

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1295
ANSWERED ON:03.03.2000
CASES OF EXCISE EVASION
SATYAVRAT CHATURVEDI

Will the Minister of FINANCE be pleased to state:

- (a) the number of cases of evasion of Central Excise Duty found by the Government during the last three years;
- (b) the methods being adopted by tax-evaders, and the steps taken by the Government to remove shortcomings in tax system; and
- (c) the amount realised by the government during the drive launched to find out the cases of evasion of Central Excise Duty?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (V. Dhananjaya Kumar)

(a): The number of cases of evasion of Central Excise Duty found by the Government during the last three years is as under:

Year	Number of Cases
1996-97	7053
1997-98	6312
1998-99	7345

(b): the methods being adopted by tax-evaders are: (1) Clandestine Removals; (2) Under-valuation; (3) Mis-use of modvat credit and (4) Wrong classification and/or misuse of exemption notifications. The steps taken by the Government to remove shortcomings in tax system are:

(1) Introduction of modern system of audit (2) Anti-evasion measures by way of effective gathering of intelligence, surprise checks of production and clearance, and transit checks to prevent clandestine manufacture and removal of excisable goods; and (3) Legislative measures such as rationalisation of tariff structure, simplification of procedures, provisions for imposition of mandatory penalty, penal interest on duty evaded, introduction of valuation based on maximum retail sale price; and levy based on capacity of production on processed textile fabrics.'

(c): The amounts are realised only after notices are issued, cases are adjudicated and right to appeal is exhausted. Therefore, during drives, final realisations are not effected. In the cases mentioned in part (a), alleged evasion of duty quantified is approximately Rs. 1421.42, Rs. 1558.23, and Rs. 2365.87 (Rupees in crores) for the three years respectively, and the proceedings under the law have already been initiated.