

CHAPTER-III
STATE EXCISE

EXECUTIVE SUMMARY

Marginal increase in tax collection	<p>In 2010-11, the collection of state excise receipts increased by 20.32 <i>per cent</i> over the previous year which was attributed by the Department to enforcement of the new Excise Policy.</p>
Internal audit not conducted	<p>No information regarding setting up of internal audit wing in the Department was furnished to us, though called for. However, audit was also not conducted by the Finance Department during 2010-11. This resultantly had its impact in terms of the weak internal controls in the Department leading to substantial leakage of revenue. It also led to omissions on the part of the Assistant Commissioner/Superintendent of Excise remaining undetected till we conducted our audit.</p>
Very low recovery by the Department of observations pointed out by us in earlier years	<p>During 2005-06 to 2009-10, we pointed out non/short levy, non/short realisation of duty, fee etc., with revenue implication of ₹ 238.62 crore in 1,074 cases. Of these, the Department/Government accepted audit observations in 732 cases involving ₹ 108.40 crore. As per information furnished by the Department, recovery of ₹ 86.48 crore has been effected during this period.</p> <p>The recovery position as compared to acceptance of objections, during the period 2005-06 to 2009-10 except 2006-07, ranged between zero and 8.90 <i>per cent</i>, which was very low.</p>
Results of audits conducted by us in 2010-11	<p>In 2010-11, we test checked the records of 19 units relating to excise duty and other state excise receipts and found non/short realisation of duty, fees, penalty etc. involving ₹ 218.32 crore in 1,560 cases.</p> <p>The Department accepted non/short realisation/levy of duty and other irregularities of ₹ 35.34 crore in 119 cases pointed out by us during 2010-11.</p>
What we have highlighted in this Chapter	<p>In this Chapter we present illustrative cases of ₹ 165.95 crore selected from observations noticed during our test check of records relating to assessment and collection of state excise duty, fees etc., in the offices of the Assistant Commissioner/Superintendent of Excise, where we found that the provisions of the Acts/Rules were not observed.</p> <p>It is a matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action.</p>
Our conclusion	<p>The Department needs to set up the internal audit wing so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future. It also needs to initiate immediate action to recover the non-realisation, under-charge of duty, etc pointed out by us, more so in those cases where it has accepted our contention.</p>

CHAPTER-III: STATE EXCISE

3.1 Tax administration

The levy and collection of excise duty and other State excise receipts is governed by the Bihar Excise Act, 1915 and the Rules made/notifications issued thereunder, as adopted by the Government of Jharkhand. The Secretary of the State Excise and Prohibition Department is responsible for administration of the State Excise laws at the Government level. The Commissioner of Excise (EC) is the head of the Department. He is primarily responsible for the administration and execution of the excise policies and programmes of the State Government. He is assisted by a Deputy Commissioner of Excise and an Assistant Commissioner of Excise at the headquarters.

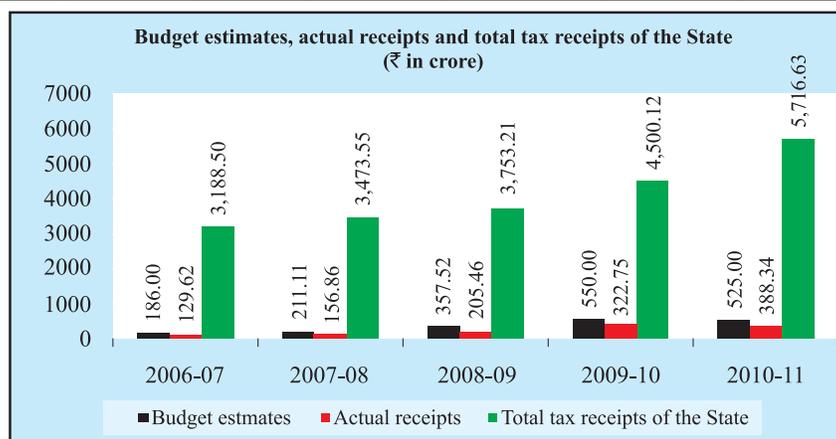
The State of Jharkhand is divided into three excise divisions¹, each under the control of a Deputy Commissioner of Excise. The divisions are further divided into 19 excise districts² each under the charge of an Assistant Commissioner of Excise/Superintendent of Excise (ACE/SE).

3.2 Trend of receipts

Actual receipts from 'State Excise' against the budget estimates during the period 2006-07 to 2010-11 along with the total tax receipts during the same period is exhibited in the following table and chart:

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual State Excise receipts vis-à-vis total tax receipts
2006-07	186.00	129.62	(-) 56.38	(-) 30	3,188.50	4.07
2007-08	211.11	156.86	(-) 54.25	(-) 26	3,473.55	4.52
2008-09	357.52	205.46	(-) 152.06	(-) 43	3,753.21	5.47
2009-10	550.00	322.75	(-) 227.25	(-) 41	4,500.12	7.17
2010-11	525.00	388.34	(-) 136.66	(-) 26	5,716.63	6.79



¹ North Chotanagpur Division, Hazaribag, South Chotanagpur Division, Ranchi and Santhal Pargana Division, Dumka.

² Bokaro, Chaibasa, Dhanbad, Deoghar, Dumka, Garhwa, Giridih, Godda, Gumla, Hazaribag, Jamshedpur, Jamtara, Koderma, Lohardaga, Pakur, Palamu-cum-Latehar, Ranchi, Sahebganj and Saraikela-Kharsawan.

The Department could not achieve the budget estimates during 2006-07 to 2010-11 and the shortfall compared to budget estimates ranged between 26 and 43 *per cent*. Reason for variation during 2010-11 was attributed by the Department to enforcement of the new Excise Policy. This indicated that the budget estimates were not prepared on realistic basis.

We recommend that the Government may issue suitable instructions to the Department for preparing the BEs on a realistic and scientific basis to ensure that these are close to the actuals.

3.3 Cost of collection

The gross collection under State Excise, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2006-07 to 2010-11 are mentioned in the following table:

(₹ in crore)

Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of the preceding year
2006-07	129.62	7.38	5.69	3.40
2007-08	156.86	7.51	4.79	3.30
2008-09	205.46	10.38	5.05	3.27
2009-10	322.75	13.75	4.26	3.66
2010-11	388.34	13.27	3.42	3.64

Source: Finance Accounts of the Government of Jharkhand for the year 2010-11 and Departmental figures.

From the above it could be seen that during 2006-07 to 2009-10 the percentage of expenditure on collection was higher than the all India average, however, it came down to 3.42 *per cent* against the all India average of 3.64 *per cent* in 2010-11.

3.4 Working of internal audit wing

No information regarding setting up of internal audit wing in the Department was furnished to us though called for. Further, audit was also not conducted by the Finance Department during 2010-11.

We recommend that the Government may take suitable steps for setting up of an internal audit wing in the Department so as to ensure effective implementation of the Acts/Rules for prompt and correct realisation of revenues.

3.5 Impact of audit

Revenue impact

During the last five years (2005-06 to 2009-10) we pointed out non/delayed settlement of excise shops, non/short realisation of fee, duty, fine etc., with revenue implication of ₹ 238.62 crore in 1,074 cases. Of these, the Department/Government accepted audit observations in 732 cases involving ₹ 108.40 crore. As per information furnished by the Department, recovery of ₹ 86.48 crore was effected during 2005-06 to 2009-10. However, the number of cases in which recovery was made has not been furnished. The details are shown in the following table:

(₹ in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	Percentage of recovery to amount accepted
		No. of cases	Amount	No. of cases	Amount		
2005-06	16	479	55.09	228	22.46	2.00	8.90
2006-07	13	144	21.85	106	17.58	83.88	477.13
2007-08	11	122	38.97	94	2.06	0.00	0.00
2008-09	14	87	92.93	63	38.32	0.57	1.49
2009-10	9	242	29.78	241	27.98	0.03	0.11
Total	63	1,074	238.62	732	108.40	86.48	

Though the amount objected during 2006-07 was ₹ 21.85 crore only, the Department reported recovery of ₹ 83.88 crore which is 383.89 and 477.13 *per cent* of amount objected by us and accepted by the Department respectively. Reasons for huge recovery/variation were not furnished by the Department though called for. However, during the period 2005-06 to 2009-10, except 2006-07, the recovery position as compared to acceptance of objections ranged between zero and 8.90 *per cent*.

We recommend that the Government should take appropriate steps to improve the recovery position.

3.6 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2011 were ₹ 30.94 crore. The year wise position of arrears of revenue during the period 2006-07 to 2010-11 is shown in the following table:

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2006-07	12.33	38.00
2007-08	38.00	29.16
2008-09	29.16	29.39
2009-10	29.39	30.94
2010-11	30.94	30.94

The Department did not furnish the information regarding the addition and clearance of the arrears during the year. However, the above table indicates that the amount of arrears increased from ₹ 12.33 crore as on 1 April 2006 to ₹ 30.94 crore as on 31 March 2011, registering an increase of 151 *per cent*. As per information furnished by the Department, out of ₹ 30.94 crore, demands for ₹ 12.93 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 15.91 crore and ₹ 24 lakh were stayed by Courts and the Government respectively. Recovery of ₹ 11 lakh was held up due to parties becoming insolvent and ₹ 19 lakh was likely to be written off. Specific action taken in respect of balance amount of ₹ 1.56 crore has not been intimated (February 2012). The position of the arrears of revenue, outstanding for more than five years, at the end of 2010-11 was also not furnished by the Department (February 2012) despite being requested by us (August 2011).

Thus, from the above it would be seen that only 42 *per cent* of the total amount of arrears was recoverable as arrears of land revenue by invoking the provisions of the Bihar and Orissa Public Demands Recovery (PDR) Act, 1914 and 58 *per cent* of arrears required appropriate action for settlement.

We recommend that the Government may consider issuing directions to the Department for speedy settlement of the arrear cases by continuously monitoring the arrears recoverable as arrears of land revenue as well as the court cases in the interest of revenue.

3.7 Results of audit

We test checked the records of 19 units during the year 2010-11 and found cases of non/short realisation of licence fee, duty, loss of revenue etc. involving ₹ 218.32 crore in 1,560 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Non/delayed settlement of excise shops	677	112.44
2	Non renewal/re-settlement of exclusive privilege for wholesale supply of Country spirit/Spiced Country Spirit (CS/SCS)	221	21.88
3	Short lifting of liquor	17	10.49
4	Undue financial benefits due to unauthorised concession	6	4.19
5	Non-realisation of license fee	1	0.60
6	Other cases	638	68.72
Total		1,560	218.32

During the course of the year, the Department accepted non/short realisation of licence fee, duty, loss of revenue and other deficiencies of ₹ 35.34 crore in 119 cases and recovered ₹ 1.59 lakh in one case pointed out by us during 2010-11.

In this chapter we present a few illustrative cases having financial implication of ₹ 165.95 crore, out of which ₹ 16.36 crore is recoverable. The Government/Department has accepted audit observations of ₹ 13.30 crore as of October 2011. The balance amount of ₹ 149.59 crore was loss to the Government due to non-observance of the provisions of the Act/Rules.

3.8 Non-observance of the provisions of Act/Rules

The Bihar Excise Act, 1915 (as adopted by the Government of Jharkhand) and Rules made thereunder provide for:

- i) *settlement of exclusive privilege for wholesale supply of country spirit in due time;*
- ii) *renewal of licences for vendors/contractors;*
- iii) *payment of annual licence fee for wholesale supply of country spirit (CS), retail excise shops, wholesale supply of India Made Foreign Liquor(IMFL); and*
- iv) *lifting of minimum guaranteed quota (MGQ) by excise retail shops.*

We noticed that the Government had not prescribed any time period for each stage³ to ensure their timely settlement/approval so as to prevent loss of revenue. Loss of revenue due to delayed settlement of the shops and non-observance of some of the provisions of the Act/Rules are mentioned in the following paragraphs 3.9 to 3.14.

3.9 Short lifting of liquor by retail vendors

Under the provisions of the Jharkhand Excise Act, Rules and polices made thereunder each licence vendor of a retail excise shop is required to submit weekly requirement of country spirit of the next month to the contractor of the exclusive privilege for wholesale supply of country spirit by the last week of the previous month and is bound to lift Minimum Guaranteed Quota (MGQ) of liquor of each kind fixed by the Department for the shop, failing which excise duty and fiscal penalty equivalent to loss of excise duty suffered by the Government shall be recoverable from the vendor.

We noticed between June 2010 and March 2011 from the consumption register and related records in six excise districts⁴ that 163 retail licenced vendors were required to lift MGQ of 59.63 lakh London Proof Litre (LPL) in 2008-09 (six vendors) and 31.74 lakh LPL of liquor in 2009-10 (157 vendors) from wholesale licensees of the districts. However, the retailers lifted 18.26 lakh LPL in 2008-09 and 19.22 lakh LPL of liquor in 2009-10. Thus, there was short lifting of 53.89 lakh LPL of liquor. We calculated the recoverable excise duty and fiscal penalty on account of aforesaid short lifting of

liquor at ₹ 8.63 crore. We further noticed that the Department did not take any steps

³ 1. Gazette notification in respect of settlement of shops for the following year; 2. Preparation of model for sale notification; and 3. Receipt of applications from the bidders and conduct of lottery for settlement of excise shops.

⁴ Dhanbad, East Singhbhum (Jamshedpur), Koderma, Saraikela-Kharsawan, Sahebganj and West Singhbhum (Chaibasa).

to recover the excise duty⁵ and levy fiscal penalty. This resulted in non-realisation of Government revenue of ₹ 8.63 crore.

After we pointed out the cases between June 2010 and March 2011, the ACE, Dhanbad and the SE, Sahebganj accepted the audit observations and stated that action would be taken to recover the loss of revenue and fiscal penalty, while the other ACsE/SsE did not furnish specific replies. Further reply has not been received (February 2012).

The matter was reported to the Government in June 2011, followed by a reminder issued in September 2011; their reply has not been received (February 2012).

3.10 Non/delayed settlement of retail excise shops

Under the provisions of Jharkhand Excise Act and rules made thereunder, State Excise and Prohibition Department, Government of Jharkhand, by a notification no. 367 dated 20 February 2009, launched a new excise policy to settle all retail shops through lottery system with a view to generate more excise revenue, check sale of illicit liquor, control on monopoly of a single unit/person and to provide standard liquor to a consumer. For these purposes, MGQ of each kind of liquor and number of shops were raised and licence fee was to be fixed on the basis of MGQ. Further, all retail shops were to be divided in groups (maximum three numbers). Further, by a notification issued in March 2009, in case of non-settlement of retail shops, licensing authorities have to apply discretionary powers, conferred upon them, to recommend cases at reduced rates to the EC for issue of licence to any individual/committee/company so that the EC can take a decision to approve the settlement of retail shops in the interest of excise revenue.

3.10.1 We noticed from the settlement register and related records, between April 2010 and March 2011, in 11 excise districts⁶ that a list of excise retail shops specifying their MGQ, licence fee, advance licence fee and security money was prepared at the district level and sale notifications, containing all the facts, were published on different dates in each district in March 2009 for settlement of shops for the year 2009-10 through lottery system.

⁵

Year	Category	Quantity of short lifting (LPL/BL)	Rate of excise duty ₹ per LPL/BL	Loss of excise duty	Movement fee	Fiscal Penalty	Total
				(₹ in lakh)			
2008-09	IMFL	9,35,376	10	93.54	9.69	103.23	206.46
	Beer	4,10,613	2	8.21	0.00	8.21	16.42
	CS	24,78,735	5	123.94	0.00	123.94	247.88
	SCS	3,12,102	6	18.73	0.00	18.73	37.46
2009-10	IMFL	5,33,979	25	133.49	5.34	138.83	277.66
	CS	4,63,077	5	23.15	0.00	23.15	46.30
	SCS	2,54,573	6	15.27	0.00	15.27	30.54
	Total	53,88,455		416.33	15.03	431.36	862.72

⁶ Dhanbad, Dumka, Giridih, Gumla-cum-Lohardaga, Hazaribag-cum-Ramgarh-cum-Chattra, Jamshedpur, Jamtara, Koderma, Pakur, Ranchi and Sahebganj.

But we noticed that 500 retail shops remained to be settled due to non-observance of the provisions to settle retail shops at reduced rate which resulted in loss of Government revenue amounting to ₹ 85.39 crore⁷ in the shape of licence fee and excise duty.

After we pointed out the matter between April 2010 and March 2011, the concerned ACsE/SsE attributed the reasons to excess fixation of licence fee, interrupted supply of CS/SCS and poor turnout of bidders. The replies of all the concerned ACsE/SsE were not acceptable as the excise authorities did not exercise their discretionary powers to recommend these cases at the reduced rates to the EC as per the provisions of the notification of 27 March 2009. Further reply has not been received (February 2012).

3.10.2 We noticed from the settlement register and related records during June 2010 to August 2010 that 40 and 48 excise retail shops in Ranchi and Dhanbad respectively were settled (between 6 April 2009 and 21 January 2010) after delays ranging between five days and nine months which resulted in loss of revenue of ₹ 6.45 crore⁸ in the shape of licence fee and excise duty.

After we pointed out the matter between June 2010 to August 2010, the ACE, Dhanbad attributed the reasons of non-settlement to want of bidders, while ACE, Ranchi did not furnish any reply on the issue of delayed settlement. The replies of ACsE were not in order as they did not exercise their discretionary powers to recommend these cases at the reduced rates to the EC as per the provisions of the notification of 27 March 2009. Further reply has not been received (February 2012).

7

Category	Qty/LPL/BL	Licence fee	Excise duty	Amount of licence fee	Amount of excise duty
		Rate per LPL/BL	Rate per LPL/BL		
IMFL	28,47,844	175	25	4,983.73	711.96
Beer	22,46,336	15	6	336.95	134.78
CS	38,76,972	50	5	1,938.49	193.85
S CS	4,27,172	50	6	213.59	25.63
Total				7,472.76	1,066.22
Grand Total					8,538.98

8

Category	Qty/LPL/BL	Licence fee	Excise duty	Amount of licence fee	Amount of excise duty
		Rate per LPL/BL	Rate per LPL/BL		
IMFL	2,47,125	175	25	432.47	61.78
Beer	1,25,559	15	6	18.83	7.53
CS	1,12,398	50	5	56.20	5.62
SCS	1,11,570	50	6	55.79	6.69
Total				563.29	81.62
Grand Total					644.91

Under the provisions of the Jharkhand Excise Act, the Government adopted (February 2004) an excise policy effective from 2004-05 under which retail shops are required to be settled in two groups viz. one for country spirit/spiced country spirit and the other for India made foreign liquor/beer for a block of three years, i.e., from July 2004 to March 2007. The Excise Commissioner issued instructions from time to time to the Deputy Commissioners for extension of the period upto June 2008 and in case of non-settlement/extension, the shops were required to be run departmentally. Thereafter, the Government adopted a new excise policy which envisaged a composite licence irrespective of groups with effect from 1 July 2008.

3.10.3 We noticed from the settlement register and related records during September 2010 to January 2011 that in three excise districts⁹, 218 excise retail shops of Group-I¹⁰ were neither extended nor resettled or operated departmentally. As such, entire districts remained completely dry for want of settlement/extension/departmental operation from 1 April 2008 to 30 June 2008. This resulted in loss of revenue in the shape of licence fee and excise duty of ₹ 5.92 crore¹¹.

After we pointed out the matter, all the concerned ACsE/SsE accepted the audit observation but did not furnish any reply for not operating the shops departmentally. However, the ACE, Hazaribag stated that security money of the bidders was forfeited. Further reply has not been received (February 2012).

The matter was reported to the Government in June 2011 followed by a reminder in September 2011; their reply has not been received (February 2012).

3.11 Delayed settlement of exclusive privilege for wholesale supply of country spirit

Under the provisions of the Jharkhand Excise Act, the State Government may grant to any person/persons on such conditions and for such terms and conditions for such period, as it may be think fit, the exclusive/special privilege for supplying country liquor, on wholesale basis, after sacheting/bottling it. Further, the Excise Commissioner was required to publish a notice for settlement of wholesale suppliers of country spirit six months prior to expiry of the term of the existing contract specifying the area, quantity, nature and quality of spirit required to be supplied and the warehouse at which the delivery was to be made.

We noticed during June 2010 to March 2011 from records pertaining to exclusive privilege for wholesale supply of country spirit and related records that in four excise

⁹ Dhanbad, Hazaribag and Sahebganj.

¹⁰ Country Spirit and Spiced Country Spirit.

¹¹ Licence fee: ₹ 5.42 crore, Excise duty of CS: 8,74,061 LPL @ ₹ 5 = ₹ 43.70 lakh and SCS: 1,06,535 LPL @ ₹ 6 = ₹ 6.39 lakh.

districts¹² tender notification for wholesale supply of country spirit for 2008-09 to 2010-11 was published on 3 April 2008 instead of September 2007 i.e., after a delay of seven months. The license for supply of country spirit (CS) was settled on 1 August 2008 in three excise districts and in Jamshedpur it was settled on 1 January 2010 i.e., after a delay of 21 months. Thus, an average delay of seven months in publication of notification for settlement of exclusive privilege for wholesale supply of country spirit by the Excise Commissioner, Jharkhand resulted in loss of excise revenue of ₹ 1.71 crore. We calculated the loss of revenue at the rate of ₹ 4 per LPL on 5,48,802 LPL¹³ for the period ranging between four and 21 months.

After we pointed out the matter between June 2010 and March 2011, the ACsE, Jamshedpur, Ranchi and Hazaribag attributed the reasons for delay in settlement on the part of Headquarters (Excise Commissioner), while SE, Koderma did not furnish any reply. After we pointed out the matter to the Excise Commissioner, it was stated that reply would be furnished after obtaining the details from the field offices.

The matter was reported to the Government in June 2011, followed by a reminder issued in September 2011; their reply has not been received (February 2012).

3.12 Loss of revenue due to short realisation of licence fee

Under the provisions of the Jharkhand Excise Act and rules made thereunder, the Excise and Prohibition Department, Government of Jharkhand launched a new policy in February 2009 for *cent per cent* settlement of excise retail shops through lottery system on receipt of reserve fee which is subsequently fixed as monthly licence fee after settlement of shops. The reserve fee is calculated on the basis of rates per LPL/BL fixed by the Department for MGQ of each kind of liquor.

We noticed (June 2010) from the settlement register and related records during audit of ACE, Jamshedpur that reserve fee of ₹ 1.40 crore was realised on settlement of 38 retail excise shops (37 IMFL and one country spirit) on the basis of MGQ, for each kind of liquor, fixed by the Department for 2009-10. We further noticed that the reserve fee was incorrectly worked out to

₹ 1.39 crore instead of the correct amount of ₹ 1.56 crore¹⁴. Consequently, monthly licence fee of retail shops was realised on the incorrect reserve fee fixed during the settlement period (varying between five and 12 months). This resulted in short realisation of licence fee of ₹ 1.40 crore.

¹² Hazaribag-cum-Ramgarh-cum-Chatra, Jamshedpur, Koderma and Ranchi.

¹³ **1. Jamshedpur:** 2008-09- 1,46,787 LPL for 12 months and 2009-10- 1,82,272 LPL for nine months. **2. Ranchi:** 2008-09- 1,26,775 LPL for four months. **3. Koderma:** 2008-09- 14,243 LPL for four months. **4. Hazaribag-cum-Ramgarh-cum-Chatra:** 2008-09- 78,725 LPL for four months.

¹⁴ **IMFL:** 79,742.08 LPL @ ₹ 175 per LPL + **Beer:** 94,106.75 BL @ ₹ 15 per BL+ **CS:** 4,502.50 LPL @ ₹ 50 per LPL = ₹ 1.56 crore.

After we pointed out the matter, the ACE, Jamshedpur stated that due to enhancement in MGQ for 2008-09, licence fee of some shops were fixed for a lesser amount. The decision to settle the shops at lesser amount was arbitrary and in violation of the orders of the Government resulting in loss of Government revenue.

We recommend that the Government may consider taking steps for fixing responsibility/taking disciplinary action against such erring officials.

The matter was reported to the Government in June 2011, followed by a reminder issued in September 2011; their reply has not been received (February 2012).

3.13 Loss of revenue due to non-settlement of excise shops under new Excise policy 2008

The Department of Excise and Prohibition notified (May 2008) a new excise policy, effective from 1 July 2008, for *cent per cent* settlement of excise shops of the district and full collection of Government revenue during the year. According to the amended resolution dated 7 May 2008, all excise shops of a district (country spirit, spiced country spirit, IMFL and beer) were merged into one group for settlement under exclusive privilege through auction for the period 2008-09. Further, settlement of excise shops is required to be approved by the Commissioner of Excise.

We noticed from the settlement register and related records during April 2010 to March 2011 that in 10 excise districts¹⁵, 966 excise retail shops (CS: 318, SCS: 231, IMFL: 417) remained unsettled between 1 July 2008 and 11 November 2008 and a completely dry position remained in the districts resulting in loss of licence

fee and excise duty amounting to ₹ 50.12 crore.

After we pointed out the matter between April 2010 and March 2011, six ACsE/SsE¹⁶ stated that approval for settlement, being mandatory, was not accorded by the Excise Commissioner. The other ACsE, did not furnish any specific reply. After we pointed out the matter to the Excise Commissioner, it was stated that reply would be furnished after obtaining the details from the field offices. Further reply has not been received (February 2012).

The matter was reported to the Government in June 2011, followed by a reminder in September 2011; their reply has not been received (February 2012).

¹⁵ Chaibasa, Dhanbad, Gumla, Hazaribag-cum-Ramgarh-cum-Chatra, Jamshedpur, Koderma, Pakur, Ranchi-cum-Khunti, Sahebganj and Saraikela-Kharsawan.

¹⁶ Chaibasa, Jamshedpur, Koderma, Pakur, Ranchi-cum-Khunti and Sahebganj.

3.14 Loss of revenue due to non-realisation of fine on belated deposit of licence fee

Under the provisions of the Jharkhand Excise Act and rules made thereunder read with condition no. XVII of letter No.1/ Neeti-40-5/ 2009-422 and condition No.15 of sale notification, licensees of retail shops were bound to deposit the monthly licence fee by the 20th of each month, failing which interest at the rate of five *per cent* per day was chargeable on the amount due on account of licence fee.

We noticed from the license fee register and other related records during June 2010 to January 2011 in three excise districts¹⁷ that two and 28 licensees of excise retail shops failed to deposit their monthly licence fee within the stipulated period i.e. by 20th of each month during 2008-09 and 2009-10 respectively. As such, the licensees were liable to pay interest of ₹ 6.33 crore on account

of delay in deposit of monthly licence fee which was, however, not realised.

After we pointed out the matter, the ACE, Jamshedpur stated that interest had been adjusted against security deposit and certificate cases have been instituted against 19 licensees for recovery of monthly licence fee. ACE, Dhanbad stated that the loss would be verified and adjusted while ACE, Ranchi stated that there was no schedule of payment prescribed in the rules. The reply of the ACE, Ranchi was not acceptable as it was contradictory to the provisions of the Act/Rules. Further reply has not been received (February 2012).

The matter was reported to the Government in June 2011, followed by a reminder in September 2011; their reply has not been received (February 2012).

¹⁷ Dhanbad, Jamshedpur and Ranchi.