

CHAPTER-VII

Conclusion and Recommendation

7.1 Conclusion

Excise revenue is an important source of revenue of the State Government. We saw that the Excise receipts did not keep pace with the increase in consumption of liquor and the State could have benefitted by adequate and timely policy measures to boost revenues in the area of sale/vending of liquor. The State Government has not specified norms for the production of alcohol and beer from grains due to which potential revenue loss is possible on excessive wastages in production. Procedure for implementation of revised norms for production of alcohol from molasses had not been put in place. Allotment of additional quota for sale of liquor at concessional rates to the licensees was injudicious and it resulted in loss of revenue to the Government. We came across some instances of non-recovery of licence fee, interest etc. and want of enabling Rules for recovery of interest on belated deposit of fees by Bonded Warehouses and Distilleries. The Department had significant vacant posts and did not have manpower identified exclusively for the excise related functions.

We saw that the levy and collection of Development and Education Cess on sale of liquor, did not serve the intended objectives as large sums of funds collected as cess were not utilised for the stated purposes. Internal controls relating to collection and remittance of government money were weak, as we came across instances of non-utilisation of prescribed receipt books, non-entry of receipts in Cash Book and non-reconciliation of receipts with Treasury records. Internal audit in the Department was inadequate as many offices had not been audited at all and the results of internal audit wherever conducted were also not available.

7.2 Recommendations

The Government may consider taking the following actions for improving the excise functions

- specify the norms for production of alcohol from grains and expedite devising the procedure to ensure production of alcohol from molasses, by distilleries vis-a-vis the revised norms;
- review the matter of allotment of additional quota of liquor at concessional rates in the interest of revenue;
- issue instructions to collect the license fee etc in time and ensure levy of interest and penalty in case of delayed payments of all forms of fee/revenue;
- the Department may consider putting in place a system of recovery of licence fee in lump-sum in advance like similar system prevailing in other States e.g. in Maharashtra;

- strengthen the human resources of the Department this Unit had a setting up a separate dedicated Wing/Department for the State Excise;
- so as to have focused attention to improve the earnings from State Excise;
- ensure timely transfer of the Education development Cess on sale of liquor to the Education Development fund and utilisation of the Department Development Fund and the Education Development Fund for the stated objectives; and
- strengthen the internal controls for collection and remittance of Government money to Treasury and ensure timeliness and adequacy of the internal audit functions.



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