

**ESTIMATES COMMITTEE**  
**(1980-81)**

(SEVENTH LOK SABHA)

**THIRD REPORT**

**MINISTRY OF FINANCE**

(Department of Revenue)

Action taken by Government on the recommendations contained in the Thirty-third Report of Estimates Committee (Sixth Lok Sabha) on the Ministry of Finance. (Department of Revenue)—  
Customs



*Presented in Lok Sabha on—*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*December, 1980/Agrahayana, 1902 (Saka)*

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To

THIRD REPORT OF ESTIMATES COMMITTEE ON ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY-THIRD REPORT OF E.C. (6th LOK SABHA) ON MINISTRY OF FINANCE (DEPTT: OF REVENUE) - CUSTOMS.

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## ESTIMATES COMMITTEE

(1980-81)

Shri S. B. P. Pattabhi Rama Rao—*Chairman*

### MEMBERS

2. Shri Kumbha Ram Arya
3. Shri Chitta Basu
4. Shri Manoranjan Bhakta
5. Shri Sontosh Mohan Dev
6. Shri Ajitsinh Dhabhi
7. Shri Digambar Singh
8. Shri Era Mohan
9. Shri Jitendra Prasad
10. Shri K. T. Kosalram
11. Shri M. M. Lawrence
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15. Shri Balasaheb Vikhe Patil
16. Shri Janardhana Poojary
17. Shri K. Pradhani
18. Shri K. Vijaya Bhaskara Reddy
19. Shri Ajit Kumar Saha
- \*20. Shri Daya Ram Shakya
21. Shri Nawal Kishore Sharma
22. Dr. Shankar Dayal Sharma
23. Shri Virbhadra Singh
24. Shri R. S. Sparrow
25. Dr. Subramaniam Swamy
26. Shri Tariq Anwar
27. Shri R. L. P. Verma

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\*Elected w.e.f. 12-8-1980 *Vice* Shri T. R. Shamanna resigned.

(iv)

28. Shri D. P. Yadav
29. Dr. Golam Yazdani
30. Shri Zainul Basher

*Secretariat*

1. Shri H. G. Paranjpe—Joint Secretary.
2. Shri K. S. Bhalla—Chief Financial Committee Officer.
3. Shri H. C. Bahl—Senior Financial Committee Officer.
4. Shri A. N. Bhatla—Senior Financial Committee Officer.

COMPOSITION OF STUDY GROUP 'H' OF  
ESTIMATES COMMITTEE

(1980-81)

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1. Shri S. B. P. Pattabhi Rama Rao—*Chairman.*
2. Dr. Shankar Dayal Sharma—*Convener.*
3. Shri Kumbha Ram Arya.
4. Shri K. T. Kosalram.
5. Shri B. R. Nahata.
6. Shri Nawal Kishore Sharma.
7. Shri Virbhadra Singh.
8. Shri R. S. Sparrow.
9. Shri D. P. Yadav.

## INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Third Report on action taken by Government on the recommendation contained in the Thirty-Third Report of the Estimates Committee (Sixth Lok Sabha) on the Ministry of Finance (Deptt. of Revenue)—Customs.

2. The Thirty-third Report was presented to Lok Sabha on 27 April, 1979. Government furnished their replies indicating action taken on the recommendations contained in that Report between 7 November, 1979, and 31 October, 1980. The replies were examined by Study Group 'H' of Estimates Committee (1980-81) at their sitting held on 4 November, 1980. The draft Report was adopted by the Estimates Committee (1980. 81) on 25 November, 1980.

3. The Report has been divided into following Chapters:—

- I. Report.
- II. Recommendations/Observations that have been accepted by Government.
- III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies.
- IV. Recommendations/Observations in respect of which replies of Government have not been accepted by the committee.
- V. Recommendations/Observations in respect of which final replies of Government are still awaited.

4. An analysis of action taken by Government on the recommendations contained in the Thirty-third Report of the Estimates Committee (Sixth Lok Sabha) is given in Appendix VII. It would be observed therefrom that out of 86 recommendations made in the Report, 65 recommendations i.e. 75.6 per cent have been accepted by the Government and the Committee do not desire to pursue 5 recommendations i.e. 5.8 per cent in view of Government replies. Replies have not been accepted in respect of 6 recommendations i.e. 7 per cent. Final replies of Government in respect of 10 recommendations i.e. 11.6 per cent are still awaited.

NEW DELHI;  
December 2, 1980.  

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Agrahayana 11, 1902 (Saka).

S. B. P. PATTABHI RAMA RAO.  
Chairman,  
Estimates Committee.

# CHAPTER I

## REPORT

1.1. The Report of the Estimates Committee deals with the action taken by Government on the recommendations contained in their Thirty-third Report (Sixth Lok Sabha) on the Ministry of Finance (Dept. of Revenue) —Customs.

1.2. Action taken notes have been received from Government in respect of recommendations contained in the Report.

1.3. The action taken notes on the recommendations of the Committee have been categorised as follows:—

- (i) Recommendations/observations that have been *accepted by Government.*

Sl. Nos. 1, 2, 3, 4, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 23, 24, 27, 30 (Para 5.38) 32, 33, 34, 35, 37, 38, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 54, 56, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 76, 77, 79, 80, 81, 83, 84, and 85.

(Total: 65—Chapter II)

- (ii) Recommendations/observations which the Committee do not desire to pursue in view of *Government's replies.*

Sl. Nos. 13, 26, 55, 57, 75 (Para 10.35).

(Total: 5—Chapter III)

- (iii) Recommendations/observations in respect of which Government's replies have not been *accepted by the Committee.*

Sl. Nos. 25, 30 (Para 5.36), 36, 40, 82, and 86.

(Total: 6—Chapter IV)

- (iv) Recommendations/observations in respect of which *final replies of Government are still awaited.*

Sl. Nos. 5, 6, 7, 22, 28, 29, 30 (Para 5.37), 31, 39, 53, 75, (Para 10.34), and 78.

(Total: 10—Chapter V)

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

**Recommendation Sl. No. 25 (Paras 4.97 and 4.98)**

*Fixing of time limit for furnishing test reports by Laboratories under Central Board of Excise and Customs*

1.5. It had been represented to the Committee that it took too much time to get the test reports. It was suggested that the test reports should be expedited and submitted within a fixed period of time. The Ministry had stated that this aspect was considered by Government and it was felt that any time-schedule fixed in this regard would dilute the responsibility of the Collectors. Besides, it would be difficult to prescribe time limit in respect of samples sent to outside laboratories. After examining the time taken by laboratories giving test reports, the Committee felt that in deference to the wishes of the trade and industry, if a reasonable time limit was laid down to serve as a guideline for the laboratories of the Excise and Customs Department, it would help inculcate a sense of urgency and importance in the minds of experts responsible for furnishing Reports and it might improve the position further.

1.6. In their reply (November, 1979) the Ministry of Finance (Department of Revenue) have stated that "in view of the variety of items, the complexity of various tests involved depending upon the merit of each sample, it would not be practicable to lay down a time limit for the finalisation of test reports. Instructions have, however, been issued to the Collectors to exercise effectively supervisory checks so that there is no avoidable hold up of any test report."

1.7. The Committee do not agree with the Ministry's view. They reiterate that a reasonable time limit should be laid down to serve as a guideline for the laboratories and to inculcate a sense of urgency in the minds of experts responsible for furnishing test reports.

**Recommendation Sl. No. 30 (Para 5.36)**

*Settlement of Drawback claims*

1.8. Taking note of the Government's statement that 85 per cent of the claims for drawback were paid within 6 weeks to 2 months of shipment and considering the need for expeditious settlement of these claims, for export promotion, the Committee saw no reason why the Government should not accept the recommendation made by the Jha Committee (1978) that no case of drawback should take more than 3 months to settle and

this time limit too should be fixed statutorily. The Committee also suggested that this statutory period of 3 months for settlement of drawback claims should start from the date of shipment of goods and where statutory time limit was exceeded, the law should provide for payment of interest at the appropriate rate from the date of expiry of the time limit.

1.9. In their reply (November, 1979) the Ministry have stated that cases where necessary documents etc., are submitted by the claimants in time and no tests are involved, are generally finalised within 6 to 8 weeks.

1.10. The Ministry have further stated that:—

“Number of claims, other than provisional claims, pending finalisation on 1st April 1979 was 19,855. The average monthly receipt is of the order of 30,000 claims. The pendency of the claims as on 1st April 1979 is, therefore, less than 3 weeks intake. The total pendency position of the category of claims where rates are available works out to 5 per cent of the annual intake and if the pendency of 3 months alone (4,054 claims) is taken into consideration, this works out to 1 per cent of the annual intake. With a view to further cut out delays and eliminate the exporters' difficulties, the following measures have been taken:—

- (i) Duty Drawback Credit Scheme has been introduced by which the exporters can get interest free advance for 90 days from the Scheduled banks immediately on export of goods in cases where the rates have been fixed.
- (ii) Scheme of Duty-free imports against Advance Licences for export production has been expanded to cover a large variety of goods and cases.
- (iii) Periodical meetings are held at the port by the Deputy Collector-in-charge of Drawback with the Export Promotion Councils and other trade interests to look into the specific cases relating to the settlement of the claims.

1.11. In view of the above measures taken and also of the low pendency as compared to the total receipts, it is not considered necessary to fix any statutory time limit nor to pay interest on belated payment of drawback amount.

1.12. Further, delays that occur may be attributable as much to Government as for want of action on the part of exporters and in cases of contributory delays, it would administratively be not feasible to apportion the responsibility for the delay in each and every case.”

1.13. While the aforesaid measures taken to further cut out delays and to eliminate the exporters' difficulties are welcome, the Committee do not agree with the Government's view that these do away with the necessity of fixing any statutory time limit for settlement of drawback claims or paying interest on belated payment of drawback claims. The Committee feel that in disposal of drawback claims, so as to give every possible encouragement to export promotion efforts, it is necessary to fix a statutory time-limit of 3 months for settlement of drawback claims and to pay interest thereafter, if the responsibility for the delay is not attributable to the exporter. The Committee reiterate their recommendation .

#### Recommendation Sl. No. 36 (Para 6.38)

#### *Disposal of Appeals*

1.14. The Committee felt concerned over the inordinate delay in the disposal of appeals and revision applications in respect of Customs disputes and deplored the long delays in the disposal of appeals, especially in Delhi and Bombay Collectorate. As on 1-2-79, the total number of appeals pending with the Custom Houses in Delhi, Calcutta, Madras and Bombay were 9708 out of which the number of appeals pending for more than one year were 2254. While emphasising the importance of expeditious disposal of appeals, the Committee felt that no appeal should ordinarily remain pending for more than six months and in no case for more than one year. The Committee desired that the Central Board of Excise and Customs should keep a close watch over appeals pending for more than 6 months and if the member of pending appeals appeared to be going beyond the capacity of any Collectorate at any time, the Central Board should set in motion special drives to clear the backlog and bring the situation under control.

1.15. The Ministry in their replies (December, 1979) have stated that:

"Pursuant to the observations of the Estimates Committee of the 6th Lok Sabha in its 33rd Report on the Ministry of Finance (Department of Revenue)—Customs, expressing concern over the inordinate delay in the disposal of appeals and revision Applications in respect of Customs disputes, the Appellate Collectors of Customs were asked in May, 1979 to arrange for a special drive to dispose of appeals pending before them and also to observe the month of June 1979 as an Arrear Clearance Month. They were advised that in taking up the pending cases for disposal efforts were to be directed towards disposal of old cases and not only of recent and comparatively easy cases so as to increase the disposal.

As a result of the drive it was possible to ensure a situation in Calcutta where there is no arrear of customs appeal at all. As a matter of fact even now the Customs appeals pending in Calcutta are all less than 6 months old. The present pendency of Customs appeals in Calcutta is 567 only. In New Delhi in the Month of June 1979 as against the average disposal of 115 appeals, 123 appeals, including 18 appeals more than one year old, were disposed of. This was possible in spite of the fact that there was a change of incumbent in the post of Appellate Collector during this period. In any case it was possible to stop up disposal of appeals and in September, 1979 disposal was 304 as against receipt of 186 appeals and at the end of this month the total pendency of appeals is 1697 of which only 257 appeals are more than one year old (about 16 per cent). In Madras, the closing balance of 4250 appeals as on 30th June 1979 was the lowest as compared to the lowest balance during the period 1st June 1978 to 31st May 1979 even though during the month of June 1979 only two Appellate collectors were functioning as against 3 during the previous period. The average number of disposal of appeals per Appellate Collector was stepped up from 277 to 428. In all, 122 appeals more than one year old were disposed of during June, 1979 and the total pendency of over one year old cases is now 1122. However, there was a trend of increase receipt of appeals with the Appellate collectors in Madras and the number of pending appeals at the end of September, 1979 is 5389. The receipt of customs appeals in Madras is now more than 1000 per month. So far as Bombay appellate charge is concerned, the pendency has come down to 3946 at the end of September, 1979. This figure includes 838 appeals which are more than one year old (25 per cent). In the month of September, 1979 as against receipt of 850 appeals 1031 appeals were disposed of.

Thus, to sum up, in the charges of four Appellate Collectors of Customs in Calcutta, Delhi, Madras and Bombay the total pendency now is 11,599 and the total number of more than one year old appeals has come down slightly to 2217 (about 20 per cent).

Thus, even though the total pendency of Appeals has gone up slightly because of increased receipts of appeals, particularly, in Madras, the position has considerably improved in Bombay. The position in Calcutta is very satisfactory. In Delhi, however, for various administrative reasons, there have been

problems in keeping the full strength of Appellate collectors and also in keeping the incumbents there for the normal tenure. With the posting of one additional Appellate Collector in Madras and filling up the post of Appellate Collector regularly in Delhi, the position will improve. The matter is being kept under constant watch.

It is also proposed that after hearing of an appeal, the decision thereon would ordinarily be communicated to the appellant within a period of 6—8 weeks.”

1.16. The Committee note that though as a result of the action taken by Government, the disposal of appeals and revision applications in various Collectorates has been speeded up, the total pendency of appeals in December, 1979 has gone up to 11,599, as against 9708 on 1-2-1979, reportedly because of increased receipt of appeals. The Committee would like that the tempo now built up to clear the pending appeals, should be maintained and sustained efforts continue to be made to clear the backlog to ensure that in future, as recommended by them, no appeal ordinarily remains pending for more than six months and in no case for more than one year.

## DISCRETION TO APPELLATE AUTHORITY TO WAIVE PRE-PAYMENT OF DEPOSITS

### Recommendation Sl. No. 40 (Para 6.43)

1.17. Under Section 129 of the Customs Act any person desirous of appealing against any decision or order passed under the Act is required to deposit the duty demanded or penalty levied. But discretion has been given under the law to the Appellate Authority to dispense with such deposits either un-conditionally or subject to such conditions as it may deem fit if it is of the opinion that the deposit of duty demanded or penalty levied will cause undue hardship to the appellant. The Committee noticed that in certain cases prepayment of penalty running into lakhs of rupees was waived by the Appellate Authorities on the ground that “financial position of the party was reported to be unsound”. The Committee felt that the present law gave unbridled discretion to the Appellate Authorities to waive pre-payment of deposit subject to certain conditions. Drawing attention to their recommendation contained in para 5.38 of the 28th Report (1979) on Central Excise, the Committee recommended that Government might make a suitable provision in the Customs law also giving the assessee two options viz., (i) he may either pay duty claimed by the Department first before filing appeal, revision application etc., and

in case he wins the appeal he may get back the amount with interest or (ii) in the alternative, he may be allowed to file the appeal without payment of the amount of duty in dispute and in case he loses he may be liable to pay duty with interest thereon.

1.18. In their reply (June, 1980), the Ministry of Finance (Department of Revenue) have stated "The proviso to Section 129 of the Customs Act, 1962, lays down that the Appellate Authority can dispense with pre-payment of deposit if the payment causes "undue hardship" to the appellant. Generally, only in the cases of appellants where financial status is not sound, the appeals are considered on merits without insisting on pre-payment of duty/penalty levied. In some cases a part payment is insisted upon. The discretion to dispense with pre-deposit of duty, fine and penalty is exercised in a judicial manner and adequate consideration is given to the protection of revenue interests. The pre-deposit is also normally waived only after arriving at a decision that insistence on the provisions of Section 129, might adversely affect the interests of the Department. Wherever an appellant's request for waiver of the condition of pre-deposit is entertained, the appeal is also taken up for prompt disposal.

It may be pointed out that expressions "unbridled discretion" and "subject" to certain conditions" are contradictory to each-other. Nothing can be unbridled if it is subject to certain conditions. When the Appellate Authority sits in appeal against the whole order and is competent to up-hold, modify or completely reverse it, the power to waive pre-payment of the deposit cannot be considered as unbridled discretion.

According to the Ministry any amendment in the Customs Act to withdraw the power to waive predeposit might create more problems and loss of Government revenue through delays caused by litigation.

1.19. The Committee take note of the position explained by the Ministry. The Committee would, however, still like to reiterate that in case an assessee pays the duty claimed by the Department before filing appeal, revision application etc. and he wins the appeal, he may get back the amount with interest. As regards the second alternative, the Committee recommends that where the Appellate Authority decides to dispense with pre-payment of duty/penalty, the assessee, in case loses the appeal, should be required to pay the amount of duty/penalty with interest thereon.

#### Recommendation Sl. No. 42 (Para 6.45)

##### *Appellate Tribunal*

1.20. The Committee noted that the need for setting up an independent Appellate Tribunal for hearing appeals in respect of Customs and Excise

disputes had been emphasized by the trade and industry for quite some time. [The Committee had also dealt with this matter in paras 6.38 and 6.39 of their 28th Report (1978-79) on Central Excise]. The Committee reiterated that Government should set up without any further delay an independent Appellate Tribunal for settling disputes relating to Excise and Customs on the lines of Income Tax Tribunals in deference to the near unanimous demand of the industry and oft-repeated views of the Government appointed expert bodies in this regard.

1.21. In their reply (November, 1979) the Ministry of Finance stated that "the recommendations of the Estimates Committee for the setting up of an All-India Classification Tribunal as suggested by the Jha Committee and the setting up of an Appellate Tribunal for all Excise and Customs matters as has been recommended by several Committees have been considered together. A final view in the matter would, however, take some-time since the establishment of a Tribunal is a major issue of policy calling for legislation."

1.22. In his budget speech (Para 116) on 18 June, 1980 while presenting the General Budget in Lok Sabha, the Finance Minister referred to the persistent public demand for setting up an independent Appellate Tribunal for Customs and Excise matters and stated that this demand has recently been endorsed by the Estimates Committee of Parliament". He added that though the Government had not been in favour of such a system in the past, it had now decided to set up the recommended Tribunal and had made a suitable provision in the Finance (No. 2) Bill, 1980 for setting up "an Appellate Tribunal to hear appeals in respect of Customs, Central Excise and Gold Control matters. This Tribunal will be independent of the executive machinery charged with the day-to-day administration of revenue laws."

1.23. In their reply (June, 1980) [in respect of recommendation at Sl. No. 16, 17 and 46) (Paragraphs 2.52—2.54, 6.38—6.39) of the 28th Report (1978-79) on Central Excise], the Ministry have also stated that "Government have since decided to set up an Appellate Tribunal to hear appeals (including appeals on classification) in respect of Customs, Central Excise and Gold Control matters, and the necessary provisions have been included in the Finance (No. 2) Bill, 1980."

1.24. The Committee are glad to note that in pursuance of their recommendation, Government have decided to set up an independent Appellate Tribunal to hear appeals in respect of Customs and Central Excise etc. This measure will fulfil a long-felt need of the trade and industry, and they have no doubt that it will make for speedy disposal of appeals in Customs and Central Excise cases.

4

**Recommendation Sr. No. 66 (Para No. 9.48)**

*Clearance of Passengers at the international Ports*

1.25. While dealing with the delays in clearance of passengers by customs staff at airports, the Committee observed that a suggestion form should be given to every passenger, whose baggage was opened and checked and the passengers advised to send the suggestion forms duly filled in directly to the Collector of Customs in-charge of the Airport by post. The suggestion form should be acknowledged on receipt and action taken on the suggestions intimated to the passengers concerned.

1.26. In their reply (November, 1979) the Ministry have stated that:—

“On an average, every month, about 24,000 passengers are cleared through the Red Channel at Bombay Airport and the monthly average of the number of passengers cleared through Red Channel at Delhi Airport is about 6,000. The baggage of almost all passengers who select the Red Channel, is subjected to examination, and in, addition, the baggage of a small percentage of passengers selecting the Green Channel is also subjected to examination. It is, therefore, felt that handing over suggestion forms to such a large number of passengers and later acknowledging the suggestions received and intimating action taken on each suggestion to the concerned passengers would not be practicable.

A system of distributing forms to a small percentage of passengers, selected at random, to enable them to record their views about the customs procedure of clearance of baggage and also the suggestions that they might have in regard to the improvement of amenities at the airports is already in vogue at all the major international airports in the country. In addition, suggestion/complaint boxes have also been placed at prominent points at each of these airports. The Government is, therefore, of the view that the purpose which the committee had in view, would be served if the existing system was slightly modified so as to place the suggestion forms near the suggestion/complaint boxes to make them readily available to all interested passengers. The forms after being filled in, could either be made over by the passengers to the collector of customs or dropped by them in the suggestion/complaint boxes. The suggestion boxes would be opened only by senior officers of the level of Assistant Collectors and above, and the suggestions

received sent to the Collectors for perusal. The forms received would be acknowledged and action taken, on the basis of the suggestions received, intimated to the concerned passengers”.

1.27. The Committee note that the system of distributing Suggestion forms to a small percentage of air passengers, selected at random, which is already in vogue, is now proposed to be extended and the suggestion forms will now be placed near the suggestion/complaint Boxes at each of the Airports to make them readily available to all interested passengers. The Committee feel that as recommended by them, the forms should be prominently placed at all the Customs counters also where alone they will attract the attention of all interested passengers, and that the passengers should also be allowed to send the forms duly filled in by post at a clearly given address.

**Recommendation Sl. No. 82 (Para Nos. 11.21 to 11.24)**

*Organisation set up*

1.28. The Committee noted that a full fledged Directorate of Organisation and Method services was created on 1st December, 1976 to undertake a continuous study for re-organisation of Customs Department. It started functioning during the year 1977-78.

1.29. The Committee noted that except small routine studies, no major study for system re-organisation of Customs Deptts. had been undertaken by the Directorate of O & M Services. The Committee desired the Directorate to concentrate on fundamental matters like organisation and methodology of various disciplines and services including administrative and procedural reforms, efficiency in management, form of management, computation, circulation of data, anti-smuggling and anti-corruption measures etc.

1.30. The Committee also took note of the studies of staff undertaken by the staff Inspection Unit of the Deptt. of Expenditure. The Committee desired to be apprised of the follow-up action taken in the light of studies made by the O & M Directorate and the Staff Inspection Unit and the results achieved. The information was required to be furnished under various heads like Staff Economy (in numbers and in terms of money) staff augmentation, procedural reforms efficiency norms etc.

1.31. The Ministry in their reply (December 1979) have stated that the recommendations of the Directorate of O&M Services in respect of Santa Cruz Airport, Trivandrum Airport and Air Cargo Complex have already been implemented. As regards Postal Appraising Deptt. of Madras Custom House the report of the Directorate of O & M Services was received but

before taking action upon it, it was felt that the entire custom House should be studied. Accordingly, this study is being undertaken by the Directorate of O & M Services.

1.32. The Directorate of O & M Services is not concerned with computation and circulation of data, anti-smuggling and anti-corruption measures. The Directorate has, recently taken up methods study, for example of the movement of Bills of Entry and the Shipping Bills in the Custom Houses and the study of the Refund Procedure in the Central Excise formations. It is expected that in the near future the Directorate will be able to devote more of its attention to the system and methods and management studies in addition to the staffing studies.

1.33. In their reply, the Ministry have also informed the Committee about the number of posts created and abolished on the basis of the follow-up action taken on the studies conducted by the DG of O & M and Staff Inspection Unit in Bombay, Trivandrum, Cochin, Ahmedabad Collectorates and their financial implications.

1.34. The Ministry have stated the staff Inspection Unit of the Directorate of O & M Services (CBEC) have not made any recommendation with regard to procedural reforms and/or efficiency norms in these areas.

1.35. The Committee note that based on the studies of staff undertaken by the Directorate of Organisation and Methods Services and the Staff Inspection Unit, follow-up action has been taken to create/abolish certain number of posts by the customs Deptt. in Bombay, Trivandrum, Cochin and Ahmedabad Collectorates. But neither the Staff Inspection Unit nor the Directorate of O & M Services has made any recommendation with regard to procedural reforms or efficiency norms in these areas. The Committee have, however, been informed that apart from staffing studies, the Directorate of O & M Services has recently taken up methods study e.g., movement of Bills of Entry and Shipping Bills to Customs Houses and refund procedure in Central Excise formations.

1.36. The Committee would like to reiterate that the Directorate of O&M Services should concentrate on fundamental matters like organisation and methodology of various disciplines and services including administrative and procedural reforms, efficiency in management, form of management, computation, circulation of data anti-smuggling and anti-corruption measures and take follow-up action to bring about all round efficiency and economy in the Headquarters and field organisations of the Customs net work.

**Recommendation Sl. No. 86 (Para 11.37)***Staggering of office hours*

1.37. The Committee in their report had stated that there was force in the demand of the exporters of fish in Cochin that the services of the Customs Staff should be made available without payment of overtime by the exporters for handling export consignment of fish which in view of the perishable nature of the commodity had to be shipped after sunset. In view of the fact that this cargo was loaded only twice a week, the committee felt that there should be no difficulty in staggering the duty hours of the staff on these two days through a duty-roaster. The Committee desired that necessary steps in this regard should be taken without delay and that this facility should be extended to other ports also where fish consignments have to be loaded only in the evening in view of the perishable nature of the commodity.

1.38. In their reply (November, 1979) the Ministry have stated that:—

- (1) Under the existing arrangements, for any services rendered beyond the normal working hours by Customs staff, in respect of both import goods, overtime fee is charged from the beneficiaries, by the Customs at the prescribed rates. Even in cases where, taking into account the work load, a second shift is introduced through deployment of staff on regular basis, the trade would still be required to pay for the services rendered by the Customs staff for the work done after the normal working hours.
- (2) In case free services of the Customs staff are provided for supervising export shipments of fish after the normal working hours at Cochin and other ports, such free services would have to be provided in respect of other import and export clearance at all the ports. This would have very large financial implications since annually an amount of Rs. 2.50 crores approximately is recovered as overtime fee at Bombay, Calcutta, Madras and Cochin Customs Houses and this large amount will have to be foregone.
- (3) The volume of shipment of fish consignment at Cochin is not such as to justify the introduction of a regular shift in the evening. The daily average of the number of such Shipping Bills filed is about 15 and the loading takes place only twice a week. Further, there is no fixity about the days of loading of fish for export.

- (4) The over-time fees for the services of Customs staff for supervising shipment of fish at Cochin would be insignificant as compared to the value of the goods, the incidence of freight and loading charges, etc., in respect of each of such consignments.

1.39. The Committee are not satisfied with the argument advanced by the Ministry against acceptance of their recommendation. In view of the fact that fish is a perishable commodity, the Committee reiterate that over-time fees should not be charged for loading the fish consignments at Cochin and other ports after sunset.

#### Implementation of recommendations

1.40. The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that government should ensure expeditious implementation of the recommendations accepted by them. In cases where it is not possible to implement the recommendation in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

1.41. The Committee regret to note that even though more than 18 months have elapsed, the Ministry have not to far been able to take a final decision on a large number of their recommendations (Numbering 12) most of which relate to issues of fundamental importance such as, time limit for disposal of Refund Claims, Modernising and strengthening the test laboratories, simplification of Drawback system and shifting the customs and immigration check-post to Amritsar, and only replies of interim nature have been sent in respect of them.

1.42. All these recommendations have been included in Chapter V of the Report. The Committee desire that final replies in respect of these recommendations may be furnished to the Committee within six months.

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### **Recommendation Sl. No. 1 (Para Nos. 2.14, 2.15 and 2.16)**

2.14. The Committee have been informed by a large number of non-official organisations that the Customs Notifications are not available promptly and these do not percolate down to all the interested parties in view of their limited circulation. It takes a Notification three to four weeks to reach the parties concerned through the Custom Houses.

2.15. The Committee Note the various steps taken by the Government in making the customs notification available to the trade and industry as early as possible but it has not met the requirements of the trade and industry or has failed to remove the gap in availability.

2.16. The Committee feel that instead of routing the notifications through Custom Houses, the Notifications orders etc. relating to Customs should be mailed direct from Headquarters to all the Chambers of Commerce and Industry, and trade organisations, importers and exporters who may register themselves with the Ministry for the purpose on payment basis. The notifications should be despatched the same day on which they are sent to press for publication in the Gazette.

[L.S.S. O.M. No. 20/(1)/EC/79, dated 30-4-1979]

#### **Reply of Government**

The recommendation of the Committee is acceptable to the Government. Under the existing arrangements the Custom House furnish copies of the Customs notifications to all subscribers who are on their mailing list. It has been decided to make arrangements for making available all Customs notifications, orders etc. to different Chambers of Commerce & Industry also through the Directorate of Publications at Delhi on the same basis as adopted by the Custom Houses.

[Min. of Finance O.M. No. 411|31-A|79-Cus. III dt. 7-11-79].

#### **Further Reply of Government**

In the reply forwarded by the Ministry of Finance (Department of Revenue) on para 2.14, 2.15 and 2.16 of the 33rd Report of the Estimates

Committee, it was stated that a decision had been taken that all customs notifications, orders etc. would be made available to different Chambers of Commerce and Industry through the Directorate of Publications at Delhi on the same basis as adopted by the Custom Houses. Since then, the Directorate of Publications has commenced the service for making available notifications orders etc. to all subscribers.

[Ministry of Finance O.M. No. 411|31-A|79|Cus. III dt. 30-8-80].

#### **Recommendation Sl. No. 1 (Para 2.17)**

2.17. The Committee are informed that Government have decided in principle to set up a Directorate of Publications to improve the communications between the Customs Department and the assessees. The Committee strongly urge that the proposal for the separate Directorate of Publications should be given a concrete shape without any further loss of time and the Directorate set up at the earliest to meet the genuine demand of the assessees to be supplied with copies of Notifications, Orders etc. without any delay.

[L.S.S. O.M. No. 20/2(i)/EC/79, dated 30-4-1979]

#### **Reply of Government**

The Directorate of Publications has already been set up *vide* the Department of Revenue's letter\* F. No. A11013/39/78-Ad. IV dated 21-5-1979.

[Ministry of Finance O.M. No. 411|31-A|79|Cus. III dt. 4-12-1979]

#### **Recommendation Sl. No. 2 (Para Nos. 2.25 & 2.26)**

2.25. The Committee have considered the suggestions made by non-official experts and organisations of trade and commerce in regard to giving of publicity to changes in customs duty through newspapers.

2.26. The Committee are of the opinion that in order to ensure quicker and wider dissemination of the contents of customs notifications, the practice of issuing press notes which is stated to be already in vogue in respect of important notifications, should be extended to cover all the notifications having a bearing on customs duty or procedure. The Committee also commend the suggestion for the publication of reference number and gist of notifications relating to customs duty in the commercial columns of important newspapers immediately after these are issued. This will enable the trade and industry to know of the changes in customs duty concurrently

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\*Not printed.

and obtain copies of the notifications, in which they may be interested, from the Ministry or Custom houses. The commercial publicity and issue of press notes can be started immediately for general information without waiting for the setting up of the Directorate of Publications.

[LSS O.M. No. 20|2(1)|EC|79 dt. 30-4-1979].

### **Reply of Government**

As suggested by the Committee, in order to ensure quicker and wider dissemination of information relating to notifications having a bearing on the rates of customs duties, press notes are being issued simultaneously with the issue of the notifications. For the reasons indicated in the action taken note on para 2.19 of the 28th Report of the Estimates Committee (copy enclosed) (Appendix I), it is not considered practicable to publish the gist of the notifications relating to customs duty as an advertisement in newspapers. However, the object in view will be adequately served by appropriate publicity of the notifications through the press notes and trade notice.

[Ministry of Finance O.M. No. 411|31-A|79|Cus. III dt. 7-11-79].

### **Recommendation Sl. No. 3 (Para Nos. 2.34 & 2.35)**

2.34. It has been stated by various organisations of trade and industry that the notifications and orders issued by the Customs Department are unintelligible, ambiguous and are not clear with the result that problems arise at the time of classification of items and payment of duty. It has also been brought to the Committee's notice that the Customs notifications mention the changes in duty but do not indicate the final effect of the changes or their implications. According to the Ministry, these being statutory notifications, it is necessary that precise and legal terminology should be used to avoid any ambiguity in interpretation.

2.35. The Committee are of the opinion that solution to this problem lies in appending an 'explanatory note' to each such notification explaining the purpose, scope and effect of the notification in intelligible language. They recommend that the practice of issuing 'Explanatory Note' should be started immediately for the benefit of the assesseees.

[LSS O.M. No. 20|2(1)|EC|79 dt. 30-4-1979].

### **Reply of Government**

The recommendation of the Committee has been noted and steps will be taken to issue notifications alongwith an explanatory note so as to bring out the full meaning and scope of the notifications.

[Ministry of Finance O.M. No. 411/31-A/79-Cus. III dated 7-11-79]

**Recommendation Sr. No. 4 (Para No. 2.46)**

2.46. It has been represented to the Committee that in the matter of interpretation of customs notifications the customs authorities display a bias in favour of revenue irrespective of merits of the case. The Ministry have stated that in order to achieve uniformity in classification and interpretation, important matters of dispute are discussed at Tariff Conferences of the Collectors of Customs with a view to resolve doubts regarding correct classification of goods and interpretations of customs notifications and 'Tariff Advices' issued in the light of decisions taken at such conferences. It has been suggested by the trade that the trade should also be represented at the Tariff Conferences to enable the customs authorities to appreciate the trade view before taking decision. The Committee agree with the Ministry that since Tariff Conferences are essentially meant to be a departmental forum, it would not be desirable to associate the trade in a formal way with such Conferences, but they feel that as agreed to by Finance Secretary during evidence, the views of the trade on the points to be discussed at Tariff Conferences should be specially obtained before hand and taken into consideration while discussing these matters at Tariff Conferences.

[LSS O.M. No. 20|2(1)|EC|79 dt. 30-4-1979].

**Reply of Government**

Instructions have been issued *vide* letter\* F. No. 521|22|79-Cus (TU) dated 4th August, 1979 to the field formations that while discussing in the Tariff Conferences, the classification of any goods where either representations are received or classification decided by a Custom House is disputed by the trade, the views of the trade regarding the classification should be fully obtained and taken into consideration while discussing the matter at Tariff Conferences.

[Ministry of Finance O.M. No. 411|31-A|79 Cus. III dated 7-11-79].

**Recommendation Sr. No. 4 (Para No. 2.47)**

2.47. The Committee would also like the Central Board to advise the customs officers to display objectivity in interpreting customs notifications and dispel the general impression prevailing among importers that their interpretations are biased in favour of revenue irrespective of the merits of the case.

[LSS O.M. No. 20|2(i)|EC|79 dt. 30-4-1979].

**Reply of Government**

Recommendation of the Committee is accepted. A copy of the instructions issued *vide* letter F. No. 521|22|79-Cus (TU) dated the 4th August

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\* Not printed.

1979, to the field formations is enclosed\* for the information of the Committee.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-1979].

**Recommendation Sl. No. 4 (Para No. 2.48)**

2.48. The Committee also feel that in the event of a difference of opinion between the Customs Appraiser and the importer in the matter of classification or assessment of duty the case should be straightaway referred to the Assistant Collector incharge of the place, and, if the Assistant Collector also does not agree with the importer on the point under dispute he should pass a "speaking order"—an order with reasons—in all cases to enable the importer to file an appeal in due course, should he so desire.

[LSS O.M. No. 20/2(I)EC/79 dated 30-4-1979]

**Reply of Government**

The Committee's recommendation is accepted. Instructions have been issued *vide* letter F. No. 521/22/79-Cus (TU) dated 4th August, 1979 to to the field formations. A copy of the instructions is \*enclosed.

[Ministry of Finance O.M. No. 411/31-A/79-Cus. III, dated 7-11-79]

**Recommendation Sr. No. 8 (Paras No. 3.11, 3.12, 3.13 and 3.14)**

3.11 The Customs Tariff Act, 1975 based on Customs Cooperation Council Nomenclature (CCCN) was adopted with effect from 2nd August, 1976. The revised tariff did not adopt the CCCN in toto but certain headings of the CCCN were merged and some new sub-headings of the CCCN were created so as to suit the pattern of India's foreign trade.

3.12. According to clarification issued by the Ministry wherever heading have been merged, it should be deemed that the scope of the merged heads remain the same as in the case of BTN (CCCN) unless contrary intention appeared in the scheme and in the headings and sub-headings. There is a general demand made to this Committee by the association of Commerce and Industry that the Customs Tariff should be fully aligned with the CCCN (formerly Brussels Tariff Nomenclature-BTN). According to them grouping of several sub-items under one heading causes difficulties in correct classification and clearance of goods. On the other hand, according to the Ministry these departures are improvements in the Indian Customs Tariff which have facilitated easy assessment and quick clearance of goods through Customs and none of these have caused any disputes in

classification. As regards another suggestion that the explanatory notes given in the CCCN should also be introduced in the Indian Customs Tariff, the Ministry have stated that such notes are only for the purpose of a better understanding of the nomenclature and according to the scheme of CCCN they do not have the force of law. In the Ministry's opinion it would not be desirable to incorporate these lengthy and voluminous notes as a part of the tariff.

3.13. The Committee note that the Indirect Taxation Enquiry Committee, 1978 (Jha Committee) which studied the problem have recommended that in the interest of operational efficiency and to ensure comparability between the Customs Schedule and the Import Trade Control Schedule, it is imperative that the Customs Schedule is wholly CCCN based without any contractions or adaptations. According to Jha Committee this will also help in the matter of comparing international trade statistics. Further the Customs administration would derive an immediate and continuing benefit from the explanatory notes and classification opinions of the Nomenclature Committee.

3.14 In the Committee's view, there was an obvious advantage in adopting the internationally recognised and standardised nomenclature—CCCN for Indian Customs Tariff which it appears has been lost in the process of bringing out an adapted and abridged version of the Nomenclature. Agreeing with the Jha Committee's recommendation the Committee feel that the Indian Customs Schedule should be wholly CCCN based without any contractions or adaptations.

[L.S.S. O.M. No. 20/2(i)/EC/79, dated 30-4-1979]

### **Reply of Government**

The recommendation of the committee that the Indian Customs Tariff Schedule should be wholly CCCN based without any contractions or adaptations has been accepted in principle.

However, in view of the fact that the Customs Co-operation Council is presently developing a harmonised commodity description and coding system based on the Custom Cooperation Council Nomenclature, the Nomenclature of the Customs Cooperation Council is likely to undergo some changes as a result of the development of the said system the legislative exercises for the adoption of the CCCN, in toto, could for practical reasons, be proposed for being undertaken after the final results of Harmonisation are available.

[Ministry of Finance O.M. No. 411/31-A/79|Cus.III dated 7-11-79]

**Recommendation Sr. No. 9 and 10 (Paras No. 3.23, 3.24, 3.25, 3.26)**

3.23 The Committee note that under section 14 of the Customs Act, 1962 Government may by notification fix tariff values for any class of imported goods or export goods having regard to the trend of value of such or like goods. While fixing tariff values, the market values for such goods in India are also taken into account. Tariff values are revised periodically having regard to trend in prices. At present, tariff values have been fixed only in respect of some items of fruits. It has been represented to the Committee that the trade and Industry are not consulted in fixing the tariff values.

3.24 The Committee do not agree with the Ministry's views that as tariff value system at present applies only to a few items, no useful purpose would be served by associating the representatives of D.G.T.D. etc. for evolving guidelines for fixation of tariff values.

3.25 The Committee feel that before determining tariff value for any commodity the Ministry should invite the views of the trade and industry and take them into account while fixing or revising the tariff values.

3.26 The Committee take note of the impression prevailing in the trade and industry that upward revision of tariff values is made by the Ministry almost immediately but the Ministry are not so prompt in announcing downward revision in the event of fall in prices. The Committee feel that if correct this is an unfair practice and should be discontinued forthwith. The Ministry should lay down guidelines for revision of tariff values and follow them uniformly.

[L.S.S. O. M. No. 20|2(i)|EC|79 dated 30-4-1979].

**Reply of the Government**

The recommendations made by the Committee have been accepted in principle. A mechanism for consulting the representatives of trade is being worked out.

2. It may, however, be stated that as a result of a review undertaken by the Ministry the tariff values in respect of dry fruits/fresh fruits except in the case of almonds, raisins and dates have been abolished. The revised tariff values in respect of almonds, raisins and dates have been notified on 27th June, 1979.

[M/O. Finance O.M. No. 411/31|79Cus.III dated 7-11-79]

**Recommendation Sl. No. 11 (Para No. 3.27 and 3.28)**

3.27. The Committee note that in respect of goods for which tariff value have not been fixed customs duty is charged on the price at which such goods are offered for sale for delivery at the time and place of importation in the course of international trade. Where, however, buyer and seller are related parties, the invoice values are sometimes loaded suitably so as to bring them at par with the prices at which such or like goods would have been imported by unconnected parties. The Committee feel that there is force in the submission made by a Chamber of Commerce that "there is always some price difference between bulk buying and retail buying"..... and that "a differential price of plus or minus 10 per cent as between bulk buying and retail buying should be taken as the invoice value."

3.28. The Committee are of the view that the Customs authorities should consider the question of correctness of invoice values with reference to the sources of import, quality of goods and commercial practices prevailing in different countries and make an allowance for variation of import price if justified on these and other valid considerations. The Committee also feel that a reasonable differential in price between the bulk and retail buying should also be allowed as it is a normal commercial practice that bulk or long term buyer generally gets some price concession.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

**Reply of the Government**

The Committee's recommendation in paras 3.27 and 3.28 above is unexceptionable and is accepted.

[Ministry of Finance (Department of Revenue) Office Memorandum  
F. No. 411/31-A/79/Cus.III dated 7-11-79]

**Recommendation Sl. No. 12 (Para No. 4.26)**

It has been represented to the Committee by some non-official organisation that there is delay in assessment of Customs duty on imported goods because of cumbersome procedure. The bills of entry presented by the importers, it is stated, have to go through as many as 19 stages before the duty is finally paid. In case of disputes, the Custom Officers tend to make the importers run from "Pillar to post" in their usual "non-chalant foot-dragging manner", with the result that many consignments incur heavy wharfage cot. While according to the Ministry it is true that a bill of

entry has to go through several stages before finalisation, time-limits for processing bills of entry in various departments have been prescribed. It has been stated that a recent survey conducted in the major Custom Houses have revealed that about 70 per cent of the bills of entry filed with all the requisite documents were released within 2 days of their filing and the remaining bills of entry were released within a week's time, the time taken beyond 48 hours in these cases was found to be attributable to the needs for technical explanation from the importers engineers, marketing enquiry etc. But according to a Public Sector Undertaking, it takes an average of 15-20 days for a bill of entry to be finally released by customs. The Committee are informed that no study into the procedure followed for dealing with bills of entry has been made through any independent Management Consultancy Organisation. In view of the fact that a number of organisations including public-undertakings have complained about the cumbersome procedure and delay in clearance of the bills of entry in the Custom Houses, the Committee feel that it is necessary that a systematic study of the procedure followed in this regard in the custom houses should be undertaken with a view to streamlining the procedure and minimising the stages for processing these bills of entry. The Committee desire that this study should be entrusted to any reputed Institute of management.

[L.S.S. O. M. No. 20/2(i)/EC/79 dated 30-4-1979].

#### **Reply of Government**

The recommendation of the Committee had been accepted by the Government. The question regarding the choice of the Institute which would be the most suitable for this purpose, is being examined.

[Min. of Finance O.M. No. 411/31-A/79/Cus. III dated 7-11-79]

#### **Further information called for**

It has been stated that the question regarding the choice of the Institute which would be the most suitable for this purpose, is being examined.

Please indicate the name of the Institute chosen to make the study.

[L.S.S. O.M. No. 20/2(i)/EC/79 dated the 6th May, 1980].

#### **Further Reply of Government**

The Department of Administrative Reforms were requested to advise about the Institute of Management which would be suitable for being entrusted with the studies. They were also requested to consider whether they themselves could undertake such a study. The Department of Administrative Reforms in reply intimated that they themselves would undertake the study. The study would, therefore, be undertaken by the

Department of Administrative Reforms. (A copy of this Department's O.M. dated 10-12-79 to Department of Administrative Reforms and their reply thereto vide D.O. No. H. 11013|2|79P dated 21-1-1980 are enclosed\* for ready reference.)

[Ministry of Finance (Department of Revenue O.M. F. No.411|5|80-Cus. III dated 27-6-1980]

**Recommendation Sr. No. 14 (Para 4.28)**

The Committee desire that public relation officers in the various Custom Houses should render necessary help to importers in filing bills of entry and other documents and having their cases expedited.

[L. S. S. O.M. No. 20/2(i) /EC/79 dated 30-4-1979.].

**Reply of Government**

The Committee's recommendation has been accepted and necessary instruction have already been issued to field formations.

[Min. of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-1979]

**Recommendation, Sl. No. 15 (Para No. 4.29)**

The Committee note that importers are allowed to avail themselves of the procedure of prior entry under which they can file bills of entry prior to the arrival of goods or prior to the submission of manifest by steamer agents provided that the agents have intimated the customs about expected arrival of the vessel within 7 days. It has been represented to the Committee that the advantage of this procedure cannot be taken by the importers in practice since steamer agents do not give advance intimation about the expected arrival of the vessel to the custom department. The importers have suggested a mandatory provision in the law in this regard. According to the Ministry any obligatory provisions in this regard cannot be made as the reasons for not giving this intimation by the steamer agents may be beyond their control. It has been stated that in normal cases the steamer agents are expected to make advance intimation of arrival of vessel in their own interest as it facilitates the prompt turn around of the vessel. The Committee desire that this matter should be examined in depth in consultation with the steamer agents and others concerned and a suitable system evolved under which the liberalised procedure of prior submission of bills of entry becomes a reality and can be availed of by importers in actual practice.

[LSS O. M. No. 20/2(i)/EC/79 dated 30-4-1979]

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\*Not printed.

### Reply of Government

The recommendation of the Committee has been accepted. *Vide* Board's instructions No. F. 444/10/79-Cus.-IV dated 21-7-79 (copy enclosed)\*, the Customs Houses have been instructed to impress upon the steamer agents to indicate the expected date of arrival of vessels wherever practicable. Also the Collectors have been directed to have frequent dialogue with the steamer agents so that the requirements in this regard are not lost sight of by them.

[Min. of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-79]

#### Recommendation, SL No. 16 (Para No. 4.30)

It has been represented to the Committee that at present consignments are allowed to be cleared to bonded ware-houses only after Into-bond Bills of Entry have been pre-audited by the Audit Department of Customs. This, according to a Public Sector Undertaking takes 3-4 days and on many occasions consignments incur heavy demurrages on account of delay in pre-auditing of Bills of Entry. Since no custom duty is collected against the Into-bond Bills of Entry, it has been suggested that a pre-audit of these cases need not be insisted. According to the Department, the suggestion is under examination in consultation with the Collectorates of Customs. The Committee feel that the importers should not be penalised for delay in pre-audit of Bills of Entry for which they cannot be responsible. The Committee recommend that a satisfactory solution to this problem should be found expeditiously and procedure streamlined to avoid delays on this account.

[L.S.S. O. M. No. 20|2(i)|EC|79 dated 30-4-1979].

### Reply of Government

The question whether system of pre-auditing of Into-bond bills of entry could be dispensed with and instead, post-auditing system could be introduced has been examined by the Board in consultation with the Ministry of Law. That Ministry has expressed the view that supplementary bond to cover any short levy detected at the post-audit stage in respect of goods to be ware-housed would not be possible except in cases where either the initial assessment is done provisionally under section 18 of the Customs Act or where reassessment is called for in terms of the section 17(4) of Customs Act on account of mis-declaration by the importer in the bill of entry. Hence, in cases where the short levy occurs due to a mistake by the Assessing Officer at the time of initial assessment under section 17 of the Customs Act, it would not be possible to demand a supplementary bond from the importer to cover such shortfall of duty, if detected at the post-audit stage.

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\*Not printed.

2. In view of the advice given by the Ministry of Law, it has not been considered desirable to dispense with the pre-auditing of the into-bond bills of entry. However, in order to avoid delays in ware-housing of goods on account of pre-auditing of into-bond Bills of Entry instructions have been issued to the Collectors to ensure that while processing such bills of entry, the time taken for pre-auditing should not exceed 24 hours in any case. (Copy of the instructions enclosed\*.) It is hoped that the trade will avail more and more of the facilities of prior entry procedure so that the Bills of Entry can be completed even before the arrival of the goods and, in any case, before the free warehousing period runs out.

(Min. of Finance O.M. No. 411/31-A/79|Cus. III dated 7-11-79)

**Recommendation SL No. 17 (Para No. 4.41)**

The Committee note that under the Customs (Provisional Duty Assessment) Regulations, the conditions for allowing provisional assessments are that the importer or exporter as the case may be should execute a bond in an amount equal to the difference between the duty that may be generally assessed and the provisional duty and should also deposit with the proper officer a sum not exceeding twenty per cent of the provisional duty as directed by such officer. It has been represented by the trade and industry that double burden-bond as well as deposit of duty upto 20 per cent causes hardship. They have suggested that the rules should be amended to impose only one of the two conditions.

The Ministry have stated that stipulation of bond and duty deposit is necessary not only to safeguard revenue but also to ensure that the importer/exporter promptly produce all the necessary documents and evidence to enable the assessment to be finalised. The Committee feel that there is force in the suggestion put forward by the trade and industry. The Committee suggest that the present procedure requiring a bond as well as duty deposit upto 20 per cent of the amount of provisional duty should be reviewed with a view to mitigating the hardship caused to importers/exporters consistent with the need to safeguard revenue and to ensure expeditious finalisation of the case. The Government may, if necessary, prescribe a time-limit for production of necessary documents and evidence to enable the assessment to be finalised.

[LSS O.M. No. 20/2(1)/EC/79 dated 30-4-1980]

**Reply of Government**

In addition to bond, deposit upto 20 per cent of the provisional duty is not insisted upon in all the cases of provisional assessment. Bond as well as the deposit upto a maximum of 20 per cent is asked for in some cases to safeguard revenue.

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\*not printed

As regards the questions of prescribing a time-limit for production of documents and/or evidence, it may not always be practicable to prescribe any rigid time-limit for this purpose. Instructions have, however, been issued to the major Custom Houses that in case where goods are assessed provisionally, parties may be informed immediately after the clearance of the goods, that if the required documents are not furnished within stipulated period, the case would be finalised ex-parte. A copy of the instructions. F. No. 521/28/79-Cus.(TU) dated 18-8-79 is \*enclosed.

[Ministry of Finance, (Deptt. of Revenue) O.M. No. 411|31-A|79|Cus.III  
dated 7-11-79]

### **Recommendations Sl. No. 17 (Para 4.42)**

A Chamber of Commerce has brought to the notice of the Committee that inordinate delay takes place to obtain cancellation of bonds executed under the 'provisional assessment' procedure for realisation of deposits made alongwith the bonds. The Ministry have stated that bank guarantee or cash deposit is not insisted upon, if the proper officer is satisfied regarding the financial soundness of the importer. The Ministry have, however, not explained the aspect of delay in recovering amounts of deposits in cases where cash deposits have been made. The Committee feel that the question of judging the financial soundness of an importer should not be left to the unfettered discretion of the customs officer. The Ministry should issue guidelines to enable the customs officer to exercise his discretion judiciously in the matter of demanding or waiving cash deposits or bank guarantee from the importer. Secondly, where cash deposits or bank guarantees are required to be made along with the bonds, the bonds should be cancelled without delay to enable the importers to have their deposits/bank guarantees released.

[LSS O.M. No. 20|2(1)|EC|79, dated 30-4-1979]

### **Reply of Government**

Under the Customs (Provisional Duty Assessment) Regulations, 1963, for provisional assessment at lower rate of duty, the importer is required to execute a bond either with bank guarantee or surety or with suitable security. However, certain guidelines for dispensing with the requirement of surety etc. have been issued by the Board from time to time. According to these guidelines, Public Sector Undertakings or Governments Departments may execute a bond without surety or security. However, where for valid reasons the proper officer considers it necessary, he may insist on surety and/or security while accepting the bonds in case of Public Undertakings. Similarly, surety or security may altogether be waived by

the proper officer in the case of individual bonds or continuing bonds, executed by the importers in the case of provisional assessment under Section 18(1) of the Customs Act, 1962. Further, in the case of regular importers, where the value of bond is not more than Rs. 25,000 and the period of bond not more than two months and for specified commodities like newsprint, wood pulp etc. imported by newspapers established industrial undertakings etc. where previous tests generally confirm the declaration, the surety to bonds may be waived at the discretion of the proper officer. These guidelines should meet the recommendation of the Committee.

It may however, be pointed out that the Custom Houses deal with various importers over a period, have the records of the individual importer to show their financial standing or bank credit. They also maintain records of offences, penalties, and defaults of individual importers; know how often each importer has defaulted in his bond obligation and the Collectors of Customs are, therefore, in the best position to exercise discretion in the light of the Custom House records.

As regards cancellation of bonds without delay, suitable instructions have been issued to the Collectors to keep a watch on the bonds executed for provisional assessment and to personally ensure the cancellation of such bonds without any delay.

(Approved by the Additional Secretary to the Government of India).

[Ministry of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-79]

#### **Recommendation Sl. No. 18 (Para No. 4.43)**

It has been brought to the notice of the Committee that the procedures being followed at Custom Offices, Calcutta, Bombay and other seaports are not uniform. By way of an instance it has been stated that, whereas the Calcutta Customs Office insists on separate execution of bond against individual purchase orders, the Bombay Customs and other Custom Houses are asking for one Indemnity Bond against the total value of the goods to be imported. The Ministry have agreed that there should be uniformity of Practice and only one Bond is necessary in case the value of the bond is sufficient to cover the subsidiary contracts. The Ministry should issue clear instructions to all the field formations so as to ensure uniformity of practice in regard to the Indemnity Bond.

[LSS O.M. No. 20|2|(1)|EC|79, dated 30-4-1979]

#### **Reply of Government**

A copy of the instructions issued to the field formations in order to ensure uniformity in practice in this regard is sent herewith for the information of the Committee. (Appendix II).

[Min. of Finance O.M. No. 411|31-A|79|Cus. III dt. 7-11-79]

**Recommendation Sl. Nos. 19 and 20 (Para Nos. 4.49 and 4.50)**

It has been represented to the Committee that as the system of charging duty at different rates for the same item depending upon the end-use creates complications and leads to harassment, the differential rates may be eliminated and a single rate of duty for a particular item irrespective of end-use introduced. The Committee agree with the Ministry that it is necessary in public interest to fix a lower rate of duty in order to keep to the minimum the cost of in-puts required for the manufacture of specified items and to promote the growth of certain industries. The Committee, however, feel that the underlying purpose of this wholesome principle of differential rates of duty depending on end-use will be defeated if the importers are subjected to harassment at the time of import of such items.

The Committee note that the importers desiring to have the benefit of concessional rate of duty are at present required to execute a bond undertaking to produce an end-use certificate from the prescribed authorities. The Committee feel that in view of the safeguards made in the form of the bond, the statement made by an importer at the time of customs appraisal as to the end-use of the imported goods should be accepted by the customs authorities without demur. If the bond is not considered enough of a safeguard in any special case, the customs authorities may demand additionally an affidavit of the importer's intention to put the item to specified end-use, but once these formalities are completed the goods should be cleared on payment of concessional rate of duty without delay.

[LSS O.M. No. 20/2(1)/EC/79, 30.4.1979]

**Reply of Government**

The recommendation of the Committee that delays in assessment and harassment to the importers should be eliminated is unexceptionable. There are already instructions and build in procedural and supervisory arrangements to give effect to the recommendation of the Committee. The instructions to the field formations are being reiterated.

The Government also accepted the recommendation of the Committee that in view of the safeguard provided by the bond, the statement of the importers as given in the bond about the end-use should be accepted. There may however, be exceptions only in those cases where the goods are clearly not even capable of being put to the use that the importer may claim for them.

[Ministry of Finance O.M. No. 411/31-A/79-Cus. III, dated 7-11-79]

**Recommendation Sl. No. 21 (Para 4.55).**

4.55. The Committee find that in terms of Section 3(1) of the Customs Tariff Act, 1975, any article which is imported into India is, in addition, liable to an additional duty (countervailing duty) equal to the excise duty for the time being leviable on a like article if produced or manufactured in India. In this context, it has been suggested to the Committee that there should be some consistency between Excise and Customs on the question of countervailing duty. By way of example it has been stated that Refined Napthalene is being classified by Bombay Customs under Excise T.I(11); though when derived from Coal Tar and not from Petroleum—it should be classified under T.1.68. The Committee have been informed by the Ministry that when divergent practices of assessment are noticed, the matter is discussed in the periodical tariff conference of Collectors of Customs and Collectors of Central Excise in consultation with technical authorities and decision is communicated to the field formations and trade to have uniformity in assessment. The need for consistency between Excise and Customs on the question of countervailing duty cannot be over-emphasised. To avoid any confusion on this account. It is very necessary in the Committee's opinion that not only the scheme of classification for the purpose of Customs and Excise should be identical as recommended by the Committee in para 2.65 of their 28th Report but that the additional duty (countervailing duty) should also be shown at least in the working schedules together with the basic customs duty, as single composite rate or separately as recommended by the Working Group of Administrative Reforms Commission, 1968.

The Committee regret to note that when attention of the Government was drawn to the aforesaid recommendation made by Working Group of the Administrative Reforms Commission in its Report (October, 1968), the Ministry were unable to offer comments on the ground that the office file in which the report of the Working Group was dealt with was not readily available. This is a sad commentary on the system of maintaining records in the Ministry. The Committee would like the Ministry to look into this matter and take remedial measures at the earliest.

[LSS O.M. No. 20/2(i)|EC/79 dated 30-4-1980]

**Reply of Government**

A copy of the 'Action Taken Note' on the Committee's recommendations in para 2.65 of their 28th Report that the scheme of classification for the purpose of customs and excise duty should be identical, is enclosed Appendix III).

2. Each heading in the Customs Tariff Schedule normally covers a number of articles. Various articles covered by a particular heading in the Customs Tariff do not necessarily fall under the same heading of the

Central Excise Tariff. For this reason and also on account of the fact that under each heading of the Central Excise Tariff a number of exemption notifications have been issued indication of the effective rates of additional duties in respect of all possible items falling under a particular heading will create confusion and make the Working Schedule unnecessarily unwieldy. However, the requirement which the Committee have in view is being met, since against each heading of the Customs Tariff Working Schedule published by the Directorate of Statistics & Intelligence the possible classifications under the Central Excise Tariff have been shown. This facilitates classification of goods for the purpose of levying out the additional duty and working out the effective rate of such duty with reference to the relevant notification.

[Ministry of Finance (Department of Revenue) O.M. No. 411|31-A|79-Cus. III, dated 7-11-79]

#### **Further Information called for**

Please state the action taken by the Ministry on the recommendation made by the Committee in sub-para regarding non-availability of the Ministry's file dealing with the report of the Working Group of A.R.C.

[LSS O.M. No. 20|2(i)|EC|79 dated 30-4-1980]

#### **Further Reply of Government**

Although at the time oral evidence was given by the Departmental witnesses before the Committee, a ready reply with reference to the records could not be given by the witnesses, it has since been seen with reference to available records that the recommendation No. 13 (contained in paragraph 2.41) of the Working Group of the Administrative Reforms Commission (1968) was not accepted by the Government.

[Ministry of Finance (Department of Revenue) O.M. No. 411/5/80-Cus.III, dated 16th August, 1980.]

#### **Recommendation Sl. No. 23 (Para No. 4.70)**

4.70. It has also been represented to the Committee that even after refund order is passed, there is delay in making payment because certain essential documents like bill of entry are not readily available in the Customs office. The delay at this stage is highly deplorable. The Committee see no reason why the Customs cannot organise their records in such a way that all relevant papers are readily available. The Committee have recommended elsewhere in this Chapter a study into customs assessment procedure with a view of cutting delays by minimising stages of examina-

tion of customs documents. The Committee recommend that the Refund procedure should also be studied and streamlined so as to enable an importer to have actual refund not merely an order of refund within the stipulated period of 90 days. The Ministry would also do well to examine as to why the refund order, which is made after due scrutiny, cannot be straightway encashed as it reported to be the practice in the case of income-tax refund, (LSS O.M. No. 20|20|(1)|EC|79, dated 30th April, 1979).

### **Reply of Government**

The recommendation of the Estimates Committee contained in Para 4.70 as regards entrusting the study of procedure relating to refund claims in the Custom Houses to a reputed Institute of Management, has been accepted by the Government. In view of their familiarity with the latest management techniques and the mechanical devices, it should be possible for a reputed Institute of Management to make useful suggestions in regard to the streamlining of the procedure relating to refund claims in the Custom Houses. The feasibility and practical advantage of encashment of refund order straightway would be looked into after the procedure of refund, in all its aspects, is studied by a reputed Institute of Management. The question regarding the choice of the Institute which would be the most suitable for this purpose is being examined.

[Ministry of Finance O.M. No. 411|31-A|79|Cus. III, dt. 7-11-79.]

### **Recommendation Sl. Nos. 24 (Para Nos. 4.79 and 4.80)**

4.79. It has been represented to the Committee that in cases where the goods are found to be pilfered, shortlanded, lost or destroyed, no duty should be recovered at all but a part bill of entry granted for available material and clearance effected. At present, it is stated, the customs insist on payment of duty on the entire quantity of the packages. It was brought to the notice of the Study Group during tour that where part consignment was received by one ship and the remaining consignment by another ship on a later date, the customs authorities charged duty on full consignment while clearing the part consignment and demanded duty afresh on the remaining part of consignment whenever it was received. The importer could then claim refund of excess duty paid which took time. The Ministry have stated that the Customs Act does not debar the filing of a bill of entry for clearance of a part of consignment provided duty has not already been paid on the whole consignment. The Committee feel that the existing procedure in regard to goods pilfered, short-landed, short-shipped, lost or destroyed is not quite satisfactory as in most cases it would require an importer to pay duty for full consignment even though only a part of the consignment may actually have been received and thereafter to go through the time-consuming process of claiming refund.

4.80. The Committee see no reason why the procedure in this regard cannot be simplified to require payment of duty only for the actual quantity of consignment received in the first instance, and if the duty has already been paid for full consignment before discovering the short-receipt, to grant instant refund of the excess duty on the spot without requiring the assessee to file any special application for refund in the normal course. If procedure stand in the way of instant refund in such cases, it may be reviewed and simplified without delay to mitigate to the extent possible the double hardship which the importers suffer, first, by not getting their consignments in full and secondly by paying excess customs duty for the full consignment and then undergoing the ordeal of getting refund in the normal course.

### **Reply of Government**

Sub-section (2) of Section 46 of the Customs Act, 1962 does not debar the filing of Bills of Entry for clearance of a part of a consignment covering complete packages, with the permission of the proper officer of Customs. Such part Bills of Entry are permitted in the case duty has not already been paid on the whole consignment. For consignments sought to be cleared under the prior entry system, the fact of short landing is not known at the stage of preparing the Bill of Entry on payment of duty in case the clearance is under "Second Appraisal Procedure".

2. In cases where it is known to the importer that only part of the goods have arrived or are available for clearance, there is no requirement that he should pay duty on the full consignment. He can file a Bill of Entry for part of the consignment that has arrived. The law, procedure, and the present practice is, therefore, in accordance with this part of the Committee's Recommendation.

3. The other point of the Committee's recommendations, is that when the importer has somehow filed the Bill of Entry for the entire consignment and paid the duty also, there should be arrangements for the grant of instant refunds. In Board's letter F. No. 511/5/72-Cus. VI, dated 9-6-1972 and 31-12-1973 (copies \*enclosed) a simplified procedure for the grant of refund/remission of duty in cases wherein prior to the order of clearance, some packages are found missing, has been laid down. Under this procedure, the importer on the basis of an endorsement on the Bill of Entry from the Shed Superintendent indicating the marks and numbers of the packages that are not available for delivery, prepares a part Bill of Entry for the packages that are not available for delivery. After verification of both the part Bill of Entry as well as the parent Bill of Entry and after suitable endorsement on both, delivery of the available packages is allowed against the parent Bill of Entry. The missing pack-

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\*Not printed.

ages if traced subsequently are presented to the Shed Appraiser for examination and grant of out-of-charge order on the part Bill of Entry. In case after enquiries with the Port Trust the importer finds that there is no likelihood of the missing packages being traced, he can file a refund claim alongwith the part Bill of Entry in the Custom House. The Custom Houses process such claims on priority basis. While processing the refund claims in the Custom House, action is taken simultaneously to recredit the licence for the amount of refund.

4. This should, by and large, meet the recommendations of the Committee. This recommendation is however, also being brought to the notice of Collectors of Customs with a direction that all avoidable delays in dealing with the refunds that the Committee has in view should be eliminated.

[Ministry of Finance (Department of Revenue) O.M. No. 411/31-A/70-Cus.III, dated 7-11-79.]

#### **Recommendation Sl. No. 27 (Para No. 4.100)**

4.100. The Committee note that in respect of consignments for which valid test reports do not exist, the goods are permitted to be cleared provisionally on execution of suitable bond by the importers. Facility for clearance of major portion of consignment pending test, is also extended in suitable cases. The Committee recommend that the facility for removal of major portion or entire quantity of goods should be extended with suitable safeguard to all cases where the importers are prepared to execute bonds which may be prescribed in this regard.

[LSS O.M. No. 20/2(1)/EC/79, dated 30-4-1979]

#### **Reply of Government**

With reference to the Committee's recommendations above, a copy of the implemental instructions issued to the Collectors is enclosed (Appendix IV).

[Min. of Finance O.M. No. 411/31-A/79-Cus. III, dated 7-11-79.]

#### **Recommendation Sl. No. 30 (Para 5.38)**

5.38. The Committee note that the Government have introduced a scheme known as Duty Drawback Credit Scheme under which even at the time of export the Custom authorities certify on Shipping Bills provisionally, the drawback amount payable on the basis of party's own declaration. The exporter can produce the Shipping Bill containing the certifica-

tion to the scheduled bank and obtain on this basis 90 days interest free advance to be later finally adjusted by the banks in accordance with the advice of finally drawback payable as received from the Custom Houses through the Reserve Bank of India. The Committee desire that the panel of officers appointed to go into the working of the drawback scheme should examine whether the importers/exporters are taking full advantage of this scheme and if not, to simplify the scheme further to make it more attractive.

[LSS O.M. No. 20/2(1)/EC/79, dated 30-4-1979]

### **Reply of Government**

The recommendation of the Estimates Committee has been forwarded to the Secretary of the Panel of Officers appointed by the Government to go into the working of the drawback scheme to examine whether the exporters are taking full advantage of the scheme and if not to simplify the scheme further to make it more attractive. It may, however, be pointed out that as a matter of further simplification the amount of drawback finally sanctioned is now being passed on directly to the scheduled banks who had advanced the amount instead of routing it through the Reserve Bank of India. This would eliminate delays in reimbursing the Scheduled Bank.

[Min. of Finance O.M. No. 411/31-A/79-Cus. III, dated 7-11-79.]

### **Recommendation Sl. No. 32 (Para 5.40)**

5.40 The Committee note that in a number of cases, amount of drawback paid was in excess of what the exporter was entitled to and the excess amount had to be recovered from the exporters. In a few cases enquiry was held by the Directorate of Inspection and the Officers were warned or explanation of the Officers was called for. The Committee are of opinion that in cases where malafide is proved necessary disciplinary action should be taken against the Officers concerned. It is imperative that the excess amount of drawback paid to the exporters should be recovered from them at the earliest.

[LSS O.M. No. 20/2(1)/EC/79, dated 30-4-1979]

### **Reply of Government**

A copy of the instructions issued to the field formations be enclosed. (Appendix V).

(M.O. Finance O.M. No. 411|31-A|79|Cus.III, dated 7-11-79)

**Recommendations Sl. Nos. 33, 34 & 35 (Paras. 5.56, 5.57, 5.58 & 5.59)**

5.56 The Committee note that a scheme of duty exemption has been introduced from 1976 providing for duty free imports for certain imported raw materials and components against advance licences for execution of specific export orders. The primary objective of the scheme is to get over certain inherent constraints in the scheme of drawback that has been enforced for the past few decades. The Committee have been informed that the "duty exemption scheme is beneficial to trade but trade is not making full advantage of the scheme", and "the scheme does not appear to be working satisfactory mainly on account of inflexibility on the part of Customs". It has also come to the Committees notice that delay experienced in the working of the scheme is mainly because of lack of co-ordination between Customs Authority on one hand and the Import Control Department on the other. It has been suggested that there should be an all comprehensive duty exemption scheme for all products that are used for exports on the basis of a bank guarantee and a personal affidavit for the proper utilisation of the materials. The Committee note that since the introduction of the scheme in 1976, it has been extended to cover 95 items and only about 120 duty exemption entitlement certificates were issued till 31-3-1978. This only supports the view point of the industry that in spite of the fact that scheme is beneficial to the trade, full advantage of the scheme is not being taken by trade and industry and the scheme does not appear to be working satisfactorily. It has been stated by the Ministry that the Duty Exemption Scheme is under review. The Committee desire that while reviewing the working of the scheme the difficulties pointed out by the trade and the suggestion given to make it a comprehensive scheme to apply to all products used for exports should be examined and the scheme made simpler and comprehensive so as to cover the maximum possible item and to give full satisfaction to the importers and exporters.

5.57 Accordingly to the Ministry the Duty Exemption Scheme is complementary to Drawback Scheme and not a substitute. In certain situations an exporter would find it convenient to adopt the Duty Exemption Scheme and at other time Drawback Scheme for the same export commodity. In certain situations both schemes will simultaneously operate. During evidence, the Finance Secretary stated that the Finance Ministry while introducing the Duty Exemption Scheme in 1976 had accepted the validity of the argument that the exporter should not lock up his money by payment of customs duty on imported raw materials used in export production and that the Ministry should allow him exemption from payment of duty outright. The Ministry, it was stated had proposed that they would progressively be moving in that direction but "we have to make cautious progress from Drawback Scheme to Duty Exemption Scheme."

5.58. As the Duty Exemption Scheme enables an importer to avoid locking up of his capital on payment of import duty and later spares him the botheration of going through a long process of getting drawback, its advantages are obvious and well-recognised. Now that the scheme has been in operation for over three years, the Ministry should have acquired enough experience of the working of this scheme to be able to extend it confidently to more items and thus meet the demand of the trade and industry. The Committee, however, feel that option to choose between the Duty Drawback Scheme and Duty Exemption Scheme should remain with the importer/exporter and he should be allowed to exercise the option without any difficulty.

5.59. The Committee are informed that there have been delays in the working of Duty Exemption Scheme also. The delays have mainly arisen because of lack of coordination between the Customs Authorities on the one hand and the Import Control Department on the other. The Committee would like the Government to go into this matter and bring about much needed coordination between the two Departments so as to avoid delays.

[LSS O.M. No. 20|2(i)|EC|79, dated 30-4-1979]

#### Reply of Government

.. There were some initial difficulties in the administration of the Duty Exemption Scheme but this Scheme is now being availed of by more and more exporters, as will be seen from the following figures:—

Year	No. of Certificates issued
1976	20
1977	57
1978	98
1979 (upto 30. 6. 1979)	130

Recently the coverage of this scheme has been extended to include many more commodities and with this there will be further increase in the utilisation of this Scheme by the exporters.

The coordination between the Department of Revenue and the Import Trade Control Authorities is being ensured by having a standing Advance Licence Committee consisting of the representatives of both the Department of Revenue and Import Trade Control Authorities. This Committee takes decisions on Duty Exemption requests. In order to ensure greater coordination this Committee is being asked to cater the implementation of the decisions.

The Duty Exemption Scheme is kept under review by the Government and the various measures taken to simplify and further liberalise the scheme are briefly indicated below:—

- (i) If the importer has already used duty paid material in the export products, he can replenish his stock of the material so used by the duty free imports.
- (ii) The exporter could obtain the raw materials from the shelf of the canalising agency.
- (iii) The Regional licensing authorities have been authorised to issue the Advance Licences to the exporters, pending decision by the Advance Licensing Committee, so that the exporter could order the import of materials.
- (iv) The Advance Licence under Duty Exemption Scheme are being issued without insisting upon the production of the specific export orders.
- (v) The coverage of the Duty Exemption Scheme has been further enlarged to include a large number of commodities under the Duty Exemption Scheme.
- (vi) The merchant exporters have also been made eligible to avail of the facility of nominating their supporting manufacturers by executing a joint bond with the Authorities concerned.

The exporter is being given the option to choose between the Duty Drawback Scheme and the Duty Exemption Scheme. In certain situation the exporter is even free to avail of the Duty Exemption Scheme in respect of materials obtained duty free and also of the Drawback Scheme in respect of such of the materials as have borne either the Customs Duty or the Central Excise duty.

[Ministry of Finance O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

#### **Recommendation Sl. No. 37 (Para 6.39)**

6.39 As on 1st April, 1978, the number of revision applications pending with the Ministry were 7479 including 2169 (27 per cent) revision applications pending for more than one year. The pendency as on 1st April, 1976 and 1977 was 4070 and 5525 respectively. The Ministry have informed the Committee that the problem of cutting short the time taken in finally disposing of a revision application has been engaging the attention of the authorities concerned for quite sometime. But being quasi-judicial proceedings there is an inherent tenency in the system itself to consume considerable length of time before the proceedings are completed. According to a random sampling of 200 revision application

only 19 per cent of applications were disposed of within 6 months while 27½ per cent cases took between 6 and 12 months, 43 per cent between 1 and 2 years, 7 per cent between 2 and 3 years, and 3 per cent took more than a year. While the number of pending revision applications has been increasing from year—the number having risen from 4070 as on 1-4-1976 to 7479 as on 1-4-78—and more than 54 per cent of the applications are taking more than one year to be disposed of the Ministry do not consider it feasible to prescribe an overall time-limit for disposal of revision applications, nor even a time limit within which a final order should be passed after the date of hearing. The Committee see no justification to let the revision application remain pending indefinitely even after the case has been heard. They are strongly of the opinion that after the case has been heard, the orders on the revision application should be passed and copy of the orders supplied to the applicant within a specified period to be laid down by the Government. The Committee would like the Government to issue categorical instructions in this regard under intimations to them (the Committee).

[LSS O.M. No. 20|2(1)|EC|79 dt. 30-4-1979]

#### Reply of Government

6.39. The Committee's observation that there can be no justification to let the Revision Application remain pending indefinitely even after the case has been heard is unexceptionable. Indeed, no efforts are spared towards this end; subject only to staff limitations and resource-constraints.

2. The reasons due to which some Revision Applications are not disposed of immediately after hearing are mainly the following:—

- (i) Sometimes, the petitioners themselves raise certain fresh points during the course of personal hearing. These points have necessarily to be examined in depth before a decision is taken by Government;
- (ii) In some cases it becomes necessary to consult one or more of other authorities like the Central Board of Excise and Customs, the Ministry of Law, the Chief Chemist, the DGTD Drugs Controller of India, etc etc. Consulting these authorities and taking a final decision, taking into account their opinion, take time and the disposal of revision applications (after personal hearing) gets delayed to that extent;
- (iii) Sometimes complicated questions of law based on case law on the subject are raised by the petitioners during the course of personal hearing. Examination of all the case—law cited and taking due note of them can delay the disposal of a revision application; and

- (iv) A few cases get delayed on account of pressure of work at the level of the concerned processing officer or even the competent authority. This type of delay can and should be minimised. Suitable instructions to the processing officers in this regard already exist and it has been emphasised upon them that cases pending with them for examination after hearing should be given utmost priority. The revisionary authorities also keep a note of all heard cases and generally pursue them for early disposal.

3. As for the Committee's suggestion to fix a time-limit for this purpose, paucity of processing officers and supporting staff by way of dealing Assistants, Upper Division Clerks, Typists, etc., act as a great retarding factor but this aspect of the matter is being pursued with the Internal Work Study Unit of the Ministry.

4. Despite these constraints and even pending sanction of additional staff, it has been decided that, except in the types of cases referred to above, the Revision Applications will be disposed of by the competent authorities and the orders communicated to the petitioners within a period of six to eight weeks from the date of personal hearing, and wherever, possible even earlier.

[M./O. Finance O.M. No. 411/21-A/79/Cus. III dt. 7-11-79]

#### **Recommendation Sl. No. 38 (Para 6.40)**

6.40 The Committee note that the Ministry have taken a number of steps with a view to expediting the disposal of revision applications. These measures include a proposal for setting up a unit at Bombay augmentation of the strength of Joint Secretaries in the revision applications Unit with necessary additional supporting staff, procedural changes in allocation of work to Joint Secretaries, expeditious filling up of vacancies of processing officers, clearance of arrears at typing stage by putting the staff on overtime. The Committee regret that no tangible results in disposal of the pending of cases have been achieved in spite of the measures reported to have been taken by the Ministry. It is further shocking that because of reported shortage of typists, the gap between the passing of the order and typing of the fair copies is as much as two months. In the Committees view the delay of two months at typing stage is inexcusable.

[LSS O.M. No. 20/2(1)/EC/79, dated 30-4-1979]

#### **Reply of Government**

6.40 It has not been possible to achieve any tangible results in disposal of the pending revision applications so far mainly on account of the fact that the various measures regarding augmentation of the strength of the Revision Application Unit have not yet been given effect to. The proposals:

for additional staff are presently under consideration at the highest level and only when these are finalised and put into effect substantial progress in the disposal of the revision applications can be made.

2. As regards the gap between the passing of the order and typing of the fair copies which hitherto had been around two months, considerable improvement has been effected. Presently, the time-lag has been reduced to around 15 days. Steps for augmenting the strength of typists in the section is being examined by the Internal Works Study Unit.

[M]o Finance O.M. No. 411/31-A79/Cus.-III dated 7-11-79]

**Recommendation Sl. No. 38 (Para 6.41)**

6.41 The Committee would like the Ministry to reorganise the working of their typing staff and, if necessary, augment the typing strength without delay to ensure that at least at this stage there is no delay in the disposal of revision applications.

[LSS O.M. No. 20/2(1)/EC/79, dated 30-4-1979]

**Reply of Government**

6.41 All efforts are being made to ensure that after an order is passed by the competent authority, communication of the same after typing does not take more than a fortnight at the outside. This is being ensured by giving over-time to the typists working in the section. Efforts are also afoot, in consultation with IWSU, for augmenting the strength of typists in the Section.

[M]o Finance O.M. No. 411/31-A79/Cus.-III dated 7-11-79]

**Further information called for**

..

Please intimate the outcome of the proposals for augmentation of the strength of the Revision Application Unit and also the strength of typists.

[LSS. O.M. No. 20/2/(1)EC/79 dt. 6-5-79]

**Reply of Government**

It was intimated earlier to the Secretariat of the Estimates Committee that proposals for additional staff for the Revision Application Unit were under examination and consideration at the highest level. A decision has since been taken at the level of the Finance Secretary to obtain the sanction for the post of one more Joint Secretary with supporting staff for this Unit. The Staff Inspecting Unit have been asked to initiate necessary action to get the Cabinet's approval for necessary sanction.

2. As regards the augmentation of the strength of typists in the Revision Application Unit we had made proposals for three more Lower Division Clerks-cum-typists but unfortunately, after examining the proposal the Internal Work Study Unit have turned it down. The matter, for the

present, rests there. It is, however, proposed to take it up once again after the sanction for one more post of Joint Secretary with supporting staff (*vide* para 1 above) is obtained. In the meantime, all possible efforts are being made to ensure that orders passed by the competent authority are communicated as early as possible by deploying experienced typists on overtime basis.

(M/O Finance O.M. No. 411/5/80/cus.III dt. 27-6-1980)

**Recommendation Sl. No. 41 (Para 6.44)**

6.44 The Committee are concerned to note that there is long delay in disposal of court cases in regard to Customs disputes. In all 1633 cases are pending in courts relating to major Custom Houses, out of which 84 cases are more than 10 years old, 328 cases between 5 and 10 years old, 848 cases between 2 and 5 years old and 373 cases less than 1 year old. A suggestion has been made to the Committee that a view to expediting disposal of cases, separate courts be set up to deal with revenue and import trade control disputes. The Committee have been informed by the Ministry that Government have approved the proposal for setting up special courts by ear-marking some of the existing courts for this purpose and the details are being worked out. In Bombay where a large number of Customs cases are pending the State Government of Maharashtra have earmarked one of their courts for exclusively dealing with customs cases. The Government of Maharashtra have agreed in principle to the creation of another Court for dealing with custom cases in Bombay. The Committee urge that the details of this proposal may be worked out expeditiously and the State Governments concerned persuaded to ear-mark adequate number of courts from among the existing courts to deal with revenue and other similar disputes so that the pendency of old cases is cleared expeditiously and there are no undue delays in future in disposing of revenue cases.

[LSS O.M. No. 20/2(1)/EC/79, dated 30-4-1979]

**Reply of Government**

Law Commission in its 47th Report on the Trial and Punishment of Social and Economic Offences, inter-alia recommended the establishment of Special Courts for the effective and speedy prosecution of economic offenders. The above recommendations of the Law Commission were considered by a Cabinet Committee in 1976 and it was decided that legislation be undertaken to set up federal Courts manned by specially selected judges to be appointed by the Central Government for the trial of offences covered by specified central acts. A draft Bill was also prepared to give effect to the above decision. The matter again went up to the Cabinet Committee on 27-11-76 when it was decided to defer the decision to enable the Ministry of Law to examine the provisions in the draft Bill in the light of the 42nd amendment of the Constitution.

2. Since the formation of the new Government after the general elections in March, 1977 the matter was again put up before the Cabinet for its decision. In August, 1978 it was decided that the earlier proposal to undertake legislation to set up Federal Courts to try economic offences may be dropped and in its place the State Governments may be requested to earmark some of the existing courts or set up additional courts for exclusively dealing with economic offences relating to certain specified central acts. As the earmarked courts would be dealing with the offences relating to central acts, it was decided that the expenditure on these courts will be reimbursable to the State Governments concerned. Ministry of Finance was asked to prepare a suitable scheme indicating the number of courts, territorial jurisdiction, level of judicial personnel required, their location and financial implication.

3. In pursuance of the above decision details were worked out by the Ministry of Home Affairs in consultation with the Ministry of Finance and 13 State and Union Territory Governments were requested to earmark/set up courts for exclusively dealing with the economic offences falling under specified Central Acts, Ministry of Home Affairs received replies from only two State Governments, namely, those of Madhya Pradesh and Maharashtra to the effect that they were taking necessary steps to earmark the Special Courts pending grant of budgetary allocation by the Union Government. No reply seems to have been received from other State Governments so far.

4. Lack of adequate response from most of the State Governments seems to suggest lack of enthusiasm on their part to implement these proposals. In view of the position stated above and having regard to the dimension the problem of black money and tax evasion has assumed in this country, it was felt that Central Government should revert to the earlier proposal for the setting up of Federal Courts for the trial of such offences. Former Minister of Finance who had given serious consideration to the need to initiate vigorous action against tax evasion and generation of black money in the present economic situation felt that Federal Courts patterned on the model of Special Courts set up under the Special Courts Act, 1979 may be set up for the speedy trial of economic offences. It was felt that this will eliminate to a significant extent the delays in the disposal of the cases against tax evaders and other economic offenders and will have an exemplary deterrent effect on other potential tax evaders, blackmarketeers and anti-social elements.

The Cabinet has considered the above proposal but have deferred any decision on the matter.

[Issued with the approval of Additional Secretary]

[M/o Finance O.M. No. 411/31-A/79/Cus. III dated 4-12-1979]

**Further information called for**

It has been stated that "the Cabinet has considered the proposal of setting up federal Court but have deferred any decision on the matter". Please state whether a final decision has been taken in the matter.

[LSS O.M. No. 20/2(1)/EC/79, dated 6-5-1979]

**Reply of the Government**

The requisite information is furnished below:—

In April, 1979, the Ministry of Home Affairs had made a proposal to 13 State Governments and Union Territories for earmarking/setting up of courts for exclusively dealing with economic offences falling under specified Central Acts. This proposal is being pursued with the State Governments. The Home Secretary addressed the Chief Secretaries of the States/Union Territories again in October, 1979, stressing the urgency of setting up of such courts. Pursuant to these efforts, a positive response has been received from a number of States. The Government of Rajasthan have already created a special court. The West Bengal Government has accepted in principle the proposal put forward for the creation of such courts but have suggested some modifications with regard to the number of such courts, their location, etc. The Andhra Pradesh Government have issued orders for creation of a special court for a period of one year. The Governments of Tamil Nadu, Orissa, M.P. and Delhi Administration have agreed to the creation of such courts. In Bombay, the State Government of Maharashtra have already ear-marked one such court for exclusively dealing with customs cases. The proposal is under correspondence with the Government of Gujarat. The remaining State Governments are considering the aforesaid proposal.

(M/o Finance O.M. No. 411/5/80 Cus. III dt. 16-8-1980)

**Recommendation Sl. No. 42 (Para 6.45)**

645. The Committee note that the need for setting up an independent Appellate Tribunal for hearing appeals in respect of Customs and Excise disputes has been emphasized by the trade and industry for quite some time. The Committee have already dealt with this matter in paras 6.38 and 6.39 of their 28th Report (1978-79) on Central Excise. The Committee reiterate that Government should set up without further delay an independent Appellate Tribunal for setting disputes relating to Excise and

**Customs on the lines of Income Tax Tribunals in deference to the near unanimous demand of the industry and oft-repeated views of the Government appointed expert bodies in this regard.**

[L.S.S. O.M. No. 20/2(1)/EC/79, dated 30-4-1979]

### **Reply of Government**

The recommendations of the Estimates Committee for the setting up of an All-India Classification Tribunal as suggested by the Jha Committee and the setting up of an Appellate Tribunal for all Excise and Customs matters as has been recommended by several Committees have been considered together. A final view in the matter would, however, take some time since the establishment of a Tribunal is a major issue of policy calling for legislation.

[Ministry of Finance O.M. No. 411/31-A/79-Cus. III,  
dated 7-11-79.]

### **Recommendation Sl. Nos. 16, 17 and 46 (Para Nos. 2.52—2.54, 6.38-6.39)**

#### **Further information asked for**

The Ministry have stated that “a final view regarding setting up of the All India Classification Tribunal as suggested by the Jha Committee would take some time”. The decision taken in the matter may please be intimated.

[L.S.S. O.M. No. 20/2|EC|79, dated 2nd February, 1980.]

### **Further reply of Government (Recommendation No. 46—Appellate Tribunal—Paras 6.38-6.39)**

Government have since decided to set up an Appellate Tribunal to hear appeals (including appeals on classification) in respect of Customs, Central Excise and Gold Control matters, and the necessary provisions have been included in the Finance (No. 2) Bill, 1980.

[Ministry of Finance, Department of Revenue O.M. No. 302/2|79-  
CX-9, dated the 28th June, 1980.]

#### **Comments of the Committee**

Please See comments in para 1.24 of Chapter I

### **Recommendation Sl. No. 43 (Para No. 7.42)**

7.42. The Committee find that the Kaul Committee (Committee on Leakage of Foreign Exchange through Invoice Manipulation) had some years back estimated value of goods smuggled into the country at Rs. 160

to 170 crores. Conflicting reports about the value of smuggled goods into the country appear in the Press from time to time. According to one report goods worth Rs. 300 to 400 crores are being smuggled into the country. According to another report, gold worth Rs. 1400 crores is smuggled into the country every year. According to the Ministry these estimates of smuggling of goods into the country are only a guess work. It has been argued that the down-ward trends in the value of seized goods since 1975 and the increasing trend in the total value of inward remittances (non-trade), the strength enjoyed by the Indian currency *vis-a-vis* the leading foreign currencies, and absence of smuggled goods in the major marketing centres generally support the view that smuggling continues to be well-contained. The Ministry have, however, admitted that the reports indicate that sizeable quantity of gold is smuggled into India every year. The intelligence reports suggest that attempts are being made to smuggle gold into the country and that such attempts originate to a large extent at places like Dubai, Abu Dhabi and other places in the Gulf. The Committee feel concerned about these reports and desire that serious consideration should be given by Government to this matter. The Ministry have admitted that smuggling of gold into the country is bound to have adverse effect on the over-all national economy of the country. It may also generate malpractices such as hawala transactions in foreign exchange, over-invoicing of exports, smuggling out of India certain other sensitive items and black money. The Committee are anxious that Government should take all possible steps to prevent smuggling of gold from gulf countries.

[L.S.S. O.M. No. 20|2(1)|EC|79, dated 30-4-79.]

#### Reply of Government

The observations of the Committee have been noted. Several measures have been taken to combat the smuggling of gold into the country. These include the strengthening of preventive and intelligence machinery and setting up of Special Cells for this purpose in the important Customs Preventive Collectorates. Additional Staff sanctioned recently for preventive and intelligence work at Bombay and Delhi Airports is also expected to facilitate the Department in tackling more effectively the smuggling of gold from gulf countries as well as from other sources. Besides, electronic gadgets, such as frisker devices and fluoroscopic units, have been provided at the major international airports for screening international passengers. Closed circuit T.V. Sets have also been installed at these airports for discreet watch over the activities of passengers in baggage halls.

[Ministry of Finance O.M. No. 411/31-A/79-Cus. III, dated 7-11-79]

**Recommendation Sl. No. 44 (Para No. 7.43)**

7.43. The Committee are informed that trends in smuggling are being reviewed on a continuing basis. According to these reviews, presently the West coast and Indo-Nepal border are active from the smuggling point of view. Government have taken a number of steps to tackle smuggling across the Indo-Nepal Border. As regards the overall measures to deal with smuggling, Government have adopted a three-pronged drive against this menace by (a) strengthening preventive and intelligence machinery; (b) by resorting to selective application of the provisions of the Conservation of foreign Exchange and Prevention of Smuggling Activities Act, 1974; and (c) by taking appropriate economic measures. These economic measures include liberalisation of imports of essential consumer items, which are scarce in India; reduction of customs duty in respect of watch parts, and abolition of duty in case of rough diamonds and precious and semi-precious stones. The preventive measures taken to combat smuggling more effectively include strengthening of preventive and intelligence units; patrolling of sea-coasts and important land routes; installation of electronic devices, such as fluoroscopic and frisker devices and closed circuit T.V. at major International Airports, and check posts along land border. The Directorate of Anti-smuggling was created in 1974. Selective use is being made of the provisions of COFEPOSA to paralyse the smuggling activities of big time operators and financiers as also the provision of SAFEMFOPA [Smugglers and Foreign Exchange Manipulators (Forfeiture of Property)] Act, 1976 to deprive them of their ill-gotten property. The activities of known gangs of smugglers, financiers, foreign exchange racketeers and those who operate behind the scene are kept under discreet watch and intelligence on such activities is being updated systematically, and appropriate follow-up action taken as and when required. The Committee desire that the effect of the various anti-smuggling measures taken by the Department should be constantly kept under review with a view to strengthening them wherever necessary from time to time. Attention should in particular be paid to the smuggling activities on the West Coast which according to the Department accounts for 75 to 80 per cent of the total seizures. It is imperative that proper co-ordination is maintained between the anti-smuggling units of different Collectorates of Customs controlling the West Coast. The anti-smuggling units in Cochin and Goa Collectorates should not only keep watch over smuggling activities in their regions but also remain in regular contact with their counterparts in Bombay region to know the activities and *modus operandi* of smugglers.

### Reply of Government

The observations of the Committee have been noted.

Anti-smuggling measures taken by the Government are reviewed on a continuing basis. However, the fight against smuggling is a continuous one and such measures—administrative, preventive, legislative, economic and others as are considered necessary, to meet the changing situations, would continue to be taken.

With a view to ensuring proper co-ordination among the preventive, intelligence and anti-smuggling units of the different collectorates on the West Coast (including Cochin and Goa Collectorates), it has been decided that the concerned Collectors should meet periodically and exchange information relating to the trends in smuggling, *modus operandi* of smugglers etc. and the Joint Director of D.R.I. posted at Bombay co-ordinate this work in addition to his other duties. The last such meeting was held at Bombay in June, 1979. Besides, the Zonal Co-ordination Committee of the different enforcement agencies also hold quarterly meetings to exchange information on a regular basis.

Besides Conferences of Collectors of Customs (Preventive) on the Western Coast have been held periodically under the Chairmanship of the M.S. (E&C).

[Ministry of Finance O.M. No. 411/31-A/79-Cus. III,  
dated 7-11-79.]

#### Recommendation Sl. No. 44 (Para No. 7.44)

7.44 In view of the fact that smuggling has become more scientific and systematic involving big and resourceful people, Government should ensure that adequate equipment and organisation is available to meet the challenges from smugglers.

[L.S.S. O.M. No. 20/2(1)/EC/79, dated 30-4-1979]

### Reply of Government

The observation of the Committee has been noted. The requirements of the Department are reviewed on a continuing basis and based on these reviews, necessary equipment and manpower are made available to the field formations for effectively meeting the challenges from smugglers. Recently, additional complement of staff was provided at the two major international airports of Bombay and Delhi.

[Ministry of Finance O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

#### Recommendation Sl. No. 45 (Para No. 7.45)

7.45 During the tour of Study Group of Estimates Committee to Cochin in January, 1979, they came across complaints of harassment of people by the Customs Check-posts situated inside the State. They were informed that instructions had been issued to check posts not to interrogate

every passerby or the residence of a place for possession of imported items **except** when they had definite information about smuggled goods being taken from one place to another. While the Committee are anxious that the preventive staff should keep a close vigil over the activities of the smugglers, they would like to emphasise that the officers in their enthusiasm should not harass innocent people.

[LSS O.M. No. 20/2(i)|EC|79 dated 30-4-1979]

#### **Reply of Government**

The observation of the Committee has been noted. Instructions have been issued to the field formations impressing upon them the need to exercise great care and caution in carrying out searches and to ensure that no unnecessary harassment is caused to the members of public.

(Ministry of Finance O.M. No. 411/31-A/79|Cus.III dated 7-11-79)

#### **Recommendation Sl. No. 46 (Para No. 7.46)**

7.46 Publicity is being given by the Department to important cases of seizures and smuggling of contraband goods. There is a proposal to set up a Directorate of Publicity. The Committee desires that the Directorate of Publicity should *inter-alia* be given the task of educating public opinion against smuggling, and its bad effects on economy. The Directorate should take imaginative measures to dispel from the mind of public the craze for imported goods. The Committee feel that proper education against the use of smuggled items will go a long way in reducing smuggling of such goods.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

#### **Reply of Government**

Observations of the Committee have been noted. The Directorate of Publications, with a separate publicity division under it, has since been set-up. This Directorate has been instructed to attend *inter-alia* to the following tasks.

- (i) Educating public opinion against smuggling and its bad effects on the economy, and
- (ii) taking such measures as would be necessary to dispel from the mind of the public the craze for foreign goods.

[Ministry of Finance O.M. No. 411/31-A/79|Cus.III dated 7-11-79]

#### **Recommendation Sl. No. 47 (Para No. 7.47)**

7.47 The Committee are pained to note that a number of Customs Officers have been involved in smuggling activities. During the years 1976-77 and 1978, seventeen such officers were found to have taken active part in smuggling of contraband goods. The Committee desire that the cases against these officers should be finalised quickly. They would like to be informed about the action taken in these cases. The Committee desire that supervision over the Customs Officers should be tightened to prevent recurrence of such cases.

[LSS O.M. No. 20/2(1)/EC/79 dated 30-4-1979]

### Reply of Government

A statement showing the present position of the cases against the seventeen Customs Officers is reproduced below.

The observations of the Committee regarding tightening of supervision over the Customs Officers have been carefully noted. Scope for the adequacy of the supervisory control over Air Customs Officers at major international airports as reviewed recently, and the strength of Air Customs Inspectors supervising the work of Air Customs Officers was suitably increased at Bombay and Delhi Air Ports.

Action taken against Customs Officers involved in smuggling during the last three years *i. e.* since 1976 to 1978.

Sl. No.	Year	Designation	Nature of offence	Action Taken
1	2	3	4	5
1	1976	Preventive officer (Bombay)	He took effective part in smuggling of contraband goods as member of an organised gang by misusing Landing Certificates to clear contraband as unaccompanied baggage.	He is being prosecuted in a Court of Law.
2	1976	Preventive officer (Bombay)	He attempted smuggling of dutiable goods out of docks.	Goods have been confiscated. His services were terminated on 12-10-1976.
3	1976	Three Examiners and two Appraisers (Bombay)	They released contraband goods under the guise of Chemicals as samples.	The officers have been removed from Service.
4	1976	Air Customs officer, Superintendent and also an Assistant Collector. Who has since retired (Delhi)	Air Customs officer and Superintendent involved in smuggling of diamonds worth Rs. 58 lacs which were seized at Palam Air Port on 19-6-76. There was suspicion over the Assistant Collector as well.	Diamonds confiscated absolutely. The Air Customs Officer and the Superintendent were placed under suspension and subsequently allowed to retire. The Air Customs officer is being prosecuted under the

Customs Act, 1962 in the Court. The case is pending. Post retirement departmental proceedings against both the Asst. Collector and the Superintendent have been instituted.

- 5 1977 Two Preventive officers (Bombay) They were found involved in smuggling of 6 bars of Foreign marked gold weighing 60 tolas from a Vessel. They were placed under suspension with effect from 19-10-77; while one has been detained under COFEPOSA on 4-11-77 and is being prosecuted in the Court of Law, the other has been departmentally proceeded against. The case is in the oral enquiry stage.
- 6 1977 One Upper Division Clerk and two Preventive officers They attempted to smuggle one bottle of whiskey from the docks. One Preventive officer has been awarded the penalty of reduction of pay from the stage of Rs. 640/- to Rs. 600/- for a period of two years with cumulative effect. The U.D.C. has also been awarded a similar penalty. His pay has been reduced from Rs. 530/- to Rs. 500/- for a period of two years with cumulative effect. The other Preventive officer has been exonerated.
7. 1977 Preventive officer Surreptitiously received gold jewellery valued at Rs. 14,600/- from outgoing air passengers for subsequent delivery to their relatives in India. He was suspended on 20-6-77 and was prosecuted, in a Court of Law. When the prosecution case was in progress, the officer met with an accident and expired. Case closed. The Jewellery was to be re-exported out of India.
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1	2	3	4	5
8	1977	Sepoy	When he remained posted at Bettiah under Motihari Customs Division, he was alleged to be found involved in smuggling activities and synthetic fabrics valued at Rs. 1,497/- which were seized from his residential premises on 14-4-77.	He was exonerated of the charges.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III, dated 31-10-1980].

### Recommendation Sr. No. 48 (Para No. 7.48)

7.48 A more disturbing feature, which has come to the notice of the Committee is the involvement of some diplomatic personnel in smuggling activities. Taking advantage of the immunity from customs examination of personal baggage and other goods imported by diplomatic personnel, the smugglers use sometimes diplomatic channels in furtherance of their activities. During the period 1976 to 1978 (upto July, 1978) some cases of seizures from diplomats occurred involving illegal importation of wrist watches and other goods of the value of Rs. 40.91 lakhs. These cases are pending for adjudication/investigation. The Committee suggest that the Ministry should take suitable measures in consultation with the Ministry of External Affairs to check the involvement of diplomatic personnel.

[LSS O.M. No. 20|2(i)|EC|79 dated 30-4-1979]

### Reply of Government

The observations of the Committee have been noted and the measures required to be taken to check the involvement of diplomatic personnel in smuggling have been under examination in consultation with the Ministry of External Affairs. Ministry of External Affairs have already taken certain measures like the introduction of a system of reasonable annual limits for imports and bonded purchases of alcoholic drinks and cigarettes by diplomats and of getting details of invoices of goods ordered for imports by diplomats. That Ministry have also clarified that goods imported by diplomats cannot be stored with non-privileged persons and that in the event of any such goods being seized. While remaining stored in that manner, the law could take its course.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dated 7-11-79]

**Recommendation Sr. No. 49 (Para No. 7.49)**

7.49 The Committee have been informed that upto 15 January, 1979, the competent authorities passed forfeiture orders in 477 cases involving properties valued at Rs. 6.73 crores under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1979. In all the competent authorities have initiated forfeiture proceedings in 1767 cases (including 477 cases mentioned above), and the aggregate value of the properties covered by these proceedings is estimated at Rs. 39.50 crores. The Committee are unhappy to note that there was a year's delay in the constitution of the Appellate Tribunal under the aforesaid Act. Although the Act was assented to by the President on 25 January, 1976. It was only in January, 1977 that the Appellate Tribunal was constituted. The first batch of forfeiture orders were released in February-March, 1977 as the rules governing appeals against the orders of forfeiture were framed by the Tribunal only in February, 1977. The Committee cannot but deplore this unconsciously long delay in setting up machinery under the aforesaid Act. They would like that the inordinate delay in the appointment of the Tribunal and framing of the Rules may be looked into and the Committee apprised of the result.

[LSS O.M. No. 20|2(i)|EC|79 dated 30-4-1979]

**Reply of Government**

**Accepted.** It is a fact that there was delay of one year in the setting up of the Appellate Tribunal for Forfeited Property under the SAFEM (FOP) Act, 1976. The delay was mainly due to the lengthy procedural and legal formalities necessarily required to be completed. It may be pointed out that the Act received the assent of the President on 25th January, 1976 and the action for effective working of the Tribunal was promptly initiated on 27th January, 1976.

As provided in Section 12 of the Act, the Tribunal is to consist of one Chairman (who shall be a person who is or has been or is qualified to be a Judge of the High Court or Supreme Court) and such number of other Members (being the Central Government Officers not below the rank of Joint Secretary) as the Government thinks fit, to be appointed and the terms and conditions of service of the Chairman and other Members shall be such as may be prescribed.

For creation of these posts, concurrence and approval of Cabinet had to be obtained. This was necessary as there was then a ban on creation of posts. Actual sanction could only be issued in June, 1976 on receipt of Cabinet's approval.

Rules governing terms and conditions of service of the Chairman and Members involved financial implications. These rules were finalised after careful consideration and lengthy repeated consultations with the concerned Departments/Ministries.

For the post of Chairman of the Tribunal the Law Ministry was requested in the month of March, 1976, to nominate a person having requisite qualifications. It was decided that Chairman should be a Judge of the High Court and accordingly, in June, 1976 the Law Ministry was requested to nominate a Judge of the High Court for the above post. Justice—Shri Pritam Singh Safer (nominated by the Law Ministry) could not take over due to illness. Another Judge—Justice Shri Janaki Nath Wazir was nominated only in November, 1976. Necessary approval of the appointment Committee of the Cabinet was received in December, 1976 and only then the work of filling up of the posts was completed. Justice—Shri Janaki Nath Wazir took over charge on 3rd January, 1977. The Tribunal could not start functioning before this date.

As regards delay in framing the Rules governing appeals to the Tribunal, it is submitted that no doubt time was taken in framing the Rules but this was due to the fact that the Rules of the type required were being framed for the first time. No model Rules of any similar Organisation were available. Financial implications were also involved and this required considerable time consuming discussions between the different Ministries. The Rules were notified in the Gazette on 18-2-1977.

In this connection it may be stated that very few cases were ready with the Competent Authorities for passing forfeiture orders during the last quarter of 1976. The first batch of forfeiture orders was released during the second fortnight of February, 1977 only. First appeal against the forfeiture order was filed before the Appellate Tribunal only in the month of March, 1977. The delay in setting up of the Tribunal and framing of the Rules did not therefore materially affect the Administration of the Act.

[Ministry of Finance O.M. No. 411/31-A/79-Cus. III, dated 7-11-79]

#### **Recommendation Sr. No. 49 (Para No. 7.50)**

7.50. The Committee note that competent authorities who are to initiate proceedings under the aforesaid Act in respect of persons and properties covered by this Act have to depend on the income-tax officers and Customs authorities for preliminary reports. But the Competent Authorities do not have any control over the Income-tax officers and Customs authorities and they are not in a position to direct these officers to submit the relevant preliminary report expeditiously. Nor have the Competent Authorities been provided with separate man-power or machinery for

undertaking such preliminary enquiries which are now being done by the Income-tax/Customs authorities. The Officers posted with the Competent Authorities have no statutory powers of enquiry.

[LSS OM. No. 20/2(i)/EC/79 dated 30-4-1979]

### **Reply of Government**

Accepted. It is true that proceedings under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act are consequential to the orders passed by the Departments of Enforcement and Customs and Central Excise department but in view of the fact that the Competent Authority is an officer of the Income-tax Department of the rank of the Commissioner of Income-tax he has indirect administrative link with the officers of Income-tax department. As a result he is able to exercise a considerable degree of control over the actions of the officers of Income-tax department. Besides under section 15 of the Act the Competent Authority exercises all the powers of Civil Court and has amongst other powers, the power to issue Commissions for examination of witnesses and/or documents. Sections 16 and 17 empower the Competent Authority to take assistance of any officer of the Central and State Government, excluding officers specified under section 17(a) to (e) for the purpose of continuing proceedings under the Act. All these powers are taken advantage of by the Competent Authority in utilising the officers posted directly under him as well as the officers of the Income-tax and Customs and Central Excise departments. Therefore, it may not be correct to say that the Competent Authority has no control over Income-tax officers and Customs and Central Excise Authorities. As a matter of fact these officers are frequently used by the Competent Authority for conducting all relevant enquiries and investigations necessary for completing proceedings under the Act. The officers working under him are officers on deputation for Income-tax department who render him all the possible assistance in the successful execution of the Act.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dated 7-11-79]

### **Recommendation Sr. No. 49 (Para No. 7.51)**

7.51 All this reveals a shocking state of affairs. There was an extraordinary delay in setting up the implementation machinery envisaged under the Act passed by the Parliament. The machinery set up under the Act was neither given powers nor man-power to act on their own nor given adequate control on the income-tax and customs authorities for initiating action in respect of persons and properties covered under the Act. This is not the way in which legislative intentions of Parliament should have been given effect to. The Committee have not been informed as to whether the Com-

petent Authorities brought their difficulties to the notice of the Government or put up any proposals for being vested with statutory or other powers to do their job properly; when the lack of coordination between the Competent Authorities and income tax and Customs authorities was brought to the notice of the appropriate quarters; what steps were attempted to bring about the desired coordination. In the Committee's opinion, the present state of affairs will result in frustrating the will of Parliament manifested in the aforesaid Act. The Committee would like the Government to make an immediate enquiry into the working of the machinery set up under the said Act and overhaul and strengthen the machinery without delay to enable it to act without constraint in the performance of its functions enjoined upon it by the said Act. The Committee would like to be informed of the action taken in the matter.

[LSS O.M. No. 20/2(i)/EC/70 dated 30-4-1979]

### **Reply of Government**

The various difficulties experienced by the Competent Authorities in the implementation of the Act, as and when brought to the notice of Government, were immediately taken up and discussed in the meetings held from time to time between the Member, Central Board of Direct Taxes and the Competent Authorities. Suitable instructions suggesting remedial action were issued to the Competent Authorities for their guidance.

In the meeting held on 22-9-1977, it was proposed to give statutory powers to the officers posted with the Competent Authorities in consultation with Ministry of Law. The proposals sent to Law Ministry in this regard was rejected by that Ministry as untenable in law.

During the meeting held on 22-9-1977, the Competent Authorities stated that they experience considerable difficulty and avoidable delay in carrying out the necessary investigation as the reports are not being sent to them expeditiously by the Income-tax authorities. In the interest of speedy and coordinated administration, it was proposed that there should be one unified line of administrative set up which can effectively and expeditiously tackle the liability of persons covered by the Act both under the Direct Tax Laws and under SAFEM (FOP) Act without deploying any additional man-power. For this purpose, the advice of the Ministry of Law was sought as to whether there was anything repugnant to the Competent Authorities dealing with the cases of smugglers and their relatives and associates under the SAFEM(FOP) Act and discharging the functions of Commissioner of Income-tax under the Income-tax Act in respect of the identical persons. This suggestion was found by the Ministry of Law to be untenable in law.

The following steps were taken to bring about the desired coordination and smooth functioning:—

- (1) The income-tax cases of smugglers and their relatives and associates were centralised in most of the charges to facilitate expeditious disposal.
- (2) The Competent authorities were provided with Income-tax Inspectors to carry out investigations.
- (3) The Member (Investigation), Central Board of Direct Taxes who is having control over both Competent Authorities and Commissioners of Income-tax has been writing to the concerned Commissioners of Income-tax to expedite the preliminary reports.

(Ministry of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-79)

**Recommendation Sl. No. 50 (Para No. 8.51)**

8.51 The Committee note that the number of cases of seizure of goods imported in contravention of the Customs Act increased from 49555 in 1974 to 62569 in 1975, 77252 in 1976, 144977 in 1977 and 57,362 in 1978 (upto April) but the value of goods seized decreased from Rs. 60 crores to Rs. 45 crores, 36 crores, 29 crores and 13 crores respectively. The Committee are glad to observe the increase in the number of cases of seizures which is an indicator of the alertness of the preventive machinery of the Customs Department. The Committee, however, feel that a study of the reasons for decrease in the value of goods seized is necessary. This would help in having an idea about the nature of goods illegally imported into the country and in planning the preventive strategy.

[LSS O.M. No. 20/2(1)EC79 dated 30-4-1979]

**Reply of Government**

Detailed reports on the subject received from the Directorate of Revenue Intelligence, Directorate of Preventive Operations and the concerned Collectors of Customs show that the main reason for the decline in the value of goods seized during the last 4 or 5 years was on account of change in the pattern of smuggling which came to notice since 1976. Unlike in the earlier years, large scale landings of contraband by Arab Dhows have virtually disappeared chiefly due to the intensification of Sea patrolling with the induction of more sophisticated patrol craft. Besides, the anti-smuggling measures taken by the Government, viz., strengthening of preventive and intelligence machinery, selective application of the provisions of COFEPOSA against top smugglers and financiers and economic and fiscal measures such as liberalisation of imports of certain sensitive items have considerably helped in curbing large scale smuggling of foreign goods like synthetic textiles, diamonds, gold spices etc. into the country.

Smuggling is now mainly through passengers or carriers arriving by air or across the land borders. The main items now being attempted to be smuggled into the country are watches and gold. To tackle the problem of smuggling more effectively, the anti-smuggling measures being taken by the Government are reviewed on a continuing basis and such measures—administrative, legislative, preventive, economic and others—as are considered necessary, are taken from time to time.

(Ministry of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-79)

**Recommendation Sl. No. 51 (Para No. 8.52)**

8.52 Under the Customs Act, the show cause notice is required to be issued within six months of seizure of goods. The Ministry have stated that it is not possible to issue show cause notices immediately after the seizure of goods as it is necessary to carry out detailed investigation with a view to collecting all available evidence for taking action against the persons concerned with the offence by way of departmental adjudication and prosecution in the courts of law. The Committee feel that six months is too long a period to complete investigations and issue show cause notice except in some very complicated cases. It is not unlikely that because of the provision of six months in the law for issue of a show cause notice, the officers may tend to take things easy and delay the investigations. The Committee would, therefore, like the Department to consider laying down different time limits for different types of seizures and lay down guidelines for expeditious completion of investigations and issue of show cause notices at the earliest without waiting for the expiry of the stipulated period. In view of the fact that the number of cases of seizures have been on the increase the need for cutting down the period for issue of show cause notice and simplifying the procedure for adjudication is all the greater as otherwise the accumulation of seizure, cases will reach unmanageable proportions and throw the customs machinery out of gear.

[LSS O.M. No. 20/2(1)EC79 dated 30-4-1979]

**Reply of the Government**

A study have been carried out to find out the time taken for issue of show cause notices in seizure cases relating to the period 1978-79. This study has revealed that out of 17,665 seizure cases, show cause notices were issued in 9049 cases (51.23 per cent) within a period of one month from the date of seizure and altogether in 13,316 cases (75.38 per cent) within a period of three months. It was only in 1,302 cases (7.37 per cent) that the notices were issued in the last month of the six months' period and this, the Collectors have reported, was due to the time required for detailed investigations found necessary in complicated cases. This would show that investigations into seizure cases are not being delayed and that show cause

notices are attempted to be issued very much earlier than the statutory time-limit of six months.

2. It may be stated that in cases where the seized goods are unclaimed/uncontested it should be possible for show cause notices to be issued within a short time after the seizures are effected. In other cases too, the need for speedy finalisation of adjudication proceedings *in rem* even if the proceedings *in personem* cannot be finalised for want of completion of investigations has been emphasised in the instructions issued recently to the Collectors of Customs and Central Excise.

3. However, keeping in view the suggestion of the Estimates Committee, a fresh set of instructions have been issued to the Collectors for making every effort to see that in customs seizure cases show cause notices are issued, expeditiously and generally within a period of three months in cases where the seized goods are unclaimed/uncontested.

4. Besides, the progress in the adjudication of seizure cases is also being regularly monitored and such corrective steps as are considered necessary for ensuring speedy disposal of such cases are also taken from time to time.

(Ministry of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-79)

#### **Recommendation Sl. No. 52 (Para No. 8.53)**

8.53. The Committee note that at the end of July, 1978 there were 7888 cases pending adjudication, out of which 738 cases were 1—3 years old and 446 cases were more than 3 years old. The Committee have been informed that as a result of measures taken to review the old cases on a continuing basis a considerable progress has been achieved in liquidation of old cases by December, 1978. The Committee, however, find that in spite of the special measures reported to have been taken the number of 1—3 years old cases in Collectorates of Ahmedabad (14.3 per cent), Allahabad (9.09 per cent), Bangalore (10.3 per cent) and Guntur (10.6 per cent) is still very high. In the Collectorates of Calcutta, Chandigarh, Delhi and Madras, the number of 1—3 years old cases has surprisingly gone up after the special measures have been taken. The number has increased from 13 per cent to 15.6 per cent in Calcutta, 10.6 per cent to 13.3 per cent in Chandigarh, 16.6 per cent to 24 per cent in Delhi and 18 per cent to 19.4 per cent in Madurai. The Collectors concerned are stated to have been instructed to bestow their personnel attention on this matter and ensure that pendency of older cases is brought down without further delay. The Committee desire that Central Board of Excise and

Customs should regularly monitor the progress of disposal of old cases of seizures and ensure that these are disposed of as early as possible and that there should be no undue accumulation of old cases in future.

[L. S. S. O.M. No. 20/2(i) /EC/79 dated 30-4-1979.].

### Reply of Government

Observations of the Committee have been noted. The progress of disposal of adjudication cases relating to seizures of contraband goods is monitored and reviewed regularly every month by the Directorate of Anti-smuggling (now designated as Directorate of Preventive Operations) who in turn submit a report to the Department of Revenue indicating their results of the review. Based on the reports received for the month of May, 1979, it is observed that there is an all round improvement in the pendency position particularly of the older cases i.e. pending for over 1 year. The Collectors are also personally reviewing the position to see that the older cases get disposed of as quickly as possible and do not get accumulated.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dated 7-11-79.].

### Recommendation Sl. No. 54 (Para Nos. 8.55 and 8.56)

8.55. The Committee note that 388 vehicles were lying with the Customs Department as on 1st April, 1978, out of which 112 were lying for 1—3 years, 113 vehicles were for 3—5 years and 92 vehicles for over five years. During the period 1976—78 an amount of rent of Rs. 13.34 lakhs was incurred on hiring garages for parking the vehicles. Out of these 388 vehicles 153 were lying in the open and must have been considerably damaged. The Committee do not see any advantage in the Government acting as a watchman for these vehicles, which after 3—5 years would be nothing but junk and may yield only a fraction of their book value.

8.56. The Committee have been furnished with a statement indicating the details of 358 undisposed vehicles lying with Customs Houses. The details include Vehicle No., Date of seizure, date of confiscation, and their value, but the make of vehicles has not been indicated, without which it is not possible to judge whether the value fixed is reasonable. The Committee feel that complete information should have been kept by the Customs and given to the Committee in the first instance. The Committee would like that a complete and upto-date statement indicating the make of vehicle year of manufacture, date of seizure, date of confiscation and value should be submitted to them.

[L. S. S. O.M. No. 20/2(i) /EC/79 dated 30-4-1979.].

### Reply of Government

A statement indicating the particulars of seized/confiscated motor vehicles lying with customs formations is given below:

In some cases the year of manufacture has, however, not been shown, as the relevant information was not available with the Customs formations.

2. Instructions already exist for considering wherever possible, provisional release against proper undertaking of the seized vehicles to the persons from whom they were seized, pending completion of adjudication proceedings. Instructions also provide that where seized/confiscated motor vehicles are involved in Court proceedings, the Department should approach the Court for permission to dispose of the same during the course of the proceedings. These instructions also emphasise expeditious disposal of adjudication proceedings in respect of the vehicles involved.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dated 7-11-79].

#### LIST OF VEHICLES LYING WITH THE CUSTOMS DEPARTMENT

Sl. No.	Name of the vehicle	Year of manufacture	Date of seizure	Date of confiscation	Value
1	2	3	4	5	6
<i>Central Excise Collectorate : Nagpur</i>					
1	Bajaj Scooter	1974	9-3-1976	14-3-1977	3,500.00
<i>Central Excise Collectorate Bhubaneshwar</i>					
2	Dastan Car (Japan)	1968	16-11-1972	31-12-1973	40,000.00
3	Vanttooi-Fiat B:is		3-5-1977	20-7-1978	50,000.00
<i>Central Excise Collectorate : Hyderabad</i>					
4	Om Bus—Itlay	..	11-4-1977	12-12-1978	20,000.00
<i>Custom House : Madras</i>					
5	Ambassador Car	1966	5-10-1975	10-10-1976	15,000.00
6	Range Rover Car	..	3-7-1977	26-6-1979	40,000.00
7	Jawa Motor Cycle	1968	24-6-1974	26-4-1976	2,500.00
<i>Central Excise Collectorate : Ahmedabad</i>					
8	Fiat India make		13-12-1977		15,000.00
9	Ambassador Car		5-2-1977		6,000.00
10	Ambassador Car	..	20-8-1973	..	12,000.00

1	2	3	4	5	6
11	Jeep—Indian	..	19-12-1973	..	25,000·00
12	Plymouth Car-Foreign	..	19-12-1973	..	6,000·00
13	Motor Taxi-Indian	1947	24-2-1968	21-1-1976	3,000·00
14	Ambassador Car		5-8-1973		30,000·00
15	Jeep Willys Indian	..	9-10-1974	..	10,000·00
16	Jeep Haiser-Indian	1969	26-8-1971	19-12-1977	7,000·00
17	Fiat Car-Indian	1973	5-5-1977		20,000·00
18	Truck (Dodge) Indian		11-10-1973	..	35,000·00
19	Ambassador Car-India		26-8-1974	15-10-1976	15,000·00
20	Truck (Tata)	..	10-3-1973	30-4-1976	60,000·00
21	Ambassador Car India	1970	26-8-1971	..	16,000·00
22	Truck (Bed Ford) Indian	1964	22-2-1974	20-1-1976	25,000·00
23	Truck (Mercedes) Indian	1968	22-2-1974	20-1-1976	25,000·00
<i>Central Excise Collectorate, West Bengal, Calcutta</i>					
24	Hindustan Ambassador Car (Mark-II)	1961	15-6-1966	5-2-1968	14,000·00
25	Do.	1966	9-4-1967	28-8-1967	10,000·00
26	Mercedes Bens Lorry L-1210/42	..	31-1-1974	..	30,000·00
27	Hindustan Ambassador Car	1960	15-2-1974	27-2-1974	10,000·00
28	Vaux Wagon	..	5-3-1974	19-8-1975	30,000·00
29	Vaux Wagon Mini Bus	1961	5-3-1974	28-7-1975	50,000·00
30	Dastan Car-Japan	..	11-3-1974	21-10-1974	50,000·00
31	Mercedes Benz Car.	1959	24-5-1974	18-4-1976	25,000·00
32	Mercedes Benz Lorry		17-8-1974		60,000·00
33	Totyota Car-Japan	1966	15-1-1975	22-1-1976	60,000·00
34	Hindustan Ambassador Type AMBOX Car (Mark-II)		14-6-1977	29-8-1978	10,000·00
35	Mercedes Benz (Diambler)	21-1-1976	30-3-1977	2-5-1977	45,000·00
36	Do.	23-1-1976	12-3-1977	2-5-1977	71,000·00
37	Do.	28-1-1976	2-2-1977	2-5-1977	45,000·00
38	Do.	23-1-1976	2-2-1977	2-5-1977	45,000·00
39	Hindustan Ambassador Car	1967	27-8-1977	..	10,000·00

1	2	3	4	5	6
40	Lorry Model No. L. 1210/D/42 (Mercedez Benz)		25-9-1977	..	60,000.00
41	Hindustan Ambassador	..	7-3-1978	17-4-1979	16,000.00
42	Lorry Ashoka Leyland	1958	29-10-1978		55,000.00
43	Hindustan Ambassador (Mark-II) Car	1968	28-11-1978		16,000.00
44	Indian Ambassador	1972	21-4-1979	..	3,000.00
45	Do.	1965	7-8-1965	12-5-1967	15,000.00
46	Power Wagon (Dodge)		15-7-1978		5,000.00
<i>Central Excise Collectorate : Jaipur</i>					
47	Jeep	Military disposal	24-3-1973	18-3-1975	10,000.00
48	Nisan Truck	Do.	10-10-1973	1-3-1975	8,000.00
49	Jeep	Do.	26-9-1975	23-3-1977	5,000.00
50	Toyto Car	1968	23-11-1976	12-5-1978	50,000.00
51	Ambassador Car (Totally damaged)	1968	8-7-1969	31-12-1978	1,000.00
52	Volks Wagon	1960	26-1-1972	21-11-1975	40,000.00
53	Truck	1970	10-4-1972	6-6-1975	75,000.00
54	Volks Wagon		22-7-1975	14-2-1977	8,000.00
<i>Central Excise Collectorate, Pune</i>					
55	Car— Fiat		5-7-1969		Not arrived at
56	Truck— Mercedes		7-3-1970	7-12-1971	60,000.00
57	Truck Mercedes		10-11-1969		50,000.00
58	Do.		18-2-1972	25-4-1973	25,120.00
59	Do.		26-1-1972	26-6-1973	20,000.00
60	Truck Mercedes		19-11-1973	17-9-1977	20,000.00
61	Do.		19-11-1973	17-9-1973	20,000.00
62	Ambassador Car		20-11-1973	17-9-1977	10,000.00
63	Do.		25-3-1974	17-2-1978	8,000.00
64	Truck— Bedford		12-4-1974	31-3-1977	25,000.00
65	Truck Mercedes		28-1-1975	15-9-1977	51,000.00
66	Car— Plymouth		20-10-1973	11-1-1979	10,000.00
67	Truck— Fargo	..	18-2-1975	15-9-1977	51,000.00

1	2	3	4	5	6
68.	Motor Cycle— Jawa	1968	25-91-1961	5-3-1971	4,000.00
69.	Truck Bedford		12-3-1978	15-9-1977	30,000.00
	<i>Custom House : Panaji</i>				
70.	Volkswagon	1961	7-8-1968	17-1-1973	18,000.00
	<i>Central Excise Collectorate : Kanpur</i>				
71.	Jeep	..	30-3-1972	18-11-1978	10,000.00
72.	Jeep	1969	16-12-1976	29-12-1978	25,000.00
73.	Ambassador Car	1965	16-8-1977		10,000.00
74.	Do.	1973	18-7-1978		10,000.00
75.	Ford Thames	1968	31-3-1970	..	20,000.00
76.	Mercedes Benz (Daimler Benz)		28-8-1975	18-2-1976	22,674.00
77.	Bilkus Wagon Model	1971	10-7-1972	5-4-1973	37,000.00
78.	Ambassador Mark-II	..	6-7-1970	16-8-1973	15,000.00
79.	Do.	1970	7-4-1978	..	10,000.00
80.	Motor Cycle—Royal Enfield Bullet	1967	6-8-1967	18-3-1973	5,000.00
	<i>Central Excise Collectorate : Delhi</i>				
81.	Ambassador Car		19-4-1963	Jan. 1970	10,000.00
82.	Do.		19-4-1963	Do.	10,000.00
83.	Austin Car		18-10-1964		15,000.00
84.	Fiat Car		18-1-1964		15,000.00
85.	Do.		12-5-1966		15,000.00
86.	Ambassador Car		6-4-1968	..	15,000.00
87.	Do.		18-2-1970	24-2-1977	16,000.00
88.	Vespa Scooter		30-11-1970	31-7-1976	2,000.00
89.	Ambassador Car		11-1-1971	8-10-1975	10,000.00
90.	Do.		1-1-1973	27-5-1978	25,000.00
91.	Do.	..	10-4-1973	28-2-1977	15,000.00
92.	Renolt Car		16-5-1973	30-3-1978	35,000.00
93.	Ambassador Car		24-11-1973		15,000.00
94.	Do.		9-11-1973	..	15,000.00
95.	Do.	..	22-12-1973	14-6-1976	15,000.00

1	2	3	4	5	6
96.	Ambassador Car		22-12-1973	14-6-1976	15,000
97.	Do.		22-12-1973	14-6-1976	15,000
98.	Lambretta Scooter . . .		17-4-1975	20-10-1976	3,000
99.	Fiat Car . . . .		8-3-1976	26-8-1977	27,000
100.	Do.		26-5-1976		29,000
101.	Ambassador Car . . .		10-6-1976		30,000
102.	Do.		25-6-1976	..	30,000
103.	Do.	..	19-8-1976	31-12-1976	30,000
104.	Bajaj Scooter . . . .		4-10-1976		4,000
105.	Villy s Jeep a . . . .		29-1-1977		9,000
106.	Ambassador . . . .		2-3-1977		6,000
107.	Do. <sup>M</sup>		2-3-1977	..	15,000
108.	Mercedes Bens Car . . . ..	..	1-4-1977	31-7-1978	30,000
109.	Do.	..	24-4-1977		40,000
110.	Do.		26-7-1977		10,000
111.	Fiat Car . . . .		12-5-1977		30,000
112.	Mercedez Benz Car . . . .		1-4-1977		60,000
113.	Yezdi Motor Cycle . . . ..	..	2-6-1977		3,000
114.	Ambassador Car . . . .		11-6-1977	..	15,000
115.	Mercedez Benz Car . . . .		26-3-1978	29-12-1978	35,463
116.	Mercedez Truck . . . .		25-5-1975	..	60,000
117.	Vespa Scooter . . . .		3-1-1973	21-6-1975	3,000
118.	Fiat Car . . . .		12-11-1977		32,000
119.	Mercedez Benz Car . . . .		15-11-1977	..	40,000
120.	Datsan . . . .		23-11-1977	1-8-1977	60,000
121.	Dailer Benz Car . . . .		15-12-1977	19-6-1978	80,000
122.	Do.		31-10-1977		85,000
123.	Citroen Car . . . .		25-1-1978		8,000
124.	Ambassador Car . . . .		26-3-1979		12,000
125.	Lambretta Scooter . . . .	..	4-4-1978	..	3,000

1	2	3	4	5	6
126.	Volks Wagon		19-10-1978		2,00,000
127.	Bajaj Scooter . . .		31-8-1978		5,800
128.	Mercedez Benz Car.		13-9-1978		1,00,000
129.	Ambassador Car . . .		9-11-1978		18,000
130.	Bajaj Scooter	..	26-10-1978		4,000
131.	Ambassador Car . . .		5-1-1979		15,000
132.	Fiat Car . . . . .	..	6-1-1979		15,000
133.	Ambassador Car . . . . .		31-12-1978 1-1-1979		15,000
134.	Fiat Car . . . . .		10 5-1979		42,100
135.	Scami Vabi Bus . . . . .		6-6-1979		50,000
136.	Chetak Scooter . . . . .	..	11-5-1979		6,000
137.	Toyota Car . . . . .	..	31-3-1979	..	5,500
<i>Central Excise Collectorate: Shillong</i>					
138.	Willys Jeep . . . . .	War Model	29-11-1977	23-2-1978	6,500
<i>Central Excise Collectorate: Indore</i>					
139.	Prince Toyota Car (Japan)	1962	28-2-1972	8-5-1973	20,000
140.	Volks Wagon (Germany) . . . . .	1959	14-2-1973	19-9-1973	14,650
141.	Ambassador Car—Mark -II . . . . .	1974	25-4-1974	21-11-1975	25,000
<i>Central Excise Collectorate: Chandigarh</i>					
142.	Fiat Car (India) . . . . .	1965	21-10-1965	..	20,000
143.	AJS (Motor Cycle) . . . . .	1957	23-9-1968	31-1-1973	5,000
144.	Vespa Scooter . . . . .		31-5-1969	..	4,500
145.	Fiat Car . . . . .	..	25-2-1971	16-1-1978	23,000
146.	Setra Bus . . . . .	1962	1975	18-2-1976	1,01,512
147.	Ambassador Car . . . . .	1965	19-7-1974	21-7-1977	10,000
148.	Do. . . . .	..	28-9-1974	31-5-1976	12,000
149.	Volks Wagon . . . . .	1971	12-12-1974	24-3-1977	20,000
150.	Ambassador Car . . . . .	..	16-1-1975	30-3-1977	10,000
151.	Vespa Scooter . . . . .	—	4-3-1975	6-4-1977	2,000
152.	Mercedez Bens Car . . . . .	1967	31-3-1975	30-4-1975	12,000

(1)	(2)	(3)	(4)	(5)	(6)
153.	Land Rover Car . . .		9-8-1975	9-3-1976	3,000
154.	Royal Enfield Motor Cycle		25-8-1977	27-5-1978	5,000
155.	Do.	..	6-12-1975	27-5-1976	4,500
156.	Benault Car .	1968	18-10-1977	8-2-1978	15,000
157.	Ambassador Car .	..	18-4-1977	23-1-1978	12,000
158.	Fiat Car (Imported)	1960	15-7-1977	10-7-1978	1,000
159.	Ambassador Car . . .	..	13-12-1977	25-7-1978	3,000
160.	Triump (Motor Cycle) .	..	25-4-1978	15-5-1979	15,000
161.	BMW Car .	1976	23-4-1978	15-3-1978	30,000
162.	Ambassador Car .		18-8-1978	..	6,000
163.	Vespa Scooter		22-8-1978	24-3-1979	2,000
164.	Ambassador Car .	1970	28-8-1978		6,000
165.	Lambretta Scooter	1964	17-1-1979	..	3,000
166.	Body Mercedes Benz .	1967	2-4-1976	24-4-1978	10,000
167.	Betaves A/Cycle	..	1978	26-12-1978	1,000
168.	Hercules A/Cycle .		1978	5-7-1978	900
169.	Chevrolet & Impala Car		3-4-1987	4-4-1977	60,000
170.	Ford Car		9-7-1968	19-6-1970	10,000
171.	Benz . . . . .		15-5-1974	1977	25,000
172.	Premier Padmini Car (Indian)	..	1-1-1979	..	25,000
173.	Ambassador Car .	1967	13-9-1973	3-6-1977	10,000
174.	Raj Hans Scooter (India) .		30-7-1973	..	13,720
<i>Central Excise Collectorate : Madras</i>					
175.	Ambassador Car	..	16-3-1966	5-7-1969	10,000
176.	Ambassador Car . . .	1963	16-11-1968	31-3-1971	12,000
177.	Benz Lorry . . . . .	1962	31-10-1969	25-7-1972	18,000
178.	Ambassador Car	1967	15-3-1970	8-9-1972	10,000
179.	Studo Baker Car	1958	30-1-1971	18-12-1972	5,000
180.	Benz Lorry	1969	30-9-1972	6-6-1973	50,000
181.	Ambassador Car		8-5-1973	13-6-1975	15,000
182.	Seva Auto Cycle . . . . .	..	16-11-1973	..	1,000

(1)	(2)	(3)	(4)	(5)	(6)
183.	Ambassador Car .	..	18-11-1973	19-8-1975	18,000
184.	Bajaj Scooter .	1973	28-11-1973	..	3,500
185.	Fiat Car .	1963	27-3-1974	30-3-1978	15,000
186.	Ambassador Car .	1963	20-4-1974	11-11-1977	20,000
187.	Ambassador Car		21-1-1976	20-10-1977	10,000
188.	Fargo Lorry . . .	1968	23-11-1971		20,000
<i>Central Excise Collectorate : Bangalore</i>					
189.	Tata Engineering Lorry	1964	17-9-1972	22-7-1978	30,600
190.	Tata Mercedes Benz Lorry	1968	1-11-1971	30-1-1978	65,000
191.	Tata Benz Mercedes Lorry	1969	23-5-1975	..	15,000
192.	Tata Lorry . . .	1970	8-12-1972	30-8-1975	50,000
193.	Tata Engineering Benz Lorry .	1970	24-2-1973	12-5-1978	35,000
194.	Tata Diesel Lorry .	1973	20-12-1974	31-12-1977	75,000
195.	Ambassador Car .	1968	16-7-1973	12-9-1975	8,000
196.	Fiat Car .	1960	25-8-1975	28-6-1978	8,000
197.	Ambassador Car . . .	1967	7-12-1978	3-7-1979	12,000
198.	Ambassador Car Mark-II	1964	24-3-1971	5-3-1973	12,000
199.	Hindustan Car	1969	27/28-2-1974	13-6-1977	12,000
200.	Ambassador Car .	1966	26-6-1967	3-11-1967	19,000
201.	Mercedes Benz Car .	1972	30-7-1976	17-12-1977	60,000
202.	Jeep Mahendra & Mahindra .	1973	19-12-1974	31-12-1977	20,000
203.	Do. . .	1973	16-3-1975	13-3-1979	18,000
204.	Land Rover Jeep	1960	26-7-1973	26-4-1975	10,000
205.	Bajaj Tempo .	1969	26-7-1973	26-4-1975	12,000
206.	Bajaj Scooter . . .	1971	8-10-1971	18-9-1974	4,000
207.	Honda Motor Cycle .	..	Salvaged during October, 1973	17-4-1978	6,000
208.	Royal Enfield Motor Cycle	1961	16-3-1967	30-11-1967	3,000
<i>Customs house : Calcutta</i>					
209.	Volks Wagon Van .	1972	14-7-1977	25-4-1979	52,000
210.	Jeep Mahendra & Mahendra .	1973	26-11-1977		7,000
211.	Ambassador Mark-3 .	..	27-11-1977		15,000

(1)	(2)	(3)	(4)	(5)	(6)
212.	I.M.B. Truck		30-8-1976	27-9-1977	90,000
213.	Chevrolet Car		15-4-1973	18-5-1974	55,000
214.	Ford Gallery		16-2-1974		14,073
215.	Willys Jeep		27-7-1974		22,000
216.	Mazada-1500 Car		12-9-1972		20,000
217.	Ambassador Car		19-5-1978		8,000
218.	T.M.B. Truck		17-8-1978		1,20,000
219.	Ambassador Car		29-12-1978		15,000
220.	Jaguar Car		20-4-1979		Not arrived at.
221.	Hanomay Henchel F. 20 <i>Central Excise Collectorate : Madurai.</i>		21-5-1979		Do.
222.	Ambassador Car		25-7-1976		18,000
223.	Jeep		17-2-1977		10,000
224.	Jeep		5-9-1976		15,000
225.	Ambassador Car		20-12-1977		10,000
226.	Ambassador Car		9-5-1978		6,000
227.	Ambassador Car		24-6-1979	..	30,000
228.	Ambassador Car		11-1-1974	6-2-1978	20,000
229.	Ambassador Car		11-1-1974	6-2-1978	20,000
230.	Do.		19-6-1974	6-9-1975	7,000
231.	Do.		16-7-1974	8-7-1977	10,000
232.	Do.		24-7-1974	24-7-1975	10,000
233.	Do.		16-7-1974	8-7-1977	10,000
234.	Do.		3-9-1975	9-12-1976	4,000
235.	Do.		31-10-1973	4-10-1974	7,000
236.	Do.		23-4-1973	20-4-1974	8,000
237.	Do.	..	17-7-1977	3-8-1974	8,000
238.	Do.		22-8-1974	21-6-1976	10,000
239.	Citreen		14-11-1977	14-2-1978	1,000
240.	Jeep	..	14-11-1969	20-4-1972	20,000

(1)	(2)	(3)	(4)	(5)	(6)
<i>Custom House : Visakhapatnam</i>					
241	Honda Motor Cycle Japanese	Not seized confiscated absolutely	5-1-1979		2,400
242	Do.	..	"	"	2,400
243	Jamaha M/Cycle Japanese		"	"	2,400
244	Suzuki Motor Cycle ,,		"	"	3,000
245	Honda Motor Cycle ,,		"	"	2,200
246	Honda Scooter ,,		"	"	3,300
247	Honda Motor Cycle ,,		"	"	2,200
248	Do.		"	"	4,400
249	Suzuki Motor Cycle ,,		"	"	2,400
250	Honda Scooter		"	"	1,800
251	Honda Motor Cycle Japanese		Not seized confiscated absolutely	10-1-1979	8,000
252	Do		..	15-3-1979	8,000
253	Suzuki auto cycle ..		..	..	3,000
254	Do		..	..	2,400
255	Kawasami M/Cycle ,,		..	..	6,000
256	Suzuki auto cycle ,,		..	31-3-1979	2,400
257	Yamaham/Cycle ,,		..	15-3-1979	4,400
258	Do		..	18-4-1979	2,700
259	Yamaha Moped . . . . .	..	..	28-4-1979	4,000
<b>BOMBAY (PREVENTIVE) COLLECTORATE : BOMBAY</b>					
260	Ambassador Car . . . . .	..	22-12-1973	24-2-1977	15,000
261	Do	..	13-4-1974	27-3-75	15,000
262	Willys Jeep . . . . .	..	13-4-1974	27-3-75	15,000
263	Chevrolet Car	..	3-8-74	3-11-77	8,000
264	Mercedez Truck . . . . .	..	25-7-74	..	25,000
265	Tata Truck(Mercedez) . . . . .	..	7-8-74	5-10-76.	1,00,000
266	Ambassador Car	..	27-9-74	13-7-77	10,000
267	Fiat Taxi . . . . .	..	9-11-74	8-9-76	6,000

(1)	(2)	(3)	(4)	(5)	(6)
268	Landmaster Car		19-11-75	8-9-76	7,000
269	Hindustan Car		23-12-74	24-3-76	10,000
270	Ambassador Car		15-1-75	28-2-77	10,000
271	Do		15-1-75	19-9-75	8,000
272	Chevrolet Truck . . .		16-2-1975	30-9-1975	4,000
273	Ashok Leyland Truck		26-2-1976	7-9-1978	80,000
274	Ambassador Car		11-3-1975	28-9-1975	10,000
275	Fiat Car . .		19-3-1975	11-7-1977	10,000
276	Ambassador Car. .		4-6-1975	9-4-1976	7,000
277	Dodge Delivery Van . . .		4-6-1975	9-4-1976	5,000
278	Viking Tempo		4-6-1975	9-4-1976	12,000
279	Fiat Taxi .		11-6-1975	1-7-1976	10,000
280	Ambassador Car .		22-6-1975	29-9-1976	5,000
281	Fiat Car . . .		4-7-1975	..	25,000
282	Ambassador Car . . .		22-6-1975	29-9-1976	5,000
283	Toyoto Coromado Delux	1965	17-7-1975	..	40,000
284	Fiat Car		17-7-1975	..	30,000
285	Jonga Nissam		17-7-1975	..	25,000
286	Fiat Taxi .		25-7-1975	24-8-1976	20,000
287	Ambassador Car .		9-8-1975	6-4-1976	10,000
288	Fiat Taxi		12-9-1975	17-7-1978	500
289	Tata Mercedes Truck .		23-9-1975	19-4-1977	1,00,000
290	Fiat Car .		12-2-1976	22-1-1977	8,000
291	Ambassador Car .		25-7-1976	26-6-1979	10,000
292	Do.	1967	14-9-1976	17-7-1978	10,000
293	Fiat Car	1965	18-11-1976	25-5-1977	5,000
294	Do.	1962	1-12-1976	17-9-1977	8,000
295	Ambassador Car .		10-12-1976	20-8-1977	5,000
296	Fiat Taxi .		3-3-1977	1-10-1977	5,000
	Fiat Taxi .		31-3-1977	8-10-1977	15,000
297	Ambassador Car . . .		31-3-1977	8-10-1977	10,000

(1)	(2)	(3)	(4)	(5)	(6)
298.	Pegout—504	1973	11-5-1977	29-12-1977	1,00,000
299	Fiat Car . . .	..	4-7-1977	20-10-1977	5,000
300	Mercedez-230	1969	8-7-1977	3-7-1978	87,000
301	Fiat Car . . .	..	25-7-1977	28-3-197	5,000
302	Fiat Taxi	1964	11-8-1977	7-10-1978	5,000
303	Willys Jeep .	1963	13-10-1977	10-7-1978	8,000
304	Fiat Taxi . . .	1960	30-11-1977	10-7-1978	8,000
305	Fiat Taxi . . .	1965	19-12-1977	27-7-1978	10,000
306	Ambassador Car .		21-1-1978	11-8-1978	6,000
307	Fiat Taxi . . .	..	6-2-1978	8-2-1979	8,000
308	Fiat Taxi	1962	1-4-1978	21-5-1979	4,000
309	Fiat Taxi		7-4-1978	9-2-1979	7,000
310	Bajaj Scooter		5-4-1978	5-4-1979	3,000
311	Lambretta Scooter		12-4-1978	30-11-78	4,000
312	Tata Mercedez Truck .	..	16-5-1978		6,000
313	Volks Wagon	1969	17-7-1978		30,000
314	Ambassador Car .		23-7-1978	..	6,000
315	Fiat Taxi . . .		3-8-1978	3-5-1979	8,000
316	Mercedez Benz . .		7-8-1978	..	24,000
317	Lambretta Scooter	..	26-9-79	9-3-1979	4,000
318	Fiat Car . . .	1970	19-9-1978		15,000
319	Bajaj Scooter		14-9-1978		3,000
320	Ambassador Car .		23-12-1978		4,000
321	Standard Car	..	20-1-1979	20-4-79	10,000
322	Fiat Taxi	1974	9-2-1979		5,000
323	Fiat Taxi . . .		9-2-1979		6,000
324	Lambretta Scooter .		21-4-1979		4,000
325	Ambassador Car .		23-12-1966	22-12-1971	18,000
326	Fiat Car . . .		23-12-1966		15,000
327	Station Wagon . . .	..	29-9-1969	20-7-1978	10,000

(1)	(2)	(3)	(4)	(5)	(6)
328	Ambassador Car .	1974	24-11-1969		Not available.
329	Fiat Car .		22-9-1974	12-11-1976	10,000
330	Ambassador Car .		23-12-1966	22-12-1971	18,000
331	Station Wagon		24-1-1969	24-11-1978	20,000
332	Truck		14-12-1969	26-9-1970	20,000
333	Fiat Car		1-9-1970	12-8-1977	17,000
334	Dodge Truck .		14-4-1975	27-12-1978	20,000
335	Tata Mercedes Truck .		15-4-1976	12-12-1978	50,000
336	Motor Cycle		28-1-1970		5,000
337	Ambassador .		19-2-1970	31-3-1972	40,000
338	Dodge Truck		22-9-1970	1-7-1974	10,000
339	Tata Mercedes Truck.		8-5-1974	29-9-1975	50,000
340	Leyland Truck		7-1-1975	27-12-1978	60,000
341	Tata Mercedes Truck		7-1-1975	27-12-1978	10,000
342	Ambassador Car		30-7-1974	23-7-1975	10,000
343	Dodge Truck		4-9-1971	27-11-1978	8,000
344	Jeep . . .		19-7-1974	30-6-1976	15,000
345	Ambassador car		25-3-1976	12-8-1977	15,000
346	Ambassador Car		20-10-1976	19-9-1979	10,000
347	Nishan Truck		12-4-1976	12-4-1978	30,000
348	Ambassador Car		8-3-1977		10,000
349	Do.		15-11-1977	Feb. 1979	10,000
350	Do.		9-5-1978		18,000
351	Do.		21-1-1979		10,000
<i>Bombay Customs House</i>					
352	Volkswagon Mini Bus		8-9-1978	29-8-1979	6,000
353	Simica Model 1301		2-11-1978	12-3-1979	30,000
354	Volkswagon MODEL UB-KOMBI		4-11-1978	29-3-1979	DM.800/-
355	Volkswagon	..	20-12-1978	12-3-1979	3,200
356	Land Rover	1974	28-12-1978	28-12-1978	50,000

(1)	(2)	(3)	(4)	(5)	(6)
357	Volkswagon	1974	15-2-1979	29-3-1979	60,000
358	Andi Car	1970	27-2-1979	27-2-1979	£450/-
359	Mercedez Car		3-3-1979	8-3-1979	..
360	Volkswagon 1600 TL		5-3-1979	5-3-1979	DM/2000
361	OPEL Car Rekordie Carvan	..	16-4-1979	16-4-1979	12,000
362	Buhging Bus	1963	18-5-1979	18-5-1979	1,80,000
363	Mercedez Benz Mini		14-3-1977	9-9-1978	7,600
364	Bed Ford (Mobile House)		28-3-1977	26-8-1978	6,000
365	Mercedez Bens Van-L-608		1-2-1978	20-10-1978	60,000
366	Chamlet Car		..	23-3-1978	25,000
367	Mercedez Demiliai		1-6-1978	1-6-1978	10,000
368	Buick Car Skylark		25-1-1978	14-2-1978	38,000
369	Fiat Taxi	..	2-9-1978		6,000
370	Do.	1965	8-11-1979		10,000
371	Do.	1962	8-11-1978		6,000
372	Do.		8-11-1978	..	10,000
373	Do.		20-4-1979	..	4,000

*COLLECTOR OF CUSTOMS (PREVENTIVE) PATNA.*

374	Tata Mercedez Truck	1971	21-4-1971	3-5-1973	45,000
375	Ambassador Car	1963	26-4-1971	29-10-1976	14,000
376	Nisan Jonga Jeep	1959	13-3-1973	4-1-1977	20,000
377	Majda Car	1967	22-11-1973	30-7-1974	25,000
378	Villyes Station Wagon	1956	3-4-1972	12-4-1978	10,000
379	Austin Sallon Car	Not indicated	22-11-1976	13-11-1978	40,000
380	Tractor MT-3 5 MC	Do.	22-3-1977	13-6-1978	15,000
381	Mahendra & Mahendra Willy Jeep	1963	8-4-1977	4-5-1978	3,000

(1)	(2)	(3)	(4)	(5)	(6)
382	Tata . . . .	Not known	1-6-1975	15-1-1977	1,00,000
383	Do.	„	1-6-1975	„	“
384	Do.	„	1-6-1975	„	“
385	Do.	„	1-6-1975	„	„
386	Do.	„	5-9-1974	7-9-1975	„
387	Do.	„	5-9-1974	„	„
388	Do.	„	22-9-1976	21-10-1978	80,000
389	Mahendra & Mahendra .	1975	22-9-1976	„	25,000
390	Ambassador Mark 3 . . .	Not known	17-6-1977	13-3-1978	18,000
391	Willy (Jeep) India . . .	Do.	4-1-1973	16-9-1974	10,000
392	Ambassador . . . . .	Not known	25-2-1978	Under ADJ.	32,000
393	Do.	„	22-3-1978	„	20,000
394	Do	„	29-4-1979	„	22,000
395	Do.	„	31-10-1977	„	26,000
396	Jeep . . . . .	„	29-9-1978	„	10,000
397	Lambretta-1966	„	25-7-1978	25-1-1979	2,000
398	Truck 1969 . . . . .	„	6-8-1973		80,000
397	Vespa 1969 . . . . .	„	27-2-1977	7-12-1977	5,000
398	Volkswagen Car	1966	30-3-1974	..	35,000
399	Scooter Lamby (150) . . .	Not known	..	..	2,500
400	Fiat Car . . . . .	„	24-11-1974	UNDER ADJ	19,000
401	Ambassador Car (INDIAN) .	Not known	26-7-1978	..	20,000
402	„	„	30-7-1972	20-9-1972	18,000
403	„	„	9-1-1976	12-2-1977	24,000
404	„	1968	20-10-1972	20-7-1978	15,000
405	„	Not known	28-7-1973	7-10-1978	15,000
406	„	Not known	30-7-1972	13-1-1973	18,000
407	„	..	8-7-1976	4-9-1978	20,000
408	“	1957	29-5-1979		25,000
409	Nissan Jonga Jeep (Indian) .	Not known	22-4-1979	..	35,000
410	„	„	18-3-1975	16-10-1978	30,000

(1)	(2)	(3)	(4)	(5)	(6)
411	Nissan Janga Jeep (Indian)	Not known	13-2-1978	16-10-1978	35,000
412	Willy Jeep (Indian)	,,	29-12-1972	19-5-1973	10,000
413	,,	1959	28-8-1973	13-10-1973	16,000
414	,,	1968	8-6-1976	19-3-1977	20,000
415	,,	Not known	31-8-1977	26-8-1978	10,000
416	,,	,,	30-3-1977	11-7-1978	10,000
417	,,	,,	22-8-1977	..	15,000
418	,,	,,	26-6-1979		15,000
419	,,	,,	7-11-1978	..	..
420	,,	1968	23-4-1976	13-12-1977	10,000
421	,,	Do.	4-2-1978		20,000
422	,,	Do.	31-5-1978	..	15,000
423	,,	Do.	24-8-1969	5-6-1972	10,000
424	,,	Do.	28-9-1974	30-11-1978	20,000
425	,,	Do.	9-6-1976	24-6-1978	15,000
426	,,	Do.	4-1-1973	16-9-1974	10,000
427	Rajdoot Motor Cycle	Do.	29-10-1976	8-12-1978	3,000
428	Scooter	Do.	8-5-1973	Under appeal	4,000

### Recommendation Sl. No. 56 (Para 8.58)

8.58. From the information furnished to the Committee it is seen that as on 31st August, 1978 diamonds and precious stones valuing 24.87 lakhs of rupees have been lying undisposed of in Madras, Bombay, Chandigarh, Ahmedabad, Jaipur and Shillong Collectorates. Instructions have been issued to Collectorates concerned that in case the diamonds, and precious and semi-precious stones cannot be disposed of in their jurisdiction they may in consultation with Collector of Customs, Bombay, transfer such stones as are ripe for disposal to the Collectorate of Bombay for disposal. The Committee desire that the Central Board should ensure that diamonds, precious and semi-precious stones with these collectorates are transferred and/or disposed of expeditiously. They would like the Central Board to ensure that the diamonds and stones are kept in safe custody and are duly accounted for and are not stolen, lost or replaced.

[LSS O.M. No. 20/2(i)/EC/70 dated 30-4-1979]

### Reply of the Government

Between 1st September 1978 and 31st August, 1979, some stocks of diamonds were disposed of by Madras Customs House and Ahmedabad, Madurai and Bombay Customs Preventive Collectorate and the proceeds from out of these sales were Rs. 23.87 lakhs. Similarly some quantities of precious and semi-precious stones were disposed of by Bombay and Madras Customs Houses and Ahmedabad, Chandigarh, Madras, Madurai and Shillong Collectorates, the total sale proceeds being Rs. 22.78 lakhs.

2. Collectors have also been instructed to make use of the facilities available with Bombay Custom House and arrange for the disposal of the remaining stocks of confiscated diamonds lying with them. They have also been asked to dispose of expeditiously the stocks of confiscated precious and semi-precious stones lying with them.

3. Collectors have reported that seized/confiscated diamonds and precious and semi-precious stones are kept in safe custody and the same have been duly accounted for. Reports received from the Collectors do not indicate any loss of such goods in storage.

(Approved by the Additional Secretary to the Government of India)

[M/o Finance O.M. No. 411/31-A/79/Cus. III. dated 7-11-79.].

### Recommendation Sl. No. 58 (Para 8.60)

8.60. The Committee have been informed that 3500 confiscated watches are now awaiting disposal with the customs. It has been decided to hand over the confiscated watches to Hindustan Machine Tools but the Hindustan Machine Tools have not yet finalised the detailed working arrangements for disposal of confiscated watches. The Committee desire that the matter should be pursued with the Hindustan Machine tools and the Committee informed about the outcome in concrete terms.

[L.S.S. O.M. No. 20/2(1)/EC/79 dated 20-4-1979]

### Reply of Government

Working arrangements for the sale of confiscated watches to HMT since been finalised. Instructions indicating the details of these arrangements have been issued to the Collectors. Copies of these instructions is enclosed. (App. XVI). A first lot of 4854 confiscated watches valued at Rs. 6,09,984 was also sold to HMT in July 1979. Further quantities of watches are expected to be lifted by HMT in the near future.

(Approved by the Additional Secretary to the Government of India).

[M/o Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]

### Further reply of Government

With a view to expedite the disposal of watches, the NCCF and Military and Paramilitary Organisations are being offered to buy those watches not lifted by the HMT within a period of 3 months or those rejected by them. Electronic watches are being offered to the above mentioned agencies as the HMT have clarified that they do not have the required know-how and facilities to test such watches for repairs and reconditioning.

[M/o Finance O.M. No. 411/31-A/79/Cus. III dated 30th August, 1980].

### Recommendation Sl. No. 59 (Para 8.61)

8.61. The Committee note according to the procedure for storage of seized and confiscated goods, complete stock verification of all valuables in the Custom Houses is required to be made once in six months. The Committee, however, find from the statement furnished that during the period of three years 1976 to 1978, stock verification was done only once in Indore and Poona Collectorates, twice in Delhi and Bhuvaneshwar Collectorates and thrice in Visakhapatnam, Calcutta, Bombay and Patna Collectorates. The Committee are not happy over the non-observance of the procedure by the Collectorates. The Public Accounts Committee in their reports have already drawn attention to these lapses. The Committee desire that it should be the responsibility of the Collectors to ensure that stock verification is done twice a year according to the procedure and the Central Board should through periodic statements, ensure compliance with the instructions in this regard. The Committee would like to be informed of the action taken for stock verification in each collectorate within six months.

[L.S.S. O.M. No. 20/2(1)/EC/79 dated 30th April, 1979]

### Reply of the Government

The observations of the Committee have been noted and also brought to the notice of the Collectors of Customs and Central Excise. Instructions have also been issued to all the Collectors of Customs and Central Excise to personally ensure that stock verification of all customs godowns is carried out regularly in accordance with the prescribed procedures and intervals. It has also been emphasised in these instructions that senior officers should visit the godowns frequently and carry out surprise checks, Collectors have also been asked to send a compliance report to the Director of Preventive Operations, once a year, by 31st March of the following year for monitoring the compliance reports and furnishing a consolidated report to the Board.

2. In each Collectorate instructions have been issued for conducting stock verifications at the prescribed intervals. Besides, stock verification of

the customs godowns was simultaneously taken up wherever it had become due and in most cases it has been completed.

(Approved by the Additional Secretary to the Government of India).  
[M/o Finance O.M. No. 411/31-A/79/Cus. III dated 7th December, 1979].

#### Further information called for

The Committee had desired to be informed of the action taken for stock verification in each Collectorate within six months, and in reply the Ministry have stated that "instructions have been issued for conducting stock verification at the prescribed intervals." Please state whether the stock verifications have actually been made according to the time-schedule in each Collectorate.

L.S.S. O.M. No. 20/2(i)/EC/79, dated 6th May, 1980.]

#### Further reply of Government

Reports so far received indicate that stock verifications of Customs godowns have been conducted at prescribed intervals in the following Collectorates of Customs/Central Excise:

S.I No.	Name of Collectorate	Remarks, if any
1.	Nagpur	
2.	Fune	
3.	Chandigarh	
4.	Ahmedabad	
5.	Guntuer	
6.	Shillong	
7.	CC (P) Bombay	(excepting in respect of godowns at Surat)
8.	CC Madras	
9.	Vishakhapatnam	
10.	Madurai	
11.	Allahabad	
12.	Indore	
13.	Jaipur	
14.	CCE, Madras	
15.	Bhubneshwar	
16.	DC, Goa	
17.	Hyderabad	
18.	Bangalore	
19.	Patna	
20.	Kanpur	

[Ministry of Finance (Department of Revenue) O.M. No. 411/S/80-Cus. III dated 16th August, 1980.].

## Second Further Reply of Government

The stock verification in respect of remaining Collectorates has also been completed.

(Approved by the additional secretary to the Government of India).

[Ministry of Finance (Department of Revenue) F. No. 411/31-A/79/Cus.  
III dt. 30-8-1980]

### Recommendation Sl. No. 60 (Para 8.62)

8.62. The Committee are concerned to find some cases of pilferage and losses of goods in some collectorates during the period 1976—78. In Central Excise Collectorate, Delhi textiles valuing Rs. 1,10,829 were lost. In Central Excise Collectorate, Guntur gold valued Rs. 109150 was substituted by three Superintendents and one Inspector. The matter has been investigated by the Central Bureau of Investigation and the case has been referred to Central Vigilance Commission in January, 1979. The Committee would like to be informed of the action taken against the persons concerned in both these cases. The Committee also desire that necessary steps should be taken to tighten up security measures in all Collectorates to ensure that goods in the customs godowns are not lost. For this it is necessary that stock verification should be done at regular intervals and periodical surprise visits are also made to the godowns by the Senior officers.

[L.S.S. O.M. No. 20/2(i)/EC/79 dt. 30-4-1979]

### Reply of Government

As regards the loss of textiles in Central Excise Collectorate, Delhi, detailed investigations are in progress and action against defaulting officers would be taken after the outcome of these investigations is known.

2. As regards substitution of gold in Central Excise Collectorate, Guntur, the advice of the Central Vigilance Commission has been received which has been conveyed to the Collector, for taking disciplinary action for major penalty against the concerned officials, namely, one Superintendent and two Inspectors.

3. Instructions have been issued to Collectors for taking appropriate steps for tightening up security arrangements at the Customs godowns, for ensuring that stock verification of the godowns is carried out at the prescribed intervals and periodical surprise visits are made to the godowns by the senior officers.

(Approved by the Additional Secretary to the Government of India).

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]

**Further information called for**

Please state the latest position in regard to the two cases of pilferage.

[L.S.S. O.M. No. 20/2/(i)/EC/79 dated 6th May, 1980 ]-

**Further Reply of Government**

As regards the loss of textiles in the Central Excise Collectorate, Delhi, the cases are at the final stage of scrutiny for issuing charge sheets to the defaulting officers, where warranted.

2. As regards substitution of gold in Central Excise Collectorate, Guntur, the investigation about substitution of gold in Vijayawada Divisional Office has been completed by the SPE and charges under Rule 14 of CCS (CCA) Rules, 1965 were issued to one Group B Gazetted Officer and one Group C officer. Enquiry by the Commissioner for Departmental enquiries is in progress.

[Ministry of Finance (Department of Revenue) O.M. No. 411/5/80|Cus. III dated 27th June, 1980.]

**Recommendation Sl. No. 61 (Paras 9.21 to 9.25)**

9.21. The Committee note that there has been phenomenal increase in passenger traffic and import and export cargo by air specially at Bombay and Delhi Airports. The number of incoming passengers has increases from 4 lakhs in 1975 to 6.35 lakhs in 1977 at Bombay airport and from 2 lakhs to 5 lakhs at Delhi airport. Similarly the collection of duty from baggage has also increased from Rs. 5.65 crores in 1975 to Rs. 16.77 crores in 1977 at Bombay and from Rs. 1.82 crores to Rs. 4 crores at Delhi. But there has not been a corresponding increase in the physical amenities and staff to cope with the increased passenger traffic and collection of duty. However, in order to have a supervisory control at a higher level, additional Collectors of Customs have recently been posted at Delhi and Bombay airports. According to the Ministry the various Collectors at International airports were asked to give proposals regarding space and staffing at airports and also to project the future needs. In pursuance of the objective announced by the Minister of State for Finance for clearing the passengers within half-an-hour, the Directorate of O&M and the Staff Inspection Unit are reported to be jointly conducting at study at Bombay and Delhi. The full requirement of staff will be determined in the light of this study.

9.22 With the introduction of direct flights from gulf countries to Trivandrum, the staff strength at the Trivandrum airport has been increased. But during their visit to Trivandrum airport, the Study Group of the Committee were informed that even this increased strength was inadequate

for the clearance of passengers. A proposal for further augmentation of staff at Trivandrum Airport is under consideration.

9.23. The incoming passengers are a source of revenue to the country. The minimum that they expect in return is quick customs clearance which is not too difficult a task if adequate staff is deployed at the International Airports. The Committee find that even after staff studies, the additional staff is not posted expeditiously. The Committee note that another joint study of staff requirements is underway at Bombay and Delhi. The committee are of the opinion that the staff studies should determine norms with reference to passenger traffic at peak hours and when the traffic grows, the staff strength should be increased automatically according to the norms. It should not be necessary to undertake staff study afresh everytime an increase is reported in traffic. There should be no delay in filling up the additionally sanctioned posts either. The Committee consider that it is the responsibility of the Customs Department to provide adequate staff at airports for clearance of passengers quickly so that the inconvenience caused to them because of delay in Custom Clearance is minimised.

9.24. The Committee find that whereas according to staff studies already made, Directorate of O&M had recommended 61 additional posts for Air Pool Bombay, the Integrated Finance of the Ministry had cleared only 26 posts. For introducing 3-shift system, Bombay customs also requires 3 more Air Customs Inspectors and 43 more Air Customs Officers. The Committee feel that where studies already made have established the need for additional staff, the sanctioning and posting of additional staff would not be delayed. The Committee would like to be informed of the progress made in the posting of additional staff.

9.25. The Committee also recommend that the additional staff proposed for Airport Customs Unit at Trivandrum and the additional staff sanctioned for Air Cargo Unit there should be posted expeditiously that the Trivandrum customs can start providing efficient service to passengers and importers/exporters at the earliest.

[LSS O.M. No. 20/2(i)/EC/79 dated 30th April 1979]

### **Reply of Government**

The observation of the Committee has been noted for compliance.

Posts, which have been sanctioned on the basis of joint studies conducted by Directorate of Organisation and Management Services under the Central Board of Excise and Customs and the Staff Inspection Unit of the

Department of Expenditure, and the number out of these filled up upto 13th September 1979, are indicated hereunder:

Airport	Designation	No. of Posts	
		Sanctioned	Filled-up
Santacruz	Assistant Collector	1	1
	Air Customs Inspector	32	32
	Air Customs Officers	96	33
Palam	Air Customs Inspector	17	12
	Air Customs Officer	75	75

The unfilled posts of Air Customs Officers at Santa Cruz are also likely to be filled up shortly through the Staff Selection Commission. The unfilled posts of Air Customs Inspectors (Supdt. Group B) at Palam are also likely to be filled up by promotion.

The position in regard to additional posts sanctioned for Air Cargo Unit and for Clearance of passengers at Trivandrum Airport is as stated hereunder:

Assistant Collector	1
Superintendent of Central Excise	2
Appraiser	2
Inspector of Central Excise	20
Stenographer (OG)	1

All these posts have since been filled up.

Recently, on 10th August 1979, one post each of Upper Division Clerk one Lower Division Clerk have been sanctioned and they are expected to be filled up shortly.

[M/o Finance O.M. No. 411/31-A/79/Cus. III dated 7th November 1979].

#### **Recommendation Sl. No. 62 (Para No. 9.43)**

9.43. The Committee had received a number of complaints of long delays in the various international airports in India before the new 2-channel system was introduced with effect from 1st January, 1979. A view was expressed by a Member of Parliament in the House that "one feels more

offended and distressed when one finds that one is treated better abroad, but when one comes back to one's own country, one is treated as a criminal and guilty person and put to all kinds of harassment and humiliations". It had been suggested that there appears to be no justification for rigorous customs formalities at airports and while customs should be vigilant about smuggling of contraband items, it was not necessary to harass each and every passenger.

[L.S.S. O.M. No. 20/2(1)/EC/79 dated 20-4-1979]

### **Reply of Government**

A two-channel system was introduced with effect from 1st January, 1979 for clearance of international air passengers expeditiously and with courtesy. In the Green Channel meant for passengers not having dutiable or unaccompanied baggage, examination of baggage is minimal. In the Red Channel examination of baggage is necessary for assessment of goods to duty. With the introduction of the two-channel system there has been vast improvement in the speed of clearance of passengers at the major international airports. This arrangement has been welcomed both by the travelling public and the press.

[Ministry of Finance O.M. No. 411/31-A/79/Cus.III] dated 7-11-1979]

### **Recommendation Sl. No. 62 (Para No. 9.44)**

9.44. The Committee have been informed by the Ministry of Finance that with effect from 1st January, 1979 a two-channel system (Green Channel for tourists and non-tourists having no dutiable goods to declare and Red Channel for others) for Customs clearance in line with the practice obtaining in other countries was introduced at the international airports in India. With the introduction of 2-channel system the pace of clearance of passengers is reported to have considerably improved. Selection of passengers for examination of their baggage is made on random basis and under the green channel percentage selected for examination is normally not more than 25 per cent. According to the information furnished by the Ministry during the first two weeks after the introduction of the new system, the average time taken for clearance per passenger has considerably come down. In Bombay the average time which was 1—3 hours per flight during one week before the new system, is stated to have come down to 30 minutes during first and second week after the introduction of 2-channel system. In Delhi the average time come down to 1-minute (green) and 8—15 minutes (red) per passenger. In Calcutta it had come down to 11 minutes and in Madras 1.20 minutes. The figures of average time furnished by the Ministry are in respect of "per flight" for Bombay and "per passenger" for other Airports and as such it is difficult to compare that efficiency ratios

at these airports. The Committee would like to be apprised of the average time per passenger in respect of all the international airports.

[LSS. O.M. No. 20/2(i)/EC/79 dated 30th April, 1979.]

### Reply of Government

The average time taken in clearance of incoming passengers at the international airports after the introduction of the two-channel system is given below:

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]

Airport	Average time taken per passenger		Remarks
	Green Channel	Red Channel	
Bombay	3 minutes	10 to 15 minutes	Separate record for green and red Channels are not maintained (The Collector has, however, been asked to maintain separate record for the green channel and the red channel).  Time indicated is inclusive of time taken by the passenger at the bank counter.
Delhi	2 to 3 minutes	—	
Calcutta	25 seconds	2 minutes 47 seconds	
Madras	49 seconds	2 minutes 34 Seconds	
Cochin	5 minutes	14 minutes	

### Recommendation Sl. No. 63 (Para No. 9.45)

9.45. It has not been explained by the Ministry as to why the average time in clearing passengers at Calcutta is as high as 11 minutes per passenger when at Delhi it is only 1 minute (Green Channel). The Committee would like the Central Board of Excise and Customs to look into the matter and improve the situation at Calcutta so as to bring it at par with Delhi.

[LSS. O.M. No. 20/2(i)/EC/79 dated 30th April, 1979.]

### Reply of Government

The Collector of Customs, Calcutta has reported that the average time taken in clearing passengers in the Green and Red Channels is 25 seconds and 2 minutes and 47 seconds respectively.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dated 7-11-79].

**Recommendation Sl. No. 64 (Para 9.46).**

9.46. The Committee desire that the working of the two-channel system should be kept under constant watch. The Committee would suggest that figures of average clearance time per passenger should be maintained in respect of each airport separately and periodically compared to see where and why the clearance time is comparatively high and remedial measures taken to keep the efficiency of customs clearance at optimum level.

[LSS. O.M. No. 20/2(i)/EC/79 dated 30th April, 1979.]

**Reply of Government**

The recommendation of the Committee is accepted. The working of the system is kept under watch by calling for appropriate periodical statements from the Collectors of Customs about the time taken for the clearance of the passengers.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dated 7-11-79].

**Recommendation Sl. No. 65 (Para No. 9.47)**

9.47. A number of complaints have been made to the Committee about the behaviour of customs officers towards the passengers. It has been represented that when not-so-affluent looking Indians come back to India from abroad, they are treated in a "very bad and pitiable manner." It has been stated by the Ministry that in order to ensure that passengers are not harassed or inconvenienced announcements are made over the public address system to welcome the passengers and to guide them in selection of proper channel. These announcements also inform passengers that Assistant Collectors are available in the Customs Hall to assist them. Instructions have also been issued that regardless of the status of a passenger, he should be treated with utmost courtesy, politeness and complaints of discourtesy be looked into by the Senior officers. In order to know reaction of the passengers regarding the system of clearance at airports, passengers are being given printed form to enable them to record their impressions about the speed and manner of clearance and also their suggestions that they might have for further improvements in the Customs procedure. There are also instructions that when for any reason passenger clearance is delayed, passengers should be served refreshments. According to the Department there are adequate arrangements for supervision and other control in Customs Examination Halls at the International airports. The Committee welcome the instructions issued by the Department to Customs Officers to treat the passengers courteously and other arrangements reportedly made for the convenience of the passengers. But unless these instructions are carried out in letter and spirit and unless facilities provided in Customs Hall actually made available to the passengers, the image of the customs which was not

very good till some time ago, would not improve. The Committee suggest that while welcoming the incoming passengers into the Customs Hall over the public address system, passengers should also be informed of the salient points of the baggage rules particularly customs free baggage allowance, and repeatedly informed that in case of any difficulty they may meet the Assistant Collector on duty. The Assistant Collector on duty and the Customs Superintendent should, on their own also, meet the passengers at random and offer them advice and help, if it is needed.

[LSS O.M. No. 20/2(i)/EC/79 dated 30th April, 1979].

### **Reply of Government**

The recommendations of the Committee are unexceptionable, and have been brought to the notice of the field formations for compliance.

Instructions have been issued to the Collectors of Customs that observance of the directions issued by the Board from time to time for clearance of passengers expeditiously and with courtesy is ensured through periodical checks by supervisory officers and that amenities and facilities required to be provided to the passengers are actually extended to them. Copy of Board's instructions F. No. 520/35/79-Cus. VI dated 5-9-79 is enclosed.

Instructions have also been issued that announcements should be made over the public address System to inform the passengers about the gist of the Baggage Rules and that the Assistant Collectors could be approached in case of difficulties. A copy of letter No. 520/35/79-Cus. VI dated 29-5-79 issued to Collectors in this regard, is \*enclosed for the information of the Committee.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]

### **Recommendation Sl. No. 66 (Para No. 9.48)**

9.48 The Committee would also suggest that suggestion form should be given to every passenger whose baggage is opened and checked and the passengers advised to send the suggestions forms, duly filled in, directly to the Collector of Customs in charge of the Airport by post. The suggestion form should be acknowledged on receipt and action taken on the suggestion intimated to the passengers concerned.

[LSS O.M. No. 20/2(i)/EC/79 dated 30th April, 1979].

### **Reply of Government**

On an average, every month, about 24,000 passengers are cleared through the Red Channel at Bombay Airport and the monthly average of the number of passengers cleared through Red Channel at Delhi Airport is about 6,000.

The baggage of almost all passengers who select the Red Channel, is subjected to examination, and, in addition, the baggage of a small per centage of passengers selecting the Green Channel is also subjected to examination. It is therefore, felt that handing over suggestion forms to such a large number of passengers and later acknowledging the suggestions received and intimating action taken on each suggestion to the concerned passengers would not be practicable.

A system of distributing forms to a small per centage of passengers, selected at random, to enable them to record their views about the Customs procedure of Clearance of baggage and also the suggestions that they might have in regard to the improvement of amenities at the airports is already in vogue at all the major international airports in the country. In addition, suggestion/complaint boxes have also been placed at prominent points at each of these airports.

The Government is therefore of the view that the purpose which the Committee had in view, would be served if the existing system were slightly modified so as to place the suggestion forms near the suggestion complaint boxes to make them readily available to all interested passengers. The forms, after being filled in, could either be made over by the passengers to the Collector of Customs or dropped by them in the suggestion/complaint boxes. The suggestion boxes would be opened only by Senior Officers of the level of Assistant Collectors and above, and the suggestions received sent to the collectors for perusal. The forms received would be acknowledged and action taken, on the basis of the suggestions received, intimated to the concerned passengers.

A copy of instructions issued to the Collectors of Customs, (F. No. 520/46/79-Cus. dated 16-10-79) is enclosed for information of the Committee.

[Min. of Fin. O.M. No. 411/31-A/79-Cus. III dated 7-11-79].

#### **Comments of the Committee**

Please see comments in para 1.27 of Ch. I.

#### **Recommendation Sl. No. 67 (Para No. 9.61)**

9.61 The Committee note that in the revised baggage rules introduced from 16th May, 1978 the baggage allowances for various categories of passengers have been enhanced. It is stated that in order to give wide publicity to the baggage rules, brochures explaining these rules in simple language have been printed and sent to the Department of Tourism and Ministry of External Affairs for supply to tourists through Tourist Offices in the Indian Embassies abroad. During on-the-spot study visits to Delhi

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Not printed.

and Trivandrum airports, the Committee were distressed to find that in spite of these steps reported to have been taken, the incoming tourists and passengers had no clear idea about the baggage rules in vogue in the country. The Committee desire that a gist of baggage rules should be made available to the (1) the Indians going abroad by Airlines, travel agents etc. when they buy air tickets in the country before they leave, and (2) the foreigners/tourists by our embassies, Tourist Offices and Air India offices abroad. If information about baggage rules is not available to incoming passenger well before the commencement of their air journey, the passenger is likely to be put to a great inconvenience which can be avoided only by a systematic and timely dissemination of information in this regard.

[LSS O.M. No. 20/2(i)/EC/79 dated 30th April, 1979].

### **Reply of Government**

Subsequent to the revision of the Baggage Rules on 16th May, 1978, following measures were taken to give wide publicity to the Baggage Rules.

1. Brochures explaining the Baggage Rules applicable to different categories of passengers, were brought out by the Department for the information of the travelling public.
2. The Directorate of Inspection Customs and Central Excise was asked to chalk out a programme of printing brochures incorporating the Baggage Rules in a number of regional languages, namely, Gujarati, Gurmukhi, Tamil, Malayalam and Bangali as well as in Hindi. As a result of this, brochures in Tamil and Malayalam have already been printed.
3. Since it was brought to the notice of the Department that some of our Missions abroad were unable to advise the persons intending to visit India about the Baggage Rules, the Ministry of External Affairs were requested to instruct our Missions in foreign countries to equip themselves with the necessary literature. For this purpose a large number of copies of the brochures explaining the Baggage Rules in simple language were supplied to the Ministry of External Affairs for being distributed to the Missions in different countries.

In view of the importance attached to this issue, the matter was taken up with the Ministry of External Affairs at the level of Secretary, External Affairs and Minister for External Affairs.

4. The Ministry of Tourism and Civil Aviation was also requested to print brochures on Baggage Rules for being distributed through the Tourist Offices abroad. Ministry of Tourism and Civil Aviation have indicated that they are taking necessary steps in this regard.

5. Air India were also requested to print brochures on Baggage Rules and it was suggested that one copy of the brochure should be attached with every ticket that is issued to the International passengers. Air India have informed that they have printed brochures on baggage Rules and the suggestion of stapling such brochures on the ticket was being examined by them.
6. The Ministry of Information and Broadcasting as well as Director, AIR were requested to arrange for Broadcasts on Baggage Rules in the External Services of the AIR. AIR has informed that as many as 30 broadcasts have so far been arranged on the Baggage Rules in the External Services Programme of All India Radio. The listeners were informed that they could seek further clarifications in regard to the Baggage Rules, from the Department of Revenue.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III. dt. 7-11-79].

**Recommendation Sl. No. 68 (Para No. 9.62)**

9.62 It is stated that the Department propose to have these rules translated in regional languages and some foreign languages. The Committee desire that this should be done without loss of time and copies of the rules in foreign and regional languages should be made available to all those who may express a desire to have them.

[LSS O.M. No. 20|2(1)|EC|79 dated 30th April, 1979].

**Reply of Government**

The provisions of the Baggage rules contained in printed brochures in English have been translated into Hindi, Malayalam, Tamil, Bengali, Punjabi and Gujarati. The brochures will be made available to the travelling public at a nominal charge. The Ministry of External Affairs have been asked to translate the provisions of the relevant rules in Arabic and to distribute copies to the concerned Missions abroad. Department of Tourism have also been asked to translate the relevant provisions of the rules in French, Spanish, Russian and Japanese and supply sufficient number of copies to our Missions and Tourist Offices abroad.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III. dt. 7-11-79].

**Recommendation S. No. 69 (Paras No. 9.70, 9.71 ad 9.72)**

9.70. The Committee have been informed that the need for augmenting the space in the custom enclosures at the various international airports keeping in view the likely increase in the passenger traffic during the next few years has been fully appreciated by the International Airport Authority

of India (I.A.A.I.) and they have carried out certain modifications in the arriving hall at Bombay International airport so as to make available some more space for customs. According to the Authority it is not possible to carry out any further modifications to the existing terminal building at Bombay and Delhi. The international airport Authority of India have, however, assured that in the proposed new international airport terminal complexes at Bombay and New Delhi, the customs requirements will be met as far as possible.

9.71. The I.A.A.I. have prepared feasibility reports for new terminals at Bombay and Delhi airports. The construction of the first phase of the new terminal complex at Bombay has been taken in hand, Phase I is expected to be commissioned by mid 1980. The feasibility reports for construction of second-phase have been prepared and sent to Government for approval. As the space that will be available in the first phase of the international airport terminal complex of Bombay will not be adequate to meet the requirements of the various agencies concerned with the clearance of passengers, the International Airport Authority of India are reported to be considering the question of the setting up a Gulf Terminal in the existing Air Cargo Complex at Bombay airport to provide an additional space of about 80 thousand sq. feet. The Gulf Terminal would be in the nature of temporary arrangement and would not provide all the necessary facilities and amenities which should be available at any modern international airport. The Committee desire that the Department should ensure that at least basic amenities are provided in the proposed Gulf Terminal.

9.72. The Committee hope that the construction of first phase of the terminal building would be completed according to the time-schedule laid down for this purpose to provide some relief to the passenger at Bombay airport.

(L.S.S. O.M. No. 20/2(1)/EC/79 dt. 30-4-1979).

### **Reply of Government**

The Recommendations of the Committee contained in the above three paras have been brought to the notice of the International Airports Authority of India. The Authority have stated that all efforts are being made to complete the first phase of the international Terminal Complex at Bombay airport by mid 1980. The Authority have further informed that the proposal for the second phase at Bombay airport has been approved by the Public Investment Board and is now awaiting the final sanction of the Government.

The I.A.A.I. has further informed that in the Gulf Terminal which is proposed to be commissioned on 1-11-79, basic physical amenities are being provided by the I.A.A.I.

[Ministry of Finance, O.M. No. 411|31-A|79|Cus. III. dt. 7-11-79]

**STATEMENT SHOWING ACTION TAKEN ON THE RECOMMENDATIONS/CONCLUSIONS CONTAINED IN THE 33RD REPORT OF THE ETIMATES COMMITTEE (SIXTH LOK SABHA)**

**Recommendation S. No. 69 (Para No. 9.73)**

9.73. The Committee are informed that feasibility reports for expansion of Terminal Complexes at Bombay (Phase-II), Delhi (Phase-I), and Madras (Phase-I) have been under consideration of Government since last year. The space available at present at these airports, particularly at Bombay and Delhi air terminals is reported to be extremely inadequate and the position is sure to become more acute in the future with the growth in traffic which is taking place at fast pace. In view of this, the need for expeditious clearance of feasibility reports cannot be over emphasized. The Committee would like the Government to take speedy action on the feasibility reports in the interest of relieving congestion at the international airports.

[L.S.S. O.M. No. 20|2(i)|CE|79 dt. 30-4-1979].

**Reply of Government**

The recommendation of the Committee in the above para, has been brought to the notice of the Ministry of Tourism and Civil Aviation and the I.A.A.I. The Airports Authority is taking action in the matter.

[Ministry of Finance, O.M. No. 411|31-A|79|Cus. III. dt. 7-11-79]

**Further Information called for**

Please state the latest position regarding Action Taken by the Ministry of Tourism and Civil Aviation and International Airports Authority of India for expansion of Bombay, Delhi and Madras Airports.

[L.S.S. O.M. No. 20/2(i)/EC/79 dated 6-5-80]

**Further Reply of Government**

In regard to the latest position in respect of the expansion of the airports at Bombay, Delhi and Madras, the International Airports Authority of India have furnished the following information:—

“The sanction for construction of new terminal at Delhi (Phase-I) and expansion of the new International Terminal Complex (Phase-II) have now been re-submitted for the Cabinet approval. The feasibility report for Domestic Terminal at Madras airport (Phase-I) is pending approval by the PIB.

On receipt of the sanctions action will be initiated to award the works which are expected to be completed in the course of next three to four years. With these expansions the congestion felt in the existing terminals will be relieved considerably."

[Ministry of Finance O.M. No. 411/5/80/Cus. III. dated 27-6-1980]

**Recommendation Sl. No. 70 & 71 (Para Nos. 9.85 & 9.86)**

9.85. The Committee regret to note that only space is inadequate in the arrival halls at international airports but even some basic amenities required by the passengers are also lacking. The air-conditioning at Bombay Airport is inadequate. There was absence of snack bar facilities in the arrival hall at Palam. Insufficient toilet facilities aggravate the difficulties of passengers. It has also been complained that the hand trollies in which passenger can move their luggage to the counters for examination are not only inadequate in number but also defective. The Customs should look into the number and condition of trollies at each airport without delay and ensure that adequate number of trollies in fit condition are always available for the use of passengers.

9.86. The Committee have been informed that collectors at the major Customs Houses had been asked to undertake the survey of the existing amenities and facilities at airports such as effectiveness of air-conditioning plants, availability of soft drinks, snack bars, self service trollies etc. These survey reports have been received and the matter has been taken up with the Airport Authority at the respective airports. The Committee feel that it is the responsibility of the Customs Department to ensure that all necessary amenities are provided to incoming passengers in the Customs Hall. The Department should provide sufficient number of chairs for the passengers particularly for women with infants at points where they have to stand in queues for immigration and Customs clearance. The Department should also provide adequate number of toilets at the appropriate place and make available drinking water in the Customs Hall—the two basic facilities needed by passengers after long journey.

[L.S.S. O.M. No. 20/2(i)/EC/79 dt. 30-4-1979]

**Reply of the Government**

The problem of inadequacy of space in the Arrival Halls at the International airports in India has been created, and aggravated over the years. by increased number of flights operated through the Airports and by change from conventional aircrafts to wide-bodied aircrafts. As a result of these developments there is unusually high peak hour traffic at the international airports in India, specially at Santa Cruz and Palam.

While the IAAI has sought long term solution for the problem by a programme of construction of new terminals for international airports at Bombay and Delhi, certain interim measures have also been undertaken. With a view to reducing congestion in the Arrival Halls, the IAAI has increased the number of baggage examination counters. The existing terminal buildings have also been expanded to the extent possible to accommodate more passengers. At Bombay, a Gulf Terminal has been constructed exclusively for flights operating between Bombay and Gulf Countries. The Gulf Terminal is expected to considerably ease the congestion at Santa Cruz Airport, when it becomes operative from 1-11-79. Basic physical amenities are being provided in the Gulf Terminal.

The Hotel Corporation of India have provided snack bar facilities in the Arrival Hall at Santa Cruz Airport. The need for providing snack bar facilities at the Arrival Halls of other International Airports in the country had been felt by the Department, and the Department of Tourism had been approached to persuade the H.C.I. Authorities to make arrangements for Snack bar facilities at other international airports. The Department of Tourism have written to the Hotel Corporation of India to consider provision of snack bar facilities in the Arrival Halls of other international airports, in consultation with the I.A.A.I. and the Collectors of Customs.

Maintenance of the Baggage Halls at the international airports and providing basic amenities and facilities is the responsibility of the International Airports Authority of India. However, the observations of the Committee in regard to the need for augmenting the number of self service trollies, providing sufficient number of chairs, drinking water and adequate number of toilets for the passengers has been brought to the notice of the Collectors and they have been instructed to ensure that these basic amenities are provided.

The International Airports Authority of India has also been consulting the representatives of the Customs Departments from time to time while planning the facilities in the Terminal Buildings at the International Airports. The requirements of the Customs Department are considered at the Facilitation Committee Meetings held at the respective airports under the Chairmanship of the General Managers of the Airports Authority.

[Ministry of Finance, O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

#### **Further information called for**

Please state the latest position with regard to the provision of snack bar facilities, trollies, chairs, toilets and drinking water arrangements in Arrival Halls at the International Airports.

[Lok Sabha Secretariat O.M. No. 20/2(i)/EC/79 dated 6-5-1980]

### Further Reply of Government

As regards provision of various facilities in the Arrival Halls at the International Airports, the International Airports Authority of India have furnished the following information:—

“The number of trollies to carry the baggage from the conveyor belts to the custom counter have been increased substantially in the last Year. There are 150 trollies in Bombay, 75 in Delhi and 30 each at Madras and Calcutta airports. These number of trollies are found to be adequate to meet the demands of the passengers.

The Hotel Corporation of India have established a snack bar at Bombay airport, while trolley service is made available to the incoming passengers at Delhi. Cold drinking water is readily available at all the places. Sufficient number of chairs have been provided in these halls.

It, however, may be mentioned that due to the constraint of space, proportionate number of trollies, chairs, etc. need to be provided, otherwise passenger movement area is likely to get obstructed.

Due to fire to the International departure area at Bombay airport, all the departure operations of all the international flights were shifted to building which was earmarked as ‘Gulf Terminal’. The covered areas of nearly over 80,000 sq. feet was made available for processing departing passengers. The problem of congestion has, thus, been reduced to a great extent.”

[Ministry of Finance, O.M. No. 411|5|80|Cus.III dated 27.6-1980]

### Recommendation Sl. No. 72 (Para 9.87)

9.87 It should also be ensured that baggage is brought from the aircraft to the conveyor belt in the Customs arrival hall as quickly as possible. In case of delay in the arrival of baggage the custom officers should immediately get in touch with the representatives of the airlines concerned and sort out the difficulties.

[L.S.S. O.M. No. 20/2(i)/EC/79 dt. 30-4-1979]

### Reply of the Government

The recommendation of the Committee contained in the above para has been brought to the notice of Collectors of Customs. A copy of the in-

structions F. No. 520/40/79-Cus.VI dated 6-7-79 issued to the Collectors, is enclosed\*.

It will be appreciated however, that all that the Customs can do in this regard is to use their good offices with the Airlines.

Since the responsibility for transport of baggage rests with the concerned airlines, the recommendation of the Committee in this regard has been brought to the notice of the Ministry of Tourism and Civil Aviation also for issuing suitable instructions to the Airlines.

[Ministry of Finance, O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

#### **Further information called for**

It has been stated that "since the responsibility for transport of baggage rests with the concerned airlines, the recommendation of the Committee in this regard has been brought to the notice of the Ministry of Tourism and Civil Aviation also for issuing suitable instructions to the Airlines."

Please state the action taken by the Ministry of Tourism and Civil Aviation to improve the facilities in this regard.

[Lok Sabha Secretariat O.M. No. 20|2|(i)|EC|79 dated 6-5-1980  
Item-14]

#### **Further Reply of the Government**

In regard to the latest position in respect of transport of luggage from the aircraft to the Custom enclosure, the Ministry of Tourism and Civil Aviation have furnished the following information:—

"The International Airports Authority of India has requested Indian Airlines and Air India to ensure immediate delivery of the baggage from the aircraft to the conveyor-belts. The International Airports Authority of India is also being asked to take up the matter with other International airlines operating through its airports and ensure proper co-ordination between the Customs and Airlines for quick delivery of baggage."

(M/o Finance O.M. No. 411|31-A|80 Cus.III dated 16-8-80)

#### **Recommendation Sl. No. 73 (Para 9.88)**

9.88 The Committee note that Facilitation Committee have been set up for considering issues relating to passenger clearance at the international airports. On these Committees, various agencies such as Customs, Immigration, Health International Airport Authority and airlines are represented. On the high level a Facilitation Committee has also been set up under the

Chairmanship of Secretary, Department of Tourism and Civil Aviation with Member (Customs) as one of the Members. The Committee hope that the Facilitation Committees at the airports keep amenities provided and required at the airport under careful watch and ensure that the basic needs of the passengers are met in full measures.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

### **Reply of Government**

The observations of the Committee have been brought to the notice of the Collectors of Customs who have been instructed to ensure effective participation in the meetings of the local Facilitation Committee so that the basic needs of the passengers are fully met.

The Committee's recommendations have also been brought to the notice of the Ministry of Tourism and Civil Aviation for issuing suitable instructions to the concerned officers of the International Airports Authority in this regard.

[Ministry of Finance, O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

### **Recommendation Sl. No. 74 (Paras 10.32 & 10.33)**

10.32. The Committee note that in order to regulate movement of goods as well as passengers on the international frontiers with Bangladesh, Nepal, Burma and Pakistan, 51 Land Customs Stations have been set up on the Indo-Bangladesh border, 21 on the Indo-Nepal Border, 2 on the Indo-Burma border and 3 on the Indo-Pakistan border.

10.33 The Committee have been informed by the Ministry in the written replies furnished by them as well as in their evidence that arrangements and facilities at some of the Land Customs Stations on Indo-Nepal and Indo-Bangladesh borders are not adequate. This is stated to be primarily because building having adequate provision of facilities to the passengers near the border are not available. As far as the Indo-Nepal border is concerned, land has already been acquired by the Department at some of the Land Customs Stations for construction of suitable buildings and due regard is being given to passenger amenities in the building plans. So far as the Indo-Bangladesh border is concerned, a major portion of the passenger traffic passes through Petrapol Land Customs Stations. The Ministry of Home Affairs have already taken suitable steps through the Government of West Bengal for construction of a composite building at the Petrapol Land Customs Station, which would house all concerned agencies such as Immigration and Customs with adequate provision for required passenger amenities. The Committee hope that Government will take necessary steps for constructing suitable building with adequate facilities for passengers at the Indo-Nepal border and at Petrapol on Indo-

Bangladesh border as quickly as possible so as to provide reasonable facilities and amenities to international passengers crossing the borders as well as to the staff posted there on duty.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

### Reply of Government

The recommendations of the Estimates Committee have been noted. The matter was taken up with the Ministry of Home Affairs and the Collectors concerned. So far as the arrangements and facilities at some of the Land Customs Stations on Indo-Nepal border, is concerned, it has been reported that land has been acquired for construction of suitable buildings at 9 Land Customs Stations.

As regards the construction of a building at Petrapol on Indo-Bangladesh border to house all the Agencies viz. customs, immigration checkpost, Health Department etc. with sufficient facilities and amenities for the travelling passengers, the Ministry of Home Affairs has taken up the matter with the State Government of West Bengal for finalising the plans and estimates for the construction of a building. The matter is being pursued by the Ministry of Home Affairs and the Collector of Central Excise (West Bengal), Calcutta with the State Government for early finalisation of the matter.

Every effort will be made to improve the facilities at these places.

(Approved by the Additional Secretary to the Govt. of India)

[Ministry of Finance, O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

### Recommendation Sl. No. 76 (Para 10.36)

10.36 The Committee have noted and the Ministry have also admitted that the Attari Railway Station is only partially covered with shed, which is too high to give adequate protection against strong wind or rain. There is no holding lounge where an intending immigrant whose papers might be found incomplete or defective on examination could be kept till his return by train the next day. At present such persons are reportedly kept waiting on the open platform. The Committee strongly feel that pending the shifting of checkpost from Attari Station to Amritsar Station, some stop-gap arrangements should be made to provide reasonable protection to passengers against the vagaries of weather and to make the conditions at the platform reasonably tolerable.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

### Reply of Government

The observations of the Committee have been noted and conveyed to the Ministry of Railways who have agreed to improve the facilities at Attari for providing reasonable protection against the vagaries of weather and have informed that this would be included in their next Works Programme.

[Ministry of Finance, O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

#### Further Information called for

Please state the latest position regarding the steps taken by the Ministry of Railways for providing more facilities to passengers at Attari Railway Station.

[L.S.S. O.M. No. 20/2(i)/EC/79 dated 6th May, 1980]

#### Further Reply of Government

The Railway authorities have informed that one more shed is being constructed and the platform is being extended by 300 feet at Attari Railway Station.

[Ministry of Finance (Department of Revenue) O.M. No. 411/5/80/Cus. III dated 27-6-1980]

#### Recommendation Sl. No. 77 (Para 10.37)

10.37 The Committee feel that as has been done at Airports, the Customs authorities should in consultation with Railway authorities arrange to provide trolleys at the Attari Railway Station to enable the passengers to carry their baggage to customs counters and bring it back to the train after customs clearance, without being dependent on the porters.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

#### Reply of Government

The observations of the Committee have been noted and conveyed to the Ministry of Railways. The need for provision of trolleys has also been emphasised in the inter-ministerial meeting convened by this Department recently. The observations of the Committee will be pursued with the Ministry of Railways.

[Ministry of Finance, O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

#### Further Information called for

Please state the action taken by the Ministry of Railway regarding provision of Trollies at Attari Station.

[L.S.S. O.M. No. 20/2(i) /EC/79 dated 6th May, 1980]

### **Further Reply of Government**

The Railway authorities have informed that 8 light trollies have been provided at Attari Railway Station on experimental basis.

[Ministry of Finance (Department of Revenue) O.M. No. 411/31-A/80/  
Cus. dated 27th June, 1980]

### **Recommendation Sl. No. 79 (Paras 10.39 and 10.40)**

10.39. The Committee feel that the existing arrangements at the Customs checkpost at Attari border are not at all satisfactory. The checkpost is housed in a building which is outmoded and deficient in modern facilities. Tourists are put to great inconvenience in covering a distance of about 200 meters between the checkpost and the border, particularly in hot weather or rainy season. The need for construction of a regular building so as to house all the clearing agencies with adequate provision of amenities to the passengers has been recognised and the Ministry of Home Affairs it is stated are examining a proposal to construct a composite building there.

10.40. When the inadequacy of arrangements at the Attari Customs checkpost has been admitted by Government and the difficulties faced by tourists are too well known, there should be no reason to delay the finalisation of the proposal to construct a new building and provide much needed relief to the tourists. The Committee would urge the Government to take an immediate decision in the matter and implement it speedily. The Committee would like the Government to make sure that the proposed building would not only meet the immediate needs of the tourists and customs, immigration and health authorities but will also have adequate scope for expansion of facilities to cope with the growing international traffic across this border.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

### **Reply of Government**

The observations of the Committee have been noted and forwarded to the Ministry of Home Affairs which has intimated that the requirements of all the concerned agencies have been obtained and sent to the Central Public Works Department for preparing plans and estimates and the matter is being processed vigorously. The Ministry has also confirmed that the need for meeting the requirements of the increase in traffic will also be kept in view while planning the new building.

[Ministry of Finance, O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

**Recommendation Sl. No. 80 (Paras 10.59 to 10.61)**

10.59. The Committee note that warehousing facilities are available to importers for keeping goods in private or public bonded warehouses without payment of customs duty for a period of three years if they are non-consumable stores meant for ships and aircraft and for one year in other cases. The period of warehousing is extendable on sufficient cause being shown; the period is also reduced where the goods are likely to deteriorate. If the goods are not cleared within the period upto which goods are allowed warehousing, they are liable to full duty together with all the penalties, rent, interest, and other charges payable in respect of such goods.

10.60. The Committee have been informed that warehousing facilities available at ports are not adequate. The Ministry have admitted that accommodation in Port Trust Warehouses at Bombay has not been available at times and the trade therefore rightly feels certain difficulties in the matter.

10.61. The Ministry have informed that Collectors of Customs at Calcutta, Bombay, Madras and Cochin have already been instructed to take up the matter with the respective Port Trusts for expansion of the warehousing facilities if such facilities available with them are not adequate. The Committee recommend that a comprehensive assessment of the warehousing accommodation available at the ports and the accommodation required to store imported goods now and in the future may be made by the Central Board and the question of expansion of storage facilities in Port Trust Warehouses and of appointing other suitable warehouses examined in consultation with the authorities concerned with a view to solving the storage difficulties of importers. The Committee also suggest that the facility of warehousing the goods at places in inland areas which is permitted under the Rules should be given wide publicity and granted liberally subject to usual safeguards to meet the storage needs of importers. The Committee would like to be informed of the outcome of the assessment made and arrangements made or proposed to be made to cope with the situation.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

**Reply of Government**

The question of expansion of the warehousing facilities in the major ports of Bombay, Madras, Calcutta and Cochin has been examined. At Bombay, which handles the bulk of the imports, any expansion of the warehousing facilities in the port area itself is not practicable because of the existing congestion. Public warehouses, therefore, run by Central Warehousing Corporation, Customs House Agents Association, etc. need to be appointed to augment the present capacity. At Calcutta the existing warehousing facilities with Calcutta Port Trust and with Public Bonded Ware-

houses, like Central Warehousing Corporation and Bengal Bonded Warehousing Association's Warehouses, are adequate to take care of present and future requirements. Collectors of Customs, Madras and Cochin feel that existing capacity is not sufficient to meet the needs and they have taken up the matter with the concerned port trust and are also considering the appointment of public warehouses to meet to the needs of importers. Private warehouses are also licensed if the facilities in Public warehouses are not adequate.

With the reduction of warehousing period from 3 to 1 year, under Section 61 of Customs Act, 1962, and the importers resorting to the duty exemption scheme, under which a large number of imported goods can be imported without payment of customs duty, subject to conditions prescribed therein, for export, the demand for additional warehousing space in the near future is likely to be less.

As regards the warehousing at places in the interior, private warehouses have been licensed at a number of places. In view, however, of the somewhat unhappy experience of the Department with regard to control over and the working of some of these warehouses, the licensing of Public Bonded Warehouses as an alternative or supplemental measure is being experimented with. Central Warehousing Corporation have already been licenced to operate a Public Bonded Warehouse at Chandigarh and Delhi.

(Approved by the Additional Secretary to the Government of India).

[Ministry of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-79]

#### **Further Reply of Government**

*Reference penultimate sentence of Action Taken Notes on paras 10.59, 10.60 and 10.61 of 33rd Report of the Estimates Committee.*

Instructions have since been issued to Collectors of Customs and Central Excise to appoint public bonded warehouses owned by the Central Warehousing Corporation at certain selected places to cater to the needs of the Trade and Industry.

[Ministry of Finance O.M. No. 411|31-A|79|Cus.III dated 20-8-80]

#### **Recommendation Sl. No. 81 (Para 10.62)**

10.62. A public sector undertaking has brought to the notice of the Committee that Calcutta Customs House is not allowing facilities of warehousing of materials under Section 49 of the Act, before payment of duty. The Ministry have stated that goods deposited in a warehouse under provisions of Section 49 of the Act are not deemed to be "Warehouse goods" and as such the Customs Houses have necessarily to obtain either a bank guarantee or a duty deposit to cover the customs duty involved before allowing any goods to be deposited in terms of Section 49 of the Act. The

representative of the Ministry of Finance admitted during the evidence that "there is some confusion here. In his opinion the duty should not be asked, but some collectors feel it should be asked for". The Committee would like the matter to be examined and clear instructions issued to all concerned without delay so that there is no confusion on this account anywhere.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

### **Reply of Government**

Necessary instructions that storage facilities, under section 49 of the Customs Act, 1962, should be granted liberally without insisting upon payment of customs duty have been issued to all Collectors of Customs. Where, however, the facility for deposit of goods in a private bonded warehouse, is permitted, some guarantee/security would be necessary from the importer with regard to the duty because once the goods are removed by the importer to his own private warehouse, the customs will have, in practice, little control over the goods.

(Approved by the Additional Secretary to the Government of India).

[Ministry of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-79]

### **Recommendation Sl. No. 83 (Para 11.25)**

11.25. In view of the fact that both Staff Inspection Unit and O&M Directorate of the Central Board are undertaking studies of staff needs of the various wings in the Custom Houses, it becomes necessary to establish perfect liaison between the two Departments so as to ensure that there is no over-lapping in the studies undertaken by them. The two organisations should keep constant coordination in selecting units for staff studies and exchange notes on methodology and ensure that they do not function at cross purposes.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

### **Reply of Government**

Necessary liaison exists between the Directorate (O&M) Services and the Staff Inspection Unit. The two have conducted joint studies of Delhi (Palam), Meenambakham and Santa Cruz Airports.

[Ministry of Finance O.M. No. 411|31-A|79|Cus. III dated 4-12-79]

### **Recommendation Sl. No. 84 (Para 11.26)**

11.26. The Committee are informed that in deference to the demand from the trade, the proposal to set up an air cargo complex at Trivandrum has been accepted in principle. The Committee hope that the requisite staff for manning the proposed cargo complex at Trivandrum has been posted by now as assured during evidence and the complex has started functioning in a regular way.

[L.S.S. O.M. No. 20/2(i)/EC/79 dt. 30-4-1979]

### Reply of Government

Customs staff has been posted at the Air cargo complex at Trivandrum. The complex has started functioning from 24th May, 1979.

[Ministry of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-79]

#### Recommendation Sl. No. 85 (Para No. 11.31)

11.31 The Committee note that owing to shortage of accommodation, it has become necessary for the Bombay Custom House to hire accommodation both for storage of seized and confiscated goods and for office purposes. The Custom House is paying a rent of Rs. 62.79 lakhs (Rs. 50,76,624/1 for several Warehouses etc. and Rs. 12,03,024/- for office accommodation per annum. A new building is coming up in the compound of the present Custom House, but even after its completion, which will take about 2 more years, the Custom House will be short of space to a substantial extent. The Custom House is trying to acquire a new plot of land for further construction. The Committee note that in 1972, the shortage of office accommodation was calculated by Estate Manager as 80,318 sq. ft. which will be substantially met by the new building, as it would provide an office area of 75,362 sq. ft. In view of the high rent of nearly Rs. 63 lakhs per annum being paid by Bombay Custom House, the need for having a Government building for meeting all the needs of the Custom House cannot be over emphasised. The Committee regret that the assessment of shortage of office accommodation made in 1972 has been found to be off the mark within six years and the demand has outstripped the accommodation to be available in the new building under construction even before it is ready. The Committee desire that before acquiring another plot of land for further construction, the present shortage of accommodation should be carefully assessed in consultation with the Ministry of Works and Housing and new construction if necessary, should be so planned that it is adequate not only to meet the present requirements but also provide for meeting the foreseeable increase in demand for more space. The Committee however, desire that before going in for new construction for the customs the Ministry should explore the possibility of acquiring warehouses and office accommodation from the other public bodies and the Government should go in for new construction only, if their needs cannot be met by other Government and semi-Government organisations.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

### Reply of Government

The recommendations of the Committee has been noted.

[Ministry of Finance O.M. No. 411|31-A|79|Cus.III dated 7-11-79]

## CHAPTER III

### RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

#### **Recommendation SL No. 13 (Para No. 4.27)**

It has been represented to the Committee that the practice of loading goods on barges after customs' examination of prior to the goods being taken to the mother ship is on the increase. Once the goods have been examined, passed and sealed by customs and loaded on barges, and when they are out of control of exporter, they should be considered as having been entered for export irrespective of the date of departure of the mother-ship or issue of a formal bill of loading.

The exporter should not be required to pay excess export duty if there is duty increase in the meantime. The Committee feel there is force in the representation, and it deserves to be considered sympathetically and favourably.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

#### **Reply of Government**

The recommendations contained in the above para have been considered by the Government carefully and respectfully. For the reasons listed below the Government are not able, however, to accept the recommendations:—

- (1) Acceptance of the recommendation would necessitate amendment of section 16(1) of the Customs Act, 62 to provide for date of loading of export goods in the lash barges as the crucial date for determining the rate of duty. If the Law were so amended, then, in the event of export duty being reduced or abolished on any goods between the date of loading of the goods in the barges and date of entry outwards of the mother vessel, duty would be leviable on the goods at the higher rate than that which prevailed on the date of loading of the goods in the barges. Such a situation, may not be liked by the Trade and there would certainly be a demand at least from some sections for amendment of the Law once again in order to revert to the present position.

- (2) Amendment of Section 16(1) of the Customs Act, 62 would necessitate corresponding change in Section 15 of the Customs Act to provide that in respect of goods imported by vessels carrying lash barges, the date for determining the rate of duty would be the date of unloading of the imported goods from the lash barges and not the date of entry inwards of the mother-vessel as is the case at present. Since import duties on various items are often revised upward, such a change in the law would not be to the liking of the Trade.
- (3) In case the date of loading of the goods into the Lash barges or containers is taken as the date for determining the rate of duty applicable to export goods, as a corollary, the date of depositing of any export goods in warehouse of the bailees or on boats for loading the goods on ships in the stream after passing of the shipping bill and completion of Customs examination-would have to be treated as the date for determining the rate of export duty even though there may be a large time lag between the completion of Customs formalities and actual shipment of goods.
- (4) In the overall context, the present arrangements do not operate inequitably in view of the fact that changes in the export duty is not always upwards.

[Ministry of Finance (D)Revenue) O.M. F. No. 411/31-A/79-Cus.III  
dated 7-11-79]

**Recommendation Sl. No. 26 (Para No. 4.99)**

4.99. The Committee feel that in order to reduce the burden on the existing number of laboratories the normal validity period of a test report, which is two years in respect of goods supplied by well known manufacturers, and one year only in respect of supplies from new sources, may be increased to three years without prejudice to the Collectors' right to draw samples for test at any earlier point of time in case of suspicion or new developments.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

**Reply of Government**

Any general extension of the normal validity period of a test report to three years may be fraught with revenue risk since with the advancement in technology, composition of products changes frequently and this has a bearing on the classification of goods. The normal validity period of the test report, as existing now, has worked well without coming in the way of

expeditious clearance of goods from Customs. In cases where validity of test is about to expire, samples can be drawn from the last available consignments even before expiry of test report at the request of the importer so that the validity period should start counting afresh without holding up any clearances. Where validity test reports are not available, facility of provisional clearance against a bond is also available, instructions in this regard to the Collectors have been issued (copy enclosed)\*.

[Ministry of Finance No. 411/31-A/79/Cus. III dated 7-11-1979]

**Recommendation Sl. No. 55 (Para No. 8.57)**

8.57. The Committee would reiterate that the Government may examine the feasibility of disposing of such vehicles if necessary by amendment of the relevant law, immediately after their seizure, except where their disposal may weaken the case for prosecuting the smugglers, and divesting themselves of the responsibility for keeping these vehicles at great cost. The Committee also recommend that cases of each vehicle lying at present in Government custody may be examined critically and steps taken to dispose of it as early as possible. It should also be ensured that, so long as the vehicle lies in Government custody it is kept in a safe and covered place so that it remains in good condition and fetches the best possible price at the time of disposal.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979]

**Reply of Government**

The feasibility of disposing of seized motor vehicles immediately after their seizure, by suitably amending the Customs Law, has been examined in consultation with the Collectors.

The Collectors are generally of the view that this may not be a feasible proposition in-as-much as the property of the seized motor vehicles continue to be with persons from whose possession they were seized till their confiscation has been adjudged. Hence their summary disposal, immediately after seizure, will be against accepted canons of law and also against equity and fair play.

Also, it is important that seized motor vehicles should be physically available with the Department wherever they provide important evidence for prosecuting the offenders in courts of law. In other cases, the existing instructions, even now provide for release of seized vehicles in appropriate cases even before adjudication against a proper undertaking given by the persons from whose possession they were seized. It will, thus, only be in those cases where the owner is not prepared to come forward to obtain release of his vehicles against proper undertaking that such vehicles may continue to remain with the Department. Where the seized vehicles are re-

required to remain in the custody of the Department, proper care is taken to ensure that they are kept in a safe and covered place and that they remain in good condition.

So far as the custody of the seized vehicles presently lying with the Department, the Collectors are taking appropriate steps to dispose of vehicles wherever they were ripe for such action and in all cases where these vehicles which have necessarily to remain in the custody of the Customs Department it is being ensured that these are kept in a safe and covered place and kept in good condition.

(Approved by the Additional Secretary to the Government of India.)

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III Dated 7-11-1979]

### **Recommendation Sl. No. 57 (Para 8.59)**

The Committee have been informed that according to the decision of the Government, cut and polished diamonds and confiscated synthetic textiles are to be disposed of by way of re-export out of India. Steps are being taken for arranging re-export of such textiles either in fabric form or after conversion into garments. Cut and polished diamonds are being disposed of by Customs Houses for export out of India. The Committee desire that instead of giving general instructions in this regard concrete schemes should be drawn up to re-export textiles and cut and polished diamonds, and responsibilities assigned to designated officers/collectorates and watch kept by the Central Board on the progress of re-export of these items.

[LSS. O.M. No. 20/2(i)/EC/79 Dated 30-4-1979]

### **Reply of Government**

As regards disposal by way of export of confiscated synthetic textiles, the State Trading Corporation of India, who were to undertake this task, inspected the stocks and indicated that the goods were unsuitable for export in view of the numerous and assorted colours designs and quality of the fabrics. Accordingly they suggested that they may be disposed in any suitable manner deemed fit by the Customs Department.

Disposal of confiscated textiles to the units in the Kandla Free Trade Zone for eventual export was also tried. But no progress was made as the units there did not show any interest in the matter. The matter is being taken up with the State Trading Corporation again.

According to the instructions issued in May 1978, the Custom Houses and Central Excise Collectorates were also required to make efforts to dispose of confiscated textiles by way of export directly. But, here again, no progress in such disposal was possible.

Keeping all the above factors in view and also the need for accelerating disposal of confiscated textiles and other items which were ripe for dis-

posal, approval of the Cabinet was obtained for an additional measure of disposal by way of sale of synthetic textiles and other miscellaneous consumer items to Military and Para-Military organisations for use of their personnel and to National Consumers Cooperative Federation for sale to bonafide consumers through Consumers' Cooperatives, Super Bazars, Sahakari Bhandars etc.

2. As regards the export of cut and polished diamonds, Collectors of Customs and Central Excise have been advised that they may take the assistance of Bombay Custom House for disposal of such items and for this purpose they should first prepare a detailed list of diamonds to be disposed of and send the same to Collector of Customs, Bombay. The Bombay Custom House could, then contact the interested parties and fix a date for inspection of such goods in consultation with the concerned Collectorate and the buyers.

The stocks of diamonds could be sent by the concerned collectorate to Bombay at that stage for inspection and quoting of offers. After results of a preliminary scrutiny of the offers so received are conveyed by the Bombay Custom House, the concerned Collectorate could decide on the acceptance or otherwise of the offers in consultation with the Bombay Custom House.

The concerned Collectors have been advised that they should personally ensure that the stocks of cut and polished diamonds get disposed of expeditiously by following the above procedure.

3. As regards the progress in disposal of all confiscated goods (including synthetic textiles and cut and polished diamonds), the position is being carefully watched through the quarterly reports of the Collectorates. Director of Preventive Operations is also monitoring the progress, submitting his reports to the Board periodically. (Approved by the Additional Secretary to the Government of India).

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III Dated 7-11-1979]

#### **Recommendation Sl. No. 75 (Para 10.35)**

But pending shifting of the customs and other checkpoints to Amritsar, the Study Group of the Committee, had after an on-the-spot study of the problems and discussions with knowledgeable persons, made certain suggestion to the Ministry in July, 1978 to re-adjust the positioning of the train at the platform and customs and immigration checks to mitigate the hardships of passengers. The Ministry had stated that the suggestions were being examined. But the Committee regret that they have not been informed of the outcome of the examination of the suggestions. The Committee urge that the arrangements suggested by them may be tried on an

experimental basis immediately and improvements where necessary made in the light of passengers reactions, and the Committee apprised of the results within 3 months.

[LSS O.M. No. 20|2(i)|EC|79 Dated 30-4-1979]

### Reply of Government

The following suggestions were made by the Committee in July 1978 viz:—

- (a) The train may halt in front of the customs counters (at present the trains halt away from the counters) where the passengers may unload their luggage and the train may there after be shunted away as at present.
- (b) After the passengers get customs clearance and go through immigration formalities the train may be brought back in front of the customs counters and passengers allowed to re-load their luggage and board the train.
- (c) The outgoing luggage could be checked in the train itself.

As regards first two suggestions, namely, halting of the train in front of customs counters and after customs clearance the passengers to go through immigration checks, it may be stated that statutorily the health and immigration checks have to precede the customs clearance. It is to facilitate this procedure that the incoming trains are stopped in front of health and immigration counters. Though it is not necessary for the passengers to offload their baggage for completing the health and immigration checks, the passengers are reluctant to leave their baggage behind in the compartments. It may be mentioned here that the Indian Railway Authorities require some time for inspection of the train before they take over charge of the train from the Pakistan Railway authorities. The Customs too have to rummage the train for detecting any goods concealed in cavities in common passages, lavatories etc. The inspection by the Railways and rummaging by the Customs cannot be completed in time if the train is not vacated by the passengers along with their baggage. It would, therefore, appear that halting of the train in front of customs counters will not ameliorate the situation.

However, to mitigate the hardship faced by the passengers in carrying their baggage, from Immigration counter to Customs and back to the train, themselves or with the help of coolies, the suggestion, made by the Committee in its recommendation contained in Point 10.37, for providing hand trollies at the Attari Railway Station, has been taken up with the Ministry of Railways.

As regards the suggestion of the Committee that the outgoing baggage could be checked in the train itself, an experiment was attempted at Amritsar on 18-9-1978. The immigration authorities were also requested to associate themselves, but they expressed their inability to check the passports of the passenger in the train itself indicating following reasons:—

- (i) Immigration authorities check passport of every passenger against suspect list maintained in registers which are kept nationality-wise, namely, Pakistan nationals, Indian nationals, Commonwealth nationals and other than Commonwealth foreign nationals.
- (ii) For expeditious clearance, the passengers are segregated in four different sections, as per nationality indicated above, and cleared through Immigration. This segregation would not be possible if the immigration check is carried out in the train itself.
- (iii) The register containing the suspect list are secret record as well as bulky and from security point of view it would not be advisable to carry them to the train.
- (iv) The possibility of suspects mixing with 'cleared' passengers in the train and thereby evading detection by the Immigration authorities cannot be ruled out.

In view of the above difficulties, the passengers were asked to alight for checks at the Immigration counters leaving their baggage in the train itself and the train kept in the enclosure of Immigration authorities. The check by the immigration took over one hour and till then the train was kept there. In the meantime, the Pakistan Railway authorities refused to inspect and take over charge of the train on the grounds that inspection of the train in occupied condition (as the passengers baggage still remained in the compartments) is against the mutual agreement between both the two countries. The train was shifted to the Customs enclosure after the Immigration check was over but the Pakistani Railway staff was still adamant not to inspect and take over the train in occupied condition. However, at the intervention of Indian Railway authorities, the Pakistani Railway staff agreed to take over the train without enforcing the required inspection, as a special case. The passengers were then asked to board the train for their customs examination. Since the Indo-Pak passengers carry unwieldy and heavy packages and the coaches were found to be 'jampacked', the Customs baggage examination could only be done superficially. This whole process of clearance, took more time than the usual clearance and the train left over 1-1/2 hours later than the scheduled time.

In the meantime, the licensed porters, working at the Attari Railway Station, staged a protest stating that this procedure would affect their daily wages.

It would be seen from the above that the clearance of outgoing passengers in the train itself is fraught with several practical difficulties. Apart from these difficulties, the possibility of certain malpractices developing, if this procedure is implemented, cannot be ruled out. The Indo-Pak passengers usually carry baggage often in excess of their admissible allowances, mainly consisting of Indian trade goods. It is, therefore, necessary that baggage of Indo-Pak passengers is checked properly at the counters in a manner which is not possible in the train. The examination in the train would also make the supervision by the Senior Customs Officer ineffective. Further, examination in the train would make the checking of the passengers names with customs suspect list difficult.

It is observed that the objective behind the Committee's recommendation is that hardships to passengers should be mitigated, without sacrificing the checks essential from Government's point of view. As regards the incoming trains, it has been explained above that the health and immigration checks have to precede the Customs check, since it is the standard practice to give the first priority to the health check and then to the immigration check and only then to the Customs check. Acceptance of the Committee's suggestion would mean a change in these priorities, which may be against our larger interest.

The suggestion that trolleys should be provided to the passengers would certainly go a long way to mitigate the hardship to them. This is being pursued with the Ministry of Railways.

As regards outgoing trains, it would be seen from what has been stated above, and from the experiment which was carried out on 18-9-1978, that this involved several practical difficulties and in the end did not result in any saving of time.

The best solution is obviously to shift the immigration and Customs checks from Attari to Amritsar Railway Station, but the Ministries of Home Affairs and Railways have not yet agreed. The matter is being pursued with them and if they can be persuaded to agree, this would be the most satisfactory alternative from the passengers' point of view.

[Min. of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79].

## CHAPTER IV

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE.

#### **Recommendation (Sr. No. 25 (Para Nos. 4.97,4.98))**

4.97. The Committee note that there are fifteen Laboratories, which are under the control of Central Board of Excise and Customs, and they are located at New Delhi, Bombay, Calcutta, Madras, Cochin, Kandla, Goa, Baroda, Digboi, Barauni, Vishakapatnam, Ghazipur and Neemuch. Their functions, are to undertake, among other things, chemical analysis of samples of imported chemicals etc.

4.98. It has been represented to the Committee that it takes too much time to get the test reports. It has been suggested that the test reports should be expedited and submitted within a fixed period of time, say, seven days from its receipt. The Ministry have stated that this aspect was considered by Government and it was felt that any time-schedule fixed in this regard would dilute the responsibility of the Collectors. Besides, it will be difficult to prescribe time limit in respect of samples sent to outside Laboratories. From the Statistics furnished by the Ministry, it is seen that out of 41296 samples taken in 1978, in 41,170 cases, test reports were received within 3 months; 22 cases took 3—6 months and 39 cases 6—12 months. The remaining 65 cases were pending with National Test House, Alipore—an outside Laboratory. The Committee, however, feel that in deference to the wishes of the trade and industry, if a reasonable time limit is laid down to serve as a guideline for the laboratories; it will help inculcate a sense of urgency and importance in the minds of experts responsible for furnishing Reports and it may improve the position further.

[LSS. O. M. No. 20|2(1)|EC|79 dt. 30-4-1979]

#### **Reply of Government**

In view of the variety of items, the complexity of various tests involved depending upon the merit of each sample, it would not be practicable to lay down a time limit for the finalisation of test reports. Instructions have, however, been issued to the Collectors to exercise effective supervisory checks so that there is no avoidable hold up of any test report.

[Min. of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79].

#### **Comments of the Committee**

Please see comments in para 1.7 of Chap. I.

**Recommendation Sl. No. 30 (Para 5.36)**

5.36. The Committee have received reports of delay in making payment of drawback to the industry. According to the Ministry there is not unavoidable delay at all in the payment of drawback. The overall position, according to the Ministry, is that 85 per cent of the drawback due is paid within 6 weeks to 2 months of shipment. In this context the Committee would like to refer to the Finance Secretary's statement during evidence that although the procedures had been streamlined, "I would not claim that everything is perfect and the procedures cannot be further improved upon". The Finance Secretary also stated that there was need for expeditious settlement of drawback claims in the interest of promotion of export effort of the country. If the exports have to be promoted and if, as claimed by the Ministry, 85 per cent of the claims are paid within 6 weeks to 2 months of shipment, the Committee see no reason why the Government should not accept the recommendation made by the Jha Committee (1978), that no case of drawback should take more than 3 months to settle and this time limit too should be fixed statutorily. The Committee would like that this statutory period of 3 months for settlement of drawback claims should be fixed without any further hesitation. This period should start from the date of shipment of goods and where statutory time limit is exceeded, the law should provide for payment of interest at the appropriate rate from the date of expiry of the time-limit.

[LSS. O.M. No. 20/2(1)/EC/79 dt. 30-4-1979]

**Reply of Government**

As already reported to the Committee, cases where necessary document etc. are submitted by the claimants in time and no tests are involved, are generally finalised within 6 to 8 weeks.

Number of claims, other than provisional claims, pending finalisation on 1-4-1979 was 19,855. The average monthly receipt is of the order of 30,000 claims. The pendency of the claims as on 1-4-1979 is, therefore, is less than 3 weeks' intake. The total pendency position of the category of claims where rates are available works out to 5 per cent of the annual intake and if the pendency of 3 months alone (4,054 claims) is taken into consideration, this works out to one per cent of the annual intake.

With a view to further cut out delays and eliminate exporters' difficulties, the following measures have been taken:—

- (i) Duty Drawback Credit Scheme has been introduced by which the exporters can get interest free advance for 90 days from the Scheduled banks immediately on export of goods in cases where the rates have been fixed.

- (ii) Scheme of Duty-free imports against Advance Licences for export production has been expanded to cover a large variety of goods and cases.
- (iii) Periodical meetings are held at the port by the Dy. Collector-in-charge of Drawback with the Export Promotion Councils and other trade interests to look into the specific cases relating to the settlement of the claims.

In view of the above measures taken and also of the low pendency as compared to the total preceipts, it is not considered necessary to fix any statutory time limit nor to pay interest on belated payment of drawback amount.

Further delays that occur may be attributable as much to Govt. as to want of action on the part of exporters and in cases of contributory delays, it would administratively not feasible to apportion the responsibility for the delay in each and every case.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dated 7-11-1979]

#### **Comments of the Committee**

Please *see* comments in para 1.13 of Ch. I.

#### **Recommendation Sl. No. 36 (Para 6.38)**

6.38. The Committee feel concerned over the inordinate delay in the disposal of appeals and revision applications in respect of Customs disputes. As on 1-2-1979, the total number of appeals pending with the Custom Houses in Delhi, Calcutta, Madras and Bombay were 9,708 out of which the number of appeals pending for more than one year were 2254. According to the Ministry, the reasons for increased pendency of appeals are periodic shortage in the strength of Appellate Collectors in Delhi, Bombay and Madras which is reported to have since been made good by filling all the vacancies and the increased receipt of appeals. From the figures given to the Committee, it is seen that in the years 1976 and 1977. the disposals of appeals in almost all the collectorates did not keep pace with the receipts. In 1978, though the disposals of appeals exceeded the receipts the number of one year old appeals have increased during the same period from 18 per cent of the total pendency as on 1-4-1978 to 23 per cent as on 1-2-1979. The increase in the number of such appeals in Delhi Collectorate has been as high as 78 per cent during this period and in Bombay Collectorate too, the rise has been significant (56 per cent). According to the Ministry, though it may be desirable to fix a time-limit for disposal of appeals, this may not be practicable in all cases. While the Committee may agree with the Ministry in this regard, they cannot but deplore the long delays that are taking place in the disposal of appeals especially in Delhi and Bombay

Collectorates. The Committee cannot over-emphasize the importance of expeditious disposal of appeals. They feel that no appeal should ordinarily remain pending for more than six months and in no case for more than one year. The Central Board of Excise & Customs should keep a close watch over appeals pending for more than six months and if the number of pending appeals appears to be going beyond the capacity of any Collectorate at any time the Central Board should set in motion special drives to clear the backlog and bring the situation under control.

[L.S.S. O.M. No. 20/2(i)/EC/79 dt. 30-4-1979]

### **Reply of Government**

Pursuant to the observations of the Estimates Committee of the 6th Lok Sabha in its 33rd Report on the Ministry of Finance (Department of Revenue)—Customs expressing concern over the inordinate delay in the disposal of appeals and Revision Applications in respect of Custom disputes, the Appellate Collectors of Customs were asked in May 1979 to arrange for a special drive to dispose of appeals pending before them and also to observe the month of June 1979 as an Arrear Clearance Month. They were advised that in taking up the pending cases for disposal efforts were to be directed towards disposal of old cases and not only a recent and comparatively easy cases so as to increase the disposal.

As a result of the drive it was possible to ensure a situation in Calcutta where there is no arrear of Customs appeal at all. As a matter of fact even now the Custom appeals pending in Calcutta are all less than 6 months old. The present pendency of Customs appeals in Calcutta is 567 only. In New Delhi in the month of June 1979 as against the average disposal of 115 appeals, 123 appeals, including 18 appeals more than one year old, were disposed of. This was possible in spite of the fact that there was a change of incumbent in the post of Appellate Collector during this period. In any case it was possible to step up disposal of appeals and in Sept. '79 disposal was 304 as against receipt of 186 appeals and at the end of this month the total pendency of appeals is 1697 of which only 257 appeals are more than one year old (about 16 per cent). In Madras the closing balance of 4250 appeals as on 30-6-79 was the lowest as compared to the lowest balance during the period 1-6-78 to 31-5-79 even though during the month of June 1979 only two Appellate Collectors were functioning as against 3 during the previous period. The average number of disposal of appeals per Appellate Collector was stepped up from 277 to 428. In all 122 appeals more than one year old were disposed of during June 1979 and the total pendency of over one year old cases is now 1122. However, there was a trend of increased receipt of appeals with the Appellate Collectors in Madras and the number of pending appeals at the end of Sept. '79 is 5389. The receipt of Customs appeals in Madras is now more than 1000 per month. So far as

Bombay appellate charge is concerned, the pendency has come down to 3946 at the end of September 1979. This figure includes 838 appeals which are more than one year old (25 per cent). In the month of September, 1979 as against receipt of 850 appeals, 1031 appeals were disposed of.

Thus, to sum up, in the charges of four Appellate Collectors of Customs in Calcutta, Delhi, Madras and Bombay the total pendency now is 11,599 and the total number of more than one year old appeals has come down slightly to 2217 (about 20 per cent).

Thus, even though the total pendency of appeals has gone up slightly because of increased receipts of appeals, particularly, in Madras, the position has considerably improved in Bombay. The position in Calcutta is very satisfactory. In Delhi, however, for various administrative reasons, there have been problems in keeping the full strength of Appellate Collectors and also in keeping the incumbents there for the normal tenure. With the posting of one additional Appellate Collector in Madras and filling up the post of Appellate Collector regularly in Delhi, the position will improve. The matter is being kept under constant watch.

It is also proposed that after hearing of an appeal, the decision thereon would ordinarily be communicated to the appellant within a period of 6—8 weeks.

[Min. of Finance O.M. No. 411/31-A/79-Cus. III, dated 4-12-1979.]

### **Comments of the Committee**

Please see comments in para 1.16 of Chapter I.

### **Recommendation Sr. No. 40 (Para No. 6.43)**

6.43. Under Section 129 of the Customs Act any person desirous of appealing against any decision or order passed under the Act is required to deposit the duty demanded or penalty levied. But discretion has been given under the law to the Appellate Authority to dispense with such deposits either un-conditionally or subject to such conditions as it may deem fit if it is of the opinion that the deposit of duty demanded or penalty levied will cause undue hardship to the appellant. The Committee notice that in certain cases pre-payment of penalty running into lakhs of rupees was waived by the Appellate Authorities on the ground that "financial position of the party was reported to be unsound". The Committee feel that the present law gives unbridled discretion to the Appellate Authorities to waive pre-payment of deposit subject to certain conditions. In para 5.38 of their 28th Report on Central Excise, the Committee have recommended that Government may make a suitable provision in the law giving the assessee two options viz (1) he may either pay duty claimed by the Department first before filing appeal, revision application etc. and in case he wins the appeal he may get back the amount with interest or (ii) in

the alternative, he may be allowed to file the appeal without payment of the amount of duty in dispute and in case he may be liable to pay duty with interest thereon. The Committee recommended that a similar provision may be made in the Customs Law also in regard to payment of duty or penalty pending appeal with a view to discouraging frivolous and dilatory appeals/revision applications, and expediting recovery of custom duty.

[L.S.S. O.M. No. 20|2|(i)|EC|79 dt. 30-4-1979.]

### **Reply of the Government**

Recommendation contained in this para being identical to the recommendation of the Estimates Committee in para 5.38 of its 28th Report on Central Excise, Action Taken Note by this Department to the recommendation under para 5.38 of its 28th Report is enclosed. (Appendix VI).

[Min. of Finance O.M. No. 411/31-A/79-Cus. III, dated 7-11-79.]

### **Further information called for**

A self contained reply explaining the following observations/recommendations may be furnished.

“The Committee feel that the present law gives unbridled discretion to the Appellate Authorities to waive the pre-payment of deposits subject to certain conditions.”

[L.S.S. O.M. No. 20|2|(i)|EC|79, dated 6-5-1980.]

### **Further Reply of Government**

The proviso to Section 129 of the Customs Act, 1962, lays down that the Appellate Authority can dispense with pre-payment of deposit if the payment causes “undue hardship” to the appellant. Generally, only in the cases of appellants where financial status is not sound, the appeals are considered on merits without insisting on pre-payment of duty/penalty levied. In some cases a part payment is insisted upon. The discretion to dispense with pre-deposit of duty, fine and penalty is exercised in a judicial manner and adequate consideration is given to the protection of revenue interests. The pre-deposit is also normally waived only after arriving at a decision that insistence on the provisions of Section 129, might adversely affect the interests of the Department. Wherever an appellant’s request for waiver of the condition of pre-deposit is entertained, the appeal is also taken up for prompt disposal. (It may be pointed out that expressions “unbridled discretion” and “subject” to certain conditions are contradictory to each other. Nothing can be unbridled if it is subject to certain conditions. When the Appellate authority sits in appeal against the whole order and is competent to uphold, modify or completely reverse it, the power to waive pre-payment of the deposit cannot be considered as unbrid-

led discretion.) Any amendment in the Customs Act to withdraw the power to waive pre-deposit might create more problems and loss of Government revenue through delays caused by litigation.

[Min. of Finance O.M. No. 411|5|80|Cus. III, dated 27-6-1980.]

### **Comments of the Committee**

Please see comments in para 1.19 of Chapter I.

### **Recommendation Sr. No. 82 (Paras No. 11.21 to 11.24)**

11.21 The Committee note that a full fledged Directorate, of Organisation and Methods Services was created on 1st December, 1976 to undertake continuous study for re-organisation of the Customs Department. It started functioning during the year 1977-78.. The Directorate has so far devoted a major part of its time and energy to staff studies. The work studies of five minor Custom Houses at Mangalore, Pondicherry, Cuddalore Nagapattinam and Tuticorin have been completed; besides a work study of integrated Air Cargo Complexes at Bombay and Bangalore and a study relating to the escorting job and disposal of confiscated goods in Bombay Customs House were undertaken. These studies are stated to have resulted in economy of Rs. 21.56 lakhs. Proposals for additional staff at Santa Cruz Airport, Trivandrum Airport, Postal Appraising Department of Madras and Integrated Air Cargo Complex, Ahmedabad were also studied and necessary recommendations sent to the Board. The Committee desire that early action should be taken by the Board on the recommendations made by the Directorate of O & M Services.

11.22. The Committee note that except small routine studies, no major study for systems re-organisation of Customs Department has been so far been undertaken by the Directorate of O & M Services. The Committee would like the Directorate to concentrate on fundamental matters like organisation and methodology of various disciplines and services including administrative and procedural reforms, efficiency in management forms of management, computation, circulation of data, anti-smuggling and anti-corruption measures etc.

11.23 The Committee note that the Staff Inspection Unit of the Department of Expenditure has also recently made a study of the staff Position in Bombay, Cochin, and Calcutta Customs Houses. The studies in respect of Bombay and Cochin Customs Houses are stated to have been completed, while the study of Calcutta Customs House as a whole is yet to be completed. The Committee hope that the study of the Calcutta Customs House by S.I.U. would be completed expeditiously.

11.24 The Committee would like to be apprised of the follow-up action taken in the light of studies made by the O & M Director and the

Staff inspection Unit and the results achieved. The information should be furnished under various heads like Staff economy (in numbers and in terms of money) staff augmentation, procedural reforms, efficiency norms etc.

(LSS. O. M. No. 20/2(1)/EC/79 dt. 30-4-1979).

### Reply of Government

The recommendations of the Directorate of O & M Services in respect of Santa Cruz Air Port, Trivandrum Airport and Air Cargo Complex have already been implemented. As regards Postal Appraising Department of Madras Custom House the report of the Directorate of O & M Services was received but before taking action upon it, it was felt that the entire Custom House should be studied. Accordingly, this study is being undertaken by the Directorate of O & M Services.

The Directorate of O & M Services is not concerned with computation and circulation of data, anti-smuggling and anti-corruption measures. The Directorate has, recently taken up methods-study, for example, of the movement of Bills of Entry and the Shipping Bills in the Custom Houses and the study of the Refund Procedure in the Central Excise formations. It is expected that in the near future the Directorate will be able to devote more of its attention to the system and methods and management studies in addition to the staffing studies.

The Staff Inspection Unit are shortly taking up the work-study of entire Customs House, Calcutta, again, instead of only those sections which were left over by it in its previous study. The recommendation of the Committee has, thus, been accepted.

#### (i) Staff Economy and Augumentation:

On the basis of follow-up action taken on the studies conducted by the Directorate of O&M Services of certain Customs Houses/Collectorates of Central excise, the posts detailed below have been created. The financial implication have also been indicated therein.

*Statement showing number of posts sanctioned on the basis of studies made by the Directorate of O & M Services*

	Santacruz Airport	Trivendrum Airport and Air cargo Unit	Air cargo Ahmedabad complex
Assistant Collector	—	1	—
Superintendent of Central Excise	—	1	—
Appraiser	—	1	—

Air Customs Inspector . . . . .	3	—	—
Air Customs Officer . . . . .	43	—	—
Inspector of Control Excise . . . . .		2	
Upper Division Clerk . . . . .	—	1	—
Lower Division Clerk . . . . .	—	1	—
<b>Total financial implications</b> (in rupees) . . . . .	5,30,219	93,660	28,273

(ii) On the basis of the studies undertaken by the SIU in Customs Houses, Bombay and Cochin the following posts have been created/abolished.

	No. of posts	
	Created	Abolished
<b>Bombay Customs House</b>		
1. Office Superintendent . . . . .	1	—
2. Deputy Office Superintendent	—	1
3. Upper Division Clerk . . . . .	—	33
4. Lower Division Clerk . . . . .	11	—
<b>Total financial implications</b>	Rs. 85,513	Rs. 2,80896
	Net saving Rs. 1,95,383	

#### **Cochin Customs House**

Assistant Collector		1
Upper Division Clerk-		8
Lower Division Clerk . . . . .		9
Sepoys . . . . .		4

Total financial Reforms and efficiency norms

#### **II Procedural implications Rs. v,FC,1CR (Saving)**

The Staff Inspection Unit or the Directorate of O&M Services (CBEC) has not made any recommendation with regard to procedural reforms and/or efficiency norms in these areas.

(M/o Finance O. M. No. 411/31-A/79/cus. III dt. 4-12-79)

#### **Comments of the Committee**

Please see comments in Paras 1.35 & 1.36 of Ch. I.

**Recommendation Sl. No. 86 (Para 11.37)**

11.37 The Committee feel that there is force in the demand of the exporters of fish in Cochin that the services of the Customs Staff should be made available without payment of overtime by the exporters for handling export consignments of fish which in view of the perishable nature of the commodity have to be shipped after sunset. In view of the fact that this cargo is loaded only twice a week, there should be no difficulty in staggering the duty hours of the staff on these two days through a duty-roaster. During evidence, the Finance Secretary agreed to go into this question. The Committee desire that necessary steps in this regard should be taken without delay. This facility should be extended to other ports also where fish consignment have to be loaded only in the evening in view of the perishable nature of the Commodity.

[LSS. O.M. No. 20/2(i)EC/79, dt. 30-4-1979]

**Reply of Government**

The matter has been examined by the Government carefully but it has not been found possible to accept the Committee's recommendation contained in para 11.37 of their 33rd report (6th Lok Sabha), for the following reasons:—

(1) Under the existing arrangements, for any services rendered beyond the normal working hours by Customs staff, in respect of both import and export goods, overtime fee is charged from the beneficiaries, by the Customs at the prescribed rates. Even in cases where taking into account the work load, a second shift is introduced through deployment of staff on regular basis, the trade would still be required to pay for the services rendered by the Customs staff for the work done after the normal working hours.

(2) In case free services of the Customs staff are provided for supervising export shipment of fish after the normal working hours at Cochin and other ports, such free service would have to be provided in respect of other import and export clearance at all the ports. This would have very large financial implications since annually an amount of Rs. 2.50 crores approximately is recovered as overtime fee at Bombay, Calcutta, Madras and Cochin Custom Houses and this large amount will have to be foregone.

(3) The volume of shipment of fish consignment at Cochin is not such as to justify the introduction of a regular shift in the evening. The daily average of the number of such Shipping Bills filed is about 15 and the loading takes place only twice a week. Further there is no fixity about the days of loading of fish for export.

(4) The overtime fees for the services of Customs staff for supervising shipment of fish at Cochin would be insignificant as compared to the value

of the goods, the incidence of freight and loading charges, etc., in respect of each of such consignments.

[Min. of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]-

**Comments of the Committee**

Please See Comments in Para 1.39 of Ch.I.

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED.

#### Recommendation Sr. No. 5 (Para No. 2.67, 2.68, 2.69 & 2.70)

2.67. The Committee are informed that the Customs Tariff was brought out for the public normally annually by the Directorate General of Commercial Intelligence, Ministry of Commerce, Calcutta but it is learnt that since the introduction in August, 1976 of Customs Tariff Act, 1975, no such publication has been brought out. The Ministry of Finance publish a Customs Manual containing all the relevant rules, notifications etc. On the subject but there is no regular periodicity fixed for its publication. New editions of the Manual are issued as and when a large number of changes have taken place subsequent to the issue of the earlier edition. A "Compendium of Notifications" (Indian Customs Tariff) as on 2nd August, 1976, was issued by the Directorate of Statistics and Intelligence New Delhi. Thereafter fresh notifications and when issued are being incorporated in public notices by all customs houses and made available to the subscribers.

2.68 From the above it is clear that none of the existing three publications, viz., Customs Tariff, Customs Manual and Compendium has been updated regularly and up-to-date information regarding customs is not available in a consolidated and handy form at present. In view of this, the trade and industry should be rightly aggrieved over the present system of dissamination of information.

2.69 The Committee were informed that the Ministry of Finance had thought of making the Customs Tariff Working Schedule—a departmental publication available on sale for the use of public. Even if this "Working Schedule"—which is brought out regularly by the Ministry of Finance for departmental use, had been made available to the trade, it would have gone a long way in meeting their genuine need for an up-to-date Customs Manual. But, the Committee regret to note the Ministry have since decided to transfer the responsibility in this matter to the Directorate General of Commercial Intelligence, Ministry of Commerce, Calcutta who used to bring out the Customs Tariff Schedule till 1976 and have requested them to resume its publication. It is not known whether the Calcutta office have accepted the request and when the next issue of the schedule would be published. But if till then, the trade and industry have to go without an up-to-date edition of the Customs Tariff Schedule, it would be unfortunate.

2.70. A number of suggestions have been made to the Committee by the trade and industry to stream-line the system of publication of Customs Manual and Customs Tariff. The Committee also feel that the present system is not satisfactory. The Committee recommend that the Customs Tariff Schedule should be up-dated every year immediately after budget and published along with an alphabetical index. The tariff should indicate the effective rates of duty and also give cross references to other relevant matters for ready intelligibility of the scheme of customs duty.

[LSS. O.M. No. 20|2(i)|EC|79 dt. 30-4-1979].

### **Reply of Government**

Since the Directorate General of Commercial Intelligence and Statistics had expressed their inability to publish the Customs Tariff, instructions were issued *vide* F. N. 527/6/78-Cus. (TU) dated 19-4-79 to the Director, Directorate of Statistics and Intelligence under the Central Board of Excise and Customs to start work in connection with the publication of the Customs Working Schedule for sale to the public.

2. The Working Schedule has since been brought out by the Directorate. The format of the Working Schedule is the same as that of the last working Schedule published by the Directorate of Statistics and Intelligence for departmental use. The Working Schedule incorporates exemption notifications issued from time to time. The corresponding column for Central Excise Tariff item under which Countervailing duties would be leviable have been indicated against each heading. Since the Customs Tariff Act, 1975 is based on the Customs Co-operation Council Nomenclature, the Alphabetical Index published by the Customs Co-operation Council could be used for reference.

3. A Directorate of Publications has also been set up under the Central Board of Excise and Customs vide orders contained in letter F. No. A. 11013/39/78-AD. IV dated 21-5-79. It is hoped that with the setting up of the Publication Directorate the Customs Tariff would be brought out regularly and more promptly every year soon after the budget.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]

### **Recommendation Sl. No. 6 (Paras 2.71 & 2.72)**

2.71 The Committee also recommend that a comprehensive Customs Manual giving among other things, details of relevant Customs Rules, procedure, customs duty, auxiliary duties, countervailing duty, according to industry-wise classification should be published immediately preferably in a loose leaf ring file form. All amendments in the customs laws, pro-

cedure and duties should be published at fixed intervals say once a month or once every three months in the same form for easy replacement of the relevant pages in the Manual so as to enable the assesseees to keep their copies of the Manual up-to-date.

2.72. The Committee feel that all important decisions given by the various Customs Authorities should also be published, periodically preferably every month and copies thereof made available on sale.

[LSS. O.M. No. 20|2|(i)|EC|79 dt. 30-4-1979.]

### **Reply of Government**

The Customs Tariff is published by the Directorate Commercial Intelligence & Statistics, Calcutta under the Ministry of Commerce who has been requested to bring out the tariff as a priced publication available to the trade. To avoid duplication the departmental issue brought out by this Ministry has not been put on sale.

Since on 2-8-76 a revised Tariff under the Customs Tariff Act 1975, based on CCCN, was brought into force, old exemption notifications were recast and reissued under the revised Tairff. All such notifications were compiled and a compendium of notifications was brought out both for the use of Department as well as trade. Thereafter, exemption notifications issued from time to time, apart from being published in the Gazette of India are also made available to the Trade by the Customs Houses in the form of public notices.

A Directorate of Publication has been set up with a view to improve the arrangements for making information available to the Trade. This Directorate will keep in view the recommendations of the Committee in regard to the publication of Customs Tariff Schedule, Customs Manual etc.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]

### **Recommendation Sl. No. 7 (Para 2.73)**

2.73. The Ministry have stated that they propose to set up a Directorate of Publications to improve the present system of dissemination of information regarding customs etc. The Committee would like this Directorate to be set up quickly. The proposed Directorate of Publications should, immediately after coming into being, review the present publications and decide on a rational basis as to what publications are essential and at what periodicity they should be brought out. The Committee would like to be informed of the action taken in this regard within six months.

[LSS. O.M. No. 20|2|(i)|EC.79 dated 30-4-1979.]

### Reply of Government

The Directorate of Publications has already been set up and action regarding review of the publications is proposed to be taken on the lines indicated by the Committee.

(M/o Finance O.M. No. 411/31-A/79/Cus. III dt. 4-12-79)

#### Recommendation Sl. No. 22 (Para 4.68)

4.69. A number of organisations of trade and industry have represented to the Committee that there is considerable delay ranging from 6 to 12 months in payment of refunds by the Customs Department. It has been suggested that there should be a time limit for disposal of refund claims. From the figures furnished by the Department the Committee find that as on 30 November, 1978 in the Collectorates of Bombay, Calcutta, Madras and Cochin there were 36 cases pending for more than a year, 594 cases pending for more than 6 months and 1040 cases pending for over 3 months. It has been stated by the Department that delay in payment of refunds is caused sometimes due to delay in receipt of documents from the appellant. The refund claims which are generally filed with all supporting documents are finalised within a reasonable period. A time schedule for finalising/appraising refund claims has been prescribed; according to the time schedule such claims have to be disposed of within approximately 90 days. The figure of pendency of refund cases in respect of major customs houses of Bombay, Calcutta, Madras and Cochin given above indicate that the actual schedule taken by the Customs Officers is far in excess of the time schedule prescribed by the Department. The Committee, agreeing with the Jha Committee, feel that the time has come when statutory time-limit should be fixed for grant of refund and if the statutory limit is exceeded, interest on the refund amount should be paid at appropriate rate from the date of expiry of the time-limit.

[L.S.S. O.M. No. 20|2(i)|EC|79 dt. 30-4-1979.]

### Reply of Government

Since fixation of a statutory time-limit would involve legislative action, it is felt that a decision on this recommendation of the Committee would be possible only when the new Government takes over. However, it may be mentioned that Board's instructions laying down time-limit for finalisation of refund claims has been reiterated. Copy of the instructions issued is enclosed\*—It may be added that the Board also keeps a careful watch over the finalisation of refund claims through monthly reports submitted by the Collectors.

(Min. of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79)

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\*Not Printed.

**Further information called for**

It has been stated that since fixation of a Statutory time-limit for grant of refunds would involve legislative action, it is felt that a decision on this recommendation of the Committee would be possible only when the new Government takes over.

The position with regard to final decision taken in the matter may be intimated.

[LSS O.M. No. 20/2(i)/EC/79 dated 6th May, 1980]

**Further Reply of Government**

The matter is still under consideration.

[Ministry of Finance (Department of Revenue), O.M. F. No.411/5/80/  
Cus. HI, dated 27-6-1980]

**Recommendation Sl. No. 28 (Para 4.101)**

4.101. The Committee note the recommendation made by the (Jha Committee) Indirect Taxation Enquiry Committee for modernising and strengthening the existing test laboratories. They are informed that Government have set up an Expert Committee in May/June, 1978 to modernise the Customs Laboratories and improve their working and efficiency. The said Committee is expected to submit its Report by June, 1979. The Committee would like to be apprised, in due course, of the recommendations made by the Expert Committee and the action taken or proposed to be taken thereon.

[L.S.S. O.M. No. 20/2(i)|EC|79 dt. 30-4-1979.]

**Reply of Government**

The recommendation of the Committee has been noted

[Min. of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-1979]

**Further Information called for**

Please state the present position of the submission of the report of the Expert Committee and action taken on its recommendations.

[L.S.S. O.M. No. 20/2/(i)/EC/79 dated 6th May, 1980]

**Further reply of Government**

40 copies of the report of the Expert Committee on the reorganisation of Central Revenues Laboratories are sent herewith.

The Expert Committee on CRCLs has made a large number of recommendations numbering about 167. Many of the recommendations have far reaching implications; some touching even the Pay scales of Central

Revenue Service personnel. An Empowered Committee has been set up to process the report and to examine the recommendations for their acceptance or otherwise. The Committee has commenced this work. In respect of various matters covered by the recommendations, consultation with other Departments/Ministries will also be necessary. The processing of the Report will, therefore, take time.

[Ministry of Finance O.M. No. 411|5|80|Cus. III, dt. 27-6-1979]

### **Recommendation Sl. No. 29 (Para 5.35)**

5.35. The Committee note that at present two sets of drawback rates are announced by Government viz., (i) industry rates applicable to the industry as a whole and (ii) Brand rates which are applicable to only specific manufacturers/exporters. The all industry rates are generally revised every year immediately after the budget and, if necessary, in between the year. These rate cover more than 80 per cent of the amount of drawback paid. The brand rates of drawback are fixed on the basis of the duties incurred by a particular manufacturer in the export of goods effected by him. A number of organisations have represented to the Committee that there is delay in fixing the rates. According to a non-official witness it has often *taken 2-3 years time for fixing the rates.* According to the Ministry no time-limit has been laid down in this regard as it is considered neither feasible nor practicable in view of various constraints including exporters' own difficulties. The Ministry have stated that *according to a sample study regarding the average time taken in the matter of fixation of brand rates, it takes on an average 515 days to determine a brand rate, of which 196 days are taken by the exporter to supply data and 319 days are taken in verification of data and final determination of rate.* In the Committee's opinion there can be no justification whatsoever for such a long delay and a procedure, which consumes so much time to determine the rate, cannot but be held utterly unsatisfactory, to say the least, and should have been changed long ago. The Committee strongly urge that *a radical and thorough overhaul of the procedure should not be delayed any longer.*

[L.S.S. O.M. No. 20|2(i)|EC|79 dt. 30-4-1979.]

### **Reply of Government**

Over 80 per cent of the total drawback claims are settled under the category of 'All Industry Rates' and within a period of 6 to 8 weeks. Only in respect of 15 to 20 per cent of the claim which are to be settled under the category of 'Brand Rates' delay occurs. It is this category of cases which the Committee is having in view.

2. Committee's directions have been noted and every effort is being made to reduce the time lag in the settlement of such drawback claims. A Panel of Officers had been appointed by the Government for simplification

and rationalisation of drawback system. The recommendations of the Estimates Committee has been sent to this Panel. It is hoped that the recommendations of the Panel of Officers would result in simplification of the existing procedure of rate fixation.

3. Action has been taken to considerably gear up the process of verification of the exporters' data at the field level and fixation of Brand Rate at the Ministry's level and it is hoped to considerably reduce the time taken in fixation of such rates.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]

#### **Further information called for**

Please state whether the Panel of officers appointed for simplification of drawback system has submitted their Report; if so, what action has been taken by the Government thereon.

[L.S.S. O. M. No. 20|2(i)|EC|79, dated 6th May, 1980.]

#### **Reply of Government**

The Panel of officers appointed for review of Drawback Procedures and Practices has since submitted its report which is under examination.

[Min. of Fin. (Department of Revenue) O.M. F. No. 411|5|80-Cus. dated 27-6-1979.]

#### **Recommendation (Sl. No. 30, Para No. 5.35)**

5.37. The Committee further recommend that the panel of officers which has been appointed by Government to go into the question of expediting settlement of drawback claims should be asked to draw up a detailed but simplified procedure to prescribe time-limit for examination of drawback claims at each stage so as to make it practicable for the Customs organisation to finalise all Drawback claims within the recommended period of three months.

[L.S.S. O.M. No. 20|2(i)|EC|79, dated 30-4-1979.]

#### **Reply of Government**

The above recommendation of the Estimates Committee has been forwarded to the Secretary of the Panel of Officers which was appointed by the Government to go into the question of expediting settlement of drawback claims and fixation of drawback rates.

[Min. of Finance O.M. No. 411|31-A|79|Cus. III, dated 7-11-79.]

#### **Recommendation (Sl. No. 31, Para 5.39)**

5.39. A suggestion has been made to the Committee that the established importers should be given free import licences for materials to be used

in the export goods. The importer should, running accounts basis, declare annually or half-yearly the import content of his exports and periodically submit utilisation statements backed by export details. This would avoid difficulty and delays experienced in the fixation of rates of drawback, and in getting the drawback amount. According to the Department this suggestion is quite useful in respect of those manufacturers who have an export manufacturing programme in hand. The department can fix provisional rate of drawback in advance pending verification of utilisation of materials. The payment can be made on export on this basis and accounts settled from time to time on the basis of running accounts series. The Committee are informed that this procedure is being implemented on experimental basis in one or two cases. The Committee suggest that the evaluation of this experiment may be made and the procedure with necessary improvements in the light of the experiment progressively extended to more and more items.

[L.S.S. O.M. No. 20/2(i)/EC/79 dt. 30-4-1979]

#### **Reply of Government**

In the case of a particular exporter an experiment was tried to determine a provisional rate of drawback based on the past exports and to fix the drawback rate on a revolving basis by continuous verification of data while the manufacturer is in progress and the periodically review the rates as and when additional and deletions of duty paid components take place. The evaluation of this experiment has not been completed yet as the Unit where this experiment was conducted had to close down for some time due to strike. Further action to extend this experiment will be taken in the light of the assessment of the results of the current experiments.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]

#### **Recommendation (Sl. No. 39, Para 6.42)**

6.42. Much of the delay in the revisionary proceedings could be reduced if adversary hearings were to be held. This would also give an opportunity to the Customs officials to present their case before the revising authority in person and would thereby obviate the delay caused in movement of files from place to place and would reduce post hearing delays.

#### **Reply of Government**

(1) The recommendations of the Estimates Committee contained in para 6.42 regarding adversary proceedings have been noted. This procedure would no doubt give an opportunity to the Customs Officers of the Department to represent their case before the revisionary authority in the presence of the petitioners and thereby give appearance of justice as nothing would be done at the back of parties. It would also thereby obviate post hearing delays caused in the movement of files from place to place for

further examination of the points urged by the petitioners before final orders are passed.

(2) In this connection attention is however invited to the Committee's recommendations in para 6.39 of the Committee's recommendations on the Central Excise side which will be equally applicable to Customs Revision Applications regarding setting up of Tribunals for disposal of revision applications. Adversary proceedings would be part and parcel of the Tribunal set-up recommended by the Committee.

(3) Consideration of implementation of the Committee's recommendation of introducing adversary proceedings for disposal of revision applications could therefore wait till action is taken on the Committee's recommendations regarding setting up of the Tribunals as referred to above. The question of introducing adversary proceedings in the context of the existing set up may accordingly arise only if recommendations referred to above fail to materialise and the existing machinery for the disposal of revision applications is not replaced by the set up recommended by the Committee.

[Ministry of Finance O.M. No. 411/31-A/79/Cus. III dated 4-12-79]

#### **Recommendation Sl. No. 53 (Para 8.54)**

8.54. The Committee note that as on 31 December, 1978, while the total stock of confiscated goods lying in the Customs godowns was of the value of Rs. 58 crores, the value of such goods ripe for disposal was only Rs. 7.5 crores. The value of confiscated goods disposed of during the last three years has been on the decline (Rs. 28.03 crores in 1976, Rs. 13.7 crores in 1977 and Rs. 6.03 crores in 1978) resulting in accumulation of larger stocks in the custody of customs organisation. Normally, goods seized or confiscated are not disposed of until all normal processes of adjudication, appeal and revision petition have been completed. The Committee have considered a suggestion that the seized and confiscated goods should not be kept till the appellate remedies are over. Instead the law should be so amended that it would empower the Government to dispose of certain confiscated goods even before the appellate remedy is over and the money realised should be held in deposit till the appeals are decided. In this regard, the Ministry have stated that the question of taking powers for early disposal of confiscated goods had been examined earlier and an amendment was proposed in the Customs Act, 1962. On reconsideration of the matter, particularly in view of the fact that the proposed amended law would result in deprivation of goods to the owner, it had been felt that the objective of early disposal of confiscated goods could perhaps be met by expediting the process of appeals and revisions under the Customs/Central Excise Laws. The Committee have examined elsewhere in this Report the procedures for departmental appeals and revision applications and have found that these procedures are still time-

consuming and have not been able to expedite disposal of appeals and revision applications. The extant procedure for dealing with seized goods and disposing of confiscated goods are also time-consuming. The long periods of storage not only result in avoidable expenditure on their storage but also result in losses and deterioration. The possibility of malpractices also cannot be ruled out. The Committee feel that if the rate of disposal of confiscated goods continue to decline as it has declined during the last three years, the accumulated stocks of confiscated goods would become unmanageable and will create numerous problems for the Government. The Government would do well therefore to take legal powers to dispose of seized and confiscated goods without waiting till appellate remedies are over and held the proceeds in deposit to be disposed of as required under the final decision.

[L.S.S. O.M. No 20/2(i)/EC/79 dt 30-4-1979]

### **Reply of Government**

The observations of the Committee have been noted. The question of taking legal powers for disposal of seized/confiscated goods without waiting for the appellate and revisionary remedies is being again examined in consultation with the Ministry of Law.

(Approved by the Additional Secretary to the Government of India).

[M/o Finance O.M. No. 411/31-A/79/Cus. III dt. 7-11-79]

### **Further information called for**

It has been stated that the question of taking legal powers for disposal of seized/confiscated goods without waiting for the appellate and revisionary remedies is being again examined in consultation with the Ministry of Law. Please state the outcome.

[L.S.S. O.M. No. 20/2(i)/EC/79, dated 6th May, 1980]

### **Further reply of Government**

The question of taking legal powers for disposal of seized/confiscated goods without waiting for the appellate and revisionary remedies is still under examination in consultation with the Ministry of Law.

[Ministry of Finance (Department of Revenue) O.M. No. 411/5/80  
Cus. III dt. 6-8-1980]

### **Recommendation (Sl. No. 75, Para 10.34 & Sl. No. 78, Para 10.38)**

10.34. The Committee note that at the Attari Railway Station, the train halts for about two hours to enable passengers to get down with their

bag and baggage for customs and immigration clearance. The passengers have to wait there perforce for about 2 to 2-1/2 hours irrespective of the fact whether the passenger goes through the customs and immigration formalities first or last. After getting immigration clearance the passengers carry their luggage with or without the help of porters, who charge high rates for taking the luggage to the Customs counters situated at the other end of the platform. After customs clearance, the passengers reload their luggage in the train and the entire process takes over 2 hours. The Committee have studied on the spot the existing arrangement at the Attari Railway Station for clearance of passengers and their baggage by customs, immigration and health authorities. These arrangements, the Committee regret to say, are wholly unsatisfactory and inadequate. The procedures are time-consuming and cause great hardship, physical as well as financial, to the large number of passengers. The solution to the passengers' problems lies in shifting the immigration and customs check-posts from Attari Railway Station to Amritsar Railway Station as was the case in the past.

10.38 With regard to the shifting of the clearance facilities from Attari Railway Station to Amritsar Railway Station, the Committee note that the Ministry of External Affairs have no objection to its shifting to Amritsar, but the Ministry of Home Affairs have not yet given their concurrence. The Committee are of the view that the location of customs checkpost at Attari Railway Station, where the arrangements to handle the international traffic are utterly inadequate is a very unsatisfactory arrangement. The Committee feel that, for the convenience of international passengers, the Immigration and Customs Checkposts should be shifted from Attari Railway Station to Amritsar Station after making suitable safeguards against smuggling and other unlawful activities. The Committee would like the Government to take an early decision in the matter.

[LSS O.M. No. 20/2(i)/EC/79 dated 30-4-1979.]

#### **Reply of Government**

The observations of the Committee have been noted and were discussed with the Ministries of Railways, Home and External Affairs in an inter-Ministerial meeting. Some difficulties in shifting the work to Amritsar were identified. The matter will be pursued further with the concerned Ministries for taking a final view in the matter.

[Ministry of Finance O.M. No. 411/31-A/79/Cus.III dated 7-11-79]

#### **Further Information called for**

Please state the outcome of the discussion of the question of shifting immigration and customs checkposts to Amritsar.

[L.S.S. O.M. No. 20/2(i)/EC/79 dated 6th May, 1980]

**Further Reply of Government**

The proposal for shifting the customs and immigration work to Amritsar is still under consideration. The Ministry of Railway is assessing the precise requirements of space and other arrangements including the cost of construction etc. with a view to finally give their consent to the proposal.

[Ministry of Finance (Department of Revenue) O.M. No. 411/5/80 Cus.  
III, dated 27-6-1980]

NEW DELHI;

S. B. P. PATTABHI RAMA RAO,

*December 2, 1980.*

*Chairman,*

*Agrahayana 11, 1902 (Saka).*

*Estimates Committee.*

## APPENDIX I

### Recommendation (Sl. No. 2)

**Action Taken Note on the Recommendations of the Estimates Committee (1978-79 6th Lok Sabha) in their 28th Report—Para 2.19.**

### Recommendation (Serial No. 7 of the Summary in Appendix II of the Report

2.19. The Committee also note that the Ministry have accepted the suggestion that excise notifications should be published in leading daily newspapers so that the assesseees can come to know of excise levies promptly. The Committee feel that publication of excise notifications in leading daily newspapers for general information can start immediately and this need not await the setting up of the Directorate of Publications.

### Action Taken

The recommendation of the Estimates Committee that publication of excise notifications in leading daily newspapers for general information can start immediately and this need not await the setting up of the Directorate of publication has been carefully considered but has not been found acceptable on account of the following reasons:—

- (i) Publication of the full text of notifications in the newspapers can be done only by way of advertisements which would be a quite expensive proposition. Publication of all the Excise notifications even in one English and one regional language newspaper is likely to cost about Rs. 90 lakhs in a year. Full coverage in newspapers will involve the Government in almost prohibitive expense. It is felt that this does not appear to be commensurate with the benefit likely to be derived by the public.
- (ii) Such advertisements will generally take 5 to 8 days to appear in the press from the date of receipt of the notifications in D.A.V.P. office.
- (iii) In view of (ii) above, publication of notifications in newspapers will not serve the desired purpose of quick transmission of information to the assesseees.

- (iv) Important notifications are even now given publicity by way of issue of press notes, and the substance of these usually does get published in newspapers.
- (v) Notifications (including exemption notifications) are published in the official gazette and also laid before the Parliament. (The official gazette is a priced publication available to the assessee).
- (vi) The Directorate of publication has already been set up and it should be in a position shortly to transmit the information quickly.
- (vii) Assessee/Chambers who want to avoid the time taken in transmission of the information by mail, can collect the notifications, etc., from the Directorate's office, at the end of the day. Arrangements for such delivery will be made in the Directorate.
- (viii) Notifications are even now supplied by the Central Board of Excise and Customs direct to a large number of Federations, Associations, Chambers of Industry, Members of the Customs and Central Excise Advisory Council who in turn are expected to pass on the information to their associate/constituent members.
- (ix) Notifications are sent to all Collectors who in turn send them to all their field officers and issue trade notices enclosing copies of notifications.

2. This issues with the approval of the Finance Minister.

[No. 223/41/79-CX-6]

**APPENDIX II**

**(Recommendation Sl. No. 18)**

F. No. 369/14/78-Cus. I

**CENTRAL BOARD OF EXCISE AND CUSTOMS**

*New Delhi, Dated the 8th January, 1979.*

To

All Collectors of Customs,  
All Collectors of Central Excise,  
Collectors of Customs and Central Excise,  
Cochin/Guntur/Ahmedabad.  
Dy. Collector of Customs,  
Vishakhapatnam/Goa.

Sir,

**SUBJECT:—Project Import Regulations, 1965—Execution of Indemnity Bond.**

The Board considers that only one bond would be necessary in such cases in case the value of the bond is sufficient to cover the subsidiary contracts which are in existence when the bond is executed. Necessary instructions in this regard may be issued by you to assessing officers under intimation to the Board.

Yours faithfully,

Sd/—

(P. K. KAPOOR)  
**DIRECTOR (CUSTOMS)**

## APPENDIX III

### (Recommendation Sl. No. 21)

Recommendations (Sl. No. 18 of the summary in Appendix II) of the 28th report of the Estimates Committee.

2.64. The Committee take notice of the almost unanimous demand from the trade and industry that in order to avoid confusion and disputes in classification of the excise tariff should be revised on scientific lines and realigned with the Customs Cooperation Council Nomenclature (C.C.C.N.) commonly called BTN (Brussels Tariff Nomenclature). Commenting on the structure of excise tariff, the working Group of Administrative Reforms Commission on Customs and Central Excise Administration (1968) had observed that "Central Excise tariff is a maze, overlaid with complexities and distorted by factors which are not germane to sound principles of taxation" and in its administration "opportunities abound for differential treatment and exercise of individual discretion, which could generate even into discrimination, abuse of power and corruption". The Committee note that the Indirect Taxation Enquiry Committee (1978)—Jha Committee—has endorsed the recommendation of the Tariff Revision Committee (1967) for adoption of BTN to the extent possible and has suggested that in doing so, it would be preferable to use the Indian Commercial or trade identity for describing the range of products where the latter is considered more appropriate. The Committee are informed that the customs tariff has been brought in line with the BTN and in regard to excise tariff, the Government had been taking the terminology from BTN and using it to the extent possible. The Central Board of Excise and Customs informed the Committee during evidence that "...it may be more advantageous if we have the wording with relation to Indian Standard Institution specification rather than BTN...".

2.65. The Committee are of the opinion that the scheme of classification for the purpose of Customs and Excise should be identical to avoid disputes in the levy of countervailing duty. And now when the customs tariff has already been restructured on the lines of BTN, there is no reason to delay the extension of BTN scheme to excise tariff. The Committee agree with the Jha Committee that in extending BTN to excise, Indian commercial and trade identity may be used for describing products where it is considered to be more appropriate. While revising the excise tariff the

ISI specification may also be kept in mind to see if and how these can be harmonised with BTN scheme. The aim should be to make the tariff as scientific and comprehensive as possible leaving little scope for confusion or doubt.

#### **ACTION TAKEN NOTE**

Government appreciates the need for a comprehensive and scientific tariff for excise purpose on the lines of CCC nomenclature. However, so long as the Customs tariff itself does not follow the C.C.C. nomenclature *in toto*, there seems little justification for making excise tariff more elaborate than the customs tariff.

In Government's view, there is no immediate need for recasting the excise tariff to align it more closely with the Customs tariff. Over a period of time, however, efforts would be made to bring the excise tariff as fully as possible, in line with the Customs tariff. In doing so the suggestion made by Estimates Committee for harmonising the ISI specification with the BTN scheme would be kept in view.

**APPENDIX IV**

**(Recommendation Sl. No. 27)**

F. No. 444/20/79-Cus. IV

**GOVERNMENT OF INDIA**

**CENTRAL BOARD OF EXCISE & CUSTOMS**

NEW DELHI, Dated the 22nd October, 1979.

**To**

All Collectors of Customs,  
All Collectors of Central Excise,  
Dy. Collectors of Customs,  
Vizag/Goa, Panaji.  
ACC, Kandla.

**Subject:—**33rd Report of the Estimates Committee, 1978-79 (6th Lok Sabha)—Para 4.100 regarding extension of facility for removal of major portion or entire quantity of goods pending test on execution of bond—

Sir,

I am directed to enclose the extracts of para 4.100 of 33rd report of the Estimates Committee, 1978-79 (6th Lok Sabha) on customs wherein the Committee have referred to the system under which pending test, goods are permitted to be cleared provisionally on execution of bonds or clearance of major portion of the consignment is allowed and have recommended that the facility of removal of major portion or entire quantity of goods should be extended to all cases where the importers are prepared to execute bonds.

2. The Committee's recommendations have been examined and it has been decided that the facility to removal of major portion or entire quantity of goods should be extended in all cases wherein the importers are prepared to execute bonds backed by bank guarantee or acceptable surety except in the following categories of cases where:—

(a) there are grounds for suspecting a deliberate fraud;

- (b) an attempt has been made to import totally banned goods;
- (c) prime facie there is ~~contravention~~ of the law indicating the need for ~~initiation~~ of ~~adjudication~~ proceedings;
- (d) substandard or ~~adulterated~~ goods not conforming to the standards prescribed in the Food Adulteration Act, the Drugs Act, the Insecticides Act, the Insects and Pests Act, the Trade & Merchandise Mark Act etc. are imported and clearance of which before ~~rectification~~ of defects may be injurious to human, animal and plant life or may not be in the public interest unless it can be ensured procedurally that the sub-standard, adulterated etc. goods do not go into consumption without the defect being rectified.

3. Receipt of this letter may please be acknowledged.

Yours faithfully,

Sd./-

(S. BASU)

Under Secretary

Central Boards of Excise & Customs

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Extracts of Para 4.100 of 33rd Report of the Estimates Committee  
(1978—79) (6th Lok Sabha) on Customs.

\* \* \* \*

4.100. ~~The Committee~~ note that in respect of consignments for which valid test reports do not exist, the goods are permitted to be cleared provisionally on execution of suitable bond by the importers. Facility for clearance of major portion of consignment pending test, is also extended in suitable cases. ~~The Committee~~ recommend that the facility for removal of major portion of entire quantity of goods should be extended with suitable safeguards to all cases where the importers are prepared to execute bonds which may be prescribed in this regard.

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**APPENDIX V**

**(Recommendation Sl. No. 32)**

F. No. 603|12|79-DBK.

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

**(Department of Revenue)**

New Delhi, the 31st July, 1979.

From

Shri K. Visawanathan,  
Director (Drawback).

To

All Collectors of Customs.  
All Collectors of Central Excise.

Subject :—Payment of excess amount of drawback —

Sir,

I am directed to say that it has been observed that in number of cases amount of drawback was paid in excess of what the exporter was entitled to and the excess amount had to be recovered from the exporters. While examining such cases you would no doubt keep in mind whether any malafide on the part of Officers was involved and if so, appropriate action should be taken against the officers (s) concerned. It is imperative that the excess amount of drawback paid to the exporters should be recovered from them at the earliest.

Yours faithfully,

Sd./-

(K. VISWANATHAN)

Director (Drawback).

## APPENDIX VI

### Recommendation Sl. No. 40

Action Taken Note on the recommendations of the Estimates Committee (1978-79) (6th Lok Sabha) in their 28th Report-Para 5.38.

#### Recommendation (Sl. No. 41, of the summary in Appendix II of the Report)

5.38. The Committee note that the arrears of excise duty have increased from Rs. 78 crores as on 31st March, 1974 to Rs. 154.67 crores as on 31-3-78. Although the progress in the liquidation of the arrears is reviewed by the Central Board periodically and special liquidation squads have been created in the Collectorates for making concerned drive to realise the arrears, the position instead of improving has deteriorated in the last two years. The Committee have been informed that out of Rs. 154.67 crores of Central Excise Arrears as on 31-3-78, the major portion viz. 111.09 crores (nearly 72 per cent) was accounted for by disputed demands and recoveries in such cases are not possible till the appeals, revision petitions or court cases are decided by competent authorities. In order to minimise cases of arrears involved in disputed demands, a suggestion has been made that before filing appeal revision application, the assessee should be given one of the two options, viz. (1) he may either pay duty claimed by the department first before filing appeal, revision application etc. and in case he wins the appeal etc. he may get back the amount with interest or (2) in the alternative he may be allowed to file the appeal without payment of the amount duty in dispute and in case he loses, he may be liable to pay duty with interest thereon. The Committee welcome this suggestion and recommend that Government may make a suitable provision in this regard in the excise laws with a view to discouraging frivolous and dilatory appeals|revision applications and expediting recovery of excise dues.

#### Action Taken Note

Recommendation made in para 5.38 has been examined. It may be stated that the provisions of section 129 of the Customs Act, 1962 providing for deposit of penalty and duty, during the pendency of an appeal, in cases where the goods are not in the control of the Department, had been made applicable to the Central Excise also, by issue of a notification under Section 12 of the Central Excises and Salt Act, 1944. However, consequent to the decision of the Supreme Court in the case of

A. S. Bawa, wherein it was held that Central Excise appeals cannot be rejected merely on the grounds that the duties have not been paid before the appeals are heard, the applications of section 129 of the Customs Act to Central Excise was withdrawn. It is proposed to incorporate a provision on the lines of section 129 of the Customs Act, 1962 in the Comprehensive Central Excise Bill which is under preparation.

2. As regards the recommendation regarding payment of interest either by the Department or the appellant it is felt that this may lead to increase in arrears of revenue. This is because the Government's rate of interest is invariably much lower than the current in the market for loans advanced by financial institutions and private parties. That being so, no appellant would like to pay his dues before filing an appeal, because he can retain the amount at a much lower rate of interest than that at which he would have to borrow money from the market. Moreover, making such a provision in the law will confer a right on the appellant not to pay his dues thus hampering the Department from enforcing recoveries till he has exhausted all the remedies available to him.

3. This issues with the approval of the Finance Minister.

## APPENDIX VII

(Vide Introduction to the Report)

Analysis of action taken by Government on the recommendations contained in the 33rd Report of Estimates Committee (Sixth Lok Sabha).

I.	Total number of recommendations. . . . .	86
II.	Recommendations/Observations which have been accepted by Government : <i>Vide</i> Recommendations Sl. No. 1 to 4, 8 to 12, 14 to 21, 23, 24, 27, 30 (Para 5.38) 32 to 35, 37, 38, 41 to 52, 54, 56, 58 to 74, 76, 77, 79, 80, 81, 83, 84 and 85.	
	Total No. . . . .	65
	Percentage . . . . .	75.6%
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies <i>Vide</i> Recommendations Sl. No. 13, 26, 55, 57, 75 (Para 10.35).	
	Total No. . . . .	5
	Percentage . . . . .	5.8%
IV.	Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee <i>Vide</i> Recommendations Sl. No. 25, 30 (Para 5.36), 36, 40, 82, and 86.	
	Total No. . . . .	6
	Percentage . . . . .	7.0%
V.	Recommendations/Observations in respect of which final replies of Government are still awaited <i>vide</i> Recommendations Sl. No. 5, 6, 7, 22, 28, 29, 30 (Para 5.37), 31, 39, 53, 75 (Para 10.34) and 78.	
	Total . . . . .	10
	Percentage . . . . .	11.6%