PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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Performance Audit on 'Project Imports Scheme', Union Government (Customs) Presented

The Performance Audit Report of the Comptroller and Auditor General of India on 'Project Imports Scheme', Union Government, Department of Revenue (Indirect Taxes -Customs) (Report No. 27 of 2026) for the year ended 31 March 2024 was presented to the Parliament on 12 August 2026.

The performance audit was conducted to assess the adequacy of statutory provisions to support simplified procedures for project imports, compliance with procedural requirements and effectiveness of internal controls. The audit covered various aspects relating to registration, importation and finalisation of contracts of project import scheme at the port level.

This report contains 36 audit observations and 11 recommendations. The performance audit has a revenue implication of ₹128.58 crore along with procedural irregularities involving ₹2,979.33 crore. Responses received from CBIC and field formations have been considered and appropriately included in this report. The report is divided into four chapters. Chapter I presents an overview of Project Imports Scheme along with audit objectives, scope, sample, audit criteria and audit methodology used to conduct this Performance Audit. Chapters II to IV cover the audit findings, conclusions and recommendations related to review of procedural adequacy in project imports scheme, Ease of Doing Business measures under the scheme, and monitoring and internal controls.

Significant findings included in this Report are as follows:

1. The Project Import Regulations (PIR), 1986 do not prescribe specific timelines for registration of projects or for completion of imports under registered contracts. The absence of defined timeframes impacts project implementation schedules, reflect procedural inefficiencies and further weakens control over import compliance, and may potentially lead to duty evasion, not accounting of goods, and loss of revenue to the Government.

   (Para 2.1 and 2.2)

2. Extension of Project Import benefits to projects not notified and ineligible machinery/goods indicates deficiencies in verification of project eligibility at the assessment stage and not adhering to notification provisions, leading to loss of revenue.

   (Para 2.4 and 2.7)

3. Audit scrutiny of 383 finalised Project Import cases revealed that in 57 cases across eight Commissionerates, contracts were finalised without obtaining mandatory Installation Certificates, conducting the prescribed Plant Site Verification (PSV) and obtaining other prescribed documents such as Reconciliation Statements, copies of Bills of Entry, invoices, and final payment certificates. These deficiencies in finalisation of the contracts, indicated not adhering to prescribed procedures under the Project Import Regulations (PIR) and the Customs Law Manual.

   (Para 2.11 and 2.12)

4. Audit observed substantial delays in the clearance of goods under the Project Import (PI) Scheme, which is contrary to the objective of procedural simplification and expeditious cargo movement. Such delays (ranging from 3 to 1,149 days) point to inefficiencies in coordination, document processing and system-level approvals within the Project Import framework. Not

adhering to prescribed timelines adversely impacts project implementation schedules and undermines the targets envisaged under the National Trade Facilitation Action Plan (NTFAP), thereby affecting the ease of doing business.

(Para 3.1)

5. The delays and inconsistencies observed in the finalisation of Bills of Entry, even after completion of project contracts, indicate deficiencies in post-clearance monitoring and inadequate linkage of records between project registration and related import documentation. Further, instances of premature finalisation of Bills of Entry without corresponding finalisation of project contracts were also noticed, which point to weak internal controls and lack of coordination between the assessing and project monitoring sections.

(Para 3.3)

6. Audit observed instances of not renewing of Bank Guarantees and Bonds in cases where finalization of Project Import contracts remained pending, indicating deficiencies in monitoring and weak internal controls.

(Para 4.1)

7. The pendency of recovery in confirmed demand cases indicates weaknesses in the Department's follow-up and monitoring mechanism for enforcement of adjudicated demands. Prolonged delays or failure in recovery not only result in blockage of government revenue but may also lead to difficulties in realization due to expiry of limitation periods or not traceable of importers.

(Para 4.3)

Recommendations

Recommendations of the Performance Audit Report are enumerated hereunder:

1. CBIC may consider prescribing a specific time frame for completion of Project Import contract registration after receipt of a complete application, and issue suitable instructions to ensure uniform compliance across field formations.

2. CBIC may consider amending the Project Import Regulations, 1986 to prescribe a time limit for completion of imports and closure of projects. Besides, integrating system- based alerts in ICES to flag cases where no import activity has occurred beyond a prescribed period, will enable timely review and closure of such registrations.

3. CBIC may ensure automated document validation controls are embedded within the ICES registration module to prevent registration without submission of mandatory documents.

4. CBIC may review similar project import cases to ensure correct classification and duty application as per tariff provisions. Further, Board may integrate automated validation controls within the ICES/License Module to flag ineligible contract registrations based on the registration date, classification, etc. thereby ensuring compliance with the conditions prescribed in the relevant customs notifications.

5. The CBIC may institute mandatory system-based validation checks within ICES to ensure that finalisation of Project Import case cannot be processed unless the Installation Certificate and Plant Site Verification report are uploaded and verified.

6. CBIC may consider introducing system-based monitoring of dwell time for all Project Import Bills of Entry in ICES and analyse delays across its field formations to identify process bottlenecks and take corrective measures.

7. CBIC may consider incorporating a linkage mechanism in ICES to ensure that finalisation of Project Import contracts automatically triggers validation of associated Bills of Entry, preventing isolated or premature closure. Besides, automated alerts for pending or overdue BEs finalisations would also enable systematic monitoring at the Commissionerate level.

8. CBIC may instruct field formations to strictly enforce the requirement for renewal of Bonds and Bank Guarantees until the Project Import contracts are finalized in accordance with the provisions of the PIR, 1986. A system-based alert mechanism in ICES may be instituted to monitor the validity of Bonds/BGs and flag pending cases nearing expiry.

9. CBIC may direct all field formations to ensure that all imports involving related parties, covered under the Project Import Regulations, 1986, are promptly referred to the Special Valuation Branch (SVB) in accordance with prescribed guidelines. Further, an internal compliance checklist may be integrated into the ICES system to flag related- party transactions automatically for SVB reference before assessment.

10. CBIC may strengthen its demand recovery and monitoring framework by instituting a centralized register or digital tracker within ICES to capture the status of all confirmed demands along with recovery actions initiated.

11. CBIC may direct all field formations to strictly adhere to the reporting and monitoring framework prescribed in Circular No. 22/2011-Customs dated 4 May 2011. The Project Import Registers may be digitally maintained and monitored periodically to ensure data integrity. The Directorate General of Performance Management (DGPM) may consider developing an automated dashboard linked with ICES to capture and consolidate pendency across Commissionerates in real time.