

# **CHAPTER-III**

## **STATE EXCISE**

## EXECUTIVE SUMMARY

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### **What we have highlighted in this Chapter**

In this Chapter we present a few illustrative cases having financial implication of ₹ 81.93 crore, out of which ₹ 1.30 crore is recoverable. Of this, the Government/Department accepted audit observations of ₹ 81.35 crore in 565 cases and recovered ₹ 23.45 lakh in 108 cases which have been mentioned in the relevant paragraph. The remaining amount of ₹ 80.63 crore was an avoidable notional loss to the Government due to non-observance of the provisions of the Act/Rules regarding non/delayed settlement of Excise shops.

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.

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### **Marginal increase in tax collection**

In 2011-12, the collection of state excise receipts increased by 17.70 *per cent* over the previous year which was attributed by the Department to enforcement of the new Excise Policy.

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### **Very low recovery by the Department of observations pointed out by us in earlier years**

During the period 2006-07 to 2010-11, we pointed out non/short levy, non/short realisation of duty, fee etc., with revenue implication of ₹ 401.85 crore in 2,155 cases. Of these, the Department/Government accepted audit observations in 668 cases involving ₹ 124.94 crore. As per information furnished by the Department, recovery of ₹ 49 lakh has been effected out of this during the year 2011-12.

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### **Results of audit conducted by us in 2011-12**

In 2011-12 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 ₹ 109.30 crore in 908 cases.

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### **Our conclusion**

**The State Excise Department needs to initiate 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.**

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## CHAPTER-III: STATE EXCISE

### 3.1 Tax administration

The levy and collection of State Excise Duty 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 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 Divisions<sup>1</sup>, each under the control of a Deputy Commissioner of Excise. The Divisions are further divided into 19 Excise Districts<sup>2</sup> each under the charge of an Assistant Commissioner of Excise/Superintendent of Excise (ACE/SE).

### 3.2 Trend of receipts

According to the provisions of the Bihar Financial Rules, Vol. I (adopted by the Government of Jharkhand) the responsibility for preparation of budget estimates of revenue receipts is vested in the Finance Department. However, the material for the budget estimates is obtained from the concerned Administrative Department which is responsible for the correctness of the material. In case of fluctuating revenue the estimates should be based on a comparison of the last three years' receipts.

Actual receipts from State Excise against the revised estimates during the period 2007-08 to 2011-12 along with the total tax receipts during the same period is exhibited in the following table and chart:

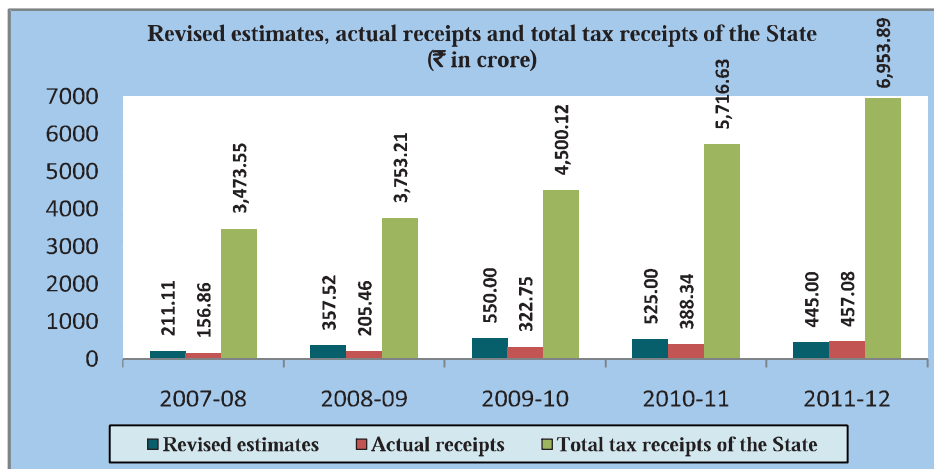
(₹ in crore)

Year	Revised 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
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
2011-12	445.00	457.08	(+) 12.08	(+) 2.71	6,953.89	6.57

Source: Finance Accounts, Government of Jharkhand and the revised estimates as per the Statement of Revenue and Receipts of the Government of Jharkhand for 2012-13.

<sup>1</sup> North Chotanagpur Division, Hazaribag, South Chotanagpur Division, Ranchi and Santhal Pargana Division, Dumka.

<sup>2</sup> 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 except during 2011-12. The variation between the revised budget estimates and actual receipts ranged between (-) 43 and 2.71 *per cent*. The revised budget estimates in 2011-12 was as high as 46 *per cent* when compared to the average of the last three years' actual receipts. Further, in response to our query regarding declining trend of the revised budget estimates from 2009-10 and onwards the Department stated that the budget estimates were fixed by the Finance Department. The reason for variation during 2011-12 was attributed by the Department to enforcement of the new Excise Policy.

### 3.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2012, as furnished by the Department, were ₹ 31.07 crore, of which ₹ 25.29 crore were outstanding for more than five years. The year-wise position of arrears of revenue during the period 2007-08 to 2011-12 is shown in the following table:

(₹ in crore)		
Year	Opening balance of arrears	Closing balance of arrears
2007-08	38.00	29.16
2008-09	29.16	29.39
2009-10	29.39	30.94
2010-11	30.94	30.94
2011-12	30.94	31.07

Source: Figures furnished by the Excise and Prohibition Department, Government of Jharkhand.

The Department did not furnish information regarding the addition and clearance of the arrears during the year. As per information furnished by the Department, out of the closing balance of arrears of ₹ 31.07 crore as on 31 March 2012, demand for ₹ 13.04 crore was certified for recovery as arrears of land revenue, recovery of ₹ 15.98 crore was stayed by Courts and other judicial authorities, recovery of ₹ 10.56 lakh was held up due to parties becoming insolvent and a sum of ₹ 16.08 lakh was likely to be written off. Specific action taken in respect of the remaining amount of ₹ 1.78 crore has not been intimated (February 2013).

Thus, from the above it would be seen that only 41.97 *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 58.03 *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 realisation of revenue due.**

### 3.4 Cost of collection

The gross collection under State Excise, expenditure incurred on its collection and the percentage of such expenditure to gross collection during the years 2007-08 to 2011-12, along with the all-India average percentage of cost of collection for the preceding years 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
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
2011-12	457.08	15.95	3.49	3.05

Source: Finance Accounts of the Government of Jharkhand.

From the above it could be seen that during the period 2007-08 to 2011-12 the percentage of expenditure on collection was higher than the all-India averages, except in 2010-11.

### 3.5 Impact of Audit

#### Revenue impact

During the period 2006-07 to 2010-11 we had pointed out in our Inspection Reports, cases of non/delayed settlement of excise shops, non/short realisation of fee, duty, fines etc., with revenue implication of ₹ 401.85 crore in 2,155 cases. Of these, the Department/Government accepted audit observations in 668 cases involving ₹ 124.94 crore. However, the number of cases in which recovery was made was not furnished. The details are shown in the following table:

(₹ in crore)						
Year	No. of units audited	Amount objected		Amount accepted		Amount recovered during 2011-12 out of Col. 6
		No. of cases	Amount	No. of cases	Amount	
1	2	3	4	5	6	7
2006-07	13	144	21.85	106	17.58	0.02
2007-08	11	122	38.97	94	2.06	0.00
2008-09	14	87	92.93	63	38.32	0.00
2009-10	9	242	29.78	241	27.98	0.20
2010-11	19	1,560	218.32	164	39.00	0.27
<b>Total</b>	<b>66</b>	<b>2,155</b>	<b>401.85</b>	<b>668</b>	<b>124.94</b>	<b>0.49</b>

### 3.6 Results of audit

We test checked the records of 19 units relating to State Excise during the year 2011-12 and found cases of non/short realisation of licence fee, duty, loss of revenue etc. involving ₹ 109.30 crore in 908 cases which fall under the following categories:

Sl. No.	Categories	₹ in crore)	
		No. of cases	Amount
1	Non/delayed settlement of excise shops	446	81.98
2	Delayed-settlement of exclusive privilege for wholesale supply of Country spirit/Spiced Country Spirit (CS/SCS)	13	0.61
3	Short lifting of liquor	141	0.20
4	Undue financial benefits due to unauthorised concession	12	5.32
5	Non-realisation of license fee	11	1.45
6	Other cases	285	19.74
<b>Total</b>		<b>908</b>	<b>109.30</b>

During the course of the year, the Department accepted non/short realisation of licence fee, duty, loss of revenue and other deficiencies of ₹ 81.35 crore in 587 cases pointed out by us during 2011-12.

The Department adjusted the entire amount of ₹ 6.42 lakh from the security deposit in 17 cases on account of an audit observation pointed out by us during 2011-12.

In this chapter we present a few illustrative cases having financial implication of ₹ 81.93 crore, of which ₹ 1.30 crore is actually recoverable. Of these, the Department accepted audit observations of ₹ 81.35 crore in 565 cases and recovered ₹ 23.45 lakh in 108 cases. The remaining amount of ₹ 80.63 crore was notional loss to the Government due to non-observance of the provisions of the Act/Rules regarding non/delayed settlement of excise shops. These are discussed in the following paragraphs.

## **Audit observations**

### **3.7 Non-observance of the provisions of Act/Rules**

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

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

*Loss/non-realisation of revenue due to non-observance of some of the provisions of the Act/Rules are mentioned in the following paragraphs 3.8 to 3.13.*

### 3.8 Non/delayed settlement of retail excise shops

Under the provisions of the Bihar Excise Act, 1915 and Rules (as adopted by the Government of Jharkhand) and policies made thereunder, the Department of Excise and Prohibition, Government of Jharkhand by resolution/ notification no.-367 and 647 dated 20 February 2009 and 27 March 2009 respectively, adopted a new Excise Policy and framed guidelines to settle all retail shops through lottery system with a view to generate more excise revenue, check sale of illicit liquor, control monopoly of a single unit/person and provide standard liquor to the consumers. For these purposes, licence fee was to be fixed on the minimum guaranteed quota (MGQ) of each category of liquor to be lifted by the licensee. Further, all retail shops were to be divided into groups (maximum three numbers of retail shops were to be included in one group). Besides, the Government prescribed the time period for each stage from receipt of applications from the bidders to conduct of lottery for settlement of excise shops. In case of non-settlement of retail shops, licencing authorities have the discretion to recommend settlement at reduced rates of reserve fee based on MGQ to the Excise Commissioner (EC) for issue of licence to any individual/ committee/company so that the EC can approve the settlement of retail shops in the interest of excise revenue.

**3.8.1** We noticed from the Settlement Register and related records between April 2011 and March 2012 in 13 excise districts<sup>3</sup> that a list of excise retail shops specifying their MGQ and licence fee, advance licence fee and security money to be paid was prepared at the district level and sale notifications containing all these facts were published in March 2009 and March 2010 for settlement of 223 and 1,678 shops (total 1901 shops) for the years 2009-10 and 2010-11 respectively. However, 407 retail shops remained unsettled during the years (2009-10:31 and 2010-11: 376) despite publication of sale notifications from time to time by the Department. No efforts were made for settlement of the excise shops at reduced rates at

the district level which resulted in loss of excise duty and licence fee amounting to ₹ 80.29 crore.

After we pointed out the matter between April 2011 and March 2012, the Government/Department stated (August 2012) that despite efforts made by the excise officers, the shops could not be settled due to non-availability of willing tenderers. However, the Department also conceded that none of these cases was referred to the Excise Commissioner for settlement at a reduced rate.

<sup>3</sup> Number of shops offered/settled: Bokaro (144/50), Dhanbad (249/66), Dumka (79/03), Gumla-cum-Simdega-cum-Lohardaga (99/12), Giridih (106/12), Hazaribag-cum-Ramgarh-cum-Chatra (136/48), Jamshedpur (256/106), Jamtara (50/7), Pakur (34/1), Palamu-cum-Latehar (264/31), Garhwa (121/9), Sahebganj (72/17) and Ranchi (291/45).



Under the provisions of the Bihar Excise Act, 1915 and Rules made thereunder (as adopted by the Government of Jharkhand) settlement of licence for retail sale of liquor shall be made for one excise year or part of the year. Excise year means the financial year beginning from 1 April and ending on 31 March of the next calendar year.

**3.8.2** We noticed from the Settlement Register and related records during June 2011 and December 2011 in two excise districts<sup>4</sup> that four retail excise shops of 2010-11, required to be settled by 31 March 2010, were settled between 7 July 2010 and 1 October 2010

after delays ranging between 3 months 6 days (from 1 April to 6 July 2010) and 6 months (from 1 April to 30 September 2010). As such, MGQ of 42,090 London Proof Litre (LPL) of liquor could not be lifted by the licensees which resulted in loss of licence fee and excise duty of ₹ 33.60 lakh<sup>5</sup>.

After we pointed out the matter in June 2011 and December 2011, the Government/Department stated (August 2012) that settlement of shops was possible due to tireless efforts on the part of the excise officers, even though it was belated settlement, and that all efforts were made to minimise the loss of revenue. However, the fact remains that the concerned ACsE did not exercise their discretionary powers to recommend these cases at reduced rates to the EC as per provisions of the notification.

<sup>4</sup> Dhanbad and Jamshedpur.

<sup>5</sup>

Category	Quantity in LPL/BL	Licence fee	Excise duty	Amount of licence fee	Amount of excise duty
		Rate per LPL/BL	Rate per LPL/BL		
IMFL	9,763.00	175	25	17,08,525	2,44,075
Beer	11,587.00	15	8	1,73,805	92,696
CS	20,100.00	50	5	10,05,000	1,00,500
SCS	639.99	50	6	31,999.50	3,839.94
<b>Total</b>				<b>29,19,329.50</b>	<b>4,41,110.94</b>
<b>Grand Total</b>				<b>33,60,440.44</b>	

### 3.9 Delayed settlement of exclusive privilege for wholesale supply of country spirit

Under the provisions of the Bihar Excise Act, 1915 and Rules (as adopted by the Government of Jharkhand) and policies made thereunder, the State Government may grant to any person/persons on such terms and conditions for such period as it may 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 supply 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. If a licence is cancelled due to default on the part of the licensee, the Collector may take the grant under management or transfer the unexpired portion of the grant, at the risk and loss of the said person to any other person.

We noticed (June 2011) from the Settlement Register and related records pertaining to exclusive privilege for wholesale supply of country spirit in Dhanbad that the tender notification for wholesale supply of country spirit (CS) was published in July 2010 instead of January 2010 i.e, after a delay of six months. The reasons for delay in publication of the notification were not found on record. The settlement was finally done in favour of a licensee for 14.67 lakh LPL<sup>6</sup> of country spirit for the period 1 August 2010 to 31

March 2011 on payment of proportionate licence fee. Thus, due to delayed settlement of exclusive privilege for supply of CS, the Government sustained a loss of excise revenue of ₹ 29.34 lakh<sup>7</sup>.

After we pointed out the matter in June 2011, the Government stated (August 2012) that in case of Dhanbad district a sum of ₹ 24 lakh out of loss of excise revenue of ₹ 29.34 lakh was recovered through supply of 5.90 lakh LPL of CS from Bokaro district. However, our examination of the records of the licensee pertaining to exclusive privilege for wholesale supply of CS in Bokaro excise district, indicated additional wholesale supply of 1.08 lakh LPL only instead of 5.90 lakh LPL as stated by the Department. Thus, action taken on loss of revenue of ₹ 25.03 lakh<sup>8</sup> on account of differential quantity of 6.26 lakh LPL is awaited (February 2013).

<sup>6</sup> Annual MGQ = 22, 00,440 LPL, proportionate MGQ for eight months (from 1 August 2010 to 31 March 2011) = 22,00,440\*8/12= 14,66,960 i.e. 14.67 lakh LPL

<sup>7</sup> 7,33,480 LPL X ₹ 4 per LPL= ₹ 29,33,920

<sup>8</sup> 6,25,804 LPL X ₹ 4 per LPL= ₹ 25,03,216

### 3.10 Short lifting of liquor by retail vendors

Under the provisions of the Bihar Excise Act, 1915 and Rules made thereunder (as adopted by the Government of Jharkhand) and sale notification issued thereunder, each licenced vendor of a retail excise shop is required to submit his week-wise requirement of country spirit for the next month to the contractor holding exclusive privilege for wholesale supply of country spirit by the last week of the previous month and he is bound to lift the Minimum Guaranteed Quota (MGQ) of liquor of each kind fixed by the Department for the shop, failing which loss of excise duty as well as fiscal penalty equivalent to loss of excise duty suffered by the Government shall be recoverable from the vendor.

We noticed (May 2011 and March 2012) from the Consumption Register of liquor and related records in four excise districts<sup>9</sup> that 148 retail vendors did not furnish the week-wise requirement of Country Spirit/Spiced Country Spirit (CS/SCS) in due time and lifted 2.23 lakh LPL of liquor against the required MGQ of 5.19 lakh LPL during 2010-11. Thus, there was short lifting of liquor of 2.96 lakh LPL.

We further noticed that the concerned ACsE did not take any steps to recover the excise duty of ₹ 16.22 lakh<sup>10</sup> against the available security deposit of ₹ 21.64 lakh. Besides, fiscal penalty equivalent to loss of excise duty was also leviable.

After we pointed out the cases between May 2011 and March 2012, the Government/Department reported (August 2012) recovery of ₹ 14.45 lakh in respect of Bokaro, Dhanbad and Jamshedpur, while in case of Hazaribag, it was stated that action was being taken to realise the amount of ₹ 1.62 lakh.

<sup>9</sup> Bokaro, Dhanbad, Hazaribagh-cum-Ramgarh-cum-Chatra and Jamshedpur

<sup>10</sup>

Category	No. of shops	Quantity of Annual MGQ to be lifted in LPL	Quantity lifted in LPL	Quantity short-lifted in LPL	Excise duty per LPL	Recoverable Excise duty (in ₹)
CS	105	2,59,723.00	1,04,478.00	1,55,245.00	5.00	7,76,225.00
SCS	43	2,59,599.00	1,18,612.72	1,40,986.28	6.00	8,45,917.68
<b>Total</b>	<b>148</b>	<b>5,19,322.00</b>	<b>2,23,090.72</b>	<b>2,96,231.28</b>		<b>16,22,142.68</b>

### 3.11 Loss of revenue due to short realisation of licence fee

The Board of Revenue, Jharkhand, by a notification issued in July 2004, revised the annual licence fee for the sale of India Made Foreign Liquor (IMFL) in a hotel, bar, restaurant and club according to the area and location with effect from 31 July 2004. Further, the Urban Development Department (UDD), Government of Jharkhand upgraded Dhanbad Municipality into Municipal Corporation, Dhanbad by incorporating the adjoining areas of Katras, Jharia and Digwadih from September 2009. Accordingly, the annual licence fee for the sale of IMFL in a hotel, bar and restaurant was to be realised at the applicable rate.

We noticed (June 2011) from the Licence Fee register and related records in the office of the ACE, Dhanbad that annual licence fee of seven hotels, bars and restaurants located in Jharia, Digwadih and Katras was realised by applying the incorrect rate for the period 2010-11 without taking into account the fact that

these areas and locations had been upgraded through the UDD notification. The licensees were, therefore, liable to pay licence fee of ₹ 35 lakh<sup>11</sup> against which only ₹ 14 lakh (calculated at the rate ₹ 2 lakh per annum) was realised at the rate applicable to hotels, bars and restaurants located in rural areas. This resulted in short realisation of revenue of ₹ 21 lakh.

After we pointed out the case in June 2011, the Department/Government accepted our observation (August 2012), issued notices to the concerned licensees and effected recovery of ₹ 9 lakh from three licensees while two licensees moved the Hon'ble High Court against demand notice of ₹ 6 lakh. The position of realisation of ₹ 6 lakh from the remaining two licensees is awaited (February 2013).

### 3.12 Short adjustment of dues against security money

Under the provisions of the Bihar Excise Act, 1915 and Rules made thereunder (as adopted by the Government of Jharkhand), read with terms and conditions of the sale notification (June 2008) for settlement of retail excise shops, on receipt of an application from the licensee for refund of security money, the same is refunded by the ACE/SE after adjustment of dues on approval of the Deputy Commissioner (DC). Further, the sale notification also provides for imposition of fiscal penalty equivalent to loss of excise duty suffered by the Government on account of short lifting of the stipulated quota of liquor.

We noticed (between April and September 2011) from the Security Register, Consumption Statement and other relevant records that excise duty (ED) and fiscal penalty (FP) amounting to ₹ 1.13 crore [Ranchi: ₹ 1.08 crore (ED – ₹ 53.98 lakh and FP – ₹ 53.98 lakh) and Palamau -cum- Latehar: ₹ 5.03 lakh (ED - 2.51 lakh and FP – 2.51 lakh) was recoverable due to short

<sup>11</sup> Calculated at the rate of ₹ 5 lakh per annum or part thereof.

lifting of the stipulated quota of liquor by two licensees in two excise districts of Ranchi and Palamu-cum-Latehar during 2008-09. In case of Ranchi, a sum of ₹ 38.98 lakh was adjusted from the available security deposit of ₹ 2.37 crore and ₹ 15 lakh was realised by cash. However, the fiscal penalty of ₹ 53.98 lakh was not adjusted. In Palamu-cum-Latehar security deposit of ₹ 34.50 lakh was refunded without adjusting recoverable excise duty and penalty of ₹ 5.03 lakh. We further noticed that the matter regarding levy of fiscal penalty was not brought to the notice of the competent authority (DC) in case of Ranchi while in Palamau-cum-Latehar loss in the shape of excise duty and penalty was not brought to the notice of the concerned DC before release of the security deposit. As such, non-compliance of the provisions of the sale notification issued under the Act resulted in short adjustment of dues of ₹ 59.01 lakh (Ranchi: ₹ 53.98 lakh and Palamau cum Latehar: ₹ 5.03 lakh) from the security deposit.

After we pointed out the cases, the Government/Department stated (August 2012) that a demand notice had been issued to the licensee in case of Palamu-cum-Latehar district for realisation of excise duty and penalty while ACE, Ranchi had been instructed to ensure realisation of penalty. However, report on realisation is awaited (February 2013).

### 3.13 Non-realisation of licence fee from the licensee of exclusive privilege for wholesale supply of country spirit

Under the provisions of the Bihar Excise Act, 1915 and Rules made thereunder (as adopted by the Government of Jharkhand), the Collector is empowered to take the grant of exclusive privilege for wholesale supply of country spirit under his management at the risk and loss of the holder, if the holder of a licence granted under the Act contravenes any provision of the Act. If the licensee fails to comply with the provisions of the Act or Rules, the amount due in the shape of licence fee is recoverable from the defaulter licensee along with forfeiture of security money till the grant is awarded to another licensee.

We noticed (March 2012) from the Settlement Register and related records pertaining to exclusive privilege for wholesale supply of country spirit (CS) in Hazaribag-cum-Ramgarh-cum-Chatra excise District that grant of exclusive privilege for wholesale supply of CS for the period from 1 August 2008 to 31 March 2011 was awarded to a licensee by the Commissioner of Excise.

As per the terms and conditions of the grant letter, the licensee was liable to deposit annual licence fee in advance at the rate of ₹ 4 per LPL of MGQ fixed and to operate sacheting plant of CS for supply of liquor to retail vendors. However, we noticed that the licensee failed to comply with the terms and conditions of the grant of exclusive privilege as he deposited the licence fee for the period upto March 2010 only. Thus, due to non-compliance to the provisions of the Act/Rules by the grantee, the Government could not realise excise revenue of ₹ 9.49 lakh. We calculated the recoverable excise revenue at the rate of ₹ 4 per LPL on 2.37 lakh LPL for 4 months and 9 days.

After we pointed out the matter in March 2012, ACE, Hazaribag stated (August 2012) that demand of ₹ 9.49 lakh has been raised on the basis of the audit observation.

We reported the matter to the Government in June 2012 followed by a reminder issued in July 2012; their reply has not been received (February 2013).