

## EXECUTIVE SUMMARY

The Report has a total revenue implication of ₹ 31.48 crore covering 31 paragraphs. We had issued another 90 paragraphs involving money value of ₹ 30.80 crore on which rectificatory action was taken by the Department/Ministry in the form of issuing show cause notices, adjudicating show cause notices and recovery of ₹ 27.76 crore. A few significant findings included in this Report are mentioned in the following paragraphs.

### Chapter I: Customs revenue-Trends, composition and systemic issues

- Customs revenue as a ratio of GDP has been stagnant at around 1.7 percent.

*{Paragraphs 1.8 to 1.9}*

- Department of Revenue does not have a results framework document with objectives, activities, performance and success indicators in line with the subjects of its business allocation, for clearer performance monitoring and evaluation.

*{Paragraph 1.18}*

- Fluctuating gap between Revised Estimates/ Budget Estimates suggests that the department did not adopt any rational method for pre budget analysis and forecasting.

*{Paragraph 1.19}*

- The Customs Revenue forgone is increasing exponentially without commensurate increase in the exports.

*{Paragraphs 1.27 to 1.33}*

- There was no outcome analysis of the SEZ Scheme at the macroeconomic level.

*{Paragraphs 1.34}*

- ICT based solutions (ICES) and self assessment were not extended to all customs transactions.

*{Paragraphs 1.39 to 1.41}*

- In the last ten audit reports, we had included 1709 audit paragraphs involving ₹ 2129.73 crore. Of these, the Government had accepted audit observations in 1390 audit paragraphs involving ₹ 1177.03 crore and had recovered ₹ 156.89 crore.

*{Paragraph 1.79}*

## **Chapter II: Duty exemption/Remission schemes**

- Revenue of ₹ 20.48 crore was due from exporters/importers who had availed of the benefits of the duty exemption schemes but had not fulfilled the prescribed conditions.

*{Paragraphs 2.1 to 2.47}*

## **Chapter III: Incorrect assessment of customs duties**

- We detected incorrect assessment of customs duty totalling ₹ 6.11 crore. These arose mainly due to non levy of applicable duty on left over fuel in the tank of aircrafts/ ships during domestic run, non levy of anti dumping duty, non realisation of cost recovery charges and incorrect levy of education cess on exports etc.

*{Paragraphs 3.1 to 3.31}*

## **Chapter IV: Incorrect application of General exemption notifications**

- Duty of ₹ 2.85 crore was short levied due to incorrect application of exemption notifications.

*{Paragraphs 4.1 to 4.10}*

## **Chapter V: Mis-classification of goods**

- Duty of ₹ 2.04 crore was short levied due to misclassification of goods.

*{Paragraphs 5.1 to 5.17}*