

CHAPTER – III: STATE EXCISE

3.1 Results of audit

Test check of the records relating to State excise conducted during the year 2006-07 revealed loss of revenue and other deficiencies involving Rs. 33.48 lakh in 26 cases which fall under the following categories:

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
1.	Short realisation of revenue	1	17.30
2.	Non-recovery of licence fee/additional licence fee	24	8.84
3.	Loss of revenue due to incorrect adoption of ex-distillery prices	1	7.34
Total		26	33.48

During the year 2006-07, the department accepted the audit observations in 12 cases and recovered Rs. 2.45 lakh in 10 cases.

After the issue of the draft paragraphs, the department recovered Rs. 24.64 lakh in full in two cases.

An illustrative case involving Rs. 8.84 lakh is mentioned in the succeeding paragraph.

3.2 Non-recovery of licence fee/additional licence fee

Under the Delhi Liquor Licence Rules 1976, L-4 licence is issued for service of Indian made foreign liquor/beer in an independent restaurant on payment of prescribed licence fee. The Commissioner of Excise issued directions in December 2005 to all the restaurants to apply for grant of L-4 F licence for serving imported foreign liquor (IFL) in their restaurants with effect from 28 December 2005. These restaurateurs were required to pay an additional licence fee of 10 *per cent* on *prorata* basis over and above their normal licence fee. Further, the restaurateurs were required to submit the consumption statement of liquor for the previous year along with the other documents.

Test check of the records of restaurants revealed that in 21 cases pertaining to the period 2005-06 and 2006-07, the restaurateurs did not deposit the additional licence fee of Rs. 5.69 lakh. The department while renewing L-4 licence for the year 2006-07, however, failed to detect non-deposit of the additional licence fee though they had served IFL in their restaurants as was evident from their consumption statements. In three other cases pertaining to the period 2005-06, the licence fee of Rs. 3.15 lakh was short deposited by the licencees. This resulted in non/short realisation of licence fee/additional licence fee of Rs. 8.84 lakh.

After the cases were pointed out, the department admitted the audit observations in 10 cases and recovered Rs. 2.45 lakh in April 2007. The reply in the remaining 14 cases has not been received (November 2007).

The matter was reported to the Government in June 2007; their reply has not been received (December 2007).