

CHAPTER -IV State Excise

4.1 Tax administration

The Financial Commissioner Taxation and Principal Secretary to the Government of Punjab is overall incharge of the Excise and Taxation Department. Subject to overall control and superintendence of the Excise and Taxation Commissioner (ETC), Punjab Patiala, the administration of the Punjab Excise Act 1914 relating to the import, export transport, manufacture sale and possession of intoxicating liquor and of intoxicating drugs is carried out by Additional Excise and Taxation Commissioner at Patiala and six Deputy Excise and Taxation Commissioners (DETCs) at Amritsar, Faridkot, Ferozpur, Jalandhar, Ludhiana and Patiala who arrange draw of vends in their respective areas and exercise the powers of collectors for recovery of excise revenue. Twenty four Assistant Excise and Taxation Commissioner (AETCs) monitor the work at the district level who are assisted by Excise and Taxation Officers (ETOs) and other allied staff.

4.2 Analysis of budget

Budget Estimates for the year 2010-11 were assigned at ₹ 2,461.73 crore by the Department, but the budget fixed by the Finance Department was ₹ 2,501.98 crore. The Finance Department again revised it to ₹ 2,640 crore. Against which, the actual receipts were ₹ 2,373.07 crore.

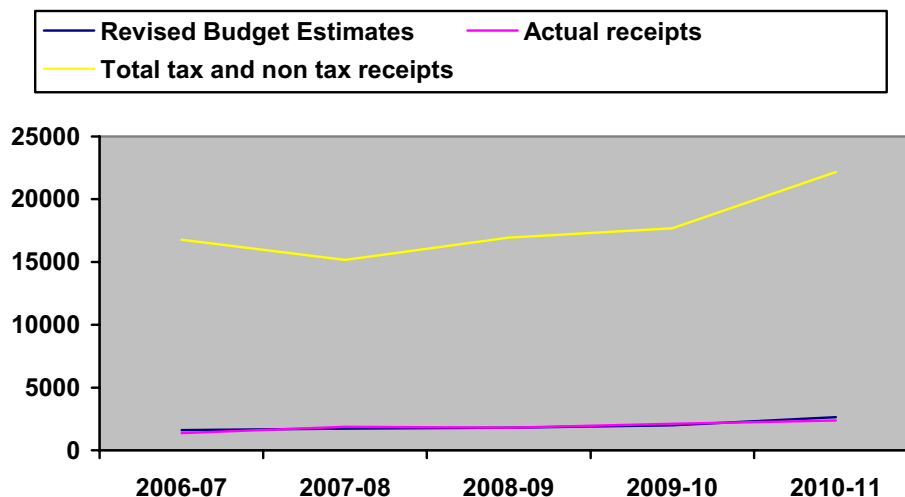
4.3 Trend of receipts

Actual receipts of State Excise during the period 2006-07 to 2010-11 along with the total tax/non-tax receipts during the same period is exhibited in the following table.

(₹ in crore)

Year	Revised Budget estimates	Actual receipts	Variation excess (+)/shortfall (-)	Percentage of variation	Total tax and non-tax receipts of the State	Percentage of actual receipts vis-à-vis total tax and non-tax receipts
2006-07	1,628.44	1,367.79	(-) 260.65	(-) 16.01	16,761.74	8.16
2007-08	1,726.00	1,861.52	(+) 135.52	(+) 7.85	15,153.14	12.28
2008-09	1,830.01	1,809.95	(-) 20.06	(-) 1.10	16,934.10	10.69
2009-10	2,000.83	2,100.92	(+) 100.09	(+) 5.00	17,692.18	11.87
2010-11	2,520.20	2,373.07	(-) 147.13	(-) 5.83	22,158.35	10.71

The trend of actual receipts vis-a-vis budget estimates during 2006-07 to 2010-11 is depicted in the following graph.



4.4 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2011 were ₹ 14.87 crore, of which ₹ 11.50 crore were outstanding for more than five years. The following table depicts the position of arrears of revenue during the period 2006-07 to 2010-11.

(₹ in crore)

Year	Opening balance of arrears	Closing balance of arrears
2006-07	12.97	11.65
2007-08	11.65	11.69
2008-09	11.69	11.60
2009-10	11.60	11.50
2010-11	11.50	14.87

The analysis of the arrears of revenue for 2010-11 was as under:

Demands of ₹ 1.68 crore were covered by recovery certificates; recovery of ₹ 1.29 crore was stayed by the High Court/other judicial and departmental authorities; demands amounting to ₹ 4.47 crore were likely to be written off; ₹ 1.32 crore were being recovered in installments; recovery of ₹ 7.19 lakh was held up due to rectification and the balance of ₹ 6.04 crore was at different stages of action.

4.5 Cost of collection

The gross collection of the major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to the gross collection during the years 2005-06 to 2010-11 alongwith the relevant all India average percentage of expenditure on collection are mentioned below:

(₹ in crore)

Year	Collection	Expenditure on Collection	Percentage of expenditure to gross collection	All-India average percentage over the previous year
2005-06	1568.16	11.90	0.76	3.34
2006-07	1367.79	12.26	0.90	3.40
2007-08	1861.52	13.27	0.71	3.30
2008-09	1809.95	14.57	0.80	3.27
2009-10	2100.92	17.23	0.82	2.77
2010-11	2373.07	20.55	0.86	3.64

The cost of collection in 2010-11 increased by 0.04 *per cent* as compared to the previous year 2009-10. The reasons of variations were called for from the Department and the reply is awaited (December 2011).

4.6 Impact of audit reports

4.6.1 Revenue impact

During the last five years (including the current year's Report), audit through its Audit Reports had pointed out non/short levy of excise duty, with revenue implication of ₹ 85.43 crore in 11 paragraphs. Of these, the Department/Government had neither accepted nor recovered. The details are shown in the following table:

Year of Audit Report	Paragraphs included	
	No.	Amount
2005-06	2	6.29
2006-07	3	65.57
2007-08	2	0.37
2008-09	2	10.70
2009-10	2	2.5
Total	11	85.43

4.7 Working of internal audit wing

Internal audit is intended to examine and evaluate the level of compliance with the Rules and procedures so as to provide a reasonable assurance on the adequacy of the internal control. Effective internal audit system both in the manual as well as computerised environments are a pre-requisite for the efficient functioning of any Department. However, no internal audit wing exists in Department.

4.8 Results of audit

Test check of the records of 36 units relating to State Excise receipts revealed underassessment of tax and other irregularities involving ₹ 8.49 crore in 93 cases which fall under the following categories:

(₹ in crore)

Sr. No.	Categories	No. of cases	Amount
1.	Non/short deposit of licence fee	26	3.41
2.	Non-recovery of interest on delayed payment on licence fee	23	0.04
3.	Non-realisation of cost of establishment charges and allowance	34	0.85
4.	Revenue loss due to sub normal yield of spirit from molasses	05	1.12
5.	Non-payment of Excise duty/assessed fee	01	3.05
6.	Other irregularities	04	0.02
	Total	93	8.49

During the year 2010-11, the Department recovered ₹ 1.38 crore in six cases pertaining to the audit finding of the previous years.

A stand alone Report titled 'Working of State Excise Department' is attempted separately.