

CHAPTER V: STATE EXCISE

5.1 Tax administration

The Secretary, Finance (Revenue) is the administrative head of the State Excise Department (Department) at Government level. The Department is headed by the Excise Commissioner (EC). The Department has been divided into seven zones each headed by Additional Excise Commissioner (AEC). District Excise Officers (DEOs) and Excise Inspectors working under the AECs of the respective zones are deputed to monitor and regulate levy/collection of excise duty and other levies.

5.2 Results of audit

There are 108 auditable units (including 54 implementing units) in the State Excise Department, out of which, Audit selected 32 units (including 20 implementing units) for audit. The records of these units including 4,925 retail licensees (out of total 5,952 licensees) were analysed along with scrutiny of 11,646 cases. Audit noticed 6,797 cases (approximately 58 *per cent*) of non/short realization of excise duty, license fee, additional amount, interest/penalty on delayed payment, loss of excise duty on account of excess wastage of spirit/liquor/beer and other irregularities involving ₹ 512.38 crore. These cases are illustrative only, based on audit of the records of these selected units. Audit had pointed out similar omissions in previous years. However, not only did these irregularities persist but some of the issues also remained undetected till the conduct of the subsequent Audit.

Irregularities noticed broadly fall under the following categories given in Table 5.1.

Table 5.1: Categories of Irregularities noticed during Audit

(₹ in crore)

S. No.	Category	Number of cases	Amount
1	Non/short realization of excise duty and license fees	4,693	500.87
2	Non/short realization of additional amount on IMFL/Beer	254	5.89
3	Loss of excise duty on account of excess wastage of spirit/liquor/beer	07	0.10
4	Non-recovery of interest/penalty on delayed payment	354	5.52
5	Other irregularities:		
	(i) Revenue	1,489	0.00
	(ii) Expenditure	0	0.00
Total		6,797	512.38

The Department accepted deficiencies in 6,197 cases involving ₹ 502.28 crore, of which 5,030 cases involving ₹ 499.73 crore were pointed out in audit during 2022-23 and the rest in earlier years. The Department recovered ₹ 2.68 crore in 1,178 cases, of which 13 cases involving ₹ 0.15 crore had been pointed out during the year 2022-23 and the rest from earlier years.

The State Government accepted (September 2023) and completely recovered ₹ 20 lakh in one case related to short levy of license fee on a brewery under the

jurisdiction of District Excise Officer (DEO), Alwar. Further, the State Government accepted (May 2024) and completely recovered ₹ 14.00 lakh in two cases (pertaining to DEO, Behror) of short levy of license fee for wholesale vend of Beer. These paragraphs have not been discussed in this Report.

A few illustrative cases involving ₹ 247.72 crore observed in the audited units of the Department are discussed in the succeeding paragraphs. It is pertinent to mention that most of these issues have been raised earlier and published in the CAG's Audit Report of previous years wherein the Government accepted the observations and initiated action/recoveries. However, it is seen that the Department took action only in cases which were pointed out by audit and did not strengthen the internal control system which has led to recurrence of similar issues in subsequent years.

5.3 Non recovery of additional amount on short lifted quantity of IMFL and beer

According to the Rajasthan State Excise and Temperance Policy (Policy) 2017-19 to 2020-21, an additional amount was to be charged quarterly at the rate of ₹ 20 per bulk litre (BL) on short lifted quantity of Indian Made Foreign Liquor (IMFL) and ₹ 10 per BL on short lifted quantity of Beer during 2020-21 from retail-off licensees who did not increase lifting of IMFL and Beer upto minimum 10 *per cent* during each quarter of current year in comparison to the quantity lifted in the corresponding quarter of the previous year. This provision was also applicable to retail-on licensees up to 2019-20, however, the norm for increased lifting was revised to 5 *per cent* for retail-on licensees in the Policy of 2020-21. Thereafter, in view of *Covid* pandemic, the State Government relaxed (July 2020) this provision such that no penalty would be charged from retail-on licensees for lifting upto 10 *per cent less* in comparison to last year.

Further, all DEOs were directed (February 2020) by the Excise Commissioner (EC) that provision to calculate the shop wise short lifted quantity of liquor after every quarter was available at departmental *website*/Integrated Excise Management System (IEMS) and next permit should be issued to a group/shop only after deposition of the additional amount due at the end of each quarter. It was also directed that necessary provisions should be made by the IT section to ensure timely recovery of Government revenue.

During scrutiny (between August 2022 and January 2023) of the records of four¹ offices of DEO for the period 2016-22, it was noticed that during 2018-21, out of 503 licensees 254 licensees did not increase lifting of IMFL and Beer upto prescribed levels in comparison to the corresponding quarter of the previous year and were thus liable to pay the additional amount of ₹ 9.75 crore. Out of this shortfall, ₹ 3.91 crore was recovered/adjusted from security amount of the licensees, however, the department could not recover the remaining amount of ₹ 5.84 crore. Therefore, lack of action to enforce policy provisions and to comply with the extant directions of EC resulted in non-recovery of additional amount of ₹ 5.84 crore.

1 DEOs: Churu, Dholpur, Dungarpur and Jalore.

The matter was reported to the Department and the State Government (July 2024). The Government replied (September 2024) that ₹ 1.13 crore has been recovered and the concerned DEOs have been directed for recovery of remaining amount. Further, in respect of DEO Dungarpur it was stated that the amount of ₹ 2.21 crore, out of ₹ 4.65 crore is not recoverable as the additional amount of short lifted quantity of liquor was to be calculated group wise instead of shop wise and if there were more than one shop in a group, the additional amount of short lifting quantity of liquor would be calculated group wise. The reply is not acceptable in view of the policy provision as well as directions of EC which clearly stipulates that the additional amount on short lifted quantity of liquor was to be calculated shop wise. Further progress was awaited (August 2025).

5.4 Short realisation of monthly guarantee amount

According to the Rajasthan Excise and Temperance Policies (Policy) 2019-20 and 2020-21, group/shop wise licenses of Country Liquor (CL) and Rajasthan Made Liquor (RML) were allocated on the basis of Exclusive Privilege Amount (EPA)². The licensee was liable to pay the EPA prescribed for his licence period in the form of excise duty on CL and RML. Further, as per the conditions of retail sale license, the licensee was required to pay the annual EPA fixed for the prescribed group/shop for the concerned year in 12 equal monthly installments. The monthly installment was to be paid by the last date of that month. If a licensee failed to lift the minimum monthly quota of CL and RML, he was liable to pay the difference of excise duty in cash.

Scrutiny of the records of offices of six DEOs³ revealed that during 2019-21⁴, total 1,058 licensees lifted CL and RML worth ₹ 455.31 crore against the quota of ₹ 481.06 crore fixed for the concerned months due to which there was shortfall of ₹ 25.75 crore in monthly guarantee amount against 607 licensees. Out of this shortfall, ₹ 13.99 crore was recovered or adjusted from security amount of the licensees. However, the department could not recover the remaining amount of ₹ 11.76 crore from 388 licensees. Therefore, lack of action to enforce the provisions of the policy led to Short recovery of revenue amounting to ₹ 11.76 crore.

The matter was reported to the Department and the State Government (July 2024). The Government while accepting the facts stated (August-September 2024) that ₹ 2.12 crore has been recovered and the concerned DEOs have been directed for recovery of the remaining amount. Further progress was awaited (August 2025).

2 EPA: The amount to be charged by the Excise Department from CL and RML groups/shops for exclusive right to trade in liquor in the specified area is called EPA.

3 DEOs Churu, Dungarpur, Jalore (between August 2022 and January 2023), Baran, Sawai Madhopur, and Sriganganagar (between August 2023 and January 2024).

4 DEOs Churu, Dungarpur (2019-20 and 2020-21), Jalore, Baran, Sawai Madhopur, and Sriganganagar (2020-21).

5.5 Short recovery of basic license fee on short-lifted quantity of CL and RML

According to the Rajasthan Excise and Temperance Policy (Policy) 2020-21 and conditions of retail sale license of Country Liquor (CL) and Rajasthan Made Liquor (RML) and directions issued by Excise Commissioner (EC) (February 2020 and February 2021), licensee of CL and RML groups had to fulfil minimum 30 per cent of monthly Exclusive Privilege Amount (EPA) with lifting of 25 Under Proof (UP)⁵ RML and remaining 70 per cent with lifting of CL in which minimum 40 per cent would be of 50/60 UP CL and the remaining 60 per cent of 5 UP to 40 UP CL.

Further, as per directions *ibid*, if a licensee failed to fulfill the above prescribed guarantee ratio of RML and 50/60 UP CL in a particular month, he had to ensure lifting of RML and 50/60 UP CL in other months of concerned quarter in a manner that 30 per cent guarantee of total quarterly EPA was fulfilled from excise duty of RML, 28 per cent guarantee from 50/60 UP CL and remaining 42 per cent guarantee from 5 UP to 40 UP CL. In case of short lifting of RML and 50/60 UP CL *w.r.t.* prescribed 30 per cent and 28 per cent in a quarter, the licensee was liable to pay the difference of excise duty and basic license fee payable on required quota and actual lifting of RML and 50/60 UP CL in cash.

Scrutiny of the records of offices of seven DEOs⁶ revealed that during 2020-21, 913 licensees lifted 105.84 lakh Bulk Litre (BL) RML and 153.78 lakh BL 50/60 UP CL against the prescribed quota of 112.89 lakh BL RML and 158.04 lakh BL 50/60 UP CL for the concerned quarters. Due to this, there was shortfall of 7.05 lakh BL RML and 4.26 lakh BL 50/60 UP CL in quarterly guarantee quota on which basic license fees of ₹ 437.54 lakh was recoverable against 591 licensees. Out of this, ₹ 74.42 lakh was recovered or adjusted from the security amount of the licensees. However, the department could not recover the remaining amount of ₹ 363.12 lakh from 456 licensees. Therefore, lack of action to enforce the provisions of the policy led to short recovery of revenue amounting to ₹ 363.12 lakh.

The matter was reported to the Department and the State Government (July-August 2024). The Government while accepting the facts stated (August-September 2024) that ₹ 22.38 lakh has been recovered and the concerned DEOs have been directed for recovery of the remaining amount. Further progress was awaited (August 2025).

5.6 Non-recovery of difference amount of excise duty on CL and RML

According to the Rajasthan Excise and Temperance Policy (Policy) 2019-20 and conditions of retail sale licence of Country Liquor (CL), a licensee of CL groups had to fulfil 40 per cent of monthly Exclusive Privilege Amount (EPA)

⁵ UP refers to 'Under Proof'. It reflects the content of alcohol in an alcoholic beverage. For example, 50 Degree Proof can be denoted as 50 UP and 40 Degree proof can be denoted as 40 UP.

⁶ DEOs Churu, Dholpur, Dungarpur, Jalore (between August 2022 and January 2023), Baran, Sawai Madhopur and Sriganganagar (between August 2023 and January 2024).

with lifted quantity of 50/60 UP CL. Further, as per the policy 2020-21 and conditions of retail sale license of CL and Rajasthan Made Liquor (RML) and directions⁷ of Excise Commissioner, licensee of CL and RML groups had to fulfil minimum 30 *per cent* of monthly EPA with lifted quantity of 25 UP RML and remaining 70 *per cent* with lifted quantity of CL in which minimum 40 *per cent* would be of 50/60 UP CL and maximum 60 *per cent* would be of 5 UP to 40 UP CL.

If the licensee failed to fulfill the prescribed guarantee ratio of RML and 50/60 UP CL in a particular month, he had to ensure lifting of RML and 50/60 UP CL in other months of concerned quarter in a manner that quarterly guarantee quota of RML and 50/60 UP CL in total quarterly EPA was fulfilled for the quarter. In case of short lifting of RML and 50/60 UP CL in a quarter, the licensee was liable to pay the difference of excise duty and basic license fee payable on required quota and actual lifting of RML and 50/60 UP CL in cash.

Scrutiny of the records of offices of seven DEOs⁸ revealed that during 2019-21⁹, 1,248 licensees lifted 50/60 UP CL and RML worth ₹ 327.85 crore against the prescribed quota of ₹ 341.09 crore for the concerned quarters and thus there was shortfall of ₹ 13.24 crore in quarterly guarantee quota against 614 licensees. Out of this shortfall, ₹ 1.44 crore was recovered or adjusted from security amount of the licensees. However, the department could not recover the remaining amount of ₹ 11.80 crore from 533 licensees. Therefore, lack of action to enforce the provisions of the policy led to short recovery of revenue amounting to ₹ 11.80 crore.

The matter was reported to the Department and the State Government (August 2024). The Government replied (August 2024) that ₹ 0.58 crore has been recovered/adjusted and the concerned DEOs have been directed for recovery of the remaining amount.

Further, in respect of DEO Dholpur it was stated that the amount of ₹ 3.70 lakh from six licensees is not recoverable as there is a provision in the conditions of the license that adjustment can be provided to a licensee in second quarter against the excess lifting of liquor in first quarter. The reply is not acceptable as there was no provision in the Policy, license conditions or directions of EC regarding adjustment of the amount of excess lifting of liquor of first quarter against shortfall in prescribed quarterly guarantee quota of RML and 50/60 UP CL in the other quarters of the year. Besides, in the relevant adjustment orders provided by the State Government, adjustment was actually regarding shortfall of Special Vend Fee and there was no adjustment of the difference amount of excise duty on short lifted quantity of 50/60 UP CL and RML in quarterly guarantee quota. Further progress was awaited (August 2025).

7 Dated 26 February 2020 and 23 February 2021.

8 DEOs Churu, Dholpur, Dungarpur, Jalore (between August 2022 and January 2023), Baran, Sawai Madhopur and Sriganganagar (between August 2023 and January 2024).

9 DEOs Baran, Churu, Dungarpur (2019-20 and 2020-21), Dholpur, Jalore, Sawai Madhopur, and Sriganganagar (2020-21).

5.7 Short recovery of composite fees from liquor shops

According to para number 4.2 of the State Excise and Temperance Policy for the year 2021-22 and para number 17.4 of the detailed directions and conditions issued by the Excise Commissioner in respect of application for licenses of liquor shops, licensees of liquor shops had to deposit 50 *per cent* of the prescribed composite fees¹⁰ of the shop up to 31 March 2021 or before commencement of the shop, whichever was earlier and the remaining 50 *per cent* composite fees would have to be deposited in the next three months.

Further, relaxation was given by the State Government from time to time in deposition of the remaining 50 *per cent* composite fees without interest and extended up to 31 August 2021 and further extended up to 28 February 2022 vide orders of 17 June 2021 and 5 February 2022 respectively.

During scrutiny (between August 2023 and January 2024) of the records related to composite fees of retail licensees under four DEOs¹¹ for the period 2021-22, it was noticed that out of 1081 licensees, 229 licensees deposited composite fees amounting to ₹ 4.99 crore against their prescribed composite fees of ₹ 8.10 crore and operated their shops whole year up to 31 March 2022 without depositing remaining composite fees which resulted short recovery of composite fees amounting to ₹ 3.11 crore against 222 licensees. It indicates that the Department did not recover the remaining amount of composite fees and granted undue benefit to the licensees in operation of their shops.

The matter was reported to the Department and the State Government (July 2024). The State Government replied (August 2024) that ₹ 0.57 crore has been recovered and the concerned DEOs have been directed for recovery of the remaining amount. Further progress was awaited (August 2025).

5.8 Non-levy of Excise Duty on expired beer stock

Section 28 of Rajasthan Excise Act (Act) prescribes that an excise duty may be imposed on any excisable article manufactured in any distillery, pot-still or brewery established or licensed under this Act. Further, Rule 15 of the Rajasthan Brewery Rules, 1972 provides that the State Government shall not be liable for the destruction, loss or damage of any beer stored in a brewery by fire or theft, or by gauging or by any other accident or cause whatsoever. Rule 41 of the Rules provides that no beer shall be removed from a brewery until the duty imposed under Section 28 of the Act has been paid or until a bond has been executed by the brewer for export of beer outside the state, direct from the brewery. Further, as per Para 4.9.12 of the Excise and Temperance Policy for the year 2020-21, the period of 'Best before use' for the supply of beer in the state was increased from six months to one year and according to para 7.2 of the Liquor Sourcing Policy¹² (policy), any stock of beer older than 225 days

10 Composite fee: Fee levied on those shops which are authorised to sale all types of liquor *i.e.* Country liquor, Indian made foreign liquor and Beer.

11 DEOs Baran, Sawai Madhopur, Sikar, and Sri Ganganagar.

12 Issued by Rajasthan State Beverages Corporation Limited (RSBCL) in February 2021.

from the date/month of bottling will not be acceptable to RSBCL as it becomes unfit for human consumption.

During scrutiny (November 2023) of the records of a brewery¹³ under the jurisdiction of DEO, Behror for the period 2021-23, it was noticed that the concerned brewer failed to dispatch 31,990 cases of beer within one year from the date/month of manufacturing (March 2022-November 2022) and it became unfit for human consumption. Excise duty of the expired beer was not deposited by the brewer and no action was taken by the Department to destroy the expired stock of the beer and for realisation of excise duty as per the provisions.

Thus, the excise duty on the expired beer stock was neither paid by the brewer nor demanded by the Excise Department which resulted in non-levy of excise duty amounting to ₹ 2.53 crore. Further, inaction on the part of the Department to drain out such beer resulted in blockage of the expired beer stock at brewery and possibility of any mis-happening due to use of such beer cannot be ruled out.

The matter was reported to the Department and the State Government (May and July 2024). The State Government replied (June 2024) that the unit is currently closed for production and they are not renewing the licenses. However, notice has been issued (June 2024) for depositing the dues and action regarding recovery of the duty /disposal of the beer would be taken on receipt of the response of the notice. The State Government further stated (August 2024) that the unit got (July 2024) stay on recovery from the Rajasthan High Court. Further progress was awaited (August 2025).

5.9 Non recovery of penalty imposed on breach of license conditions

According to Section 34 (c) of the Rajasthan Excise Act, 1950 (Act) and Rule 76 (c) of the Rajasthan Excise Rules, 1956 (Rules), the authority granting a license under these Act or Rules may cancel or suspend the license if the licensee or his servant has been guilty of the violation of a condition of his license or the contravention of the provision of the Act or any notification, order or rule issued under the Act. Further, Section 58 (c) of the Act provides penalty provision for each offence with fine for wilful act or omission in breach of any condition of license by the licensee and Section 70 of the Act authorises the Excise Officers to compound offences subject to such conditions and restrictions as may be prescribed.

Further, para number 15 and 14 of the State Excise and Temperance Policy for the years 2021-22 and 2022-23 respectively and condition number 26 of detail directions regarding application for liquor shops provided the suspension/cancellation of license for selling of liquor at a price higher than the maximum retail price (MRP) and for opening the shop after the prescribed time as it is a violation of license condition as per provision of the Section 58(C) of the Act.

13 M/s Jeeviya Beverages Pvt. Limited, Bhiwadi under DEO, Behror.

During scrutiny (between August 2023 and January 2024) of the records related to cases registered and compounded under six DEOs¹⁴, it was noticed that total 1649 cases were registered under Section 58 (c) during 2017-23. Out of these, 1566 cases were compounded by the EC or concerned DEOs by way of imposing penalty/composition amount. As per the compounding orders of such cases, in case of non-deposit of compound amount within 15 days, action was to be taken to cancel the license under Section 34 (c) and Rule 76 (c).

It was observed that out of these 1566 cases, composition amount was deposited in 1339 cases and in the remaining 227 cases, composition amount of ₹ 74.73 lakh was not deposited by the concerned licensees within the prescribed time limit mentioned in the compounding orders. The concerned DEOs neither recovered the due amount nor cancelled the licenses of such licensees as per the condition mentioned in compounding orders and allowed the licensees to continue their business without payment of penalty. It was also observed that most of the cases were pertained to sale of liquor above MRP and opening the shops after prescribed time.

Though entries of cases registered by the Department are made in 'Online FIR Registration module' of IEMS and FIR was printed through this online module but further action regarding disposal of cases were not updated in the module which indicated lack of control of the Departmental authorities in disposal of cases and recovery of penalty amounting to ₹ 74.73 lakh.

The matter was reported to the Department and the Government (August 2024). The Government replied (August 2024) that ₹ 8.15 lakh has been recovered and the concerned DEOs have been directed for recovery of the remaining amount. Further progress was awaited (August 2025).

5.10 Short recovery of Annual License fees

According to the State Excise and Temperance Policy for the year 2022-23 and conditions of licenses of composite shops for retail sale of liquor, Annual License Fees (ALF) was prescribed equal to five *per cent* of the Annual Guarantee Amount (AGA) of the licensee for the year 2022-23. Licensees of liquor shops had to deposit 50 *per cent* amount of prescribed ALF of the shop upto 14 March 2022 or in case of allotment of shop through online auction, this amount was to be deposited by the date prescribed in the terms and conditions of the auction. The remaining 50 *per cent* amount of ALF was to be deposited in equal installments in the second and third quarter of the respective year. If the licensee fulfilled the quarterly guarantee amount determined on the basis of the AGA, liquor could be lifted against this amount of 50 *per cent* of the ALF.

Further, all DEOs were directed (January 2023) by the Excise Commissioner (EC) that outstanding amount of ALF of the licensees till the third quarter could be fulfilled by depositing in cash or lifting of liquor upto 15 February 2023.

14 DEOs Ajmer, Alwar, Baran, Sawai Madhopur, Sikar and Sriganganagar.

During scrutiny (between August 2023 and January 2024) of the records related to ALF of retail licensees under six DEOs¹⁵ for the period 2022-23, it was noticed that 1,799 licensees deposited ALF amounting to ₹ 90.93 crore against their prescribed ALF of ₹ 91.85 crore, due to which there was shortfall of ₹ 0.92 crore in ALF against 51 licensees. Further, DEOs released ₹ 14.86 crore from installments of ALF deposited during second and third quarters to licensees for lifting of liquor whereas the concerned licensees lifted liquor worth ₹ 14.08 crore, due to which there was shortfall of ₹ 0.78 crore in ALF against 78 licensees. Thus, there was total shortfall of ₹ 1.70 crore in ALF against 129 licensees. Out of this shortfall, ₹ 0.19 crore was recovered or adjusted from security amount of licensees. However, the department could not recover the remaining amount of ₹ 1.51 crore from 106 licensees.

The matter was reported to the Department and the State Government (August 2024). The Government replied (September 2024) that ₹ 0.14 crore has been recovered and the concerned DEOs have been directed for recovery of the remaining amount. Further progress was awaited (August 2025).

5.11 Short recovery of excise duty and basic license fees on short lifted guarantee quota of liquor

According to the Excise and Temperance Policy (Policy) for the years 2021-22 and 2022-23, licenses for shops of Country Liquor (CL), Rajasthan Made Liquor (RML), Indian Made Foreign Liquor (IMFL) and beer were allocated on the Annual Guarantee Amount (AGA) obtained as per the maximum price through online auction process by prescribing shop wise Minimum Reserve Price (MRP). The licensee of such composite shop was liable to pay the AGA in the form of excise duty and additional excise duty. Further the policy's, detailed directions and conditions¹⁶ provide ratio of lifting the liquor for the year 2021-22.

15 DEOs Ajmer, Alwar, Baran, Sawai Madhopur, Sikar and Sriganganagar.

16 Licensees had to fulfil minimum 50 per cent of the total AGA of CL and RML with lifted quantity of RML and remaining 50 per cent with lifted quantity of CL in which minimum 40 per cent with lifted quantity of 50/60 UP CL and 60 per cent with 40 UP CL.

- If the licensee failed to fulfil the prescribed guarantee ratio of CL and RML in a particular month, he had to ensure lifting of CL and RML in other months of concerned quarter in a manner that 50 per cent guarantee of total quarterly AGA of CL and RML was fulfilled from excise duty of RML, 20 per cent guarantee from 50/60 UP CL and remaining 30 per cent guarantee from 5 UP to 40 UP CL.

- In case of short lifting of liquor against the prescribed ratio of quarterly guarantee amount (equal to quarterly MRP), the licensee was liable to pay the difference of excise duty and basic license fees payable on required quota and actual lifting of liquor in cash.

- Relaxation in lifting of RML was given by the State Government that licensees had the option to fulfil minimum 35 per cent instead of 50 per cent of the total AGA of CL and RML with lifted quantity of RML and remaining 15 per cent with lifted quantity of CL (*w.e.f.* 09 September 2021) or IMFL (*w.e.f.* 02 December 2021). Besides, permission was granted to adjust excess lifting of liquor in first quarter against shortfall in second and third quarter and relaxation to recoup the shortfall of first and second quarter by lifting of liquor in third quarter. In addition, relaxation was granted by the Government (28 March 2022) to recoup the shortfall of first, second and third quarter by lifting of liquor upto March 2022.

Similarly, policy and conditions¹⁷ provides ratio of lifting the liquor for the year 2022-23.

During test check (between August 2023 and January 2024) of the records of offices of six DEOs¹⁸ with EPA Report and Shop Guarantee data of liquor shops downloaded from IEMS (computerized system of the State Excise Department) and information provided by the concerned DEOs for the years 2021-23 revealed that during 2021-23, 2885 licensees lifted liquor worth ₹ 2,566.19 crore against the quota of ₹ 2,772.85 crore fixed for the concerned quarters due to which there was shortfall of ₹ 206.66 crore in annual guarantee amount against 1,744 licensees. Out of this shortfall, ₹ 43.29 crore was recovered or adjusted from security amount of licensees. However, the department could not recover the remaining amount of guarantee ₹ 163.37 crore from 1,138 licensees as summarised in the **Table 5.2** below:

Table 5.2: Shortfall of Recovery of AGA

Year	Total licensees	Quota fixed (₹ in Crore)	Lifted liquor (₹ in Crore)	Shortfall amount (₹ in Crore)	No. of defaulter licensees	Recovered or adjusted amount (₹ in Crore)	Remaining defaulter licensees	Remaining amount (₹ in Crore)
2021-22	1,086 (under four DEOs ¹⁹)	951.85	803.90	147.95	937	35.97	665	111.98
2022-23	1,799 (under six DEOs ²⁰)	1,821.00	1,762.29	58.71	807	7.32	473	51.39
Total	2,885	2,772.85	2,566.19	206.66	1,744	43.29	1,138	163.37

Further, shortfall of ₹ 206.66 crore in annual guarantee amount involved shortfall of RML of ₹ 32.47 crore, 50/60 UP CL of ₹ 14.06 crore and 40 UP CL of ₹ 41.55 crore on which basic license fees of ₹ 45.55 crore was recoverable from 1,487 licensees. Out of this shortfall, ₹ 2.13 crore was recovered or adjusted from security amount of licensees. However, the department could not

17 Licensees had to fulfil minimum 30 per cent of the total AGA of CL (including RML) with lifted quantity of RML and minimum 40 per cent of the remaining 70 per cent AGA of CL (including RML) with lifted quantity of 50/60 UP CL.

- If the licensee failed to fulfil the above prescribed guarantee ratio in a particular month, he had to ensure lifting of liquor in other months of concerned quarter in a manner that 30 per cent guarantee of total quarterly AGA of CL (including RML) was fulfilled from excise duty of RML and 28 per cent guarantee from 50/60 UP CL.
- In case of short lifting of liquor against the prescribed ratio of quarterly guarantee amount (equal to quarterly MRP), the licensee was liable to pay the difference of excise duty and basic license fees payable on required quota and actual lifting of liquor in cash.
- Further, permission was granted by Excise Commissioner (20 July 2022) to recoup the shortfall of first quarter by lifting of liquor upto 30 July 2022. In addition, relaxation was granted by EC (30 January 2023) to recoup the shortfall of first, second and third quarter by lifting of liquor upto 15 February 2023.

18 DEOs Ajmer, Alwar, Baran, Sawai Madhopur, Sikar and Sriganganagar.

19 DEOs Baran, Sawai Madhopur, Sikar and Sriganganagar.

20 DEOs Ajmer, Alwar, Baran, Sawai Madhopur, Sikar and Sriganganagar.

recover the remaining amount of BLF ₹ 43.42 crore from 1,073 licensees as summarised in the **Table 5.3** below:

Table 5.3: Shortfall of recovery of BLF

Year	Shortfall of guarantee amount (difference of quota fixed and lifted liquor) (₹ in Crore)					Total amount of BLF leviable on RML and CL (₹ in Crore)	No. of defaulter licensees	Recovered or adjusted amount (₹ in Crore)	Remaining defaulter licensees	Remaining amount of BLF (₹ in Crore)
	Total short fall	IMFL	RML	50/60 UP CL	40 UP CL					
2021-22	147.95	83.76	23.03	9.61	31.55	34.16	862	1.59	676	32.57
2022-23	58.71	34.82	09.44	4.45	10.00	11.39	625	0.54	397	10.85
Total	206.66	118.58	32.47	14.06	41.55	45.55	1,487	2.13	1,073	43.42

Therefore, lack of action on part of the DEOs to enforce the provisions of the Policy and conditions of the license led to short recovery of excise duty and basic license fees amounting to ₹ 206.79 crore.

The matter was reported to the Department and the Government (August 2024). The Government replied (September 2024) that guarantee amount of ₹ 3.72 crore has been recovered out of ₹ 163.37 crore and basic license fees of ₹ 0.55 crore has been recovered out of ₹ 43.42 crore. It was also stated that the concerned DEOs have been directed for recovery of the remaining amount. Further progress was awaited (August 2025).