**PRESS RELEASE**

**OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

**New Delhi**
**13th August, 2026**

**CAG's AUDIT REPORT ON CUSTOMS PRESENTED IN PARLIAMENT**

The Compliance Audit Report No. 25 of 2026 of the Comptroller and Auditor General of India on Department of Revenue- Customs and Directorate General of Foreign Trade under Ministry of Commerce and Industry for the period ended 31 March 2024 was presented in Parliament here yesterday.

This report contains 106 paragraphs including one Subject Specific Compliance Audit with total revenue implication of `667 crore. The Ministries/Departments have accepted 104 paragraphs and taken rectification measures involving money value of `55 crore in the form of issue of Show cause Notices (SCNs), adjudication of SCNs and have reported recovery of `21 crore in 56 cases of incorrect assessment of Customs duties.

The following are the important findings in the report:

**I.** During FY 24, audit issued 195 Inspection reports to the respective Commissionerates/ Regional licensing authorities containing 1,684 observations with a total revenue implication of `472 crore. Of these, this report covers 106 audit observations involving revenue implication of ₹667 crore, which were issued to both Ministries during August 2025 to January 2026. The remaining cases are being pursued by the respective field formations. The Ministries/department accepted 104 out of 106 cases issued and conveyed rectification measures involving money value of ₹55 crore in the form of issue of SCNs, adjudication of SCNs and had reported recovery of ₹21 crore in 56 cases of incorrect assessment of Customs Duties.

***{Paragraph 2.6}***

**II. Subject Specific Compliance Audit on 'Rebate of State and Central taxes and levies (RoSCTL) Scheme - Chapter III**

A Subject Specific Compliance Audit was conducted to assess adherence to prescribed rules and procedures, effectiveness of internal controls, and overall implementation of the RoSCTL scheme by the Directorate General of Foreign Trade and the Customs and findings with revenue implication of **`603.08 crore** are reported. The Ministry of Finance and the Ministry of Commerce & Industries reported partial recoveries amounting to `62.40 lakh.

**Following are some of the important Audit observations:**

- From a systemic perspective, Audit observed that although the issuance of RoSCTL scrips had been automated, significant shortcomings and validation weaknesses persisted, indicating that automation failed to achieve its intended objectives of procedural simplification and ease of doing business.

- Key systemic deficiencies included Irregular or excess issuance of scrips, including to entities placed in the Denied Entity List, issuance of scrips without proper intent or beyond actual entitlement, availing of dual export benefits and delays in e-scrip creation within regulatory timelines. These deficiencies had revenue implications aggregating **₹130.39 crore (₹97.62 crore** under DGFT and **₹32.77 crore** under Customs).
- From a compliance perspective, Audit identified inadmissible and irregular grant of benefits totalling ₹472.69 crore (₹158.63 crore under DGFT and ₹314.06 crore under Customs) arising from non-realisation or delayed realisation of export proceeds, misclassification of exported products, adoption of incorrect incentive rates due to erroneous schedules, application of incorrect exchange rates and delayed or inaccurate issuance of scrolls.

**Following are some of the important Audit recommendations:**

**(A)** DGFT should strengthen monitoring and supervisory controls to prevent issuance of scrips to entities in the Denied Entity List and fix accountability for irregular issuance, without proper justification. (Para 3.7.1).

**(B)** The DGFT system should ensure processing of applications only by the jurisdictional RAs. Automated validations may be considered to the extent feasible to ensure correct application of RoSCTL benefits, supported by audit trails and exception reporting. (Para 3.8.4).

**(C)** The Customs Automated System may be integrated with the DGFT portal to automatically restrict RoSCTL benefits for IECs in the Denied Entity List, while permitting such benefits only in cases where an abeyance order has been issued and is in force. (Paras 3.12.1).

**(D)** The follow up mechanism to monitor realisation of export proceeds under FEMA, 1999, needs to be enhanced to facilitate recovery of ineligible RoSCTL credits with interest in cases of not realising export proceeds. (Para 3.13.1).

**(E)** The Department may consider enhancing the validation controls, to the extent feasible, to prevent misclassification and excess incentive claims. (Para 3.13.2).

**(F)** The Department may ensure that the EDI system applies the exchange rates prevailing on the LEO date to calculate RoSCTL benefits, to prevent excess payments. (Para 3.13.3).

**(G)** The Department should ensure timely generation of scrolls through system monitoring to facilitate prompt disbursal of RoSCTL benefits. (Para 3.13.4).

***{Paragraphs 3.1 to 3.16}***

**III. Non-compliance to provisions of Customs Act, Customs Tariff, notifications and Export Promotion Schemes of Foreign Trade Policy– Chapter IV**

Test audit of 47 Customs Commissionerates, 13 Regional Authorities of DGFT and eight Development Commissioners revealed instances of under assessments of applicable Customs duties due to misclassification of imported goods, incorrect application of notifications and violations of prescribed rules, procedures framed to give effect to the provisions of the Foreign Trade Policy involving revenue of **`64 crore**.

***{Paragraphs 4.4.1 to 4.7.2}***

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