

CHAPTER I CUSTOMS RECEIPTS

1.1 Budget estimates, revised budget estimates and actual receipts

The budget estimates, revised budget estimates and actual receipts of customs duties, during the years 2004-05 to 2008-09, are exhibited in the following table and graph:-

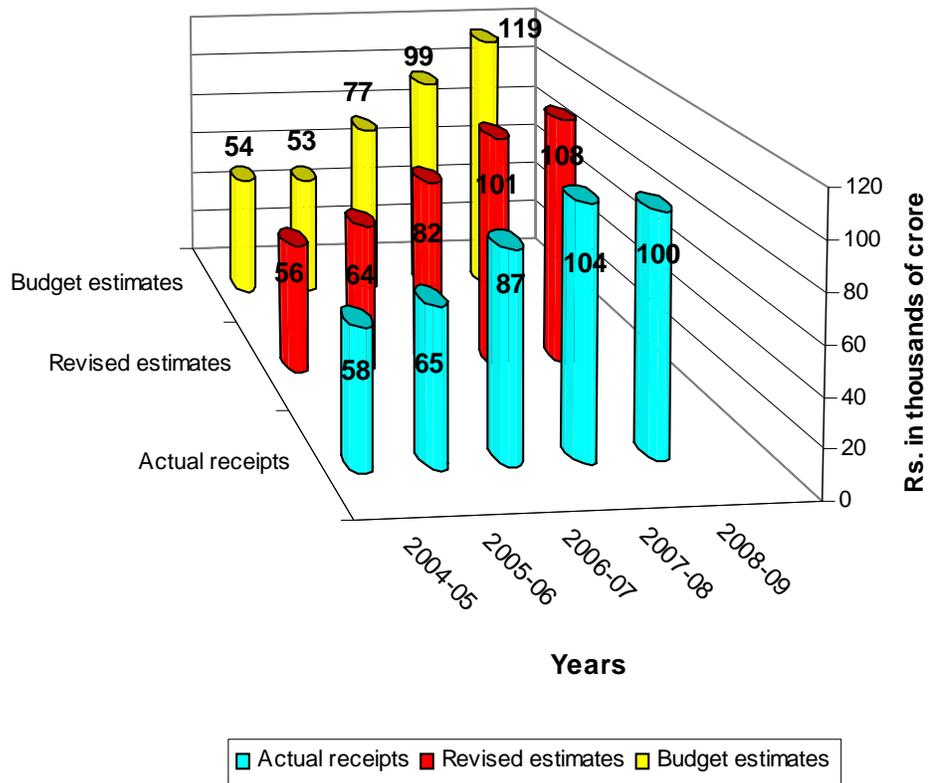
Table no. 1

(Amounts in crore of rupees)

Year	Budget estimates	Revised budget estimates	Actual receipts *	Difference between actual receipts and budget estimates	Percentage variation
2004-05	54,250	56,250	57,610	3,360	6.19
2005-06	53,182	64,215	65,067	11,885	22.35
2006-07	77,066	81,800	86,327	9,261	12.02
2007-08	98,770	1,00,766	1,04,119	5,349	5.42
2008-09	1,18,930	1,08,000	99,879	(-) 19,051	(-)16.02

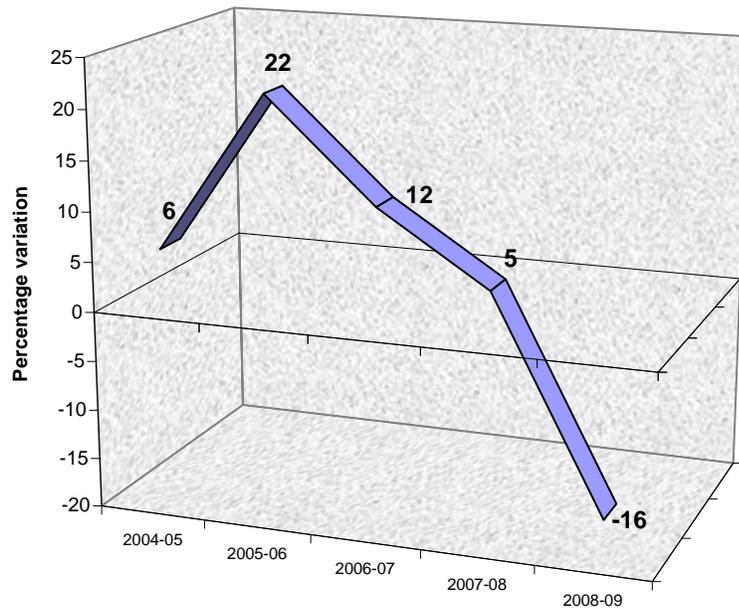
* Figures as per Finance Accounts

Graph 1: Customs Receipts – Budget, Revised and Actual



The actual receipts were more than both the budget and revised estimates during 2004-05 to 2007-08. However, the actual collection fell short of both the budget and revised estimates in 2008-09, primarily due to the reductions in the duty rates for major items such as crude oil and vegetables oils. The percentage variation of actual receipts over the budget estimates during the years 2004-05 to 2008-09 are depicted in the following graph:-

Graph 2: Percentage variation of actual receipts over budget estimates



1.2 Trend of receipts

A comparison of total year-wise imports with the corresponding net import duties collected during 2004-05 to 2008-09 has been shown in the following table:-

Table no. 2

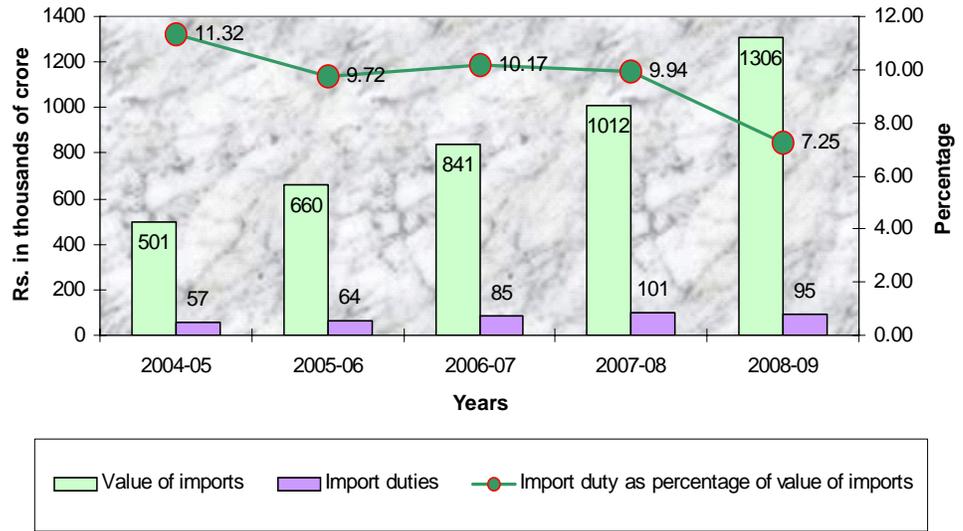
(Amounts in crore of rupees)

Year	Value of Imports *	Import duties *	Import duty as percentage of value of imports
2004-05	5,01,065	56,745	11.32
2005-06	6,60,409	64,201	9.72
2006-07	8,40,506	85,440	10.17
2007-08	10,12,312	1,00,635	9.94
2008-09	13,05,503	94,583	7.25

Source -*Directorate of Data Management, New Delhi

While the value of imports has recorded a growth of 116 per cent over the last five years, the corresponding import duties, had increased by 67 per cent.

Graph 3: Import duty as percentage of value of imports



1.3 Commodities yielding major import duties

Commodities which yielded major import duties during the year 2008-09 alongwith corresponding figures for the year 2007-08 are mentioned in the following table:-

Table no. 3

(Amounts in crore of rupees)

Sl. No.	Budget Head No.	Commodities	Import duties realised		Percentage variation in 2008-09 over 2007-08	Percentage share in total import duties collected	
			2007-08	2008-09		2007-08	2008-09
1.	7	Crude oil	9053.82	2767.93	(-)69	09	03
2.	52	Gold	847.80	673.66	(-)21	01	01
3.	10,11,17	Chemicals	8346.10	8617.32	03	08	09
4.	9	Other mineral fuels, oils, waxes	2229.23	2576.91	16	02	03
5.	28 to 32	Iron and Steel	8155.92	8635.81	06	08	09
6.	8	Refined Petroleum oils	6862.59	5829.33	(-)15	07	06
7.	6	Ores, Slag and Ash	2061.68	1697.18	(-)18	02	02
8.	18	Plastics	3875.23	3752.88	(-)03	04	04
9.	20	Paper, pulp, etc.	1193.41	1167.56	(-)02	01	01
10	3	Vegetable oils	3554.96	343.82	(-)90	04	0.5

Source- Directorate of Data Management, New Delhi

The above table indicates that there was overall decline in the collection of import duties on major commodities. The commodity ‘Vegetable oils’ had shown a major decline (90 per cent) of revenue (compared to previous year),

while the customs revenue from crude oil had dipped by 69 per cent during the year 2008-09. Resultantly crude oil's percentage contribution to the total import duties has declined by six per cent.

1.4 Duty foregone

1.4.1 Export promotion schemes

The break-up of customs duty foregone on various export promotion schemes viz., advance licence, DEPB, EPCG, EPZ, EOUs and refund of duty under drawback and other schemes, for the period from 2005-06 to 2008-09, is shown in the following table:-

Table no. 4

(Amounts in crore of rupees)

Year	Customs duty collected	Advance licence & others*	EOU/ STP	Duty drawback	EPCG	DEPB	SEZ	Total (of col. 3 to 8)	Duty foregone as a percentage of customs receipts (Col.9 over percentage of Col.2)
1	2	3	4	5	6	7	8	9	10
2005-06	65,067	13,361	10,278	3,235	5,333	5,651	2,471	40,329	62
2006-07	86,327	23,596	10,948	6,057	9,069	4,789	1,654	56,133	65
2007-08	1,04,119	20,481	18,759	9,015	8,933	4,986	1,848	64,022	62
2008-09	99,879	18,403	13,401	12,116	7,833	7,092	2,329	61,174	61

*Includes DFRC/DFECC/TPS/VKUY/DFIA/Focus product schemes

Source – Directorate of Data Management, New Delhi

1.4.2 Other duty foregone

Duty foregone under sections 25 (1) and (2) of the Customs Act, 1962 (other than for export promotion schemes vide paragraph 1.4.1) during 2005-06 to 2008-09 is shown in the following table:-

Table no. 5

(Amounts in crore of rupees)

Year	No. of notifications issued under 25(1)*	No. of total notifications issued under 25(2)**	Total No. of notifications issued	Duty foregone under 25(1)*	Duty foregone under 25(2)**	Total duty foregone
2005-06	29	49	78	40,667	15	40,682
2006-07	453	7	460	28,394	99	28,493
2007-08	317	38	355	28,060	505	28,565
2008-09	62	Not furnished by the department				

* General exemption ** Adhoc exemption

Source – Directorate of Data Management, New Delhi

1.5 Cost of collection of customs receipts

The expenditure incurred on the collection of customs duty during the year 2008-09 as a percentage of customs receipt was higher than that incurred in the previous year as mentioned in the following table:-

Table no. 6

(Amounts in crore of rupees)

	2007-08*	2008-09*
Expenditure on revenue cum import/export and trade control functions	165.40	234.56
Expenditure on preventive and other functions	759.71	989.28
Transfer to Reserve Fund, Deposit Account and other expenditure	13.91	11.65
Total	939.02	1235.49
Customs receipt	1,04,119	99,879
Cost of collection as percentage of customs receipts	0.90	1.24

* Figures as per Finance Accounts

1.6 Arrears of customs duty

1.6.1 The amount of customs duty assessed up to 31 March 2009 which was still to be realised as on 31 December 2009, was Rs. 6,839.84 crore.

1.6.2 Customs revenue of Rs. 5,136.29 crore demanded up to March 2009 was not realised by the department at the end of the financial year 2008-09. Of this, Rs. 1,947.81 crore was undisputed. However, even this amount had not been recovered for a period of over ten years. There is a need to strengthen the recovery mechanism of the department. The information is abstracted in the following table:-

Table no. 7

(Amounts in crore of rupees)

Sl. No.	Commissionerate	Amount under dispute			Amount not under dispute			Grand Total
		Over five years but less than ten years	Over ten years	Total	Over five years but less than ten years	Over ten years	Total	
1	2	3	5	5	6	7	8	9
1.	Central Excise	1602.05	484.11	2086.16	994.88	283.91	1278.79	3364.95
2.	Customs	752.96	282.60	1035.56	409.39	239.36	648.75	1684.31
3.	Service Tax	66.38	0.38	66.76	20.12	0.15	20.27	87.03
	Total	2421.39	767.09	3188.48	1424.39	523.42	1947.81	5136.29

Source – Central Board of Excise & Customs, New Delhi

1.7 Demands of duty barred by limitation

The statistics of demands barred were not received despite protracted pursuance with the Central Board of Excise and Customs.

1.8 Duty written off

Customs duties written off, penalties waived and ex-gratia payments are shown in the following table:-

Table no. 8

(Amounts in crore of rupees)

Year	Amount
2005-06	43.41
2006-07	247.73
2007-08	100.54
2008-09	Not furnished by the Department

Source-- Central Board of Excise & Customs

1.9 Results of audit

This report contains 112 audit paragraphs, featured individually or grouped together, with revenue implication of Rs. 54.09 crore. The Ministry/department has accepted the audit observations in 80 paragraphs involving revenue of Rs. 31.64 crore. Of the total 112 paragraphs, 41 cases involving revenue of Rs. 14.29 crore have been grouped under the heading 'other cases' appearing in each chapter. These include 20 accepted cases (out of 80), where full remedial action has been taken by the Ministry/department. The remaining 71 paragraphs involving revenue of Rs. 39.80 crore have been reported individually. The Ministry/department has effected a total recovery of Rs. 14.43 crore in response to the audit observations including Rs. 12.46 crore where full remedial action has been taken.

In 21 other cases of underassessment pointed out by audit but not reflected in this report, the field formations of the department had accepted the observations and reported recovery of the entire short levy of Rs. 2.11 crore. Brief details of these cases have been provided separately to the Ministry. Therefore, the total recovery effected by the Ministry/department at the instance of audit upto January 2010, is Rs. 16.54 crore.

1.10 Impact/follow-up of audit reports**1.10.1 Revenue impact**

During the last five years (including the current year's report), the audit reports had included observations totalling Rs. 693.70 crore in 843 audit paragraphs. Of these, the Government had accepted (till January 2010) the audit observations in 707 audit paragraphs involving Rs. 274.85 crore and had recovered Rs. 68.19 crore. The details are shown in the following table:

Table no. 9

(Amounts in crore of rupees)

Year of Audit Report	Paragraphs included		Paragraphs accepted						Recoveries effected					
			Pre printing		Post printing		Total		Pre printing		Post printing		Total	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
2004-05	256	355.79	178	45.41	76	17.41	254	62.82	122	4.13	77	9.95	199	14.08
2005-06	139	63.22	74	25.92	38	6.84	112	32.76	49	11.69	36	5.93	85	17.62
2006-07	133	121.99	94	105.18	7	2.24	101	107.42	57	7.32	20	1.86	77	9.18
2007-08	182	96.50	137	37.83	2	0.27	139	38.10	80	9.85	2	0.92	82	10.77
2008-09	133	56.20	101	33.75	Not applicable		101	33.75	68	16.54	Not applicable		68	16.54
Total	843	693.70	584	248.09	123	26.76	707	274.85	376	49.53	135	18.66	511	68.19

1.10.2 Status of action taken notes

Public Accounts Committee in their ninth report (eleventh Lok Sabha) had desired that remedial/corrective action taken notes (ATNs) on all the paragraphs in the reports of the Comptroller and Auditor General, duly vetted by audit, be furnished to them within a period of four months from the date of laying of the audit report in Parliament.

Review of outstanding action taken notes on paragraphs included in the earlier audit reports indicated that the Ministry had not submitted remedial action notes relating to 136 of these paragraphs. Of these, the earliest paragraph was from the audit report for the year 1996-97. The pendency of ATNs is abstracted in the following table:

Table no. 10

Sl.No.	Period since when ATN is awaited	No. of Audit paragraphs
1	Up to 1 year	69
2	1-3 years	42
3	3-5 years	8
4	More than 5 years	17
Total		136