railways laying down revised procedure in regard to disposal of unclaimed valuable articles like gold and silver. The Zonal Railways have been directed to send the appreciation report by 1-10-1981 indicating as to how the revised procedure regarding disposal of valuable articles like gold and silver has been working."

In their further action taken note dated 24-12-1982 the Ministry of Railways (Railway Board) stated:

"Appreciation reports called for from the Zonal Railways have since been received from all the Railways except North

Eastern Railway. The Reports received reveal that the railways have initiated action to follow the revised procedure in regard to disposal of unclaimed valuable articles like gold and silver."

1.13. The Committee are glad that appreciation reports have been received from all Zonal Railways except North Eastern Railway. They desire that the North Eastern Railway may be instructed to furnish the appreciation report without any further delay. The Committee also desire to be furnished with the appreciation report of all the Zonal Railways on the working of the revised procedure. The Committee would further like to know, specially whether the necessary facilities, such as iron safe for keeping the valuable articles, etc. have been provided on Eastern and other Railways.

CHAPTER II

CONCLUSIONS AND RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

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

[Sl. No. 1 (Para 1.70) of the 47th Report of PAC (1980-81)
(7th Lok Sabha)]

Action Taken

The observations of the Committee have been noted.

[Ministry of Railways (Railway Board's) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1981]

Recommendation

Goods received at the Lost Property Offices are: (i) unclaimed booked consignments; (ii) unclaimed lost property; and (iii) unconnected booked consignments. The rules provide for taking of inventory of the contents of each package (after opening) to be sent to Lost Property Offices by the forwarding stations. It was noticed by Audit that these instructions had not been followed in a large number of cases. The Ministry of Railways have explained that it has not always been possible to observe the prescribed procedure on account of non-availability of the services of skilled workers for opening

and closing the well-packed packages and difficulty in arranging timely attendance of Railway Protection staff to witness inventories, especially at wayside stations. In December 1979 this matter was referred to a Commercial Committee of the Zonal Railways who have recommended amendment of the relevant rules so as to dispense with the requirement to taking of inventory in respect of those packages which do not show signs of tampering from outward condition at the forwarding stations.

[Sl. No. 2 (Para 1.71) of 47th Report of PAC (1980-81)
(7th Lok Sabha)]

Action Taken

The observations of the Committee have been noted. The recommendation made by the Commercial Committee has been accepted and necessary instructions have been issued to the Zonal Railways, a copy of which is enclosed for information of the Committee (Annexure).

[Ministry of Railways (Railway Board's) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1981]

ANNEXURE

Copy of Ministry of Railways (Railway Board's) letter No. 77-78. II/-dated 28-1-1981 to the General Manager, All Indian Railways etc.

Sub:—Transfer of goods, parcels or luggage consignments lying unconnected/unclaimed at stations to the Lost Property Offices.

The question of amending Paragraphs 2216 and 2222 of the Indian Railways Commercial Manual Vol-II was remitted to the Commercial Committee of I.R.C.A. for their examination. The recommendation of the Commercial Committee contained in their Resolution C/1053 passed at their 148th meeting has been accepted by the Ministry. Accordingly Para 2216 and 2222 of the Indian Railways Commercial Manual Vol. II should be amended as in the Advance Correction slip No. 13 sent herewith.

Receipt of this letter may please be acknowledged.

Sd-

(D. R. SHARMA)

DA: As referred to.

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

Recommendation

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

[Sl. No. 3 (Para 1.72) of 47th Report of P.A.C. (1980-81)
7th Lok Sabha]

Action Taken

The observations of the Committee have been noted. Instructions have already been issued to the Zonal Railways that inventory of the contents of sound packages received at Lost Property Offices should be taken within a maximum period of three months of their receipt at Lost Property Offices.

[Ministry of Railways (Railway Board's) O.M. No. 81 (BC-PAC/
VII/47 dated 15-12-1981)]

Recommendation

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

packages found to contain bricks, sand, stones, torn gunny bags etc. had been originally booked as such or the contents of the packages had been subsequently replaced.

[Sl. No. 5 (Para 1.74) of 47th Report of PAC (1980-81)
7th Lok Sabha]

Action Taken

On the basis of the recommendations made by the Commercial Committee of Interchange of the Indian Railways Conference Association, the relevant procedure laid down in the Indian Railway Commercial Manual Volume II has been amended in that when packages show signs of tampering or there is good reason to doubt as to what they contain, an inventory is to be taken by the despatching station before sending them to Lost Property Offices.

It may be mentioned that with a view to preventing misdeclaration of goods tendered for booking by rail suitable instructions have been reiterated to the Zonal Railways vide Ministry of Railways' circular letter No. TC-I/81/213/16 dated 18/8/1981 (Copy enclosed as annexure).

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1981]

ANNEXURE

(COPY)

GOVERNMENT OF INDIA/BHARAT SARKAR MINISTRY OF
RAILWAYS/RAIL MANTARALAYA
(RAILWAY BOARD)

No. TC.I/81/213/16.

New Delhi, dated 18-8-1981.

General Managers,

All Indian Railways.

Sub: Penalty for misdeclaration of goods.

The Public Accounts Committee (1980-81) in para 1.77 of their 47th Report has made the following recommendation.

"They would recommend that in cases of misdeclaration involving substantial loss of revenue to the Railways deterrent action, besides recovery of freight under the Rules for misdeclaration should be taken. Further, instances of dummy goods like sand, bricks, torn clothes etc. received at the Lost Property Offices should be taken serious notice for taking necessary penal action against

the consignors for committing such misdeclaration deliberately. If the Railways do not have adequate powers under the Indian Railways Act or the Rules framed thereunder to take such penal action, the question of making suitable amendment in the law should be examined by the Government".

2. Rule 126 of the IRCA goods Tariff No. 36 Part I (Vol. I) provides for levy of penalty for misdeclaration of goods. Board desire that these provisions are reiterated to the staff concerned for strict observance so that cases of misdeclaration of goods could be tackled effectively.

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

Sd/-

(C.P. Chandrasekaran)

Dy. Director Traffic Comml. (R).

1 Railway Board.

Recommendation

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

[S. No. 6, (Para 1.75) of 47th Report of PAC (180-81)
(7th Lok Sabha)]

Action Taken

The observations of the Committee have been noted.

[Ministry of Railways (Railway Board's) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1981.]

Recommendation

The Committee find that the rules regarding examination of goods at the booking stations prescribe that the station staff should before accepting the commodity as described in the forwarding note, check it, as far as possible by actual examination of the

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

[S. No. 7 (Para 1.76) of 47th Report of PAC, (1980-81)
7th Lok Sabha]

Action Taken

The observations of the Committee have been noted.

[Ministry of Railways (Railway Board's) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1981.]

Recommendation

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

[S. No. 8 (Para 1.77) of 47th Report of PAC (1980-81)
7th Lok Sabha]

Action Taken

Existing rules provide for the levy of penal rate of freight at double the highest class rate in cases where at destination, goods have been found to be improperly described with a view to getting the benefit of a lower rate than what is correctly applicable. Provision also exists that in cases where a materially false account is given with respect to description of the goods, the person who gives such false account and if he is not the owner, the owner also, is liable, on conviction by a Magistrate, to a fine up to Rs. 150/- for every quintal or part of quintal of the goods which will be in addition to the freight charges leviable under the rules. Instructions already exist that the Commercial Inspectors who visit the stations should check a few consignments to see whether there has been any misdeclaration with a view to having the benefit of lower freight rates or booking against restriction. The Zonal Railways have asked to reiterate these provisions to the staff concerned for strict observance.

The Ministry of Railways consider that the existing penal provisions are sufficiently deterrent to curb the incidence of misdeclaration.

[Ministry of Railways (Railway Board's) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1981.]

Recommendation

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

[Sl. No. 10 (Para 1.79) of 47th Report of PAC-1980-81-7th Lok Sabha].

Action taken

Instructions contained in the Indian Railway Commercial Manual, Volume II provide that lost property of insignificant value remaining unclaimed at a station should not be sent to Lost Property Office and after expiry of one month from the date of deposit as lost property such articles should be sold by Station Masters locally by public auction. The instructions further enjoin that articles fetching no price should be thrown away and in such cases, Station Masters should personally record a certificate in the Lost Property Register that the article was of no "value." Attention of the Zonal Railways has been drawn to the instructions cited above and they have been directed that lost property articles and unclaimed and unconnected consignments/packages valuing up to Rs. 250/- should not be transferred to Lost Property Offices but should be disposed of at the station itself. In the circumstances,

the question of deployment of revenue earning wagons for transportation of such articles/consignments to Lost Property Offices would not arise.

It is significant to mention here that the terms 'unclaimed consignments' and 'Lost Property' include 'unbooked consignments' also according to provisions contained in Sections 55 and 56 of the Indian Railways Act, 1890 (9 of 1890).

Further, instructions have also been issued to the Zonal Railways that as far as possible use of full wagons exclusively for the transfer of packages/consignments should be avoided. Such packages/consignments should be moved by Road vans along with other packages/consignments. Where the Lost Property Offices are situated close to the stations serving them, transfer of packages/consignments to the Lost Property Office should be done manually or by wheel barrows/road transport. Where the use of wagons is inescapable, departmental wagons should preferably be used. The above mentioned instructions have been reiterated to the Zonal Railways for compliance.

Zonal Railways have also been directed to authorise Station Masters to dispose of lost property and unclaimed and unconnected consignments valuing up to Rs. 250/- at the stations.

A copy of the instructions issued to the Zonal Railways is enclosed (as annexure).

[Ministry of Railways (Railway Board's) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1981].

ANNEXURE

GOVERNEMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. 81-TCIII/53/4

New Delhi, dated 23-7-1981

The General Managers,
All Indian Railways

SUBJECT.—*Recommendation No. 10 (Para 1.79) contained in the 47th Report of the Public Accounts Committee (1980-81) (Seventh Lok Sabha) on Lost Property Offices.*

An extract of the above mentioned recommendation is enclosed. The recommendation has been accepted by the Ministry. In this

connection, your attention is invited to Para 2208 of the Indian Railway Commercial Manual, Volume-II which provides that lost property of insignificant value remaining unclaimed at a station should not be sent to Lost Property Office and after expiry of one month from the date of deposit as lost property, such articles should be sold by Station Masters locally by public auction. The instructions further enjoin that articles fetching no price should be thrown away and in such cases Station Masters should personally record a certificate in the Lost Property Register that the article was of no value. The Ministry desire that lost property and unclaimed and unconnected consignments/packages valuing up to Rs. 250/- should not be transferred to Lost Property Offices but should be disposed of at the station itself. In the circumstances, the question of deployment of revenue earning wagons for transportation of consignments of insignificant value would not arise.

2. Your attention is also invited to the instructions contained in the Ministry's letter No. 79/TCIII/53-2 dated 16-10-1980 wherein it was stated that as far as possible use of full wagons exclusively for the transfer of packages/consignments to Lost Property Offices should be avoided and such packages should be moved by Road vans along with other packages/consignments. Where the Lost Property Offices are situated close to the stations serving them, transfer of packages/consignments to Lost Property Offices should be done manually or by wheel barrows/road transport. Where the use of wagons is inescapable, departmental wagons should preferably be used. The Ministry desire that the above mentioned instructions should be reiterated to the concerned railway staff and their compliance ensured.

3. The Ministry also desire that Station Masters should be empowered to dispose of lost property and unclaimed and unconnected consignments valuing up to Rs. 250/- at stations.

This has concurrence of the Finance Directorate of the Ministry.

Receipt of this letter may please be acknowledged.

4. Receipt of this letter may please be acknowledged.

(D. R. Sharma)

Joint Director, Traffic Commercial (Claims)
Railway Board.

DA: as above

Recommendation

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

[(Sl. No. 11 Para 1.80 of 47th Report of PAC—1980-81—
7th Lok Sabha)]

Action Taken

The recommendation of the Committee has been accepted. In respect of consignments/packages involved in court cases, it may take longer time to dispose of such consignments/packages depending on the disposal of the court case. Necessary instructions have been issued to the Zonal Railways in this regard and a copy of the same is enclosed (annexure) for the information of the Committee

[Ministry of Rlys (Rly Board) O.M. No. 81-BC-PAC/VII/47
dated 15-12-19881]

ANNEXURE

GOVERNMENT OF INDIA (BHARAT SARAKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. 81/TC-III/53/5

New Delhi, dated 14-7-1981.

The General Managers,
All India Railways

SUBJECT: Recommendation No. 11 (Para 1.80) of 47th Report of
the Public Accounts Committee—1980-81 (Seventh Lok
Sabha) Lost Property Offices.

An extract of Recommendation No. 11 (Para 1.80) contained in the 47th Report of the Public Accounts Committee (1980-81) (Seventh Lok Sabha) on Lost Property Offices is reproduced below:

"The Committee are concerned to note that a large number of packages are lying at Lost Property Offices under different Zonal Railways. Surprisingly enough, in some Lost Property Offices, packages have been lying for more than 10 years. In Dibrugarh Lost Property Office on Northeast Frontier Railway, packages pertaining to the year 1960 are still lying undisposed of. All this indicates an unsatisfactory state of working of the Lost Property Offices. Delay in disposal of articles not only causes avoidable congestion in the Lost Property Offices but also results in deterioration of the quality of goods. Besides, the material stored for a considerable period of time can fall prey to pilferages. The Committee would therefore like the Ministry of Railways as also the General Managers of Zonal Railways to take appropriate steps to expedite disposal of old packages and also ensure that the packages received by Lost Property Offices are disposed of within 6 months of their receipt."

2. The recommendation of the Committee has been accepted. In respect of consignments/packages involved in court cases, the disposal will, however, depend on the disposal of the court case. The ministry, therefore, desires that necessary steps should be taken to expedite disposal of old consignments/packages and it should also be ensured that consignments/packages received at Lost Property Offices are disposed of within six months of their receipt. In case where disposal of consignments/packages at Lost Property Offices is held up beyond six months, the concerned Lost Property office should bring the matter to the notice of Chief Claims Officer/Divisional Commercial Superintendent and obtain his orders in regard to their disposal.

3. Receipt of this letter may please be acknowledged.

(D. R. Sharma) -
Joint Director, Traffic Commercial (Claims)
Railway Board.

Recommendation

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

October, 1980 and had discussions with the Railway Officials was informed that very often people attending auction form themselves into organised cartels and manage to keep the bids at a fairly low level. This results in low sale proceeds and on many occasions the Railways have to withdraw the articles from the auction when the highest bid falls short of the reserve price. The articles so withdrawn are put on subsequent auctions. This, it was stated, had been one of the reasons for delay in disposal of goods at the Lost Property Office. In order to obviate the problems created by organised bidders, the Ministry of Railways are presently considering amendment of the relevant rules so as to enable them to dispose of goods through modes other than public auction, whenever so needed. The Chairman, Railway Board stated in evidence that with these enhanced powers, certain items like bitumen, aluminium etc. could be sold through public sector undertakings. The Committee welcome the above proposal and would like to have further report from the Ministry of Railways as to implementation of this proposal.

[(Sl. No. 12 Para 1.81 of 47th Report of PAC—1980-81—
7th Lok Sabha)

Action Taken

It has been proposed in the draft bill of the revised Indian Railways Act that in case it is apprehended by a railway administration that the public auction at a particular place will not attract sufficient number of bidders or the bids will not be free and fair, it may sell the goods either by calling tenders or by negotiations with reputed dealers or in any other manner as may be prescribed by the Central Government. The Draft Bill is currently under examination by the Ministry of Law. After this is done, it may be possible to obtain the approval of the summary for the Cabinet by about the winter session of Parliament of 1981 and Bill introduced during the Budget session next year.

{ (Ministry of Railways (Rly. Board) O.M. No. 81-BC-PAC|VII|47)
dated 15-12-1981}

Recommendation

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

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

[Sl. No. 13 Para 1.82 of 47th Report of PAC 1980-81
7th Lok Sabha]

Action Taken

The observation of the Committee has been noted.

It is submitted for the information of the Committee that wharfage is a penal charge for not removing goods and parcels from railway premises. Its comparison with the sale proceeds of auction would not be appropriate. Also, the articles sold by the Lost Property Offices are not in as fresh and good condition as those sold in market and as such it is not possible to sell them at prevailing market price like new articles. On the other hand, compensation claims are usually settled on beejuck value.

Instructions have also been issued to Railways to expeditiously dispose of consignments/packages at EPOS.

[Ministry of Rlys (Rly Board) O.M. No. 81-BC-PAC/VII/47
dated 15-12-1981]

Recommendation

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

greater vigilance against such frauds and for taking appropriate legal action to plug the loopholes which come to the notice of the Railways.

[Sl. No. 14 Para 1.83 of 47th Report of PAC (1980-81)
7th Lok Sabha]

Action Taken

The recommendation of the Committee has been accepted by the Ministry. Suitable instructions have been issued to the Zonal Railways that claims prevention and security measures should be tightened up and greater vigilance exercised to prevent malpractices such as thefts and pilferage of booked consignments, deliberate diversion of wagons by removing or changing wagon labels, delivery of consignments against fake railway receipt etc. adding that legal action should be taken against the culprits whenever considered necessary.

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/VII/47
dated 15-12-1981]

Recommendation

The Committee find that there was inordinate delay in the disposal of valuable articles like gold and silver ornaments, watches etc. in some Lost Property Offices. As for example there were 77 items (oldest item pertaining to the year 1974) lying at the Lost Property Office, Delhi Kishanganj, 25 items (oldest item pertaining to the year 1972), at the Lost Property Office Kanpur and 110 items at Church-gate (oldest items pertaining to the year 1973). The Ministry of Railways have stated that some of the valuable articles comprising gold and silver ornaments referred to in the Audit para have since been delivered to the Mint authorities. The Committee are constrained to point out that considerable time has taken in the disposal of valuables and the matter was taken up only after Audit had pointed out such delays. Since shortage of valuables requires special measures for their safe custody and long storage could result in pilferages, the Committee need hardly emphasise that concerted efforts should be made for early disposal of such articles.

[Sl. No. 19 (Para 1.88) of 47th Report of PAC (1980-81)
7th Lok Sabha]

Action Taken

The observation of the Committee has been noted.

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/VII/47
dated 15-12-1981]

Recommendation

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

[Sl. No. 20 (Para 1.89) of 47th Report of PAC (1980-81)
7th Lok Sabha]

Action Taken

The observations of the Committee has been noted. Suitable instructions have been issued to the Zonal Railways laying down revised procedure in regard to disposal of unclaimed valuable articles like gold and silver. The Zonal Railways have been directed to send an appreciation report by 1-10-1981 indicating as to how the revised procedure regarding disposal of valuable articles like gold and silver has been working.

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/VII/47
dated 15-12-81]

Recommendation

The Committee find that there was considerable amount of detention to wagons in some Lost Property Offices. As for example, the detention during the years 1978-79 and 1979-80 in Lost Property Offices in South Eastern Railway was 13736 hours, in South Central Railway—12768 hours and in Northern Railway 11173 hours. Some of the reasons for detention to wagons are stated to be; lack of enough space for handling the packages, paucity of labour, non-availability of Railway Protection staff to witness the unloading, non-availability of cranes for unloading heavy machinery and different working hours of LPO's staff and line staff. The Committee are unable to accept that the detentions to the wagons of the magnitude mentioned in the audit para would have resulted due to reasons aforesaid. Attendance of the staff of the different categories e.g. E.P.F. Accounts could be ensured by proper coordination. As regards different working hours of the L.P.O. staff and Railway stations, the Committee consider that working hours of L.P.O. should be changed to synchronise with these

of Railway stations. The average detention to wagons at some of the Lost Property Offices during 1978-79 was: Delhi-Kishanganj 168 hours; Kanpur-169 hours; Secunderabad-336 hours; Vijayawada-135 hours; Shalimar-3089 hours. Some typical instances of detention to wagons were noticed on the Western Railway where wagons were used for transferring the consignments from Jaipur goods shed to the Lost Property Office which is located in the same compound at a distance of just 150 feet and on account of which the average detention worked out to 192 hours per wagon. Similarly, at Lost Property Office, Bhavnagar para wagons were utilised to carry consignments weighing 8 kg. to 10 quintals, at a distance of 300 feet only. The Chairman Railway Board, in this context, conceded during evidence: "There have been very bad delays in Lost Property Offices. Now the detentions have been brought down considerably." (Para 1.90).

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

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

[Sl. No. 21, 22 and 23, Para 1.90, 1.91 and 1.92 of 47th Report of PAC (1980-81) 7th Lok Sabha]

Action Taken

The observation of the Committee has been noted. (Para 1.90)

The following instructions have already been issued to the Zonal Railways in this regard:—

- (i) As far as possible use of full wagons exclusively for the transfer of packages/consignments to Lost Property Offices should be avoided. Such packages/consignments should be moved by Road vans along with other packages/consignments.
- (ii) where the Lost Property Offices are situated close to the stations serving them, transfer of packages/consignments to the Lost Property Offices should be done manually or by wheel barrows/road transport. Where the use of wagons is inescapable, departmental wagons should preferably be used.
- (iii) cases of detention to wagons at the Lost Property Offices should be examined jointly by the commercial and operating officers and appropriate action taken to eliminate such detentions completely. For this purpose, the Divisional Operating Officials also should visit Lost Property Offices. Appropriate action includes taking up with the staff wherever necessary.

The above mentioned instructions have been reiterated to the Zonal Railways adding that their compliance should be ensured.

It is anticipated that the detention would come down appreciably with the result there may perhaps not be any need to consider revisions of existing working hours of LPO.

Necessary instructions for ensuring coordination of staff of R F Accounts etc. to avoid detentions are also being issued. (Paras 1.91 & 1.92).

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/VII/47
dated 15-12-81]

Recommendation

Under the Indo-Nepal Treaty of Transit, the Government of India provides transit facilities in respect of the goods imported/exported by Nepal. Raxaul is one of the major Land Customs Stations through which goods in transit through India, pass on way to or from Nepal. The goods are transported from Calcutta to Raxaul station by the Railways under customs bond. As in June,

1979, 4345 unclaimed and unconnected packages of foreign synthetic cloth and other sensitive goods received during the years 1972 to 1979 were lying undisposed of at Raxaul—Nepal Siding Goods Shed. The Chairman Railway Board informed the Committee during evidence that out of these 4345 packages, 4319 packages related to the year 1979 and the balance pertained to the period 1972—78. The congestion here is stated to be due to the fact that the consignees had not come forward to claim these consignments. According to the Ministry of Railways, these goods could have been auctioned in the ordinary course but these being under customs bonds, the Railways were unable to dispose them of. (Para 1.93).

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

[SL Nos. 24 & 25 (Paras 1.83 and 1.94) of 47th Report of PAC
7th Lok Sabha]

Action Taken

Observations of the Committee have been noted and communicated to the Collector of Customs (Prev), Patna. With a view to disposing of uncleared packages. Action under the Customs Act is being taken by the Collector of Customs. The provision for levy under para 16 of the Memorandum to the Protocol to the Treaty of Transit between Nepal and India, is also being invoked to ensure that delays do not recur. Some of the importers, who have not paid the sums levied, have been denied the facility of moving their fresh arrivals in transit from Calcutta to Nepal:

2. As a result of the action taken, the congestion at Raxaul Railway siding has eased considerably. As on 31-10-1981 there were only about 5201 packages awaiting onward transmission at Raxaul as against the total of about 7860 packages as on 30-4-81 and 10,304 at the end of year 1979-80.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 545/2/81-L.C.I.
dated 15-12-1981].

Recommendation

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

also be discussed at the Conferences of General Managers of the Zonal Railways with a view to sorting out common problems and for effecting improvements in their functioning.

[Sl. No. 26, para 1.95 of 47th Report of PAC—1980-81—
7th Lok Sabha]

Action Taken

Detailed instructions have already been issued to the General Managers of the Zonal Railways to pay greater attention to the functioning of Lost Property Offices under their charge.

Periodical returns showing receipt and disposal of packages in Lost Property Offices are being obtained from the Zonal Railways by the Ministry and those are being evaluated with a view to ensuring that there is no undue delay in disposal of packages in Lost Property Offices.

The suggestion for discussing this subject in the conferences of the General Managers of the Zonal Railways with the Railway Board has been noted.

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/VII/47
Dated 15-12-1981].

CHAPTER III

CONCLUSIONS AND RECOMMENDATIONS WHICH THE COMMITTEE DO NOT LIKE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

Recommendation

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

[Sl. No. 4 (Para 1.73) of 47th Report of PAC—1980-81,
7th Lok Sabha]

Action Taken

As stated above, instructions have already been issued to the Zonal Railways that inventory of the contents of sound packages received at Lost Property Offices should be taken within a period not exceeding three months of their receipt at Lost Property Offices. The question whether it is possible to take inventory of the contents of the packages within one month of their receipt at Lost Property Offices has been carefully examined in consultation with the Zonal Railways. Most of the Railways particularly those where the inflow of such packages is heavy, have not found it feasible to take inventory of the contents of the packages within one month of their receipt at the Lost Property Offices mainly for the following reasons.

- (i) A good number of consignments transferred to Lost Property Offices subsequently get connected and are de-

livered from Lost Property Office under clear receipt. In case the inventory of the contents is taken, the packages will get disturbed involving the railway in increased risk of exposure to compensation claims.

- (ii) Service of notices under sections 55 and 56 of the Indian Railways Act and receipt of acknowledgements generally require more than one month.
- (iii) The formalities for connection and adjustment deliveries take more than one month's time.

In view of the position explained above, the Ministry of Railways is of the considered view that the existing arrangements under which the inventory of the contents of the packages is being taken within a period not exceeding three months of their receipt at Lost Property Offices, which is giving satisfactory results, be allowed to continue.

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1981]

Recommendation

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

[S. No. 18 Para 1.87 of PAC's 47th Report, 1980-81]

Action Taken

Instructions have been issued to the Zonal Railways that representatives of Accounts Department need not be associated with fixation of reserve price of the articles to be put to auction. Instruo-

tions also exist that proper verification of the value of unclaimed and unconnected goods to be auctioned should be made and reserve price of such goods should be fixed in consultation with technical officers/staff of the railways, wherever necessary. Further, in cases where the goods are of special nature and their value cannot be easily determined, the opinion of an outside expert should be sought for, if a railway considers it necessary.

Prior to 1970, auction of goods in Lost Property Offices on most of the Railways was being conducted through professional auctioneers. However, the One-Man Expert Committee on Compensation Claims, appointed by the Government in 1969 to go into the question of loss of and damage to consignments booked by Railways and the compensation claims arising therefrom, recommended that auction in Lost Property Offices may be conducted departmentally instead of through professional auctioneers. Based on this recommendation of the Expert Committee, auctions in Lost Property Offices on all the Railways are being conducted departmentally since 1970. To elaborate this point further, experience has shown that auctions through professional auctioneers is wrought with a number of difficulties. Some of these are listed *ad seriation*:—

- (i) Great difficulty is being experienced in getting dates of auction from the professional auctioneers and often the dates already fixed for auctions are changed at their instance.
- (ii) During the time of auction, the professional auctioneers give importance and pay attention only to high valued consignments. Generally low valued articles are being auctioned quickly or summarily because the commission given to the professional auctioneers is on percentage basis.
- (iii) If the auctions could not be completed on the appointed dates for any reasons, the professional auctioneers are not at all prepared to continue the auction the next day on the ground that they have already fixed their engagement elsewhere.
- (iv) Professional auctioneers are to be paid for their journey from the place of their business to the place of auction and back.

- (v) The types of commodities are so wide and varied in Loss Property Offices that the auctioneers may not undertake the work of auction of all the commodities.
- (vi) The procedural complications may arise in the event of dispute between auctioneers and the customers and the possibility of collusion between the auctioneers and bidders cannot be ruled out.

The present procedure of conducting auctions departmentally has proved satisfactory. In the light of the above, it is submitted for the consideration of the Committee, that they may agree to maintain the status quo, in the matter of auctions.

[Ministry of Railway (Railway Board's) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1961.]

CHAPTER IV

CONCLUSIONS AND RECOMMENDATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

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

[S. No. 9, Para 1.78 of 47th Report of PAC—1980-81—
(7th Lok Sabha)]

Action Taken

The recommendation of the Public Accounts Committee is under active consideration and a final reply will be furnished shortly.

[Ministry of Railways (Railway Board)'s O.M.
No. 81-BC-PAC/VII/47 dated 15-12-81]

Further reply

Instructions have since been issued to the Zonal Railways. (Copy

enclosed as annexure) asking them to take suitable action to curb misdeclaration of goods.

[Ministry of Railways (Railway Board's) O.M. No. 81-BC-PAC/
VII/47 dated 4th November, 1982]

ANNEXURE

GOVERNMENT OF INDIA (BHARAT SARKAR)

MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. TCI|81|213|16

New Delhi, dated 18-9-1982

General Managers,
All Indian Railways.

SUBJECT: Railway Receipts obtained fraudulently-Intimation to banks regarding action taken on recommendation of Public Accounts Committee (1980-81)

The Public Accounts Committee in Para 1.78 of their Report (1980-81) on Railways have made the following observation and recommendation:

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

Finance should examine the matter in depth and if necessary provide by law penal action against those who resort to such irregular practices."

Board desire that zonal Railways should take suitable action to curb misdeclaration of goods and whenever they come to know that the Railway Receipt has been obtained fraudulently and that delivery is being taken by presenting such RR and when the Railway staff are in a position to identify the name of the bank through which the RR has been cleared the bank concerned should be advised suitably and in time about the activities of such persons.

Sd/-

(C. P. CHANDRASEKARAN)
(Dy. Director, Traffic Commercial (Rates),
(Railway Board)

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE GIVEN INTERIM REPLIES

Recommendations

Two typical instances in which sale proceeds of the goods auctioned were far less as compared to the Railways' liability for compensation of the goods, have been brought to the notice of the Committee by Audit. In one case a consignment of 12 bundles of electrical steel sheets (imported) was sold by public auction on 2nd May, 1975 for Rs. 25,000. The reserve price of this consignment was stated to have been fixed at Rs. 20,000. Later, the claim of the consignee was settled for Rs. 1.44 lakhs in October 1977. In another case a consignment of 1120 bags of potash was sold by public auction on 2nd May, 1975 for Rs. 15000. Later, a sum of Rs. 66,080 was paid on 30th November, 1979 to the consignee for the non-delivery of the consignment. (Para 1.84)

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

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

enquiry was ordered) to July 1979 (when the officer retired from service) the discovery in September 1980 that the relevant file had not been handed over by him to his successor and the file not being traceable ever since, clearly indicate that there has been deliberate attempt on the part of the concerned officers to hush up the matter. It is evident that the Railway authorities woke up to look into this case in September 1980 only after the Audit para was selected by the Committee in August 1980 and when the required information was called for from the Railways. The Chairman, Railway Board also conceded during evidence that "this is positively a bad case of bungling where probably officials connived at different levels." A fresh enquiry has been ordered on 2 January, 1981, i.e. soon after the Railways officials appeared before the Committee to give evidence on 29-12-80. The Committee would like the enquiry to be completed expeditiously. The enquiry report and the action taken by the Ministry of Railways thereon should also be furnished to the Committee. (Para 1.86)

[Rec. S.No. 15-17, para 1.84-1.86 of PAC's 47th Report, 1980-81]

Action Taken

The recommendations of the Public Accounts Committee are under active consideration and a final reply will be furnished shortly.

[Ministry of Railways (Railway Board) O.M. No. 81-BC-PAC/
VII/47 dated 15-12-1981.]

NEW DELHI;

SATISH AGARWAL

February 3, 1983

Chairman

Magha 14, 1904 (S)

Public Accounts Committee

PART II

**Minutes of the sitting of the Public Accounts Committee (1982-83)
held on 29 January, 1983 (FN)** .

PART II

MINUTES OF THE SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON THE 29TH JANUARY, 1983

The Committee sat from 11.00 to 13.45 hours

PRESENT

Shri Satish Agarwal—*Chairman*

MEMBERS

Lok Sabha

1. Shri Chitta Basu
2. Shrimati Vidyavati Chaturvedi
3. Shri G. L. Dogra
4. Shri Mahavir Prasad
5. Shri Sunil Maitra
6. Shri Jamilur Rehman
7. Shri Harish Rawat
8. Shri G. Narsimha Reddy

Rajya Sabha

9. Dr. Sankata Prasad
10. Shri Syed Rehmat Ali
11. Shri Satyanarayan Reddy
12. Shri Kalyan Roy
13. Shri Nirmal Chatterjee

SECRETARIAT

1. Shri K. C. Rastogi—*Chief Financial Committee Officer*
2. Shri Ram Kishore—*Senior Financial Committee Officer*
3. Shri M. G. Agrawal—*Senior Financial Committee Officer*

C&AG's OFFICE

1. Shri B. Maithreyan—*Deputy C&AG of India*
2. Shri R. K. Chandrasekharan—*ADAI (R)*
3. Shri S. R. Mukherjee—*Director of Audit, Commerce, Works and Miscellaneous*
4. Shri G. R. Sood—*Jt. Director (Reports)*

The Committee took up for consideration draft Report on the following:

1. Action Taken on 47th Report (7th Lok Sabha) on Lost Property Offices

* * * * *

The Committee considered and adopted the above.... Report subject to modifications/amendments shown in Annexure I,..... respectively. The Committee also approved some minor modifications arising out of factual verification of the draft Reports by Audit or otherwise.

Condoling the death of Shri Piloo Mody, Member, Rajya Sabha, the Committee passed the following Resolution:

"The Public Accounts Committee expresses its deep sense of sorrow at the sad demise of Shri Piloo Mody, sitting Member of Rajya Sabha. Shri Piloo Mody was a Member of Fourth and Fifth Lok Sabha during 1967-77 and was a sitting Member of Rajya Sabha since 1978. He had endeared himself to everybody with his sincerity, sense of humour and had enlivened proceedings of both the Houses of Parliament with his lively contributions. The Committee places on record its high regard and appreciation of the work done by Shri Piloo Mody during his Membership of the two Houses. He was an active parliamentarian and his passing away will be deeply felt by all."

The Committee then adjourned.

APPENDIX

Statement of Conclusions and Recommendations

Sl. No.	Para No. of Report	Ministry/Department Concerned	Conclusions and Recommendations
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1	1.3	Railway	<p>The Committee regret to observe that despite repeated reminders, the Ministry of Railways have failed to furnish final replies to the recommendations at Serial Nos. 15—17 in respect of which interim replies were furnished in December, 1981. Even as late as 4th November, 1982 the Committee were informed that "there is no change in the position as already advised, however, every possible effort is being made to obtain reply from Eastern Railway and it may take another one month to finalise the replies". The Committee have received no further communication in the matter. The Committee take a serious view of the inordinate delay on the part of the Eastern Railway in implementing the recommendations of the Committee referred to them by the Railway Board. The Committee desire that the Railway Board should ensure compliance by concerned authorities without further delay and report the compliance to the Committee within a month.</p>
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2 1.7

Railways

The Committee have been informed that the existing rules provide for levy of penal rate of freight where at destination goods have been found to be improperly described "with a view to getting the benefit of a rate lower than what is correctly applicable", and that provision also exists for imposing a fine upto Rs. 150 for every quintal or part of a quintal of goods on the persons concerned on conviction by a Magistrate where a materially false account has been found to have been given. The Committee feel that these provisions are not deterrent enough. Further it is not clear whether the provisions would take care of cases where fake goods are tendered for despatch which may not be cleared at the destination thereby causing loss of freight to the railways. In such cases there could be claims for "damages" from the Railways. The Committee accordingly desire that there should be no loophole in law and the rules and the Penal Provisions thereof should be made stringent, which should include imprisonment in deserving cases.

3 1.8

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The question of amending the Indian Railways Act should therefore be given serious consideration. The Act should also provide for adequate punishment to the railway employees who collude with the consignors in lodging false compensation claims and/or defrauding the Railways of their revenue.

4 1.9

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As regards unscrupulous persons obtaining railway receipts by

tendering fake goods for despatch and cheating the banks by drawing advances against such railway receipts, in para 1.78 of the 47th Report the Committee had further recommended that in every case of misuse of railway receipt coming to the notice of the Railways, the banks should be suitably and timely advised about the activities of such persons. The Committee had further recommended that the Ministry of Railways and the Banking Department of the Ministry of Finance should examine the matter in depth and if necessary provide by law, penal action against those who resort to such irregular practices. Instructions are stated to have since been issued (November 1962) to the zonal railways asking them to take suitable action to curb misdeclaration of goods and that whenever they come to know that the railway receipt has been obtained fraudulently and delivery is being taken by presenting such railway receipt and when the railway staff are in a position to identify the name of the bank through which the railway receipt has been cleared, the bank concerned should be advised suitably and in time about the activities of such persons.

The Committee consider that in order to deal with unscrupulous persons cheating the banks by drawing advance, against railway receipts obtained by tendering fake goods for despatch it is not enough for the Railway Board merely to have issued instructions to the zonal railways asking them to take suitable action to curb misdeclaration of goods. The Committee regret that the matter does not appear to have been taken up with the Ministry of Finance. As already desired by the Committee the matter should be examined in

-do-

depth by the Ministry of Railways and the Banking Department of the Ministry of Finance to evolve appropriate legal and inter-institutional measures to effectively curb such fraudulent practices.

6 1.13

Railways

The Committee are glad that appreciation reports have been received from all Zonal Railways except North Eastern Railway. They desire that the North Eastern Railway may be instructed to furnish the appreciation report without any further delay. The Committee also desire to be furnished with the appreciation report of all the Zonal Railways on the working of the revised procedure. The Committee would further like to know, specially whether the necessary facilities, such as iron safe for keeping the valuable articles, etc. have been provided on Eastern and other Railways.

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