



CHAPTER – III: State Excise

3.1 Tax administration

The State Excise Department is responsible for administration and collection of excise revenue under the relevant Acts and Rules and enforcement of the Excise laws on prohibition of illicitly distilled liquor, *Ganja*, *Bhang* and Opium. In addition, the Department has been given the responsibility of enforcing the provisions of Narcotic Drugs & Psychotropic substances Act and the Medicinal & Toilet preparation Act. In Assam, excisable items such as country spirit, Extra Neutral Alcohol (ENA) and other spirits are imported from outside the State. India Made Foreign Liquor (IMFL) and Beer are manufactured and bottled in the State and also imported from outside the State. The functioning of the Department is governed according to the provisions of the Assam Excise Act (AE Act), 1910 and the Assam Excise Rules (AER), 1945 and various administrative orders issued from time to time. The Assam Bonded Warehouse Rules (ABW Rules), 1965 regulate the establishment and working of bonded warehouses.

The Commissioner of Excise is the head of the Department who is assisted by an Additional Commissioner, one Joint Commissioner, one Deputy Commissioner and one chemical examiner at the headquarters. At the district/sub-divisional levels (field formation) there are Superintendents/Deputy Superintendents of Excise who are assisted by Inspectors of Excise and other officials in discharging their day to day functions.

3.2 Budget preparation

As per the provisions of the Assam Budget Manual, the estimates of revenue and receipts should show the actual demand including arrears due and the probability of their realisation during the year. According to the Assam Financial Rules, the Finance Department is required to prepare the estimates of revenue after obtaining necessary information/data from the respective Department/Government.

The Government of Assam, Excise Department stated (June 2012) that the budget estimates were being prepared with the basic objective of enhancement of revenue.

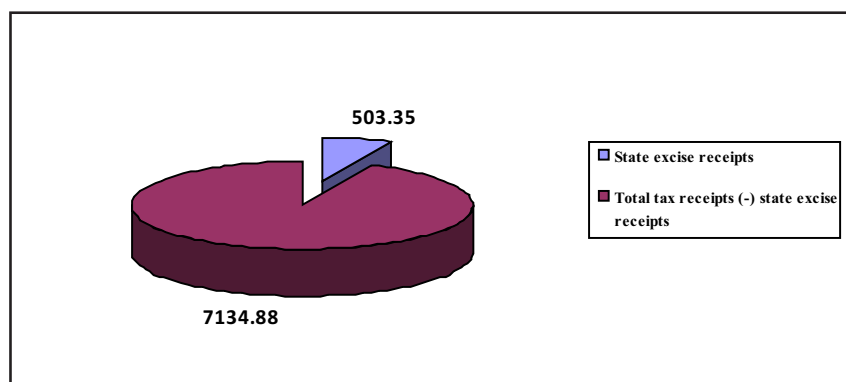
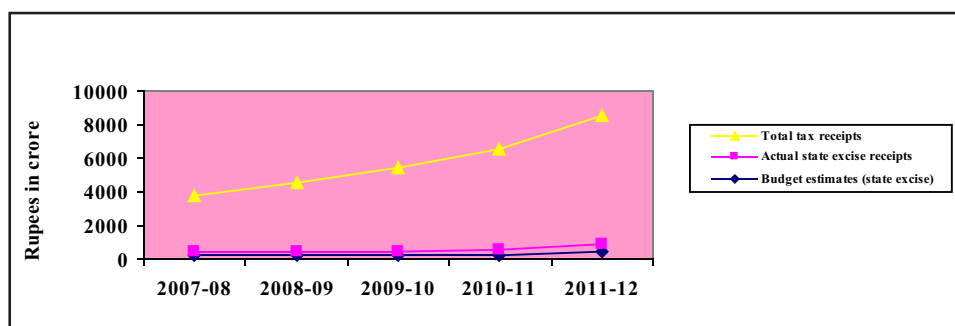
3.3 Trend of receipts

Position of budget estimates, actual receipts under state excise along with total tax receipts of the State during 2007-08 to 2011-12 is exhibited in following Table 1 and graph/pie chart.

Table 1
Analysis of excise receipts

(₹ in crore)

Year	Budget estimates	Actual receipts under state excise	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts {(3) to (6)}
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2007-08	204.92	188.71	(-) 16.21	(-) 8	3,359.50	6
2008-09	223.30	198.68	(-) 24.62	(-) 11	4,150.21	5
2009-10	235.90	239.19	3.29	1	4,986.72	5
2010-11	259.46	323.12	63.66	25	5,929.84	5
2011-12	400.00	503.35	103.35	26	7,638.23	7



The share of excise receipts in the total tax receipts of the State varied between five and seven *per cent* during the last five years.

The Department stated (June 2012) that the reasons for abrupt increase of actual receipts during 2011-12 was attributable to the issue of more IMFL 'On'¹ licences and enhanced re-structuring of excise levies thereon.

3.4 Cost of collection

Details of gross collection of excise duty, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2009-10 to 2011-12 along with the all India average percentage of expenditure on collection of preceding years are mentioned in Table 2.

Table 2
Cost of collection

(₹ in crore)

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage of expenditure on collection of preceding year
2009-10	239.19	22.22	9	3.66
2010-11	323.12	25.94	8	3.64
2011-12	503.35	29.11	6	3.05

The percentage of expenditure to gross collection in all the three years (2009-10 to 2011-12) was significantly higher than the All India average percentage of expenditure on collection. However, the percentage of expenditure during the above three years is showing a decreasing trend which is encouraging.

3.5 Impact of audit

During the period 2006-07 to 2010-11, Audit had, through inspection reports (IRs), pointed out non/short realisation of establishment charge/excise duty, non-payment of licence fee, loss of revenue due to warehouse going dry and other irregularities with revenue implication of ₹ 24.48 crore in 302 cases. Of these, the Department accepted audit observations in 64 cases involving recovery of ₹ 2.70 crore and since recovered ₹ 1.42 crore. Details are shown in Table 3.

¹ Where the licensee is allowed to serve intoxicants in its premises.

Table 3
Impact of audit

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
2006-07	20	56	8.40	4	0.12	Nil	Nil
2007-08	21	51	1.15	4	0.14	Nil	Nil
2008-09	19	43	1.42	2	0.05	Nil	Nil
2009-10	11	76	5.32	18	1.48	16	1.27
2010-11	15	76	8.19	36	0.91	14	0.15
Total	86	302	24.48	64	2.70	30	1.42

The Department/Government has accepted only 21 *per cent* cases pointed out during the last five years and recovered ₹ 1.42 crore which is more than 52 *per cent* of the accepted amount. However, the percentage of recovery when seen against the total amount objected stood at six *per cent* which needs improvement.

It is recommended that the Department should further improve the system of monitoring the audit paragraphs with special attention on recovery of accepted cases.

3.6 Working of internal audit wing

Internal audit, a component of the internal control mechanism, functions as eyes and ears of the management and is a vital tool which enables an organisation to assure itself that prescribed systems are functioning reasonably well.

It is observed that there is no internal audit wing in the State Excise Department. Inspection of different establishments under the Department is conducted by officers of the department of different levels. Had the Department arranged for conducting internal audit of its records/accounts at periodic intervals, deficiencies detected during local audit could have possibly been detected and rectified.

It is recommended that the Department may arrange for internal audit of its records/accounts either by establishing an internal audit wing or by the Director of Local Audit.

3.7 Results of audit

Test check of records of 12 units relating to the State Excise Department during 2011-12 revealed non-levy of excise duty, non/short realisation of establishment charges, loss due to warehouse going dry and other irregularities involving ₹ 48.13 crore in 76 cases as mentioned in Table 4.

Table 4
Results of audit

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Non-payment of licence fee	06	1.28
2.	Non/short realisation of establishment charges	07	1.26
3.	Loss due to warehouse going dry	01	0.04
4.	Other irregularities	62	45.55
Total		76	48.13

The Department accepted four cases involving ₹ 3.41 lakh pertaining to 2010-11 and recovered the same during 2011-12.

A few illustrative audit observations with financial implication of ₹ 45.19 crore are mentioned in the following paragraphs.

3.8 Audit observations

Scrutiny of the records of the State Excise Department revealed several cases of non-observation of the provisions of the Acts/Rules/departmental orders as mentioned in the succeeding paragraphs. These cases are illustrative and are based on test checks carried out by Audit. Some of the omissions on the part of the departmental officers are pointed out by Audit each year. However, not only do the irregularities persist, these irregularities continue till subsequent audit is conducted. It is a matter of concern as these observations are also sent to the higher authorities including the Government each time these are detected. There is, thus, a need for Government to improve the control and monitoring mechanism, besides putting in place an effective internal audit system so that these omissions are prevented, detected and corrected regularly and promptly.

3.9 Misclassification of IMFL resulted in short realisation of excise duty of ₹ 29.20 crore.

[Superintendent of Excise (SE), Kamrup; November – December 2011]

Under the AE Act, 1910, excise duty at varied rates is leviable based on the ‘cost price’ of different brands of IMFL/Beer. However, the term ‘cost price’ has not been defined in the Act nor has the Government issued any notification clarifying the term ‘cost price’.

During test check of the records of the SE, Kamrup, records of the Commissioner of Excise (CE), Assam pertaining to grant of label registration was looked into by making a special visit in the latter’s office. It was observed that in respect of the distilleries seeking registration of labels for manufacture and sale of IMFL/Beer in and outside the State of Assam,

there is a system of obtaining the ex-distillery price of the brands for issuing the label registration certificates and fixing the classification of the brands. And while issuing the label registration orders by the CE, Assam, specific mention to the effect that “maximum retail price should be fixed after adding 15 *per cent* profit” on the ex-distillery price is made according to one of the ‘terms and conditions’ of the label registration certificate. It was further observed that though the CE clearly mentions that the MRP should be fixed after adding 15 *per cent* as profit element, there was no system of analysing the MRP actually fixed by the distillers to examine whether the classification made initially still held good.

Audit carried out an analysis in respect of one brand *i.e.* AC Black Whisky manufactured by distilleries namely M/s Indo Assam and M/s Himalayan Distilleries under the jurisdiction of SE, Kamrup and the results are as follows:

AC Black Whisky – (registered as luxury brand²)

MRP (per bottle of 750 ml)	₹ 220 (pre-revised) ₹ 240 (revised from July 2011) Calculation made on ₹ 220/ bottle.
Sales tax element/bottle	30 <i>per cent</i> on sale price Or ₹ 51 (220 X 30/100 + 30)
Excise Duty /bottle	₹ 598.90 per case Or ₹ 49.9 per bottle (1 case = 12 bottles)
Price before taxes and duty	₹ 119.10/bottle

² As per Government notification luxury brand is those whose cost price is less than ₹ 1,199 per case.

Profit element – 15 %	₹ 15.53 (119.10 X 15/100 + 15)
Therefore, cost price per bottle	₹ 103.57
Cost price per case	₹ 1,242.84
Classification	Premium
Rate of duty	₹ 942.50 per case
Difference of duty per case	₹ 343.60 (₹ 942.50 - ₹ 598.90)

Thus, it may be seen that the above brand was classified as luxury brand instead of premium brand and difference of duty payable per case is worked out to ₹ 343.60. During the period between April 2010 and October 2011 both distilleries produced and dispatched 8,49,841 cases of AC Black Whisky for sale in Assam. Considering the excise duty applicable for luxury brands *i.e.* ₹ 598.90 per case, the revenue realised on these 8,49,841 cases works out to ₹ 50.90 crore instead of ₹ 80.10 crore worked out by considering ₹ 942.50 per case applicable to premium brands. Consequently, there was short levy and realisation of excise duty of ₹ 29.20 crore (8,49,841 cases X ₹ 343.60/case).

The case was reported to the Department/Government in January 2012; their replies have not been received (November 2012).

3.10 Non-raising of demand for recovery of excise duty of ₹ 8.75 crore on short production of liquor

[SE, Kamrup; November – December 2011]

As per the AER, 1945 maximum permissible wastage for blending and bottling of IMFL is one *per cent*. It was observed that Assam Distillery Rules do not prescribe any norm for manufacture of IMFL from extra neutral alcohol (ENA). This is fraught with the risk of evasion of excise duty as duty is payable on IMFL which is produced from ENA and any shortfall in production due to absence of any benchmark would result in loss of revenue.

In the absence of any prescribed benchmark/norm in AER, the norm followed by other distilleries as certified by the concerned inspectors of excise was – one Bulk Litre (BL)³ ENA X 1.66 strength = 1.66 LPL⁴/0.75 degree proof = 2.2213 LPL.

Mention was made in paragraph 3.9 of the Report of the Comptroller and Auditor General of India for the year ended March 2011 (Revenue Receipts), Government

of Assam regarding non-realisation of excise duty on short production of liquor due to absence of formal norm for manufacturing IMFL from ENA. Though the Government had accepted the norms while furnishing their reply to the above audit observation, it was recommended that the Department/Government needs to take immediate steps to notify the norm officially which was being followed by majority of the distilleries.

During test check of the records of M/s Indo Assam Distilleries and bottling Private Limited under the jurisdiction of SE, Kamrup, it was noticed that the distiller used 54,40,172 LPL of ENA during the periods April 2010 to October 2011. As per the norms adopted by the distilleries test checked in audit and also agreed upon by the Government as well as the Inspector in-charge of the distillery commented upon, 54,40,172 LPL of ENA should have yielded

³ 1 BL = 1 litre.

⁴ London proof litre (LPL) – Strength of alcohol is measured in terms of ‘degree proof’. Strength of such alcohol 13 parts of which weigh exactly equal to 12 parts of water at 51 degree Fahrenheit is assigned 100 degree proof. Apparent volume of a given sample of alcohol when converted into volume of alcohol having strength 100 degree is called LPL.

10,26,215 cases⁵ of IMFL whereas the distillery showed production of 8,28,134 cases of IMFL.

The shortfall in the yield of 1,98,081 cases of IMFL involved excise duty of ₹ 8.75 crore⁶.

The Department/Government needs to take immediate action to notify the norms officially for manufacturing IMFL from ENA to serve as a benchmark for distilleries and prevent cases of avoidable short production leading to loss of revenue similar to those mentioned in previous Audit Report as well as in this instant case.

The case was reported to the Department/Government in January 2012; their replies have not been received (November 2012).

3.11 Non-functioning of bonded warehouse-consequent loss of revenue of ₹ 4.43 crore

[SE, Kamrup; November – December 2011]

The AER, 1945 provide for maintenance of minimum stock in the warehouses of country spirit and if the stock falls below the specified quantity as fixed by the CE, the licensee is liable to compensate the loss suffered by the Government on account of failure of the warehouse owner to supply country spirit in case of demand. Similar provision for maintenance of minimum stock has been prescribed for retail licensees as well by way of a notification issued by the Government.

Though the AER provide for maintenance of minimum stock for warehouses stocking country spirit as well as retail licensees of IMFL/Beer, there is no such provision for the same in respect of bonded warehouses of IMFL/Beer. Consequently, the Government has no mechanism to safeguard its revenue interest in case of non-functioning of bonded warehouses of

IMFL/Beer without valid reasons. This leaves scope for loss of revenue to Government exchequer.

⁵ $54,40,172 \text{ LPL of ENA} \times 1.66 \text{ strength} = 9030685.52 \text{ BL} / 8.8 = 10,26,215 \text{ cases}$ (1 case = 12 bottles of 750 ml = 9 BL, 1 case = 24 bottles of 375 ml = 9 BL, 1 case = 48 bottles of 180 ml = 8.64 BL, hence average between 8.6 BL and 9 BL per case = 8.8 BL per case has been considered for calculation).

⁶ Total 1,98,801 cases, of which 64,264 cases calculated @ ₹ 419 per case (minimum rate of excise duty leviable on general brands upto September 2010) and the remaining 1,33,817 cases calculated at ₹ 452.79 per case (revised rate of excise duty on general brands applicable from September 2010 onwards).

During scrutiny of records pertaining to M/s SKOL Breweries Bonded Warehouse Limited (licensee) dealing in Beer under the SE office, it was observed that the Bonded warehouse functioning since April 2007 applied (January 2010) for shifting their location from the existing site to a new site which was approved by the Government in June 2010. It was noticed that during the interim period (January to June 2010), the Bonded warehouse functioned normally from its existing place of business.

It was further observed that the bonded warehouse again applied (4 April 2011) for shifting their place of business to yet another place. However, neither any documented reason for this shifting was mentioned in the application nor was the same called for by the Department/Government. Till the date of audit (December 2011) permission of the Government allowing shifting of the Bonded warehouse had not been issued. However, it was noticed that unlike the previous occasion, the licensee stopped the business and neither imported nor sold any consignment of Beer during the period April 2011 to December 2011. This was despite the fact that they were in possession of a godown duly authorised by the Government and four/five excise officials continued providing their services at the existing site of the bonded warehouse.

Thus, due to absence of a provision for maintenance of minimum stock of Beer in bonded warehouses similar to those in force for country spirit and retail IMFL/Beer licensees, there was no mechanism in the Government to safeguard loss of revenue sustained due to non-functioning of the Bonded warehouse for the above period of eight months. An analysis of the transactions of the Bonded warehouse during the preceding 24 months (April 2009 to March 2011) prior to the period of non-functioning indicated that the licensee had imported and sold, at an average, 35,405 cases and 35,865 cases of Beer respectively every month. Considering this as the base, it can be concluded that Government was deprived of revenue of ₹ 4.43 crore⁷ in respect of only the above case.

⁷ 35,405 cases X ₹ 60 (import pass fee) for eight months = ₹ 1.70 crore (import pass fee)
35,865 cases X ₹ 95 (excise duty on sale of beer) for eight months = ₹ 2.73 crore (excise duty); Thus, total deprival of revenue = ₹ 4.43 crore.

It is recommended that the Government may consider introducing provisions for maintenance of minimum stock by the Bonded warehouse of IMFL/Beer and ensure recovery or compensation of loss similar to those in force for country spirit and retail licensees of IMFL/Beer.

The case was reported to the Department/Government in January 2012; their replies have not been received (November 2012).

3.12 Failure of the SE to properly draw up the 'Order' on physical verification report led to possibility of recovery of revenue amounting to ₹ 2.05 crore doubtful

[SE, Dibrugarh; July 2011]

As per Rule 32 of the Assam Bonded Warehouse Rules, 1965 (ABWR), the State Government is not responsible for loss or damage of any spirit in a warehouse by any cause whatsoever and the licensee concerned is liable to pay the *ad-valorem* levy including VAT on the entire stock of excisable goods in excess of admissible allowance of godown breakage. Further, Rule 37 of the above Rules empowers the excise officers to carry out physical verification of the stock held by any bonded warehouse.

It was observed that the SE conducted (2 April 2011) physical stock verification of IMFL/Beer/Wine held in the bonded warehouse of M/s Juri & Co Private Limited, Dibrugarh and 35,067.07 cases were found short as per the stock register. On the basis of the shortage of IMFL/ Beer/Wine so detected during the physical verification of stock, show cause notice was issued (7 April 2011) to the licensee of the bonded warehouse.

On receipt of the reply (dated 18 April 2011) of the licensee, the SE drew up an 'Order' on 25 April 2011 levying duty of ₹ 1.62 crore plus VAT⁸ on the IMFL/Beer/Wine found short during physical verification.

Scrutiny of the 'Order' of SE dated 25 April 2011 and the reply furnished by the licensee dated 18 April 2011 revealed the following:

The 'Order' of SE contained details of the cases as per the stock register *vis-a-vis* those found during physical verification. However, in his reply, the licensee *inter-alia* challenged the mode of physical verification stating that

⁸ VAT was not worked out in the 'Order'.

‘physical stocks have been taken on a random basis’. It was noticed that while drawing up the ‘Order’ on 25 April 2011, the SE did not make any mention about the above contention of the licensee and consequently the most important aspect of the reply furnished by the licensee challenging the fundamentals of ‘physical stock verification’ remained unanswered in the ‘Order’.

It was further noticed that nowhere in his ‘Order’ the SE had mentioned about the presence of the representative(s) of the licensee which could have enabled the SE to effectively rebut the contention of the licensee challenging the method of stock verification process and thus, making the ‘Order’ fool proof. It is evident that the physical verification report was not got signed by the representative of the licensee though the verification was carried out in their presence⁹. It was observed that till the date of audit, the licensee had not made payment of the demand raised by the SE.

Thus, failure of the SE to include the contention of the licensee challenging the method of physical verification and rebut it properly mentioning there against the fact that physical verification was carried out in the presence of the representative/owner of the licence holder has rendered the ‘Order’ of SE, weak in law. Consequently, possibility of recovery of dues of ₹ 2.05 crore (including VAT of ₹ 43.66 lakh) from the licensee, is doubtful.

The case was reported to the Department/Government in August 2011 and followed up in December 2011; their replies have not been received (November 2012).

⁹ As per Excise laws, bonded warehouses are to be kept under lock and key jointly by the licensee and the excise inspector and each would retain one set of the keys of the warehouse. Hence, presence of both licensee or his representative and the excise official is required to open the warehouse.

3.13 Non-realisation of establishment charges from bonded warehouses for deployment of excise officers

[SsE, Dibrugarh, Diphu, Sonitpur and Tinsukia; between September 2010 and August 2011]

The ABWR, 1965 and the Assam Distillery Rules, 1945, provide that the CE shall appoint such excise officer and establishment as he thinks fit to the charge of bonded warehouses/distilleries and for this, the licensees shall pay establishment charges (pay and allowances, leave salary and pension contribution) at the prescribed rates at the end of each calendar month.

During test check of the records of the above SsE, it was observed that 16 bonded warehouses did not pay the establishment charges of ₹ 33.43 lakh due for various periods falling between April 2009 and August 2011 for the excise officials engaged in their warehouses. The concerned SsE also did not issue demand notices to the defaulting bonded warehouses for payment of establishment charges. This is indicative of weakness in monitoring of timely recovery of establishment charges from the licensees by the above offices of the SsE.

Incidentally it may be mentioned that non-remittance/realisation of establishment charges from various licensees of bonded warehouses/distilleries has been pointed out in successive Audit Reports, but the Department/Government has not taken any initiative to install a mechanism to ensure timely recovery of the establishment charges resulting in these amounts remaining outstanding for long periods. The above cases are only illustrative as observed during test check of the units during the year.

It is recommended that the Department/Government may install a regular monitoring mechanism to ensure that the establishment charges are invariably collected within the timeline prescribed in the ABWR, by making the SsE responsible for the same.

The case was reported to the Department/Government between May and October 2011 and followed up between December 2011 and February 2012; their replies have not been received (November 2012).

3.14 Irregular cancellation of wholesale licence in respect of a bonded warehouse resulted in loss of revenue of ₹ 13.50 lakh

[SE, Nagaon; December 2011]

Under Section 31 of AE Act, 1910 any holder of a licence granted under the Act to sell any intoxicant may surrender his licence on the expiry of one month notice in writing given by him to the Collector of his intention to surrender the same and on payment of the fees payable for the whole period for which the licence would have been current, but for such surrender.

Further, Rule 243 of AER provides that the licensees of wholesale bonded warehouses are required to pay annual fee in advance for renewal of their licences. In case of failure to do so, their premises are to be closed till the fees are paid. For operating bonded warehouses, it is mandatory to hold a wholesale licence along with the licence for bonded warehouse.

During scrutiny of the records pertaining to M/s Kallong Valley Enterprise, Bonded warehouse (licensee) in the above office, it was observed that licences for bonded warehouse and wholesale business of IMFL were granted by the Government of Assam to the licensee in May and July 2008 respectively. The licensee started operating the bonded warehouse during 2008-09 but failed to pay the renewal fee of bonded warehouse licence from 1999-2000 onwards and the bonded warehouse was

closed in 2001. After about 10 years, the licensee requested the CE, Assam (September 2009) for renewal of the licence for bonded warehouse and paid renewal licence fees from 1999-2000 to 2009-10 accordingly. It was further observed that the licensee was in possession of separate licences for bonded warehouse and wholesale business. However, the licensee denied having a separate licence for wholesale business and applied for renewal of the licence for bonded warehouse only. The matter was referred (April 2011) to the SE, Nagaon by CE for enquiry and submission of a report. It was noticed that copy of the approval of Government on wholesale licence dated July 1998 was available in the case records of the licensee in the office of the SE from where Audit has obtained a copy of the same. But, the SE instead of mentioning about the same in his report to the CE, pleaded on behalf of the licensee about the poor financial condition and proposed (May 2011) for issue of a fresh wholesale licence to the licensee. On the basis of this report of the SE, a separate wholesale licence was approved by the Government. The CE conveyed (June 2011) Government's approval to revival (June 2011) of the licence of bonded warehouse and issue of fresh wholesale licence to the licensee. Thus, issue of a fresh wholesale licence instead of renewing the erstwhile wholesale licence on payment of requisite fees similar to the renewal of bonded warehouse licence resulted in loss of

potential revenue of ₹ 13.50 lakh¹⁰ to the Government and undue benefit to the licensee to that extent.

The case was reported to the Department/Government in January 2012 and followed up in April 2012; their replies have not been received (November 2012).

3.15 Failure of the SE to collect transport pass fee at revised rates led to short realisation of ₹ 11.71 lakh

[SE, Diphu; July-August 2011]

The Government of Assam notified (29 September 2010) the revised rates of transport pass fee (a fee to be paid in advance before pass for transport of IMFL/Beer is applied for) from ₹ 30 to ₹ 50 per case, with effect from 29 September 2010.

During scrutiny of records in above office, it was observed that despite the revision of rates of transport pass fee with effect from 29 September 2010, four licensees¹¹ under the above SE had deposited transport pass fee at old (lower) rates while applying for pass to transport 40,482 cases of IMFL/Beer between 5- 21 October 2011. The SE failed to notice short payment of transport pass fee at the time of issuing

the passes which resulted in revenue of ₹ 11.71 lakh remaining unrealised. No notice of demand was issued by the SE, Diphu to collect the balance fee till the matter was pointed out by Audit.

The case was reported to the Department/Government in August 2011 and followed up in December 2011; their replies have not been received (November 2012).

¹⁰ ₹ 1 lakh per annum for 1999-2000 to 2010-11 and ₹ 1.50 lakh per annum for 2011-12.

¹¹ M/s ANR Bonded warehouse; M/s Flamingo Breweries Private Limited; M/s Friends Distillery Bottling Industries and M/s Radiant Manufacturers Private Limited.

3.16 Failure of the offices of CE, Assam and SE, Diphu to collect import permit fee at revised rates led to short realisation of ₹ 9.77 lakh

[CE, Assam and SE, Diphu; between June and August 2011]

The Government of Assam notified (29 September 2010) the revised rates of import permit fee for Beer (a fee to be paid in advance before a permit for importing Beer from outside the State is granted) from ₹ 30 to ₹ 60 per case, with immediate effect.

During scrutiny of records in above office, it was observed that despite the revision of rates of import permit fee with effect from 29 September 2010, three licensees¹² had deposited the fee at old (lower) rates while applying for import permits to import 24,900 cases of Beer between 5 October and 20 December 2011. The offices of the CE Assam and SE, Diphu failed to notice short payment of import permit fee at the time of issuing permits which resulted in revenue of ₹ 9.77 lakh remaining unrealised. No notice of demand was issued by the above offices to collect the balance fee till the matter was pointed out by Audit.

The case was reported to the Department/Government in August 2011 and followed up in December 2011; their replies have not been received (November 2012).

3.17 Failure of the SE, Diphu to collect export pass fee at revised rates led to short realisation of ₹ 6.62 lakh

[SE, Diphu; July - August 2011]

The Government of Assam notified (29 September 2010) the revision of rates of fee for export pass (a pass issued to the licensees intending of export IMFL outside the State of Assam) from ₹ 10 to ₹ 50 per case.

During scrutiny of records in above office, it was observed that despite the revision of rates of export pass fee with effect from 29 September 2010, two licensees¹³ had deposited the fee at old/ lesser rates while applying for 17 export passes for exporting 17,600 cases of IMFL. The office of the SE, Diphu failed to notice short payment of export pass fee at the time of issuing the export passes which resulted in revenue of ₹ 6.62 lakh

¹² M/s KDC Bonded warehouse, Guwahati; M/s Mohit Enterprise Bonded warehouse, Tinsukia and M/s Radiant Manufacturers Private Limited, Diphu.

¹³ M/s Flamingo Breweries Private Limited Bonded warehouse, Bokajan and M/s Radiant Manufacturers Private Limited, Diphu.

remaining unrealised. No demand notice was issued by the above office to collect the balance fee till the matter was pointed out by Audit.

The case was reported to the Department/Government in August 2011 and followed up in December 2011; their replies have not been received (November 2012).