

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3407
ANSWERED ON:20.08.2004
C AG REFORT NO. 10 OF 2004
Vijay Krishna Shri

Will the Minister of FINANCE be pleased to state:

to para 4.1 on page 36 of C&AG report No. 10 of 2004 and state:

- (a) Whether the matter was concluded in August 2001 and demand of Rs. 22.49 crore was confirmed, and still another circular No. 56/2001-CUS. dated 25.10.2001 reclassifying the item was issued ;
- (b) If so, the reasons therefor;
- (c) Whether the matter has been investigated to find out the vested interest of the custom staff; and
- (d) If so, the loss of revenue suffered by the Government in this case?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (d) - The Commissioner of Customs (Mumbai) passed an order in August 2001, classifying the impugned goods i.e. acupressure mattresses under CTH 9404 and confirming the duty demand of Rs. 22.49 crore. However, the matter was not concluded as the importer preferred an appeal against the Order-in-Original. The necessity to issue a circular by the Central Board of Excise & Customs arose as there was a divergent practice of classifying these goods under heading 90.19 or 9404. In order to ensure uniformity of practice throughout the country, this Circular dated 25.10.2001 was issued. It is normal for the Board to issue circulars from time to time to ensure adoption of common classification headings by the field officers. Therefore, there is no question of vested interest of the Custom staff or loss of revenue by the Government.