

Chapter IV: State Excise

4.1 Results of audit

Test check of the records of the State Excise Department during the year 2007-08, revealed irregularities amounting to Rs. 8.53 crore in seven cases, which fall under the following categories:

(In crore of rupees)

Sr. No.	Category	Number of cases	Amount
1.	Outstanding recovery of excise duty	05	5.11
2.	Loss of excise duty due to sub normal yield of spirit from molasses	02	3.42
Total		07	8.53

During the year 2007-08, the department accepted audit observations involving Rs. 5.11 crore in five cases and recovered Rs. 1.69 crore in four cases pertaining to the audit findings of previous years.

A few illustrative cases involving Rs. 37.18 lakh are mentioned in the succeeding paragraphs.

4.2 Sub normal yield of spirit from molasses

The Punjab Distillery Rules 1932, (Distillery Rules) envisage that one quintal of molasses should yield 36.61 proof litres of spirit.

During test check of the records of two¹ distilleries, it was noticed between April and October 2007 that 2.81 crore proof litres of spirit was produced during the year 2005-06 and 2006-07 from 8.03 lakh quintals of molasses as against the envisaged yield of 2.94 crore proof litres of spirit. Had the norms for yield of spirit been achieved, the Government would have earned excise duty of Rs. 3.42 crore on additional yield of 13 lakh proof litres of spirit.

The matter was reported to the department and the Government in January 2008; their replies have not been received (August 2008).

4.3 Non-realisation of cost of establishment charges

Under the Distillery Rules, the licensee shall pay into the Government treasury such sums as may be demanded by the Commissioner on account of the salaries of the Government excise establishment posted to the distillery for the purpose of ensuring due observance of these rules and watch and ward.

During test check of the records of the Excise and Taxation Officer Main (Patiala) in October 2007 and information collected from the Excise and Taxation Commissioner in respect of 10 distilleries², it was noticed that the cost of establishment charges amounting to Rs. 37.18 lakh for the year 2006-07 was not demanded and recovered.

The matter was reported to the department and the Government in February 2008; their replies have not been received (August 2008).

¹ M/s Chandigarh Distillers & Bottlers Ltd., Banur (Patiala) and M/s Piccadilly Sugar and Allied Industries Ltd., Patran (Patiala).

² Bottling Plants Dera Bassi Bhankapur, Chandigarh Distillery Banur, Dasuya Distillery Dasuya, Hamira Distillery Hamira (Kapurthala), M/s Khasa Distillery Co. Khasa (Amritsar), Picadilly Distillery Patran (Patiala), VRV Brewery Mirthal Distillery Pathankot, United Brewery Ludhiana, Avneet Distilleries Ltd., Dera Bassi and Mount Shivalik Brewery Ltd., Bhankapur.