

Recommendations

Deemed Export Drawback Scheme

With reference to the internal control procedures and internal audit system

(Paragraphs 2.1 to 2.13)

1. Internal control procedures and internal audit system of DoC need strengthening for efficient budgeting, accounting, payment and internal audit, aligned to its RFD objectives. Budget estimation, fund allocation and demand utilisation needs close monitoring.

With reference to scheme interpretation

(Paragraphs 3.1 to 3.15)

2. DoC may consider aligning its policy/procedure to prevent ambiguity.

With reference to scheme administration

(Paragraphs 3.16 to 3.93)

3. DoC may consider suitable mechanism to levy interest on erroneous payment of DBK/TED.

4. The existing EDI system of DGFT needs to be linked to the customs and excise department's EDI system to reduce the incidence of fraud, while processing of claims.

5. DoC may consider introducing a provision in FTP for the claimant to certify that burden of duty has been borne by them and not been passed on to others.

6. DoC needs to make an outcome assessment of the efficacy of the scheme with regard to its performance strategy or, the revenue impact assessment done before implementing the scheme on deemed exports, import substitution, taxes neutralised and financial benefits accrued to the beneficiaries etc.

Reimbursement of CST to EOU/STP/EHTP units

With reference to the internal control procedures and internal audit system

(Paragraphs 2.6 to 2.12)

1. Internal control procedures and internal audit system of DeitY and DoC need strengthening for efficient budgeting, accounting, payment and internal audit, aligned to its RFD objectives. Budget estimation, fund allocation and demand utilisation needs close monitoring.

2. DGFT and Deity may prescribe time limits for intermediate steps along with Counter Assistance, to avoid any interest payment on delays.

With reference to scheme interpretation and administration

(Paragraphs 2.13 to 2.35)

3. DoC and DeitY need to resolve the inadequacies in the system as well as in the procedure to prevent erroneous refunds of CST on imported goods.

4. Appendix 14-I-I may suitably incorporate a provision to produce a specific certificate from the applicants that the goods procured were manufactured in India and were not sourced from any EOU or SEZ units.

5. DeitY needs to make an outcome assessment of the efficacy of the scheme with regard to its performance strategy or, the revenue impact assessment done before implementing the scheme, import substitution, taxes neutralised and financial benefits accrued to the beneficiaries etc.