

F.No. 394/97/2015-Cus (AS)  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Indirect Taxes & Customs  
(Investigation-Customs)

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New Delhi, dated 15<sup>th</sup> October, 2018

To  
All Principal Chief Commissioners/Chief Commissioners of Customs,  
All Principal Chief Commissioners/Chief Commissioners of Customs (Preventive),  
All Principal Chief Commissioners/Chief Commissioners of Customs & GST,  
All Principal Directors General/Directors General,  
All Principal Commissioners/Commissioners,  
Webmaster, CBIC

Madam / Sir,

**Subject: Guidelines for handling and storage of valuable goods that are seized/confiscated by the Department – regarding.**

Attention is invited to Board's Instruction dated 01.12.2015 on the above mentioned subject. The Central Vigilance Commission, while discussing the reports of theft/replacement/pilferage of gold at various formations, had made the following observations:

*“A system to be put up in place by using specific tools (such as bar coding, tagging, etc.) for handling the seized gold so that theft/pilferage can be prevented”.*

2. To implement the said directions, a Multi-Disciplinary Committee was constituted by the Board. The said Committee has made the following recommendations:

- i) The packages containing the valuables should be **bar coded** so as to ensure correct inventorisatation and tallying of packages at the time of handing over/taking over etc. The '**e-malkhana**' system of Delhi Customs could be adopted by other formations.
- ii) The access to Strong Rooms/*Valuables* Godowns is restricted to only authorised officers. An **Intelligent Key Management System** may be put in place where authorised officers can access the keys only after biometric verification. This system should include a feature to ensure that the keys can be accessed only when CCTV system is in activated mode. This would create an electronic record of all transactions and strengthen accountability.
- iii) The seized goods are sealed in containers after weighment and arranging for purity. The weight of seized goods is recorded in the seizure Panchnama/Mahazar but the gross weight of the container is not recorded. Sealed containers cannot be opened for periodic stock taking to check the weight as opening of seal is not permitted to ensure conformity with judicial/quasi-judicial requirements. Therefore, the gross weight of the sealed containers should also be recorded in the Panchnama/Mahazar and this gross weight should be checked periodically as well as at the time of handing over/taking over etc. This would help in detecting cases of theft/pilferage/substitution, if any. For this purpose, all Strong Rooms/*Valuables* Godowns should be equipped with latest **Electronic Weighing Machines**.

- iv) To specifically prevent/detect cases of substitution, it would be appropriate to X-ray scan the packages containing valuables at the time of stock taking/handling over/taking over etc. Small *X-ray machines* should be installed at all Strong Rooms/Valuables Godowns to enable this.
- v) *GPS tracking* should be used to prevent theft/pilferage/substitution during movement of valuables to/from Courts etc. The packages should be GPS tagged before being taken out. Similarly, the vehicle used for transporting the valuables should also have a GPS tracker.

3. As mentioned in the aforesaid recommendations of the Committee, Delhi Airport Customs has introduced a software system '**e-malkhana**' for management of records in relation to seized goods and for their improved handling and storage. Certain other formations such as Pune Customs and New Custom House, Mumbai have also put in place systems similar to 'e-malkhana'. The software developed by Delhi Airport Customs covers the online capture of data pertaining to the seized goods starting from the time of their seizure up to their disposal. The software also provides for the recording of events in relation to the management of the seized goods throughout the lifecycle of the handling of the seized goods. Further, at the seizure stage, the software provides for the generation of stickers with QR codes and barcodes, which are affixed on the packages containing the goods. The software is hosted on cloud and can be accessed anywhere on the internet. The details of 'e-malkhana' system and its implementation can be obtained from the office of the Chief Commissioner of Customs (Delhi Zone) / Commissioner of Customs, Delhi Airport.

4. In view of the above, it is requested that all concerned formations under your jurisdiction may be directed to put in place a system / improve the existing system to prevent theft/replacement/pilferage of seized/confiscated gold and other valuable items by:

- i. Implementing the recommendations of the Multi-Disciplinary Committee;
- ii. Putting in place an 'e-malkhana' system on the lines of Delhi Airport Customs;
- iii. Issuing Standard Operating Procedures (SOPs) which may, *inter alia*, include the instructions and guidelines issued by the Board in the matter from time to time, the procedures laid out for implementation of the recommendations of the Multi-Disciplinary Committee, the procedures required to be followed for implementing 'e-malkhana' type of system, etc. While issuing SOPs, the existing SOPs and Standing Orders issued by other Customs formations may also be taken into account to include the best practices being followed elsewhere and to further strengthen and secure the internal systems and procedures.

5. While implementing the aforesaid instructions, the formations may introduce additional measures / features to further strengthen their handling and storage systems and may also take into account specific factors that may have a bearing on their safety and security procedures.

Yours faithfully,

  
(Sharad Srivastava)

Director (AS)