

# **Preface**



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This Report of the Comptroller and Auditor General of India has been prepared for submission to the Lieutenant Governor of the National Capital Territory (NCT) of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991 for being laid before the Legislative Assembly of the National Capital Territory of Delhi.

Seventh Schedule of the Constitution of India envisages that production, manufacture, possession, transport, purchase, and sale of 'Liquors' is in exclusive domain of the State Governments. Accordingly, the Excise Department, Government of National Capital Territory of Delhi (GNCTD) has responsibility to regulate the supply of liquor in Delhi. The Excise Department regulates the entire supply chain of liquor from manufacturers to consumers. This supply chain involves multiple stakeholders i.e., manufacturers (distilleries and breweries), warehouses, retail vendors (point of sale), hotels, clubs, and restaurants (point of service), and ultimately the consumers. The Excise Department levies Excise Duty and multiple other fees e.g., license fee, permit fee, import fee etc. on supply of liquor in Delhi. This report has covered the issues related to Excise Supply Chain Information Management System (ESCIMS), Licensing policy and issue of licenses, Pricing Policy, Quality control, Excise Intelligence Bureau & Confiscation and working of Enforcement Branch of Excise Department during the period 2017-18 to 2020-21. Owing to the substantial changes in the Excise Policy regime from November 2021 onwards and its subsequent withdrawal w.e.f. 1 September 2022, the same has been included within the ambit of this report.

This report has pointed out various shortcomings in the efforts made by the Government to enable more efficient regulation via end-to-end tracking of liquor through ESCIMS. The Excise Department issued Licenses to various Licensees without verifying various documents as per the Delhi Excise Act/Rules and terms and conditions. Moreover, in violation of rules, multiple Licenses were issued to related parties (having common Directors). Costing details to ascertain the reasonability of Ex-Distillery Price/Ex-Brewery Price of Indian Made Foreign Liquor was not sought. Licenses were issued to applicants of Wholesale Licenses despite failure to submit Test Reports fully compliant with parameters as per Bureau of Indian Standards (BIS) norms. In the enforcement cases, it was observed that no mandated procedure was followed in selection of suspect stocks. There was poor maintenance of Inspection Register in the Enforcement Branch. Regarding the Excise Policy for the year 2021-22, audit observations point to the lacunae in the implementation of policy along with the issues contributing to the failure of the policy to meet intended objectives and its ultimate withdrawal.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

