

# **HUNDRED AND THIRTEENTH REPORT**

## **PUBLIC ACCOUNTS COMMITTEE (1987-88)**

(EIGHTH LOK SABHA)

**UNION EXCISE DUTIES—NON-LEVY OF  
DUTY ON PRODUCTS CAPTIVELY  
CONSUMED—CELLULOSE XANTHATE**

**(DEPARTMENT OF REVENUE)  
MINISTRY OF FINANCE**

**[Action Taken on 77th Report (8th Lok Sabha)]**



*Presented to Lok Sabha on 29 May 1988*

*Laid in Rajya Sabha on 29 May 1988*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*March , 1988/Phalguna , 1909 (Saka)*

*Price : Rs. 13.00*

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**PUBLIC ACCOUNTS COMMITTEE**  
(1987-88)

Shri Amal Datta                      **CHAIRMAN**

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1. Shri K.H. Chhaya—*Joint Secretary*
2. Shri B.D. Duggal—*Chief Financial Committee Officer*
3. Shri S.M. Mehta—*Senior Financial Committee Officer*

## INTRODUCTION

I, the Chairman of Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Thirteenth report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Seventy-seventh report (Eighth Lok Sabha) on Union Excise Duties-Non-levy of duty on products captively consumed-Cellulose Xanthate.

2. In this report, the Committee have called for expeditious and concrete action in respect of their recommendation made in the earlier report for incorporating suitable provisions in the Central Excise Law for laying copies of the notifications issued under Rule 8(1) of the Central Excise Rules, 1944 seeking exemption from levy of excise duty on specified goods and the notifications issued under Section 11C of the Central Excises and Salt Act, 1944, seeking regularisation of non-recovery of excise duty, not levied or short-levied, alongwith a memorandum of financial implication in both cases before both Houses of Parliament.

3. The Committee considered and adopted this Report at their sitting held on 9 March, 1988. Minutes of the sitting form Part II\* of the Report.

4. For facility of reference and convenience, the recommendations and observations of the Committee have also been reproduced in a consolidated form in the Appendix II of the Report.

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

NEW DELHI :

21 March 1988

21 Phalguna, 1909 (Saka)

AMAL DATTA  
Chairman,

Public Accounts Committee

## CHAPTER I

### REPORT

This Report of the Committee deals with the action taken by Government on the recommendations/observations of the Committee contained in their report\* on Union Excise Duties-Non-levy of duty on products captively consumed-Cellulose Xanthate.

2. The Committee's report contained 8 recommendations/observations. Action Taken Notes have been received in respect of all the recommendations/observations. The Action Taken Notes received from the Government have been broadly divided into two categories as indicated in Appendix I. In the following paragraphs the Committee deal with the action taken by Government on some of their recommendations/observations.

#### *Laying of Excise Notifications before Parliament*

#### **(Sl. Nos. 7 and 8—Paragraphs 70 and 71)**

3. Cellulose Xanthate is a chemical derivative of cellulose formed at the intermediate stage in the manufacture of viscose filament yarn, viscose fibre and cellophane. There was no practice of charging Central Excise duty on such products before 28 February, 1982. However, by the budget, 1982, the scope of item 15A of the Central Excise Tariff was widened to include "other chemical derivative of cellulose" also. Similarly, by the explanation added to Rule 9 by an amendment on 20 February, 1982 to the Central Excise Rules and give retrospective effect, excisable goods produced in a factory and consumed or utilised for the manufacture of any other commodity, whether in a continuous process or otherwise in such factory, is liable to duty.

4. The Committee had examined two casses of non-levy of Central Excise duty on Cellulose Xanthate in respect of two assesseees who used it

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\*Seventy-Seventh Report (Eighth Lok Sabha) on Paragraph 2.15 (ii) of the Report of the Comptroller and Auditor General of India for the year 1984-85, Union Government (Civil), Revenue Receipts, Volume-I, Indirect Taxes.

as an input in the manufacture of cellulose fibre. In one case, (Assessee-Gwalior Rayon and Silk Manufacturing (Weaving) Co. Ltd., Devangere, Karnataka under Belgaum Collectorate of Central Excise) the duty non-levied, according to Audit, amounted to Rs. 1.74 crores during the period April 1982 to December 1983 and in the other case, (Assessee-South India Viscose Ltd., Sirmugai, Coimbatore under the Coimbatore Collectorate of Central Excise) the non-collection of duty was Rs. 19 lakhs during the period April 1984 to April 1985.

5. The Ministry of Finance had maintained that the intention of Government had all along been not to charge duty on cellulose xanthate formed at the intermediate stage in the manufacture of end products. According to the Ministry, cellulose xanthate was a very unstable product and was neither separated nor removed during the continuous process of manufacture of viscose filament yarn, viscose fibre and cellophane. As such its production could not be quantified. The Ministry had explained that the dispute over the dutiability of Cellulose Xanthate had arisen in the light of the changes made in Rule 9 and the description of T.I. 15A in February 1982. The issue was examined in depth and it was felt that cellulose xanthate could be brought within the ambit of tariff item 15A(1) of the Central Excise Tariff as chemical derivative of cellulose. However, since the duty was not intended to be levied, it was decided to exempt cellulose xanthate wholly from the duty of excise, if captively used in the manufacture of cellophane or viscose filament yarn and an exemption notification was issued on 13 November 1982 and another notification was issued 30 October, 1985 to provide exemption to viscose fibre also. It was decided by Government not to recover duty on cellulose xanthate during the period 28 February, 1982 to 29 October, 1985 by invoking the provisions of Section 11C of the Central Excise and Salt Act, 1944. Thus, the non-levy of duty pointed out by Audit, was eventually regularised.

6. In this context, the Committee had noted that Section 11C was introduced in the Central Excises and Salt, Act 1944 on 6 June, 1978. It empowers the Central Government not to recover duty of excise not levied or short levied if they are satisfied that a practice was generally prevalent regarding non-levy or short-levy of duty. At the instance of the Committee the Ministry of Finance had furnished details of the notifications issued under Section 11C during the years 1983-84, 84-85 and 85-86. From the information furnished to the Committee, it was seen that 22 notifications were issued during the said three years and the total duty waived in respect

of 18 such notifications, where duty implication were made available to the Committee, amounted to Rs. 57.89 crores. The Committee had, in this connection, observed that while copies of the exemption notifications issued under the Customs and Central-Excise Laws were laid before both Houses of Parliament, notifications issued under Section 11C of the Central Excises and Salt Act, 1944 were not so laid. The Committee had, therefore, recommended in paragraph 70 of their Report, an amendment under Section 11C making it obligatory that copies of notifications under Section 11C are laid before both Houses of Parliament. The Committee had also recommended that the monetary implications of the notifications should also be indicated in the memorandum appended to the notifications at the time they are placed before Parliament.

7. The Committee had further observed in paragraph 71 of their Report that while there were clear provisions in the Customs Act, 1962 for laying of exemption notifications before Parliament, there is no corresponding provision in the Central Excise Law. However, Government have been laying exemption notifications issued under Central Excise Rules before Parliament in pursuance of the assurance given to the Public Accounts Committee. The Committee had recommended that the position should be legalised by enacting suitable provisions in the Central Excise Law.

8. In their action taken note furnished on 26 November, 1987 the Ministry of Finance (Department of Revenue) have stated that Government proposes to make suitable provisions in the Central Excise Law for laying copies of exemption notifications and notifications issued under Section 11C before both Houses of Parliament. The recommendations of the Committee made in paragraph 70 and 71 and the action taken reply furnished by the Ministry of Finance (Deptt, of Revenue) are reproduced in Chapter II.

9. The Committee deplore that although a period of more than six months have elapsed. Ministry of Finance have not been able to initiate concrete action on the recommendations. They desire that early steps should be taken for \*incorporating suitable provisions in the Central Excise Law for laying copies of the notifications issued under Rule 8 (1) of the Central Excise

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\*The Committee note that a Bill containing amendments to the Central Excises/and Salt Act, 1944 in this regard has since been introduced in Lok Sabha.

**Rules, 1944, seeking exemption from levy of excise duty on specified goods and the notifications issued under Section 11C of the Central Excises and Salt Act, 1944, seeking regularisation of non-recovery of excise duty, not levied or short-levied, along with a memorandum of financial implication in both cases before both Houses of Parliament. The Committee would like to be informed of the conclusive action taken in the matter within a period of six months.**



## CHAPTER II

### RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN NOTED/ACCEPTED BY GOVERNMENT

#### Recommendations

*Para No. 64:* Rules 9 and 49 of the Central Excise Rules, 1944 provide that goods shall not be removed from any place where they are produced or manufactured until excise duty leviable thereon has been paid. By the explanation added to Rule 9 by an amendment on 20 February, 1982 to the Central Excise Rules and given retrospective effect, excisable goods produced in a factory and consumed or utilised for the manufacture of any other commodity, whether in a continuous process or otherwise in such factory, is liable to duty.

*Para No. 65:* Cellulose Xanthate is stated to be a chemical derivative of cellulose formed at the intermediate stage in the manufacture of viscose filament yarn, viscose fibre, and cellophane. There was no practice of charging duty on such products before 28 February, 1982. However, by the Budget 1982, the scope of Tariff Item 15A was widened to include "other chemical derivative of cellulose" also. The Audit Paragraph under examination highlights two cases on non-levy of Central Excise duty on Cellulose Xanthate in respect of two assessees who used it captively in the manufacture of cellulose fibre. In one case, the duty non-levied, according to Audit, amounted to Rs. 1.74 crores during the period April, 1982 to December, 1983 and in the other case, the non-collection of duty was Rs. 19 lakhs during the period April, 1984 to April, 1985.

*Para No. 66:* The Ministry of Finance have maintained that the intention of Government had, all along been, not to charge duty on cellulose xanthate, formed at the intermediate stage in the manufacture of end products. According to the Ministry, cellulose xanthate is a very unstable product, and is neither separated nor removed during the continuous process of manufacture of viscose filament yarn, viscose fibre and cellophane. As such its production cannot be precisely quantified. Explaining the background of the dispute over the dutiability of Cellulose Xanthate, the

Ministry of Finance have stated that in the light of the changes made in Rule 9 and the description of T.I. 14A in February 1982, a reference was received from one of the Collectors of Central Excise June, 1982 regarding the classifiability of Cellulose Xanthate. The issue was examined in depth and it was felt that cellulose xanthate could be brought within the ambit of item No. 15A(1) of the Central Excise Tariff as chemical derivative of cellulose. Since the duty was not intended to be levied, it was decided to exempt cellulose xanthate wholly from the duty of excise, if captively used in the manufacture of cellophane or viscose filament yarn and the exemption notification was issued on 13 November, 1982. Later on, certain doubts were raised as to whether the exemption notification would be applicable in case of viscose fibre as well. The issue was further examined and in the technical advice obtained by the Ministry from the Chief Chemist, Central Revenue Control Laboratory, a doubt was expressed whether the exemption would be available if viscose fibre was manufactured from Cellulose Xanthate. According to the Ministry of Finance, since the intention of the Government was all along to provide exemption to Cellulose Xanthate which gets formed at the intermediate stage in the manufacture of regenerated cellulose products, another notification was issued on 30 October, 1985 to provide exemption to viscose fibre also. The Ministry have further stated that Government have decided not to recover duty on Cellulose Xanthate during the period 28 February, 1982 to 29 October, 1985 by invoking the provisions of Section 11C of the Central Excises and Salt Act, 1944. Thus, the non-levy of duty on cellulose xanthate, as pointed out by Audit has now been regularised. However, the casual manner in which the issue of excisability of Cellulose Xanthate was examined by the department and action taken subsequently was revealed certain disquieting aspects which are dealt with in the succeeding paragraphs.

(S. Nos. 1 to 3 (paras 64 to 66) of Appendix II to 77th Report of PAC  
(Eighth Lok Sabha)

### **Action Taken**

These paragraphs narrate the background of the issues under consideration.

*[Ministry of Finance (Department) of Revenue letter No. 234/3/87-cx-7 dated 26 November, 1987]*

## **Recommendation**

The Committee cannot help expressing their dissatisfaction over the unsavoury and casual manner in which the question of excisability of Cellulose Xanthate was dealt with by the Ministry. Certainly, the loss of revenue involved was not trivial. Even a rough estimation in respect of only two assessees by the two respective Collectorates of Central Excise indicated that the revenue involved could be to the tune of Rs. 10.88 crores. Pertinently, Viscose filament yarn, Viscose staple fibre and cellophane is manufactured, and, in the process Cellulose Xanthate formed, by as many as 11 assessees all in private sector, spread over within the jurisdiction of eight Collectorates. During evidence, the Committee were informed that the excisability of Cellulose Xanthate will now have to be examined further in the light of the judgement given by the Supreme Court in the case of Union Carbide India Ltd; . vs. Union of India and others. The Supreme Court is stated to have held that an excisable product is one which is marketed separately. The Committee desire that the Ministry of Finance should thoroughly examine the issue of excisability of Cellulose Xanthate and arrived at a concrete conclusion. They also expect the Ministry to take effective steps found necessary in the light of the Supreme Court decision in order to protect revenue.

*[S. No 5 (Para 68) of Appendix II to 77th Report of PAC (Eighth Lok Sabha)]*

## **Action taken**

The intention of the Government had all along been not to charge duty on cellulose Xanthate, formed at the intermediate stage in the manufacture of the Viscose filament yarn, viscose fibre or cellophane. Keeping this in view the notifications required both under Rule (1) and Section 11-C had already been issued. As such there is no loss of revenue.

A proposal to delete the sub-heading relating to cellulose Xanthate from the Central Excise Tariff is being considered.

*[Ministry of finance (Department of Revenue) letter No. 234/3/87-cx 7 dated 29 November, 1987]*

### Recommendation

The Committee note that non-collection of excise duty on Cellulose Xanthate used in the manufacture of cellophane and viscose filament yarn during the period 28 February, 1982 to 12 November, 1982 and Cellulose Xanthate used in the manufacture of viscose fibre during the period 28 February 1982 to 29 October, 1985, was regularised by issuing notifications under Section 11C of the Central Excises and Salt Act, 1944 on 7 June 1984 and 2 July 1986 respectively. In this context, the Committee note that Section 11C was introduced in the Act on 6 June 1978. It empowers the Central Government not to recover duty of excise not levied or short levied if they are satisfied that a practice was generally prevalent regarding non-levy or short-levy of duty. At the instance of the Committee, the Ministry of Finance have furnished details of the notifications issued under Section 11C during the years 1983-84, 84-85 and 85-86. From the information furnished to the Committee, it is seen that 22 Notifications were issued during the said three years and the total duty waived in respect of 18 such notifications, where duty implication were made available to the Committee, amounted to Rs. 57.89 crores. In this connection, the Committee recall their observations made in the context of the exemption notifications issued under Rule 8 of the Central Excise Rules, in para 1.22 of their 111th Report (1969-70, Fourth Lok Sabha) wherein they had noted the views of the Attorney General of India that the executive do not have the power to grant exemptions with retrospective effect. Obviously, Section 11C was not in vogue at that time. The Committee have an inevitable feeling that the introduction of Section 11C has made it possible giving exemption from payment of Central Excise duty with retrospective effect, which according to the Attorney General could not be done by issue of notification under Rule 8 of the Central Excise Rules. In the opinion of the Committee, undoubtedly, this extra-ordinary power has to be exercised by Government with utmost care and caution. However, the Committee are constrained to observe that the extent of duty foregone during the years 1983-84 to 1985-86 by invoking Section 11C would require a thorough explanation. The Committee would not like to go into the merits of each of such case of waivers of duty. They would, however, expect Government to exercise abundant caution and ensure that notifications are issued under Section 11C of the Act only when they are found absolutely essential.

*[S.No. 6 (Para 69) of Appendix II to 77th Report of PAC  
(Eighth Lok Sabha)]*

### Action Taken

Section 11C can not be considered as empowering the grant of exemption from payment of excise duty with retrospective effect as observed by the Committee. Exemption from duty with retrospective effect is carried out only on the strength of a statute, the legal effect of which would be to make the exemption applicable to past periods. In this connection the Retrospective Exemption Act, 1986 may please be referred to. In the case of Section 11C, the Government regularises the practice of non levy or short levy, as the case be, whereby duty liable is not required to be paid for specified period.

Before issuing notification under Section 11C the reports are called for from Collectors of Central Excise to ascertain that there was uniform or a near uniform practice regarding non levy or short levy of Central Excise duty during the period. Normally powers under Section 11C are invoked where Government's intention has been not levy duty and such duty has been not paid or short paid in accordance with the general practice.

The observations of the Committee relating to exercising of caution in this regard have been noted for guidance.

*[Ministry of Finance (Department of Revenue) letter No 234/3/87  
ix-7 dated 26 November, 1987)]*

### Recommendations

*Para No. 70* Another disquieting feature observed by the Committee is that while copies of the exemption notifications issued under the Customs and Central Excise Laws are laid before both Houses of Parliament, notifications issued under Section 11C of the Central Excises and Salt Act, 1944 are not so laid before both Houses of Parliament. Thus, Parliament is not kept apprised of the waivers of Central Excise duty. The Committee recommend an amendment under Section 11C making it obligatory that copies of notifications under Section 11C are laid before both Houses of Parliament. The monetary implications of the notifications should also be indicated in the memorandum appended to the notifications at the time they are placed before Parliament.

*Para No. 71* The Committee also note that while there are clear provisions in the Customs Act, 1962 for laying of exemption notifications before Parliament, there is no corresponding provision in the Central Excise Law

However, Government have been laying exemption notifications issued under Central Excise Rules before Parliament in pursuance of the assurance given to the Public Accounts Committee. The Committee desire that the position should be Legalised by enacting suitable provisions in the Central Excise Law.

*[S. No. 7 & 8 (Para 70 & 71) of Appendix II to 77th Report of PAC  
(Eighth Lok Sabha)]*

#### **Action Taken**

Government proposes to make suitable provisions in the Central Excise Law for laying copies of exemption notifications and notifications issued under Section 11C before both Houses of the Parliament.

*[Ministry of Finance (Department of Revenue) letter No. 234/3/87  
cx-7 dated 26 November, 1987]*

## CHAPTER III

### RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT

#### Recommendations

The Committee find that in response to the clarifications sought by one of the Collectors of Central Excise, the department, after examination, felt that Cellulose Xanthate could be considered as excisable under tariff item 15A and a notification was issued on 13 November, 1982, exempting cellulose xanthate used in the manufacture of cellophane or viscose filament yarn from excise duty. However, it was left to the Audit to point out that the exemption notification will not apply to cellulose Xanthate used in the manufacture of viscose fibre, as (i) filament yarn does not come into existence during the process of manufacture of staple fibre from cellulose xanthate, (ii) fibre and yarn were classifiable under different sub-items in the Central Excise Tariff. The department plunged into action again and after consulting the Chief Chemist issued yet another notification on 30 October, 1985 specifically exempting cellulose xanthate used in the manufacture of viscose fibre also from excise duty. During evidence, the Secretary, Ministry of Finance (Department of Revenue) admitted that in November, 1982, while issuing the exemption notification, "nobody understood the chemistry which is identical for fibres, filaments and cellophane. If they had understood this, then the order would have covered all the three instead of only two" Later, on in the new Central Excise Tariff Act, 1985 drafted on the basis of the internationally accepted Harmonised System of classification and implemented with effect from 28 February 1986, Cellulose Xanthate was classified as a separate excisable item. Apparently, the department till then had been proceeding on the premise that Cellulose Xanthate was capable of being classified under Tariff item 15A. Strangely enough, in striking contrast to the earlier views of the department during the oral evidence tendered before the Committee, the Chief Chemist, Central Revenues Control Laboratory maintained that

Cellulose Xanthate could not be regarded as “regenerated Cellulose” for purposes of classification under Tariff item 15A. Evidently, the issue was not clinched adequately at all by the Department.

[S. No. 4 (Para 67) Appendix II to 77th Report of PAC  
(Eighth Lok Sabha)]

#### **Action Taken**

During the oral evidence tendered before the Committee, the Chief Chemist, Central Revenue Control Laboratory had maintained that Cellulose Xanthate could not be regarded as ‘regenerated Cellulose’. This view of the Chief Chemist is exactly the same, as was expressed in the note recorded on F. No. 93/13/83-CX-3, which was given on 16.7.82. A copy of that advice is enclosed. It would show that the Chief Chemist had all along maintained that Cellulose Xanthate is not ‘regenerated Cellulose’ by itself but a “chemical derivative of Cellulose” arising during the manufacture of regenerated cellulose *viz* in the form of fibre as well as Cellophane.

Cellulose Xanthate was considered classifiable under tariff item 15A of the old Central Excise tariff as a ‘chemical derivative of Cellulose w.e.f. 28.2.82 and not as regenerated cellulose as pointed out by the Committee.

[Ministry of Finance (Department of Revenue) O.M. No. 234/3/87  
cx-7 Dated 26 November 1987]

NEW DELHI ;  
11 March, 1988  

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21 Phalgun, 1909 (Saka)

AMAL DATTA  
Chairman,  
Public Accounts Committee.



**COPY**

Copy of Chief Chemist's Opinion dated 16.7.82 recorded in F. No. 93/13/83-CX-3

Seen the CCE, West Bengal's letter and the technical opinion furnished by the Chemical Examiner, Customs House, Calcutta.

As has been described in detail, Alkali cellulose and Cellulose Xanthate emerge out as distinct products in the course of manufacture of Regenerated Cellulose viz; in the form of Fibre as well as Cellophane. Technically, both the two products viz; Alkali Cellulose and Cellulose Xanthate are chemical derivatives of cellulose as per information given in available technical literature. However, these two are not known to be marketed and are not of any commercial importance except for regeneration of cellulose. The question of chargeability to duty of such intermediate products and exemption from duty may be decided by the Tariff Section.

Sd/-  
(KESHAV PRASAD)  
16.7.82

Min. of Finance (Department of Revenue)  
CRCL n/o C. No. 22-EXO/82 dated 16.7.82.

## PART II

### MINUTES OF THE 37TH SITTING OF PUBLIC ACCOUNTS COMMITTEE HELD ON 9TH MARCH, 1988

The Committee sat from 15.30 hrs. to 16.30 hrs. in Committee Room No. 50, Parliament House.

#### PRESENT

- |                                     |   |         |
|-------------------------------------|---|---------|
| 1. Shri Amal Datta— <i>Chairman</i> | } | Members |
| 2. Shri Mohd Ayub Khan              |   |         |
| 3. Shri Ajay Mushran                |   |         |
| 4. Shri Balwant Singh Ramoowalia    |   |         |
| 5. Genl. R.S. Sparrow               |   |         |
| 6. Shri Nirmal Chatterjee           |   |         |
| 7. Shri M.S. Gurupadaswamy          |   |         |
| 8. Shri T. Chandrasekhar Reddy      |   |         |

#### SECRETARIAT

Shri B.D. Duggal—*Chief Financial Committee Officer*

#### REPRESENTATIVES OF AUDIT

- |                           |                               |
|---------------------------|-------------------------------|
| 1. Shri G.M. Mani         | —Addl. Dy. C&AG               |
| 2. Shri S.B. Krishnan     | —Director (Reports—Central)   |
| 3. Shri S.S. Roy Choudhry | —DACRI                        |
| 4. Shri M.M.B. Annavi     | —DADS                         |
| 5. Shri S.C. Singhal      | —DA (P&T)                     |
| 6. Mrs. Anjana Dass       | —DDA (P&T)                    |
| 7. Shri R. Ramanathan     | —Director of Receipt Audit II |
| 8. Shri S.K. Gupta        | —Jt. Director                 |

2. The Committee took up for consideration of the following draft reports.

(i)	x	x	x
(ii)	x	x	x
(iii)	x	x	x
(iv)	x	x	x
(v)	x	x	x

(vi) Action taken on 77th Report (8th Lok Sabha) relating to Union Excise Duties-Non-levy of duty on products captively consumed Cellulose Xanthate.

3. The Committee adopted the reports subject to certain modifications/amendments shown in Annexures\* I to IV.

4.                   x                   x                   x                   x

5. The Committee further authorised the Chairman to incorporate in the reports other minor modifications/amendments arising out of factual verification of the same by Audit. The Committee also authorised the Chairman to present these reports in the House.

**The Committee then adjourned**

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\* Annexures I to III not printed

**ANNEXURE IV**

***Amendments/Modifications made by the Public Accounts Committee in the draft report on action taken on 77th Report (Eighth Lok Sabha) relating to Union Excise Duties—Non—levy of duty on products captively consumed—Cellulose Xanthate at the sitting of the Committee held on 9 March, 1988.***

Page	Para	Line/Lines	Amendment/Modifications
6	—	—	<i>Add the following foot-note below para 9 :—</i>  <i>“The Committee note that a Bill containing amendments to the Central Excises and Salt Act, 1944 in this regard has since been introduced in Lok Sabha.”</i>

**APPENDIX I**

*(Vide para 2)*

*Statement showing classification of action taken replies received  
from Government*

- (i) Recommendations and Observations that have been accepted/  
noted by Government;  
S. Nos. 1 to 3 and 5 to 8
  
- (ii) Recommendations and observations which the Committee do not  
desire to pursue in the light of the replies received from  
Government.

S. No. 4

**APPENDIX II**  
*Conclusions/Recommendations*

S. No.	Para No.	Ministry/ Department concerned	Conclusions/Recommendations
1	2	3	4
1	9	Ministry of Finance (Department of Revenue)	The Committee deplore that although a period of more than six months have elapsed, Ministry of Finance have not been able to initiate concrete action on the recommendations. They desire that early steps should be taken for incorporating* suitable provisions in the Central Excise Law for laying copies of the notifications issued under Rule 8(1) of the Central Excise Rules, 1944, seeking exemption from levy of excise duty on specified goods and the notifications issued under Section 11C of the Central Excises and Salt Act, 1944, seeking regularisation of non-recovery of excise duty, not levied or short-levied, along with a memorandum of financial implication in both cases before both Houses of Parliament. The Committee would like to be informed of the conclusive action taken in the matter within a period of six months.

\*The Committee note that a bill containing amendments to the Central Excise and Salt Act, 1944 in this regard has since been introduced in Lok Sabha.

