



महानिदेशक लेखापरीक्षा (केन्द्रीय) का कार्यालय
हैदराबाद- 500 004
OFFICE OF THE DIRECTOR GENERAL OF AUDIT (CENTRAL)
HYDERABAD - 500 004

No. RA-INDT/ U-IX/LAR No.05/2018-19/25

दिनांक: 13.06.2018

To
The Chief Commissioner of GST & Customs,
O/o The Chief Commissioner of GST & Customs,
GST Bhavan, Port Area,
Visakhapatnam-530 035.



Super (Audit)
A
20/6/18

Sir/Madam,

विषय: LAR on the Central Excise accounts of The Chief Commissioner of GST & Customs, Visakhapatnam for the year 2018-19-reg.

I forward herewith the Local Audit Report on the Central Tax accounts of the above office/factory and request you to furnish your replies to reach this office not later than one month from the date of receipt.

The receipt of the report may kindly be acknowledged.

Yours faithfully,

Encl: - as above


Sr. Audit Officer/RA-INDT

Atc

2210
20-6-18

LOCAL AUDIT REPORT ON THE ACCOUNTS OF THE CHIEF COMMISSIONER OF CENTRAL EXCISE, CUSTOMS AND SERVICE TAX, VISAKHAPATNAM ZONE, VISAKHAPATNAM FOR THE YEAR 2018-19

DATES OF AUDIT: 10.04.2018 TO 20.04.2018 (9 Working days)
PART -I

A. INTRODUCTORY

i) Scope: The Audit of the Accounts of the Chief Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam Zone, Visakhapatnam were audited covering the period from April 2017 to March 2018. The Office of the Chief Commissioner, Visakhapatnam is only responsible for monitoring of the progress of work done by the six Commissionerate offices under its control. The Visakhapatnam-I Commissionerate-I is the Drawing and Disbursing Office which is responsible for proper deployment of funds, control of expenditure and periodical reports to Principal Accounts Officer, New Delhi. Therefore, all the matters relating to payment of salaries, annual increments, disbursement of medical allowances, educational allowances, loans, house building allowances, travelling allowances, Transfer allowances, Provident Fund matters, Stationery and stores etc., are being dealt by the Visakhapatnam-I Commissionerate. The Present Audit included analysis of Targets and Achievements, examination of records and returns/reports pertaining to Arrears of Revenue, Proposed Recoveries, Provisional Assessments, etc.

ii) Personnel: The following Officers held the charge of the post of the Chief Commissioner, Visakhapatnam Zone.

Name	From	To
Sri. ShahRawat		

B. Outstanding Paras of the previous inspection reports:

Central Excise&ST	Para-I
Customs	Para-I,II,III,IV,V,VI

C. Persistent Irregularities : NIL

PART -II

A. Major Irregularities: NIL

B. Other Irregularities: Vide Report

PART -III

Test Audit Notes: NIL

Sd/-
Sr. Audit Officer/ RAINDT

Audit Observations in respect of Central Excise ,Service Tax & GST

Para-I: Shortfall in realization of duty during the Financial year 2017-18

Audit Scrutiny revealed that in respect of central excise and service tax an amount of Rs.18,701.54 crore (Rs.16062.35 crore+Rs. 2639.19crore) was realised during the previous financial year 2016-17, whereas an amount of Rs. 14,764.19 crore (Central excise- Rs.13,755.59 crores + Service Tax Rs. 1008.60 crore) was only realized in the financial year 2017-18 resulting in a decrease in collection of revenue to a tune of Rs.2306.76 crore (Central Excise) and Rs.1630.59 crore (Service tax) respectively which accounts to reduction in revenue collection by 14.36% and 61.78% in terms of percentage compared to the revenue realized during the previous year as detailed in **Annexure-I.**

When the reasons for shortfall in revenue realization was pointed out, it was replied that the monthly performance reports on revenue are uploaded by the Commissionerates and zone report generated at Chief Commissioner's office level and the information on shortfall in realization of duty is available with the respective Commissionerates.

The specific reasons for decline in the collection of revenue may be obtained from the respective Commissionerates under intimation to audit.

Para-II -Re-assignment and transfer of (334) GST registrants pertaining to Telangana wrongly assigned /registered to Andhra Pradesh zone

Scrutiny of the GST Registrations from the data of "Central processing cell" revealed that (334) cases were kept pending and not mapped to the respective jurisdiction as the principal place of business of these assesseees pertain to the state of Telangana which were wrongly assigned to the state of Andhra Pradesh.

When pointed out, it was replied that the matter has been brought to the notice of DG Systems , Chennai and the modalities/procedures to be followed in these cases is awaited.

Final action taken for re-assignment and transfer of the non-mapped (334) registrants to the appropriate Telangana jurisdiction from the jurisdiction of Andhra Pradesh may be intimated to audit.

Para-III- Re-distribution of excess “All-in-one Desktops”(AIO)

Comp.

Directorate General of Systems and Data Management Customs & Central Excise, New Delhi, Dated-13-12-2017, instructed on security, safety and upkeep of LAN/WAN infrastructure in respect of “All-in-one Desktops”(AIO) provided by DG Systems and stated that many sites have received equipment in excess of approved bill of quantities and to prevent the inventory from damage due to non-utilisation instructions were given for re-distribution of these excess equipment.

Audit Scrutiny revealed that AIO systems provided to Visakhapatnam zone were in excess to an extent of (151).

When any action has been taken for re-distribution of these excess equipment to prevent damage due to idleness and non-operation was called for, it was replied that (58) excess AIOs were distributed to the Customs Formations in the zone and (16) are going to be shifted soon to Customs Preventive Formations.

Final report on distribution of balance (77) AIOs may be intimated to audit.

Para-IV-Allotment of Budget and utilization of funds under Swachta Action Plan (SAP)

Admn

Scrutiny of the files pertaining to allotment of budget and expenditure under Swachta Action Plan (SAP) revealed that initially DGHRD, New Delhi has allotted funds for the financial year 2017-18-Rs.65 Lakhs to the O/o Chief Commissioner of Central Tax, Visakhapatnam zone (Budgetary Authority) and subsequently reduced to Rs.42 lakhs in January 2018 due to slow utilisation of funds and based on the final requirements for financial year 2017-18 DGHRD was allotted Rs.64 lakh to CCO, Visakhapatnam for financial year 2017-18.

In this connection, it was observed from the consolidated monthly expenditure reports sent to DGHRD for Feb'2018 and March'2018:

1. In Feb'2018 return the expenditure incurred towards SAP by the Commissionerate, Visakhapatnam was shown as Rs.23,86,090/-. However, in March'2018 return it was shown as Rs.22,80,000/-. The reasons for reduction in expenditure when compared to Feb'2018 needs to be clarified.

2. The Guntur Commissionerate incurred an expenditure of Rs.5,69,716/- from April'2017 to Feb'2018. However, an expenditure of Rs.20,85,284/- was only incurred in March'2018 which is against the DGHRD instructions issued in Jan'2018. The reasons for incurring expenditure over and above the permissible limits needs to be clarified.

1,06,090

3. There was an overall short utilisation of funds under SAP by the Budgetary Control Authority as against the demand of final requirement for financial year 2017-18 and an amount of Rs.8,68,620/- was unutilized and lapsed.

When the above discrepancies were brought to notice, it was replied that Chief Commissioners office distributes the budget received among the Commissionerates and utilization was done by respective Commissionerates. Further, it was replied that this office does not have any information called for by the audit team, and as and when the same is received from respective Commissionerate the same would be furnished to audit.

Since the Chief Commissioner Office is the budgetary authority, it would be the responsibility to monitor the allotment of budget and its spending/surrender.

The detailed reply may be furnished to audit.

Para-V: Non-rectification of Errors in migrated Assessee Database

CPL

As per the guidelines issued by the GST Council Secretariat vide Circular No 1/2017, with respect to the division of tax payers base between the Central Government and State Government, the State Level Committee has assigned 39479 taxpayers to Centre and 208982 taxpayers to state Government and orders were issued vide Order no 1/2017/APGST/DIVCOM, dated 24.11.2017.

The DG (Systems), New Delhi has informed (05.02.2018) that a utility to upload details of migrated taxpayers has been created by GSTN and shared with all the Chief Commissioners on 25.01.2018 and requested to complete the same at the earliest.

It was observed from the letter addressed to the Chief Commissioner by the Spl Secretary & Member, CBEC that the data i.e, details of migrated taxpayers has not been uploaded for the State of Andhra Pradesh till 23.02.2018. On further verification it was noticed that all migrated taxpayers were uploaded to GSTN. Though, all the details were uploaded to GSTN, on validation of taxpayer details 212442 records were validated and remaining 36019 records were shown as errors with specific codes. Out of these 4921 records belongs to Centre and 31098 records to State.

In view of the above, the following information may be furnished;

- i. The reasons for errors in records and in how many records the errors were cleared/rectified.

36019 = 4921 + 31098
3498 =
34762 = 4688 + 30074

- ii. What's the effect of errors in filing of Returns and payment of taxes
- iii. Is there any time schedule was fixed to rectify the errors.

When the present status in rectification of the errors in Assessee database was called for, it was replied that error records information was communicated to the respective Commissionerates for necessary action. Further, it was informed that the information about the effect on filing of returns and payment of taxes was not available with the O/o the Chief Commissioner, Visakhapatnam.

Being the controlling office it would be the responsibility of the O/o the Chief Commissioner, Visakhapatnam Zone to monitor the rectification of errors in assessee data and collection of Central Taxes.

Para-VI: Disposal of Pending Disciplinary Cases

Audit Scrutiny revealed that (7) cases pertaining to disciplinary cases were pending out of which (4) cases are below one year and (3) cases are more than three years as detailed in **Annexure-II**.

Efforts may be taken to pursue the cases at Sl.No.(1) to (3) with the Board for their speedy disposal as they are pending for more than three years under intimation to audit.

Para-VII: Arrears of Revenue

As per CBEC manual of supplementary instructions, in the event of non-payment of government dues, recovery should be taken under section 11 of Central Excise Act. After exhausting option of recovery under above section, action is to be taken under provision of section 142 of Customs Act 1962, which has been made applicable to like matters in Central excise by Notification no. 68/63_ Central Excise dated 4.5.1963. Board vide D.O letter No. 296/34/2004-CX.9 dtd 02.07.2004 addressed to all Chief Commissioners had emphasized that "all arrears free from any restraints" should be recovered within two months. Further, as per **GST Rules, Chapter-18** –"Notice and Order" for Demand of Amounts Payable Under the Act' the proper officer shall serve, along with the (a) notice under sub-section (1) of section 73 or sub-section (1) of section 74 or subsection (2) of section 76, a summary thereof electronically in FORM GST DRC-01 (b) statement under sub-section (3) of section 73 or sub-section (3) of section 74, a summary thereof electronically in FORM GST DRC-02, specifying therein the details of the amount payable.

Scrutiny of Monthly Performance Report in respect of Customs, Central Excise and Service Tax for the month of Feb' 2018 revealed arrears of revenue pending under different heads as detailed in **Annexure-III**.

When pointed out, it was replied that efforts are being made to recover the arrears of undisputed cases under the clearly recoverable arrears category.

Final position of the recovery of recoverable arrears may be intimated to audit.
(b) Audit adopted the arrear figures from the Monthly Performance Report (MPR) of Feb'2018 as the MPR for March'2018 was not made available to audit.

When pointed out, it was replied that the MPR for the month of March'2018, it was replied that the MPRs has not been fully uploaded by Commissionerates.

Audit Observation in respect of CUSTOMS

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Para-VIII: Arrears of Revenue pending collection

As per CBEC manual of supplementary instructions, in the event of non-payment of government dues, recovery should be taken under section 11 of Central Excise Act.

Scrutiny of Monthly Performance Report (TAR-CUS-1) in respect of Customs for the month of Feb' 2018 revealed that arrears of revenue amounting to Rs. 92,254.09 lakhs pending under different heads as detailed in **Annexure-IV**

When pointed out, it was replied that efforts are being made to recover the arrears of undisputed cases under the clearly recoverable arrears category.

Final position of the recovery of recoverable arrears may be intimated to audit.
(b) Audit adopted the arrear figures from the Monthly Performance Report (MPR) of Feb'2018 as the MPR for March'2018 was not made available to audit.

When pointed out, it was replied that the MPR for the month of March'2018, it was replied that the MPRs has not been fully uploaded by Commissionerates.

Para-IX: Non-disposal of pending cases under different categories

1. Adjudication on non fulfilment of export obligation

As per the Monitoring of fulfillment of export obligation for 2017-18 all cases where SCNs were issued in terms of bond or undertaking to importer but not adjudicated, should be adjudicated by the end of the financial year. However, it was observed from the report 'DPM-CUS-12' for Feb, 2018 that **109 cases**, where time to produce evidence of fulfillment of export obligation was over, and the cases are still pending for adjudication. The number of cases yet to be adjudicated 109 works out to **7.60%** of the total licenses registered 1433.

2. Provisional assessment (Customs)

Scrutiny of 'Monthly Performance Report-DPM-CUS-5A', revealed that **2479** cases involving an amount of Rs.147820.79 lakh are pending for more than 2 years on account of 'other reasons' to the end of Feb'2018 which works out to **45.75 %** of total number of 5418 pending cases.

3. Monitoring of bonds

All cases of Warehousing bonds pending for more than 1 year should be brought to Zero .Scrutiny of '**DPM-CUS-7**' Report of Feb, 2018 revealed that **11 cases** are involving duty of Rs.3760.61 lakhs pending for more than 3 years.

Para-X- Non disposal of Adjudication cases involving Duty of more than Rupees One Crore

During the verification of monthly report of **DPM-CUS-2** for the month of February 2018, it was observed that an amount of **Rs.4611.84 lakh (05 cases)** was pending for disposal relating to goods seized and confiscated to the end of February 2018.

When pointed out, it was replied that efforts are being made by the Commissionerates to dispose-off all the seized and confiscated goods under the clearly recoverable arrears category.

Para-XI- Non collection of Customs Duty on Detected/Seizure effected cases— Rs.4.36 lakh.

On scrutiny of the **DRI-CUS-1** for the month of February 2018, it is observed that in respect of One hundred and Twenty (120) **Detected/Seizure effected cases** customs duty amounting to Rs.4.36 lakh was pending collection as of February 2018 as detailed in **Annexure-V**.

Efforts may be taken to dispose-off all the detected/ seizure effected cases under the clearly recoverable arrears category that could have been recovered by persuasive action.

.Audit adopted the arrear figures from the Monthly Performance Report (MPR) of Feb'2018 as the MPR for March'2018 was not made available to audit. The same may please be furnished.


Dy. Director/INDT

ANNEXURE-I (PARA - I)

(Rupees In lakh)

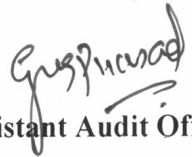
Particulars	Source Report	Central Excise		Service Tax	
		No. of cases	Amount	No. of cases	Amount
Arrears pending with Legal Forum (Supreme Court, High court, CESTAT, Commr (A) etc.)	TAR-CE-1, TAR-ST-1	1006	158850.41	2167	282330.66
Pending Cases of Arrears where Recovery is restrained	TAR-CE-2, TAR-ST-2	98	5359.00	11	483.44
Pending Cases of Arrears where Appeal Period is Not Over	TAR-CE-3, TAR-ST-3	94	5164.03	303	25564.84
Recoverable Arrears	TAR-CE-4, TAR-ST-4	366	16078.48	1220	29748.95
Arrears Pending for write-off	TAR-CE-5, TAR-ST-5	43	12035.00	1	2.00
Total Arrears of Revenue:		1607	197486.92	3702	338129.89
<small>*Audit adopted the arrear figures from the Monthly Performance Report (MPR) of Feb'2018 as the MPR for March'2018 was not made available to audit.</small>					


Assistant Audit Officer

ANNEXURE-II (PARA - VI)

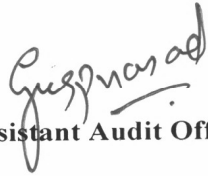
(Rupees In Crore)

Revenue		Revenue realized during 2016-17	Revenue realized during 2017-18	shortfall
Central Excise & GST				
POL Revenue	Cess on Crude Oil	190.77	202.35	
	Other POL Revenue	12587.04	12903.04	
Non-POL Revenue		3704.51	933.13	
Gross Revenue		16482.32	14038.52	
Less-Refunds		7.05	29.69	
Less-Rebate		412.92	253.24	
Net Revenue:		16062.35	13755.59	2306.76
% of Decrease in Revenue:				(-) 14.36%
Service Tax				
Gross Revenue		2691.79	1044.25	
Less-Refunds		52.60	30.96	
Less-Rebate		-	4.69	
Net Revenue:		2639.19	1008.60	1630.59
% of Decrease in Revenue:				(-) 61.78%
*Audit adopted the above figures from the Monthly Performance Report (MPR) of Feb'2018 as the MPR for March'2018 was not made available to audit.				


Assistant Audit Officer

ANNEXURE-III (PARA - VII)

Sl.No.	Name of the Officer	Date of IO Report	Status of the Case	Pendency
1.	Sri.K.Venkateswararao, Supdt (Retd.)	13-11-2013	Pending with Board	more than three years
2.	Sri.S.Krishna Murthy, Supdt (Retd.)	13-11-2013	Pending with Board	more than three years
3.	Smt.Shamila Bhanu, Inspector (Retd.)	NA	Pending with CAT	more than three years
4.	Sri.S.Krishna Murthy, Inspector	09-03-2018	I.O Report submitted	below one year
5.	Smt.Alpana Kumari,Inspector	09-03-2018	I.O Report submitted	below one year
6.	Sri.S.Krishna Murthy, Supdt.	NA	I.O Appointed	below one year
7.	Sri.N.Raja Rao, Supdt	NA	Charge Memo issued.	below one year


Assistant Audit Officer

ANNEXURE-IV (PARA - VIII)

(Rupees In lakh)

Particulars	Source	Customs	
		No. of cases	Amount
Arrears pending with Legal Forum (Supreme Court, High court, CESTAT, Commr (A) etc.)	TAR-CUS-1	401	73597.89
Pending Cases of Arrears where Recovery is restrained	TAR-CUS-2	25	4886.33
Pending Cases of Arrears where Appeal Period is Not Over	TAR-CUS-3	20	3335.33
Recoverable Arrears	TAR-CUS-4	207	10326.11
Arrears Pending for write-off	TAR-CUS-4	13	108.43
Total Arrears of Revenue		666	92,254.09


Assistant Audit Officer

ANNEXURE-V (PARA -XI)

(Rupees in Lakh)

Sl No.	Nature of Cases	Number of Cases	Value (Rs.)	Customs Duty pending collection (Rs.)
1	Gold and Import Cases	115	38112.41	4.36
2	Other Cases	05	3.75	0
	TOTAL	120	38116.16	4.36


Assistant Audit Officer



केंद्रीय वस्तु,सेवाकर एवं सीमा शुल्क के मुख्य आयुक्त का कार्यालय
OFFICE OF THE CHIEF COMMISSIONER OF CENTRALGST& CUSTOMS
विशाखापट्टणम क्षेत्रVISAKHAPATNAM ZONE

फईल नं./C. No. V/01/05/2018-CC (VZ)-Audit

दिनांक/Dated:20.02.2019

सेवा मे/To,

The Sr. Audit Officer/RA-INDT
Office of the DG of Audit (Central),
Hyderabad-530035

महोदय/Sir,

विषय/Sub: LAR on the Central Excise Accounts of Chief Commissioner of GST & Customs, Visakhapatnam for the year 2018-19 -reg.

Kind attention is invited to DG of Audit (Central)'s letter No. RA-INDT/U-IX/LAR No. 05/2018-19/25 dated 13.06.2018 on the above subject. The Compliance report of the Zone in respect of the paras is as follows

Para-I: Shortfall in realization of duty during the Financial Year 2017-18

At the time of conduct of Audit the final revenue figures for the FY 17-18 were not available. The same are available now and the comparative revenue performance (gross) of the Zone for the FY 2016-17 and 2017-18 is as follows:

(Rs in Crores)

Commissionerate	2016-17			2017-18			
	CE	ST	TOTAL	CE	ST	GST	TOTAL
VIZAG I	14327.53	978.34	15305.87	14675.71	582.44	3388.00	18646.15
VIZAG II	1469.40	596.17	2065.57				
Guntur	785.06	682.30	1467.36	280.28	559.30	2853.00	3692.58
Tirupati	1386.00	485.05	1871.05	346.17	131.09	1847.00	2324.26
Nellore	558.31	553.94	1112.25	0	0	0	0
Total			21822.10				24662.99

As can be seen from the above, the zonal revenue realization in 2017-18 is Rs 2840.89 Crores more than the realization in 2016-17 which in percentage terms is 13% more than that of the previous year. Hence actually, by the end of the financial year, there is no shortage. In view of the same it is requested that the para may be considered for closure.

Para-II Re-assignment and transfer of (334) GST registrants pertaining to Telangana wrongly assigned/ registered to Andhra Pradesh Zone.

On the issue CBECMITRA Helpdesk has clarified that “technical team investigated the issue and found that even if the address pertains to Hyderabad it cannot be reassigned to Telangana. The CPC can assign the registration to any formation in Amaravati as the State Code pertains to Andhra Pradesh and then the concerned range officer can go in for cancellation of the registration.”

In terms of the clarification provided by CBECMITRA, this office has issued guidelines to all Commissionerates vide letter CNO V/30/95/2018 CCVZ CPC DT 07.06.2018 on the procedure to be followed in respect of wrongly assigned/registered registrants. As necessary action has already been taken the para may be considered for closure.

Para-III: Re-distribution of excess “All-in-one Desktops” (AIO)

The DoS had informed in November 2017, that there are 151 AIOs excess in some formations of Visakhapatnam Zone, while there is also a deficit of 155 AIOs in other locations in the same Zone. Accordingly, in coordination with CBEC LANWAN team, the excess AIOs are redistributed within the Zone, wherever there is deficit.

In view of above completion of action, the para may be considered for closure.

Para-IV: Allotment of Budget and utilization of funds under Swachhta Action Plan (SAP)

1. The difference in the expenditure incurred upto March, 2018 in the SAP report when compared to the report of February, 2018 is due to the fact that in the report for the month of February, 2018 the amount which was sanctioned to CPWD authorities for installation of LED lights at Hqrs. Office of Visakhapatnam GST Commissionerate and for undertaking repairs at Vizianagaram Division, was shown as expenditure. The works were either not completed or refused to be taken up by the CPWD authorities due to paucity of the time, and hence the amount sanctioned was deducted from the report for the month of March, 2018, which is the reason for reduction/difference in expenditure.
2. Though Rs 40 Lakhs were sanctioned for SAP, Guntur Commissionerate utilized only Rs 5,69,719/- till Jan 2018. Perceiving the same as under utilization, though few tasks and preparation of bills are in progress, Rs 17 lakhs was taken back from Guntur. However, during the months of February and March 2018 final bills were presented and an additional amount of Rs 16,60,000/- was granted in the month of March, to Guntur from which Rs 20,85,284/- was utilized in the month of March 2018.
3. Initially Rs 42 Lakhs were allotted to the Zone under OE (Swachha) for the FY 2017-18 for the Zone. When the zone requested for additional funds, Rs 22 Lakhs additional funds were allotted to the Zone but communication to this effect was received only on 26.03.2017. As only 4 days were left for spending of the funds, new works under “Swachhata” could not be initiated within the short span of time. However, all the pending bills were cleared and finally Rs 8,68,620/- was left unutilized at the end of FY and the same lapsed.

Thus it can be seen that there is no intentional delay or inaction on the part of this office in non-utilization of funds in time. Hence in view of the above compliance, the para may be considered for closure.

Para-V: Non-rectification of errors in migrated Assessee Database

The information sought point wise as desired is as follows:

- i. The errors in the records as informed by GSTN are classified as follows:

Error Code	Error Short Description	Error Description
TPE03	Not a Migrated Taxpayer	The tax payer is not a migrated taxpayer.
TPE04	Not an Authorized Taxpayer	It is migrated – Not Approved Taxpayer.
TPE05	Amendment is not approved	If Tax payer has applied for a core amendments and not approved by either state or center.
TPE06	Registered for Cancellation	If Tax payer has applied for cancellation.

After the analyzing the types of errors and their prevalence, the GSTN has directed that some of the errors thrown are to be ignored and provided solutions for rectification of the remaining errors. On application of the same, by Jan 2019, the errors have come down drastically (pendency of rectifiable errors is only 852 [including only 193 errors pertaining to Central GST] and the process specified by GSTN is being followed in this regard to rectify the same)

- ii. Non- migrated tax payer (TPE03), non-authorized tax payer (TPE04) and those who have applied for cancellation(TPE06) are not required to file returns. All others can file returns and pay taxes.
- iii. As per the instructions provided in the user manual of the Utility no time schedule has been prescribed for fixing of errors.

Para-VI: Disposal of Pending Disciplinary Cases

All three vigilance cases pending for more than one year belong to Guntur Commissionerate. In respect of two cases pending with board, Guntur Commissionerate is pursuing the matter with board. In respect of another case, matter is linked to a case in CAT and early hearing petition has been filed.

Para-VII: Arrears of Revenue 2017-18

The final position (ie as on 31.03.2018) of all arrears, recoverable arrears and recoveries made in the Zone are as below. The details are as per MPR for the month of March 2018 of the Zone. (amount is in lakhs of rupees)

	CE		ST	
	No	Amount	No	Amount
CB of all arrears	1520	183449.32	3791	344683.33
CB of recoverable arrears	390	15206.17	1199	31672.12
Realization from recoverable arrears in the FY 17-18 (a)	150	14751.29	68	1060.86
Other realizations in FY 17-18 (b)	18	829.81	19	993.34
Total realizations (a+b)	168	15581.10	87	2054.20

As can be noted from the above, the zone has realized Rs 15812.15 Lakhs from 218 recoverable arrears cases (CE+ST) during the FY 17-18 apart from Rs 1823.15 Lakhs from other arrears.

CUSTOMS:

Para-VIII: Arrears of Revenue pending collection

The final position (ie as on 31.03.2018) of all arrears, recoverable arrears and recoveries made in the Zone are as below. The details are as per MPR for the month of March 2018 of the Zone. (in lakhs of rupees)

	customs	
	No	Amount
CB of all arrears	692	101697.16
CB of recoverable arrears	222	17428.33
Realisation from recoverable arrears in the FY 17-18 (a)	20	346.11
Other realisations (b)	42	1456.37
Total realisations (a+b)	62	1802.48

Thus Rs 346.11 Lakhs were realized from recoverable arrears in the zone during the FY 17-18, whereas realizations from other arrears is Rs 1456.37 Lakhs.

Para-IX: Non disposal of cases under different categories

1. Adjudication on non-fulfillment of export obligation.

Out of 109 cases Export Obligation Discharge Certificate were already received for 42 Advance Authorization and in 24 cases parties have submitted evidence of fulfillment of export obligation to DGFT and issue of EODC is pending with DGFT. Action to issue notices is kept in abeyance in these 24 cases in light of the Board's Instructions vide Circular No. 26/2017-Cus dated 02 05.2017. The CB has come down to 93 by 31.03.2018 as can be seen from MPR of March 2018.

Further, regular correspondence is being made with the parties as well as the Regional LA's for closure. If no reply is received within the reasonable time, necessary action will be initiated in consultation with RLA in these cases.

2. Provisional Assessment (Customs)

As on 31.1.2019, out of 2479 cases pointed out by Audit, 1329 cases were since settled. The breakup on reasons for pendency for remaining cases is as follows:

Sl No	Reason for pendency	No of issues
1	Due to SVB investigation	200
2	DRI investigation pending	347
3	Pending with Supreme Court	244
4	Pending with High Court	46
5	Project Imports	181
6	Under finalization process	132

On finalization of 1329 issues of provisional assessments Rs 38.25 Lakhs was realized. As can be appreciated the pendency is not due to inaction on the part of Department.

3. Monitoring of Bonds

Pending Bonds are closed after clearance of entire cargo. Regarding bonds pending for more than 3 years, detailed reasons for non-closure are as under.

S.No.	Bond No.	Date	Duty Involved	Name of WH	WH Lic No.	Importer's Name	Remarks
1	398	18/8/00	441851	PARSAN	15/2016	PARSAN	Party applied for relinquishment of goods
2	575	18/12/00	0			PARSAN	Party applied for relinquishment of goods
3	130	04/03/01				PARSAN	Party applied for relinquishment of goods
4	243	22/06/01				PARSAN	Party applied for relinquishment of goods
5	804	22/10/12	7119553	SC & Co		Concast Steel & Power	Clearance OF Cargo is due to Hon'ble Supreme order regards to lifting of the said cargo, as owner dispute case is pending between M/s Concast Steel Power and LMJ International.
6	472	29/05/13	1877842 17	Integral (KVK)	04/2013	KVK Neelanchal Power	Initially the Party could not clear the Cargo due to Order imposed by Odissa High court in connection a PIL lodged citing wildlife Sanctuary as victim Project site. Later final hearing was passed in favour of the Party on 30.06.2016. M/s KVK Nilachal has informing continuously that they are working with lenders(PFC) for re-structuring the Project Loan informed by the during last month that it would take another 3-4 months for necessary sanction and release of funds by PFC for payment of Customs Duty.
7	473		1325492 66				
8	543	05/05/14	2248541 3	Sri Sravan	12/2014	RKM Power	Party requested for relinquishment of goods. Reevaluation of cargo and e-auction of the same is underway.
9	544					RKM Power (Transferred to Sri Sravan)	Party requested for relinquishment of goods. Reevaluation of cargo and e-auction of the same is underway.
10	868					17/7/14	3048365
11	990	13/8/14	146719				Duty received Rs. 124848/-

Para-X: Non disposal of adjudication cases under involving duty of more than Rupees One Crore

As per DPR CUS 2 for Feb 2018 of the zone, 5 cases involving duty of more than Rs one crore are pending. Out of these, one case was already adjudicated on 19.03.2018, one issue pertaining to utilization of fraudulent DEPB scrips was kept pending for want of decision of DGFT on the issue, one case (SCN issued on 14.02.2018) was pending for want of clarification from Development Commissioner as per directions of High Court, one case kept


pending as per Board's instruction F.No. 605/85/2016-DBK dated 02.05.2017 and in one case final PH has been fixed.

Para-XI: Non disposal of Customs Duty on detected/Seizure effected cases-Rs. 4.36 lakhs

Of the 120 cases reported, 09 cases pertain to Gold smuggling involving no duty. 23 cases pertain to drone seizure and unaccompanied baggage wherein either absolute confiscation was ordered or duty was paid by the concerned individual. Hence no duty pendency in these cases. In one case the issue has been adjudicated and Party paid duty of Rs 1,93,022/- duty, 72000/- penalty and redemption fine of Rs 1,75,000/-. No duty is involved in one narcotics case where the goods have been destroyed. Of the remaining, 84 cases pertain to Cigarettes and the goods have been destroyed after due process. Likewise, in case relating to seizure of crude palm oil, the goods were destroyed. In case relating to seizure of foreign currency, the party paid Rs 5,00,000/- as penalty and the foreign currency was deposited in Government account.

In view of the above compliance in respect of all paras the LAR on the Central Excise accounts of The Chief Commissioner of GST & Customs , Visakhapatnam for the year 2018-19 may be considered for closure.

भवदीय/Yours faithfully,


(अरविंद दास /Aravinda Das) 20/2/19

सहायक आयुक्त/Assistant Commissioner