

# TENTH REPORT

## PUBLIC ACCOUNTS COMMITTEE (1998-99)

(TWELFTH LOK SABHA)

### UNION EXCISE DUTIES—PROVISIONAL ASSESSMENTS

MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)

*[Action Taken on 14th Report of Public Accounts Committee  
(11th Lok Sabha)]*



*Presented to Hon'ble Speaker on 26.04.1999  
Laid in Lok Sabha on .....  
Laid in Rajya Sabha on .....*

LOK SABHA SECRETARIAT  
NEW DELHI

*April, 1999/Vaisakha, 1921 (Saka)*

Price: Rs. 43.00

LC  
351.72225R  
N 8.10.3

**PARLIAMENT LIBRARY**

Central Govt. Publications

Acc. No. EC 1.02302 (4)

Date 29/10/99

© 1999 By LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Ninth Edition) and Printed by the Manager, P.L. Unit, Government of India Press, Minto Road, New Delhi.

## CONTENTS

		PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1998-99)		(iii)
INTRODUCTION .....		(v)
CHAPTER I	Report .....	1
CHAPTER II	Recommendations or observations which have been accepted by Government. ....	5
CHAPTER III	Recommendations or observations which the Committee do not desire to pursue in view of the replies received from Government. ....	23
CHAPTER IV	Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration. ....	81
CHAPTER V	Recommendations or observations in respect of which Government have furnished interim replies/no replies. ....	90
APPENDIX		
Conclusions and Recommendations .....		97
PART-II		
Minutes of the sitting of Public Accounts Committee held on 26.04.1999 .....		99

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(1998-99)

Shri Manoranjan Bhakta—*Chairman*

**MEMBERS**

*Lok Sabha*

2. Shri Prithviraj D. Chavan
3. Shri Ram Tahal Chaudhary
4. Smt. Bhavna Chikhaliya
5. Shri C. Gopal
6. Shri Vijay Kumar Khandelwal
7. Maj. Gen. B.C. Khandari
8. Prof. Ajit Kumar Mehta
9. Shri Rupchand Pal
10. Shri M. Rajaiah
11. Shri Ch. Vidyasagar Rao
12. Dr. T. Subbarami Reddy
13. Shri Prabhat Kumar Samantaray
14. Shri K. Natwar Singh
15. Prof. Saifuddin Soz

*Rajya Sabha*

16. Shri Md. Salim
17. Shri K.R. Malkani
18. Shri Satishchandra Sitaram Pradhan
19. Shri J. Chitharanjan
20. Shri Jayant Kumar Malhoutra
21. Shri Vayalar Ravi
22. Shri K. Rahman Khan

**SECRETARIAT**

1. Dr. A.K. Pandey — *Additional Secretary*
2. Shri P.D.T. Achary — *Joint Secretary*
3. Shri Devender Singh — *Deputy Secretary*
4. Shri Rajeev Sharma — *Under Secretary*
5. Shri B.S. Dahiya — *Assistant Director*

## INTRODUCTION

I, the Chairman, Public Accounts Committee having been authorised by the Committee to present the Report on their behalf, do present this Tenth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 14th Report (11th Lok Sabha) on Union Excise Duties—Provisional Assessments.

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 26 April, 1999. Minutes of the sitting form Part-II of the Report.

3. For facility of reference and convenience, the recommendations of the Committee have been printed in thick type in the body of the report and have also been reproduced in a consolidated form in the Appendix to the Report.

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

NEW DELHI;

26 April, 1999

6 Vaisakha, 1921 (*Saka*)

MANORANJAN BHAKTA,

*Chairman,*

*Public Accounts Committee.*

# REPORT

## CHAPTER I

This Report of the Committee deals with action taken by the Government on the observations/recommendations contained in their 14th Report (11th Lok Sabha) on Paragraph 1.03 sub-para 4 (i to iv) and sub-para 8 (i to v) of the Report of C&AG of India for the year ended 31 March, 1995, No. 4 of 1996, Union Government (Revenue Receipts-Indirect Taxes) relating to "Union Excise Duties—Provisional Assessments."

2. The 14th Report which was presented to Lok Sabha on 30.4.1997 contained 24 observations/recommendations. Action Taken notes have been received in respect of all the observations/recommendations which have been categorised as follows:—

- (i) Recommendations and observations that have been accepted by the Government:  
Sl. Nos. 10, 11, 19 and 23;  
(Paragraph Nos. 44, 45, 75 and 91)
- (ii) Recommendations and observations which the Committee do not desire to pursue in view of the replies received from the Government:  
Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 13, 17 and 24;  
(Paragraph Nos. 7, 19, 20, 21, 34, 35, 36, 37, 38, 59, 73 and 93)
- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration:  
Sl. Nos. 12 and 22;  
(Paragraph Nos. 48 and 88)
- (iv) Recommendations and observations to which the Government have furnished interim replies:  
Sl. Nos. 14, 15, 16, 18, 20 and 21.  
(Paragraph Nos. 62, 68, 69, 74, 82 and 85)

3. The Committee are anguished to note that the Ministry of Finance, Department of Revenue (Central Board of Excise and Customs) have not yet furnished final replies in respect of the observations/recommendations of

the Committee contained in Paragraphs 62, 68, 69, 74, 82 and 85 of the Report even after a lapse of about two years. The Committee deplore the same and desire that the final replies, duly vetted by Audit, be furnished at the earliest.

#### **Finalisation of cases of Provisional Assessments**

4. The Public Accounts Committee (1996-97) examined the Audit Review pertaining to cases of provisional assessments in the Commissionerates of Central Excise for the period 1992-93 to 1994-95 conducted in 1994-95 with particular reference to sub paragraphs 4 and 8 which dealt with the pace of finalisation of provisional assessments and monitoring. During the examination, the Committee found some shortcomings/discrepancies in the finalisation of the cases of provisional assessments such as furnishing of discrepant position of cases of provisional assessments, non-compliance of the instructions of the Board/Ministry, incorrect transfer of cases to call book, non enforcement of bonds/bank guarantees and total break down of the system prescribed for monitoring the cases of provisional assessments etc.

5. In the light of the discrepancies/shortcomings, the Committee had recommended fixing of responsibility of the officers including those in the Board/Ministry, comprehensive review of the whole system of reporting, compilation and publication of data relating to finalisation of cases of provisional assessments, framing of time bound programme for the disposal of pending cases and initiation of appropriate action to detect cases of collusion, special review of all the cases of provisional assessments transferred to the call book, stern action against officers responsible for irregular and incorrect transfer of cases of provisional assessments to call book, ensuring the efficacy of monitoring of cases of provisional assessments through keeping a constant and continuous watch, review of cases where bonds/bank guarantees were not executed and taking action against officers responsible for the lapses in not following rules/instructions scrupulously, special audit by C&AG in respect of cases mentioned in the Inspection Reports relating to Commissionerates of Central Excise Mumbai I, II and III, incorporation of suitable provision in the Central Excise and Salt Act, 1944 for (i) levy of interest on delayed payments arising out of finalisation of provisional assessments, (ii) prescribing an appropriate time limit for finalisation of the cases of provisional assessments, incorporation of pendency position of provisional assessments in the Annual Report of the Ministry of Finance and looking into the reasons for inadequate response to Audit paras etc.

6. The various observations/recommendations of the Committee and the action taken notes furnished by the Ministry thereon have been reproduced in the subsequent chapters of this Report. The Committee will now deal with the action taken by Government on some of their observations/recommendations.

### **Lapses in following rules/instructions in execution of bonds/banks guarantees**

7. The Committee had in their earlier report noted that out of the 7817 cases of pending provisional assessments relating to 1992-93 to 1995-96, bonds/bank guarantees were executed only in 6111 cases. What had caused further concern to them was that bonds/bank guarantees were enforced/encashed in 11 out of the 36 Commissionerates only for realising the differential duty from the defaulters consequent upon the finalisation of the provisional assessments. The Ministry of Finance did not furnish any explanation for the failure of the department in executing bonds/bank guarantees in a large number of cases and also in resorting to enforcement of bonds and encashment of bank guarantees from the defaulters. The Committee expressed their displeasure over this state of affairs and desired that all the cases referred to above should be reviewed by the Board and necessary steps taken to protect governmental revenue. They also desired that action should be taken against the officer responsible for the lapses in following the rules/instructions laid down in the matter of execution of bonds and bank guarantees. The Committee desired to be informed of the specific action taken in the matter.

8. The Ministry of Finance in their action taken reply stated that as a result of intensive review undertaken by the Central Excise Commissionerates the number of cases pending all over India where bonds and bank guarantees had not been obtained has come down from 245 as on 31.12.1996 to 104 on 30.9.1997. They have also stated that in most of these cases notices to show cause have been issued to safeguard the Government revenue. They have furnished the detailed Commissionerate-wise report of pending cases where bonds/bank guarantees have not been taken.

9. The Committee observe that as a result of intensive review undertaken by the Central Excise Commissionerates the number of pending cases where bond and bank guarantees had not been obtained came down from 245 to 104 as on 30.9.97 and in most of these cases notices to show cause have been issued to safeguard the Government revenue. But the Ministry of Finance are silent about the action to be taken against the officers responsible for the lapses in following the rules/instructions laid down with regard to execution of bonds and bank guarantees. The Committee reiterate their earlier recommendation and desire that action should be taken against the officers for not following rules/instructions in the matter. They would like to be informed of the action taken in the matter.

**Need to incorporate pending position of provisional assessments in Annual Report**

10. The Committee had in their earlier Report desired that the age-wise/category-wise details of cases of provisional assessments pending alongwith the differential duty involved should be incorporated in the Annual Report of the Ministry of Finance relating to the financial year 1997-98 onwards.



11. The Ministry of Finance in their action taken reply stated that the directions of PAC have been noted. Accordingly, the action to incorporate the data in the Annual Report of the Ministry of Finance is being taken.

12. The Committee are pleased to note that the Ministry of Finance, on the basis of the recommendations of PAC, incorporated the data relating to the pending provisional assessments in the Annual Report for the year 1997-98 but they are surprised to note that the Annual Report of the Ministry for the year 1998-99 has no mention of the pending provisional assessments. They reiterate their earlier recommendation and desire that the details of cases of provisional assessments pending alongwith the differential duty involved should be incorporated in the Annual Report of the Ministry henceforth invariably.

## CHAPTER II

### RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

The Committee find that 450 cases of provisional assessments involving a total differential duty of Rs. 962.86 crores were transferred to the call book as on 31 December 1996. Significantly, these cases were neither included earlier in the details of the pending cases of provisional assessments nor were the data relating thereto separately available with the Board/Ministry. During evidence the Chairman, Central Board of Excise and Customs admitted that there had been instances where cases of provisional assessments kept pending for want of reports from laboratories were even transferred incorrectly to the call book. Undoubtedly, the present manner of transfer of cases to call book is not satisfactory. In fact, such transfers raise doubts regarding the manner of disposal of some of the provisional assessment cases themselves from the list of outstanding cases. What is further surprising is that although the Board had issued instructions to the Commissioners to review the cases transferred to call books on a monthly basis, the Committee's examination revealed that no such review had actually been done nor had the Board bothered to monitor the fate of those instructions. The Committee are unhappy with this situation. They desire that a special review of all the cases of provisional assessment transferred to the call book should be immediately undertaken and follow up action taken in order to ensure that the prevalent instructions have been complied with and proper revenue is collected. The Committee also desire that the Ministry should take stern action against officers responsible for irregular and incorrect transfer of cases of provisional assessments to the call book. The Ministry should further review the system of transfer of cases to the call book and ensure that all such cases are transferred strictly in terms of the instructions and are properly subjected to the prescribed periodical review both by the Commissioners as well as the Board.

[Sl. No. 10 Para 44 of 14th Report (11th Lok Sabha)]

#### Action Taken

Special review of all cases of provisional assessment transferred to call book has been done. Also review at Division/Commissionerate level is being conducted periodically. The cases are taken out of call book as and when they become ripe for disposal.

It is stated that no case of irregular/incorrect transfer of cases to call book warranting fixation of responsibility has been reported. The total number of call book cases as on 31.12.1997 is 407 involving duty amount of Rs. 1137.02 crores (Approximately). Details of call book cases may be seen at Annexure-IX.

(Approved by the Addl. Secretary)  
F.No. 234/2/97-CX. 7

## ANNEXURE-IX

Statement showing call book cases of provisional assessment pending as on 31.12.1997—Age-wise and Category-wise Break up (para 7, 37, 88)  
(Amt. Rs. in lakhs)

	Upto 6 months		Above 6 months & upto 1 years.		Above 1 yrs. & upto 2 yrs.		Above 2 yrs. & upto 3 yrs.		Above 3 yrs. & upto 10 yrs.		More than 10 yrs.		Total
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	
(A) Where assessee is unable to produce document or information necessary for the assessment;	1	—	14	432.00	15	3.66	21	140.39	17	14.24	2	—	70 Rs. 590.29
(B) Where results of Chemical or any other test required for the purpose of assessment are awaited.	—	—	1	—	—	—	2	25.11	16	1295.00	2	—	21 Rs. 1320.11
(C) Where further Inquiry is required in progress.	—	—	—	—	—	—	—	—	—	—	—	—	—
(D) Others, (Including cases linked with other court cases, specify).	2	—	26	1.41	21	787.81	15	738.65	200	101019.93	52	9244.37	316 Rs. 111792.17

GRAND TOTAL NO. OF CASES = 407  
GRAND TOTAL OF AMOUNT = 113702.57  
(Rs. in lakhs)

The Committee also desire that in future while exhibiting the details of the cases of provisional assessment pending, such cases which have been transferred to call book should also invariably be shown alongwith the relevant data. The Committee would like to be informed of the precise action taken in the matter.

[Sl. No. 11, para No. 45 of 14th Report of PAC (11th Lok Sabha)].

#### **Action Taken**

It is stated that the cases are being transferred to Call book as per the instructions of Ministry vide Circular No. 162/73/95-CX dated 14.12.95 (F.No. 101/20/93-CX. 3) (copy enclosed Annexure-X) and DGI F.No. 585/2/96 dated 29.8.96 (copy enclosed Annexure-XI). Further, cases transferred to Call book are being shown in the Monthly Technical Report (MTR).

## CIRCULAR NO. 162/73/95-CX

F.No. 101/20/93-CX. 3

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise &amp; Customs

New Delhi, the 14th December, 1995

To

- All Chief Commissioners of Central Excise & Customs.
- All Commissioners of Central Excise & Customs.
- All Commissioners of Central Excise.
- All Commissioners of Customs.
- All Commissioners of Central Excise & Customs (Appeals).
- All Commissioners of Central Excise (Judicial).
- All Commissioners of Customs (Judicial).

Sir/Madam,

**SUBJECT :—**Checks on delays—Maintenance of Call Book instructions—regarding.

Kindly refer to the instructions contained in the Board's D.O. letter F. No. 1101/2/92-CX. 3 dtd. 4th March, 1992 directing that a case should be transferred to the Call Book with the approval of Commissioner/Commissioner (Judicial) DC etc. as the case may be. It is further stated that Board's Circular No. 53/90-CX. 3 dated 6.9.1990, specifies the circumstances under which a pending case can be transferred to Call Book. As per the extracts of the Manual of Office Procedure enclosed with the said circular "It's current case has reached a stage when no notion can or head be taken to expedite its disposal for at least 6 months (a.g. cases held up in law courts) it may be transferred to the Call Book with the approval of the Competent Authority."

2. The Commissioner, Customs & Central Excise, Delhi has requested for inclusion of certain categories of cases for transferring these into Call Book. The matter has since been examined by the Board and it is clarified that only the following categories of cases can be transferred to 'Call Book' viz.

- (i) Cases in which the department has gone in appeal to the appropriate authority.
- (ii) Cases where injunction has been issued by Supreme Court/High Court/CEGAT, etc.
- (iii) Cases where audit objections are contention.
- (iv) Cases where the Board has specifically ordered the same to be kept pending and to be entered into the Call Book.

**F.No. 585/2/96  
DIRECTORATE GENERAL OF INSPECTION  
CUSTOMS & CENTRAL EXCISE  
NEW DELHI**

**Dated : 29.8.96**

To  
**Commissioners of Central Excise (All).**

Sir,

**SUBJECT :—Monitoring the pendencies/disposal of Provisional Assessments.**

1. A review of the Provisional Assessments pending in the Central Excise Commissionerate was conducted by the C & AG, covering the period 1992-93, 93-94 and 94-95.

1.1 The results of the review, in the form of a Draft System Appraisal on Provisional Assessments, which was proposed for inclusion in the Report of the C & AG for the year ending 31.3.95, were forwarded by the Principal Director (INDT) to the Chairman, Central Board of Excise and Customs, pointing out various irregularities noticed in the review.

2. The Appraisal has, inter-alia, made specific comments about the non-maintenance of proper records relating to Provisional Assessment at Divisional level, the failure of the Internal Audit Department to undertake timely reviews and has also highlighted the inadequate monitoring of the pending cases by the Directorate of Inspection. C & AG has further observed that cases pending for more than six months have not been analysed and no action has been taken for finalising the pending cases in several of the Commissionerates. The report also highlights the incomplete data available in the MTR for effective monitoring.

3. It is observed that while the Central Excise Rules have not prescribed any time limits for finalisation of Provisional Assessment cases, nevertheless, executive instructions do exist prescribing such limits. Vide the following instructions, viz.,

- i. F. No. 202/14/75 CX. 6 dated 4.3.76.
- ii. F. No. 202/11/73 CX. 6 dated 29.8.73.
- iii. F. No. 202/17/72 CX. 6 dated 10.1.73.
- iv. F. No. 202/17/72 CX. 6 dated 4.9.72.

The Board had directed that Provisional Assessments should be finalised within three months and not in any case later than six months.

4. It is understood that the Divisional Offices were maintaining detailed records of Provisional Assessment. Till some years back the

Commissionerates were sending detailed Quarterly Reports on Provisional Assessment to this office, but they were apparently discontinued during rationalisation process. Presently, the Monthly Technical Report contains a brief mention of the pendency of Provisional Assessment without indicating either the amount or the issues involved herein. I had requested the Commissioners to suitably amplify the column in the MTR to include the above information. It is requested that the information pertaining to Provisional Assessments in Part IV of the MTR may please be furnished as per the format in Annexure-II.

5. You may also impress upon the Divisional Officers the need for closely monitoring the pendency of Provisional Assessment cases through a register maintained in a proper format. The Board had prescribed such a format in 1970. However in order to make it more comprehensive, the register may be maintained in the format enclosed as Annexure-I. All cases pending in the Division should be incorporated age-wise and the register kept updated every month.

6. Lastly, as there is a constant and real danger that, with an eye on quick disposals, pending Provisional Assessment cases would be transferred to Call Book, Commissioners have been asked vide my D.O.F. No. 381/38/94 Pt. I dated 14.2.96 to review all cases in Call Book to ensure that these are correctly covered under the parameters stated in Board's letters F. No. 110/12/90 CX 3 dated 6.9.90, F. No. 101/2/92 CX 3 dated 4.3.93 and F. No. 162/73/95 CX dated 14.12.95. A monthly review of all cases in Call Book should be conducted by the Commissioners and reflected in the MTR.

7. The above instructions, and revised formats should be strictly complied with. Additional information should be reflected in the MTR of September 1996.

8. Kindly acknowledge receipt.

Yours faithfully,

Sd/-

(A. M. PRASAD)

Director General of Inspection

The Committee have been informed that the Director General of Inspection (Customs and Central Excise) has been asked by the Ministry to undertake a thorough comprehensive study of the provisional assessments. The Committee would like to be informed of the findings of the study and the follow up action taken thereon.

[Sl. No. 19 para No. 75 of 14th Report of PAC (11th Lok Sabha)]

#### Action Taken

The report of DGI has recently been received. The observations in the study are briefly as under:—

1. That due to concerted efforts made by the different Commissionerates, a considerable number of provisional assessments cases have been finalised and duty recovered.



2. That it has been reported that no financial accommodation has been provided to the assesseees due to collusion of officers.
3. As on 31.12.96, 245 cases were pending all over India where Bond and Bank Guarantees had not been obtained. Due to an intensive review undertaken by the Central Excise Commissionerates the number of such cases has now come down to almost NIL as on 31.12.97. It needs to be pointed out that in cases where Bonds and Bank Guarantees are not executed, the revenue has been safeguarded by issuing Show Cause Notices answerable within the stipulated time. Calcutta-I Commissionerate has reported that in 10 call book cases the Bond particulars are not available with them. However, as reported by them almost all these cases are locked up with different Appellate authorities.
4. "It is also the considered view of this Directorate that the existing instructions with regard to monitoring of the pendency are quite adequate. No further instructions are required in this regard. However, in order to make more correct and accurate data available on a monthly basis, the DGICCE has proposed a detailed proforma in the MTR, for reporting provisional assessments".
5. That as "it would be evident from a perusal of the comprehensive study the number of pending provisional assessments as on 31.12.97 has undergone considerable reduction. The amounts due to the Government which are locked up in provisional assessments have also been considerably reduced. It would be evident that due to keen interest taken by all concerned, the over all picture appears to be promising. This has been possible because of strict monitoring and persistent reminders to the various field formations from the DGICCE and the Directorate of Audit that now the over all picture appears to be looking up."

From the above observation of the study, it is apparent that there has been substantial improvement in finalisation of provisional assessments.

The Committee desire that the Ministry of Finance should thoroughly look into the high level of pendency of RT12 assessments with a view to ascertaining whether any revenue loss had occurred due to operation of time bar arising out of the delay in finalisation and also taking effective steps to ensure that such assessments are completed in time.

[Sl. No. 23, Para No. 91 of 14th Report of PAC (11th Lok Sabha)]

**Action Taken**

- ▶ No revenue loss has been reported and the pending RT-12 are being assessed on priority basis.

(Approved by the Addl. Secretary)

F. No. 234/2/97-CX.7

2. Further, the Board has issued Circular No. 288/4/97-CX dated 14.1.97 (copy enclosed) Annexure-I where it has been provided that officers of the Central Excise must finalise the cases of provisional assessment within a period of three to six months. All the cases where provisional assessments are not finalised within three months, should be reported to Commissioner, indicating the name of the unit, grounds, reasons for non-finalisation, amount of differential duty involved and whether bond and security are sufficient to cover the differential duty for future clearances. In addition, a system of strict monitoring of provisional assessment cases has already been prescribed in Board's Circular No. 297/13/97-CX dated 18.2.97 (copy enclosed) Annexure-II. A fresh instruction has again been issued vide Circular No. 382/15/98-CX dated 19.3.98 (copy enclosed). Annexure-III.

**Circular No. 288/4/97-CX**

F. No. 202/2/97-CX.6  
Government of India  
Ministry of Finance  
Department of Revenue

New Delhi, the 14th January, 1997.

To,

All Chief Commissioners of Central Excise  
All Commissioners of Central Excise  
All Commissioners of Central Excise (Appeal)  
All Commissioners of Central Excise (Judicial)  
All Directors General  
The Comptroller and Auditor General of India  
DDG, National Informatics Centre

**SUBJECT: Central Excise—Provisional Assessment—Procedure & Monitoring System—reg.**

Sir,

Consequent upon introduction of self assessment system, amendments in Rule 9B has been affected by Notification No. 36/96-CE(NT) dated 20.11.96 to align it to the new system. The assessee may request for provisional assessment in two situations:

- (1) Where the assessee is unable to determine the value of excisable goods in terms of Section 4 of the Act on account of non-availability of any document or any information; or
- (2) Where the assessee is unable to determine the correct classification of the goods while filing the declaration under Rule 173B.

1.1 The proper officer may also direct for resorting to provisional assessment in case he finds that self assessment is not in order and he decides to conduct further enquiry.

1.2 A 'deeming' provision has been made to the extent that from the date of filing of request for provisional assessment to the date of decision of proper officer, the assessment will 'deemed to be provisional', so as to enable the assessee to furnish is 'provisionally' assessed return within the stipulated time frame.

1.3 It has also been provided that notwithstanding the provisions of self assessment, the final assessment in such cases will be made by the proper officer.

2. In order to streamline the procedure and to have effective monitoring system, it has been decided to prescribe the following guidelines:

2.1 'Provisional Assessment' should be resorted to sparingly and normally as a last option. The dispute regarding classification and valuation should be settled first of all by personal discussion with the highest levels of the assessee's management and where unavoidable, by way of adjudication proceedings.

2.2 Provisional Assessment can be ordered only under circumstances mentioned in Rule 9B read with Rule 173B & 173C(5).

2.3 Wherever an assessee finds that final assessment is not possible, (in situations mentioned in Rule 9B only) he will make a detailed request to the Divisional Assistant Commissioner of Central Excise, indicating:

- (a) Specific grounds, and the documents or informations, for want of which final assessment cannot be made.
- (b) Period for which provisional assessment is required.
- (c) The rate of duty or the value or both, as the case may be, proposed to be applied by the assessee, for Provisional Assessment.
- (d) Undertakes to appear before the Assistant Commissioner within 7 days or such date fixed by him, and furnish all relevant information and documents within the time specified by the Asstt. Commissioner in his order, so as to enable the proper officer to finalise the provisional assessment.

2.4 On receipt of the request, the Assistant Commissioner will immediately examine it, if necessary, in consultation with the concerned Range Officer, to ascertain whether Provisional Assessment is necessary at all. If the reasons/grounds are not sufficient, he may ask the assessee to appear before him on an appointed day and time, and if he is satisfied that Provisional Assessment is not necessary, he may pass a reasoned order rejecting the same, and also ordering the rate of duty or the value, to be applied by the assessee. Accordingly, any Provisional Assessment made under the deeming provision, should also be finalised immediately.

2.5 Where proper officer is satisfied that the assessee has correctly requested for resorting to provisional assessment, he will issue a specific order directing Provisional Assessment clearly stating:—

- (a) The grounds on which Provisional Assessment has been ordered.
- (b) The rate and/or value, as the case may be, at which duty is to be provisionally paid.
- (c) The amount of differential duty for which bond is to be executed, covering the period, if any, during which assessee paid duty

provisionally under the deeming provisions, after applying the rate and/or value specified in (b) above.

- (d) The amount of security or surety as may be fixed by Assistant Commissioner keeping in view the instructions issued by the Board from time to time.

2.6 The RT-12 returns and documents covered under Provisional Assessment may be marked by the assessee as "PROVISIONALLY ASSESSED vide Order No.....dated..... ."

2.7 Provisional assessment should be finalised within a maximum period of 3 to 6 months. All the cases where provisional assessment are not finalised within 3 months, should be reported to Commissioner, indicating the name of unit, grounds, reasons for non-finalisation, amount of differential duty involved, and whether Bond and security are sufficient to cover the differential duty for future clearances.

3. Though it is incumbent upon the assessee to ensure that the bond amount and corresponding securities are sufficient, the Divisional as well as the Range Officers will keep a strict vigil on such cases with the help of 'Provisional Assessment Register'—in the format (Copy enclosed as Annexure-I) prescribed by DGI vide letter F. No. 585/2/96—dt. 29.8.96. Divisional MTR should also correctly reflect the position of provisional assessment.

3.1 The Commissioner will personally monitor the cases beyond three months and specially those pending beyond 6 months and make all out efforts for early finalisation of cases involving large amounts and those being kept pending unnecessarily. It is seen that a large number of cases are pending for want of information from the assessee, for want of test report or further enquiry. Cases pending for want of information from the assessee should be finalised by giving one month's notice to the assessee as per existing instructions. Those pending for want of test report should be discussed every month with Deputy Chief Chemist for early finalisation. Those pending for want of enquiry must be finalised within 6 weeks.

3.2 Call book cases where issues are pending with CEGAT/Court etc. should not be included in the pendency but their details should be given separately on a separate sheet so that these are not lost sight of.

3.3 The Assistant Commissioner will be held responsible to ensure that bonds for proper amount i.e., 3 times of the estimated differential duty are taken, in case of general bonds and that these are backed by proper (25%) security/bank guarantee.

3.4 As regards bond with surety, the practice of two persons standing surety for each other must be stopped and in other cases solvency of the surety should be verified every year.

4. Reports/Information prescribed by DGICCE must be supplied with MTRs.

5. The thrust should be on identifying and monitoring long pending issues. Also the cases involving amounts of over 1 Crore must be identified and pursued vigorously for being finalised in a time bound manner on a priority-basis by personal attention by the Commissioners.

6. Receipt of this Circular may please be acknowledged.

7. The trade and field formations may be suitably informed.

8. Hindi version will follow.

Yours faithfully,

Sd/-  
(P.K. Sinha)  
Under Secretary (CX. 6)

**ANNEXURE-I**  
**FORMAT OF PROVISIONAL ASSESSMENT REGISTER TO BE MAINTAINED IN CENTRAL EXCISE**  
**DIVISIONAL OFFICE**

Assessee	Date of P.A. Order	Issue involved	Valuation/Classification/other (specify)	Recurring/Non-recurring	Whether Bank Guarantee furnished	Bond/ Guarantee furnished
(1)	(2)	(3)	(4)	(5)	(6)	(6)

Details of B.G. (Rs. —) Valid upto on (a) (b)	No. of RT 12s involved (a) (b)	Month (a) (b)	Diff. Duty	Reasons for pendency	Date of transfer to Call Book at Sl. No.	Date of finalisation	Remarks
(7)	(8)	(9)	(10)	(11)	(12)	(12)	(12)

**For Departmental Use Only**  
**Circular No. 297/13/97-CX**  
F. No. 224/04/96-CX.6  
Government of India  
Ministry of Finance  
Department of Revenue

New Delhi, the 18th Feb., 1997

To,

All Chief Commissioners of Central Excise  
All Commissioners of Central Excise  
All Commissioners of Central Excise (Appeals)  
All Commissioners of Central Excise (Judicial)  
All Commissioners of Customs  
All Directors General  
Comptroller and Auditor General of India  
DDG, National Informatics Centre.

**SUBJECT:** Provisional Assessment—Correct Reporting of figures/data in reference to Examination of Para 1.03 sub-para 4(i to iv) and sub-para 8 (i to iv) by Public Accounts Committee on the report of C&AG of India for the year ended 31.3.95 (No. 4 of 1996), Union Government (Revenue Receipt—Indirect Taxes) relating to pace of finalisation of provisional assessment and monitoring—Regarding.

Sir,

I am directed to refer to the above subject and to the data furnished to C&AG in this regard. It appears that divergent criteria were adopted by different wings of the same Commissionerate, namely Audit Wing, Technical Wing etc.. The data furnished by the Directorate of Audit and the Directorate General of Inspection were also found to have varied. Besides, huge pendencies have been reported inspite of Board's instruction that provisional assessments should be finalised within a period of 6 months. In order to prevent recurrence of such variations in reporting the figures and with a view to have effective monitoring of the progress of finalisation of provisional assessment, the following steps should be taken in addition to the strategy adopted by each Commissionerate:—

- (i) A computerized software should be developed to cover all aspects of provisional assessment including the details of bonds/bank guarantee and bringing forward the differential amounts in consecutive RT-12 Return so that strict watch could be kept on the pendencies and progress of disposal of these cases by the officers of supervisory levels.



- (ii) The Technical and Audit Wings at the Commissionerate's Headquarters which are normally headed by senior officers, viz., Additional Commissioners/Deputy Commissioners, should hold joint pendencies meeting every month to avoid communication gap and to improve coordinated functioning.
  - (iii) The Divisional Officers will certify on Monthly Technical Report (MTR) that the register of provisional assessment is being maintained up-to-date.
  - (iv) Each Commissioner should hold a monthly meeting with the Divisional Assistant Commissioner, Assistant Commissioner (Audit), Addl. Commissioner/Deputy Commissioner (Tech.) and Addl. Commissioner/Deputy Commissioner (Audit) to review the pendencies of various items of work including provisional assessment. The decision should be minuted and the action taken should be reviewed in the next months's meeting.
2. Receipt of this Circular may please be acknowledged.
  3. Hindi vcrsion will follow.

Yours faithfully,

Sd/-  
(P.K. Sinha)  
Under Secretary (CX. 6)

Circular No. 382/15/98-CX  
F. No. 224/4/96-CX.6 (Pt.)  
Government of India  
Ministry of Finance  
(Department of Revenue)  
Central Board of Excises Customs  
New Delhi, the 19th March, 1998

To,

All Chief Commissioners of Central Excise  
All Commissioners of Central Excise  
All Commissioners of Central Excise (Appeals)  
All Commissioners of Central Excise (Adjn.)  
All Directors General (RI, AE, CEIB, ST, NACEN, VIG.)  
Comptroller and Auditor General of India, New Delhi.

SUBJECT: Time-limit for finalising provisional assessments Regarding—

Sir,

I am directed to say that the Public Accounts Committee of the 11th Lok Sabha in 14th Report (1996-97) have gone through the problem of pendency of provisional assessment cases in Central Excise and have made recommendations, *inter-alia*, making specific provisions prescribing, time-limit for finalisation of provisional assessment cases. They have also expressed concern that in many cases in the past, the provisional assessments were made without taking requisite bonds with securities or in many cases the bonds were not enforced or in yet other cases, the bank guarantees were not renewed. In this regard, they have recommended for strict monitoring, ensuring adherence to instructions and in case of failures on the part of the field officers, to fix responsibilities. These recommendations have been considered by the Government. The legislative changes may require detailed examination. In the meanwhile, the following instructions should be followed scrupulously:—

- (1) All cases of provisional assessment must be finalised within a period of 6 months from the date of issue of the order of provisional assessment.
- (2) In case provisional assessment cannot be finalised within a period of 6 months, an extension of another 6 months can be granted by the Commissioner.
- (3) Where assessment cannot be finalised within a period of aforesaid one year, a further extension can be granted by the Chief Commissioner for a period as he may find reasonable.

- (4) The Chief Commissioner can grant subsequent extensions depending on the merit of the case.
  - (5) As the time of granting extensions, the Commissioner or the Chief Commissioner, as the case may be, will satisfy himself that there are sufficient reasons for granting extensions and will also monitor such cases.
  - (6) The officers issuing orders for provisional assessments or granting extensions, must ensure that sufficient efforts were made to make available/obtain information for want of which the assessments were made provisional. The officers will also ensure that all the clearances under provisional assessments are covered by sufficient bond backed by proper security. The validity of securities must be examined at the time of granting extensions and should be ensured that such securities are valid for the entire period for which extension is granted.
  - (7) The concerned Range Officers as well as Assistant Commissioners will ensure renewal of bank guarantees and in case the assessee fails to comply with the directions for renewal, strict action may be taken against them in consultation with the Senior Officers, including refusal of clearances under provisional assessments.
  - (8) As soon as the assessments are finalised, necessary adjustment should be made within a period of 15 days and in case of any delay on the part of the assessee, the bond/securities must be enforced/encashed to safeguard the revenue.
2. Circular No. 288/4/97-CX dated 14.1.97, which contains the detailed procedure on provisional assessments, stand modified to the above extent.
  3. Receipt of this Circular may please be acknowledged.
  4. The trade and field formations may be suitably informed.
  5. Hindi version will follow.

Yours faithfully,

Sd/

(P.K. Sinha)

Under Secretary (CX. 6)

### CHAPTER III

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

The Committee note from the Audit paragraph that during the years 1992-93 to 1994-95, the number of cases of provisional assessments of central excise duty had increased in 30 Commissionerates from 7720 to 14384 of which 35 per cent were pending for three years and more. The amount of differential duty involved in the cases in respect of 25 Commissionerates also went up from Rs. 2001.68 crores to Rs. 4057.17 crores during the above period. The percentage of cases settled with reference to the number of cases added was 47.38 & 58 during the years 1992-93, 1993-94 and 1994-95 respectively. The Committee are deeply concerned about the extent of pendency and are constrained to observe that the Ministry of Finance (Department of Revenue) have failed in ensuring scrupulous implementation of their instructions to the field formations for finalisation of provisional assessment cases within the period stipulated by them.

[Sl. No. 1, Para No. 7 of 14th Report of PAC (11th Lok Sabha)]

#### Action Taken

As against 2157 number of provisional assessment cases pending on 31.12.96, the number of cases as on 31.12.97 has come down to 1291. The number of provisional assessment cases received during the period 31.12.96 to 31.12.97 was 688 whereas the disposal of provisional assessment cases during the same period was 1554.

From the above, it is clear that the pace of disposal of provisional assessment cases is much more than the receipt of cases. The work of finalising of provisional assessment cases is being accorded priority.

The Committee are surprised to note that the position of pendency of cases of provisional assessments revealed by the Directorate of Audit, Directorate of Inspection, both functioning under the central Board of Excise and Customs was entirely different. Surprisingly, these figures were at gross variance with those furnished by the Ministry of Finance to the Committee which in turn, differed altogether from the data exhibited by the Directorate of Statistics and Revenue Intelligence in their publication "Central Excise Formations At a Glance 1994-95". The anomaly of this tragedy in the candid opinion of the Secretary, Ministry of Finance (Department of Revenue) was compounded by the fact that the source of information happened to be the same. The Committee cannot but express their serious concern over this poor spectacle of affairs in the prime revenue earning Department of the country.

While admitting the discrepancies in the figures of provisional assessments as a "serious slippage", the Ministry of Finance attributed the same to non-maintenance of proper registers at Range/Division levels, different ways of reporting of the pendency by the officers, lack of awareness on the part of the officers about the Board's instructions, clerical errors etc. In the opinion of the Committee, these reasons themselves tantamount to a self-admission of dereliction of duty by all concerned. This is also indicative of the scant attention paid by the authorities concerned at all levels including the Board/Ministry in the compilation and publication of such vital data having important bearing in the collection of Central Excise Revenue. The Committee deplore the same and desire that responsibility of the officers including those in the Board/Ministry should be fixed for the gross negligence and dereliction of duty.

(Sl. Nos, 2,3, Paras 19, 20, of 14th Report of PAC (11th Lok Sabha)

#### Action Taken

It may be noticed that due to wrong appreciation of provisional Assessment cases, incorrect reports had been sent from Ranges to Divisions and thence to the Commissionerate Hqrs. over a period of time, which led to discrepant reporting of provisional Assessment cases. This was also due to clerical errors, lack of awareness on the part of some of the officers about the instructions of the Board, non-maintenance of proper provisional assessment registers etc. In some ranges/Divisions/Commissionerates the Provisional Assessment figures were based on number of RT 12 returns assessed provisionally while in others these were based on the number of assessees involved in Provisional Assessments or on number of Provisional Assessment orders issued under Rule 9B of Central Excise Rules, 1944. Non-resorting to cross checking at the levels of Ranges, Divisions, Commissionerates and at higher levels also contributed to the discrepant figures reported to different agencies. However, no revenue loss has been reported because of the discrepant reporting and necessary remedial action has now been taken by the Commissionerates in order to ensure that there was no discrepant reporting of Provisional Assessment cases. Further, the explanations of the officials have been called or are being called by the concerned Commissioners to ascertain in gross negligence and dereliction of duty. From the explanations received, it is reported that discrepant reporting was not deliberate or intentional.

The Committee further recommend that the whole system of reporting, compilation and publication of data relating to finalisation of cases of provisional assessments should be comprehensively reviewed with a view not only for ensuring reliability of the information and uniformity in reporting but also for proper accounting and collection of the Central

**Excise Revenue.** The review may be completed in a time bound programme, say one year and the Committee be apprised of the outcome.

[Sl. No. 4, Para 21 of 14th Report of PAC (11th Lok Sabha)]

#### Action Taken

The Board had issued Circulars No. 288/4/97-CX *Annexure-I* dated 14.1.97 and No. 292/13/97-CX *Annexure-II* dated 18.2.97 (copy enclosed) for ensuring correct accounting and reporting of cases of Provisional Assessment and the same is to be followed scrupulously. Another fresh instruction *vide* circular No. 382/15/98-CX dated 19.3.98 has been issued (copy enclosed) *Annexure-III*.

Further, it has been ascertained that softwares have been developed by various Commissionerates for monitoring of Provisional Assessment cases. These softwares are being examined in depth for adoption at all—India level.

From the reconciled figures of provisional assessments furnished by the Ministry of Finance after evidence, the Committee find that 2157 cases of provisional assessment (including those transferred to \*call book) involving differential duty of Rs. 2079.55 crores were pending finalisation as on 31 December 1996. Of these, 816 cases involving Rs. 959.55 crores were stated to have been pending over a period of three years. 836 cases involving a differential duty of Rs. 1434.57 crores were pending over a period of two years. This extent of pendency is indicative of not only a systemic neglect but also a possible connivance to extend financial benefits to the assesseees. What is disconcerting to note is that 43 cases of provisional assessment in 29 Commissionerates have been pending since the period prior to January 1985. The amount of differential duty which had been quantified in respect of 29 out of the 43 cases stood to Rs. 265.39 crores. These facts clearly establish that there is an imperative need for CBEC to go into the age-wise pendency of cases of provisional assessments particularly those kept outstanding over two years in order to find out the precise reasons for the delay in finalisation. The Committee, therefore, recommend that the Ministry of Finance should frame a time bound programme for the disposal of such pending cases and also initiate appropriate action to detect cases of collusion, if any. They would like to be informed of the action taken and a detailed report indicating the latest position of disposal of such cases and the age-wise pendency. The Committee further desire a detailed report in respect of the cases pending over ten years.

The Committee's examination of the pendency, category-wise, revealed certain further disquieting aspects. Out of a total of 2070 pending

provisional assessments as on 31 December 1996, 928 cases involving differential duty of Rs. 462.86 crores were pending due to non-production of documents by assessees. While 93 cases involving duty of Rs. 29.36 crores were pending for want of result of chemical or any other test, 447 cases with duty effect of Rs. 148.99 crores were pending as further enquiry was required. 602 cases involving differential duty of Rs. 1174.23 crores were pending due to other reasons.

According to the instructions issued by the CBEC, the assessees are required to be warned and the benefit of lower provisional assessments denied on their failure to produce the records. The Committee are, however, surprised that 928 cases involving Rs. 462.86 crores were pending for want of documents/information to be produced by the assessees; out of which 146 cases involving Rs. 265 crores were pending for more than three years. The Ministry did not furnish any explanation for the failure of either the assessees to furnish the documents for 2-3 years or that of the Department in not resorting to ex-parte finalisation of such cases where the assessees failed to produce the documents within six months. Further, as per Board's instructions, sample tests are to be drawn by the Range Officers within three days of submission of classification list and sent to the chemical examiner with a request to send the report to the concerned officer within a fortnight. The Assistant Commissioner has to pursue with chemical examiner in cases where test reports are not received within a period of one month. Significantly, 93 cases involving duty of Rs. 29.36 crores are pending for want of result of chemical or any other test. Distressingly, 15 cases of provisional assessments were pending in 10 Central Excise Commissionerates for want of such reports over a period of three years. The differential duty in eight such cases amounted to Rs. 5.55 crores. The delay ranging from six months to three years are yet to be explained by the Ministry of Finance. The Committee also note that 447 cases involving Rs. 149 crores are pending where further enquiry is in progress. Of these, 139 cases involving Rs. 79.65 crores are pending for more than two years. The reasons for not finalising these cases were not indicated to the Committee.

The Committee cannot but conclude from the above that the Departmental Officers after ordering provisional assessments in most of the cases had not bothered to subject them for review in terms of the extant instructions of the Board/Ministry within the prescribed time. The Committee are convinced that the pendency of provisional assessments should be subjected to a review by the Board not only from the point of view of the period since it is pending but also from the category-wise angle with a view to methodically analysing the exact reasons for the pendency and facilitating expeditious disposal of the cases within a specified time. The Committee would like to be furnished with a detailed report on the analysis together with the up-dated position. While undertaking the analysis, the Ministry should also look into those assessments kept pending under "other cases" and keep Committee apprised of the position. The Committee

further desire that responsibility should be fixed for the delay in finalisation of provisional assessments in all the cases.

[Sl. Nos. 5, 6, 7 and 8, Paras 34, 35, & 37 of 14th Report of PAC (11th Lok Sabha)]

#### Action Taken

The number of cases of provisional assessments pending as on 31.12.97 alongwith the reasons for pendency is as under:—

	Non-call book cases	Call book cases	Total
1. Where assessee is unable to produce document or information necessary for the assessment;	605	70	675
2. Where results of Chemical or any other test required for the purpose of assessment are awaited.	14	—	14
3. Where further inquiry required is in progress.	85	21	106
4. Others, including cases linked with other court cases.	180	316	496
Total :	884	407	1291

The number of cases of provisional assessments pending over two years alongwith the reasons for pendency are as under:—

1.	2	Non-call book cases	Call book cases	Total
1.	2	3	4	5
1. Where assessee is unable to produce document or information necessary for the assessment		126	40	166
2. Where results of Chemical or any other test required for the purpose of assessment are awaited.		1	—	1
3. Where further inquiry required is in progress,		34	20	54
4. Others, (including cases linked with other Court cases,		102	260	362
Total:		263	320	583



It is stated that no case of collusion for delay and consequently for fixation of responsibility has been reported. The details of provisional assessment cases pending over ten years are given at ANNEXURE-IV.

The reasons reported for delay in finalising the provisional assessment cases are as under:—

- (i) The assessee is unable to produce document or information necessary for assessment.
- (ii) The results of chemical or other tests required for the purpose of assessment are awaited.
- (iii) Further inquiry required and is in progress.
- (iv) Others, including cases linked with Court cases and other Appellate Authorities, non-settlement of Audit objections where the Ministry/Department has not accepted the audit objections, Board's instructions, booking of cases against the assesseees by the DG (AE).

The age-wise category-wise pendency of provisional assessments as on 31.12.97 is given at Annexure-V.

The details of cases under "OTHER CASES" category as on 31.12.1997 are given at Annexure-VI.

From the above position, it is clear that significant reduction in the pendency position has been brought about. Necessary instructions have been issued to the field formations and the position has been comprehensively reviewed to improve the system. The work of finalisation of provisional assessment is being accorded priority. Comments on Para 7 may be seen.

**MORE THAN 10 years as on 31.12.97****ANNEXURE-IV****CHENNAI ZONE**

There are three cases pending over 10 years. Out of these two cases are in the call-book.

**PUNE ZONE**

There is only one case in this zone which is pending for more than 10 years as on 31.12.97.

This pertains to Aurangabad Commissionerate and the detailed report is as under:—

Name of the Unit	: Ms. Wipro Ltd., Amalner, Jalgaon.
Amount involved	: Rs. 9.41 lakhs.
Period	: May, 1980 to February, 1987.
Issue in Brief	: Ms. Wipro has filed price list claiming deduction of the value of metal container used for packing the vegetable product. There was a dispute over allowance of deduction on packing cost hence provisional assessment was resorted Valuation dispute was decided by High Court in WP No. 1079/80 dated 13.8.90 wherein deductions were allowed to the party. However, decision is not accepted by the Department and Deptt. has filed SLP in Supreme Court against the Order of the High Court. Therefore, Provisional Assessment for the period May, 80 to Feb, 87 is kept pending.
Bond	: No.
Reasons for pendency	: Department has filed an SLP in Supreme Court against the Order of High Court which is pending decision.
Court Cases	: As above.
Efforts made	: As above.

**VADODARA ZONE**

No case is pending for over 10 years in the Zone.

**KANPUR ZONE**

There are 15 cases in this zone for more than ten years as on 31.12.97. The details of which is enclosed as APPENDIX-A.

**DELHI ZONE**

There is only one case (call book) pending in High Court.

**AIPUR ZONE**

There are 10 cases more than 10 years old. All these cases are transferred to Call book.

**BANGALORE ZONE**

There are three cases pending in this zone. Out of these cases, the details of the two cases are given as under:—

- (a) *M/s. Tungabhadra Steel Products, Bellary, Provisional Assessment from 486 to 1296 on excisability of goods manufactured — Amount involved is Rs. 15.92 crores, which has already been paid by the assessee. SLP filed by the Department is rejected by the Supreme Court — Review petition is filed in the Supreme Court by the Department. Hence the provisional Assessment continues.*
- (b) *M/s. Ramco Industries, Davangere — valuation dispute deduction of PME — stayed by CEGAT — Amount not quantified.*

**MUMBAI ZONE**

The number of provisional assessment cases pending for over 10 years as on 31.12.97 is 9. Out of these 7 cases are in Call Book. The details of 8 cases are enclosed as Appendix-B.

**CALCUTTA ZONE**

As on 31.12.97 there are 36 cases pending over 10 years. Out of these 22 cases are transferred in the call book.

**HYDERABAD ZONE**

In this zone, a total of five cases were reported as pending over 10 years as on 31.12.96, out of which, one case *viz. M/s. VST Ltd.* has since been finalised on 11.6.97 and in two other cases *viz., M/s. Suvarna Filters & Tobacco (P) Ltd & M/s. Nutrine Confectionery Co.*, the matter is linked to Supreme Court cases. The remaining two cases *viz, PWD Work-Shop & M/s. BHEL*, the assessments are linked to non-finalisation of the work-order/contract with their customers and is a time-consuming process in the very nature of project executions. The details are given in the enclosed Appendix-C. As on 31.12.97 five cases are pending over 10 years. This includes 3 cases in call book.

**APPENDIX-A**  
**KANPUR ZONE**

**List I**

**CASES OF MORE THAN TEN YEARS OLD PROVISIONAL  
ASSESSMENT  
CASES PENDING AS ON 31.12.97**

Sl. No.	Commissionerate	Name of the party	NCB/ CB	Category	Amount (Rs. lakhs)	Pending since
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Meerut-I	M/s. Modi Rubber Ltd. Modipuram	NCB	(d)	3351.00	P.A. Order of 1975
<p>Issue involved/brief facts: Valuation—Depot sale. A clarification is required from the Hon'ble Supreme Court which has been requested <i>vide</i> Commissionerate's letter C.No. I(10)86-L/92 dated 05.05.97 to be obtained by the Board from the Supreme Court. The Board have also referred the matter to the Ministry of Law <i>vide</i> Joint Secretary (Legal's) D.O.F. No. 67/4/97-CX. I dated 04.09.97.</p>						
2.	Meerut-I	M/s. BHEL, Hardwar	NCB	As below		P.A. Order dt. 1.9.75
<p>Issue involved/brief facts: Valuation—the goods are despatched to turn-key projects running into periods spreading over 10—15 years. Finalisation of these cases can be done on completion of projects. For collection of information in this regard for expediting the work of finalisation, a Special Task Force has been constituted. Quantification in all the 17 projects involving duty to the tune of Rs. 1385.56 lakhs has since been completed, out of which show cause notices in 9 projects involving duty of Rs. 948 lakhs have been issued and the issue 'Bought-out items' involved in all the projects has since been finalized.</p>						

(1)	(2)	(3)	(4)	(5)	(6)	(7)
		The other issue, i.e., 'Inclusion of interest on Advances' in the assessable value is also under process and is likely to be finalized shortly after analysing the balance sheets of the assessee which is in processes.				
3.	Meerut-I	M/s. Dewan Resins (P) Ltd.	NCB	N.Y.Q.		P.A. Order of 1984
		Issue involved/brief facts: Valuation—admissibility of the deduction claimed of the value of durable containers from the assessable value. There is a surety bond of Rs. 10 lakhs. The case has been decided in favour of the party by CEGAT. The case has been transferred from Call book. The Deputy Commissioner, Central Excise, Meerut-I has reported <i>vide</i> his letter C.No. V(1) Audit/P.A./1680/97 dated 16.03.98 that this case (which was pending as on 31.12.97) has since been finalized.				
4.	Meerut-I	M/s. Shri Ram Pistons & Rings Ltd.	CB	(d)	Nil	P.A. Order of April, 1981
		Issue involved/brief facts: Valuation—the party has claimed deductions on account of post manufacturing expenses, from the assessable value. Bond of Rs. 12 lakhs executed every month as per High Court's order. Rs. 3 lakhs deposited on T.R.6 Challans every month as cash security. The case is of a recurring nature. The amount involved in differential duty is nil as the party is voluntarily paying duty under protect in addition to the cash security. The matter is stayed in the Delhi High Court.				
5.	Meerut-I	M/s. Modi Spinning & Weaving Mills Ltd.	CB	(d)	33	April, 1982
		Issue involved/brief facts: Valuation—the party has claimed deductions on account of post manufacturing expenses, from the assessable value. The case is of a				

(1)	(2)	(3)	(4)	(5)	(6)	(7)
		non-recurring nature. No bond executed. The matter is stayed by the Delhi High Court.				
6.	Meerut-I	M/s. Modi Vanaspati Ltd.	CB	(d)	47	February, 1981
		Issue involved/brief facts: Valuation—the party has claimed deductions on account of post manufacturing expenses, from the assessable value. The case is of a non-recurring nature. No bond executed. The matter is stayed by the Delhi High Court.				
7.	Meerut-I	M/s. Modi Arc Electrodes	CB	(d)	07	October, 1982
		Issue involved/brief facts: Valuation—the party has claimed deductions on account of post manufacturing expenses, from the assessable value. The case is of a non-recurring nature. Bond of Rs. 7 lakhs executed. The matter is stayed by the Delhi High Court.				
8.	Meerut-I	M/s. Hindon River Mills Ltd., Ghaziabad	CB	(d)	110	29.07.1982
		Issue involved/brief facts: Valuation—deductions from the assessable value on account of Post-manufacturing Expenses. The case is of a non-recurring nature. Eight B-13 Bonds for a total value of Rs. 322.50 lakhs have been executed alongwith a Bank Guarantee for Rs. 825 lakhs. The matter has been stayed by the Delhi High Court.				
9.	Meerut-II	M/s. Willard India Ltd., Sikandrabad	CB	(d)	234.00	P.A. Order dt. 18.12.1978
		Issue involved/brief facts: Valuation—the assessee was selling its products 'Storage batteries' through Depots and claimed deduction of interest on finished stock in transit and depot, transportation, insurance,				

(1)	(2)	(3)	(4)	(5)	(6)	(7)
		octroi, protective packing for facility of transport, warranty replacement charges and distribution expenses. The Asstt. Commr. <i>vide</i> Order dt. 18.12.78 rejected the claim. The assessee filed a writ petition before the Hon'ble Delhi High Court bearing No. CWP 123680 on 16.09.80 and obtained stay.				
10.	Kanpur-I	M/s. Agra Engg. Industries, Agra	CB	(d)	595.00	Feb. 1985
		<p><b>Issue involved/brief facts:</b> The party is engaged in the production of electric fans falling under Tariff Item No. 33 of the erstwhile First Schedule to the Central Excises and Salt Act, 1944 (1 of 44). From time to time they filed price list under Rule 173-C for the determination of the assessable value for payment of duty. They were filing revised price list Part-II (Contract price) for sale to customers under proviso 1 of Section 4(1)(a). They sale their entire goods through their sole selling agents, M/s. Usha International Ltd. as per the sale pattern adopted, the assessable value was to be covered under clause (iii) of Section 4(1)(a). Therefore, the Asstt. Collector, Central Excise, Agra, after due compliance with the principles of natural justice, modified the prices through appellable orders. Aggrieved by the Orders of Assistant Collector, Central Excise, Agra, the party filed a writ petition before the Delhi High Court—WP No. 1518/79 dt. 18.10.79. The Delhi High Court set aside the order of the Assistant Collector and directed that the price which is charged by the assessee from M/s. Usha International Ltd., should form the basis for determination of the assessable value. The aforesaid decisions of the Hon'ble Delhi High Court was challenged by the Department before the Hon'ble Supreme Court by filing of an Special Leave Petition No. 67722/81. The said SLP was decided by the Hon'ble Supreme Court <i>vide</i> its Order dt. 01.05.84 in the light of its detailed judgement given on 07.10.1983 in the case of M/s. Bombay Tyre International. In the verdict, the Hon'ble Supreme Court had held that various</p>				

(1)	(2)	(3)	(4)	(5)	(6)	(7)	
		<p>deductions from post manufacturing expenses be determined as per its order in the other related cases. In compliance of the Supreme Court's order the Assistant Collector, Central Excise, Agra vide his order No. 24/VC/84 dt. 14.11.84 decided the case of the Post manufacturing Expenses by ailing (i) equalised freight (ii) octroi (iii) gift discount. However, he disallowed (i) Target achievement discount (ii) Price reduction discount (iii) Turnover tax (iv) Packing (v) Interest on stock bills. The said order of the Assistant Collector, Central Excise, Agra is pending with the Hon'ble Supreme Court for confirmation as per its format order passed in SLP (Civil) No. 6772/81 in respect of this unit. Under the said order the Hon'ble Supreme Court had directed the assessing authority to file the assessment orders in the Court and final orders including orders for payment of demand and consequential and supplementary matters will be decided by the Hon'ble Supreme Court. Bond of Rs. 72 lakhs and Bank Guarantee of Rs. 18 lakhs (valid upto 13.01.1999) have been executed. The matter is sub-judice.</p>					
11.	Patna	M/s. Gillooram CB Gauri Shankar, Deogarh M/s G.P. Dalmia	(d)	N.Y.Q.	April, 1986		
		<p>Issue involved/brief facts: The case relates to M/s. Gillooram Gaurishankar, Deogarh/M/s. G.P. Dalmia regarding dispute on clubbing of transactions. The case is covered by B-13 Bond for Rs. 10 lakhs and Bank Guarantee for Rs. 40,000/-. The case is sub-judice before the Supreme Court.</p>					
12.	Patna	M/s. ITC Ltd. CB Munger	(d)	583	16.04.1982		
		<p>Issue involved/brief facts: There is a classification dispute on shells and slide manufactured by the party. The matter is sub-judice before the Supreme Court.</p>					



(1)	(2)	(3)	(4)	(5)	(6)	(7)
13.	Jamshedpur	M/s. Telco Ltd., Jamshedpur	NCB	(d)	2084	1981
<p>Issue involved/brief facts: Issue relates to Valuation dispute. The department contests their factory gte sale prices and also demanded duty on R.S.O. prices. The case was pending before Hon'ble Supreme Court vide Departments Appeal No. 109489 and thus was transferred to Callbook. The Supreme Court vide its order dated 10.11.97 has decided the case in favour of department and necessary investigations have been initiated to finalised the price list pending since 1981. Amount involved in this case is Rs. 2084 lakhs. A special team has been constituted for carrying out necessary investigations and for finalisation of price list pending since 1981.</p>						
14.	Jamshedpur	M/s. H.E.C. Ltd., Ranchi.	CB	(d)	4110	November, 1981
<p>Issue involved/brief facts: This is classification dispute case. The Department has classified the goods as per nomenclature and description in the form and manner cleared from the factory whereas the assessee contended that the goods should be classified as per CKD conditions. The case is pending before the Committee of Disputes vide H.E.C.'s letter No. COD-V/9/(6)93/Sect/216 dated 17.05.93. Subsequently the matter was cleared by COD permitting M/s. H.E.C. to pursue the matter in CEGAT. Miscellaneous application has been filed for early disposal of the case by CEGAT. The case is in Callbook.</p>						
15.	Jamshedpur	M/s. Waxpol Industries Ltd. Ranchi.	CB	(d)	8.94	1970
<p>Issue involved/brief facts: Issue relates to classification dispute—claiming exemption on metal containers. Stay in this case has been granted by Calcutta High Court in Civil Appeal No. 405/83 on 19.07.83. Steps have been taken to get the stay vacated. Amount involved in this case is Rs. 8.94 lakhs. The case is in Callbook.</p>						

**TOTAL- 15 CASES AND THE AMOUNT INVOLVED IS Rs. 11,162.94 lakhs + N.Y.Q.**

## APPENDIX-B

### Details of cases pending for over 10 years.

Sr. No.	Comm'ate	Name of the Unit	Duty involved Rs. Lakhs	Issue involved & reason for pendancy	Whether any case of col- lusion detected
1	2	3	4	5	6
1	Mumbai-I	M/s Hindustan Lever Ltd.	1920.28	Deduction on account of freight, octroi, transit insurance etc. departments SLP is pending in Supreme Court. Assessee has paid 1093.84 lakhs voluntarily out of 1920.28 lakhs. Board has been requested repeatedly for getting the hearing of the case and disposal thereof expedited in the light of MRF Judgement of Supreme Court.	No
2.		M/s Hindustan Lever Ltd. (TOMCO)	23.30	Valuation dispute in respect of Rice Bran Oil. W.P. No. 4020/82 is pending in Delhi High Court and Interim stay order No. 1392 dt. 15.1.83 has been granted by Delhi High Court. Senior standing counsel and Delhi Commissionerate are being requested from time to time to get the stay vacated and for expeditious disposal.	
3.	Mumbai-II	M/s Softsule (P) Ltd.	89.80	Case remanded back by CEGAT for denovo adjudication to Divnl. A.C. The relevant record received from SDR, New Delhi in July 1997. Fresh opinion of Director of Ayurved on the issue is awaited. Action is being taken to decide the case. The case was adjudicated by Divnl. A.C. on 2.1.98 the assessments of returns are likely to be finalised.	No
4.		M/s HMP Engg.	likely refund	PME case involving likely refund. Assessee is under lockout and has not attended the P.H. However action is being taken to decide the case soon.	No

1	2	3	4	5	6
5.		M/s. Ralliwolf Ltd.	6.41	CEGAT passed order in favour of assessee, however Commissioner, Mumbai-III has given assent to file SLP in Supreme Court. However the same has not been filed yet. The assessee has filed W.P. in the Mumbai High Court for giving effect to CEGAT order which is now decided by the High Court, Directing the department to decide the case in accordance with the said CEGAT order. Assessee has been asked to furnish the documents for recomputation of the demand by Divisional A.C. Adjudication not finalised.	No
6.	Mumbai-V	M/s Miranda Tools	707.00	Dispute regarding classification of tools and blanks. Dept. has sent proposal to Board to file civil appeal in Supreme Court against CEGAT order dated. 27.8.97, meanwhile department started recovery proceedings as per CEGAT order. Dept. encashed bank guarantee of 1.31 crores. Party has filed writ petition in Mumbai High Court and the MHC vide order dated 13.2.98 directed the divisional A.C. to make assessment pursuant to CEGAT order.	No
7.	Mumbai-VI	M/s Goodlass Nerolac Paints	} 211.23	PME matter. Issue is litigated by the Dept. Review petition filed in Supreme Court by Dept.	No
8.		M/s Hindustan National Glass			No
				On account of transport charges, packing and handling charges Mumbai High Court ordered provisional assessment under Rule 9B.	

## APPENDIX-C

Details of cases pending As on 31.12.1996 for over 10 years

COMMITTEE	NAME OF THE UNIT	AMOUNT INVOLVED (RS. IN LAKHS)	ISSUE INVOLVED	REASONS FOR NON-FINALISATION	ACTION TAKEN TO FINALISE THE SAME
(1)	(2)	(3)	(4)	(5)	(6)
HVND-I	BHEL	Not quantifiable till finalisation	Classification-cum-Valuation. Supplies under CKD condition spread over a no. of years. Classification of goods as parts or equipment was in dispute. Valuation: the goods finalised because of Variation in design or scope of work etc. Thus, valuation can be finalised only after completion of the projects, which are usually spread over a period of yrs after which the detailed data is furnished by the assessee, for finalisation	The assessments are pending since 1985. The CKD non-finalisation is attributable to want of receipt of all the relevant data/documents from the Board reg. clarification of CKD the assesses, as also for want of clarification information/data/ documents produced by the Board reg. Classification aspect, as discussed in Col.(3) totally 302 project-wise assessments were pending as on 1.3.97	The Classification has since been decided by the AC on 21.11.97, based on Boards Circular No. 252/86/96-CX. Finalisation work has accordingly been taken up, along with the documents produced by the party reg. Completed projects. Till date, 80 project-wise assessments have been completed/ finalised. Showcause notice dated 2.3.98, issued for an amount of Rs. 3 Crores. Balance of the project-wise assessments are under process on war-footing. to reduce the pendency

1	2	3	4	5	6
Suvarna Filters & Tobacco (P) Ltd.	44.30 (net)	Valuation matter. Duty was paid only on the job-work charges, but not on the value adopted by their principals, M/s. G.T.C., Bombay	As per Hon'ble AP High Court's directions, the matter is kept pending the Supreme Court's decision in a case against the principals i.e. M/s GTC lakhs)	Supreme Court's decision is awaited. In the meanwhile, the Bank Guarantee executed by the party for Rs. 25 lakhs is kept alive (duty already paid Rs. 15 lakhs)	
HYD-II					
HYD-III	1. M/s VST Ltd.	1289.00	PME Abatement	Not Applicable A similar case was pending in Supreme Court (MRF Case)	Finalised on 11.6.97.
GUNTUR	1. M/s PWD Work Shop, Sithanagaram	0.15	Valuation (non-completion work order)	Work orders not completed	Assessments for the 4 years period is completed and the assesses have been addressed for early finalisation of the work order
	2. M/s Nutrine Confectionary Company, Chittoor	118.00	Valuation regarding reductions claimed namely Equilised Freight, Interest on receivables, Addl. Sales Tax, Discount, Admissible Deductions	Department field C.A. against APHC order in WP No. 8910/82 dt. 13.9.82	
VIZAG					NIL

**STATEMENT SHOWING NON-CALL BOOK CASES OF PROVISIONAL ASSESSMENT PENDING AS ON  
31.12.1997—AGE-WISE AND CATEGORY-WISE BREAK UP (PARA 7, 37, 88)**

(Rs. in lakhs)

	Upto 6 months & upto 1 years		Above 6 months upto 2 yrs.		Above 1 yrs. & upto 3 yrs.		Above 2 yrs. & upto 10 yrs.		Above 3 yrs. & upto 10 yrs.		More than 10 yrs		Total	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.		
(A) Where assessee is unable to produce document or information necessary for the assessment.	201	787.54	156	1432.96	122	2426.21	41	208.44	79	4778.12	6	0.15	605	Rs. 9573.42
(B) Where results of Chemical or any other test required for the purpose of assessment are awaited.	9	117.40	1	80.00	3	70.5	—	—	1	—	—	—	14	Rs. 267.90
(C) Where further Inquiry is required in progress.	15	288.96	18	5001.37	18	789.79	14	5707.11	16	287.55	4	3642.89	85	Rs. 15717.67
(D) Others, (including cases linked with other court cases, specify).	16	362.4	27	157.49	35	980.78	18	455.15	67	10032.18	17	3631.42	180	Rs. 15619.42
<b>GRAND TOTAL</b>												= No. of cases	= 884	
												AMOUNT (Rs. in lakhs)	= 41178.41	
												(approximately)		

**STATEMENT SHOWING CALL BOOK CASES OF PROVISIONAL ASSESSMENT PENDING AS ON  
31.12.1997—AGE-WISE AND CATEGORY-WISE BREAK UP (PARA 7, 37, 88)**

(Amt. Rs. in lakhs)

	Up to 6 months		Above 6 months		Above 1 yrs. & Above 2 yrs. & Above 3 yrs. & upto		More than		Total	
	Amt. No.	Amt.	Amt. No.	Amt.	upto 2 yrs.	upto 3 yrs.	10 yrs.	10 yrs.		
(A) Where assessee is unable to produce document or information necessary for the assessment.	—	432.00	15	3.66	21	140.39	17	14.24	2	70
(B) Where results of Chemical or any other test required for the purpose of assessment are awaited.	—	—	—	—	—	Nil	—	—	—	Rs. 590.29
(C) Where further inquiry is required in progress.	—	—	—	—	2	25.11	16	1295.00	2	21
(D) Others, (including 2 cases linked with other court cas-s, specify).	—	1.41	21	787.81	15	738.65	200	101019.93	52	9244.37
										Rs. 1320.11
										Rs. 111792.17

GRAND TOTAL = No. of cases = 407  
Grand Total of AMOUNT = 113702.57  
(Rs. in lakhs) (approximately)

DETAILS OF PROVISIONAL ASSESSMENT CASES UNDER  
"OTHER CASES" CATEGORY AS ON 31.12.1997.

**CHENNAI ZONE**

There are 105 cases, including 70 cases transferred to call book. The pendency includes valuation disputes, cases pending with High Court/ Supreme Court and case as per the direction of DG(AE).

**PUNE ZONE**

There are 24 cases pending including 8 cases transferred to call book. The details of provisional assessment cases "under other cases" category are enclosed as Appendix-I.

**CALCUTTA ZONE**

Total 79 cases are pending including 61 cases transferred to call book. The reasons for pendency are — pending with Court/Appellate Authority, adjudicating authority, as per the directions of DG(AE).

**HYDERABAD ZONE**

There are 26 cases including 22 cases transferred to call book. The details of the 4 cases are given as under:—

- Guntur:
1. M/s. Spartek Ceramics India (P) Ltd., Tirupathi  
Amount involved : Rs. 120.00 lakhs  
Issue involved : Valuation/Regional Discounts.  
Reasons : Pending with Supreme Court.
  2. M/s. Nutrine Confectionary Co., Chittoor.  
Amount involved : Rs. 118.00 lakhs  
Issue involved : Valuation/Admissible Deductions.  
Reasons : Pending with Supreme Court.
- Vizag:
1. M/s. A. P. Paper Mills.  
Amount involved : Rs. 1.47 lakhs.  
Issue involved : Classification—  
Excisability of CINDER  
Reasons : The case has since been finalised.



## 2. A. P. Industrial Gases Ltd.

Amount involved : Rs. 0.71 lakhs

Issue involved : Classification and excisability of carbide sludge came out as waste during manufacture.

- : These cases have since been finalised basing on Hon'ble Supreme Court decision on similar issue.

Reasons

**MUMBAI ZONE**

68 cases pending as on 31.12.1997 have been shown in the "other cases" category including 50 cases transferred to call book. Majority of these cases are pending on account of being linked with the appeals pending before the CEGAT/High Court or Supreme Court. One case falling in this category in the case of M/s. HMP Engineering pertaining to Mumbai-II Commissionerate is not linked with any appeal or Court case. In this case, the provisional assessment is pending since 1983. The reason for pendency as reported by the Commissioner is that the factory is under lockout for a very long time and the assesses are not turning up for hearing. The Commissioner has been asked to instruct the A. C. to finalise this assessment by end of April, 1998. However, the Commissioner has reported that finalisation of this case is likely to result in some refund.

**VADODARA ZONE**

There are ten cases pending in the Zone. The details of the same are given below:—

**Vadodara Commissionerate:**

M/s. Apollo Tyres Limited.

Amount involved Rs. 343.02 lakhs.

This case is pending with Commissioner for Adjudication. The issue involved is regarding wrong availment of exemption notfn.

**Surat I Commissionerate:**

(A) M/s. ONGC, Surat. Amount involved Rs. 69611.32 lakhs.

The assesment is provisional as the objection raised by the Central Excise Revenue Audit has not been accepted by the Department. The basic issue was whether Natural Gas produced in Bomaby High by ONGC is mines product or not. The audit's view is that it is not mines product, therefore, not entitled to benefit of notification No. 179/85 dated 1.8.85 (later notification No. 63/95 dated 16.3.95) Department has taken the view that it is entitled to full exemption under aforesaid notification. Provisional Assessment is pending for want of settlement by audit. DAP No. 338/94-95 made by the Audit has not been accepted by the Department/Ministry. The case has been transferred to "Call Book".

(B) M/s. Meridian Enterprises. Amount involved Rs. 2.40 lakhs.

➤ In this case, the issue involved is whether veganin tablets having small quantity of Narcotics fall under Central Excise or State Excise Control. The matter has been referred to Board for clarification which is awaited.

**Surat II Commissionerate:**

The details of 6 cases pertains to Surat-II Comm'te are as follows:

(1) M/s. India Gelatine & Chemicals, Vapi. : Amount Rs. 56.86 lacs.

In this case the matter relates to classification dispute. The Asstt. Commr. confirmed the demand. Consequent upon the decision on classification issue, the party filed appeal against the JAC's order before the Commissioner (Appeals). The Asstt. Commr. tried to enforce the demand during pendency of appeal, against which the party filed writ in the High Court of Gujarat. The Hon'ble High Court of Gujarat ordered that petitioner shall pay 50% of the amount of duty under protest and for remaining 50% of the amount of duty, Asstt. Commr. should make provisional assessment taking Bond and Bank Guarantee. The assessee executed Bank Gurantee and Bond. The case is pending with the Commissioner (Appeals), Ahmedabad.

(2) M/s. Alpha Packaging, Amlī. Amount Rs. 19.04 lakhs.

(3) M/s. Unique Health Care Masat. Amount Rs. 48.82 lakhs.

(4) M/s. Mul Health Care Prods. Ltd. Daman. Amount: No clearance.

In these cases, matter pertains to applicability of standard of Weight and Measure (packaged Commodities Rules) 1977 (and consequently section 4A of CEA, 1944) to products manufactured therein.

(5) M/s. Manisha Pharma Plast Pvt. Ltd. Umbergaon. Amount Rs. 2.94 lakhs.

Matter pertains to classification of product "prickly Heat Powder" as per Board's order No. 50/4/97-CX dated 5.11.97.

(6) M/s. Twenty First Century Printers Limited. Amount: Rs. 96.93 lakhs.

In this case, the matter relates to classification dispute as to whether the Cigarette shells are to be considered as "cases" or otherwise. Similar case is pending with Supreme Court in the case of M/s. Jupiter Printery in which the Deptt. has filed SLP against the order of the Delhi High Court. A reference has been made to the Board. Clarification is awaited. The case has been transferred to Call Book. However, the case has revenue implication upto February, 1994 and not recurring.

**Ahmedabad II Commissionerate:**

In this Commissionerate there is one case viz. M/s. Moti Polymers, Mehsana involving Rs. 9.43 lakhs (earlier reported as Rs. 14.17 lakhs). The assessee had been given the benefit of provisional assessment by CEGAT as per order No. 158/59/94-WRB dated 28.4.94. The assessment is pending finalisation since the CEGAT has not so far decided the issue in respect of which the party has gone to CEGAT.

Misc. Application is being filed in the Hon'ble CEGAT to vacate the Stay as the Hon'ble Gujarat High Court has since passed the final order in SCA No. 170/90 on 17.1.98 directing the assessee to restore the refund to the department alongwith interest at the rate of 18%. Action is being taken to recover the amount of duty differential from the assessee as a sequel to the above order.

**DELHI ZONE**

There are 15 cases pending including 7 cases transferred to call book. The details of seven cases in "other cases" Category are given as Appendix-II.

**KANPUR ZONE**

The details of provisional assessment cases under "other cases" category are enclosed as Appendix-III.

**BANGALORE ZONE**

There are 20 cases pending as on 31.12.97 including 3 cases transferred to call book.

**JAIPUR ZONE**

There are 45 cases in call book and 44 cases (non call book) are pending. The reasons for pendency are as under:—

- (a) Cases locked up in High Court/Supreme Court/other Appellate authority.
- (b) Pending adjudication
- (c) Report of focal point Assistant Commissioner is awaited.
- (d) Ministry of Telecommunication has not finalised the prices.
- (e) Under inquiry.
- (f) Price variation clause between buyers and sales are still not settled.
- (g) Non settlement of audit objection by Audit, etc.

APPENDIX I

ANNEXURE TO LETTER F. No. IV/11-2/CCU/PCX/97-98/PT.II  
DTD. 2.4.98

(A) DETAILS OF "OTHER CASES" OF AURANGABAD  
COMMISSIONERATE:

- 
- |                      |   |
|----------------------|---|
| 1. Name of the unit  | : M/s. Mahindra & Mahindra, Nasik.  |
| C. Ex. Duty involved | : Rs. 34.86 lakhs   |
| Period involved      | : Since 1991.   |
| Issue in brief       | : Dispute regarding stock transfer, depot expenses transit insurance, stayed by Mumbai High Court Order dtd. 19.10.88 WP No. 4412/88. |
| 2. Name of the unit  | : M/s. Zenith Ltd. Nasik.   |
| C. Ex. duty involved | : Rs. 44.76 lakhs   |
| Period involved      | : Since 1987  |
| Issue in brief       | : Classification dispute of Tool Kit (Blanks), stayed Bombay High Court Order dtd. 11.8.87 W.P. No. 2576/87.                          |
| 3. Name of the unit  | : M/s. Perfect Circle Victor Ltd. Nasik.  |
| C. Ex. duty involved | : Rs. 52.61 lakhs   |
| Period involved      | : Since 1995-96.  |
| Issue in brief       | : PME detection, Stayed by CEGAT Order No. 610/95 dtd. 21.12.95.  |
| 4. Name of the unit  | : M/s. Kerson Mfg. Co. Ltd. Nasik   |
| C. Ex. duty involved | : —   |
| Period involved      | : Since 1992.   |
| Issue in brief       | : Dispute regarding PME deduction and related person, Department's Appeal is pending in CEGAT.  |
-

5. Name of the unit : M/s. Wipro Ltd. Amalner  
 C. Ex. duty involved : Rs. 9.41 lakhs  
 Period involved : May, 80 to February, 87.  
 Issue in brief : Exclusion of cost of metal container (tins) from assessable value, SLP pending for decision in Supreme Court.
6. Name of the unit : M/s. Wockhardt Ltd. Aurangabad  
 C. Ex. duty involved : Rs. 38.94 lakhs  
 Period involved : Since December, 90.  
 Issue in brief : Classification of Albendazole.  
 (Call-Book case) Issue pending in CEGAT.
7. Name of the unit : Dhoot Compack Ltd. Aurangabad.  
 C. Ex. duty involved : Rs. 0.54 lakhs  
 Period involved : August, 90 to September, 90.  
 Issue in brief : Classification of HDPE Fabric bags. Issue pending with High Court.  
 (Call-Book case)
-

ANNEXURE TO LETTER F. No. IV/11-2/CCU/PCX/97-98/Pt. II  
DT. 2.4.98.

**(B) DETAILS OF "OTHER CASES" OF PUNE-I COMMISSIONERATE:**

- S. Name of the unit : M/s. Fujitsu ICIM, Pune  
No.
1. C. Ex. duty involved : Rs. 436.03 lakhs  
Period involved : Since 15.9.92.  
Issue in brief : Pending in CEGAT, Non-  
inclusion of peripheral/software  
charges, installation, erectioning  
charges etc. in the assessable value  
and abatement claimed from retail  
price of computer to arrive at  
normal price in wholesale trade.  
Initially the assessee had executed  
Bond with Bank Guarantee valid  
upto 30.9.96. However, the  
assessee stopped production from  
October, 96. In January, 97, they  
executed Bond of Rs. 4.5 crs.  
without bank guarantee. Now as  
directed by the Chief  
Commissioner, the case is being  
finalised after following principle  
of natural justice, in anticipation  
to CEGAT's order.
2. Name of the unit : M/s. Fujitsu ICIM, Pune.  
C. Ex. duty involved : Rs. 18.38 Lakhs.  
Period involved : Since 29.1.96.  
Issue in brief : Pending in CEGAT. Classification  
of Interface Cables whether under  
CSH 8471.00 or under CSH  
8544.00, vide OIO No. 33/CEX/  
90 dtd. 10.8.90, Commissioner  
held that Interface Cables  
classifiable under CSH 8471.00.  
The department has filed appeal in

CEGAT hence no Bond/Bank Guarantee is required in the case.

3. Name of the unit

C. Ex. duty involved  
Period involved  
Issue in brief

: M/s. Western Hatcheries, Pune.  
: Rs. 469.88 lakhs.  
: Since 30.3.94.  
: Pending in CEGAT. Classification dispute of Animal Feed Supplement Classified under CSH 2302 by the assessee. The department classified the same under CSH 2936.00. The assessee went in appeal. Commissioner (Appeals) remanded the case back with directions to obtain opinion of Deputy Chief Chemist. Meanwhile assessee went in appeal with CEGAT (WRB) who vide Order No. 327-29/93WRB dtd. 21.7.93 directed AC to send test reports of Deputy Chief Chemist to Registrar. Now test reports are sent to Asstt. Registrar, New Delhi on 30.1.95.

4. Name of the unit

Issue in brief

: M/s. Bajaj Tempo Ltd.  
: M/s. Bajaj Tempo Ltd., among other vehicles also manufacture 6 seater three wheelers by the name of Minidor. In their classification lists filed during the period 1.3.89 to 18.5.94 assessee claimed benefit of concessional duty under Notifn. 162/86 as autorickshaw. Their claim for the period 1.3.89 to 15.11.90 which was initially accepted by the Assistant Commissioner was reviewed by the department. Commissioner (A) vide his Order 83/92 dated 30.3.92 confirmed duty liability for Rs. 3.11 Crores. Against this Order assessee filed appeal in CEGAT and was granted stay against furnishing

bank guarantee of Rs. one crore. Although classification declarations for the period dt. 1.3.89 to 8.5.94 have been accepted provisionally the assessee did not execute bonds for provisional duty. Accordingly periodical demands for the entire period was issued. Besides demand of Rs. 3.11 crores already confirmed by Commissioner (A), demands for the period 16.11.90 to 15.5.95 amounting to Rs. 18.3 crores are in Call Book.

Since this is a case where assessee has filed appeal before CEGAT, there does not appear to be any reason to keep this case in the Call Book. Accordingly personal hearing was fixed by AC Division-I on 13.2.98 for deciding the case but assessee has requested for adjournment. As duty difference is protected by demands already issued, question of inadequacy of bond does not arise. As stated earlier no specific bond has been executed by the assessee in this case, although a general bond for 214 lakhs supported by Bank Guarantee of 107 lakhs is available with the Department. This case has been shown as pending case of Provisional Assessment because classification declaration were accepted provisionally. The matter is likely to be finalised shortly.

5. Name of the Unit  
Issue in Brief

: M/s. Litaka Pharmaceuticals Ltd.,  
: M/s. Lataka Pharmaccuticals Ltd., are manufacturing animal feed for and on behalf of M/s. Pfizer (I) Ltd. The products manufactured by the assessee



and their main contents are as under.

(i) Coxitac 6% Premire containing salivourycine.

(ii) T.M. Egg — Contains

(a) Oxyteracycline  
Hydrochloride

(b) Vitamins

(iii) Neftin—contains (a)  
Furazolidone

(iv) Stafac—contains (a)  
verginariycine.

2. Directorate General of Anti-Evasion started an investigation to ascertain whether or not the products were correctly classifiable under CH. 3003.10 and attract duty at the rate of 15% as against nil rate of duty claimed by the assessee in respect of these goods under CH. 23.02. DG (AE) vide their letter No. DGAE/MZU/205/12(4)34/96 dated 27-11-96 directed provisional assessment pending finalisation of the issue.
3. Show Cause Notice for extended period involving duty amount of Rs. 7.05 crores has subsequently been issued by Commissioner, Central Excise based on investigations by DG(AE) to M/s. Lataka Pharmaceuticals and M/s. Pfizer India Ltd., vide their F. No. V(3003) 15-80/Adj/97 Dt: 4-9-97. Accordingly, all assessments from Sept, 1996 are provisional. Amount of duty involved is Rs. 1.92 crores and the assessee has already executed bond for Rs. 2.95 crores supported by Bank Guarantee of Rs. 75.25 lakhs.

6. Name of the Unit : M/s. Elpro International.,  
 Duty Involved : Rs. 3.41 Lakhs.  
 Issue in Brief : (Classification Matter) Dispute in  
 (Call-Book case) classification of the product "Discharge Counter" whether under CH. 9030 or 9031. CERA has raised objection regarding classification of the product, "Discharge Counters". Department is contesting the objections, however, CERA has not yet closed the objection. Department is contesting the objection raised by CERA and accordingly reply has been sent. CERA has not yet closed the objection.
7. Name of the Unit : M/s. Garware Wall Ropes Ltd.,  
 Duty Involved : NIL  
 Issue in Brief (Call- : (Classification Matter) Whether  
 Book case) exemption to "Rope articles" made without the aid of power available under Notification 28/95 CE Dt.16-3-95, since Intermediate Product namely "Yarn" was being made with the aid of power in the same premises of the manufacturer. The Case was decided in favour of the Assessee by the Commissioner (Appeals), PUNE. However, Department has filed Appeal with CEGAT against the Order of the Commissioner (Appeals).
8. Name of the Unit : M/s. Bajaj Auto Ltd.,  
 Issue in Brief (Call- : Issue involved in this was inclusion of  
 Book case) After Sales Service Charges in the assessable value of vehicles manufactured by the assessee. Assessee's dealers provided free after sales service to the buyers of vehicles during the warranty period against coupons supplied with the vehicle book. Such charges were reimbursed by the assessee to their dealers the rough debit notes. CERA raised objection stating that such charges should be added to

the assessable value of the goods. The said CERA objection was converted to DAP No. 72/89-90. Ministry of Finance vide their comments from F.No. 232/78/90-CX.7 dated 9-10-92 did not accept the objection and stated that dealers do not undertake free after sales service during the warranty period. Service coupon issued to the customer for service during the warranty period are returned by the dealers to the manufacturer who in turn pays a particular amount to the dealer as compensation for such services.

Comptroller and Auditor General while accepting Ministry's stand that cost of such after sales service was borne by the manufacturer and therefore not included in the dealer's margin still held the view that such after sales service charges added to the marketability of the product and therefore should be added to the assessable value. This view of CERA has also not been accepted by the department. Closure of CERA objection is still awaited.

9. Name of the Unit : M/s. Formica (I) Division  
 Issue in Brief (Call- M/s. Formica (I) Division, have filed  
 Book case) classification list w.e.f. 23-3-90  
 classifying therein Aluminium Sheet  
 backed with Plastic under heading  
 7606.10. The said C.L. was approved as  
 claimed by the assessee. Similarly,  
 C.L.'s were approved as claimed by the  
 assessee under 7606.10 till 1-3-92. After  
 budget 1993-94,-assessee classified same  
 product under heading 7606.10 w.e.f.  
 28-2-93. Assistant Commissioner,  
 against the said C.L. issued S.C.Cum  
 demand notice proposing classification  
 under heading 3920.35 The duty  
 involvement in that demand was  
 Rs. 10695/-. The said C.L. was finally

approved with the remark subject to decision of SCN. The said S.C.Cum demand notice and subsequent demand of Rs. 18829-20 covering the period 28-2-93 to 31-1-94 were confirmed vide OIO No. PN-CEX-42/94 dated 16-6-1994. Against the said OIO assessee filed an appeal to Commissioner(A). The Commissioner(A) vide OIA No. 49/95 dt. 10-3-95 set aside the OIO & allowed the appeal. Against OIA, department filed an appeal to the CEGAT. The CEGAT's decision is still awaited. Assessee has not executed any bond against this case. The revenue is protected by issue of Periodical Show Cause Notices.

The subsequent classification lists till 16-3-95 were accepted/approved subject to decision of SCN. On classification list w.e.f. 16-3-95, memorandum was issued and duty was asked to be assessed provisionally on higher rate under Rule 9B.

The Case has been finalised in MARCH, 1998.

**ANNEXURE TO LETTER F.NO.IV/11-2/CCU/PCX/97-98/Pt.II**  
Dt. 2.4.98.

**(C) DETAILS OF "OTHER CASES" OF GOA COMMISSIONERATE:**

S. Name of the unit:	M/s Vicco Laboratories, Goa.
No. C.Ex. duty involved:	M/s Vicco Laboratories, Goa is a
Period involved:	registered unit manufacturing
Issue in brief:	Vajradanti Paste/Powder and Turmetic skin cream, this unit had filed a classification declaration under Hdg. 3003.31 as medicaments claiming Nil rate of duty. The department's contention is that the same are classifiable under Chapter 33, as cosmetics/toilet requisites. Currently the assessments are provisional under Rule 9B as desired by the Board vide

their letter No. 259/93/96-CX 1 dated 31.10.96.

It is mentioned that M/s Vicco Lab. have a Supreme Court's judgement dtd. 19.4.93 in their favour which is specific to them. Being a specified judgement of the Apex Court, it is felt that it can not be neglected by the Board Circular No. 259/93/96-CX dated 31.10.96 which is of a general nature based on the observations made by the Supreme Court in the case of M/s Baidhyanath Ayurved Bhavan 1996 (83) 408 (SC). The Hon'ble Supreme Court vide their judgement dtd. 16.9.96, has dismissed the contempt petition filed by the assessee observing that no order has been issued contrary to the Supreme Court's judgement dtd. 19.4.93.

As directed by the Board Telcx F.No.103/1/96-CX.3 dated 16.9.97 the provisional assessment have been kept pending and as directed legal opinion in this case has been sought for from the Ministry of Law & Justice, New Delhi. A reply is awaited thereto.

**ANNEXURE TO LETTER F.NO.IV/11-2/CCU/PCX/97-98/PT.II  
Dt. 2-4-98.**

**(D) DETAILS OF "OTHER CASES" OF PUNE-II  
COMMISSIONERATE:**

- |  |   |  |
|--|---|--|
| 1. Name of the Unit                      | : | M/s. Raymonds Ltd., Ratnagiri and Chiplun (2 Cases)  |
| & 2. Issue of brief<br>(Call-Book cases) |   | The assessee had claimed deduction on account of turnover discount, turnover tax, interest and bank charges etc., Assistant Commissioner, Kolhapur passed Order-in-Original denying the deductions claimed by assessee. Against this order the assessee filed appeal before the Commissioner (Appeal), which was decided in favour of the assessee. Department being aggrieved by this Order-in-Appeal has filed appeal before CEGAT which is pending. Cases |

transferred to Call Book from March, 1997.

3. Name of the Unit : M/s. M.S.E.B. P.C. Pole Factory, Jaysingpur.
- Issue in brief : M/s.M.S.E.B. P.C. Pole Factory is manufacturing cement poles which are not being sold but are supplied to various MSEB Divisions, for implementation of electrification programme. The final cost of P.C. Poles is not ascertainable at the time of removal of goods as it is dependent on total expenditure incurred during the financial year. As such the assessable value is not available for assessment. The provisional assessment would be finalised only after costing of the product is available for current financial year when the account of MSEB finalised.
4. Name of the Unit : M/s. Koyana Prestressed Products Pvt. Ltd., Satara.
- Issue of brief : The assessee has not included the cost of laying and jointing charges in respect of PSE Pipes at site. CEGAT vide Order No. 155/95Dt. 7-2-95 passed by the special Bench New Delhi, the case has been remanded back to Commissioner-II Central Excise. Pune for denovo adjudication. Personal hearing in this case over before Commissioner, Central Excise, Pune, Decision awaited.
5. Name of the Unit : M/s.Consolidated Hoists Pvt. Ltd., Satara.
- Issue of brief : Non payment of duty on value, to be added at the rate of 12.5% by way of commission charged by M/s. Greaves and its branches. In view of CEGAT's decision in the cases of M/s. Consolidated Hoists Pvt. Ltd., Pune mentioning that commission is not discount, a SCN for the period from

April, 89 to Oct, 93 was issued by Commissioner, Pune to M/s. CHPL, Satara and for further period *i.e.*, upto March, 95 and provisional assessment resorted. The Show Cause Notice issued by Commissioner, Pune is pending. Now the case is remanded back to CEGAT from Supreme Court and pending with CEGAT.

6. Name of the Unit : M/s. Warana Sahakari Dudh Prakriya Utpadak Sangh Ltd.
- Issue in brief : The assessee is manufacturing goods on behalf on M/s. Cadbury India on job work basis. The assessee were including the cost of raw material, job charges and profit in assessable value. Since, there was no sale at factory gate and goods were supplied to the depots of M/s. Cadbury India. The Department did not agree with the prices claimed. The assessee is accordingly required to pay duty on depot sale prices of M/s. Cadbury. The assessee had preferred an appeal before Commissioner (Appeal) and the case was remanded for *denovo* with the direction to assessee to add certain cost elements in the assessable value. Appeals filed by the assessee as well as by the Department are pending in CEGAT.

ANNEXURE TO LETTER F.NO.IV/11-2/CCU/PCX/97-98/PT.II  
DTD.2-4-98

**(E) DETAILS OF "OTHER CASES" OF A NAGPUR COMMISSIONERATE:**

- Name of the Unit : M/s. Vico Laboratories, Nagpur.  
Issue in Brief : Asst. Commissioner, C.Ex., Div-I Nagpur, vide his letter No.V(30)3-25/94/CVC/CL, dt. 18-9-97 has ordered provisional assessment of the following products manufactured by M/s. Vico Laboratories, Nagpur.

Name of the Product	S.H. Claimed by the assessee	Rate of duty claimed by the assessee.	Classification proposed by the Dept.	Rate of duty proposed by the Dept.
Vico Vajradanti Powder and Cream	3303.31	Nil	3306.10	8% Adv.
Vico Turmeric Ayurvedic Cream	3303.31	Nil	3304.00	30% Adv.

The Assistant Commissioner has ordered for execution of B-13 Bond for Rs. 6.00 crores supported by Bank Guarantee of equal amount to secure the differential duty involved in the disputed classification of these products.

Against the provisional assessment order, the assessee filed a Writ Petition in the Nagpur Bench of the Honourable High Court of Bombay. After hearing both the parties, the Hon'ble High Court has stayed the order of the provisional assessment passed by the Asstt. Commissioner, Div.-I, Nagpur till the appeal against the said order of the Asstt. Commr. is decided by the Appellate Authority which shall be filed by the assessee within 15 days of the Court's Order. The Hon'ble High Court has further ordered that till the pendency of the appeal the petitioners should clear the goods by filling the Bond supported by 25% Bank Guarantee for differential duty chargeable under Heading 3003.31 (Nil rate) and 3003.39 (8%) for the said products. As per the order of the Hon'ble High Court, party has executed the Bond for Rs. 1.00 crore and Bank Guarantee for Rs. 25.00 lakhs.



## APPENDIX-II

Sl. No.	Name of the Unit (Commissionerate)	Amount involved (as on 31.03.97)	Issue involved in brief
1	2	3	4
1.	M/s Maruti Udyog Ltd., Gurgaon (Delhi-III)	5998.99 lakhs	It is a case where more than one issue is involved like non-inclusion of interest on advances taken for booking vehicle into value, inclusion of cess into value, advance from dealers etc. The case of interest on advance from customer involving duty of Rs. 29.51 crores is stayed by High Court. The issues not linked to any stay have been mostly finalised and as on 31.12.97 the amount involved in this case has been brought down to Rs. 3519.74 lacs.
2.	M/s Purolators (India) Ltd, Parwanoo (Chandigarh-I)	45.96 lakhs (as on 31.12.97)	5 kinds of PME were claimed as deduction. All the deductions except interest on receivables were allowed to the assessee. The party filed a writ petition with Delhi High Court against the order. Amount of duty involved on the issue of interest on receivables is Rs. 14.04 Lacs as on 28.02.98. It is also pertinent to mention that MRF judgement has allowed deduction on account of interests on receivables so the decision is ultimately likely to benefit the assessee. The Counsel is pursuing to get the case listed for early hearing. (call book case)
3.	M/s Royal Biscuits (P) Ltd. (Chandigarh-I)	Rs. 29.71 lakhs (as on 31.12.97)	The Department has filed an appeal in CEGAT against the order of Collector (Appeals) dated 14.11.94 allowing varying trade discounts to different classes of buyers. (call book case)
4.	M/s. Amritsar Swadeshi Mills, Amritsar (Chandigarh-II)	Rs. 26.28 lakhs	Both the cases are in call book category due to pendency of dispute relating to classification of Acrylic Shoddy Blankets. The matter was referred to Board for clarification and the Ministry has desired not to precipitate the matter. Reminder being issued for early view on the issue by Board.
5.	M/s. Essma Woollen Mills, Amritsar (Chandigarh-II)	Rs. 14.46 lakhs	

---

1	2	3	4
6.	M/s. CTM, Kathua (Chandigarh-II)	Rs. 65.91 lakhs	Issue involved is misclassification of cellulose spun yarn. Stay order by J&K High Court has been granted in Writ Petition No. 25/85. The case is in call book category.
7.	M/s. CTM, Kathua (Chandigarh-II)	Rs. 58 Lakhs	Issue involved inadmissible deductions (claimed during 5/94 to 5/95) leading to recovery action, stay has been granted by J&K High Court in writ petition No. 114/95.

---

## APPENDIX-III

### LIST III

#### DETAILS OF OTHER CASES REFERRED TO IN PARA 37 (POINT NO. 2) PENDING AS ON 31.12.97

Sl. No.	Commissionerate	Name of the party	NCB/ CB	Cate- gory	Amount (Rs. lakhs)	Pending since
1	2	3	4	5	6	7
1.	Meerut-I	M/s Modi Rubber Ltd. Modipuram	NCB	(d)	3351.00	P.A. Order of 1975
<p>Issue involved/brief facts: Valuation—Depot sale. A clarification is required from the Hon'ble Supreme Court which has been requested <i>vide</i> Commissionerate's letter C.No. I(10)86-L/92 dated 05.05.97 to be obtained by the Board from the Supreme Court. The Board have also referred the matter to the Ministry of Law <i>vide</i> Joint Secretary (Legal)'s D.O.F. No. 67/4/97-CX-I dated 04.09.97.</p>						
2.-	Meerut-I	M/s. Dabur - India Ltd.	NCB	(d)	As below	P.A. Order of 1992
<p>Issue involved/brief facts: Valuation—differential duty of Rs. 7.63 lakhs on account of equalised freight deposited upto 1995-96. Since PME issue is also involved, differential duty is being re-worked. The case is of recurring nature.</p>						
3.	Meerut-I	M/s Dewan Resins (P) Ltd.	NCB	N.Y.Q.		P.A. Order of 1984
<p>Issue involved/brief facts: Valuation—admissibility of the deduction claimed of the value of durable containers from the assessable value. There is a surety bond of Rs. 10 lakhs. The case has been decided in favour of the party by CEGAT. The case has been transferred from Callbook. The Deputy Commissioner, Central Excise, Meerut-I has reported <i>vide</i> his letter C.No. V(1)Audit/P.A./1680/97 dated 16.03.98 that this case (which was pending as on 31.12.97) has since been finalized.</p>						
4.	Meerut-I	M/s. Monsanto MFG. (P) Ltd.	NCB	(d)	5.00	P.A. Order of 1994
<p>Issue involved/brief facts: Valuation—different assessable value at factory gate and different rate of discount and related person sale. The case is of a recurring nature. The party is contesting the Department's case. Personal hearing held. The case is being finalised.</p>						
5.	Meerut-I	M/s. Shri Ram Pistons & Rings Ltd.	CB	(d)	Nil	P.A. Order of April, 1981
<p>Issue involved/brief facts: Valuation—the party has claimed deductions on account of post-manufacturing expenses, from the assessable value. Bond of Rs. 12 lakh executed every month as per High Court's order. Rs. 3 lakhs</p>						

1	2	3	4	5	6	7
	deposited on T.R. 6 Challans every month as cash security. The case is of a recurring nature. The amount involved in differential duty is nil as the party is voluntarily paying duty under protest in addition to the cash security. The matter is stayed in the Delhi High Court.					
6.	Meerut-I	M/s. Modi Spinning & Weaving Mills Ltd.	CB	(d)	33	April, 1982
	Issue involved/brief facts: Valuation—the party has claimed deductions on account of post-manufacturing expenses, from the assessable value. The case is of a non-recurring nature. No bond executed. The matter is stayed by the Delhi High Court.					
7.	Meerut-I	M/s. Modi Vanaspati Ltd.,	CB	(d)	47	February, 1981
	Issue involved/brief facts: Valuation—the party has claimed deductions on account of post manufacturing expenses, from the assessable value. The case is of a non-recurring nature. No bond executed. The matter is stayed by the Delhi High Court.					
8.	Meerut-I	M/s. Modi Arc Electrodes	CB	(d)	07	October, 1982
	Issue involved/brief facts: Valuation—the party has claimed deductions on account of post-manufacturing expenses, from the assessable value. The case is of a non-recurring nature. No Bond executed. The matter is stayed by the Delhi High Court.					
9.	Meerut-I	M/s. Hindon River Mills Ltd., Ghaziabad	CB	(d)	110	29.07.1982
	Issue involved/brief facts: Valuation—deductions from the assessable value on account of Post-Manufacturing Expenses. The case is of a non-recurring nature. Eight B-13 Bonds for a total value of Rs. 322.50 lakhs have been executed alongwith a Bank Guarantee for Rs. 825 lakhs. The matter has been stayed by the Delhi High Court.					
10.	Meerut-I	M/s. Mahavir Steel Rolling Mills	CB		Nil	P.A. Order of Aug. '92
	Issue involved/brief facts: Classification of Patti/Patras. The case is of a recurring nature. No bond can be asked as the decision of the High Court is in favour of the party. The Department's Special Leave Petition is pending before the Supreme Court.					
11.	Meerut-I	M/s. Unicast (P) Ltd.	CB		3.8	P.A. Order of 1986
	Issue involved/brief facts: Valuation—on costing basis to be determined under Rule 6(b) of the Valuation Rules. The case is of a recurring nature. Bond of Rs. 5 lakhs and Bank Guarantee of Rs. 1.2 lakhs has been executed. The Department's appeal is pending before the Supreme Court.					
12.	Meerut-I	M/s. Unispanners	CB		25.5	P.A. Order of 1988
	Issue involved/brief facts: Valuation—assessable value is to be determined on the basis of costing data. The case is of recurring nature. Bond of Rs. 1 lakh and Bank Guarantee of Rs. 25,000/- has been executed. The					

1	2	3	4	5	6	7
Department's appeal on the issue of inclusion of duty paid on inputs is pending before the Supreme Court.						
13.	Meerut-I	M/s. Paharpur Cooling Towers	CB		23.88	P.A. Order of 1991
Issue involved/brief facts: Valuation—assessable value is to be determined on the basis of costing data. The case is of a recurring nature. Bond of Rs. 2 lakhs and Bank Guarantee of Rs. 25,000/- have been executed. The Department's appeal is pending before the Supreme Court.						
14.	Meerut-I	M/s. ITC Ltd.	CB			P.A. Order of 1988
Issue involved/brief facts: Valuation—on the basis of show cause notice issued by the Commissioner, Central Excise, Meerut—interest on CDS margin and BIL. The case is of a non-recurring nature. The show cause notice was issued by the CCE, Meerut regarding certain discount/under adjudication with CCE, Delhi. The party is contesting that it is not a case of Provisional Assessment as Provisional Assessment has been finalised in 4/88 in view of DGI's Order in another case.						
16.	Meerut-I	M/s. Alps Industries	CB		N.Y.Q.	P.A. Order of April, 1995
Issue involved/brief facts: Classification of drapery of rods. The case is of recurring nature. Bond has been executed. Under process of finalisation. Practice of classification from other Commissionerates is being checked.						
16.	Meerut-I	M/s. T.C. Health Care (P) Ltd., Meerut	CB		317	P.A. Order dt. 01.07.96
Issue involved/brief facts: Valuation—factory gate and Depot prices are not the same. The case is of a recurring nature. The case is pending with Commissioner (J) for Adjudication.						
17.	Meerut-II	M/s. Swastik Fragrances	NCB	(d)	N.Y.Q.	P.A. Order of 1995
Issue involved/brief facts: Valuation—the party has claimed deductions on freight, insurance and octroi. The claims are being verified at the Range Office level and will be finalised shortly. Bond of Rs. 20 lakhs has been executed alongwith Bank Guarantee of Rs. 5 lakhs valid upto 10.11.95.						
18.	Meerut-II	M/s. Besta-Vision	NCB	(d)		P.A. Order dt. 05.05.95
Issue involved/brief facts: Valuation—different prices claimed from different States. Bond for Rs. 1 lakh and Bank Guarantee for Rs. 25,000/- executed. Range Officer has been directed to expedite the calculation work of duty.						
19.	Meerut-II	M/s. Venu Gopal Engg.	NCB	(d)	10.00	P.A. Order dt. 21.12.94
Issue involved/brief facts: Valuation—the party is manufacturing goods of Videocon brand and selling to related person. Show cause notice has been issued by Commissioner, Central Excise, Meerut on the same issue. Case is						

1	2	3	4	5	6	7
						pending till final orders of the Commissioner. Bond for Rs. 10 lakhs and Bank Guarantee for Rs. 6.75 lakhs has been executed.
20.	Meerut-II	M/s. Dombell Investment	NCB	(d)	10.00	P.A. Order dt. 21.12.94
		Issue involved/brief facts: Valuation—the party is manufacturing goods of Videcon brand and selling to related person. Show cause notice has been issued by Commissioner, Central Excise, Meerut on the same issue. Case is pending till final orders of the Commissioner. Bond for Rs. 10 lakhs and Bank Guarantee for Rs. 6.75 lakhs has been executed.				
21.	Meerut-II	M/s. Net work Ltd.	NCB	(d)		P.A. Order dt. 11.12.90
		Issue involved/brief facts: Valuation dispute. The Range Officer has been directed to calculate the differential duty involved. Bond has been executed for Rs. 938 lakhs and Bank Guarantee for Rs. 234.45 lakhs.				
22 to 43	Meerut-II	Call book cases				

**APPENDIX-III**

**List-III Other Cases (Page 6)**

**KANPUR-I**

<b>Name of the Company</b>	<b>Amount Involved</b>	<b>Items involved</b>	<b>Since when pending</b>	<b>Reasons of pending</b>	<b>Remarks</b>
<b>Non-Call Book Cases</b>					
44. Indian Hume Pipes Jhansi.	N.A.	The party is submitting escalation claims on cost of raw material & wages to Railways.	Jan.'97	The Party is submitted the escalation claims on 6 months basis as per contract with Railways. Hence due to recurring nature of the case, finalisation is being done from time to time after receipt of the actuals. The party has not submitted any escalation claim since Jan. '97. Hence at present the differential duty involvement is nil.	illegible
45. Punjab Paints Kanpur.	10.22	Admissibility of various deduction claimed on branded goods manufactured for others (Asian Paints)	Apr.'96	The case has since been finalised in March '98	Bond= 25 lacs BG = 06.25 lacs valid up to 07.05.98
46. Punjab Paints Kanpur	0.81	Admissibility of various deductions claimed by the party on goods manufactured for self.	Nov.'96	The case has since been finalised in March '98.	Bond= 1 lacs BG = 0.25 lacs valid up to 18.09.98.

Name of the Company	Amount Involved	Items involved	Since when pending	Reasons of pending	Remarks
<b>CALL BOOK CASES</b>					
47. Agra Engg., Indus. Agra.	595	Admissibility of certain deductions claimed by the party as PME.	Feb.'85	The case is pending before Hon'ble Supreme Court decision.	Bond = 72 lacs BG = 19 lacs for valid up to 13.1.99.
48. Goodlass Nerolac, Kanpur.	45.62	Admissibility of certain deductions claimed by the party as PME.	Aug.'93	The matter is pending before Hon'ble Supreme Court decision.	Bond = 50 lacs BG = 12.50 lacs valid up to 30.01.98.
49. Pradhan Laminators, Kanpur.	Nil	Classification dispute.	Mar.'92	The matter is pending before Hon'ble High Court.	Nil
50. Kanpur-II		M/s. KHANDEWAL CANDY (P) LTD. BAREILLY: The party is manufacturing sugar confectionery on conversion charge basis for M/s. Parry Confectionery Ltd. (PCL), Madras, who are supplying raw material and packaging material. The finished goods are being transferred to PCL, Madras. As such, it is essential to ascertain the real manufacturer and genuine assessable value for determining the duty liability in this case. Due to pending enquiry the assessment was ordered provisional under Rule 9 (b) of the Central Excise Rule 1944. The amount involved is Rs. 20 lakh (as per MTR). The bond amount of Rs. 2 lakhs was fixed for both the units of the party by the High Court, Allahabad. The case is pending due to stay order dated 02.05.95 granted by Allahabad High Court.			
51. Allahabad		M/s. VESPA CAR COMPANY LTD. SALON, RAEBARELI: The party was charging Rs. 325 per scooter through authorised representative. This amount retained by the authorised representative was not included in the assessable value. The amount involved is Rs. 74.00 lakhs. Bond has been executed for Rs. 20 lakhs alongwith Bank Guarantee. The Party's appeal is pending before CEGAT. On similar issue of L.M.L., Department's SLP is pending before the Supreme Court. The unit is closed since 1994.			
52. Patna		M/s. Gillooram Gauri Shankar Deogarh M/s. G.P. Dalmia Issue involved/brief facts: The case relates to M/s. Gillooram Gaurishankar, Deogarh M/s. G.P. Dalmia regarding dispute on clubbing of transactions. The case is covered by B-13 Bonds for Rs. 10 lakhs and Bank Guarantee for Rs. 40,000/-. The case is sub-judice before the Supreme Court.			



53.	Commission- erate	Name of the party	NCB/ CB	Cate- gory	Amount (Rs. lakhs)	Pending since
	Patna	M/s. ITC Ltd. Munger	CB	(d)	583	16.04.1982
		Issue involved/brief facts: There is a classification dispute on shells and slides manufactured by the party. The matter is <i>sub-judice</i> before the Supreme Court.				

54 to 60  
Jamshedpur

Call book cases

From the details of the information furnished by the Ministry of Finance the Committee find that in the case of ITC Group of Companies, provisional assessments involving differential duty of Rs. 48.83 crores were pending with various Commissionerates of Central Excise. Out of these assessments involving differential duty of Rs. 34.63 crores were pending with the Department only. Similarly, in the case of Hindustan Lever Limited provisional assessments involving differential duty of Rs. 39.05 crores were pending with various Commissionerates, or which assessment involving duty of Rs. 29.69 crores were found pending with the Department. Since those cases are pending with the Department only, the Committee do not find any valid justification for their non-finalisation. The Committee would like the Ministry to go into these cases and furnish them with a detailed report indicating the precise reasons as to why cases of provisional assessments to such a large extent in respect of these two assesseees have been kept pending and also to furnish an up-dated position of their disposal.

[Sl. No. 9. Para 38 of 14th Report of PAC (11th Lok Sabha)]

#### Action Taken

As regards Hindustan Lever Ltd., as on 31.12.96, there were 20 cases of Provisional Assessment involving an amount of Rs. 4252.17 lakhs, pending with the department. As on 30.9.97, the situation improved and there were only 7 cases of Provisional Assessment involving an amount of Rs. 1789.29 lakhs. Two more cases have been finalised in Chennai, involving an amount of Rs. 19.21 lakhs and another in Calcutta-I involving an amount of Rs. 1558.89 lakhs out of which the party has paid Rs. 610 lakhs till 31.10.97. For rest of the amount confirmed, party has gone in appeal before the Commissioner (Appeals), Calcutta. Thus as on date, only 5 cases of Provisional Assessment are pending with the department involving an amount of Rs. 211.19 lakhs. Detailed Commissionerate-wise report is placed at Annexure.

There were 12 cases of Provisional Assessment concerning M/s. ITC Ltd. involving an amount of Rs. 4818.72 lakhs as on 31.12.96, but the number involved came down to 9 cases as on 30.9.97, but the amount involved remained high at Rs. 4781.42 lakhs. Most of this amount was locked up in 5 cases out of which 3 cases involving Rs. 1420.00 lakhs, in Patna Central Excise Commissionerate have been finalised. However, in one case involving Rs. 583 lakhs, assessee's appeal is pending before the Supreme Court. In other two cases involving an amount of Rs. 837 lakhs, party has filed appeals before Commissioner (A). Two cases (issue-wise) pertain to Calcutta-III Commissionerate. In one case, relating to the issue of Post-Manufacturing Expenses, the party has already paid Rs. 1288 lakhs, another case relating to the issue of slide has been finalised on 5.3.98. A case relating to the same issue, on classification of slide is pending before the Supreme Court. One major case involving an amount of Rs. 300 lakhs pertains to Chennai-I. As per directions of the High Court, the case will be finalised before 31.3.98. Detailed Commissionerate-wise report is placed at Annexure.VIII.

## ANNEXURE-VII

AS ON 31.12.98  
No. of cases

AMOUNT  
Cases of Provisional Assessment of M/s. Hindustan

	1	2	3	4	5	6	7	8
1. Bangalore					NIL			
2. Indore-I & II					NIL			No duty involved
3. Calcutta-II					NIL			
4. Vishakhapatnam					NIL			
5. Goa					NIL			(No such cases)
6. Madurai					NIL			
7. Surat-I					NIL			
8. Cochin			2	94.00			1	59.07
9. Allahabad			1	358.17	NIL		1	33.22
10. Nagpur								

The case is pending due to non availability of verification report from the focal Commr.

The provisional assessment upto June 1997 have been finalised and from 1.7.97 is pending for want of depot invoice.

	1	2	3	4	5	6	7
11. Meerut	1			—		—	—
12. Patna	1			6.00	—	—	—
13. Coimbatore					NIL		
14. Aurangabad					NIL		
15. Kanpur-I	2			121.00		2	67.18
16. Baroda					NIL		
17. Ahmedabad-II					NIL		
18. Raipur					NIL		
19. Rajkot					NIL		
20. Jaipur					NIL		
21. Calcutta-I	1			711.00		1	1558.89

This case has been decided on 31.1.97

Party is claiming inadmissible deductions actuals of which is not ascertainable at the time of removal of goods. The cases are of recurring nature.

The case has been finalised. Party and demand confirmed of which the party had paid Rs. 610 lakhs till 31.10.97. For rest of amount confirmed party has filed an appeal before Comm. (Appeals)

	1	2	3	4	5	6	7	8
22. Bolpur	1		38.00			1	52.72	
23. Bhubneshwar				NIL				
24. Mumbai-III				NIL				
25. Belgaum	1		137.00					
26. Delhi-I (a)				NIL				
26. Delhi-II (b)				NIL				
27. Pune				NIL				
28. Shillong				NIL				
29. Mumbai-II				NIL				
30. Mumbai-I	5		2028.00			(2)	(1929.00)	
30. (a) Mumbai-VI				NIL				
31. Trichy				NIL				
32. Jaipur				NIL				
33. Chandigarh-I	3		748.43					
34. Jamshedpur				NIL				
35. Chennai	1		10.57			1	19.21	
36. Hyderabad				NIL				
	20		4252.17			7	1789.29	

The case has been decided.

(One case is pending in High Court) (and the other with Supreme Court.)

The case of M/s. H.L.L. Rajpura was finalised during February 1997.

Finalised/Demand confirmed on 23.10.97.

## ANNEXURE-VIII

## Cases of Provisional Assessment of M/s. I.T.C. Limited

Sl. No.	Name of the Commissionerate	Provisional Assessment Position as cases pertaining to M/s on 30.9.97		Reason for Pendency		
		I.T.C. Limited as on 31.12.96				
		No. of Cases	Amount	No. of Cases	Amount	
1	2	3	4	5	6	7
1.	Bangalore	1	14.70	NIL	—	Disposed Off
2.	Inodre-I & II	1	—	1	—	This case pertains to a job worker the case is pending with Comm. (Appeals)
3.	Calcutta-II	1	0.50	—	—	
4.	Vishakhapatnam			NIL		
5.	Goa			NIL		
6.	Madurai			NIL		
7.	Surat-I			NIL		
8.	Cochin			NIL		
9.	Allahabad			NIL		
10.	Nagpur			NIL		
11.	Meerut	3	22.10	1	—	The case is pending for adjudication before C.C.E. Delhi.
12.	Patna	3	1420.00	3	1420.00	Out of 3 cases one case involving amount of Rs. 583 lakh pending in S.C. Two cases involving amount of Rs. 837 lakh have been decided and party filed an appeal before Commissioner (Appeals) as on 31.12.97.

1	2	3	4	5	6	7
13.	Coimbatore			NIL		
14.	Aurangabad			NIL		
15.	Kanpur-I			NIL		
16.	Baroda			NIL		
17.	Ahmedabad-II			NIL		
17.	(a) Ahmedabad-I			NIL		
18.	Raipur	1	4.00	1	4.00	Upto 1996 the case will be finalised by the end of March '98 (as on 31.12.97)
19.	Rajkot			NIL		
20.				NIL		
21.	Calcutta-I	1	3057.12	—	—	Because these two cases are now being dealt with Cal.-III Commissionerate.
21(a)	Calcutta-III	—	—	2	3057.42	1. PME issue of Cigarettes. In this case SCM has been issued seeking the provisional assessment will be adjudicated soon by the A.C. on the basis of records available in Div. office as repeated attempts to attain worthwhile documents from DGAE New Delhi have not borne any substantive result. But in this case assessee had paid 1288 lakhs for the period 1973-1983. 2. (i) Case of slide: This case relates to CERA objection regarding valuation and same has been finalised on 5.3.98. (ii) The case of classification of slides is pending in Supreme Court. (As on 31.12.97).

1	2	3	4	5	6	7
22.	Bolpur			NIL		
23.	Bhubneshwar			NIL		
24.	Mumbai-III			NIL		
25.	Belgaum			NIL		
26.	Delhi-I			NIL		
26.	Delhi-II			NIL		
27.	Pune			NIL		
28.	Shillong			NIL		
29.	Mumbai-II			NIL		
29.	Mumbai-I	-	-	1	-	
30.	(a) Mumbai-VI			NIL		
31.	Trichy			NIL		
32.	Jaipur			NIL		
33.	Chandigarh-I			NIL		
34.	Jamshedpur			NIL		
35.	Chennai-I	1	200.11	1	300.00	High Court has directed the Department to finalise the case on or before 31.3.98. (As on 31.12.97)
36.	Hydrabad-I			NIL		
		12	4818.72	9	4781.42	



The facts stated in the foregoing paragraphs reveal a total break down in the system prescribed for monitoring the cases of provisional assessments. The registers prescribed for recording cases of provisional assessments were either not maintained or inadequately maintained at the Field/Commissionerate level. Though the cases pending for more than six months were required to be reported to the Commissioners for review, the reviews were hardly undertaken, and the Commissioners seldom cared to enquire why such reports were not submitted. The MTRs which was the instrument available at the Board/Ministry level for monitoring the pace of finalisation of provisional assessments did not even contain provisions for ascertaining the amount of differential duty involved and assessing whether provisional assessments were adequately secured by bonds/bank guarantees etc. The annual targets for clearance of pending provisional assessments were fixed by the Board on the basis of the inaccurate and inadequate data which evidently, had no relation with ground realities. Further the Internal Audit Organisation of the Department which could have functioned as an effective tool of management control had hardly played any worthwhile role in bringing down the pendency of provisional assessments. The Committee are dismayed at this unfortunate state of affairs in the Department entrusted with the responsibility of contributing maximum revenue to the exchequer. It is astonishing that such an important area of administration of Central Excise involving substantial revenue was left ignored by all concerned. The Ministry of Finance while admitting the shortcomings in monitoring have assured the Committee that steps have now been taken to make the system more effective. The Committee wish to emphasise that mere laying down of procedures are meaningless unless effective steps are taken to see that they are actually followed. They, therefore, desire that the Central Board of Excise and Customs should ensure the efficacy of monitoring of cases of provisional assessments through keeping a constant and continuous watch and initiation of timely corrective action and apprise the Committee of precise action taken.

The Committee are happy to note that subsequent to their taking up the subject of provisional assessments for detailed examination, the Ministry of Finance/Central Board of Excise and Customs have reportedly taken various steps seeking to streamline the system in order to ensure accurate reporting of cases of provisional assessments and their disposal. The steps stated to have been taken include, issuing of certain detailed instructions for improving of the procedures, maintenance of records, submission and review of reports, holding of monthly pendency meetings, introduction of revised format of MTRs, introduction of holding training programmes for different level of officers, evolution of a computer software programme, convening of a special meeting of Chief Commissioners of Central Excise by the Board who had been asked to personally monitor the pendency of provisional assessment cases and initiation of a special drive for liquidating the pendency of cases of provisional assessments. According to the Ministry

as a result of the special drive, about 1300 cases involving an amount of over Rs. 250 crores have been finalised upto 31 December 1996. Further, Ministry stated that an amount of Rs. 18.42 crores had been realised just from five Commissionerates. The fact that such a large number of cases could be finalised in such a short span of time at the instance of the Committee clearly show the lack of seriousness attached hitherto by the Department in this direction. The Committee cannot remain contented with the results now reported by the Ministry. They desire that the various steps initiated should be taken to their logical conclusions not only for ensuring clearance of the pendency within a specific time limit but also for ensuring accurate reporting and timely disposal of such cases in future. A group should be constituted in all the Commissionerates and an officer at appropriate level also nominated in the Board for monitoring the progress. Cases of non-compliance/violations of the instructions should be sternly dealt with. The Committee would like to be informed of the latest position of pendency/finalisation of cases of provisional assessments.

[Sl. No. 13 & 17, Para 59 and 73 of 14th Report of PAC (11th Lok Sabha)]

#### Action Taken

The Public Accounts Committee's recommendation for setting up a monitoring group have been noted. In majority of the Commissionerates, such groups have been already formed for monitoring of finalisation of Provisional Assessment cases as ANNEXURE-XII-A per Member (CX)'s D.O. F.No. 238/96-CX-7 dated 9.1.97 and in respect of others, the Commissioners are monitoring the pendency at their level through means such as periodic meeting with Divisional Assistant Commissioners etc.

2. Please refer to the Ministry's comments on Paras 34, 35, 36 & 37 for the position of pendency of provisional assessment as on 31.12.97.

3. The Board has issued Circular No. 288/97-CX dated 14.1.97 Annexure-I containing comprehensive procedure on provisional assessments. Further, in reference to examination of Para No. 1.03 by the PAC on the report of C&AG of India, instructions vide Circular No. 297/13/97-CX dated 18.2.97 (Annexure-II) have already been issued directing, inter-alia, review of each cases of pendencies on monthly-basis by the Commissioner. The Board has decided that the CX-9 Section of the Board will continue with monitoring of pendency through the MTRs. However, the CX-6 Section will conduct special monitoring of the pendency of provisional assessments.

4. Regarding fixing of targets in future, it is mentioned that once specific time-limits for finalisation of provisional assessment cases are provided and strict monitoring is ensured, the targets in numeric terms will not be required.

## MOST IMMEDIATE ANNEXURE-XII A



S.D. MOHILE  
MEMBER(CX)

D.O.F. No. 238/96-CX.7  
GOVERNMENT OF INDIA  
भारत सरकार  
CENTRAL BOARD OF EXCISE AND CUSTOMS  
केन्द्रीय उत्पादन शुल्क तथा सीमा शुल्क बोर्ड  
सुराक्षित कालिका पवित्र देस का  
CARE FOR THE GIRL CHILD

New Delhi, the 9th Jan., 1997.

My dear

**SUBJECT:** Creation of Special Task Force for the liquidation of Provisional assessment cases — Need for effective monitoring of Provisional assessment cases — Audit Para No. 1.03 — regarding —

Please refer to my D.O. letter F.No. 268M(CX)96 dated 22.2.96 wherein it was impressed upon for the need and urgency of finalising the cases of provisional assessments pending with you (copy enclosed).

2. *Vide* para 4 of my D.O. letter under reference, you were asked to set up Special Task Force/Audit-cum-Inspection parties to take stock of, and to finalise at least 50% of the major provisional assessment cases. It was also emphasised that priority should be given to cases pending beyond 3 years whose number in each Division/Range may not be too much.

3. Kind attention is also invited to my further D.O. letter of even number dated 26th February, 1996 wherein Secretary (Revenue)'s directions were conveyed that 20% of the provisional assessment pending cases should be finalised positively before 31.3.96 and a suitable drive should, therefore, be launched for the purpose and results reported in the Monthly Reports.

4. From the scrutiny of the reports received from various Commissionerates in reply to the Advance Questionnaire sent by the Lok Sabha Secretariat on the Audit Para No. 1.03 of the C&AG's Report (for the period ended 31st March, 1995) and selected for Oral evidence before the Public Accounts Committee on 16th January, 1997, I note with serious concern that no satisfactory progress has been made on this account. I find an amount of Rs. 2423 crores approximately is still locked up in the provisional assessment cases as on 30.11.96 (except and Shillong Commissionerates figures in respect of which are yet to be finalised). (Copy of the statement showing the details of number of cases and differential duty involved in Provisional Assessments Commissionerate-wise is enclosed).

5. I am sure, by this time, you must have created a Special Task Force in your Commissionerate/Division for the liquidation of the provisional assessment cases and to realise the revenue locked up therein. If not, please do so without further delay.

6. Further, from the Inspection reports conducted by the Officers of the WRU, Bombay of DG, Inspection, it has been revealed that the provisions of Rule 9-B of Central Excise Rules, 1944 has not been scrupulously followed while ordering provisional assessments. In some cases neither Bond; nor Bank Guarantee/Security has been obtained to safeguard the Government revenue. Further, in certain cases even the order of provisional assessments has not been issued. In this regard, I would request you to issue suitable instructions to your Offices to strictly follow the provisions of Rule 9-B *ibid* and instructions of the Board issued on the subject from time to time. You are also requested to review provisional assessment cases on monthly basis.

In this connection, kind attention is also invited to para 2 of the Board Circular No. 266/10096-CX dated 12.11.1996.

7. Since there is shortfall in realisation of the revenue during the current financial year, *I would reiterate that Special efforts should be made for drastically bringing down the pendency of provisional assessment cases and to realise the revenue locked up therein.*

8. As stated in my D.O. letter F.No. 268M(CX)96 dated 22.2.96, it may kindly be ensured that your Monthly Report is sent to Board in the enclosed proforma with a copy to Commissioner (PAC).

Please acknowledge receipt.

With regards,

Yours sincerely,

Sd/-

(S.D. MOHILE)

Encl: As above.

All Commissioners of Central Excise.

Copy to All Chief Commissioners of Central Excise for effective monitoring.

Sd/-

(S.D. MOHILE)

The Committee take a serious view of the inadequate response to the draft Audit paragraph. They desire that the Ministry of Finance should look into the reasons for their failure in this case and nominate a designated officer who shall be responsible for promptly and adequately responding to the draft Audit paragraphs.

[Sl. No. 247 Para 93 of 14th Report of PAC (11th Lok Sabha)]

**Action Taken**

There is a full fledged Section in the Ministry dealing with all draft audit paras, C&AG reports and PAC matters including compliance of PAC reports. To overcome any case of delay, proper coordination with various wings of the Board and field formations is being maintained.

## CHAPTER IV

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

The Committee regret to note that out of the 7817 cases of pending provisional assessment relating to 1992-93 to 1995-98, bonds/bank guarantees were executed only in respect of 6111 cases. This clearly shows that the differential duty locked up due to the delay in finalisation of provisional assessments has not been securely protected. What has caused further concern to the Committee is that bonds/bank guarantees were enforced/encashed in 11 out of the 36 Commissionerates only for realising the differential duty from the defaulters consequent upon the finalisation of the provisional assessments. The Ministry of Finance have not adduced any explanation for the failure of the Department in executing bonds/bank guarantees in a large number of cases and also in resorting to enforcement of bonds and encashments of bank guarantees from the defaulters. While expressing their displeasure over this state of affairs, the Committee desire that all the cases referred to above should be reviewed by the Board and necessary steps taken to protect governmental revenue. Action should also be taken against the officers responsible for the lapses in following the rules/instructions laid down in the matter of execution of bonds and bank guarantees. The Committee would like to be informed of the specific action taken in the matter.

[Sl. No. 12, Para 48 of 14th Report of PAC (11th Lok Sabha)]

#### Action Taken

As on 31.12.96, 245 cases were pending all over India where Bond and Bank Guarantee had not been obtained. Due to an intensive review undertaken by the Central Excise Commissionerates, the number of such cases has come down to 104, as on 30.9.97. Out of these 104 cases, the major pendencies remain with Mumbai-II with 10 cases and Chennai, Pune and Raipur having 8 cases each. In most of these cases, notices to Show Cause have been issued to safeguard the Government revenue. Some cases relate to PSUs where there is no need for obtaining a Bond or Bank Guarantee. In certain other cases, the assesseees are paying duty at the higher rate, thus, there is no need to obtain and Bond or Bank Guarantee. The detailed Commissionerate-wise report is enclosed at Annexure-XII

**PENDING CASES WHERE BOND AND BANK GUARANTEE HAS NOT BEEN TAKEN AND REASON THEREOF**

**ANNEXURE XII**  
(Rupees in Lakhs)

Sl. No.	Name of the Commissionerate	Cases pending as on		Whether view taken	Result of Review	Position as on 30.9.97	Remarks
		31.12.95	30.9.97				
1	2	3	4	5	6	7	
1.	Banglore	Nil	Nil	Nil	Nil		
2.	Indore-I & II	5			2		(1) The revenue is safeguarded by way of issue of SCN within the prescribed time limit. (2) As per Supreme Court ruling CCE 1992 (58) ELT 561 (SC) it was held that no bond as provided in Rule 9B is required in case where PLA is maintained.
3.	Calcutta-II	Nil	Nil	Nil	Nil		

1	2	3	4	5	6	7
4.	Vishakhapatnam	3	Nil	Nil	1	Two cases have been finalised. In one case assessee is a PSU Hence no Bond/BG.
5.	Goa	4		Bond amount/BG is taken care however, where no Bond/BG filed, demand to the parties, have been raised to safeguard the revenue	4	In one case SCN issued to safeguard revenue. In other cases there is no clearance of goods after the date of provisional assessment order.
6.	Madurai	Nil	Nil	Nil		
7.	Surat-I	Nil	Nil	Nil		
8.	Cochin	Nil	Nil	Nil		
9.	Allahabad	Nil	Nil	Nil		
10.	Nagpur	3	Yes	During the review it was seen that 2 cases were related to Govt. Undertaking and there is no need of Bond & B.G. Another one case has been finalised and no recovery is pending.	Nil	Case finalised
11.	Mecrut	Nil	Nil	Nil		



1	2	3	4	5	6	7
12. Patna	Nil	Nil	Nil	Nil	Nil	Nil
13. Coimbatore	22	Yes	With regard to Call Book cases except one no bond & BG has been executed because the matter was decided in Ist and IInd appeal in favour of assessee.	13	Same as in Column 5.	
14. Aurangabad	Nil	Nil	Nil	Nil	Nil	Nil
15. Kanpur-I	3	In one case no duty was involved, rest of the two cases have been finalised.	1	No duty involved. Hence no Bond/BG executed.		∞ 4
16. Baroda	Nil	Nil	Nil	Nil	Nil	Nil
17. Ahmedabad	Nil	Nil	Nil	Nil	Nil	Nil
18. Raipur	8	Yes	In all the cases adequate Bond & B.G. have been furnished except 8 cases where order was in favour of assessee or the unit is Public Sector Undertaking.	8	Same as in Column 5	

1	2	3	4	5	6	7
19.	Rajkot	Nil	Nil	Nil	Nil	Nil
20.	Guntur	Nil	Nil	Nil	Nil	Nil
21.	Calcutta-I	10		In one case periodical demands have been raised. In two cases adjudication proceedings are in progress. In two cases the matter is pending with CEGAT. One case is subjudice in Calcutta H.C. One case is locked up in Supreme Court. One case has already been disposed of by adjudication. In respect of two cases the bond particulars are not traceable as the cases are old.	9	Same as in Column 5.

1	2	3	4	5	6	7
22.	Bolpur	Nil	Nil	Nil	Nil	Nil
23.	Bhubaneswar	Nil	Nil	Nil	Nil	Nil
24.	Mumbai-III	9	Yes	In three cases the Deptt. has filed appeal with CEGAT. Two cases have been finalised on 13.10.97. In two cases no differential duty was involved. The assessee was paying duty at higher rate.	8	In 3 cases, Deptt.'s appeal is pending before CEGAT. In 2 cases, assessecs are paying duty at higher rate. 2 cases have been decided is Oct. 97. In one case SCN has been issued in time.
25.	Belgaon	Nil	Nil	Nil	Nil	Nil
26.	Delhi-I	4	Yes	Amt. got recovered except Rs. 18.68 lacs of M/s Swastik Udyog Ltd., Rohtak, SCN pending for adjudication.	Nil	Nil

1	2	3	4	5	6	7
27.	Pune	44	Yes	Some cases decided	8	In 8 cases bond & B.G. were not executed due to following reasons:— 1. In 3 cases party is paying higher rate of duty under protest. Therefore, no bond or B.G. has been taken. 2. In 4 cases periodical SCN issued protecting revenue. Therefore, no bond or B.G. taken. 3. In 1 case bond/B.G. has been furnished.
28.	Shillong	4	Yes	One case is pending without bond & B.G.	1	
29.	Mumbai-II	67	Yes	33 Cases were finalised, 13 cases were found to be not provisional assessment cases. In 5 cases no diff. duty was involved. In respect of balance 16 cases SCN's have been issued to safeguard the revenue.	10	SCN has been issued to protect Interest of revenue.

1	2	3	4	5	6	7
30.	Mumbai-I	41	Yes	As a result of review, 13 cases have been finalised.	28	In most of the cases protective demands have been issued to safeguard revenue, In some.
31.	Trichy	—	—	All the cases arc covered by Bond and B.G.		
32.	Jaipur	2	Yes	One case finalised.		
33.	Chandigarh	1	Yes	Bond/B.G. covering the Differential duty has been executed.		The case has been finalised in September, 1997.
34.	Jamshedpur	Nil	Nil	Nil	Nil	
35.	Chennai	11	Yes	3 cases out of 11 finalised.	8	
36.	Hyderabad I, II, III			All cases one covered either by B.G., Bond or periodical SCNs.		

### **Recommendation**

**The Committee desire that the age-wise/category-wise details of cases of provisional assessments pending alongwith the differential duty involved should be incorporated in the Annual Report of the Ministry of Finance relating to the financial year 1997-98 onwards.**

**[Sl. No. 22 Para, 88 of 14th Report of PAC (11th Lok Sabha)]**

### **Action Taken**

**The directions of the PAC have been noted. Accordingly, the action to incorporate the data in the Annual Report of the Ministry of Finance is being taken.**

## CHAPTER V

### RECOMMENDATIONS AND OBSERVATIONS TO WHICH THE GOVERNMENT HAVE FURNISHED INTERIM REPLIES

The Committee find that the Inspection Reports relating to the Commissionerates of Central Excise, Mumbai-I, II and III have revealed serious shortcomings with regard to the procedures applied in resorting to and disposal of cases of provisional assessments. The Committee took particular note of the 136 cases reported where provisional assessments were stated to have been ordered without getting bonds/bank guarantees executed by the assessees, the cases of loss of revenue due to the operation of time bar and also about certain files being found non-traceable. The Committee are, however, amazed to note from the information furnished by the Ministry subsequent to the evidence that the further enquiry by them has revealed that most of the cases had since been finalised and no revenue loss had occurred. Curiously enough, the Ministry's reply did not indicate the position relating either to the non-execution of bonds/bank guarantees in a large number of cases or about the loss of revenue due to operation of time bar and the loss of files. In the circumstances, the Committee are unable to accept the reply of the Ministry. They, therefore, desire that the Ministry of Finance should move C & AG and get a special Audit done in respect of the cases mentioned in the Inspection Reports. The Committee would await the outcome.

[Sl. No. 14, Para 62 of 14th Report of PAC (11th Lok Sabha)]

#### Action Taken

The Ministry of Finance has already moved the C & AG for the special audit in respect of the cases as mentioned for this para, vide d.o. letter No. 234/2/97-CX. 7 dated 24.7.97 to Principal Director's Office of the C&AG of India the outcome of the special audit is awaited.

#### Recommendation

The Committee take a serious view of the inordinate delay in the submission of information relating to provisional assessments pertaining to the Commissionerate of Central Excise, Shillong. They desire that the action taken report of the Ministry of Finance after considering the explanation of the Commissioner, be expedited.

[Sl. No. 15, Para 68 of 14th Report of PAC (11th Lok Sabha)]

### **Action Taken**

The reasons given by the Commissioner (Central Excise), Shillong for delay in submitting the report are as under:

- (a) Communication facilities in the North-East are quite deplorable.
- (b) Expertise amongst the Assistant Commissioners (Promoted), Supdts. and Inspectors is fairly limited.
- (c) The entire North-East region is disturbed and hence quite difficult to maintain sustained interest and co-operation from all.
- (d) For some reason, the limitations on account of human factors appear to be more felt in the area.

The Board after considering the problems narrated by Commissioner of Central Excise, Shillong is directing the Commissionerate to take steps to strengthen the communication facilities in the charge. He is also being asked to depute the Assistant Commissioners (promoted), Supdts. and Inspectors for training to NACEN so that they develop appropriate expertise in processing important matters and also to take necessary motivational steps to enthuse the staff for achieving the desired goals.

The Board has taken a serious note of the then Commissioner's laxity and she is being cautioned accordingly.

### **Recommendation**

The Committee are anguished to note that the Department are likely to lose substantial revenue due to the negligence of the officers of the Commissionerate of Shillong in not resorting to provisional assessments in the matter of dispute over classification of block board. They consider it astonishing that while on the one hand the Department apparently seem to be resorting to provisional assessments even on trivial issues, the officers in the instant case, where substantial revenue was stated to be at stake had miserably failed in invoking the relevant provision of the law for protecting the revenue. The Committee deplore the same and desire that the whole matter might be thoroughly inquired into and responsibility fixed for the lapses. They desire to be informed of the follow-up action taken in the whole matter and also be furnished with a complete report on the precise extent of the revenue loss together with details of the position prevailing not only in the Shillong Commissionerate but also elsewhere in the light of the Supreme Court decision on classification of block board.

[Sl. No. 16, Para 69 of 14th Report of PAC (11th Lok Sabha)]



**Action Taken**

Enquiry is being conducted to find out the correct position and proof of negligence on the part of the officers of Shillong Commissionerate. A director of the Ministry visited Shillong recently in order to find out as to why the recoveries of revenue from blockboards were not made. He has suggested the necessity for ascertaining the legality of raising demands where stay was granted by the High Court. The demands raised later on with extended period were confirmed and the question of limitation period is subjudice before the CEGAT. However, further enquiry is being initiated.

2. The zone-wise position of Block Board cases as reported is given in the Annexure-XIV.

**DETAILS OF PROVISIONAL ASSESSMENT ON BLOCK BOARD CASES****CALCUTTA ZONE**

There is one case in respect of M/s. S.A. Plywood Industries where the product was classified under Sub-heading No. 4410.90 pertaining to Bolpur Commissionerate. Subsequently, the classification was made under Sub-heading No. 4408.90 but no protective demand was raised for Rs. 1,07,119.00 being the differential duty involved. However, refund of Rs. 30,929/- sanction to the assessee in this regard has been paid back by the assessee on the basis of order-in-Appeal passed by the Commissioner (Appeal).

In respect of Shillong Commissionerate demands were confirmed on 54 units in pursuance of Supreme Court judgement dated 20.3.95. The details of which are as under:

(a) One unit has paid the confirmed demand for one part and for the remaining part, adjudication proceedings pending due to some legal tangle.

(b) Against one unit, the appeal is pending before Commissioner (Appeal).

(c) 15 units have fully paid the confirmed demand.

(d) Against 15 units there is stay from Commissioner (Appeals)/CEGAT for further recovery. On some cases predeposits have been ordered.

(e) Against 17 units recovery proceedings initiated under Rule 230 of Central Excise Rules.

(f) Against 5 units where orders of CEGAT/Commissioner (Appeals) have just been received action under rule 230 are being initiated.

**DELHI ZONE**

In respect of Delhi-III Commissionerate five units were engaged in the manufacture of block board prior to 20.3.95 and 19 Show Cause Notices for Rs. 79.28 lakhs were issued. It has further been reported that most of the demands has since been confirmed and an amount of Rs. 40.93 lakhs already realised. In one case involving Rs. 1.60 lakhs recovery has been stayed by the Commissioner (Appeals). Efforts are on to make recovery/finalise the remaining cases.

In respect of Chandigarh-I Commissionerate, M/s. Samrat Plywood, Derabassi, the product was classified under Chapter sub-heading 4410.90 instead of 4408.90. The differential duty of Rs. 1.33 lakhs has already been recovered.

In respect of M/s. Anil Ply Board, Jammu under Chandigarh-II Commissionerate, it has been reported that the demand could not be

raised as limitation period of five years had expired. The amount involved is Rs. 2.11 lakhs. Regarding feasibility of fixation of responsibility it has been reported that since the controversy regarding classification of Block Boards was not in the context of Chandigarh Commissionerate or Delhi Zone, for that matter, hence prima facie no malafide can be attributed to the lapse.

#### **JAIPUR ZONE**

In respect of M/s. M.P. Plywood, Chhindwara under Indore-II Commissionerate, it has been reported that provisional assessment were ordered on 29.1.92 for which the party has executed Bond for Rs. 38.00 lakhs. However, no bank guarantee was taken since the unit has been declared as sick unit under sick Industrial Companies (Special Provision) Act, 1955 vide BIFR order No. 85/89 dated 5.3.90 in view of CEGAT's order in Gujarat Narmada Auto Ltd. Vs. CCE reported in (1992 (59) EIC-67 (Tri). Though the RT-12 returns of the assessee were finally assessed no recovery could be made as the unit has gone to BIFR. The BIFR has declared the unit as sick and asked the Delhi High Court to appoint a liquidator. Efforts are being made to lodge the departmental claim with the liquidator.

#### **PUNE ZONE**

In respect of M/s. Shiv-om-Plywood, under Aurangabad Commissionerate the product was classified under Chapter Sub-heading No. 4410.90 of the Central Excise Tariff Act attracting nil rate of duty. Show Cause Notice for classifying the product under Ch. Sub-heading 4408.90 was issue and the duty involved has been already recovered.

In respect of M/s. Vidarbha Vermers Ltd., Nagpur under Nagpur Commissionerate, it has been reported that the protective demands were issued to the assessee confirming the duty involved. Till date Rs. 40 lakhs has been paid by the assessee and for the remaining amount of Rs. 204.00 lakhs the assessee have sought for permission to pay the amount in instalments as reported. As such there has not been any loss of revenue.

#### **IN RESPECT OF OTHER ZONES THE REPORT IS NIL.**

The Committee further note that the Ministry have now issued directions to the field formations to develop their own computerised software. The Committee wonder whether this would achieve the purpose of bringing uniformity, adoption of common criteria and proper monitoring of pendency. They are of the opinion that the Board should develop an appropriate computer programme at their level so that uniformity could be maintained in all the Commissionerates and consistency of data is ensured.

[Sl. No. 18, Para 74 of 14th Report of PAC (11th Lok Sabha)]

#### **Action Taken**

Earnest efforts are being made to develop a uniform computer

programme covering all aspects of Central Excise operations, including MIS reports concerning provisional assessments, adjudications, etc. In step with the provision of personal computers to improve record maintenance and furnishing of information/reports at the Range level, measures are being initiated to develop a uniform programme that could run on Personal Computers. The Commissionerates have been asked to undertake a Systems study and develop the required software at the earliest.

It is common knowledge that the delay in finalisation of provisional assessments leads to financial accommodation of assesseees at the cost of the exchequer. However, the Committee are rather surprised that cases of provisional assessments were kept outside the purview of the provision incorporated in the Law in September, 1998 for levy of interest charges in delayed payments of central excise duty. Regretfully, despite the deposition made by the Secretary, Revenue, before the Committee recognising the need for enactment of a provision for levy of interest, the Finance Bill 1997 does not propose any amendment on that score. The Committee recommend that suitable provision may be incorporated in the Central Excises and Salt Act 1944 for levy of interest on delayed payments arising out of finalisation of provisional assessments also. The Committee would like to be informed of the precise action taken.

[Sl. No. 20, Para 82 of 14th Report of PAC (11th Lok Sabha)]

#### Action Taken

It is submitted that the inclusion of interest clause would require amendment of the Central Excise Act, 1944 and the same can be undertaken in course of the budgetary exercise. Keeping in view the complicated nature of this clause, when applied to Provisional Assessment, the Board is examining the matter with reference to various situations that may be faced.

Considering the alarming rate of increase in all India pendency and the exceedingly slow pace of disposal, the Committee are of the firm conclusion that the executive instructions which the Ministry/Board have repeatedly been issuing over the years have woefully failed in making any perceptible improvement in clearing the cases of provisional assessments of central excise duty getting accumulated over the years. The Committee are of the view that a time has come to provide the executive instructions statutory backing for securely protecting the revenue interests of Government. They, therefore, recommend that suitable provisions may accordingly be incorporated in the Central Excise Law prescribing

**an appropriate time limit for finalisation of the cases of provisional assessments.....**

**[Sl. No. 21, Para 85 of 14th Report of PAC (11th Lok Sabha)]**

**Action Taken**

It is stated that the Board has agreed in principle for prescribing the statutory time-limit. Necessary amendments in the Central Excise Rules would be made after the final decision of the Board. In the meanwhile, fresh executive instructions have again been issued *vide* Circular No. 382/15/98-CX dated 19.3.98 clearly specifying the time-limits. (Copy enclosed.)  
**Annexure-III**

**NEW DELHI;**  
**26 April, 1999**

---

**MANORANJAN BHAKTA,**  
**CHAIRMAN,**  
**PUBLIC ACCOUNTS COMMITTEE.**

**6 Vaisakh, 1921 (Saka)**

## APPENDIX

### CONCLUSIONS AND RECOMMENDATIONS

Sl No.	Para No.	Ministry/ Deptt. concerned	Conclusions and Recommendations
1	2	3	4
1.	3.	Ministry of Finance (Deptt. of Revenue)	The Committee are anguished to note that the Ministry of Finance, Department of Revenue (Central Board of Excise and Customs) have not yet furnished final replies in respect of the observations/recommendations of the Committee contained in Paragraphs 62, 68, 69, 74, 82 and 85 of the Report even after a lapse of about two years. The Committee deplore the same and desire that the final replies, duly vetted by Audit, be furnished at the earliest.
2.	9.	—do—	The Committee observe that as a result of intensive review undertaken by the Central Excise Commissionerates the number of pending cases where bond and bank guarantees had not been obtained came down from 245 to 104 as on 30.9.97 and in most of these cases notices to show cause have been issued to safeguard the Government revenue. But the Ministry of Finance are silent about the action to be taken against the officers responsible for the lapses in following the rules/instructions laid down with regard to execution of bonds and Bank guarantees. The Committee reiterate their earlier recommendation and desire that action should be taken against the officers for not following rules/instructions in the matter. They would like to be informed of the action taken in the matter.
3.	12.	—do—	The Committee are pleased to note that the Ministry of Finance, on the basis of

---

1	2	3	4
---	---	---	---

---

the recommendations of PAC, incorporated the data relating to the pending provisional assessments in the Annual Report for the year 1997-98 but they are surprised to note that the Annual Report of the Ministry for the year 1998-99 has no mention of the pending provisional assessments. They reiterate their earlier recommendation and desire that the details of cases of provisional assessments pending alongwith the differential duty involved should be incorporated in the Annual Report of the Ministry henceforth invariably.

---

## PART II

### MINUTES OF THE TWENTY-FIFTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1998-99) HELD ON 26 APRIL, 1999

The Committee sat from 1500 hrs. to 1545 hrs. on 26 April, 1999 in Committee Room "B", Parliament House Annexe, New Delhi.

#### PRESENT

Shri Manoranjan Bhakta—*Chairman*

#### MEMBERS

#### *Lok Sabha*

2. Shri Prithviraj D. Chavan
3. Shri Ram Tahal Choudhary
4. Smt. Bhavna Chikhaliya
5. Prof. Ajit Kumar Mehta
6. Shri Prabhat Kumar Samantaray
7. Prof. Saifuddin Soz

#### *Rajya Sabha*

8. Shri J. Chitharanjan
9. Shri Jayant Kumar Malhoutra
10. Shri Vayalar Ravi

#### SECRETARIAT

1. Shri P.D.T. Achary—*Joint Secretary*
2. Shri Devender Singh—*Deputy Secretary*
3. Shri Rajeev Sharma—*Under Secretary*
4. Shri B. S. Dahiya—*Assistant Director*

#### OFFICERS OF THE OFFICE OF C&AG OF INDIA

1. Shri S.K. Bahari, Pr. Director of Audit
2. Shri Jayanti Prasad, Director of Audit
2. The Committee took up for consideration the following draft Reports on:—

(i) Action taken on 14th Report of PAC (11th Lok Sabha) on "Union Excise Duties — Provisional Assessments".

(ii)

\*\*\*\*

\*\*\*\*

\*\*\*\*

3. The Committee deliberated on the subject matter of the above mentioned draft Reports and adopted the same without any modification/amendment.

4. The Committee authorised the Chairman to finalise the draft Reports in the light of verbal and consequential changes arising out of factual verification by Audit and present the same to Hon'ble Speaker.



5. The Chairman then thanked the Members for their active participation and whole hearted cooperation in the functioning of the Committee. He also thanked the officers of the C&AG for their sincere cooperation. He expressed his appreciation of the hard work done by the Secretariat in rendering assistance to the Committee. The Members agreed with the observations made by the Chairman and praised the Chairman for his contribution and role in the functioning of the Committee.

*The Committee then adjourned.*

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATION**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
<b>ANDHRA PRADESH</b>		<b>UTTAR PRADESH</b>	
1.	M/s. Vijay Book Agency, 11-1-477, Mviargadda, Secunderabad-500 306.	12.	Law Publishers, Sardar Patel Marg, P.B. No. 77, Allahabad, U.P.
<b>BIHAR</b>		<b>WEST BENGAL</b>	
2.	M/s. Crown Book Depot, Upper Bazar, Ranchi (Bihar).	13.	M/s. Madimala, Buys & sells, 123, Bow, Bazar Street, Calcutta-1.
<b>GUJARAT</b>		<b>DELHI</b>	
3.	The New Order Book Company, Ellis Bridge, Ahmedabad-380 006. (T.No. 79065)	14.	M/s. Jain Book Agency, C-9, Connaught Place, New Delhi, (T.No. 351663 & 350806)
<b>MADHYA PRADESH</b>		15.	M/s. J.M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi-110006. (T.No. 2915064 & 230936)
4.	Modern Book House, Shiv Vilas Place, Indore City. (T.No. 35289)	16.	M/s. Oxford Book & Stationery Co., scindia House, Connaught Place, New Delhi-110 001. (T.No. 3315308 & 45896)
<b>MAHARASHTRA</b>		17.	M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110 009. (T.No. 7112309).
5.	M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princes Street, Bombay-400 002.	18.	M/s. Rajendra Book Agency, IV-DR59, Lajpat Nagar, Old Dobule Storey, New Delhi-110 024. (T.No. 6412362 & 6412131).
6.	The International Book Service, Deccan Gymkhana, Poona-4.	19.	M/s. Ashok Book Agency, BH-82, Poorvi Shallmar Bagh, Delhi-110 033.
7.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001.	20.	M/s. Venus Enterprises, B-2/85, Phase-I: shok Vihar, Delhi.
8.	M/s. Usha Book Depot, Law Book Seller and Publishers' Agents Govt. Publications, 585, Chira Bazar, Khan House, Bombay-400 002.	21.	M/s. Central News Agency Pvt. Ltd., 23/90, connaught Circus, New Delhi-110 001. (T.No. 344448, 322705, 344478 & 344508).
9.	M & J Services, Publishers, Representative Accounts & Law Book Sellers, Mohan Kunj, Ground Floor, 68, Jyotiba Fuele road Nalgaum, Dadar, Bombay-400 014.	22.	M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10.	Subscribers Subscription Service India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400 001.	23.	M/s. Books India corporation Publishers, Importers & Exporters, L-27, Shastri Nagar, Delhi-110 052. (T.No. 269631 & 714465).
<b>TAMIL NADU</b>		24.	M/s. Sangam Book Depot, 437B/4B, Murari LaL Street, ansari Road, Darya Ganj, New Delhi-110 002.
11.	M/s. M.M. subscription Agencies, 14th Murali Street, (1st Floor), Mahalingapuram, Nungambakkam, Madras-600 034. (T. No. 476558)		