

Executive Summary

This Report has 68 audit observations on Central Excise duties, having financial implication of ₹ 125.11 crore. The Ministry/Department had, till December 2014, accepted audit observations involving revenue of ₹ 90.71 crore and reported recovery of ₹ 27.44 crore. Some significant findings are as follows:

Chapter I: Department of Revenue – Central Excise

- Central Excise revenue has shown negative growth during FY 14 and it has reduced by ₹ 6,390 crore over FY 13.

(Paragraphs 1.5)

- Revenues forgone on account of Central Excise exemptions was ₹ 1,95,679 crore (₹ 1,77,680 crore as general exemptions and ₹ 17,999 crore as area based exemptions) which is 115 per cent of the revenues from Central Excise.

(Paragraph 1.11)

- Arrears pending for recovery have increased from ₹ 45,463 crore in FY 13 to ₹ 59,309 crore in FY 14 while collection has fallen sharply from ₹ 1,560 crore in FY 13 to ₹ 1,178 crore in FY 14.

(Paragraph 1.13)

Chapter II: Central Excise Duty on Iron and Steel Products and Articles Thereof

- Non-recovery of Government revenue of ₹ 88.26 lakh despite the final order dated 7 February 2012 in favour of the department.

(Paragraph 2.4.2)

Chapter III : Central Excise Duty on POL Products

- Short payment of Excise duty of ₹ 3.57 crore on Interface SKO in pipeline transfers

(Paragraph 3.6.2)

Chapter IV: Adequacy of scrutiny of Central Excise returns

- Out of 73,487 returns received in selected Commissionerates, 57,348 (78 per cent) of returns were scrutinised within three months, 8345 (11 per cent) of returns were scrutinised belatedly and 7,794 (11 per cent) returns were yet to be scrutinised.

(Paragraph 4.4.3)

- ACES did not list out returns for detailed scrutiny. Further, only 320 returns which is 0.44 per cent of the total returns received were subjected to detailed scrutiny in selected Commissionerates.

(Paragraph 4.4.6)

Chapter V: 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 ₹ 66.74 crore.

(Paragraph 5.1)

Chapter VI: Effectiveness of Internal Control

- We observed instances of deficiencies in internal audit carried out by departmental officials and ineffective functioning of Anti-evasion and Preventive units etc. Duty/tax involved was ₹ 15.47 crore.

(Paragraph 6.2)