

**Press Release**

**CAG's report on Customs Revenue tabled in Parliament.**

**Report contains audit observations on significant revenue losses and/ or under assessment noticed in different Customs Commissionerates**

The Compliance Audit Report of the Comptroller and Auditor General of India containing audit observations on the Customs Revenue (Report No. 41 of 2017) for the year ended 31 March 2017 was tabled in Parliament today.

This report contains audit observations on significant revenue losses and/ or under assessment noticed in different Customs Commissionerates audited by the Comptroller and Auditor General of India. Audit findings are summarised in four chapters, namely *Irregularities in duty exemption/remission schemes, Incorrect application of general exemption notifications, Short/Non-recovery of applicable levies and other charges and Misclassification of goods. Chapter I of the Report provides an overview of growth trends of Customs Revenue, analysis of revenue foregone, cost of collection of taxes and department's internal control mechanism.*

The total revenue implication of the Audit Report is ₹ 85 crore, out of which recovery of ₹ 19 has been effected and the Government has reported initiating rectificatory action in cases involving revenue implication of ₹ 30 crore.

According to the revenue figures reported in the Union Finance Accounts for the year 2016-17 and data maintained by Central Board of Excise and Customs (CBEC), imports have registered a growth of 4 per cent during FY 2016-17 over previous year, while exports moved up by 8 percent during the same period. Customs Revenue was 13 percent and 26 percent respectively as percentage of Gross Tax Revenue and Indirect Taxes. Revenue forgone as a percentage of Customs Receipts was 172 percent in FY 16-17. Six export promotion and remission schemes accounted for 96 per cent (₹ 87732 crore) of total revenue foregone under the Schemes.

Significant findings included in this Report are mentioned in the following paragraphs.

- I. Under compliance audit of Duty exemption/Remission schemes, Audit noticed mis-utilization of duty credit in respect of instruments issued under Chapter 3 of Foreign Trade Policy through manipulation of registration of scrip/use of scrip by deploying various methods indicating potential fraud. The money value involved in mis-

utilisation of licences amounted to ₹ 4.97 crore. Similar cases were also reported in last year's Audit Report No. 1 of 2017.

***{Paragraphs 2.1.1 to 2.1.3}***

- II. Revenue of ₹ 41.53 crore was due from exporters/importers who had availed the benefits of the duty exemption schemes but had not fulfilled the prescribed obligations/conditions.

***{Paragraphs 2.2.1 to 2.7.1}***

- III. Audit has pointed out incorrect application of exemption notifications having total revenue implication of ₹ 17.35 crore. **In four cases, Audit noticed refund of additional duty of customs (SAD) on the basis of fabricated documents involving revenue of ₹ 57.18 lakh.** Audit noticed another 13 cases of incorrect application of exemption notifications having total revenue implication of ₹ 16.78 crore.

***{Paragraphs 3.1.1 to 3.5}***

- IV. Audit noticed 22 cases of short/non-recovery of applicable levies amounting to ₹ 15.03 crore. These cases arose mainly due to short levy of basic customs duty on imports, non-levy of applicable anti-dumping duty on imports, short levy duty due to undervaluation and non-realization of cost recovery charges for officers posted to Special Economic Zones.

***{Paragraphs 4.1 to 4.4}***

- V. Twenty cases where the assessing officers had mis-classified imported goods which caused short levy/non-levy of customs duties of ₹ 6.12 crore.

***{Paragraphs 5.1 to 5.7}***

\*\*\*\*