

Annexure 1: Duty evasion cases detected by DRI (Scheme-wise)

(Reference Paragraph 1.17)

Cr.₹

S.No	Scheme	FY 11		FY 12		FY 13		FY 14		FY 15	
		No. of cases	Duty	No. of cases	Duty	No. of cases	Duty	No. of cases	Duty	No. of cases	Duty
1	Misuse of End-Use & Other Notification.	26	100.55	54	304.84	39	67.79	38	1211.67	18	110.18
2	Misuse of EPCG	10	3.33	6	25.72	13	179.55	22	583.08	49	289.11
3	Undervaluation	197	132.12	184	466.17	210	282.43	140	432.71	85	285.64
4	Mis-declaration	91	110.19	111	844.44	298	2392.26	102	224.22	52	172.42
5	Drawback	102	81.42	13	25.93	71	1590.14	17	80.50		
6	Misuse of EOU/EPZ/SEZ	4	0.04	6	9.66	7	39.07	3	6.90	6	37.50
7	Misuse of DEPB	34	3.80	26	23.93	16	22.77	5	3.09		
8	Misuse of DEEC/ Advance licence	18	264.62	1	0.10	6	139.73	1	0	11	1077.15
9	Others	99	130.40	97	27.43	49	28.92	366	570.55	186	953.54
	Total	581	826.47	498	1728.22	709	4742.66	694	3112.72	407	2925.54

Annexure 2: SEIZURES OF SPECIFIED COMMODITIES

(Reference Paragraph 1.18)

Cr.₹

S. No	Commodity	FY 11		FY 12		FY 13		FY 14		FY 15	
		ALL INDIA	DRI	ALL INDIA	DRI	ALL INDIA	DRI	ALL INDIA	DRI	ALL INDIA	DRI
I	Machinery parts	249.76	106.61	133.71	113.34	69.50	38.78	563.18	535.67	447.10	444.34
II	Veh./Vessel/Air-crafts	24.89	1.13	415.40	274.61	306.08	191.15	472.89	327.29	62.66	54.09
III	Gold	9.34	0.25	46.43	8.25	99.35	44.80	692.35	245.92	1119.11	274.80
IV	Narcotic drugs	58.33	16.72	1711.93	1653.81	969.16	194.84	451.98	209.00	290.59	102.41
V	Electronic items	167.04	21.49	189.98	4.06	71.66	13.14	37.85	19.48	17.98	6.54
VI	Foreign Currency	3.83	1.36	35.55	0.27	9.96	0.06	14.49	5.97	25.09	3.65
VII	Diamonds	11.52	1.00	24.66	15.50	9.46	5.00	6.62	5.27	14.81	10.50
VIII	Indian Currency	2.11	1.16	18.20	0.31	4.87	2.44	5.20	2.12	3.71	1.30
IX	Indian fake currency	1.81	1.50	2.64	2.19	2.24	2.02	1.13	1.09	1.24	0.64
X	Fabric/silk yarn etc	187.7	36.45	158.79	52.38	49.89	5.45	24.03	1.04	41.78	9.13
XI	Computers/parts	5.29	2.26	4.99	1.19	18.6	0.36	0.46	0	1.78	1.38
XII	Bearings	0.14	0	6.10	1.98	0.32	0	0.47	0	0.89	0
XIII	Watches/parts	4.31	3.06	7.30	2.78	8.88	1.41	1.17	0	2.44	0.06
XIV	Misc./other	1749.63	620.27	0	0	0	0	0	0		
	Total	2475.70	813.26	2755.68	2130.67	1619.97	499.45	2271.82	1352.85	2029.18	908.84
	Value of Imports	1683467	1683467	2345463	2345463	2669162	2669162	2715434	2715434	2737087	2737087
	% Total Seizures to Value of Imports	0.15	0.05	0.12	0.09	0.06	0.02	0.08	0.05	0.07	0.03

Annexure 3

(Reference Paragraph 1.27)

(₹ in lakh)

Sl. No.	Draft Audit Paragraph	Field office name	Brief subject	Amt. Objected	Amt. Accepted	Amt. Recovery	Name of the Commissionerate/ DGFT/DC
1	A1	Kochi	Non fulfillment of export obligation under EPCG scheme	6.05	6.05	14.20	JDGT, Kochi
2	A2	Kochi	Short levy of duty due to incorrect adoption of exemption notification	13.00	13.00	15.30	Customs House, Kochi Central Excise & Customs, Thiruvananthapuram
3	A3	Delhi	Misclassification of imported goods resulted in short levy of duty	18.32	18.32	19.79	ICD, Tughlakabad, Delhi
4	A4	Delhi	Short levy of duty due to excess abatement on RSP	10.67	10.67	10.74	ICD, Tughlakabad, Delhi
5	A5	Delhi	Non levy of anti dumping duty	30.64	30.64	32.00	ICD, Tughlakabad, Delhi
6	A6	Delhi	Short levy of duty due to misclassification	10.29	10.29	11.50	ICD, Tughlakabad, Delhi, ICD, Patparganj, Delhi
7	A7	Delhi	Short levy of duty due to incorrect grant of notification benefit	11.22	11.22	5.50	ICD, Tughlakabad, Delhi
8	A8	Delhi	Short levy of duty due to misclassification	11.25	11.25	13.28	ICD, Tughlakabad, Delhi
9	A9	Hyderabad	Short levy of duty due to incorrect adoption of currency	12.18	12.18	12.82	Custom House, Visakhapatnam
10	A11	Mumbai	Non levy of anti dumping duty	19.10	19.10	21.32	JNCH, Mumbai
11	A12	Mumbai	Irregular allowance of duty credit under VKGUY scheme	30.42	30.42		DGFT, Mumbai
12	A13	Mumbai	Non levy of safeguard duty	22.81	22.81	23.99	JNCH, Mumbai

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Sl. No.	Draft Audit Paragraph	Field office name	Brief subject	Amt. Objected	Amt. Accepted	Amt. Recovery	Name of the Commissionerate/ DGFT/DC
13	A14	Ahmedabad	Incorrect grant of VKGUY duty credit for export of ineligible item	34.45	34.45	35.45	RLA, Ahmadabad
14	A15	Ahmedabad	Excess grant of duty credit under VKGUY scheme	13.33	13.33	16.97	RLA, Ahmedabad & Surat
15	A16	Ahmedabad	Incorrect counting of ineligible exports towards fulfillment of export obligation under EPCG Scheme	51.62	51.62		RLA, Rajkot
16	A17	Ahmedabad	Excess grant of SFIS duty credit due to non imposition of late cut	16.96	16.96	1.16	RLA, Ahmedabad
17	A18	Hyderabad	Non fulfillment of export obligation under EPCG Scheme	170.00	170.00	340.00	JDGFT, Hyderabad
18	A19	Bangalore	Misclassification of goods resulted in short debit in licence/payment of customs duty	24.90	24.90	36.45	ACC, Bangalore
19	A20	Bangalore	Non fulfillment of export obligation under EPCG scheme	166.00	166.00		RLA, Bangalore
20	22	Ahmedabad	Incorrect duty payment of goods cleared in DTA	12.01	12.01	13.69	Central Excise, Range III, Division III Ankleshwar, Commissionerate Surat II
21	23	Bangalore	Short levy due to incorrect classification	9.72	9.72	12.11	ICD, Benaglore
22	25	Chennai	Grant of SFIS duty credit for services rendered beyond the application period	13.91	13.91	17.13	RLA, Chennai
23	26	Chennai	Excess grant of duty credit under VKGUY scheme	10.54	10.54	14.26	Tuticorin (Sea) port

Sl. No.	Draft Audit Paragraph	Field office name	Brief subject	Amt. Objected	Amt. Accepted	Amt. Recovery	Name of the Commissionerate/ DGFT/DC
24	27	Chennai	Short levy of basic customs duty due to misclassification	15.59	15.59	18.09	Air Customs, Chennai
25	28	Chennai	Grant of duty credit on ineligible items under VKGUY Scheme	88.96	88.96	72.44	JDGFT, Coimbatore
26	29	Chennai	Short levy of customs duty due to misclassification	12.65	12.65		Chennai (Sea)
27	30	Chennai	Non payment of duty on written off goods by an EOU	19.75	19.75	37.14	Central Excise, Chennai
28	31	Chennai	Short levy of customs duty due to incorrect application of exemption notification	10.93	10.93		Chennai (Sea)
29	32	Chennai	Non application of reduced rate resulting in excess grant of VKGUY duty credit	14.12	14.12	10.86	JDGFT, Coimbatore
30	33	Kochi	Irregular issue of status holder incentive scheme	8.53	8.53	11.18	JDGFT, Kochi
31	35	Delhi	Short levy of duty due to non assessment of duty of High sea sales price	10.24	10.24	2.82	UCD, Tughlakabad, Patparganj, Delhi
32	37	Kolkata	Irregular grant of benefits of SHIS scheme on ineligible exports	76.86	76.86		DGFT, Kolkata
33	38	Kolkata	Irregular grant of benefits of project import regulation 1986 on imported spares	1680.00	1680.00		Customs (Port) Kolkata

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Sl. No.	Draft Audit Paragraph	Field office name	Brief subject	Amt. Objected	Amt. Accepted	Amt. Recovery	Name of the Commissionerate/ DGFT/DC
34	39	kolkata	Irregular refund of SAD without proof of payment of appropriate sales tax	11.06	11.06	10.87	Kolkata (Port)
35	40	Bangalore	Short levy due to misclassification	9.06	9.06	11.37	ACC, Bangalore
36	41	Bangalore	Non fulfillment of export obligation under Advance authorization licence	17.26	17.26		ACC, Bangalore
37	42	Delhi	Short levy of duty due to misclassification	10.85	10.85	6.89	ICD, Tughlakabad (Import/Export), NCH (Import)
38	43	Delhi	Short levy of anti dumping duty	12.03	12.03	13.02	ICD, Tughlakabad, Delhi
39	44	Bangalore	Short levy of duty due to incorrect application of exemption notification	16.69	16.69	14.14	ACC, Bangalore
40	45	Delhi	Short levy of duty due to short declaration of RSP	99.61	99.61		NCH, Delhi
41	46	Jaipur	Non payment of concessional duties of customs resulted in short payment of duties	11.06	11.06	16.17	Central Excise Commissionerate, Alwar
42	47	Bangalore	Misclassification of goods resulted in short debit in licence	17.17	17.17	25.06	ACC, Bangalore
43	49	Bangalore	Non fulfillment of export obligation	360.00	360.00		ICD, Benaglore
44	50	Bangalore	Non fulfillment of export obligation	12.26	12.26		ICD, Benaglore
45	51	Mumbai	Non levy of anti dumping duty	23.00	23.00	24.11	JNCH, Mumbai
46	53	Mumbai	Non levy of anti dumping duty	40.27	40.27	112.19	JNCH, Mumbai

Sl. No.	Draft Audit Paragraph	Field office name	Brief subject	Amt. Objected	Amt. Accepted	Amt. Recovery	Name of the Commissionerate/ DGFT/DC
47	54	Chennai	Incorrect sanction of SHIS on time barred application	47.27	47.27		JDGFT, Coimbatore
48	56	Chennai	Grant of SHIS duty credit script to ineligible export items	122.00	122.00	122.00	JDGFT, Coimbatore
49	57	Chennai	Short levy of duty due to misclassification	77.36	77.36		Chennai (Sea)
50	58	Chennai	Short collection of duty due to misclassification	59.69	59.69		Chennai (Sea)
51	61	Gwalior	Realisation of cost recovery charges for customs staff at the instance of Audit	15.92	15.92	15.92	ICD, Ratlam
52	65	Chennai	Incorrect availment of concessional rate of duty on DTA clearances by an EOU	222.00	222.00	251.00	Central Excise, Chennai 1 Commissionerate
53	66	Chennai	Short collection of duty due to misclassification	12.89	12.89		Chennai (Sea)
54	67	Kolkata	Excess payment of drawback due to misclassification of export goods	82.52	82.52	2.02	Dy. Commissioner of Customs, Drawback Cell, West Bengal, Kolkata
55	68	Kolkata	Irregular grant of benefits of SHIS scheme on ineligible exports	17.05	17.05	17.54	ADGFT, Kolkata
56	69	Kolkata	Non recovery of inadmissible drawback	17.92	17.92	17.00	Asstt. Commissioner of Customs, Drawback cell (Preventive), Custom House, Kolkata
57	71	Hyderabad	Short levy of duty on import of coal	15.90	15.90	15.94	Customs House, Visakhapatnam
58	72	Hyderabad	Non levy of anti dumping duty due to incorrect classification	16.57	16.57		ICD, Hyderabad

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Sl. No.	Draft Audit Paragraph	Field office name	Brief subject	Amt. Objected	Amt. Accepted	Amt. Recovery	Name of the Commissionerate/ DGFT/DC
59	73	Chennai	Short levy of duty due to misclassification	10.52	10.52		Chennai (Sea)
60	74	Chennai	Incorrect grant of SHIS duty credit to restricted items	17.55	17.55	17.55	JDGFT, Chennai
61	76	Chennai	Non/Incorrect application of late cut on belated application resulting in excess grant	11.62	11.62	10.82	JDGFT, Coimbatore
62	78	Hyderabad	Non recovery of Merchant Overtime charges	15.05	15.05	15.05	Customs (Preventive), Vijayawada
63	79	Jaipur	Irregular grant of SFIS	31.28	31.28	22.90	Jt.DGFT, Jaipur
64	80	Jaipur	Irregular grant of zero duty export promotion capital goods authorizations	330.00	330.00	276.00	JDGFT, Jaipur
65	82	Kolkata	Discharge of advance authorization without full recovery of duty	48.74	48.74		DGFT, Kolkata
66	83	Kolkata	Excess payment of drawback due to misclassification of export dish amplifiers	19.44	19.44	14.05	Dy. Commissioner of Customs, Drawback Cell, West Bengal, Kolkata
67	84	Mumbai	Incorrect refund of drawback	13.24	13.24	13.24	DGFT, Mumbai
68	86	Mumbai	Non fulfillment of pre import	11.13	11.13	11.13	DGFT, Mumbai
69	88	Chennai	Short levy of duty due to misclassification	30.34	30.34		Chennai (Sea)
70	89	Ahmedabad	Incorrect refund of CST on imported goods	15.84	15.84		Development Commissioner, KASEZ
71	90	Ahmedabad	Incorrect refund of CST on imported goods	17.03	17.03		Development Commissioner, KASEZ

Sl. No.	Draft Audit Paragraph	Field office name	Brief subject	Amt. Objected	Amt. Accepted	Amt. Recovery	Name of the Commissionerate/ DGFT/DC
72	92	Chennai	Grant of SHIS duty credit to ineligible goods	121.16	121.16		JDGFT, Chennai
73	95	Delhi	Short levy of duty due to excess abatement on RSP	10.45	10.45	7.46	ICD, Tughlakabad, Delhi
74	97	Delhi	Short levy of duty due to incorrect declaration	10.18	10.18	11.30	ICD, Tughlakabad, Delhi
75	100	Mumbai	Non levy of safeguard duty	10.66	10.66	11.83	JNCH, Mumbai
76	103	Kochi	Non levy of education cess and secondary education cess	10.36	10.36		Central Excise & Customs, Ernakulam
77	104	Hyderabad	Non fulfillment of export obligation under EPCG scheme	68.22	68.22	171.00	JDGFT, Hyderabad
78	109	Chennai	Short levy of duty due to misclassification	27.10	24.53		Chennai (Air)
79	110	Kolkata	Irregular grant of project import benefit due to incorrect registration of contract	23.99	23.99	23.99	Customs House, Kolkata
80	111	Chennai	Loss of revenue in extending undue benefit to EOU in grant of SHIS duty credit	3300.00	3300.00	7.16	JDGFT, Chennai
				8158.33	8155.76	2108.91	

Annexure 4

(Reference paragraph 2.3)

Sl.No.	Name of the state	No. of Commissionerates	Name of the Commissionerates
1	Gujarat	4	ICD, Khodiyar, Ch, Sikka, Jamnagar, CH, Kandla, MP &SEZ, Mundra
2	Rajasthan	1	Jodhpur
3	Karnataka	3	ACC Bengaluru, ICD Bengaluru, NCH, Mangaluru
4	Chandigarh	1	Ludhiana
5	Tamil Nadu	3	Sea Chennai, Air Chennai, Tuticorin
6	Kerala	1	Kochi
7	Andhra Pradesh	2	Visakhapatnam, Vijayawada
8	Telangana	1	Hyderabad
9	Odisha	1	Bhubaneswar
10	West Bengal	5	Kolkata Port, Kolkata Air, ICD Durgapur, Siliguri, West Bengal (Preventive),
11	Meghalaya	1	Shillong
12	Uttar Pradesh	2	Noida, Kanpur
13	Maharashtra	9	Import I&II, Export I&II(NCH Zone-I)), NS-I,NS-III,NS-V(JNCH Zone II,IMPORTS&EXPORTS(ACC Zone III)
14	Delhi	5	Import,ICD(Export),ACC,NCH(Import),ACC,NCH (Export) Tughlakabad, ICD ParpatgunJ, Delhi,
15	Madhya Pradesh	3	Bhopal, Gwalior, Indore
	Total	42	

Annexure 5

(Reference paragraph 2.3)

Sl.No.	Name of the state	No. of Commissionerates	Name of the Commissionerates
1	Gujarat	4	ICD, Khodiyar, Ch, Sikka, Jamnagar, CH, Kandla, MP &SEZ, Mundra
2	Rajasthan	1	Jodhpur
3	Karnataka	3	ACC Bengaluru, ICD Bengaluru, NCH, Mangaluru
4	Chandigarh	1	Ludhiana
5	Tamil Nadu	3	Sea Chennai, Air Chennai, Tuticorin
6	Andhra Pradesh	2	Visakhapatnam, Vijayawada
7	Telangana	1	Hyderabad
8	Odisha	1	Bhubaneswar
9	Uttar Pradesh	2	Noida, Kanpur
10	Delhi	5	Import,ICD(Export),ACC,NCH(Import),ACC,NCH(Export) Tughlakabad, ICD ParpatgunJ, Delhi,
11	Madhya Pradesh	3	Bhopal, Gwalior, Indore
	Total	26	

Annexure 6

(Reference paragraph 2.3)

Sl.No.	Name of the state	No. of Commissionerates	Name of the Commissionerates
1	Kerala	1	Kochi
2	West Bengal	5	Kolkata Port, Kolkata Air, ICD Durgapur, Siliguri, West Bengal (Preventive),
3	Meghalaya	1	Shillong
4	Maharashtra	9	Import I&II, Export I&II(NCH Zone-I)), NS-I,NS-III,NS-V(JNCH Zone II,IMPORTS&EXPORTS(ACC Zone III)
	Total	16	

ANNEXURE 7 Improper maintenance of records (Refer para No. 2.6.1)

Sl. No.	Commissionerate	Brief subject	Whether accepted
1	NCH Mumbai	Printing inks (CTH 3215) Assessment pending finalization despite direction from SIIB.	No reply.
2.	-do-	Provisional assessment was not finalized (Two BEs- Printing Ink) despite receipt of Test report in Sept. 2013.	No reply.
3	Chennai (Air)	M/s Wellwin Industry Ltd.- Case not finalized despite SIIB orders dt.23.12.05	No reply.
4	Ludhiana	Two exporters- Prov. assessed value was not informed by the Custom department to the concerned DGFT which may lead to excess claim of incentive under FPS.	No reply.

ANNEXURE 8: Pendency in call Book Register (Refer para No. 2.7)

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	Kochi	697 PD bonds (period 2009 to 2013) were pending in the Call Book register which was reviewed only once in July 2014 in contravention of the instructions.	No reply.
2	NCH, Mumbai	M/s Pioneer Agri Techno Scan & Exports Pvt.Ltd.- Case not entered in the Call Book Register. The BG had expired in December 2001, letter for renewal of BG written by the department only in October 2014.	No reply.
3	Custom House, Sikka, Jamnagar Commissionerate	Bills of entries (252 Nos.) on the issue of inclusion or otherwise of Pull back Tug Charges, Port Tonnage charges in the assessable value were incorrectly included in the Call Book Register.	No reply.
4	-do-	Cases finalized after including pull back charges (M/s Reliance Industries Ltd.) after retrieving from Call Book, however similar cases (M/s Bharat Oman Refineries Ltd- 120 BEs) were not finalized.	No reply.

ANNEXURE 9 Major audit findings - Irregular resorting to provisional assessment

(Refer para 2.10.1)

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	JNCH, Mumbai	“Nigerian Gum Arabic (Asafoetida) classified under CTH 1310200 was provisionally assessed and manual filing of BsE was allowed at the request of the Association of Importers. The matter was taken up with the Board for necessary amendment so as to avoid manual filing of BE and provisional assessment. However, no action was initiated at Board level towards amendment or to finalise the assessment at field level. Resorting to provisional assessment on the grounds of limitations in EDI system was not a specified situation under the provisions of section 18.	No reply.
2	ICD, Kanakpura, Jodhpur	PVC Resin were incorrectly classified and incorrectly resorted to provisional assessment which led to postponement of duty and undue financial advantage to the importer.	No reply.
3	ICD, Jodhpur	No uniformity in assessments. In some cases final assessment were made even though the mandatory end use certificate was not submitted by the importer. While in other (five cases) the goods were assessed provisionally pending receipt of end use certificates.	No reply.
4	Ludhiana	Two BEs were provisionally assessed without stating the reason for such assessment.	No reply.

ANNEXURE 10: Non-revalidation of Bank Guarantee (BG)

(Refer para 2.17)

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	ACC, Hyderabad	The BG (₹ 12.48 crore) executed by M/s Vuppalamritha Magnetic Components Ltd, was not revalidated before its expiry i.e., 10.02.2012.	No reply.
2	Customs (Preventive) Bhubaneswar	BGs executed during the period from 2009 to 2011 by two importers viz. M/s Brahmani River Pellets Ltd and M/s GMR Kamalanga Energy Ltd., for a value of ₹ 8.26 crore with validity up to 08.03.2013 were not renewed even though the cases were yet to be finalised	No reply.
3	Chennai (Sea)	M/s Falcon Tyres Ltd,- Assessment made provisionally in June 2011 by executing a PD bond and a BG for ₹ 0.41 crore (valid up to 28.6.2012) was not revalidated. The case was yet to be finalized (January 2016).	No reply.
4	JNCH, Mumbai	M/s Nickunj Exim Enterprises Pvt. Ltd., - BGs (25% of value of goods) given by the importer involving ₹ 0.8 crore had expired by 28.11.2014 and another six BGs involving ₹ 0.3 crore had expired by 24.1.2015 but were not revalidated. The cases were yet to be finalized (January 2016).	No reply.

ANNEXURE 11: Non/Short levy of Extra Duty Deposit (EDD) (Refer para 2.20.1)

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	ICD Loni, Noida Commissionerate	Two provisional assessment cases with assessable value of ₹ 23.66 crore were pending before SVB since 2010. EDD was not enhanced to 5% despite non-receipt of reply from the Importer within stipulated period.	No reply.
2	ICD, Hyderabad	156 SVB cases were pending finalisation as on 31 March 2014 pertaining to the period 2005-2014. However, due to non-production of files, the fact of issue of questionnaire by the assessing group, receipt of reply from the importer within 30 days and enhancement of EDD @5% could not be verified.	No reply.

ANNEXURE 12: Short levy of duty due to under valuation (Refer para 2.20.2)

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	ICD, Concor and Thar Dry port, Jodhpur, under, Jodhpur Commissionerate	Incorrect adoption of value by classifying the goods (Bitumen 60/70(VG30) under CTH 27149090) at the time of final assessment resulted in short levy of duty of ₹ 23.93 lakh.	The department stated that the case was pending before Appellate authority.
2	Visakhapatnam	In one case incorrect adoption of exchange rate at 44.70 per USD instead of 44.85 per USD at the time of finalization resulted in short collection of duty and interest of ₹ 0.05 crore.	Recovery proceedings have been initiated.
3	Dhamra Division, under Bhubaneswar	Mis-classification of coal as steam coal instead of bituminous coal (19 consignments) at the time of provisional assessment resulted in short levy of ₹ 10.16 crore. Non-finalization of these cases resulted in blockage of Government of revenue.	Assessments could not be finalized due to non-receipt of final documents from importers.

ANNEXURE-13: Loss of revenue due to non- levy of penalty for short landed goods**(Refer para 2.21)**

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	Kochi	M/s Petronet LNG Ltd-Penalty of ₹ 0.45 crore was not levied on person-in-charge of the conveyance for short landed goods.	No reply.
2	Vijayawada Customs	Palmolein oil imports at Krishnapatnam Port- Penalty of ₹ 0.11 crore was not levied on person-in-charge of the conveyance for short landed goods.	No reply.

ANNEXURE 14: Non-finalization of assessment despite receipt of test reports

(Refer para 2.24)

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	Dhamra Customs Division under Bhubaneswar Commissionerate	M/s Saraogi Udyog(P) Ltd.-Non-finalization of the assessments despite receipt of test reports resulted in postponement of collection of differential duty of ₹ 0.50 crore along with interest.	No. reply.
2	Kolkata Port	Twenty one cases of import of Synthetic Rubber/PVC Floor Sweep etc., for bond value of ₹ 4.35 crore and assessable value of ₹ 4.35 crore were pending finalisation for a period ranging from 17 months to 48 months (December 2015) despite receipt of results of test reports from CIPET, Haldia.	Department stated that cases were being pursued with SVB and the importer for finalization.

ANNEXURE 15: Non-finalization of assessment despite receipt of documents

(Refer para 2.24)

Sl.No	Commissionerate	Brief subject	Whether accepted
1	ICD, Sanathnagar, Hyderabad	M/s ICICI Bank Ltd,- Matter for getting the clarification on admissibility of benefit under SFIS licence was addressed the JDGFT on 2.2.2015, i.e. after a gap of 18 months. On receipt of reply from JDGFT dated 25.02.2015, a demand notice for payment of duty of ₹ 0.25 crore along with interest of ₹ 0.07 crore was issued (11.03.2015). The duty was yet to be recovered.	Recovery proceedings had been initiated. (December 2015).

ANNEXURE 16 Non- finalisation of assessment despite receipt of DRI orders

(Refer para 2.24)

Sl.No	Commissionerate	Brief subject	Whether accepted
1	JNCH, Mumbai	Imported goods viz. Plastic regrind/ lumps/ agglomerates etc assessed provisionally on the basis of DRI alert were pending from Jan 2011 to May 2015 despite receipt of Director General of Valuation orders dated 10.1.2014 to follow Custom Valuation Rules, 2007 and finalise the assessments.	The department stated (August 2015) that finalization in ICES 1.5 would take same more time.

ANNEXURE 17 Non-finalization of assessment despite completion of SVB investigation (Refer para 2.24)

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	Kolkata	Cases assessed provisionally (204 cases) against SVB bond amounting to ₹ 26.50 crore were still pending finalisation despite completion of investigation by SVB. Further, two cases had been assessed provisionally despite SVB investigation being finalised at a date prior to filing of bill of entry.	No reply.
2	Kanpur	10 cases with assessable value of ₹ 46.54 crore in ICD, Juhi and 15 cases with assessable value of ₹ 30.50 crore in ICD, Panki Kanpur were pending finalisation despite Appellate Tribunal order (February 2006) granting liberty to both sides to approach the tribunal for quantification of duty. However, the Tribunal was not approached.	It was stated that the cases were still pending at the CESTAT. The reply was not acceptable as the department did not follow the directions of the appellate Tribunal in finalisation of the cases.

ANNEXURE 18: Non-adjudication of Show Cause Notices (Refer para 2.26)

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	Chennai Sea	SCNs issued to M/s Noyyal Common Effluent Treatment Company Ltd and M/s. Teamec Chlorates Limited on 24.01.2012 and 15.12.2011 respectively were not adjudicated even after a lapse of more than 3 years. Non adjudication of Show Cause Notices led to blockage of revenue of ₹ 0.88 crore (Differential Duty ₹ 0.38 crore and interest of ₹ 0.50 crore).	No reply.

ANNEXURE 19: Non/delayed realisation of differential duty on final assessment

(Refer para 2.28)

Sl. No.	Commissionerate	Brief subject	Whether accepted
1	Chennai Air	M/s. Vuppalamritha Magnetic Components Ltd., Secunderabad - On finalization of provisional assessment ADD amounting to ₹ 32.86 crore along with applicable interest was levied. The importer paid a part of the demand, ₹ 1.38 crore in March 2011. The balance demand of ₹ 31.49 crore and interest of ₹ 31.33 crore was yet to be collected.	No reply.
2	Kolkata	In 11 cases of import of 3,48,035 kgs PVC Flex Film from China between 9 th March and 1 st August 2011 anti dumping duty was assessed provisionally. Despite confirmation as to leviability of the ADD, non-finalization of assessment resulted in blockage of government revenue amounting to ₹ 85.35 lakh for over three years.	No reply.
	Visakhapatnam	M/s Nirnidhi Marketing (P) Ltd- Duty demand along with interest of ₹ 0.25 crore confirmed (February 2013) has not been recovered.	Recovery proceedings had been initiated.

ANNEXURE 20: Delay in completion of investigation and finalisation of assessment by Special Valuation Branch (SVB)

(Refer para 2.29)

Sl.No.	Commissionerate	Brief subject	Whether accepted
1	ICD, Hyderabad, and ACC Hyderabad	328 SVB cases pertaining to the period December 2005 to March 2014 were pending finalization for want of valuation reports from SVB Chennai.	Department stated (September 2015) that action was initiated to finalize the cases.
2	ICD, Khodiyar, Ahmadabad	The four cases referred to General Agreement on Tariff and Trade (GATT) for valuation were yet to be finalized. Also 1 BE dated 29 June 2013 was yet to be forwarded to the GATT Cell.	-do-
3	JNCH, Mumbai	M/s Andreas STIHL- Special Investigation and Intelligence Branch (SIIB) order dated 25.10.2013 for clearing of consignments on provisional basis by obtaining PD bonds and revenue deposit equivalent to 20% of differential duty was not followed.	No reply.
4	Chennai Sea	Imports of steel secondary material and tin waste were pending final assessment since April 2010 due to downward revision of international prices inspite of representations from trade. However, Director General of Valuation was yet to decide the case resulting in delay in finalization. Thus, imports worth of ₹ 14977.58 crore remained unprotected.	No reply.

Annexure 21**Statement showing list of Commissionerates****(Refer para 3.4)**

S.No.	Name of Office	Sl No. of commissionerates	Name of Commissionerate
1	O/o the DGA (C), Kolkata	1	Kolkata (Port)
		2	Kolkata (Airport)
		3	Preventive, West Bengal
		4	Siliguri
		5	ICD, Durgapur
2	O/o the PDA (C), Ahmedabad	6	Ahmedabad (in r/o ICD Khodiyar
		7	Kandla
		8	Mundra
		9	Jamnagar (in r/o CH Pipavav)
		10	Jodhpur
3	O/o the PDA (C), Chandigarh	11	Ludhiana
4	O/o the PDA (C), Hyderabad	12	Hyderabad
		13	Vijayavada
		14	Vishakapatnam
5	O/o the PDA (C), Bangalore	15	Air cargo Complex
		16	ICD
		17	New Customs House Mangalore
6	O/o the DGA (C), Chennai.	18	Chennai Sea
		19	Chennai Air
		20	Tuticorin Sea
		21	Cochin Sea
		22	Chochin Air
7	O/o the DGA (C), Mumbai	23	Import I
		24	Import II
		25	Export I
		26	Export II
		27	General
8	O/o the DGA(CR), New Delhi	28	Pr. Comm. of Cus. (Import) ICD, Tughlakabad
		29	Comm. of Cus. (Export) ICD, Tughlakabad
		30	Comm. of Cus. (Import) New Customs House
		31	Comm. of Cus. (Export) New Customs House
		32	Comm. of Cus. , ICD, Patparganj
9	O/o the PDA (C), Lucknow	33	Kanpur
		34	Agra
		35	Noida
		36	Patna

Annexure 22: Re-importation after expiry of specified re-import period

(Refer para 3.9.2)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	ICD Khodiyar under Ahmedabad Commissionerate	Goods valued at ₹ 21.22 lakh re-imported (November 2013) by M/s Meghmani Pigments and M/s Crystal Quinone Pvt. Ltd. incorrectly under serial no. 2 of notification 158/95-cus even though one year had expired from the date of initial export of the goods. Duty saved as per Bond was ₹ 5.49 lakh.	No. Reply.
2	Chennai (Sea)	M/s Tube Investments of India-1732 numbers of bicycle pars/frames which were exported in October 2012, were re-imported (February 2014) after a lapse of one year and three months from initial exports in contravention of the provision of customs notification 158/95 (Sl.No.2). Duty exemption inadmissible in this case worked out to ₹6.35 lakh	No. Reply.

Annexure 23: Import of foreign goods under notification No.158/95

(Refer para 3.9.2)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	ACC, Bengaluru	M/s Wave Axis Technologies Pvt. Ltd. imported (November 2013) foreign goods (Form Spring and parts of compressor) and in incorrectly availed duty exemption amounting to ₹ 3.81 lakh. Because import of goods manufactured in India are only eligible for exemption. Moreover, the goods were not re-exported within the stipulated period. Duty forgone ₹ 3.81 lakh was recoverable.	No. Reply.

Annexure 24: Re-import of goods for reprocessing

(Refer para 3.10)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Ludhiana	M/s. Kings Exports, Ludhiana re-imported (October 2014) parts for Roofing Framework Structure of steel availing duty exemption of ₹ 0.45 Lakh (Notification No. 158/95, Sl No.1) for repairs. As the specifications of goods were to be changed, the goods were required to be re-processed, which is covered under sl. No. 2 of the notification. However, benefit under Sr. no. 2 of the Notification was inadmissible because goods were re-imported after expiry of one year from initial export.	Interim reply.

Annexure 25: Re-import of goods for re-marking**(Refer para 3.10)**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	ICD, Sabarmati, Gujarat	M/s Sandvik Asia Pvt. Ltd re-imported (April 2013) seamless stainless steel pipes for re-marking was allowed exemption under serial no 1 of the notification instead of. under Sl. No. 2 of the notification. Accordingly, re-import after expiry of one year from exportation (October 2010) are ineligible under Sl. No. 2. Therefore, the importer was not eligible for grant of exemption of ₹ 2.40 lakh.	No. Reply

Annexure 26:Undue benefit to importers allowing change in notification**(Refer para 3.10)**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	ICD Khodiyar, Ahmedabad	M/s Mangalam Alloys Ltd. had re-imported (January 2014) 'Stainless steel of fasteners hexagon nuts of different sizes' availing duty exemption of ₹7.41 lakh under notification no. 158/95. Subsequently, the exporter expressed (December 2014) their inability to re-export the goods and requested reassessment of the bill of entry under Notification No. 94/1996 dated 16 December 1996. The department had not initiated any action for recovery of duties under notification no.158/95.	Department stated that the case was reassessed on the request of the exporter. Reply of the department is not acceptable in view of the Supreme Court decision in the case of Commissioner of Customs, Calcutta Versus Indian Rayon & Industries Ltd. 2008 (229) E.L.T. 3 (S.C.) wherein it was held that the original assessment done under 158/95 notification cannot be altered subsequently, for giving benefit under another notification (94/1996).
21	Ahmedabad	M/s Jagson Colorchem Ltd. had re-imported (June 2014) 'Synthetics Organics dyes reactive black' valued at ₹ 94.70 lakh without payment of duty under customs notification 158/95. The importer subsequently (September 2014) paid duty (CVD, Edu. cess plus SAD) of ₹ 15.96 lakh plus interest but did not pay basic custom duty forgone as they requested reassessment under notification no. 94/1996 and agreed to surrender the export benefits. No action was initiated by the department (April 2015). Since the case could not be reassessed under another notification (94/1996), BCD of ₹ 8.52 lakh was recoverable.	No. Reply.

Annexure 27:Re-export to another agency and Drawback on re-export

(Refer para 3.11)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Chennai Sea	M/s Sai Marine Exports Pvt. Limited re-imported (December 2014) frozen shrimps from Belgium availing benefit under sl. No. 2 of the notification. The firm availed drawback of ₹ 2.13 lakh at the time of initial export in July 2014 and did not refund the drawback on re-import. The goods were re-exported (February 2015) to another firm in USA and again drawback of ₹ 2.89 lakh availed on re-export. Since the importer availed drawback against initial export and the re-imported goods were not re-exported to the same buyers/customers abroad, such cases could not be eligible for benefit under notification no. 158/95.	No. Reply.

Annexure 28:Re-exported goods not matching with the re-imported goods

(Refer para 3.11)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Chennai (Sea)	M/s Caterpillar India Pvt. Ltd., re-imported four Customs notification 158/95 (Sl.No.1). The goods were re-exported in September 2013 and the Re-export Bond/BG was cancelled on 27.12.13. Scrutiny revealed that the Part No. of the engines re-exported under one shipping bill was different from that of re-imported. Duty foregone on re-import of the engine amounting to ₹ 5.20 lakh stood recoverable.	No. Reply.
2	Kolkata (Port)	M/s Kisna Fishing Accessories (P) Ltd., re-imported (September 2013) sports fishing goods availing benefit under Notification 158/95. Scrutiny of the re-exported shipping bill revealed that the re-exported goods differed in quantity, weight and invoice value from that of re-imported goods. Moreover, the Bill of Entry (B/E) no. of re-imported goods mentioned in the SB was different from the B/E no. through which goods were actually re-imported. Duty exemption benefits amounting to ₹ 3.83 lakh was recoverable from the importer.	

Annexure 29: Delayed re-export of goods**{Refer para 3.12 (ii)}**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Cochin	M/s. Spark Controls re-imported goods in May 2013 but re-exported after expiry of the stipulated re-export period without obtaining extension from the department. Duty exemption was ₹ 6.44 lakh.	The bond and BG was cancelled in July 2014.
2	ICD Bengaluru and ACC, Devanahalli	Goods re-imported by M/s Micro Finish Valves and three others between October 2012 and April 2014 were re-exported between April 2013 and November 2014 after expiry of the stipulated re-export period without obtaining extension. This involved exemption of duty of ₹ 3.03 lakh.	No reply.

Annexure 30: Non levy of customs duty on goods short re-exported (Refer para 3.13)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Jodhpur	Goods re-imported by M/s PSV Polymers Pvt. Ltd. and two others between January 2013 and February 2014 were partly re-exported (8.11 to 24.24 per cent) involving duty exemption of ₹ 26.83 lakh in three cases.	₹ 0.54 lakh including interest of ₹ 0.13 lakh had been recovered from one of the importer. Reply in respect of remaining two cases is awaited (January 2016).
2	Chennai (Sea)	M/s Sundaram Fastners Ltd.,-Against re-import of 30,000 pieces of 'Hex Con Rod Bolt' only 500 pieces were re-exported and no documentary evidence was available for remaining 29,500 pieces. Duty forgone amounting to ₹ 6.80 lakh was recoverable.	No reply.

Annexure 31: In-sufficient Bank Guarantee**(Refer para 3.13)**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Cochin	Analysis of the EDI import data from November 2011 to April, revealed that in case of 5 importers, bank guarantees were short executed by ₹ 1.81 lakh.	No reply.

Annexure 32: Non enforcement of Bank Guarantee**(Refer para 3.13)**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Chennai Sea	M/S. Farida Shoes Ltd. As the importer failed to re-export the goods the department had directed (September 2014) the Bank to enforce the four bank guarantees aggregating ₹ 10.54 lakh after expiry of their validity period. The Bank Guarantees have not been enforced even after issue of reminder to Bank in November 2014.	No reply.

Annexure 33: Grant of incorrect exemption for jobbing

(Refer para 3.15)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Kolkata (Port)	M/s Vajra Machineries Pvt. Ltd.- Goods were supplied by/imported from M/s DAERYUK INTL., USA, were exported to M/s MINL Limited, Nigeria i.e. not re-exported to the same supplier. Further the goods were re-exported after expiry of stipulated re-export period without obtaining any extension of time. Thus, the goods imported does not merit for exemption of duty. Duty recoverable worked out to ₹14.29 lakh (as per EDI Import data).	The department admitted the issue and stated that the importer is liable to pay duty.

Annexure 34:Export of goods after jobbing without utilizing inputs/raw materials imported duty free under notification 32/97

(Refer para 3.15)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Chennai (Sea)	M/s.Woory Automotive India Pvt. Ltd. - Scrutiny of shipping bills mentioned in the End Use Certificate revealed that the Bills of entry nos. contained therein were different from that of B/E nos. under which goods were imported for jobbing. Thus, the duty free raw materials were not utilized in the execution of job work and resultant goods were not re-exported. Hence, the importer was liable to pay duty foregone amount of ₹ 29.89 lakh along with interest.	No reply.

Annexure 35:Non-achievement of minimum value addition

(Refer para 3.15)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Chennai Sea	M/s Corvine Chemicals & Pharmaceuticals Ltd. and Arul Rubbers Pvt. Ltd- The importer failed to achieve the minimum value addition of 10% as required under condition (v) of the notification. Accordingly, he was liable to pay duty of ₹ 14.05 lakh along with interest.	No Reply.

Annexure 36: Goods re-exported not matched with the goods imported**(Refer para 3.15)**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Air Cargo Complex, Devanhally, Bengaluru	M/s Armor Plast - Goods re-exported after jobbing in February 2013 were articles of plastics, lens, green power etc, i.e. not made out of the imported stainless steel tubes. As the condition of the notification was not fulfilled, duty exemption availed ₹ 3.04 lakh was recoverable.	No Reply.

Annexure 37: Goods re-exported after expiry of stipulated period**(Refer para 3.25)**

Sl.No	Commissionerate	Brief Subject	Department Reply
1	Noida	M/s Honda Cars India Ltd,- Goods imported in July 2012 were re-exported in April 2013 (beyond nine months from date of import) on obtaining extension granted by the Assistant /Deputy Commissioner, which was irregular as per Board's Circular dated 05.11.1998. The bonds were discharged and cancelled on 02.07.2014.	No Reply.
2	Mumbai Zone II	M/s Tulsi Impex Ltd. Re-exported 13 flexi-tanks after expiry of one year from the date of import including extension (up to 15.01.2015). Further, Assistant /Deputy Commissioner extended the period for further six months in contravention to the Board's Circular dated 05.11.1998. Duty exempted ₹ 0.74 Lakh.	No Reply.

Annexure 38: Short re-export of containers**(Refer para 3.25)**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	ICD, Dadri, Noida	M/s India Yamaha Motors Pvt Ltd –Against import of 504 number of. durable containers (June 2013, only 396 containers were re-exported within the stipulated period resulting in short re-export of 108 containers. The importer is liable to pay duty of ₹ 3.37 lakh along with the interest.	Records were not readily available and reply will be submitted.

**Annexure 39: Non- recovery of duty in case of failure to re-export under notification
3/89-cus (Refer para 3.29)**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Airport Kolkata	Paharpur Cooling Towers (P) Ltd.- Export documents not submitted. Duty foregone ₹ 1.01 lakh.	Department stated that as the notification does not specify the time limit to re-export the goods except at serial no.10 of the table annexed to the notification 134/94. Therefore it was presumed for all types of imports made under this notification. The reply is not acceptable as the bond executed by the importer clearly specifies the time limit for re-exportation as one month. Moreover, three years period allowed under serial no.10 of the table is applicable for imports made for repairs/re-conditioning / re-engineering and not for testing purpose as in the instant case.

Annexure 40: Clearance of imported goods ineligible for exemption (Refer para 3.31)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Customs(Port), Kolkata	M/s Brahmaputra Cracker and Polymer Limited, Dibrugarh, Assam -The item, imported and cleared together with the goods of project import was declared as wrongly shipped /supplied. Since these wrongly supplied goods were neither for repair and return nor covered under any of the other categories of articles mentioned in the notification, thus, ineligible for exemption of duty under the Notification. This has resulted in irregular exemption of duty amounting to ₹ 6.64 lakh.	No reply.

Annexure 41: Irregular grant of Drawback under section 74 (1) and (2) of the Act

(Refer para 3.40)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Ahmedabad	M/s Truetzchler India Pvt. Ltd. was allowed ₹ 11.15 lakh 40% duty drawback in January 2014. Although, the imported good was re-exported after 18 months, as such not eligible for drawback.	An amount of ₹ 13.44 lakh includes interest of ₹ 2.29 lakh was recovered.
2	Ahmedabad	M/s Supernova Engineers Ltd. was allowed (August 2014) drawback at the rate 98 per cent of import duty amounting to ₹ 3.27 lakh on the used good re-exported after expiry of 18 months	

Annexure 42: Grant of duty drawback without testing the chemical re-exported**(Refer para 3.40)**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Kolkata (Port).	M/s United Phosphorus Limited, Haldia was allowed drawback amounting to ₹ 11.28 lakh on re-export back of chemical ('Mithylene Dibromide 99% min.') without chemical test in contravention to CBEC Circular no. 34/95-Cus dated 06.04. Testing of samples may be made mandatory to avoid risk of grant of irregular drawback on dissimilar exported goods in absence of establishing identity of re-exported goods.	An amount of ₹ 13.44 lakh includes interest of ₹ 2.29 lakh was recovered.

Annexure 43: Payment of drawback without triplicate copy of shipping bill**(Refer para 3.40)**

S.No.	Commissionerate	Brief Subject	Department Reply
1	Kolkata (Port).	M/S Larsen & Tubro Ltd was paid drawback of ₹ 7.38 lakh under section 74 on the basis of photocopy of Shipping Bill and on obtaining an Indemnity Bond from the claimant since the original Triplicate copy of the Shipping Bill remained misplaced, as stated by the importer.	No reply.
	NSCBI Airport, Kolkata	M/s Schlumberger Asia Services Ltd was paid drawback of ₹ 3.29 lakh under section 74 on the submission of photocopy of Shipping Bill and on obtaining an Indemnity Bond from the claimant since the original Triplicate copy of the Shipping Bill remained misplaced, as stated by the importer.	No reply.

Annexure 44: Irregular grant of Drawback under section 74 on manufactured goods**(Refer para 3.40)**

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Ahmedabad	M/s Shivam Enterprise - Grant of drawback (September 2014) at the rate of 98 per cent amounting to ₹ 0.46 lakh under section 74 (1) of the Act for cylinders re-exported after manufacturing activity ('TEFLON/PTEE coating).	The department informed recovery of drawback amounting to ₹ 0.41 lakh along with interest of ₹ 0.05 lakh.

Annexure 45 Incorrect grant of drawback under section 74 of Customs Act in cash instead of re-crediting in respective licence

(Refer para 3.40)

Sl. No.	Commissionerate	Brief Subject	Department Reply
1	Mundra	M/s A International P. Ltd. and M/s A Innovative International Ltd. were sanctioned drawback of ₹ 2.84 lakh in cash under section 74 of the Act on re-export on imported goods despite the fact that an amount of ₹1.09 lakh was originally debited in DEPB and FMS scripts at the time of import. Non re-crediting the proportionate duties in the respective scripts resulted in incorrect grant of drawback to the tune of ₹ 0.88 lakh.	The department stated (June 2015) that duty debited through DEPB was paid in cash as the scheme was closed by the Government in 2011. The reply of the Department is not tenable since the HBP provision provides for re-credit of the DEPB scrip in case of re-export of goods.