

EXECUTIVE SUMMARY

This report contains 75 paragraphs with a revenue implication totalling Rs. 156.84 crore. The Ministry/department had, till December 2009, accepted the audit observations in 41 paragraphs involving revenue of Rs. 48.30 crore and reported recovery of Rs. 27.59 crore. A few significant findings included in this report are mentioned in the following paragraphs:-

Chapter I: Central excise receipts

- While during the period 2004-05 to 2007-08 the variation between the actual collections and the budget estimates was within 10 per cent, this was significantly higher at 21.2 per cent during 2008-09.

{Paragraph 1.1}

Chapter II: Exemptions

- Duty of Rs. 80.45 crore was levied short due to incorrect grant of exemptions.

{Paragraphs 2.1 to 2.8}

Chapter III: Valuation of excisable goods

- Instances of undervaluation due to incorrect determination of cost of excisable goods, incorrect exclusion from the assessable value of sales tax collected but not paid, non-inclusion of additional consideration in the assessable value, adoption of lower assessable value etc., were noticed. Duty levied short in these cases amounted to Rs. 12.42 crore.

{Paragraphs 3.1 to 3.5}

Chapter IV: Non-levy/short levy of duty

- Duty of Rs. 13.35 crore was not levied or short levied on excisable goods consumed within the factory, on capital goods cleared as scrap, on goods cleared without payment of duty in time, on goods not accounted for etc.

{Paragraphs 4.1 to 4.6}

Chapter V: Non-levy of interest and penalty

- **Interest and penalty of Rs. 13.43 crore was not levied in a few cases of delayed payment of duty.**

{Paragraphs 5.1 to 5.3}

Chapter VI: Cess not levied or demanded

- **Rs. 1.95 crore of cess was not levied or demanded on textiles and textile machinery, cement, tractors etc. in a few cases.**

{Paragraphs 6.1 to 6.5}

Chapter VII: Miscellaneous topics of interest

- **Cases of non-transfer of duty to consumer welfare fund, passing of surplus credit by paying excess duty/exempted duty, incorrect grant of rebate on exported goods, fraudulent payment of duty, duty collected but not paid to the Government etc., were noticed in audit. Duty implication in these cases was Rs. 35.24 crore.**

{Paragraphs 7.1 to 7.6}