



CHAPTER – III: State Excise

3.1 Tax administration

The State Excise Department is responsible for collection of Excise Revenue under the Assam Excise Act and enforcement of the Excise laws on prohibition of illicitly distilled liquor *Ganja*, *Bhang* and Opium. In addition, the Department is given the responsibility to enforce the provisions of Narcotic Drugs & Psychotropic substances Act and the Medicinal & Toilet preparation Act. The Commissioner of Excise, Assam is the head of the Department. He is primarily responsible for administration and execution of excise policies and programmes of the State Government. He is assisted by an Additional Commissioner of Excise, a Joint Commissioner of Excise and two Deputy Commissioners of Excise.

Further, the department is trying hard to increase revenue and achieve more than the budgeted target of Excise revenue. In order to achieve the same, few more licences to set up distilleries and bottling plants for producing and bottling I.M.F.L have been sanctioned. Brewery licences have been sanctioned in the State for brewing beer and two breweries are already in operation. These steps have provided an increasing trend to the Excise revenue and also generating employment opportunities to the skilled and unskilled section of workers. In order to facilitate credit of excise levies by single *challan* by the retailers, the excise levies are made *ad-valorem* resulting increase in collection of revenue.

3.2 Working of internal audit

Internal audit, a vital component of internal control mechanism, functions as ‘eyes and ears’ of the Department and is a vital tool which enables the management to assure itself that prescribed systems are functioning reasonably well.

The Department stated that the Financial Department has not put in place any separate internal audit system for Excise Department. However, Department stated that inspections of different establishments under Excise Department are conducted by officers of the Department at different levels. Thus, had there

been an effective internal audit system in the Department, deficiencies detected during local audit could possibly have been detected, rectified and prevented.

Recommendation: *The Department may in coordination with Finance Department, arrange to conduct internal audit of its records/ accounts through the Director of Local Audit regularly.*

3.3 Results of audit

In 2013-14, test check of the records of 17 units relating to excise duty, license fee receipts etc., showed non/short realisation of excise duty/license fee/interest/penalty/ renewal fee and other irregularities involving ₹ 13.94 crore in 79 cases, which fall under the **Table 3.1**.

Table 3.1
Results of Audit

Sl. No.	Category	Number of cases	(₹ in crore)
			Amount
1.	Non/ Short realisation of Excise Duty/ <i>Advelorem</i> Duty.	14	4.56
2.	Non/Short payment of licence fee/interest/VAT/ Penalty/ renewal fee	16	1.13
3.	Other irregularities	49	8.25
Total		79	13.94

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 5.80 crore in 85 cases which were pointed out in earlier years. An amount of ₹ 0.33 crore was recovered in 14 cases during the year 2013-14.

A few illustrative cases involving ₹ 1.84 crore are discussed in the following paragraphs.

Audit observations

3.4 Excess allowance of godown wastage over and above the permissible limit led to non-realisation of revenue of ₹ 59.41 lakh

[Superintendents of Excise (SE), Bongaigaon, Tinsukia and Deputy Superintendent of Excise (DSE), Hojai; February 2014, March 2014 and February 2014]

As per Rule 37 of the Assam Bonded Warehouse Rules, 1965 (ABWR) and subsequent executive instructions, the Superintendent of Excise or the officer-in-charge of the bonded warehouse shall take stock of all spirits in the warehouse on the last day of the quarter and the licensee shall pay duty at prescribed rates on all spirits in excess of an allowance of one *per cent* on account of wastage allowance.

During examination of records in the above Offices, it was observed that during the quarter endings falling between September 2010 and December 2013, five licensees of bonded warehouses claimed godown wastage of 83,879.57 LPL¹ against the admissible wastage of 30,649.16 LPL calculated at one *per cent* of the closing stock of 30,64,930.10 LPL. The excess and inadmissible wastage of 53,248.44 LPL or 8,068 cases of India made foreign liquor (IMFL) pertaining to various brands claimed by the licensees escaped notice of the departmental officers. The excess deduction of godown wastage led to non-realisation of revenue of ₹ 59.41 lakh (excise duty of ₹ 45.73 lakh and VAT of ₹ 13.68 lakh) as shown in the following table.

Table 3.2

Name of the licensee/ Name of controlling SE/DSE	Quarter ended falling between	Closing balance disclosed	Godown wastage permissible (@ one <i>per cent</i> of the closing balance as at col 3)	Godown wastage claimed	Excess godown wastage over and above one <i>per cent</i>	Excise duty/VAT involved (₹ in lakh)
Kanark BW/SE, Bongaigaon	September 2010 and September 2013	14,41,360.11	14,413.60	41,580.99	27,167.39	29.47
SubhaLakhi BW/ SE, Tinsukia	December 2012 and June 2013	5,92,426.31	5,924.26	10,504.49	4,580.23	5.59

¹ London proof Litre – strength of alcohol 13 parts of which weigh exactly equal to 12 parts of water at 51 degree Fahrenheit is assigned 100 degree proof. Apparent volume of a given sample of alcohol when converted into volume of alcohol having strength 100 degree is called LPL.

Name of the licensee/ Name of controlling SE/DSE	Quarter ended falling between	Closing balance disclosed	Godown wastage permissible (@ one per cent of the closing balance as at col 3)	Godown wastage claimed	Excess godown wastage over and above one per cent	Excise duty/VAT involved (₹ in lakh)
Mohit Enterprise BW/ SE, Tinsukia	December 2012 and December 2013	1,59,468.27	1,594.68	7,697.13	6,120.48	5.80
Eastern Wines (P) Ltd. BW/ SE, Tinsukia	March 2013 and June 2013	1,33,281.68	1,332.80	3,017.06	1,684.26	2.34
AD BW/ Dy SE, Hojai	June 2011 and September 2013	7,38,393.73	7,383.82	21,079.90	13,696.08	16.21
Total		30,64,930.10	30,649.16	83,879.57	53,248.44	59.41

On being pointed out, the SE, Bongaigaon stated (July 2014) that for calculation of chargeable excess wastage in store/godown of a bonded warehouse, there is a method as prescribed in Assam Excise Manual (Volume III)². In the light of the audit observation and in view of the above Rules, the chargeable excess godown wastages for the years 2010-11 to 2013-14 have now been calculated as ₹ 2,918 which had since been deposited by the licensee M/s Kanark Bonded Warehouse. Fact remains that the Form No. and the provisions of the Assam Excise Manual for calculating the chargeable duty highlighted by the SE, Bongaigaon relates to the Distillery and Country Spirit Warehouses and not the Bonded Warehouses storing India made foreign liquor/Beer. Further the copy of form attached with the reply clearly mentions the words blending, reduction which clearly indicates that the form was meant for the bottling units. The bonded warehouses are guided by the ABWR and the Rule 37 specifically mentions quarterly stock taking by the SE or by his nominated Officers and duty on the excess deficiencies found during such verification is realisable from the licensees. Reply in respect of the other licensees had not been received (November 2014).

The cases were reported to the Department/Government between February 2014 and March 2014 and followed up in May 2014; their replies have not been received (November 2014).

² Form No. 14 (Annexure A) of the Assam Schedule XXXI (Section III. Distillery and Warehouse).

3.5 Three bonded warehouses, one retail ‘Off’ and three ‘On’/bar licensees did not pay the annual licence fees resulting in non-realisation of licence fees of ₹ 29.50 lakh

[SsE, Dibrugarh, Jorhat and Tezpur; February 2014, March 2013 and December 2013]

The Assam Excise Rules provides that the licensee of whole sale bonded warehouses and retail licensees are required to pay annual licence fees and wholesale licence fees (for bonded warehouses), in advance, before the commencement of the financial year. From 30 September 2010, the licence fees for retail ‘Off’ and ‘On’/Bar licensees³ are ₹ 1 lakh and ₹ 50,000 per annum respectively. The bonded warehouses are required to pay licence fees depending upon the bond limits as shown in the table in the inset. Besides, the bonded warehouses are also required to pay wholesale licence fees at prescribed rates ranging between ₹ 1 lakh and ₹ 2 lakh depending upon the bond limits enjoyed by them.

Bond limit (excise duty involved in IMFL/Beer)	Licence Fees
Upto ₹ 25 lakh	₹ 1 lakh
From ₹ 25 lakh to ₹ 50 lakh	₹ 1.50 lakh
From ₹ 50 lakh to ₹ 1 crore	₹ 2.50 lakh
₹ 1 crore and above	₹ 5 lakh

During examination of the records in the above SE Offices, it was observed that though the licence fees are to be paid in advance before the commencement of the year, three bonded warehouses, one retail licensee and three bar licensees did not pay the annual licence fees, wholesale licence fees etc. for various years between 2007-08 and 2013-14. Neither did the licensees pay the amounts as prescribed, nor was any demand notice issued by the concerned SsE to recover the outstanding amounts from the licensees. This resulted in non-realisation of licence fees of ₹ 29.50 lakh. Details are shown in the following table.

³ ‘Off’ licensees – where IMFL/Beer can be sold and cannot be consumed in the premises of the licensee and ‘On’ licensees – where IMFL/Beer can be consumed in the premises of the licensee.

Table 3.3

Name of the licensee	Name of SE	Type of licence	Year	Category/Rate per year	Licence fees remaining unpaid (₹ in lakh)
M/s Associated alcohol and Beverages Company	SE, Jorhat	Bottling & Bonded warehouse	2007-08 to 2013-14	Wholesale licence fees/ ₹ 2 lakh	10.00
M/s Juri & Co. (P) Ltd	SE, Dibrugarh	Bonded W/H	2013-14	Renewal Licence fees & wholesale licence fees/ ₹ 5 lakh and ₹ 2 lakh	5.00 2.00
M/s Mid Assam Bonded warehouse	SE, Tezpur	-do-	2012-13	-do-	5.00 2.00
M/s Sonitpur Bonded warehouse		-do-	2013-14	Renewal Licence fees & wholesale licence fees/ ₹ 1.50 lakh and ₹ 1.50 lakh	1.50 1.50
Shri Mukul Lahkar		‘Off’	2013-14	Retail licence fee/ ₹ 1 lakh	1.00
Shri Jona Ram Saikia		‘On’	2013-14	Bar licence/ ₹ 50,000	0.50
Shri Himal Lahkar		-do-	2013-14	-do-	0.50
Shri Debanan Hazarika		-do-	2012-13	-do-	0.50
Total					29.50

On being pointed out, the SE, Tezpur reported during the exit conference that the licensee Shri Jona Ram Saikia had deposited the unpaid licence fees of ₹ 0.50 lakh on 21 December 2013. In respect of M/s Juri & Co., the SE, Dibrugarh stated (June 2014) that the licence had been suspended due to discrepancy in stock. Fact remains that the licensee is liable to pay licence fees till cancellation of the licence. Replies in respect of the remaining cases had not been received (November 2014).

The cases were reported to the Department/Government between April 2013 and March 2014 and followed up in May 2014; their replies have not been received (November 2014).

3.6 Variation between the balance shown in the stock register and IMFL/Beer actually found during physical verification conducted at the instance of Audit led to evasion of revenue of ₹ 21.97 lakh

[SE, Tezpur; December 2013]

The Assam Excise Act and Rules made thereunder allow the bonded warehouses to store IMFL/Beer under bond that excise duty and value added tax would be paid at the time of issue of the above goods from the warehouses to the retailers. The stock of IMFL/Beer is to be maintained in a separate register to be kept at the disposal of the Officers-in charge of the bonded warehouses. A monthly report is to be submitted to the Commissioner of Excise (CE), Assam showing the opening stock, receipt, issue and closing stock and revenue remitted during the period duly authenticated by the Officers-in-charge of the bonded warehouses. As per the Assam Bonded Warehouse Rules 1965, the SE or any other officer on his behalf shall take stock of all spirits in the warehouse on the last day of the quarter and the licensee shall pay excise duty on any shortfall (after allowing prescribed percentage as godown wastage) found during such exercise.

During test check of records in the above Office in December 2013, it was observed that a bonded warehouse licensee (M/s Sonitpur Bonded Warehouse) did not have transactions from October 2012 onwards while the stock register and the statements submitted to the CE, Assam disclosed stock of 22,484.88 BL IMFL⁴ and 10,880.25 BL Beer. In view of this, the Officer-in-charge of the bonded warehouse was requested by Audit to conduct a physical verification of the stock actually present in the warehouse. The Officer-in-charge accordingly carried out a physical verification on 13 December 2013 and found 1,711.08 BL IMFL⁵ and 3,673.80 BL Beer. The difference of stock worked out to 2,306 cases of IMFL and 923 cases of Beer involving revenue of ₹ 21.97 lakh (excise duty of ₹ 13.47 lakh and VAT of ₹ 8.50 lakh) which was evaded by the licensee. The pilferage of stock was despite the fact that the warehouse is under joint supervision of the licensee as well as the Officer-in-charge from the Excise Department. Besides, during the

⁴ General brand – 2,449.79 BL; Regular brand – 15,727.19 BL; Luxury brand – 2,901.07 BL; Premium brand – 1,065.27 BL; Classic Premium brand – 1.89 BL and Cheap Brand – 339.68 BL.

⁵ General brand – 815.04 BL; Regular brand – 583.56 BL; Luxury brand – 115.92 BL; Premium brand – 43.56 BL; Classic Premium brand – nil and Cheap Brand -153 BL.

period October 2012 to November 2013, four physical stock verification were to be conducted by the Officer-in-charge of the bonded warehouse. Had these verifications been carried out properly, the above deficiency in stock could have been noticed.

The case was reported to the Department/Government in March 2014 and followed up in May 2014; their replies have not been received (November 2014).

3.7 Non-realisation of revenue of ₹ 18.79 lakh against damaged stock allowed for destruction

[SE, Tinsukia; January – February 2014]

As per the ABWR, if spirits stored in a bonded warehouse are found to be of inferior quality or otherwise unsuitable for the purpose for which they were stored, they might be rejected or destroyed or otherwise dealt with under the orders of the CE. Rule 32 of the ABWR mentions that the State Government shall not be held responsible for the destruction, loss or damage of any spirits stored in warehouse by fire or by gauging or by any other cause, whatsoever.

During test check of the records in the above Office, it was observed that the SE, Tinsukia in June 2013 intimated the CE about 42,471.98 BL IMFL lying in the godown of M/s Gaytri Distillers and Bottling Industries Bonded warehouse which had become unfit for human consumption. The Report of the chemical examiner certifying the same was also enclosed. The CE, Assam in response to the above letter instructed (June 2013) the SE, Tinsukia to destroy the above volume of IMFL. While issuing the orders for destruction, the CE specifically mentioned that the destruction is allowed without exemption of excise duty of ₹ 18.79 lakh. However, it was observed that despite clear directives of the CE, Assam, the amount of excise duty was neither paid by the licensee nor was any demand notice issued by the SE, Tinsukia for recovery of the same. Consequently, there was non-realisation of revenue of ₹ 18.79 lakh. Besides, the inferior quality liquor had also not been destroyed even after 10 months of the order of the CE.

The case was reported to the Department/Government in March 2014 and followed up in May 2014; their replies have not been received (November 2014).

3.8 Non-monitoring of the duty involved in the stock of IMFL held by the bonded warehouses resulted in short realisation of licence fees of ₹ 18 lakh from three bonded warehouses

[DSE, Hojai and SsE Nagaon and Tezpur; January 2014, November 2013 and December 2013]

The Assam Excise Rules provides that the licensee of whole sale bonded warehouses and retail licensees are required to pay annual licence fees and wholesale licence fees (for bonded warehouses), in advance, before the commencement of the financial year. From 30 September 2010, the bonded warehouses are required to pay licence fees at various rates depending upon the bond limits as shown in the table in the inset. Besides, the bonded warehouses

Bond limit (excise duty involved in IMFL/Beer)	Licence Fees
Upto ₹ 25 lakh	₹ 1 lakh
From ₹ 25 lakh to ₹ 50 lakh	₹ 1.50 lakh
From ₹ 50 lakh to ₹ 1 crore	₹ 2.50 lakh
₹ 1 crore and above	₹ 5 lakh

are also required to pay wholesale licence fees at prescribed rates ranging between ₹ 1 lakh and ₹ 2 lakh depending upon the bond limits. The stock of IMFL/Beer is to be maintained in a separate register to be kept at the disposal of the Officers-in charge of the bonded warehouses.

During examination of the records in the above SE Offices, it was observed that in case of three bonded warehouses, the bond limits were fixed at various amounts ranging between ₹ 49 lakh and ₹ 1 crore. The annual licence fees were accordingly paid by these bonded warehouses. However, examination of the stock registers maintained by the licensees and monthly reports submitted to the CE, Assam revealed that the excise duty involvement in the stock of IMFL/Beer held on various dates by these licensees had increased above the bond limit fixed by the CE, Assam which made them liable to payment of licence fees at rates higher than that paid by them. The differential licence fees were neither paid by the licensees of the bonded warehouses nor did the concerned Officer-in-charge /SE detect the excise duty involvement in IMFL/Beer in stock crossing the bond limit fixed by the CE. Consequently there was short-realisation of licence fees of ₹ 18 lakh. Details are shown in the following table.

Table 3.4

Name of the licensee/ bond limit fixed by CE	Name of SE	Year/ Licence fees paid (₹ in lakh)	Instances of duty involved in stock crossing over the bond limit		Licence fees payable (₹ in lakh)	Licence fees short realised (col 6 – col 3) (₹ in lakh)
			Month	Excise duty involved in the stock held (₹ in lakh)		
AD BW/ ₹ 99 lakh	DSE, Hojai	2012-13/ 2.50	July 2012	102.79	5.00	2.50
			August 2012	103.90		
		2013-14/ 2.50	August 2013	104.13	5.00	2.50
			September 2013	119.85		
LV BW/ ₹ 50 lakh	SE, Sonitpur, Tezpur	2012-13/ 2.50	October 2012	118.33	5.00	2.50
			December 2012	133.36		
			March 2013	148.32		
		2013-14/ 2.50	April 2013	141.49	5.00	2.50
			September 2013	180.26		
			October 2013	130.26		
Dynasty BW/ ₹49 lakh	SE, Nagaon	2011-12/ 1.50	March 2012	105.00	5.00	3.50
		2012-13/ 1.50	March 2013	82.44	2.50	1.00
		2013-14/ 1.50	October 2013	148.78	5.00	3.50
Total						18.00

The cases were reported to the Department/Government between January 2014 and March 2014 and followed up in May 2014; their replies have not been received (November 2014).

3.9 Stock of IMFL having revenue impact of ₹ 17.65 lakh was irregularly deducted from the closing stock while drawing the opening stock leading to short accounting of stock of IMFL

[SE, Nagaon; November 2013]

The Assam Excise Act and Rules made thereunder allow the bonded warehouses to store India made foreign liquor (IMFL)/Beer under bond that excise duty and value added tax would be paid at the time of issue of the above goods from the warehouses to the retailers. The stock of IMFL/Beer is to be maintained in a separate register to be kept at the disposal of the Officers-in charge of the bonded warehouses.

A monthly report is to be submitted to the CE, Assam showing the opening stock, receipt, issue and closing stock and revenue remitted during the period duly authenticated by the Officers-in charge of the bonded warehouses.

During test check of records of M/s Dynasty Bonded Warehouse under the SE, Nagaon, it was observed that the closing stock of IMFL pertaining to Luxury brand for the month of March 2013 was 70,324.81 LPL against which the opening balance as of 1 April 2013 was shown as 66,574.20 LPL and the stock statement for that month was drawn accordingly. Similarly, in the month of June 2013, the closing stock of IMFL pertaining to Regular, Luxury, Premium and Classic Premium brands were 13,896.70 LPL, 1,00,620.76 LPL, 4,126.51 LPL and 594.51 LPL respectively. However, the opening stock of these brands as on 1 July 2013 was shown as 11,731.23 LPL, 93,165.25 LPL, 3,257.47 LPL and 448.17 LPL respectively. The stock of 14,386.97 LPL⁶ was deducted from the closing stock and not taken into the opening stock. This led to evasion of revenue of ₹ 17.65 lakh including VAT of ₹ 4.07 lakh.

The case was reported to the Department/Government in January 2014 and followed up in May 2014; their replies have not been received (November 2014).

⁶ 70,324.81 LPL minus 66,574.20 LPL = 3,750.61 LPL (A); 13,896.70 LPL minus 11,731.23 LPL = 2,165.47 LPL (B); 1,00,620.76 LPL minus 93,165.25 LPL = 7,455.51 LPL (C); 4,126.51 LPL minus 3,257.47 LPL = 869.04 LPL (D) and 594.51 LPL minus 448.17 LPL = 146.34 LPL (E). (A)+(B)+(C)+(D)+(E) = 14,386.97 LPL.

3.10 Short realisation of transport and import permit fees amounting to ₹ 11.90 lakh

[SsE, Bongaigaon, Nagaon and Tezpur; February 2014, January 2014 and March 2014]

As per Government of Assam notification of 29 September 2010, the transport and import permit fees were revised as ₹ 50 and ₹ 90 per case respectively.

During test check of records in the above Offices, it was observed that transport/import permits were issued by these Offices to the licensees allowing them to transport/import 6,61,756 cases between October 2010 and November 2013. However, while issuing the permits, fees of ₹ 329.53 lakh was realised at pre-revised rates instead of ₹ 341.43 lakh realisable at new rates applicable *w.e.f* October 2010. This resulted in short realisation of permit fees to the tune of ₹ 11.90 lakh as shown in the following table.

Table 3.5

Name of the SE/DSE	Type of permits	Cases of IMFL allowed to be transported/imported	Period involved	Permit fees realised	Permit fees realisable	Permit fees short realised
				(₹ in lakh)		
SE, Bongaigaon	Transport	1,00,198	October 2010 to November 2013	47.83	50.10	2.27
	Import	14,690	August 2013 to November 2013	11.68	13.22	1.54
SE, Nagaon	Transport	2,01,118	April 2011 to October 2013	97.96	100.56	2.60
SE, Tezpur	Transport	3,45,750	February 2013 to November 2013	172.06	177.55	5.49
Total		6,61,756		329.53	341.43	11.90

On being pointed out, the SE, Bongaigaon and Nagaon stated (July and November 2014 respectively) that the permit fees are leviable for 12 bottles of 750 ml of IMFL (9 BL) or equivalent quantity and as the cases containing 180 ml totals up to 8.64 BL IMFL, the rates of permit fees had been proportionately reduced. The reply is not in conformity with the notification as the permit fees is charged as administrative fees for issuing the permits and has no link with the volume of IMFL contained in a case. Since the cases of 375 ml and 180 ml contain 24 bottles and 48 bottles respectively, the notification mentions the words ‘or equivalent quantity’. Further, the Office

of the Commissioner of Excise, Assam, confirmed that permit fees are fixed and payable for each case irrespective of the sizes of bottles it contains. Reply of the SE, Tezpur had not been received (November 2014).

The cases were reported to the Department/Government between January 2014, February 2014 and March 2014 and followed up in May 2014; their replies have not been received (November 2014).

3.11 Transit loss claimed in excess of permissible limit could not be detected by the SE resulting in non-realisation of revenue of ₹ 7.12 lakh

[SE, Tezpur; December 2013]

The Assam Excise Rules and subsequent executive orders issued by the Excise Department provides for allowance of transit loss upto 0.5 per cent of the dispatched quantity, beyond which excise duty is to be recovered from the consignee licensee.

During test check of the records of the SE, Tezpur, it was noticed that in 205 cases pertaining to M/s Sun International, transit loss of 8,458.87 BL was claimed by the licensee against 4,714.68 BL allowable at 0.5 per cent of the dispatched volume of IMFL i.e. 9.43 lakh BL IMFL pertaining to Regular and Luxury brands. The excess transit loss of 2,660.74 BL (Regular brand = 1,083.45 BL and Luxury brand = 2,660.74 BL) involved revenue of ₹ 4.10 lakh (excise duty of ₹ 2.46 lakh and value added tax of ₹ 1.64 lakh⁷) which was recoverable from the licensee.

Similarly, in case of M/s Universal Enterprise, a truck carrying IMFL of 4,878 BL IMFL⁸ (550 cases) met with an accident on 20 September 2013 and the consignee received 2,220.48 BL (248 cases) and the balance 2,657.52 BL (302 cases) IMFL was claimed as lost in transit. After allowing the maximum transit loss of 2.75 cases (0.5 per cent), the licensee was liable to pay excise duty and value added tax of ₹ 3.02 lakh (excise duty of ₹ 1.80 lakh and value added tax of ₹ 1.22 lakh⁹).

⁷ Regular brand – 1,083.45 BL or 123 cases X ₹ 600 (min cost price per case of Regular brand) = ₹ 73,800 + ₹ 64,546 (excise duty) = ₹ 1,38,346 X 30 % VAT = ₹ 41,504.

Luxury brand – 2,660.74 BL or 302 cases X ₹ 750 (min cost price per case of Luxury brand) = ₹ 2,26,500 + ₹ 1,81,077 (excise duty) = ₹ 4,07,577 X 30 % VAT = ₹ 1,22,273.

Thus, ₹ 1,22,273 + ₹ 41,504 = ₹ 1,63,777.

⁸ Vide transport permit No. 148/2012-13/pt-1/431 dated 28 August 2013.

⁹ 302 cases minus 2.75 cases (allowable transit loss) = 299.25 cases X ₹ 750 (min cost price per case of Luxury brand) = ₹ 2,24,438 + ₹ 1,80,867 (excise duty) = ₹ 4,05,305 X 30 % VAT = ₹ 1.22 lakh.

Thus, revenue of ₹ 7.12 lakh was recoverable from the above two licensees on account of revenue involved in excess transit loss. However, neither the licensees paid the amount nor was any demand notice issued by the SE, Tezpur to recover the same till the date of Audit.

The cases were reported to the Department/Government in March 2014 and followed up in May 2014; their replies have not been received (November 2014).