

CHAPTER – III : STATE EXCISE

3.1 Results of Audit

Test check of records of the State Excise offices, conducted in audit during the year 2003-2004 revealed short/non-realisation of excise duty, non-realisation of gallonage fee, etc. amounting to Rs.6.55 crore in 61 cases under the following categories :

(Rupees in crore)

Sl. No.	Particulars	No. of cases	Amount
1	Short/non-realisation of excise duty	5	3.71
2	Excess allowance of godown loss	5	0.09
3	Non-realisation of excise duty due to warehouse going dry	3	0.19
4	Non-realisation of annual licence fee	3	0.01
5	Non-realisation of gallonage fee	4	0.07
6	Other lapses	41	2.48
Total :		61	6.55

The Department accepted 19 cases of observations involving Rs.0.44 crore during 2003-2004 and recovered Rs.0.03 crore in 4 cases for the year 2003-2004 and Rs.0.12 crore in 9 cases prior to 2003-2004 during the year. A few illustrative cases highlighting important audit observations involving Rs.0.11 crore are mentioned in the following paragraphs :

3.2 Loss of revenue due to warehouse going dry

The Assam Excise Rules, 1945 makes it mandatory for the licence holder to maintain such minimum stock of spirit in the warehouse as may be fixed by the Excise Commissioner from time to time. The contractor shall be liable to compensate any loss to Government revenue which may be incurred owing to his failure to maintain adequate stock. According to provision under NE Region Excise Manual, Excise officer in charge shall submit a weekly return to the Superintendent of the concerned distillery showing the balance of the spirits in hand. In case, stock at the warehouse is likely to fall or falls below the minimum stock, the officer-in-charge shall inform in due time and if necessary wire to the distillery which supplies spirit for fresh supply till the arrival of the new consignment.

Test check of records maintained by the Superintendent of Excise (SE), Tezpur revealed in March 2003 that the stock of country spirit declined to zero in the case of Tezpur Excise Warehouse for periods ranging between 8 and 85 days from April 2002 to February 2003. However, the licensee and the Department failed either to maintain minimum stock of spirit or enforce the supplier licensee for uninterrupted supply of spirit.

Thus, the Government had to forego revenue of Rs.8.66 lakh on account of excise duty and vend fee calculated on the basis of average sales during the preceeding six months prior to November 2002.

Matter was reported to the Department and the Government in May 2003; their replies have not been received (December 2004).

3.3 Non-realisation of establishment charges

The Assam Bonded Warehouse Rules, 1965 provides that the licensee of a warehouse shall pay to the Government at the end of each calendar month such establishment charges as may be determined from time to time by the CE in respect of the Excise Officer(s) and establishment deployed in the warehouse.

Under Section 29 of the Assam Excise Act, 1910, and provisions under the Assam Bonded Warehouse Rules, 1965, the license of a bonded warehouse may be cancelled or suspended by the CE if any duty or fee payable by the license holder is not duly paid.

Test check of records in February 2003 and January 2004 of the SE, Karimganj, revealed that M/s Surma Bonded Warehouse did not pay establishment charges amounting to Rs. 2.76 lakh in respect of officials deployed during the period from 1 September 2001 to 31 March 2003. The SE, Karimganj neither issued any demand notice to the licensee nor took any step for cancellation/suspension of the license for non-payment of the Government dues in terms of the provision of Act/Rules *ibid*. However, in December 2003, the DC, Karimganj asked the licensee to explain as to why

his license should not be cancelled for non-payment of dues. While accepting the fact, the SE, Karimganj stated in June 2004 that the licensee was directed to deposit the amount due to Government. Further report is awaited (December 2004).

Thus, due to inadequate action of the Department on recovering the dues, revenue to the tune of Rs.2.76 lakh remained unrealised as of December 2004.

The case was reported to the Department and the Government between September 2002 and May 2004; their replies have not been received (December 2004).