

CHAPTER- 4: State Excise

4.01 Results of Audit

Test check of the records of the excise offices, conducted in audit during the year 2000-2001 revealed under assessments and losses of revenue amounting to Rs.27.93 crore in 1083 cases, which broadly fall under the following categories :-

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Non/delayed settlement of excise shops	284	12.07
2.	Non- realisation of licence fee	73	0.28
3.	Undue financial benefit due to unauthorised concession	10	0.02
4.	Other irregularities	716	15.56
Total		1083	27.93

During the year 2000-2001, the concerned department accepted under-assessments etc., of Rs. 57.54 lakh involved in 166 cases of which 16 cases involving Rs. 0.31 lakh have been pointed out in audit during 2000-2001 and rest in earlier years. A few illustrative cases involving Rs. 14.48 crore are given in the following paragraphs: -

4.02 Loss of revenue due to non-settlement of excise shops

Under the Bihar Excise (BE)Act, 1915 and Rules framed thereunder, the licences of excise shops for retail outlet of country spirit, foreign liquor and spiced country spirit are settled annually by auction by the Collector. When the upset/reserved fee is not obtained in any case, the Collector of the district may, at his discretion, accept a lower fee, which shall, however, be subject to the approval of the Commissioner. The department also issued (June 1995) instructions to all Collectors/ Deputy Commissioners to operate the unsettled excise shops departmentally.

In 13 Excise districts¹, 77 country spirit, 24 India made foreign liquor (IMFL) and 130 spiced country liquor shops remained unsettled during the years 1997-98 to 1999-2000. No efforts were made either to settle the shops below the reserved fee or to run them departmentally. This resulted in loss of excise revenue of Rs.12.72 crore in the form of licence fee and excise duty.

¹ Araria cum Kishanganj, Begusarai, Bhojpur cum Buxar, Bhagalpur cum Banka, Darbhanga, Gopalganj, Khagaria, Muzaffarpur, Patna, Rohtas cum Kaimur, Saharsa cum Supaul, Siwan and West Champaran (Bettiah).

On these being pointed out (between April 2000 and February 2001), the department stated (between April 2000 and March 2001) that shops could not be settled due to non-availability of bidders and fixation of high reserved fee. The reply is not tenable as in the absence of bidders no efforts were made to run the shops departmentally or to settle them below the reserved fee.

The cases were reported to the Government (May 2001); their reply has not been received (March 2003).

4.03 Non-realisation of additional amount on excess lifting of country spirit

Under the BE Act, 1915 and Rules framed thereunder read with condition of sale notifications (between February 1997 and May 1998), permission for issue of liquor in any month beyond 30 per cent above the approved Minimum Guaranteed Quota (MGQ) for that month, shall be granted to retail licensees after receiving additional amount proportionate to the auction money for the year 1997-98 and at a fixed rate of Rs. 15 per London Proof Litre (LPL) for the years 1998-99 and 1999-2000.

In 3 Excise districts², 157 retail licensees were permitted to lift 69886.30 LPL of country spirit in excess of 30 per cent of the approved MGQ in different months during the years 1997-98 to 1999-2000 without realising the additional amount. This resulted in non-realisation of revenue of Rs. 12.04 lakh.

On these being pointed out (between June and October 2000), the department agreed (between June and October 2000) to take further action. Further reply has not been received (March 2003).

The cases were reported to the Government (May 2001); their reply has not been received (March 2003).

4.04 Short realisation of administrative charges

The Bihar Molasses (Control)(Amendment and Validating) Act, 1999 provides for levy of administrative charges at the rate of Rs. 15 per quintal of molasses having reducing sugar of 37 per cent or more on released molasses to distilleries within the state of Bihar by different sugar mills.

In Excise district of Gopalganj, it was noticed (November 2000) that as per allotment made by excise department, 1.60 lakh quintals of molasses having reducing sugar of 37 per cent and more, were sold to 3 distilleries during the year 1999-2000. The administrative charges amounting to Rs. 2.27 lakh were, however, realised against the recoverable amount of Rs. 24 lakh. This resulted

² Bhojpur cum Buxar, Rohtas cum Kaimur and West Champaran (Bettiah).

in short realisation of administrative charges of Rs. 21.73 lakh calculated at the rate of Rs. 15 per quintal of molasses.

On these being pointed out (November 2000), the department stated (November 2000) that realisation of administrative charges was possible from May 2000 as the notification was received in that month. Further reply has not been received (March 2003).

The cases were reported to the Government (May 2001); their reply has not been received (March 2003).

4.05 Loss of interest due to non-institution of certificate proceedings

Under the provisions of the BE Act, 1915 read with the Bihar and Orissa Public Demands Recovery Act, 1914 arrears of excise revenue is recoverable as arrears of land revenue by charging simple interest at the rate of 12 per cent per annum from the date of initiation of certificate proceedings till the date of realisation. Any delay in initiating certificate proceedings has the effect of loss of interest to the Government as the provisions for charging interest on belated payment covered by certificate takes effect only from the date of signing of the certificates.

In course of audit of Excise district, Patna it was noticed that excise revenue amounting to Rs. 293.77 lakh was outstanding for the years ranging from 1983-84 to 1997-98. No action was, however, taken to initiate certificate proceedings against the defaulters till the date of audit (August 2000). This resulted in loss of interest of Rs. 142.38 lakh calculated for the period from 1991-92 to 1999-2000 due to non- initiation of certificate proceeding besides non recovery of excise revenue amounting to Rs. 293.77 lakh. The amount of interest will increase if calculated from the year it is due.

On these being pointed out (August 2000), the department stated (September 2000) that the case would be reviewed. Further reply has not been received (March 2003).

The cases were reported to the Government (May 2001); their reply has not been received (March 2003).