

Recommendations

1. Internal control and audit system of RAs, Customs, Ports need strengthening for efficient implementation, monitoring and outcome of the incentive schemes.

(Paragraphs 2.1 to 2.3)

2. DGFT may review its EDI system along with the online data exchanged with the Customs Department and modify its data requirement in the EDI module to ensure compliance to the policy provisions.

(Paragraph 2.5)

3. DGFT needs to improve its coordination with Customs and RBI by coming up with solutions and taking prompt action on alerts issued by the Customs/RBI for all rewards and incentive schemes.

(Paragraph 2.6)

4. In case of policy implementation issues and cases of operational malfunction, audit recommends that appropriate action be taken under the FT (D&R), Act.

(Paragraphs 3.1 to 4.21)

5. Audit recommends that while impact or outcome studies of schemes are done, DoC/DoR must take into account the intertwined components of scheme based rewards and incentives and PTA based incentives to the exporters/importers and manufacturers, to draw the complete picture. Such statements may serve the purpose better as a part of the Fiscal Responsibility and Budget Management (FRBM) disclosure in the Receipt budget of the Union Government.

(Paragraph 5)