

## Executive Summary

This Report contains 62 audit observations pertaining to Central Excise duties, having a revenue implication totaling ₹ 182.90 crore. The Ministry/department had, until March 2014, accepted audit observations involving revenue of ₹ 179.44 crore and reported recovery of ₹ 21.29 crore. Some significant findings are as follows:

### Chapter I: Central Excise and Service Tax Revenues

- Central Excise revenue has shown growth during FY09 to FY13 except in FY10. During FY13, Central Excise collections grew by 21.36 per cent over the previous year.

(Paragraphs 1.7)

- Revenues forgone on account of Central Excise exemptions continued during FY13. Exemptions under section 5A(1) of the Central Excise Act amounted to ₹ 2,06,188 crore (₹ 1,87,688 crore as general exemptions and ₹ 18,500 crore as area based exemptions) i.e. 117 per cent of the revenues from Central Excise.

(Paragraph 1.16)

- Cases involving duty of ₹ 17,020.54 crore were pending as on 31 March 2013. The pendency is increasing every year. 326 cases involving ₹ 1,353.85 crore were pending for more than two years.

(Paragraph 1.26)

- Arrears pending for recovery reached to ₹ 47,621 crore in FY13 while collection was only ₹ 1,884 crore during the year. Pendency of arrears is increasing every year and the recoveries were a meagre 5 per cent of outstanding arrears.

(Paragraph 1.35)

### Chapter II: Non-compliance with Rules and Regulations

- We noticed cases of irregular availing and utilisation of cenvat credit, non/short payment of Central Excise duty involving revenue of ₹ 66.76 crore.

(Paragraphs 2.1)

### Chapter III: Effectiveness of Internal Control

- We observed, inter alia, instances of deficiencies, in scrutiny and internal audit process. Duty/tax involved was ₹ 116.03 crore.

(Paragraphs 3.2)