

**UNION EXCISE DUTIES—
SYSTEM DEFECTS IN WORKING OF
CHIEF ACCOUNTING OFFICES**

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

HUNDRED AND SIXTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

HUNDRED AND SIXTEENTH REPORT

PUBLIC ACCOUNTS COMMITTEE (1995-96)

(TENTH LOK SABHA)

UNION EXCISE DUTIES—SYSTEM DEFECTS IN
WORKING OF CHIEF ACCOUNTING OFFICES

MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

*[Action Taken on 98th Report of
Public Accounts Committee (10th Lok Sabha)]*



समर्थन जयते

*Presented to Lok Sabha on 29.2.1996
Laid in Rajya Sabha on 29.2.1996*

LOK SABHA SECRETARIAT
NEW DELHI

February, 1996/Phalguna, 1917 (Saka)

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CORRIGENDA TO 116TH REPORT OF PUBLIC
ACCOUNTS COMMITTEE (10TH LOK SABHA)

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COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE
(1995-96)

Shri Ram Naik—*Chairman*

MEMBERS

Lok Sabha

2. Dr. F. Azam
3. Kumari Mamata Banerjee
4. Shri Anil Basu
5. Shri Dileep Singh Bhuria
6. Smt. Maragatham Chandrasekhar
7. Shri Gopi Nath Gajapathi
8. Dr. K.D. Jeswani
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13. Smt. Vasundhara Rajc
14. Shri V. Krishna Rao
- *15. Shri Magunta Subbarama Reddy

Rajya Sabha

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17. Shri Triloki Nath Chaturvedi
18. Shri Misa R. Ganesan
19. Smt. Chandrika Abhinandan Jain
20. Shri Ajit P.K. Jogi
21. Shri Rajubhai A. Parmar
22. Shri G.G. Swell

SECRETARIAT

1. Shri G.C. Malhotra — *Joint Secretary*
2. Smt. P.K. Sandhu — *Director*
3. Shri P. Sreedharan — *Under Secretary*
4. Shri Rajeev Sharma — *Assistant Director*

INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Sixteenth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Ninety-Eighth Report (Tenth Lok Sabha) on Union Excise Duties. — System defects in working of Chief Accounting Offices.

2. In their earlier Report, the Committee had noted with concern that the Central Excise Duties claimed by assesseees to have been paid to the Public Sector Banks were not checked by CAO in as many as 1,34,843 cases upto the year 1991-92. The Committee have now found that the number of such cases pending verification has now risen sharply to 6,24,534 as on 31 March 1995. Further, as on 30 June, 1995, only 21 out of the 36 Commissionerates, had reconciled their accounts upto December, 1994. Taking note of the fact that the pendency has now registered a manifold increase, the Committee have expressed their unhappiness over the functioning of the Chief Accounting Offices of the Central Excise Department and they have desired that the Ministry of Finance should now lay down a specific time limit for clearance of arrears and reconciliation of accounts. The Committee have also recommended that the Ministry should complete this task within a period of six months from the presentation of this Report.

3. The Committee have been informed that in pursuance of their recommendation, the Reserve Bank of India has since enhanced the rate of interest on delayed remittances of Government Receipts to Government account. The Committee have, however, expressed their unhappiness that no decision has been taken so far on their recommendation regarding levy of penal interest on all delayed remittances as against the present practice of levying interest only in cases where the period of delay exceeded one month and the receipt of transactions involved Rs. one crore and above. They have, therefore, reiterated the need for introduction of penal interest in such cases irrespective of the amount and period.

4. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 8 February, 1996. Minutes of the sitting form Part-II of the Report.

5. 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 Appendix to the Report.

6. 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;
23 February, 1996

RAM NAIK,
Chairman,
Public Accounts Committee.

4 Phalgun, 1917 (Saka)

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the recommendations and observations of the Committee contained in their Ninety-Eight Report (Tenth Lok Sabha) on Paragraph 2.22 of the Report of the Comptroller & Auditor General of India for the year ended 31 March 1993, No. 4 of 1994, Union Government (Revenue Receipts—Indirect Taxes) relating to Union Excise Duties—System defects in working of Chief Accounting Offices.

2. The Ninety-Eighth Report which was presented to Lok Sabha on 26 April, 1995 contained 15 recommendations/observations. Action taken notes have been received in respect of all the recommendations/observations and these have been categorised as follows :

- (i) Recommendations and observations which have been accepted by the Government :

Sl. Nos. 1,3,5,8 and 10

- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from the Government :

NIL

- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration :

Sl. Nos. 11 and 14

- (iv) Recommendations and observations in respect of which Government have furnished interim replies :

Sl. Nos. 2,4,6,7,9,12,13, and 15

3. The Committee desire that the final action taken notes in respect of the recommendations/observations on which government have furnished only interim replies so far should be furnished expeditiously after getting them duly vetted by Audit.

4. In the succeeding paragraphs the Committee will deal with the Action Taken by Government on some of their recommendations.

Inadequate accountal and delay in reconciliation of Central Excise Revenue

5. The Central Board of Excise and Customs (CBEC) in the Ministry of Finance (Department of Revenue) control the collection of Central Excise duties through 36 Collectorates (now called the Commissionerates). The Commissionerates, in turn, function through their Divisions and Ranges. In each Central Excise Commissionerate there is a Chief Accounts Officer (CAO). Under Rule 173G of the Central Excise Rules 1944, assesses are required to maintain and account current (Personal Ledger Account-PLA) with the CAO of the Commissionerate concerned showing the cash deposits made in the nominated bank and debits made on account of duty paid on the excisable goods manufactured and removed by him. The CAO of the Commissionerate is required to verify the amounts paid by the assessee as per their returns, with the amounts reported as received by the banks to the Pay and Accounts Officers (PAO)

6. In their Ninety-Eight Report, the Committee had noted with concern that the Central Excise duties claimed by assessees to have been paid to the Public Sector banks were not checked by CAO in as many as 1,34,843 cases upto the year 1991-92. Of these, 59,306 cases were not checked because copies of PLAs were not received from Ranges whereas the remaining 75,537 cases were pending verification even though the required details of PLA were already available with the CAO. Further, there was inordinate delay in reconciliation of revenue receipts by CAO with the figures reported by the PAO in their monthly statements. The reconciliation was pending beyond the prescribed period of six months in as many as 30 Collectorates. The Committee had also observed several shortcomings in the nature of reconciliation actually effected. Shortcomings/inadequacies/irregularities were also observed in the system of reconciliation effected, verification of refunds of Central Excise duty, conducting internal check of challans and connected records etc. The Committee had deplored the lack of seriousness on the part of the authorities concerned in the reconciliation of Central Excise Revenue. Emphasising the need for rectifying this unsatisfactory state of affairs in the prime revenue earning department of the country, the Committee had desired that the Ministry of Finance should thoroughly analyse the facts pointed out by the Committee and take concrete measures with a view to streamlining the working of the Chief Accounting Offices and ensuring proper accountal of revenue receipts.

7. In their action taken note, the Ministry of Finance (Department of Revenue) stated as follows :

“The shortcomings pointed out by the Audit in Para 2.22/92-93 have been examined by the Central Board of Excise and Customs and a revised Circular has been issued under F. No. 268/26/94-CX.8 dated 21.11.1994 (copy already furnished to the Committee in reply to the List of Additional Questionnaire) for expeditious

verification of the PLAs and reconciliation of the Revenue Receipts (Central Excise) by all concerned *i.e.* Range Offices, Pay and Accounts Offices and Chief Accounting Offices. The progress of the verification of Personal Ledger Accounts and the reconciliation of revenue receipts is being monitored by the concerned Chief Commissioners of Central Excise. Besides, the progress of reconciliation of revenue receipts is also being monitored at the level of the Central Board of Excise and Customs. These efforts have accelerated the pace of verification and reconciliation in general. From the Statements of the verification and reconciliation position (Statement AI, II & III), it may be seen that the above efforts have made desired results in respect of majority of the Commissionerates though there are some Commissionerates whose progress is far from satisfactory. These Commissionerates have been earmarked and they are being asked to make concerted efforts to liquidate the pendency at the earliest.

8. From the details furnished the Ministry referred to above it was seen that as against the total pendency of 1,34,843 cases observed by the Committee, the cumulative pendency has now increased to 6,24,534 cases as on 31 March, 1995. No improvement in position as on 31 March, 1995 in comparison with position as on 31 December, 1994 (reported earlier) was seen in respect of Delhi, and there had been increase in pendency position in Bolpur and Calcutta-II Commissionerates. The position regarding reconciliation of accounts as on 30 June, 1995 showed that out of 36 Commissionerate only 21 had reconciled their accounts upto December, 1994. A comparison between the position intimated now and as on 31 December, 1994 (as informed to the Committee earlier) regarding reconciliation of Central Excise Revenues showed that there was no progress in Allahabad Commissionerate and very little progress in Kanpur (two months), Bombay-II (three months), Calcutta-II (three months) Commissionerates. In Indore Commissionerate although the reconciliation was said to have been done upto November, 1994 there was less credit in PAO's book from 1977-78 onward suggesting that reconciliation from 1977-78 was yet to be made by the department. It was seen that the work of verification/reconciliation of refunds of central excise duties which was also required to be undertaken had not been taken up by CAO.

9. The Ministry in their action taken note also stated:

“The Director General of Inspection (Customs and Central Excise) under the Central Board of Excise and Customs has been requested to conduct the inspections and come up with specific recommendations to streamline the existing procedure so far as they relate to the working of Chief Accounting Offices. On receipt of the recommendations of the Director General of Inspection remedial action will be taken, about which the Committee will be apprised.”

10. The Committee note that the number of cases pending verification of payment of central excise duty has now risen sharply from 1,34,843 as was reported by Audit earlier to 6,24,534 as on 31 March, 1995. Similarly, as on 30 June, 1995, out of the 36 Commissionerates, only 21 had reconciled their accounts upto December, 1994. This clearly shows that the pendency has now registered a manifold increase and, the Committee, therefore, are unable to accept the contention of the Ministry that their efforts have accelerated the pace of verification of Personal Ledger Accounts and reconciliation of central excise receipts. Further, from the reply furnished by the Ministry, it is also evident that no worthwhile action has been taken in respect of the work of verification/reconciliation of refunds of central excise duties which is also required to be done by the CAO. While expressing their unhappiness over this state of affairs in the functioning of the Chief Accounting Offices of the Central Excise Department, the Committee desire that the Ministry of Finance should now lay down a specific time limit for clearance of arrears and reconciliation of accounts. The Committee desire that the Ministry should complete this task within a period of six months from the presentation of this Report and apprise the Committee of the precise position. The Committee would also like to be informed of the findings of the Director General of Inspection and the further action taken to streamline the existing procedure relating to verification of Personal Ledger Accounts, refund etc. and reconciliation of central excise revenue accounts by the CAO.

Computerisation in Revenue Accounting

(Sl. No. 15—Paragraph 77)

11. In Paragraph 77 of their 98th Report (10th Lok Sabha) the Committee had observed that the Department had introduced/were introducing computers gradually for facilitating the task of checking and reconciling central excise receipts and that it was expected to reduce the delay considerably. The Committee had desired to be informed of the progress made in the matter.

12. The Ministry of Finance have in response furnished a note in general on the computerisation of the central excise department which merely described the system of accounting prescribed for the reconciliation of revenue receipts. The note did not throw light on the actual effect on the efficiency of the department in reducing the delay in reconciliation after the computerisation of the work.

13. The Committee would like to be informed of the precise progress made in the computerisation in the central excise department particularly in reducing the delay in verification of Personal Ledger Accounts and reconciliation of Central Excise Revenue.

Delay by Public Sector Banks in remitting Central Excise Duty Collections
(Sl. Nos. 10 & 11—Paragraphs 73 & 74)

14. The Central Excise duty collections in the branches of banks are consolidated by the branches and remitted to the State Bank of India or Reserve Bank of India for credit to Central Government account. The Reserve Bank of India in May, 1985 had laid down a procedure whereby interest in cases of delayed remittances were to be paid to Government at the rate of five per cent per annum for the period of delay if it exceeded one month and the receipt of transactions involved Rs. one crore and above. In Paragraph 73 of their 98th Report (10th Lok Sabha) the Committee had noted with regret that in several cases there had been considerable delays in remitting the Central Excise duties by the Public Sector banks. The Committee's examination had found such delays having taken place in 18 Collectorates of Central Excise ranging from eight days to three years pertaining to the years 1989-91. The Committee had desired that the Department of Revenue should take up the matter with the Reserve Bank of India and/or other authorities with a view to ensuring that the Government were not deprived of realising their dues in time.

15. In this context, the Committee had noted with surprise that the rate of penal interest on delayed remittances for receipt transactions involving Rs. one crore and above had been pegged at a rate as low as five per cent per annum. The Committee had been convinced that there was a scope for upward revision of interest rates on delayed remittances of Government receipts by the Public Sector Banks and they had, therefore, in Paragraph 74 of the Report had recommended that the penal rate should be equivalent atleast to the rate of interest payable on treasury bills of similar number of days.

They had also recommended that penal interest should be levied on all cases of delayed remittances instead of the existing stipulation for levy of such interest in receipt transactions involving Rs. one crore and above only.

16. In their action taken note the Ministry of Finance (Department of Revenue) stated that the outstanding interest for delayed remittances relating to the period 1989-91 pointed out by the Committee in their earlier report has now been fully recovered from the banks concerned and credited to Government account.

17. As regards the details of penal interest which became due and collected from the banks concerned on account of delayed remittances of Central Excise duty for the period 1992-94 which was sought by the Committee, the Ministry in their action taken note stated as follows:—

“The Commissionerate-wise/Bank-wise details of the amount of delayed remittances of Central Excise dues made by Public Sector Banks during the period 1992-93 and 1993-94, are given in the

“Annexure-VI” (ii) and “Annexure-VI” (iii) respectively. There was, however, only one case of the delayed amount of Rs. 6,05,07,162.00 which qualified for levy of interest amounting to Rs. 4,39,299.00 as per details in “Annexure-VI” (iv) during the above period. This interest is, however, yet to be recovered from the Bank (State Bank of India) for which the matter has been taken up with the Chairman, State Bank of India, Government Accounts Department, Bombay. Reserve Bank of India has since been asked to debit the RBI Account of the SBI.”

18. A scrutiny of the details furnished by the Ministry in this regard (referred to above) revealed that an amount of Rs. 31.30 crores was credited to Government account after delay ranging from 12 days to 2628 days during 1992-94. No penal interest could be realised on such delayed remittances because the amount was either less than rupees one crore or the delay was less than one month.

19. Responding to the recommendation of the Committee for an upward revision of rate of penal interest on delayed remittances by banks, the Ministry furnished a copy of notification dated 19 June, 1995 issued by the Reserve Bank of India regarding enhancement of rate of interest. It was revealed from the said Notification that pursuant to the recommendation of the Public Accounts Committee, the matter relating to the charging of interest on delayed remittances of Government receipts to Government had been reviewed. Accordingly, it had been decided to fix the rate of interest on delayed remittances of Government dues by accredited banks during each calendar quarter to be based on the average of the cut-off rates for 91 days auction treasury bills during the previous quarter when the period of delay exceeded one month and the amount involved was in excess of Rs. one crore. In pursuance of the same, the rate of interest during 1 April to 30 June 1995 worked out to Rs. 11.3044% *i.e.* the average of cut-off rate for 91 days auction treasury bills during January to March 1995. Explaining the position, the Ministry of Finance (Department of Revenue) in their action taken note stated :—

“The new basis is the average of the cut off rates for the preceding quarters *ad hoc* treasury bills of 91 days maturity”.

20. Dealing with the desirability of removing the limits for delayed remittances as was recommended by the Committee, the Ministry in their action taken note stated:—

“The limit of delayed amount *viz.* Rs. one crore and above remains unchanged as per the said notification. The matter regarding levy of penal interest on all remittances delayed by 30 days or above, without stipulating any monetary limit has been taken up with the Reserve Bank of India.”

21. The Committee note that in pursuance of their recommendation, the Reserve Bank of India has since enhanced the rate of interest on delayed

remittances of Government Receipts to Government account. The new basis for determining the rate of interest in such cases is the average of the cut off rates for the preceding quarter's ad hoc treasury bills of 91 days maturity. The Committee have been informed of the rate of penal interest computed accordingly for the quarter commencing from April to June 1995. They would like to be kept informed of the rates of interest fixed for the subsequent quarters also. The Committee also desire that a suitable system be evolved for communicating the rates to the concerned authorities in time so that the dues accrued to the Government thereby could be promptly realised.

22. The Committee are unhappy that no decision has been taken so far on their recommendation regarding levy of penal interest on all delayed remittances irrespective of the limits. On an analysis of the information made available to them in this regard, the Committee find that an amount of Rs. 31.30 crores was credited in Government account after delays ranging from 12 to 2628 days during 1992-94. However, no penal interest could be levied and realised on such delayed remittances because the amount was either less than rupees one crore or the delay was less than one month. Undoubtedly, such a situation underscores the need for introduction of penal interest irrespective of the amount and period. The Committee, therefore, desire that the final decision in the matter of levy of penal interest on all cases of delayed remittances may be taken up expeditiously and the Committee be apprised of the same.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Central Board of Excise and Customs (CBEC) in the Ministry of Finance (Department of Revenue) controls the collections of Central Excise duties through 36 Collectorates. The Collectorates, in turn, function through their Divisions and Ranges. In each Central Excise Collectorate there is a Chief Accounts Officer (CAO). Under Rule 173G of the Central Excise Rules, 1944, assesseees are required to maintain an account current (Personal Ledger Account-PLA) with the Chief Accounts Officer of the Collectorate concerned showing the cash deposits made in the nominated bank and debits made on account of duty paid on the excisable goods manufactured and removed by him. The Chief Accounts Officer of the Collectorate is required to verify the amounts paid by the assesseees as per their returns, with the amounts reported as received by the banks to the Pay and Accounts Officers (PAO).

[Sl. No. 1 (Para 64) of Appendix III to 98th Report of PAC
(10th Lok Sabha)]

Action Taken by the Ministry/Department

Facts narrated are substantially correct.

[Ministry of Finance (Deptt. of Revenue) OM NO. 234/1/95-CX. 7 dated
10.11.1995]

Recommendation

Central Excise duties are paid by assesseees into public sector banks to the account of the excise departments. The banks furnish daily scrolls with receipted challans to the Pay and Accounts Officers in the Collectorates and quadruplicate copy of the challans go to the Chief Accounting Offices. The duties paid by assesseees are recorded in the Personal Ledger Account of the assesseees maintained in the Ranges and copy thereof is sent to CAO. The PAO independently sends compiled accounts based on returns from banks to the CAO. The credit for duty claimed by assessee as per PLA is to be checked by CAO by referring to the compiled bank account and supporting challans received from bank. The Committee note with concern from the Audit Paragraph that Central Excise duties claimed by assesseees to have been paid to public sector banks were not checked by CAO in as many as 1,34,843 cases upto the year 1991-92. Of these, 59,306 cases were not checked because copies of PLAs were not received

from Ranges whereas the remaining 75,537 cases were pending verification even though the required details of PLA were already available with the CAO.

[Sl. No. 3 (Para 66) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Action Taken by the Ministry/Department

Commissionerate-wise position of Personal Ledger Accounts (PLAs) pending verification for the period upto 1991-92 as on 31.3.95 which includes the 22 Commissionerates mentioned in the Audit Para 2.22/92-93 is given at Annexure. Out of 36 Commissionerates, 21 Commissionerates have reported that they have completed the verification of all PLAs upto 1991-92. Remaining 15 Commissionerates where PLAs are still pending verification, these Commissionerates are once again being emphasized to accelerate the pace of work so as to complete the verification of PLAs.

[Ministry of Finance (Deptt. of Revenue) OM NO. 234/1/95-CX. 7 dated 10.11.1995]

ANNEXURE

Commissionerate-wise Position of PLAs upto 1991-92 Pending for Verification as on 31.3.1995.

Sl. No.	Commissionerate	upto 1988-89		1989-90		1990-91		1991-92	
		(i)	(ii)	(i)	(ii)	(i)	(ii)	(i)	(ii)
1	Ahmedabad	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Allahabad	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	Aurangabad	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4	Bangalore	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5	Belgaum	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Bhubaneswar	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
7	Bombay-I	1316	15	2949	20	1808	31	1746	25
8	Bombay-II	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9	Bombay-III	160	Nil	277	Nil	286	Nil	643	Nil
10	Bolpur	174	100	270	195	278	200	755	290
11	Calcutta-I	112	95	135	103	112	97	10035	520
12	Calcutta-II	318	671	196	860	691	3990	1236	2851
13	Chandigarh	Nil	Nil	Nil	Nil	Nil	Nil	646	Nil
14	Cochin	275	Nil	90	Nil	64	Nil	136	41
15	Coimbatore	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
16	Delhi	1668	Nil	2184	Nil	2378	Nil	1887	Nil
17	Goa	Nil	Nil	Nil	Nil	35	36	40	109
18	Guntur	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
19	Hyderabad	589	Nil	290	Nil	2100	Nil	2512	Nil
20	Indore	Nil	Nil	Nil	Nil	4333	Nil	7296	Nil

21.	Jaipur	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
22.	Jamshedpur	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
23.	Kanpur	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
24.	Madras	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
25.	Madurai	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
26.	Meerut	Nil	Nil	Nil	Nil	1680	3709	2703	8907	Nil	Nil	Nil
27.	Nagpur	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
28.	Patna	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
29.	Pune	Nil	Nil	Nil	Nil	Nil	1902	Nil	2298	Nil	Nil	Nil
30.	Rajkot	Nil	Nil	Nil	Nil	Nil	Nil	399	Nil	Nil	Nil	Nil
31.	Raipur	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
32.	Shillong	Nil	Nil	Nil	Nil	32	Nil	Nil	Nil	Nil	Nil	Nil
33.	Surat	532	9	511	14	400	4	405	20	Nil	Nil	Nil
34.	Trichy	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
35.	Vadodara	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
36.	Visakhapatna	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL		5144	890	6882	1192	14197	9969	30439	15021	Nil	Nil	Nil

Recommendation

In this context, the Ministry of Finance stated that the function carried out by the Chief Accounting Officer was only a second checking and auditing of the PLA statements and therefore even if there was a delay in verification by them, the verification carried out by the Range Staff would generally ensure correctness of the duty paid and shown in the PLA. The Committee do not agree with this view. One of the purposes of reconciliation done by CAO of PLAs is to ensure that the amount stated to have been paid towards excise duty is actually credited to Government account under the proper head. In the opinion of the Committee, this will be frustrated if the reconciliation of PLAs is not done by CAO.

[Sl. No. 5 (Para 68) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Action Taken by the Ministry/Department

The Chief Accounting Officer is required to verify the 'credits' and 'debits' shown in the Personal Ledger Account by the assessee and to reconcile the revenue collection Major/Minor Head-wise by comparing the figures booked by the Range Officer with the monthly revenue statement (based on original copy of TR-6s) received from the Pay and Accounts Officer. This position has again been impressed in the Central Board of Excise and Customs' Circular No. 268/26/94-CX.8 dated 21.11.1994. The Ministry in reply to Question No. 1 of the Additional List of Question nowhere stated that the Chief Accounting Office is not required to reconcile the revenue paid through the Personal Ledger Account. It was only explained that so far verification of Personal Ledger Account is concerned it is a two stage process, first at the level of Range Office and secondly at the level of Chief Accounting Office and which ensures the correctness of the checking done initially by the Range Office even if there is delay in verification of Personal Ledger Account in Chief Accounting Office Branch. In the said reply it was stated that apart from auditing the 'credits' and 'debits' the Chief Accounting Office also reconciles the revenue receipts by comparing the figures booked by the Pay and Accounting Office with the revenue statement of the Range Office.

[Ministry of Finance (Deptt. of Revenue) OM No. 234/1/95-CX. 7 dated 10.11.1995]

Recommendation

The Committee find that during the course of reconciliation of revenues, the Department had detected a case involving duty of Rs. 13.91 lakhs at the Collectorate of Central Excise, Calcutta-I wherein an assessee had been found to have allegedly misdeclared having deposited the amount using fake bank seal and forged signatures of the bank officials. The Committee have been informed that the dues to the Government on account of duty and penalty are yet to be fully recovered from the assessee

as the case was stated to be pending with the Customs, Central Excise and Gold Control Appellate Tribunal (CEGAT). The case was also reportedly handed over to the CBI. Undoubtedly, such cases reinforce the apprehension of the Committee about the Governmental dues being endangered and lying undetected due to the prolonged delays in reconciling the revenues. The Committee would like to be apprised of the progress made in the recovery of dues from the party as also the criminal and other action taken against the party. They would also like to be informed of the similar and/other types of irregularities detected during the course of reconciliation and the action taken thereon.

[Sl. No. 8 (Para 71) of Appendix III to 98th report of the PAC (10th Lok Sabha)]

Action Taken by the Ministry/Department

As regards M/s. United Engg. Works, Calcutta, facts of which have been communicated in Ministry's reply to the List of Advance and Additional Questionnaires the case is still pending in the CEGAT. A criminal case has also been filed against the assessee in the Court of Chief Judicial Magistrate, Alipore and the case was pending as per the report of the Commissioner of Central Excise, Calcutta-I.

Apart from the case mentioned above, the reports received from 34 out of 36 Commissionarates indicate 4 other cases where the assesseees have taken credits by forging the TR-6s or clearing the goods without having balance in the PLA. Details of these cases are given in Annexure.

[Ministry of Finance (Deptt. of Revenue) OM No. 234/1/95-CX.7 dated 10.11.1995]

Annexure

Sl. No.	Name of the assessee	Commissionerate	Amt. involved (Rs. in lakh)	Nature of fraud/ irregularities	Amount recovered (Rs. in lakh)	Action taken
1.	M/s. Mukund Dyers (P) Limited.	Bombay-I	1.44	Forging the amounts written on duplicate copy of TR-6 challans by interpolating figures and amounts written on duplicate copy of challans and then using those forged challans for getting the excisable goods cleared.	1.44	Show Cause Notice for initiating penal action is being issued. An employee of the unit was arrested and subsequently released on bail.
2.	M/s. Rampal Cement (P) Ltd. Sundargarh.	Bhubaneswar	0.10	Fraud of TR-6 challans.	—	Matter is under investigation.
3.	-do-	-do-	0.10	-do-	—	-do-
4.	M/s. SAIL, Fertilizer Plant.	-do-	4.27	Clearance of goods against no balance in the PLA.	0.03	The assessee was penalised by imposing Rs. 3000/-

Recommendation

The Central Excise duty collections in the branches of banks are consolidated by the branches and remitted to the State Bank of India or Reserve Bank of India for credit to Central Government account. The Reserve Bank of India in May, 1985 had laid down a procedure whereby interest in cases of delayed remittances were to be paid to Government at the rate of five per cent per annum for the period of delay if it exceeded one month and the receipt transactions involved Rs. one crore and above. Pertinently, in their 28th Report (Eighth Lok Sabha), the Public Accounts Committee had emphasised the need to avoid delays in remittance of Governmental money by the Public Sector Banks. The Committee regret to note that in several cases there had been considerable delays in remitting the Central Excise dues by the Public Sector Banks. The Committee's examination found such delays having taken place in 18 Collectorates of Central Excise ranging from eight days to three years. The delayed amount which qualified for levy of interest in such test checked cases during the period 1989-91 came to Rs. 35.77 crores on which interest @ 5% due is yet to be fully recovered by the Department. The Ministry of Finance attributed the delays in remittance on account of Central Excise dues by the Public Sector Banks to loss of challans/scrolls in transit, postal delay, misplacement of challans/scrolls by the couriers, strike by employees of Public Sector Banks etc. The Committee deprecate the delay in the remittances of Governmental dues by the Public Sector Banks and they wish to point out that the reasons adduced in this behalf were considered by them earlier also and found as not insurmountable. The Committee, therefore, desire that the Department of Revenue should take up the matter with the Reserve Bank of India and or other authorities with a view to ensuring that the Government is not deprived of realising their dues in time. The Committee would also like to be apprised of the amount of delayed remittances of Central Excise dues made by Public Sector Banks during the period 1992-94 and the penal interest which became due and collected there against.

[Sl. No. 10 (Para 73) of Appendix III to 98th report of the PAC
(10th Lok Sabha)]

Action Taken by the Ministry/Department

As per the existing instructions, the interest in the case of delayed remittances is to be paid to Government at the prescribed rate for the period of delay if it exceeds one month and the receipt transactions involve Rs. one crore and above. During the period 1988—91, interest amounting to Rs. 74,52,187/- on the delayed amount of Rs. 35.77 crores (which qualified for levy of interest in such cases) was claimed from the Public Sector Banks on 8 such cases for crediting to Government Account, *vide* details in *Annexure I*. The aforesaid amount

of interest has been fully recovered from the Banks concerned and credited to Government Account.

The Commissionarate-wise / Bank-wise details of the amount of delayed remittances of Central Excise dues made by Public Sector Banks during the period 1992-93 and 1993-94 are given in the "Annexure-II" and "Annexure-III" respectively. There was, however, only one case of the delayed amount of Rs. 6,05,07,162.00 which qualified for levy of interest amounting to Rs. 4,39,299.00 as per details in "Annexure-IV" during the above period. This interest is, however, yet to be recovered from the Bank (State Bank of India) for which the matter has been taken up with the Chairman, State Bank of India, Government Accounts Department, Bombay. Reserve Bank of India has since been asked to debit the RBI Account of the SBI.

[Ministry of Finance (Deptt. of Revenue) OM No. 234 / 1 / 95-CX.7 dated 10.11.1995]

Annexure-I

Statement of delayed remittances exceeding Rs. 1 crore delayed for more than one month where penal interest has been recovered

Sl. No.	Amount	Date of scroll	Link Cell/FPB	Date of credit to Govt. Account	Period of delay	Amount of interest recoverable	Remarks
1.	1,00,00,000.00	25.3.89	SBI, Kanpur	30.10.89	220 Days	3,01,370.00	Recovered -do-
2.	3,07,85,315.86	30.1.89	Bank of Maharashtra, Bombay	18.6.89	78 Days		
3.	11,83,48,029.56	13.5.89	-do-	16.9.89	125 Days	40,56,553.00	-do-
4.	9,37,11,505.50	9.5.89	Bank of Baroda, Mandvi Baroda	21.4.90	311 Days	24,00,521.00	-do-
5.	1,30,57,655.00	9.9.89	UCO Bank, Bhubneshwar	29.11.89	80 Days	1,43,097.59	-do-
6.	6,13,93,750.00	27.3.91	SBI, Kanpur	10.5.91	44 Days	3,70,045.00	-do-
7.	1,01,83,535.00	23.11.90	Bank of Baroda	22.1.90	60 Days	83,700.00	-do-
8.	2,02,10,779.45	30.10.90	SBI, Ghazipur	4.12.90	35 Days	96,901.00	-do-
Total	35,76,90,570.37					74,52,187.00	

ANNEXURE-II

Statement showing collections exceeding Rs. 10 lakhs where delay is more than 13 days/Rs.1 lakh where delay is more than 29 days/Rs.1 crore irrespective of the period (1992-93)

1	2	3	4	5	6	7
Name of the Collectorate	Month	Amount	Date of Credit As per challan	Date on which Amount included by F.P.B.	Focal Point Bank	Extent of Delay upto FPB (Days)
Calcutta	7/92	314500	27.5.92	9.7.92	State Bank of India	43
		419587	5.6.92	14.7.92	-do-	39
Guntur		315700	28.5.92	4.7.92		37
		204100	25.5.92	2.7.92	-do-	38
Patna		1000000	11.7.92	27.7.92	-do-	16
Rajkot		1342000	24.7.92	7.8.92	-do-	14
Ahmedabad		516360	24.7.92	27.8.92	Bank of Baroda	34
		281000	21.7.92	25.8.92	-do-	35
Hyderabad		3300000	30.12.91	6.8.92	State Bank of Hyderabad	220
		63100	31.12.91	6.8.92	-do-	219
		3450000	7.8.92	24.8.92	-do-	15
Chandigarh		204500	15.7.92	19.8.92	Punjab National Bank	35
Bombay		1825350	23.3.92	28.8.92	Bank of Maharashtra	156
Belgaun	6/92	1782500	29.5.92	13.6.92	Syndicate Bank	15
	5/92	1495000	9.6.92	24.6.92	-do-	14
		1466200	30.3.92	6.5.92	-do-	37
		1961000	31.3.92	6.5.92	-do-	36
		1510000	29.4.92	6.5.92	-do-	28
	4/92	1121444	2.4.92	16.4.92	-do-	14
		1669073	7.4.92	21.4.92	-do-	14
		1213200	6.4.92	20.4.92	-do-	15
		7245000	3.4.92	18.4.92	-do-	15
		3795000	11.4.92	25.4.92	-do-	14
		1430000	3.4.92	18.4.92	-do-	15

1	2	3	4	5	6	7	
Jaipur		2534036	22.9.92	13.10.92	State Bank of Bikaner & Jaipur	21	
		276000	23.9.92	13.10.92	-do-	20	
		1955000	24.9.92	13.10.92	-do-	19	
		3450000	26.9.92	13.10.92	-do-	17	
		2419036	14.10.92	30.10.92	-do-	16	
		2999000	15.10.92	30.10.92	-do-	15	
		3588000	14.10.92	30.10.92	-do-	14	
	Baroda		1339500	24.8.92	10.9.92	Bank of Baroda	17
			700000	30.5.92	25.9.92	-do-	118
			2549000	17.9.92	3.10.92	-do-	16
		1500000	16.9.92	12.10.92	-do-	26	
		1137200	16.10.92	5.11.92	-do-	20	
		2372000	13.11.92	28.11.92	-do-	15	
		181450	10.2.92	9.10.92	Syndicate Bank	245	
		99890	10.2.92	9.10.92	-do-	242	
Calcutta-II			1537162	19.9.92	7.10.92	State Bank of India	18
			1227165	21.9.92	7.10.92	-do-	16
Jaipur		1318443	25.8.92	8.10.92	-do-	16	
	11/92	1499036	19.10.92	4.11.92	State Bank of Bikaner & Jaipur	16	
	10/92	3618629	22.10.92	9.11.92	-do-	18	
		3355000	26.10.92	9.11.92	-do-	17	
		3450000	24.10.92	9.11.92	-do-	16	
		2185500	31.10.92	9.11.92	-do-	20	
	11/92	1842629	2.11.92	9.11.92	-do-	18	
		2760000	4.11.92	9.11.92	-do-	16	
		1265000	6.11.92	9.11.92	-do-	14	
	Bangalore		1738800	8.12.92	22.2.92	Canara Bank	14
12/92		900000	20.11.92	4.12.92	United Bank of India	14	

1	2	3	4	5	6	7
Ahmedabad		1601000	5.12.92	19.12.92	Bank of Baroda	14
Belgaum		277592	30.5.92	30.12.92	State Bank of India	214
Baroda		2665800	8.1.93	28.1.93	Bank of Baroda	20
Kanpur	10/92	70000	18.2.92	22.10.92	State Bank of India	247
		47833	15.9.92	27.10.92	-do-	42
Ahmedabad	2/93	1054000	19.11.92	20.2.93	Bank of Baroda	93
		257813	27.7.92	26.2.93	-do-	214
Madras		622001	15.3.89	25.2.93	Indian Bank	1443
Shillong	12/92	1000000	23.11.92	14.12.92	State Bank of India	21
		1050000	27.11.92	14.12.92	-do-	17
		110000	20.6.92	18.12.92	-do-	181
TOTAL		171139125				

ANNEXURE III

Statement showing collections exceeding Rs. 10 lakhs where delay is more than 13 days/Rs. 1 lakh where delay is more than 29 days/Rs. 1 crore irrespective of the period
(1993-94)

1	2	3	4	5	6	7
Name of the Collectorate	Month	Amount	Date of Credit as per Challan	Date on which Amount included by F.P.B.	Focal Point Bank	Extent of Delay upto FPB (DAYS)
Jaipur	7/93	1350000	3.3.93	29.4.93	State Bank of Bikaner and Jaipur	29
		1150000	19.6.93	9.7.93	-do-	20
		4230000	18.6.93	9.7.93	-do-	21
		1900000	22.6.93	9.7.93	-do-	17
	8/93	2301500	6.8.93	20.8.93	-do-	14
		7412820	10.8.93	24.8.93	-do-	14
	2525000	29.7.93	12.8.93	-do-	14	
	1485000	8.9.93	11.10.93	State Bank of Bikaner and Jaipur	33	
Hyderabad	5/93	2250300	11.5.93	25.5.93	State Bank of Hyderabad	14
	7/93	200000	17.3.93	2.7.93	-do-	107
		500000	5.5.93	7.7.93	-do-	63
		1170000	8.5.93	19.7.93	-do-	72
Ahmedabad	8/93	129730	7.4.93	28.8.93	-do-	143
	6/93	2670974	15.9.93	12.1.93	Bank of Baroda	270
	9/93	5550000	6.8.93	9.9.93	-do-	34

1	2	3	4	5	6	7
Baroda	9/93	130320	12.1.93	2.9.93	Bank of Baroda	82
		1355000	25.8.93	9.9.93	-do-	15
Cochin	5/93	100000	8.4.93	12.5.93	State Bank of Travancore	34
Bangalore	7/93	200000	21.5.86	31.7.93	Canara Bank	2628
	10/93	1100000	14.10.93	29.10.93	Canara Bank	15
Meerut	6/93	1874000	29.5.93	15.6.93	Punjab National Bank	17
	7/93	1071000	2.7.93	23.7.93	-do-	21
Indore	7/93	1125746	18.6.93	2.7.93	Central Bank of India	14
	8/93	1179662	21.7.93	12.8.93	-do-	22
Aurangabad	4/93	1059040	13.4.93	30.4.93	State Bank of India	17
Guntur	10/93	2035080	7.8.93	11.10.93	-do-	65
		5450720	10.5.93	11.10.93	-do-	154
		1005000	13.5.93	11.10.93	-do-	151
		1554700	14.8.93	11.10.93	-do-	58
		1073556	16.8.93	11.10.93	-do-	56
		1613700	17.8.93	11.10.93	-do-	55
		756890	3.7.93	14.10.93	-do-	103
		482950	6.5.93	11.10.93	-do-	158
		188709	6.8.93	11.10.93	-do-	66
		451000	7.5.93	11.10.93	-do-	157
Guntur	10/93	2035080	7.8.93	11.10.93	-do-	65
		1050720	10.5.93	11.10.93	-do-	154
		731920	11.8.93	11.10.93	-do-	61
		974080	12.8.93	11.10.93	-do-	60
		860640	13.8.93	11.10.93	-do-	59

1	2	3	4	5	6	7
		500000	15.5.93	11.10.93	-do-	149
		5921158	17.5.93	11.10.93	-do-	147
		720000	18.8.93	11.10.93	-do-	54
		632720	20.8.93	11.10.93	-do-	52
		612720	21.6.93	11.10.93	-do-	112
		295750	21.8.93	11.10.93	-do-	51
		385680	22.6.93	11.10.93	-do-	111
		219680	22.7.93	11.10.93	-do-	81
		896309	23.6.93	11.10.93	-do-	110
		856840	23.7.93	11.10.93	-do-	80
		324636	23.8.93	11.10.93	-do-	49
		760200	24.7.93	11.10.93	-do-	79
		501000	24.8.93	11.10.93	-do-	48
		159220	25.8.93	11.10.93	-do-	47
		530000	24.5.93	11.10.93	-do-	138
		590841	26.7.93	11.10.93	-do-	77
		367000	26.8.93	11.10.93	-do-	46
		831120	27.7.93	11.10.93	-do-	76
		673500	28.7.93	11.10.93	-do-	78
		400000	29.4.93	11.10.93	-do-	165
		367720	29.7.93	11.10.93	-do-	74
		565763	30.7.93	11.10.93	-do-	73
		535000	31.7.93	11.10.93	-do-	72
		340350	12.5.93	30.6.93	-do-	49
Guntur	10/93					
Kanpur	6/93					

1	2	3	4	5	6	7
Shillong	793	423000	23.5.93	6.7.93	State Bank of India	45
		326000	25.5.93	6.7.93	State Bank of India	42
		400000	26.5.93	6.7.93	State Bank of India	41
		785000	24.5.93	6.7.93	State Bank of India	43
		100000	15.6.93	6.7.93	State Bank of India	43
		200000	19.6.93	6.7.93	State Bank of India	39
		110000	22.6.93	6.7.93	State Bank of India	36
		200000	24.6.93	6.7.93	State Bank of India	34
		130000	8.4.93	6.7.93	State Bank of India	141
		100000	12.4.93	6.7.93	-do-	137
Belgaum	893	1119000	30.7.93	24.8.93	Syndicate Bank	25
Madras	893	105000	3.2.90	24.8.93	Indian Bank	1298
		57000	25.2.93	30.8.93	-do-	186
		2880200	20.7.93	7.8.93	-do-	18
	1093	1011300	23.9.93	13.10.93	-do-	20
		9037000	1.10.93	16.10.93	-do-	15
Bombay-III	8/93	14515825	30.7.93	11.8.93	Bank of Maharashtra	12
Pune	793	170000	5.5.93	11.7.93	-do-	67
	893	6930000	23.7.93	6.8.93	-do-	14
	1093	1622000	11.10.93	25.10.93	-do-	14
		14187125	25.9.93	7.10.93	-do-	12
Bhubaneswar	593	2403600	3.4.93	5.5.93	United Commercial Bank	32
		200000	1.6.93	15.6.93	-do-	14
		309500	26.4.93	29.5.93	-do-	33
TOTAL						141911594

ANNEXURE-IV

Statement showing outstanding cases of delayed remittances on which demand for recovery of interest is raised.

Sl. No.	Amount (Rs.)	Date of scroll	Link Cell/F.P. Branch	Date of credit into Govt A/c	Period of delay	Amount of interest recoverable Rs.	Reference/ Remarks
1.	6,05,07,162.00	07.12.93	SBI, Kandla Port Branch (2658)	29.01.94	53 days	4,39,299/-	Pr.CCA CBEC Lr. No. Coord/ 1/(7)/C/91/ Vol-II/5476 Dt. 31.10.94
						4,39,299/-	
						60507162.00	

CHAPTER III

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

—NIL—

CHAPTER IV

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

Recommendation

In this context, the Committee are surprised to note that the rate of penal interest on delayed remittances for receipt transaction involving Rs., One crore and above has been pegged at a rate as low as 5% per annum only. The Ministry of Finance stated that the rate of 5% was suggested by the Reserve Bank of India as being near to the interest on Government Treasury Bills and would cover the loss that might be suffered by the Government on account of non-availability of such funds due to the delay in remittance of receipt by the banks. In this connection, the Committee's attention has been drawn to the fact that the rate of interest on treasury bills varies depending upon the number of days. For example, the rate of interest on Treasury bills beyond 91 days was 9.95 - 10.08% for 1990-91, 8.77 - 10.08% for 1992-93; the rate of interest beyond 182 days upto 364 days was 9.88 to 10.25% for the year 1992-93. The Committee are convinced that there is a scope for upward revision of interest rates on delayed remittances of Government receipts by the public sector banks and they would, therefore, recommend that the penal rate should be equivalent at least to the rate of interest payable on treasury bills of similar number of days. They also recommend that penal interest should be levied on all cases of delayed remittances instead of the existing stipulation for levy of such interest in receipt transactions involving Rs. One crore and above only.

[Sl. No. 11(Para 74) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Action Taken by the Ministry/Department

A copy of the Notification No. GANB/ 42.01.011.94-95 dated 19.6.1995 issued by the Reserve Bank of India regarding enhancement of rate of interest on delayed remittances of Government Receipts to Government account is enclosed (ANNEXURE). The new basis is the average of the cut off rates for the preceding quarter's ad hoc treasury bills of 91 days maturity. The limit of delayed amount viz. Rs. One crore and above remains unchanged as per the said Notification. The matter regarding levy of penal interest on all remittances delayed by 30 days or above, without stipulating any monetary limit has been taken up with the Reserve Bank of India.

[Ministry of Finance (Deptt. of Revenue) OM No. 231/1/95-CX.7.
Dated 10.11.1995]

ANNEXURE

ATTN : Mrs. Nirmala Dhume, Pr. CCA, CBEC
TELEGRAMS : RESERVE BANK OF INDIA
TELEPHONE : 640 0880
TELEX NO. : 011- 75529
FAX : 22-6441981

**CENTRAL OFFICE,
 DEPTT. OF GOVT.
 BANK ACCOUNTS
 C-7, 2ND FLOOR, POST
 BAG NO. 8143
 BANDRA KURLA
 COMPLEX,
 BANDRA(EAST)
 BOMBAY - 400 051.**

GA. NB. No. 2425 / 42.01.011 / 94-95

19 June 1995

29 Jyestha 1917 (Saka)

The Chief General Managers
 State Bank of India
 and its associates

AND

The General Managers
 Nationalised Banks
 (as per list attached)

Dear Sir.

Maintenance of Government Accounts—Interest on delayed remittances to Government Account

Please refer to our circular GA. NB. No. 1237 to 1259 / 42.01.011 / 92-93 dated 27th January 1993 on the above subject.

2. We advise that the matter relating to the charging of interest on delayed remittances of Government receipts to Government Account has been reviewed and it has been decided to fix the rate of interest on delayed remittances of Government dues by accredited banks during each calender quarter to be based on the average of the cut-off rates for 91 days auction treasury bills during the previous quarter when the period of delay exceeds one month and the amount involved is in excess of Rs. One crore. Accordingly, the rate of interest during 1st April 1995 to 30th June 1995 works out to Rs. 11-3044 i.e. the average of cut-off rate for 91 days auction treasury bills curing the quarter January 1995 to March 1995.

3. As regards excess / double reimbursements claimed by the agency banks, instructions issued vide our circular letter GA.NB.No. 2375/

GA.64(10)G/90-91 dated the 27th March 1991 remain unchanged.

4. You may arrange to issue necessary instructions to your concerned branches in this regard. In the meantime, please acknowledge receipt.

Yours faithfully,

(N.M. D'SOUZA)

Deputy General Manager.

ENDT. GA. NB.No. 2425A/42.01.011/94-95 of date.

Copy forwarded for information to:

(1) the Secretary, Government of India, Ministry of Finance, Department of Revenue—New Delhi - 110 001, with reference to his D.O. No. Coord/1(17)C/Vol.II dated 20th May 1995 addressed to Dr. C. Rangarajan, Governor, Reserve Bank of India, Bombay.

(2) the Director, Internal Debt Management Cell, Reserve Bank of India, Central Office, Bombay with a request to forward to this Department the data on cut-off yields of 91 days Auction Treasury Bills at the end of every quarter i.e. end of March, June, September and December every year furnishing the particulars of implicit yield for minimum offer price of every week to enable this department to work out the average of the cut-off rate.

(3) Addresses as per the mailing list.

(F.I. Memon)

Assistant General Manager.

Recommendation

The Committee have been informed that the Department have introduced/are introducing computers gradually for facilitating the task of checking and reconciling central excise receipts and that it is expected to reduce the delay considerably. The Committee would like to be informed of the progress made in this direction.

[Sl. No. 14 (Para 77) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Action Taken by the Ministry/Department

A note on the computerisation of Central Excise Department is enclosed at Annexure.

[Ministry of Finance (Deptt. of Revenue) Om No. 234/1/95-CX.7.
Dated 10.11.1995]

ANNEXURE¹

The Central Board of Excise & Customs collects revenue of about Rs. 37,000 crore as Central Excise revenue from nearly 90,000 duty-paying factories through its network of 34 Central Excise Collectorates, 310 Divisional Offices and about 1,800 Ranges. With the increase in the volume of transactions and the consequent rise in the scriptory work, the Department has been finding it increasingly difficult to effectively monitor transactions and manage the information flow through a manual system. The wider expansion of MODVAT scheme also required detailed verification and audit. Computerisation of Excise operations was, therefore, considered a necessity. In 1987, a pilot project was launched at Madras and Delhi Central Excise Collectorates. Building on the experience gained from the pilot projects, the scheme of computerisation was extended to other Central Excise Collectorates from March 1992.

2. The basic objectives of the computerisation scheme are as follows:—

- (1) to bring about uniformity in classification of valuation of goods assessed by the various Collectorates;
- (2) to verify the correctness of assessment claimed by the assessee;
- (3) to effectively correlate MODVAT claims made in one Division with the invoices in different Divisions within the same or other Collectorates;
- (4) to reconcile the information given in RT-12 with its supporting documents like invoice, PLA and RG 23, and also the assessment of RT-12, as per approved classification list;
- (5) to create a suitable management information system for Central Excise operations to enable quick and better quality decision making;
- (6) to create suitable database for other related work in Collectorates, such as court cases, demands, arrears, adjudication and seizures, etc.;
- (7) to transmit to the Department of Revenue up-to-date information on production, clearance and revenue collection and other useful data for policy formulation.

3. The hardware required to implement the scheme has been provided by the National Informatics Centre. The scheme envisages separate systems for the Divisional and the Collectorate offices, and these systems are, in turn, networked by making use of NICNET and leased telephone lines. All the Central Excise computer installations are connected with the nearest NIC District and State Information Centres by leased telephone

lines. From this point they are on the NIC satellite based computer network.

4. The application software, called 'SERMON' is an user friendly menu driven package. On-line help at various levels is available to guide the user as to what is expected and in case of mistakes useful error diagnostics are provided. SERMON is divided in various functionally different modules: Entry, Audit, Amendment, Master Files, Directories, Technical, MIS, Report, Retrieval.

- (a) **Entry, Audit and Amendment Modules:** These modules relate to RT-12 and its supporting monthly documents. At the time of entry, the data is validated on-line for accuracy, duplication and consistency. The Audit module is used to inquire the data already entered through input screens to help the officers at Divisional office to help in cross verification of certain items like unit assessable value and rate of duty used etc. The Amendment module is primarily used to carry out the corrections in the erroneous or incomplete data.
- (b) **Master Files Module** relates to the entry of individual assessee related data in the form of Assessee information, CL, Annexures I, II & III and MODVAT input declaration in FORM 57G.
- (c) **Directory Module** is common to all the Collectorates. Basically these are used for validation of data for various codes used in the application software.
- (d) **Technical Module** relates to the maintenance of data files pertaining to a number of management and control functions including refunds, demands, adjudications, internal audit paras, court cases, prosecutions, searches made and provisional assessments etc.
- (e) **MIS module** caters to the need of selective management information to the senior officers in summary form to help in better decision making and control. Various MIS reports like pendency, targets and actual revenue, revenue and MODVAT actual, arrears of revenue etc. can be viewed on line on the terminal at the desk of an official.
- (f) **Reports module** provides for the generation of a variety of print reports from various documents. Many of the print reports could be sent to the Range offices to help them in day to day functioning while many others would relieve them from the routine job of compiling them periodically.
- (g) **Retrieval module** is meant to help the Central Excise Officers in the approval of classification and annexures. Keyword retrieval is possible on a partial field, complete field or any combination of fields. Each query fetches all the records which satisfy the

selection criteria. Selective retrieval of information helps to find out as to how a particular product was classified earlier or what is the assessable value. Retrieval from Notification, Tariff Advices and CETH master file also help in approval of CL etc.

5. REVACT: (System on Revenue Accounting)

REVACT is a software package for Central Excise Revenue Accounting at PAO (Pay & Accounts Office) of each Central Excise Collectorate. The package is used to process the TR6 challan form (form used to pay the excise duty) deposited by Assessee (or Excise duty paying manufacturers) in public sector banks. The PAO of Central Excise Collectorate receives bundle of TR6 challans and bank scroll everyday from Focal point bank, which is a nominated bank under one bank-one collectorate scheme.

This is a PC based software package developed under DOS environment using dBASE III plus package. The clipped version of the software is installed at PAO of each Collectorate. REVACT is at present operational at PAO of all Central Excise Collectorates and the Excise Revenue Accounting is upto date.

The system documentation and operational manual had been prepared in detail and supplied to the PAO of each Collectorate. The user has been given the initial training to run the package and asked to refer to the manual in case of facing any problem.

The package has been developed in well identified modules to ensure that the user has no difficulty to transfer the Account related to an assessee in case of any change in his Jurisdiction viz, Assessee transfer from one range (or division) to another range (or division).

REVACT caters to all the reporting requirements of CBEC such as excise duty collection for a particular month and cumulative revenue collection starting from the financial year upto the month of Account of as:

- (i) Collectorate wise;
- (ii) Branch Bank wise;
- (iii) Division wise;
- (iv) Range wise;
- (v) Assessee wise;
- (vi) Account Head wise; and
- (vii) Month wise duty collection in a financial year for the Collectorate.

REVACT has the capability to reconcile the excise duty revenue figures booked by PAO with those reported by Range Officers to Collectorate through SERMON package. Using the above, any fraud, misplaced challans on both sides can be traced.

6. ACCOUNTING RECONCILIATION—

This is to reconcile the PAO figures with those reported by Range Officers of Central Excise Collectorate. NIC has designed, developed and implemented the application software package REVACT (Revenue Accounting System) at all the Pay & Accounts Offices of the Central Excise Collectorates throughout the country in close coordination with the Office of Principal Chief Controller of Accounts, CBEC, New Delhi. This package runs under Dos environment using dBASE III Plus DBMS.

Through SERMON Package User can enter the data for PLA an Non-PLA and can create a floppy of data having the credit entires of these documents. This floppy is to be loaded on the system of PAO.

In REVACT Package an option 'Reconciliation with collectorate Figures' has been provided to reconcile the excise duty figures booked by PAO with those reported by the Central Excise Collectorate. Using the REVACT Package, the software automatically separates out both the matched and mismatched challans in 'Both Side Validation'. Report of matched and mismatched challan in both validations can be taken through the printout option provided.

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The issue relating to non-verification of Personal Ledger Accounts and non-reconciliation of Central Excise duties by the Chief Accounting Offices had engaged the attention of the Public Accounts Committee on earlier occasions also. The Committee had time and again emphasised the need to Complete the reconciliation work expeditiously so as to ensure proper accountal of revenues. They, however, regret to note from the Audit Paragraph under examination that the working of the Chief Accounting Offices continues to be inhibited by several system defects/shortcomings. Some of the more glaring shortcomings observed by them are discussed in the succeeding paragraphs.

[Sl. No. 2 (Para 65) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Recommendation

The Committee regret to observe that there had been absence of proper review and monitoring of the work of reconciliation of revenue accounts by the Chief Accounting Offices at different levels including Collector, Board and the Ministry resulting in the work getting grossly neglected. The Ministry of Finance assured the Committee that vide instructions issued on 21 November, 1994, the Collectors of Central Excise have been asked to personally monitor the reconciliation by Conducting monthly review of the work done by the Chief Accounts Officers and Pay and Accounts Officers. The Collectors are also stated to have been asked to furnish the progress of reconciliation in their monthly technical reports to the Board for periodical reievew. The Committee trust that the work would now be monitored earnestly by all concerned so that proper accountal of central excise revenues are securely ensured. The Committee would like to be apprised of the assessment of the Ministry of the work as emerging from the monthly reports submitted by the Collectors to the Board.

[Sl. No. 13 (Para 76) of Appendix III to 98 th Report of PAC (10th Lok Sabha)]

Action taken by The Ministry/Department

[Paras 65 & 76]

The shortcomings pointed out by the Audit in Para 2.22/92-93 have been examined by the Central Board of Excise and Customs and a revised Circular has been issued under F.No. 268/26/94-CX.8 dated 21.11.1994 (copy already furnished to the Committee in reply to the List of Additional Questionnaire) for expeditious verification of the PLA and reconciliation of the Revenue Receipts (Central Excise) by all concerned *i.e.* Range Offices, Pay and Accounts Offices and Chief Accounting Offices. The progress of the verification of Public Ledger Accounts and the reconciliation of revenue receipts is being monitored by the concerned Chief Commissioners of Central Excise. Besides, the progress of reconciliation of revenue receipts is also being monitored at the level of the Central Board of Excise and Customs. These efforts have accelerated the pace of verification and reconciliation in general. From the statements of the verification and reconciliation position (Statement AI, II & III), it may be seen that the above efforts have made desired results in respect of majority of the Commissionerates though there are some Commissionerates whose progress is far from satisfactory. These Commissionerates have been earmarked and they are being asked to make concerted efforts to liquidate the pendency at the earliest.

Apart from the above, the Director General of Inspection (Customs & Central Excise) has been asked to come up with a proposal after inspection with regard to verification/reconciliation of PLAs. On receipt of the recommendations, the Central Board of Excise & Customs will take necessary rectificatory measures.

[Ministry of Finance (Deptt. of Revenue) OM No. 234/1/95-CX. 7
dated 10.11.1995]

Recommendation

The Ministry of Finance (Department of Revenue) attributed non-verification to delay in receipt of quadruplicate copy of the challan from the focal bank/nominated range officer, receipt of incomplete challans, inadequate staff strength, lack of knowledge of correct procedure etc. The Ministry stated that as a result of the steps since taken by them, out of the 1, 34, 843 cases pending only 27,697 PLAs (excluding the Collectorates of Bombay-I, Calcutta-I, Trichy, Kanpur and Shillong) were now outstanding. They also Stated that the matter has also since been reviewed by the Board and detailed instructions issued to the Collectorates on 21 November, 1994 emphasising the need to strictly follow the already prescribed time limit in the submission of the copy of PLA and the revenue statement to the Office of CAO by the 10th of the following month, laying down a time limit of 15 days for CAO to complete checking of credit entries in PLA from the original treasury documents, stressing the need to ensure submissions of PLA to CAO even if assessment is

incomplete, specifying the steps to be taken to ensure prompt receipt of quadruplicate copies of the challans by the Range Officers through the nominated Central Excise Officers etc. The Ministry also stated that they have initiated steps for emphasising necessary training to the staff and also are undertaking a cadre review for augmentation of the staff strength. While the Committee welcome these steps and would await their impact, they are unhappy to point out that adequate attention was not given to this important area by the Ministry resulting in the pendency assuming an alarming level. The Committee trust that the Central Board of Excise and Customs will ensure that their latest instructions are effectively implemented and that the personal Ledger Accounts are verified within the prescribed period. They would also like to be apprised of the latest position, Collectorate-wise to PLAs pending verification.

[Sl. No. 4 (Para 67) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Action Taken by the Ministry/Department

Commissionerate-wise position of the Personal Ledger Accounts pending verification as on 31.3.1995 as shown in Annexure. The Director General of Inspection under the Central Board of Excise and Customs has been entrusted to conduct inspections and come up with recommendations to streamline the existing procedure relating to verification of Personal Ledger Accounts, refund and revenue accounts by the Chief Accounting Office Branch.

[Ministry of Finance (Deptt. of Revenue) OM No. 234/1/95-CX.7 dated 10.11.1995]

Commissionerate-wise Position of PLAs Pending Verification as on 31.3.1995

S.No.	Commissionerate	upto 1988-89		1989-90		1990-91		1991-92	
		Pending for Received in CAO want of PLAs from R.Os.	Pending for Received in CAO Brch. want of PLAs from R.Os. but pending for verification.	Pending for Received in CAO Brch. want of PLAs from R.Os. but pending for verification.	Pending for Received in CAO Brch. want of PLAs from R.Os. but pending for verification.	Pending for Received in CAO Brch. want of PLAs from R.Os. but pending for verification.	Pending for Received in CAO Brch. want of PLAs from R.Os. but pending for verification.		
1	2	3		4		5		6	
		(i)	(ii)	(i)	(ii)	(i)	(ii)	(i)	(ii)
1.	Ahmedabad	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	Allahabad	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Aurangabad	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Bangalore	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5.	Belgaum	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6.	Bhubaneswar	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
7.	Bombay-I	1316	15	2949	20	1808	31	1746	25
8.	Bombay-II	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9.	Bombay-III	160	Nil	277	Nil	286	Nil	643	Nil
10.	Bolpur	174	100	270	195	278	200	755	250
11.	Calcutta-I	112	95	135	103	112	97	10035	520
12.	Calcutta-II	318	671	196	860	691	3990	1236	2851
13.	Chandigarh	Nil	Nil	Nil	Nil	Nil	Nil	646	Nil
14.	Cochin	275	Nil	90	Nil	64	Nil	136	41
15.	Coimbatore	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
16.	Delhi	1668	Nil	2184	Nil	2378	Nil	1887	Nil
17.	Goa	Nil	Nil	Nil	Nil	35	36	40	109
18.	Guntur	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
19.	Hyderabad	589	Nil	270	Nil	2100	Nil	2512	Nil
20.	Indore	Nil	Nil	Nil	Nil	4333	Nil	7296	Nil

1	2	3	4	5	6
21.	Jaipur	Nil	Nil	Nil	Nil
22.	Jamshedpur	Nil	Nil	Nil	Nil
23.	Kanpur	Nil	Nil	Nil	Nil
24.	Madras	Nil	Nil	Nil	Nil
25.	Madurai	Nil	Nil	Nil	Nil
26.	Meerut	Nil	Nil	1680	3709
27.	Nagpur	Nil	Nil	Nil	2703
28.	Patna	Nil	Nil	Nil	Nil
29.	Pune	Nil	Nil	Nil	1902
30.	Rajkot	Nil	Nil	Nil	32
31.	Raipur	Nil	Nil	Nil	32
32.	Shillong	532	9	14	400
33.	Surat	Nil	Nil	Nil	4
34.	Trichy	Nil	Nil	Nil	Nil
35.	Vadodara	Nil	Nil	Nil	Nil
36.	Visakhapatnam	Nil	Nil	Nil	Nil
TOTAL		5144	890	6882	1192
				14197	9969
					30439
					15021

S.No.	Commissionerate	1992-93		1993-94		1994-95		TOTAL
		7(i)	7(ii)	8(i)	8(ii)	9(i)	9(ii)	
		Pending for Received in Pending for Received in Pending for Received in (columns 3 want of CAO but want of CAO but want of CAO but to 9) PLAs from pending for PLAs from pending for PLAs from pending for R.Os. verification. R.Os. verification. R.Os. verification. R.Os.						
1.	Ahmedabad	Nil	3455	Nil	3756	2535	2589	12335
2.	Allahabad	Nil	Nil	Nil	Nil	825	233	1058
3.	Aurangabad	Nil	Nil	6798	3512	6302	4694	21306
4.	Bangalore	Nil	Nil	Nil	Nil	5276	2108	7384
5.	Belgaum	Nil	Nil	595	Nil	1788	Nil	2383
6.	Bhubaneswar	720	Nil	560	Nil	1622	7986	10888
7.	Bombay-I	2173	27	667	37	2025	57	12896
8.	Bombay-II	11227	Nil	11632	614	19247	3160	45880
9.	Bombay-III	1620	29724	6243	29704	11367	16024	96048
10.	Bolpur	750	301	2646	375			6294
11.	Calcutta-I	12653	1225	6043	1872	10063	2930	45995
12.	Calcutta-II	1216	2924	100	2744	3758	3962	25517
13.	Chandigarh	2364	2000	7670	11620	16921	12594	53815
14.	Cochin	367	187	602	317	989	408	3476
15.	Coimbatore	Nil	Nil	Nil	Nil	17241	12315	29556
16.	Delhi	Nil	Nil	1597	815			10529

	7(i)	7(ii)	8(i)	8(ii)	9(i)	9(ii)	(10)
17. Goa	40	117	45	110	72	Nil	604
18. Guntur	Nil	Nil	2	Nil	524	77	603
19. Hyderabad	665	2302	867	4540	5280	1271	20396
20. Indore	6008	Nil	3849	Nil	12196	Nil	33682
21. Jaipur	Nil	Nil	114	700	9198	10853	20865
22. Jamshecpur	Included in the figures of Patna Commissionerate.						
23. Kanpur	500	Nil	1014	2000	8491	4298	16303
24. Madras	Nil	Nil	Nil	Nil	18578	5740	24318
25. Madurai	Nil	Nil	Nil	Nil	938	Nil	938
26. Meerut	3321	6632	5467	8000	9596	6618	56633
27. Nagpur	Nil	Nil	Nil	Nil	251	Nil	251
28. Patna	Nil	Nil	Nil	Nil	1020	Nil	1020
29. Pune	Nil	2317	Nil	2768	1658	Nil	10943
30. Rajkot	73	4314	829	7037	7504	2444	22632
31. Raipur	Nil	Nil	Nil	Nil	Nil	Nil	Nil
32. Shillong	341	519	380	710	1260	Nil	5105
33. Surat	495	244	621	335	2376	Nil	4071
34. Trichy	Nil	Nil	Nil	Nil	87	Nil	87
35. Vadodara	Nil	6000	Nil	5840	Nil	8883	20723
36. Visakhapatnam	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	44533	62288	58341	87406	178988	109244	G. Total 624534.

Recommendation

Another shortcoming observed by the Committee in the working of the Chief Accounting Offices was the inordinate delay in reconciliation of revenue receipts by CAO with the figures reported by the Pay and Accounts Officers in their monthly statements. In pursuance of the recommendation of the Public Accounts Committee in their 110th Report (1987-88 Eighth Lok Sabha), the Ministry of Finance had prescribed a time limit of six months from the period to which it related positively for completing reconciliation work. The Central Board of Excise and Customs had also issued instructions that the Collectors should personally ensure that the reconciliation work be given priority and the lapses on this account be dealt with sternly. The Committee's examination, however revealed that reconciliation work was pending for more than six months in 30 Collectorates. Explaining the reasons for the reconciliation lagging behind, the Ministry *inter alia* stated that the work was voluminous and time consuming, lacked proper interest etc. Later, the Ministry stated that pursuant to their subsequent efforts, the reconciliation work upto the month of December, 1993 and onwards has since been completed in 24 Collectorates as on 31.12.1994. In the remaining 12 Collectorates the reconciliation was, however, pending for the period varying between March, 1988 (Shillong) and November 1993 (Patna and Jamshedpur). From the facts stated above the Committee can only conclude that the authorities concerned were not serious in ensuring that prescribed reconciliation of revenue was done within the stipulated period of six months. The Committee deplore the departmental failure in the matter and consider that this unsatisfactory state of affairs in the prime revenue earning department of the country has to be rectified without further delay. They would like to be informed of the precise action taken to clear the accumulated reconciliation work and also the latest position in the matter.

[Sl. No. 6, (Para 69) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Action taken by the Ministry/Department

The reconciliation of revenue is being monitored at the level of the Central Board of Excise and Customs through monthly reports of the Commissioner of Central Excise/Principal Chief Controller of Accounts, Central Board of Excise and Customs (CBEC). Apart from that the Principal Chief Controller of Accounts (Pt. CCA) (CBEC) while visiting the Commissionerates invariably takes up the issue for discussion with the Commissioners. As a result, the position of the reconciliation work has improved considerably. A statement of the Commissionerate-wise position of reconciliation of Central Excise Revenue Receipts as on 31.6.1995 is at Annexure. It may be seen that as against 30 Commissionerates where reconciliation was pending for more than six months, there are

17 Commissionerates who have completed the reconciliation work upto January, 1995 and onwards. Out of the remaining 19 Commissionerates, 8 are those where reconciliation is pending for 6 to 12 months and 11 where the reconciliation work is pending over one year. These Commissionerates are being impressed upon to improve the position and update the work as per the guidelines issued by the Central Board of Excise and Customs on 21.11.1994.

[Ministry of Finance (Deptt. of Revenues) O.M. No. 234/1/95-CX. 7,
dated 10.11.1995]

ANNEXURE

Statement showing month upto which Central Excise Revenue has been reconciled (position as on 30.6.1995)

Sl. No.	Commissionarate	Period upto which reconciliation has been completed
1.	Ahmedabad	1/95
2.	Allahabad	5/94
3.	Aurangabad	3/94
4.	Bangalore	3/95
5.	Belgaum	1/95
6.	Bhubaneswar	4/95
7.	Bolpur	3/95
8.	Bombay-I	5/95
9.	Bombay-II	3/93
10.	Bombay-III	10/94
11.	Calcutta-I	3/94
12.	Calcutta-II	3/94
13.	Chandigarh	12/94
14.	Cochin	1/95
15.	Coimbatore	3/95
16.	Delhi	3/94
17.	Guntur	3/95
18.	Goa	4/95
19.	Hyderabad	4/95
20.	Indore	11/94
21.	Jaipur	12/94
22.	Jamshedpur	Included in the Report of Patna Commissionarate
23.	Kanpur	3/94
24.	Madras	12/94
25.	Madurai	1/95
26.	Meerut	3/94
27.	Nagpur	4/95
28.	Patna	12/94
29.	Pune	2/95
30.	Raipur	3/95
31.	Rajkot	7/94
32.	Shillong	3/91
33.	Surat	5/93
34.	Trichy	4/95
35.	Vadodara	6/93
36.	Visakhapatnam	3/95

Recommendation

Yet another shortcoming observed by the Committee in the working of the Chief Accounting Offices related to the inadequacies in the present system of reconciliation effected. The Audit scrutiny revealed that in 13 Collectorates, 10075 receipts involving duty of Rs. 34.78 crores included in the monthly statements received from Range Officer compiled from bank statements. But, per contra, 40315 challans involving Rs. 1205.96 crores appearing in the accounts of Pay & Accounts Officer could not be traced in the monthly statements received from Range Officers. In the Collectorates of Coimbatore, Trichy and Madurai, challans amounting to Rs. 4.49 crores were not traced by CAO. The Ministry of Finance stated that out of the 10,075 cases involving Rs. 34.76 crores included in the Range Officers' statements and missing in the PAO's statement, 4274 such challans involving Rs. 20.14 crores have been reconciled. Similarly, out of the 40315 cases involving Rs. 1205.96 crores mentioned in the PAO's statement, 25000 of such cases involving Rs. 1178.86 crores had so far been reconciled. According to the Ministry, the remaining cases were under the progress of reconciliation. It is evident from the above that the present system of verification through reconciliation leaves a lot to be desired and the extent of revenue remaining unreconciled is a matter of concern to the Committee. The Committee desire that concerted efforts should be made to complete reconciliation of the pending cases referred to above and would like to be apprised of the position thereof. They would also like to be informed of the latest position of reconciliation of revenue.

[Sl. No. 7, (Para 70) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Action taken by the Ministry/Department

Commissionerate-wise position of 'Less Credits' and 'More Credits' outstanding for reconciliation as on 30.6.1995 is given at ANNEXURES-I & II.

Out of 36 Commissionerates of Central Excise position in respect of Commissionerates of Bombay-I, Bombay-II, Bombay-III, Bhubaneswar, Calcutta-I, Hyderabad, Indore, Jaipur, Kanpur, Meerut, Patna, Pune, Rajkot, Surat, Delhi and Raipur is far from satisfactory. They are being asked to trace out the challans and reconcile the 'less' and 'more' credits outstanding for reconciliation.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 234/1/95-CX. 7, dated 10.11.1995]

ANNEXURE-I

Statement showing the position of less credits in PAO's Books as on 30.6.95

Sl. No.	Name of the Month Collectorate upto which reconci- liation done	Less credits in PAO's Books (in lakhs)									
		1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	
1.	Ahmedabad 1 / 95	—	0.12	0.38	0.24	1.22	1.61	2.60	—	—	
2.	Allahabad 5 / 94	—	—	—	—	—	—	—	—	—	
3.	Aurangabad 3 / 94	formed in 1983									
4.	Bombay-I 5 / 95	—	—	—	—	—	—	11.59	Nil	—	
5.	Bombay-II 3 / 93	formed in 1980		11.89	4.68	6.15	—	304.58	2028.83	165.19	
6.	Bombay-III 8 / 94	formed in 1983									
7.	Bangalore 2 / 95	—	—	—	—	—	—	—	—	—	
8.	Bolpur 12 / 94	formed in 1984									
9.	Bilgaum 1 / 95	—	—	formed in 1983							—
10.	Baroda 6 / 93	—	—	—	—	—	—	—	—	—	
11.	Bhubaneswar / 95	—	—	—	—	—	—	—	—	—	
12.	Calcutta-I 3 / 94	—	—	0.01	Nil	0.42	1.31	1.96	5.81	2.97	
13.	Calcutta-II 3 / 94	—	—	—	—	—	—	—	—	—	
14.	Cochin 1 / 95	—	—	—	—	—	—	—	—	—	
15.	Coimbatore 3 / 95	formed in 1983									
16.	Chandigarh 12 / 94	—	—	—	—	—	—	—	—	—	
17.	Guntur 3 / 95	—	—	—	—	—	—	6.32	2.03	1.75	
18.	Goa 4 / 95	—	—	—	—	—	—	—	—	—	
19.	Hyderabad 3 / 95	—	—	—	—	—	—	—	—	—	
20.	Indore 10 / 94	70.00	74.00	244.00	133.00	212.00	90.00	74.00	95.00	120.00	
21.	Jaipur 12 / 94	—	—	—	—	—	—	—	—	—	
22.	Jamshedpur	Included in Patna Collectorate									
23.	Kanpur 3 / 94	—	—	—	—	—	—	—	—	—	
24.	Madurai 1 / 95	—	—	—	—	—	—	—	—	—	
25.	Madras 11 / 94	—	—	—	—	—	—	—	—	—	
26.	Meerut 3 / 94	formed in 1980									
27.	Nagpur 4 / 95	—	—	—	—	—	—	—	—	—	
28.	Patna 11 / 94	—	—	—	—	—	—	—	—	—	
29.	Pune 2 / 95	—	—	—	—	—	—	—	—	—	
30.	Rajkot 7 / 94	formed in 1983									
31.	Shillong 3 / 91	—	—	—	—	—	—	—	—	—	
32.	Surat 5 / 93	—	—	—	—	—	—	—	—	—	
33.	Tiruchy 4 / 95	formed in 1984									
34.	Delhi 3 / 94	—	—	—	—	—	—	—	138.00	1741.60	
35.	Raipur 3 / 95	Formed in 1991									
36.	Visakha- patnam	—	—	—	—	—	—	—	—	—	
Total		70.00	74.12	256.28	137.92	219.79	92.92	389.46	2281.26	2931.51	

Annexure—I

1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	Total
—	—	—	—	—	—	0.05	—	1.00	—	7.22
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	8.60	39.82	—	—	48.42
5.80	0.02	—	0.57	2.53	6.76	10.44	34.05	13.31	—	85.07
26.65	37.07	27.72	210.21	54.08	488.95	3465.03	—	—	—	6831.23
—	—	—	—	—	3.62	1.68	0.09	20.44	—	25.83
1.90	0.87	—	—	0.04	—	—	0.20	—	—	3.01
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	40.37	201.40	—	241.80
—	—	—	—	—	—	11.37	3.22	—	—	14.59
10.59	41.90	67.25	33.67	410.73	31.98	480.27	127.52	57.17	—	1261.08
2.17	1.32	—	—	29.52	26.48	—	—	—	—	71.97
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	2.02	0.43	—	0.45
—	—	—	—	—	—	—	1184.83	3060.09	—	4244.92
—	—	—	—	—	—	—	—	—	—	—
—	—	—	0.88	0.39	3.35	0.54	24.96	7.88	—	48.10
—	—	—	—	—	—	—	—	—	150.71	150.71
35.00	10.00	4.18	32.39	54.15	7.47	8.62	11.01	42.56	—	205.38
38.00	17.00	10.00	33.00	26.00	93.00	21.00	64.00	—	—	1414.00
—	—	—	—	—	—	—	—	—	—	—
—	—	—	97.00	105.00	259.00	—	—	—	—	461.00
—	—	—	—	—	—	—	—	—	—	Nil
—	—	—	—	—	0.01	1.87	12.98	16.40	—	31.26
—	—	175.43	—	—	322.97	66.44	8650.62	—	—	9215.46
—	—	—	—	—	—	—	0.05	0.59	—	0.64
0.43	—	—	—	0.14	—	—	1.27	—	—	1.84
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	0.34	—	—	0.34
—	—	9.39	15.04	—	—	—	—	—	—	24.43
—	—	—	—	62.05	230.33	51.41	244.55	—	—	558.34
—	—	—	—	—	—	—	—	—	—	—
7893.52	2443.29	20.26	13.74	2.90	—	—	579.04	—	—	12832.35
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	0.21	178.67	678.98	799.50	—	1657.36
8014.26	2551.46	314.23	436.50	747.53	1474.13	4305.99	11697.92	4220.80	—	39316.09

*Statement showing the position of more credits in PAO's Books as on
30.6.95*

Sl. No.	Name of the Month Collectorate upto which reconci- liation done	More credits in PAO's Books (in lakhs)								
		1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
1.	Ahmedabad 1 / 95	—	—	—	—	—	—	—	—	—
2.	Allahabad 5 / 94	—	—	—	—	—	—	—	—	—
	Aurangabad 3 / 94	formed in 1983								
	Bombay-I 5 / 94	—	—	—	—	—	—	—	—	—
3.	Bombay-II 3 / 93	formed	in 1980	—	—	—	—	—	—	0.36
6.	Bombay-III 8 / 94	—	—	formed	in 1983	—	—	—	—	—
7.	Bangalore 2 / 95	—	—	—	—	—	—	—	—	—
8.	Bolpur 12 / 94	—	—	formed	in 1984	—	—	—	—	—
9.	Belgaum 1 / 95	—	—	formed	in 1983	—	—	—	—	—
10.	Baroda 6 / 93	—	—	—	—	—	—	—	—	—
11.	Bhubaneshwar 4 / 95	—	—	—	—	—	—	—	—	—
12.	Calcutta-I 3 / 94	—	—	—	—	—	—	—	—	—
13.	Calcutta-II 3 / 94	—	—	—	—	—	—	—	—	—
14.	Cochin 1 / 94	—	—	—	—	—	—	—	—	—
15.	Coimbatore 3 / 95	—	—	formed	in 1983	—	—	—	—	—
16.	Chandigarh 12 / 94	—	—	—	—	—	—	—	—	—
17.	Guntur 3 / 95	—	—	—	—	—	—	—	—	—
18.	Goa 4 / 95	—	—	—	—	—	—	—	—	—
19.	Hyderabad 3 / 95	—	—	—	—	—	—	—	—	—
20.	Indore 10 / 94	107.00	16.00	1279.00	48.00	336.00	106.00	54.00	87.00	28.00
21.	Jaipur 12 / 94	—	—	—	—	—	—	—	—	—
22.	Jamshedpur	Included in Patna Collectorate								
23.	Kanpur 3 / 94	—	—	—	—	—	—	—	—	—
24.	Madurai 1 / 95	—	—	—	—	—	—	—	—	—
25.	Madras 11 / 94	—	—	formed	in 1980	—	—	—	—	0.36
26.	Meerut 3 / 94	—	—	—	—	—	—	—	—	—
27.	Nagpur 4 / 95	—	—	—	—	—	—	—	—	—
28.	Patna 11 / 94	—	—	—	—	—	—	—	—	—
29.	Pune 2 / 95	—	—	formed	in 1983	—	—	—	—	—
30.	Rajkot 7 / 94	—	—	—	—	—	—	—	111.36	2462.56
31.	Shillong 3 / 91	—	—	formed	in 1984	—	—	—	—	—
32.	Surat 5 / 93	—	—	—	—	—	—	—	—	—
33.	Trichur 4 / 95	—	—	—	—	—	—	—	—	—
34.	Delhi 3 / 94	—	—	—	—	—	—	—	884.30	3835.44
35.	Raipur 3 / 95	Formed in 1991								
36.	Vishaka- patnam 3 / 95	—	—	—	—	—	—	—	—	—
Total		107.00	16.00	1279.00	48.00	336.00	106.00	54.00	1082.66	6326.36

Annexure-II

1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	Total
—	—	—	—	—	—	—	191.61	175.14	—	366.75
—	—	—	—	0.63	—	—	43.89	—	—	44.52
—	—	—	—	—	—	—	4662.49	—	—	4662.49
—	—	383.05	66.76	21034.17	51746.67	1501.56	6589.06	—	—	81320.77
—	0.24	4.44	76.07	175.77	398.83	2412.21	—	—	—	3067.92
—	—	—	1328.91	—	3784.33	9128.62	7533.71	—	—	21775.57
—	—	—	—	—	—	—	—	179.83	—	179.83
—	—	—	—	—	—	—	—	—	—	Nil
—	—	—	—	—	—	—	0.13	52.78	—	52.91
—	—	—	—	1640.86	—	—	—	—	—	1640.86
—	—	12.52	114.23	121.74	221.76	203.97	164.57	394.03	93.01	1325.83
—	—	4.24	8.45	48.24	15.98	0.61	—	—	—	77.52
262.56	425.74	—	—	—	—	—	—	—	—	688.30
—	—	—	—	—	—	361.75	275.68	50.89	—	688.32
—	—	—	—	—	—	—	245.84	370.60	—	616.44
—	—	—	—	—	—	—	—	491.24	—	491.24
—	—	—	—	—	0.22	30.61	186.01	80.31	—	297.15
—	—	—	—	—	—	—	—	—	—	Nil
0.35	1.86	5.39	7.48	90.49	687.00	394.00	284.90	630.60	—	2102.07
19.00	12.00	38.00	34.00	131.00	502.00	1178.00	1223.00	—	—	5198.00
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	Nil
—	—	368.12	—	—	2445.48	5768.10	—	—	—	8581.70
—	—	368.12	—	—	2445.48	5768.10	13959.73	—	—	22541.43
—	—	—	—	—	—	—	—	—	—	—
—	—	50.45	36.63	167.86	140.01	321.62	161.71	139.32	—	1017.60
—	—	50.45	36.63	167.86	140.01	321.63	11.72	139.71	—	1075.01
702.46	6.60	—	—	—	—	—	—	—	—	3262.98
—	—	—	—	—	—	120.01	15.44	305.55	16.25	457.25
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
1014.52	463.64	1100.59	233.58	162.09	—	—	3744.19	—	—	11438.35
—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
1998.89	910.08	2385.37	1942.74	23740.08	62527.77	27510.29	39208.18	2891.86	—	172470.28

Recommendation

According to the procedure prescribed, verification of refunds of central excise duty effected is also required to be done in the similar manner as that of receipts. The Committee, however, note with concern that verification of refunds of revenue was not in 27 Collectorates from 1989-90. Significantly, the refunds not verified in 10 Collectorates amounted to Rs. 159.76 crores. There were also other related shortcomings like non-receipt of monthly statements from the Divisional Offices, failure to keep watch over the receipt of the statements from Divisional/Range Offices etc. The Ministry of Finance assured the Committee that the Collectors have been asked to complete this job in two months. The Committee cannot remain satisfied with this. They desire that the Central Board of Excise and Customs should thoroughly analyse the shortcomings in the working of the department in this behalf and take effective measures in order to ensure that the refunds of duty made are subjected to the relevant checks prescribed and also to streamline them wherever necessary. The Committee would like to be informed of the status of the cases referred to above and also the latest position prevailing in different Collectorates about the verification of refunds.

[Sl. No. 9 (Para 72) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Action taken by the Ministry/Department

The Commissionerate-wise position of refund cheques which were pending reconciliation as on 31.12.1994 is enclosed. It is further stated that the Director General of Inspection, Customs and Central Excise has been entrusted the work of review of shortcomings in the working of the Chief Accounting Offices in the areas which includes verification/reconciliation of Refunds.

[Ministry of Finance (Dcptt. of Revenue) OM No. 234/1/95-CX.7 dated 10.11.1995]

ANNEXURE

Statement Showing the Yearwise Breakup of CEX Refund Cheques as on 31.12.94

Sl. No.	Name of the Collectorate	(RS. IN THOUSANDS)													Total
		1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95			
1.	Ahmedabad	—	—	—	—	—	—	—	—	—	—	0.33	3.18	3.51	
2.	Allahabad	—	—	—	—	150.33	10.17	74.42	2.58	19.74	205.97	8.39	471.60		
3.	Aurangabad	—	—	—	—	—	—	—	—	—	63.55	21.32	84.87		
4.	Bombay-I	—	—	—	—	3087.87	5941.14	5145.52	6586.31	11418.42	14787.45	15299.03	62265.74		
5.	Bombay-II	—	166.02	365.33	254.20	52.91	119.46	116.70	1003.30	1483.75	237.05	53.14	3851.86		
6.	Bombay-III	11.60	—	5.80	0.02	—	—	—	2.27	—	34.17	81.39	135.25		
7.	Bangalore	—	—	—	—	—	—	—	—	—	—	—	0.00		
8.	Bolpur	—	—	—	—	—	—	—	3.08	7.07	4.07	5.59	19.81		
9.	Belgaum	—	—	—	—	—	—	—	—	—	0.90	—	0.90		
10.	Baroda	—	—	—	—	—	—	—	—	—	—	—	—		
11.	Bhubneshwar	—	—	7.97	2.64	15.55	68.55	10.55	21.32	39.52	15.30	12.10	182.89		
12.	Calcutta-I	—	—	—	—	—	—	—	—	0.05	2.16	13.45	15.66		
13.	Calcutta-II	—	—	—	—	—	—	—	—	—	—	—	0.00		
14.	Cochin	—	—	—	—	—	—	—	—	—	—	3.26	3.26		
15.	Coimbatore	—	—	—	—	—	—	—	—	—	—	—	0.00		
16.	Chandigarh	—	—	—	—	—	—	—	—	—	—	—	0.00		
17.	Guntur	—	—	—	—	—	—	—	—	—	0.28	1.62	1.90		

Recommendations

As per the procedure prescribed, the Chief Accounts Officer is to conduct internal check of challans and connected records received from the departmental officers in the ranges and division. The Committee, however, note that several inadequacies have been observed on this score in different Collectorates of Central Excise. The shortcomings *inter alia* included failure to carry out the prescribed checks; delay in checking the relevant records, non-maintenance of records for watching pursuance of irregularities, non-conducting the prescribed 100 per cent checks of refunds, etc. The Committee desire that the various shortcomings pointed out by Audit on this score should be thoroughly looked into with a view to ensuring scrupulous observance of the prescribed procedures and also streamlining of the system. The Committee would like to be informed of the precise action taken in the matter.

[Sl. No. 12 (Para 75) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

From the facts stated in the foregoing paragraphs it is abundantly clear that the working of the Chief Accounting Offices under the Collectorates of Central Excise leaves a lot to be desired. During evidence, the Chairman, Central Board of Excise and Customs admitted that "there had been a failure primarily on the part of the Collector to supervise, and secondly on the part of the Board for overall supervision. In his deposition the Secretary, Department of Revenue attributed the arrears to the officers being "lethargic". Later, the Ministry of Finance (Department of Revenue) informed the Committee that in the light of the shortcomings observed they have issued detailed instructions to the Collectors on 21.11.1994 for expeditious completion of revenue receipts. The Committee cannot remain satisfied with this since similar instructions issued in the past had miserably failed in bringing about perceptible improvements in the system. The Committee therefore, desire that the Ministry of Finance should thoroughly analyse the facts contained in this report and take concrete measures with a view to streamlining the working of the Chief Accounting Offices and ensuring proper accountal of revenue receipts.

[Sl. No. 15 (Para 78) of Appendix III to 98th Report of PAC (10th Lok Sabha)]

Action taken by the Ministry/Department

[Paras 75 & 78]

The Director General of Inspection (Customs & Central Excise) under the Central Board of Excise & Customs has been requested to conduct the inspections and come up with specific recommendations to streamline the existing procedure so far as they relates to the working of the Chief Accounting Offices. On receipt of the recommendations of the Director

General of Inspection remedial action will be taken, about which the Committee will be apprised.

[Ministry of Finance (Deptt. of Revenue) OM No. 234/1/95-CX.7 dated 10.11.1995]

NEW DELHI;
23 February, 1996

4 Phalguna, 1917 (Saka)

RAM NAIK,
Chairman,
Public Accounts Committee.

APPENDIX

Conclusions and Recommendations

Sl No.	Para No.	Ministry/Deptt. Concerned	Conclusion/ Recommendation
1	2	3	4
1.	3	Ministry of Finance (Deptt. of Revenue)	The Committee desire that the fin. action taken notes in respect of the recommendations/observations on which Government have furnished only interim replies so far should be furnished expeditiously after getting them duly vetted by Audit.
2.	10.	-do-	The Committee note that the number of cases pending verificaiton of payment of central excise duty has now risen sharply from 1,34,843 as was reported by Audit earlier to 6,24,534 as on 31 March, 1995. Similarly, as on 30 June, 1995, out of the 36 Commissionerates, only 21 had reconciled their accounts upto December, 1994. This clearly shows that the pendency has now registered a manifold increase and, the Committee, therefore, are unable to accept the contention of the Ministry that their efforts have accelerated the pace of verification of Personal Ledger Accounts and reconciliation of central excise receipts. Further, from the reply furnished by the Ministry, it is also evident that no worthwhile action has been taken in respect of the work of verification/ reconciliation of refunds of central excise duties which is also required to be done by the CAO. While expressing their unhappiness over this state of affairs in the functioning of the Chief Accounting Offices of the Central Excise Department, the Committee desire that the Ministry of Finance should now lay down a specific time limit for clearance of arrears and

1	2	3	4
			<p>the Committee desire that the Ministry of Finance should now lay down a specific time limit for clearance of arrears and reconciliation of accounts. The Committee desire that the Ministry should complete this task within a period of six months from the presentation of this Report and apprise the Committee of the precise position. The Committee would also like to be informed of the findings of the Director General of Inspection and the further action taken to streamline the existing procedure relating to verification of Personal Ledger Accounts, refund etc. and reconciliation of central excise revenue accounts by the CAO.</p>
3.	13.	Ministry of Finance (Deptt. of Revenue)	<p>The Committee would like to be informed of the precise progress made in the computerisation in the central excise department particularly in reducing the delay in verification of Personal Ledger Accounts and reconciliation of Central Excise Revenue.</p>
4.	21.	-do-	<p>The Committee note that in pursuance of their recommendation, the Reserve Bank of India has since enhanced the rate of interest on delayed remittances of Government Receipts to Government account. The new basis for determining the rate of interest in such cases is the average of the cut off rates for the preceding quarter's <i>ad hoc</i> treasury bills of 91 days maturity. The Committee have been informed of the rate of penal interest computed accordingly for the quarter commencing from April to June 1995. They would like to be kept informed of the rates of interest fixed for the subsequent quarters also. The Committee also desire that a suitable system be evolved for communicating the rates to the concerned authorities in time so that the dues accrued to the Government thereby could be promptly realised.</p>

1	2	3	4
5.	22.	Ministry of Finance (Deptt. of Re- venue)	<p>The Committee are unhappy that no decision has been taken so far on the recommendation regarding levy of penal interest on all delayed remittances irrespective of the limits. On an analysis of the information made available to them in this regard, the Committee find that an amount of Rs. 31.30 crores was credited to Government account after delays ranging from 12 to 2628 days during 1992-94. However, no penal interest could be levied and realised on such delayed remittance because the amount was either less than rupees one crore or the delay was less than one month. Undoubtedly, such a situation underscores the need for introduction of penal interest irrespective of the amount and period. The Committee, therefore, desire that the final decision in the matter of levy of penal interest on all cases of delayed remittances may be taken up expeditiously and the Committee be apprised of the same.</p>

PART-II

MINUTES OF THE TWENTY-FIRST SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1995-96) HELD ON 8 FEBRUARY, 1996.

The Committee sat from 1500 hrs. to 1615 hrs. on 8 February, 1996 in
Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Ram Naik — *Chairman*

MEMBERS

Lok Sabha

2. Kumari Mamta Banerjee
3. Shri Anil Basu
4. Shri Dileep Singh Bhuria
5. Shrimati Maragatham
Chandrasekhar
6. Shri Gopi Nath Gajapathi
7. Dr. K.D. Jeswani
8. Maj. Gen. (Retired)
Bhuvan Chandra
Khanduri
9. Shri Peter G. Marbaniang
10. Shri Shravan Kumar Patel
11. Shri V. Krishna Rao

Rajya Sabha

12. Shri Triloki Nath
Chaturvedi
13. Shri Misa R. Ganesan
14. Shri Ajit P.K. Jogi
15. Shri G.G. Swell

Secretariat

1. Smt. P.K. Sandhu — *Director*
2. Shri P. Sreedharan — *Under Secretary*

REPRESENTATIVES OF AUDIT

1. Shri A.K. Thakur — *Pr. Director
(Reports-Central)*
2. Shri Vikram Chandra — *Pr. Director
(Indirect Taxes)*
3. Shri S. Ghosh — *Director
(Customs)*

2. ***

3. The Committee thereafter considered the following Draft Report

- (i) Customs Receipts—Loss of revenue due to non-availability provision in the Act [Action Taken on 83rd Report (10th Sabha)].
- (ii) Import of life expired ammunition [Action Taken on 92nd Report (10th Lok Sabha)].
- (iii) Union Excise Duties—System defects in Working of C.A. Accounting Offices [Action Taken on 98th Report (10th Lok Sabha)].

The Committee adopted the Draft Reports at Sl. No. (i) and (iii) above without any amendments. The Committee adopted the Draft Report at Serial No. (ii) above with certain modifications as shown in Annexure*. The Committee also authorised the Chairman to finalise these Draft Reports in the light of the comments of Audit arising out of fact verification and to present these Report to the House.

4. ***

The Committee then adjourned.

