

No. 13011/001/2013-Cus (AS)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
(Anti-Smuggling Unit)

Dated: 31st July, 2015

To

1. All Chief Commissioners of Customs/Customs (Preventive)
2. All Chief Commissioners of Central Excise
3. All Chief Commissioners of Customs, Central Excise and Service Tax
4. All Chief Commissioners of Large Tax Payers Unit
5. Director General, DRI/DGCEI/Vigilance/Inspection/Audit/Systems, New Delhi
6. Director General, NACEN, Faridabad
7. Director General, Service Tax, Mumbai
8. Principal Commissioner, Directorate of Logistics, New Delhi
9. All Commissioners of Customs/ Customs (Preventive)
10. All Commissioners of Central Excise and Service Tax
11. All Commissioners of Customs, Central Excise and Service Tax
12. All Directorates under CBEC
13. All sections of CBEC
14. Webmaster, CBEC Website.

Subject: - Grant of reward to informers and Government Servants – Review of Policy, Procedure and issue of revised Guidelines – regarding.

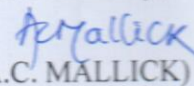
Madam/Sir,

The existing reward guidelines issued vide Ministry's letter No. R-13011/6/2001-Cus (AS) dated 20th June, 2001, clarified vide letter No. R13011/06/2001-CUS (AS) dated 23-08-2002 and amended vide letter dated 16th April, 2004 are hereby revised. This revision takes into account cases of seizures made/ infringement or evasion of duty etc. and the recommendations made by the Committee set up to review the Reward Schemes in the Department of Revenue and various suggestions received from the field formations.

2. It has been decided with the approval of Hon'ble FM to issue completely revised fresh guidelines in tune with the various recommendations and changing scenario of smuggling, evasion of duties and service tax. Accordingly, the following revised consolidated guidelines are laid down in supersession of earlier guidelines for grant of reward to informers and Government Servants. These guidelines shall be applicable in respect of any reward proposal, which is taken up for consideration on or after the date of issuance of these guidelines and the revised ceilings shall be applicable, even if the proposal pertaining to a case, detected before this date, and final reward is not yet granted.

3. Please acknowledge receipt of this letter.

Yours faithfully,


(A.C. MALLICK)

Under Secretary (AS)

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**GUIDELINES FOR GRANT OF REWARD TO INFORMERS AND GOVERNMENT
SERVANTS, 2015**

1. **Short title:-**

These guidelines may be called as “**The Guidelines for grant of Reward to informers and Government Servants, 2015**”.

2. **Commencement, application and scope of the Reward Guidelines**

2.1 **Part-I** of these guidelines would be applicable for grant of rewards to the informers and Government Servants in respect of cases of seizures made and/or infringements/evasion of duty / service tax etc. detected, under the provisions of the following Acts:-

- (1) The Customs Act, 1962;
- (2) The Central Excise Act, 1944;
- (3) Narcotic Drugs & Psychotropic Substances (NDPS) Act, 1985.
- (4) Finance Act, 1994 as amended to an extent the said Act contains provisions relating to Service Tax.

These guidelines will also be applicable for grant of rewards in respect of cases of detection of Drawback frauds or abuses of duty exemption schemes under various Export Promotion Schemes announced by the Government from time to time, unearthed on the basis of specific prior information provided by the informer or prior intelligence developed by the Government Servants.

2.2 Besides, **Part II** of these guidelines would be applicable to grant of reward to informers (who give information relating to assets, immovable properties etc. of persons from whom arrears of duty, tax, fine, penalty etc. are recoverable and the information results in the recovery of arrears) and Government Servants who put in commendable efforts to effect recovery as per conditions specified therein.

2.3 These reward guidelines would be applicable from the date of issue. Subject to provisions of Para 2.1, these guidelines will regulate the grant and payment of reward to informers and departmental officers in cases which have not been processed till date of issue of these guidelines and apply to all future cases of reward. The proposal where final reward has been sanctioned before the date of this guideline shall not be re-opened. However, in cases where only advance reward has been recommended by the Committee on or before the date of issue of these guidelines whether the advance reward has already been disbursed or pending disbursement, the new guidelines would be applicable while processing for final reward. The Government Servants of the rank of Joint/ Addl. Commissioner of Customs, Central Excise, Service Tax and Government Servants of other departments/ agencies as specified in para 4 of these guidelines and of equivalent rank would therefore be eligible for reward subject to the ceiling of reward indicated in each category.

2.3.1 With reference to reward in audit cases and reward to the Authorised Representatives (ARs), the relevant date for deciding the eligibility of a case for reward is prescribed in the relevant paragraphs.

2.4 All previous guidelines issued on the subject may be deemed to be modified and revised to the extent indicated in the succeeding Para. The guidelines/procedure contained in the previous orders/instructions issued by the Ministry, in so far as they are not inconsistent with the present/revised guidelines shall, however, remain in force.

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2.5 Any reference in these guidelines to the post of Chief Commissioner/ Director General shall include a reference to the post of Principal Chief Commissioner/ Principal Director General, as the case may be. Similarly, any reference in these guidelines to the post of Commissioner/Additional Director General (ADG) shall refer to the post of Principal Commissioner/ Commissioner/ Principal Additional Director General(Pr. ADG)/Additional Director General(ADG).

PART-I

3. PRINCIPLES GOVERNING GRANT OF REWARD:-

3.1 **Reward should not be granted as a matter of routine:-** Reward is purely an ex-gratia payment which, subject to guidelines, may be granted based on the judgment of the authority competent to grant rewards and taking into account facts and circumstances of each case and cannot be claimed by anyone as a matter of right.

3.2 Reward should not be sanctioned for routine and normal nature of work.

3.3 **Criteria for grant of reward: -** In determining the reward which may be granted, the authority competent to grant reward will keep in mind the following:-

3.3.1 **In cases of collection of information / intelligence, in respect of cases of seizure made out/or infringements/evasion of duty/service tax etc:-** The specificity and accuracy of the information, the risk and trouble undertaken, the extent and nature of the help rendered by the informer, whether information gives clues to persons involved in smuggling, infringements, evasion of duty, service tax or their associates etc., the risk involved for the Government Servants in working out the case, the difficulty in securing the information, the extent to which the vigilance of the staff led to the seizure, detection of infringements/evasion of duty/service tax, special initiative, efforts and skills/ ingenuity displayed leading to the recovery of Government dues during the course of investigation admitting their liability by way of voluntary deposit and whether, besides the seizure of contraband goods /detection of infringements/evasion of duty/service tax, the owners/organizers/ financiers/racketeers as well as the carriers have been apprehended or not. The reward has to be case specific and not to be extended, in respect of other cases made elsewhere/against other parties on the basis of a similar modus operandi. However, the Government Servants will be entitled for reward as per the normal guidelines when they book a case in their jurisdiction on the basis of modus operandi circulars issued by the Board/DRI/DGCEI.

3.3.2 **In cases of successful investigation:-** Special efforts made by Departmental officer in in-depth investigation and collection of evidence for establishing the various infringements of law, unearthing and working out duty/tax involved etc.

3.3.3 **In cases of post investigation work:-** Defending the case in CESTAT, High Court/Supreme Court/Settlement Commission, resulting in confirmation of Duty/ service tax evaded / infringement of Law established/settlement of the case, the criteria given in respective Para will apply.

3.3.4 **In cases of Audit/Special Audit in Central Excise and Post Clearance Audit in Customs:** - Outstanding contribution in detecting major cases of evasion of Central Excise Duty, Customs Duty or Service Tax, the criteria given in respective Para will apply.

3.4 **Assignment of Reward (transfer of reward and payment of reward in the event of death of informer/Government Servant) :** As the reward under these guidelines is in the nature of ex-gratia payment, no assignment (transfer) thereof made by the informer will be recognized. However, in the event of death of the informer/Government Servant , the authority competent to grant rewards may grant reward to legal heirs or nominees of an informant/Government Servant of an amount not exceeding the amount that would have been payable to the informant/Government Servant had he/she not died. The earlier instructions issued vide F. No. 13/21167-AdV dated 17.10.1968 on payment of rewards in Customs Seizure cases etc. to the persons who have died, retired and resigned or were discharged, removed or dismissed from service may be referred.

3.5 **Prohibition of reward to Government Servants in certain cases:** No reward shall be granted to a Government Servant who as an informer furnishes information or evidence obtained by him in the course of his normal duties as a Government Servant/ employee of Local Authority/PSU, Corporation/ a Body, Corporate or establishment set up or owned by the Government or employee of Nationalized Bank.

4. **ELIGIBILITY FOR REWARD TO GOVERNMENT SERVANTS:-**

4.1. **General:-**

4.2 Ordinarily, Government Servants up to the level of Group 'A' officers of the rank of Deputy Commissioner of Customs & Central Excise and Service Tax, will be eligible for reward depending on the contribution made by them as a team as well as in their individual capacity with regard to collection of intelligence, surveillance, effecting of seizure/detection of duty evasion and post-seizure investigation.

4.3 Government Servants of the rank of Joint Commissioner/Additional Commissioner of Customs, Central Excise and Service Tax will also be eligible for reward subject to a ceiling of Rs.50,000/- in each case depending upon the contribution made by them as a team as well as in their individual capacity with regard to collection of intelligence, surveillance, effecting of seizure/detection of duty/ service tax evasion investigation and post-seizure investigation.

4.4 Government Servants working in **other Departments/Agencies** such as Police, BSF and Coast Guard etc. may also be considered for sanction of reward in respect of cases of seizures of contraband goods affected by these agencies under the provisions of Customs Act, 1962. However, only such officers of these Departments/Agencies who hold rank equivalent to the Additional Commissioner of Customs & Central Excise or lower rank, will be considered eligible for sanction of rewards in terms of Para 4.2 & 4.3 above.

4.5 The changing pattern of non- compliance places a greater premium on investigation and therefore this work needs to be recognised and rewarded. Government Servants up to the level of Group 'A' officers of the rank of Additional Commissioner of Customs & Central Excise and Service Tax, involved in **post-investigation work** including those representing the Department before the Settlement Commission as well as those posted in adjudication, COFEPOSA, legal or

Prosecution Cells of the Commissionerate/Custom House will be considered for grant of lump-sum payment of reward, not exceeding Rs. 50, 000/- in each case, depending upon the role played by them. Further exceptional work demonstrated in finalising adjudication in various COFEPOSA, Legal or other proceedings resulting in favourable decisions like confiscation of seized goods, confirmation of duties demanded and/or imposition of penalties, detention/convictions etc. would be recognised.

4.6 Government Servants up to the level of Group 'A' officers of the rank of Additional Commissioner of Customs, Central Excise and Service Tax, engaged in **audit/special audit/ Post Clearance Audit** and who have made outstanding contribution in detecting major cases of evasion of Customs duty/ Central Excise duty and/or Service Tax may also be considered for grant of lump-sum payment of reward. The maximum amount of reward to each case shall be limited to a maximum of Rs.50,000/- for the officers of the rank upto Deputy Commissioner and not exceeding Rs.25,000/- for the officers of the rank of Joint/ Addl. Commissioner.

4.6.1 The revised limits of reward prescribed above in para 4.6 for officers engaged in audit/ special audit/ post clearance audit conducted by departmental officers shall apply to all cases for which MCM (Monitoring Committee Meeting) is held after the date of issue of these revised guidelines.

4.7 The Authorised Representatives (ARs) upto the level of Group 'A' officers of the rank of Addl. Commissioners of Customs, Central Excise and Service Tax and other officers/ staff working in the office of Chief Departmental Representatives (CDRs) CESTAT, may also be considered for sanction of reward not exceeding Rs. 50,000/- in each case. For this purpose specific proposals may be sent to the jurisdictional Commissioner/ DRI/ DGCEI by the Chief Departmental Representative (CDR), CESTAT in cases where the opposite party was represented by a senior Advocate or eminent lawyer and where the Government would have lost the case but for the painstaking efforts and effective pleading by the Authorised Representative. Reward in such cases shall be paid to ARs only after the case has attained finality i.e. no further appeals are pending in the case.

4.7.1 Reward would not be granted for cases, even high value cases, which are settled in terms of settled High Court or Supreme Court decisions.

4.7.2 These reward limits and procedure for sanction of reward to the ARs shall apply to cases where the judgment of the Tribunal/ High Court / the Supreme Court has been delivered after the date of issue of these revised guidelines/ circular.

5. QUANTUM AND CEILING OF REWARDS:-

5.1.1 Informers and Government Servants will be eligible for reward upto 20% of the net sale-proceeds of the contraband goods seized (except items listed in Para 5.2 below) and/or amount of duty/ Service Tax evaded plus amount of fine and penalty levied/imposed and recovered.

5.1.2 In respect of cases of detection of **Drawback frauds or abuse of duty exemption schemes** under various Export Promotion Schemes announced by the Government from time to time unearthed on the basis of specific prior information, provided by the informer or prior intelligence developed by the Government Servants, the informers and Government

Servants will be eligible for reward upto 20% of recovery of drawback claimed fraudulently and/or recovery of duties evaded under various Export Promotion Schemes announced by the Government from time to time, plus amount of fine/penalty levied/imposed and recovered.

5.2 In respect of opium and other narcotic drugs, controlled substances, psychotropic substances and other synthetic drugs etc. seized under the provisions of Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985, the overall ceiling of reward will be as per the revised specific rates indicated in **Annexure A-1 and Annexure A-2**. In respect of Gold and Silver seized under the provisions of Customs Act, 1962 and in cases of detection of import of gold / silver in contravention of provisions of Customs Act, 1962 the overall ceiling of reward will be as per specific rates indicated in **Annexure A-3**. These ceilings would be subject to periodical revision in the light of the price fluctuations of these items, for which periodical intimations may be sent to the DRI/NCB, who, in turn, will send suitable recommendations to the Ministry, for appropriate revision and in case of bullion items, proper indexing of prices as and when warranted.

5.3.1 **Reward to Government Servants**, however, may ordinarily be paid up to 10% of the net sale-proceeds of the contraband goods seized and/or amount of duty/Service Tax evaded and/or amount of fraudulently claimed Drawback recovered or duty recovered in cases of misuse of duty exemption schemes plus amount of fine/penalty levied/imposed and recovered. Similarly, in respect of Gold, Silver, Opium, Narcotic drugs, psychotropic substances and synthetic drugs etc., the reward may be limited to half of the maximum rewards indicated in **Annexure A-1 and Annexure A-2 and Annexure A-3**. Reward in excess of this limit but not exceeding 20% of the value may be considered only in cases where the Government Servant has exposed himself/herself to a great personal hazard or displayed exemplary courage, commendable initiative or resourcefulness of an extraordinary nature or where his/her personal efforts have been mainly responsible for the detection of case of seizure/evasion of duty/ service tax.

5.4 Government Servants will be eligible for sanction/payment of total reward not exceeding Rs. 20 Lakh during their entire career. As regards reward in a single case, an individual officer should not be sanctioned a total reward (advance reward and final reward put together) exceeding Rs. 2 Lakh. In cases where advance reward had not been recommended by the reward sanctioning committee to any Government Servant(s) due to receipt of overall limit of Rs. 10 lakh and Rs. 15 lakh reward by the said Government Servant(s), as was applicable during the recommendation by the reward sanctioning committee, the new guidelines will be applicable while processing for final reward. The structure for consideration of reward in a single case is tabulated as under:-

| Value of seized goods/ amount of duty evaded etc. | Ceiling of reward to Departmental Officers except Joint/ Addl. Commissioner in each case |
|---|--|
| Less than Rs. 50 Crore | Rs.1.00 Lakh |
| Above Rs. 50 Crore but less than Rs. 100 Crore | Rs.1.50 Lakh |
| Rs. 100 Crore and above | Rs.2.00 Lakh |

However, in exceptional cases, reward in excess of this limit i.e. above Rs. 2 Lakh can be sanctioned to an individual officer, by the Board, on the recommendations of the Reward

sanctioning authority for which proposals may be sent to the Ministry, through DGRI or DGCEI, as the case may be.

5.5 The ceiling limit of reward to private persons (engaged in office for help in office work relating to intelligence/investigation and post investigation work) earlier fixed at Rs.1000/- vide reward instructions dated 03.12.1980 shall now be Rs. 2,500/ in each case.

6. PAYMENT OF ADVANCE / INTERIM REWARD:-

6.1 Advance/Interim reward may be paid to informers and Government Servants upto 50% of the total admissible reward immediately on seizure in respect of the following categories of goods, namely :-

- a) gold / silver bullion; and
- b) arms and ammunition, explosives.

6.2 In other cases of outright smuggling, involving seizures of contraband goods, including foreign currency, advance/interim reward upto 25% of the total admissible reward may be paid to the informers and Government Servants, immediately after seizure, if the authority competent to sanction reward is satisfied that the goods seized are reasonably expected to be confiscated on adjudication and the adjudication order is likely to be sustained in appeal/revision proceedings. However, in case of seizure of perishable goods including chemicals, cigarettes etc. under the provisions of the Customs Act, 1962, advance reward may be paid to the Government Servants only after disposal/pre-trial disposal of the seized perishable goods including chemicals, cigarettes etc.

6.3 In all other cases, including Customs appraising cases, cases of town-seizures and Central Excise duty evasion / service tax evasion cases, normally, no advance/interim reward would be granted. However, in cases where the parties/persons involved have voluntarily paid the amount of duty evaded during the course of investigation, admitting their liability, 25% of the admissible reward may be considered for payment as advance/interim reward to the **informers**, after the issue of the show-cause notice (SCN), provided the authority competent to sanction reward is satisfied that there is reasonable chance of confiscability/infringement/evasion, as the case may be, being established in adjudication and sustained in appeal/revisionary proceedings. In such cases, the **Government Servants** will become eligible for payment of advance/interim reward only after adjudication of Show-Cause Notice resulting in confirmation of duty.

6.4 In exceptional cases, the Heads of Department may, having regard to the value of the seizures effected and magnitude of the evasion of duty/infringement detected and special efforts or ingenuity displayed by the officers concerned, sanction suitable reward on the spot to be adjusted against the advance/interim reward that may be sanctioned thereafter.

6.5 Where proceedings in a case are closed without issue of show cause notice or within 30 days of service of show cause notice after recovery of duty, interest and /or penalty, as per the provisions of law mandating such closure of proceedings, reward may be paid to the officers as well as the informers taking into consideration their respective roles in detection and recoveries made in the case. Such payment of reward in cases of closure of proceedings shall apply to cases of normal period of limitation as well as extended period of limitation provided the proceedings

are closed after recovery as per the law, for example, closure under Section 11A (2) of Central Excise Act, 1944, Sub-section (3) of Section 73 of Finance Act, 1994 and Section 28(2) and Section 28 (6)(i) of the Customs Act, 1962 or by an order of the Settlement Commission. It is further clarified that reward may also be paid in cases where recoveries are made under voluntary disclosure schemes such as Voluntary Compliance Encouragement Scheme (VCES) provided the initiation of the investigation preceded the filing of declaration by the assessee under such voluntary disclosure schemes.

7. PAYMENT OF FINAL REWARD

7.1 Final rewards, both to Government Servants as well as informers, should be sanctioned and disbursed only after conclusion of adjudication/appeal/revision proceedings, as well as closure of proceedings mentioned at para 6.5. In case of narcotic drug, psychotropic substance and controlled substance, one time final rewards, both to Government Servants as well as informers, should be sanctioned and disbursed only after compliance of provisions under Para 4(1) of the Notification no. GSR 38(E) dated 16th January 2015 issued under Section 52 A of the Narcotic Drugs & Psychotropic Substances Act, 1985 and filing of prosecution complaint before the designated Court. The final reward will be determined on the basis of the net sale proceeds of goods seized/confiscated (if any) and/or the amount of additional duty/fraudulently claimed Drawback recovered plus penalty/fine recovered for the duty recovered in cases of detection of abuse of duty exemption schemes. The total reward admissible, i.e., advance and final reward put together, should not exceed the ceiling of 20% of the net sale proceeds (if any) plus amount of additional duty/Service Tax/fine/penalty recovered or the amount of drawback fraudulently claimed recovered, or the duty recovered in cases of detection of misuse of duty exemption schemes as the case may be. This will also be subject to instructions in Para 5.3.1 above as regards rewards to Government Servants is concerned. The advance / interim reward sanctioned and disbursed, if any, shall be adjusted against the final reward to be paid to the Government Servants /informers.

7.2 **Time limit to sanction final reward:** In order to improve disbursement of rewards to Government Servants / informers as an incentive to improve compliance, it is desirable that immediately after conclusion of adjudication/appeal/revision proceedings, it should be considered by the sponsoring authority as to whether the case can be considered and recommended to the reward committee for grant of reward. All Commissioners and ADG in-charge should set in place a suitable mechanism to monitor cases becoming ripe for disbursement of reward and meeting to review cases of reward to Government Servants and informers which have become ripe for processing shall be held in every quarter. Meeting of reward committee shall also take place at least once in a quarter to consider sanction of rewards.

8. DELEGATION OF POWERS FOR SANCTION/PAYMENT OF REWARD-COMPOSITION OF REWARD COMMITTEE:-

8.1 The monetary limit for sanction of rewards to informers and Government Servants will be as per **Annexure-B**.

8.2 In multi-jurisdictional cases, only the Chief Commissioner/Commissioner/Additional Commissioner/Joint Commissioner having jurisdiction where the maximum evasion of revenue has taken place shall be the Member of the Reward Committee. The Additional Commissioner/Joint Commissioner being considered for reward should not be a part of the Reward committee.

9. REVIEW OF FINAL REWARDS SANCTIONED BY THE COMPETENT AUTHORITY

9.1 Final reward sanctioned by the duly constituted reward sanctioning authority/committee shall not be reviewed or reopened. However, in most exceptional cases, where DGRI, DGCEI, or the Chief Commissioner, as the case may be, is satisfied that the review of the final reward sanctioned by the competent authority is absolutely necessary to redress any grave injustice meted out to the Informer/Government Servant and make a recommendation to the Board to this effect, the Government may review the final reward sanctioned on the specific recommendations of the Board.

9.2 Since reward is an ex- gratia payment, only one representation by the informer against the amount of reward sanctioned should be entertained after being submitted through the reward sanctioning committee/authority to the Jurisdictional Chief Commissioner/ DGRI/DGCEI as the case may be, who, if deemed fit will forward the same with his recommendation to the Board. The Government may review the reward on the recommendations of the Board. No further representation or petition against the decision regarding grant of reward would be entertained either from the informer or any person on his behalf.

10. MECHANISM TO MONITOR THE REWARD SANCTIONED TO THE GOVERNMENT SERVANTS

10.1 To ensure that the Government Servants do not exceed the ceiling of Rs. 20 Lakh of total reward during their career, all rewards sanctioned to the Government Servants should be entered in their Service Book, before the same are disbursed. Detailed instructions issued vide Ministry's letter F.No. 394/46/95-Cus (AS) dated 18th September, 1998, may be scrupulously followed in this regard.

10.2 In view of the liberalisation of rewards, the Heads of Department may take special care to ensure that the value of goods fixed at the time of seizure is realistic and represents the correct value of the goods seized.

10.3 To ensure that reward is not given only to a small group of Government Servants, it is necessary to ensure that larger numbers of Government Servants are given an opportunity to work in the anti-smuggling and anti-evasion assignments. Therefore, there should be periodic rotation of officers and no officer should be allowed to be posted to airports, DRI, DGCEI or Headquarters Preventive of a Commissionerate /Custom House for more than the prescribed tenure, as per the existing instructions of the Board on the subject.

11. UNDERTAKING BY THE INFORMER

11.1 At the time when an informer furnishes any information or document (s), an undertaking should be taken from the informer that he/she is aware that the extent of the reward depends on the precision of the information furnished by him/her; that the provisions of Section 177, 182 and 211 of the Indian Penal Code have been read by and/or explained to him/her; that he/she is aware that if the information furnished by him/her is found to be false, he/she would be liable to prosecution; that he/she shall not claim reward as a matter of right; that he/she accepts that the Government is under no obligation to enter into any correspondence regarding the details of

seizures made etc., if any, and that the payment of reward is an ex-gratia based on best judgment of the authority competent to grant reward and taking into consideration the facts and circumstances of each case. It is also clarified to the informer that the Government is under no obligation to grant/sanction the maximum admissible reward up to 20% of the net sale proceeds of the seized/confiscated goods, (if any) and/or the amount of additional duty / penalty / redemption fine recovered and that the amount of reward to be sanctioned to the informer, will purely depend on the specificity & accuracy of the information & other dependent factors, as indicated in Para 3,5,6 and 7 of these guidelines.

11.2 Additional information in respect of identity of informer: At present DRI -I / AE-I is filed by an officer, who records the information stating gist of intelligence and action to be taken along with the sealed cover containing an information slip containing Left Thumb Impression (LTI). Further, in order to reduce delay and provide adequate safeguards, informer may, on his own wish provide following additional information on the information slip/ written information viz. Visible identification marks (two), Height, Date of birth/Age. However, the additional information is not considered as mandatory for grant of reward to informer. No reward shall be withheld for non-furnishing of additional information.



PART II

SCHEME OF GRANT OF REWARD TO INFORMERS AND GOVERNMENT SERVANTS IN CASES OF RECOVERY FROM TAX DEFAULTERS

As already circulated vide Ministry's Letter No. 13011 / 3 / 2004 – Cus (AS) dated 12.08.2005, the guidelines in respect of grant of reward to informers and Government Servants are extended to cases of recovery from tax defaulters as per following provisions:-

- (i) The reward scheme shall be extended to grant of suitable reward to an informer who gives information regarding the whereabouts, assets, immovable properties etc. of persons from whom arrears of duty, tax, fine, penalty etc. (under the provisions of the Customs Act, 1962, the Central Excise Act, 1944 and the Chapter V of Finance Act, 1994 in so far as the said Act contains provisions relating to Service Tax) are recoverable and the information results in recovery of arrears.
- (ii) The grant of reward shall be considered only in those cases where the Chief Commissioner is satisfied that:-
 - a) All possible efforts have been made by the Departmental officers to trace the defaulter / details of defaulter's property; and
 - b) Information provided by the informer has been instrumental in the recovery of arrears.
- (iii) The reward in such cases can be given up to a maximum of 5% of the amount recovered and the quantum of reward will be determined by such factors as the nature, accuracy, actionability and efficacy of the information, and other attendant factors.
- (iv) In those cases where the case was originally booked on the basis of information provided by an informer, reward to the informer(s) giving information leading to arrears recovery shall be given out of the total reward available in the informer category as per existing policy.
- (v) In order to expedite arrears recovery, the jurisdictional Commissioner may, if necessary, invite information from the general public through notices in the print / electronic media in a case where recovery of arrears is pending on account of the fact that the whereabouts / details of assets of the defaulter are not known, and the Chief Commissioner is satisfied that all possible efforts have been made by the Departmental officers in this regard.
- (vi) The officers effecting recovery shall also be eligible for reward in cases showing recovery as a result of extraordinary efforts of officer subject to satisfaction of Reward Committee that the recovery had been pending after final adjudication for at least one year or the unit should be non-functioning for at least one year etc. It must be ensured that the case has attained finality i.e. no further appeal is pending in the case or cases are being reported under the category of persuasive action to Tax Arrear Recovery (TAR). The reward in such cases can be given up to a maximum of 5% of the amount subject to upper limit of Rs. 50,000/- in each case as applicable in respect of post investigation work. In those cases where the case was originally booked by the officer, reward shall be given out of the total reward available in case for the officer category as per existing policy.

Rates of Reward in respect of substances seized under the provisions of Narcotic Drugs and Psychotropic Substances (NDPS) Act, 1985
(Para 5.2 of Reward Guidelines)

| Sl. No. | Commodity | Proposed rate of maximum reward (Rs. per kg) | Prescribed purity |
|---------|--|--|--|
| 1. | Opium | 6,000/- (20% of present illicit price) | Standard Opium |
| 2. | Morphine base and its salts | 20,000/- (20% of present illicit price) | 90% or more of anhydrous morphine |
| 3. | Heroin and its salts | 1,20,000/- (20% of present illicit price) | 90 % or more of diacetyl morphine |
| 4. | Cocaine and its salts | 2,40,000/- (20% of present illicit price) | 90% or more of anhydrous cocaine |
| 5. | Hashish | 2,000/- (20% of present illicit price) | With THC content of 4 % or more |
| 6. | Hashish Oil | 10,000/- (20% of present illicit price) | With THC content of 20 % or more |
| 7. | Ganja | 600/- (20% of present illicit price) | Should be commercially acceptable as Ganja |
| 8. | Mandrax Tablets | 2,000/- (20% of present illicit price) | Presence of Methaqualone |
| 9. | Amphetamine, its salts and preparations thereof | 20,000/- (10% of present illicit price) | 100% pure ATS with pro rata reduction for reduced purity |
| 10. | Methamphetamine, its salts and preparations thereof | 20,000/- (10% of present illicit price) | 100% pure ATS with pro rata reduction for reduced purity |
| 11. | Ecstasy or 3,4- Methylene dioxy methamphetamine (MDMA) | 15,000/1,000 tablets (10% of present illicit price) | Presence of MDMA |

N.B: Rewards shall be reduced prorata if the purity is less than the one prescribed above.

**Rates of Reward in respect of controlled/psychotropic substances, etc. seized under Narcotic
Drugs and Psychotropic Substances (NDPS) Act, 1985**
(Para 5.2 of Reward Guidelines)

| S. No. | Commodity (Controlled/ psychotropic substances/synthetic drugs) | Rate of maximum reward | Prescribed purity |
|--------|---|------------------------------|-------------------|
| 1. | Ephedrine, its salts and preparations thereof | Rs.280/- per kg | 100% |
| 2. | Pseudo-ephedrine, its salts and preparations thereof | Rs.480/- per kg | 100% |
| 3. | Acetic Anhydride | Rs.10/- per litre | 100% |
| 4. | Ketamine, its salts and preparations thereof | Rs.700/- per kg | 100% |
| 5. | Anthranillic Acid | Rs.45/- per kg | 100% |
| 6. | N-acetyl Anthranillic acid | Rs.80/- per kg | 100% |
| 7. | Diazepam and its preparations | Rs.0.53/- per tablet of 5mg | 100% |
| 8. | Alprazolam and its preparations | Rs.0.20/- per tablet of 5mg | 100% |
| 9. | Lorezepam and its preparations | Rs.0.296/- per tablet of 5mg | 100% |
| 10. | Alprax and its preparations | Rs.0.52/- per tablet of 5mg | 100% |
| 11. | Buprenorphine/ Tidigesic and its preparations | Rs.25000/- per kg | 100% |
| 12. | Dextropropoxyphene, its salts and preparations thereof | Rs.2880/- per kg | 100% |
| 13. | Fortwin and its preparations | Rs.1.044/- per vial of 30 mg | 100% |

N.B: Rewards shall be reduced prorata if the purity is less than the one prescribed above

Rates of Reward in respect of seizure of Gold / Silver in contravention of provisions of the Customs Act, 1962 (Para 5.2 of Reward Guidelines)

| Sl. No. | Commodity | Rate of maximum reward | Prescribed purity |
|---------|-----------|-------------------------|-------------------|
| 1 | Gold | Rs. 1500/- per 10 grams | 999% |
| 2 | Silver | Rs. 3000/- per kilogram | 990% |

N.B: Rewards shall be reduced prorata if the purity is less than the one prescribed above.

For 10 gm gold and for 1kg of silver the admissible reward shall be-

- (i) When the gold is absolutely confiscated and the goods are not redeemed to the noticee, the quantum of reward shall be Rs. 1,500/- per 10 gms. Similarly, with regard to confiscation of silver, the quantum of reward shall be Rs. 3000/- per one Kg.
- (ii) When the gold and silver, including jewellery and articles thereof are seized, and in cases of detection of import of gold / silver in contravention of provisions of Customs Act, 1962 (where after issuance of SCN/ completion of adjudication proceedings, an option to redeem goods is exercised), then quantum of reward shall be calculated as per the actual realization of duty, fine and penalty as applicable to similar such detection in terms of the reward rules.
- (iii) In case of absolute confiscation of gold and silver jewellery, the quantum and ceiling of rewards to informer and Government Servants will be 20% of the Net sale proceeds of the jewellery plus amount of penalty levied/imposed and recovered.

ADP

Monetary limit wise Reward Sanctioning Authority

| 1. Reward To informers | |
|--|--|
| Monetary Limit | Reward Sanctioning Authority |
| Upto Rs 10 lakhs | Jurisdictional Head of Department i.e. Commissioner of Customs & Central Excise/ADG DRI/ADG DGCEI |
| Above Rs 10 Lakhs & upto Rs 25 Lakhs | A Committee consisting of:- i. Jurisdictional Commissioner of Customs & Central Excise /ADG DRI/ADG DGCEI, ii. One of jurisdictional Addl. Comm./Senior most Jt. Commissioner/Director of the Commissionerate or/DRI/DGCEI and iii. An outside Addl/Jt. Commissioner or Addl/ Jt. Director of DRI/DGCEI nominated by jurisdictional Commissioner/ADG Note: Addl. Commissioner/ Joint Commissioner of the Commissionerate or/DRI/DGCEI being considered for reward shall not be member of the reward committee. |
| Above Rs 25 Lakhs & upto Rs 50 Lakhs | A Committee consisting of i. Jurisdictional CC/DGRI/DGCEI, ii. Jurisdictional Commissioner of Customs & C.Ex./ADG DRI/ADG DGCEI and iii. Commissioner(Logistics) or any other Commissioner rank officer nominated by CC/DGRI/DGCEI |
| Above Rs. 50 Lakhs | Apex Reward Committee comprising of i. DGRI, ii. DG CEI and iii. Jurisdictional Chief Commissioner |
| 2. Reward for Government Servants | |
| Monetary Limit | Reward Sanctioning Authority |
| Upto Rs 15,000 | Jurisdictional Addl Commissioner/Jt. Commissioner/Addl. /Jt. Director of Customs & Central Ex./DRI/DGCEI where the reward proposed is upto the rank of Deputy Commissioner of Customs, Central Excise & Service Tax. |
| Above Rs 15,000 & upto Rs 30,000 | Jurisdictional Head of Department i.e. Commissioner of Customs. & C.Ex./ADG DRI/ADG DGCEI |
| Above Rs 30,000 & upto Rs 1 Lakh | A Committee consisting of i. Jurisdictional Commissioner of Cus. & C.Ex./ADG DRI/ADG DGCEI, ii. One of jurisdictional Addl. Comm./Senior most Jt. Commissioner/Director of the Commissionerate or/DRI/DGCEI and iii. An outside Addl/Jt. Commissioner or Addl/Jt. Director of DRI/ DGCEI nominated by jurisdictional Commissioner/ADG |
| Above Rs. 1 Lakh & upto Rs 2 lakhs | A Committee consisting of i. Jurisdictional CC/DGRI/DGCEI, ii. Jurisdictional Commissioner of Customs & C.Ex./ADG DRI/ADG DGCEI and iii. Commissioner(Logistics) or any other Commissioner rank officer nominated by CC/DGRI/DGCEI |

Note:-

(i) Advance reward to informer as well as Government Servants may be decided by the reward sanctioning authority upto the respective monetary limit even if the total entitlement of reward exceeds the said monetary limit. In such cases, the final reward to the informer and Government Servants shall be decided by the appropriate reward sanctioning authority based on entitlement of reward.

(ii) In case, the jurisdictional Additional Commissioner/ Joint Commissioner/ Additional Director/ Joint Director is considered for reward upto Rs. 30,000/-, the jurisdictional head of Department i.e. Commissioner of Customs and Central Excise, ADG DRI, ADG DGCEI will be the reward sanctioning authority even when the reward to the other officer is upto Rs.15,000/-.

(iii) In case, the Additional Commissioner/ Joint Commissioner/ Additional Director/ Joint Director is considered for reward above Rs.30,000/- and upto Rs.50,000/-, the reward sanctioning authority shall be a committee consisting of :-

(a) Jurisdictional CC/ DGRI/ DGCEI.

(b) Jurisdictional Commissioner of Customs & C.Ex./ ADG DRI/ ADG DGCEI and

(c) Commissioner (Logistics) or any other Commissioner rank officer nominated by CC/ DGRI/ DGCEI.

(iv) In cases such as one officer holding dual/ multiple charges of two or more members of the Reward Committee proposed to be set up to sanction rewards, the composition of such committees can be modified with approval of the next Supervisory officer to take care of such exigencies.

