

Chapter - III: State Excise, Entertainment and Luxury Tax

3.1 Results of audit

Test check of records relating to State excise, entertainment and luxury tax conducted during the year 2005-06 revealed loss of revenue and other irregularities involving Rs.16.60 crore in 3 cases which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Loss of revenue	2	2.10
2.	Review on Assessment, Levy and Collection of Entertainment, Betting and Luxury Tax	1	14.50
Total		3	16.60

During the course of the year 2005-06, the department accepted loss of revenue Rs.32 lakh and raised additional demand of Rs. 30 lakh.

One illustrative case involving Rs. 30 lakh and a review on **Assessment, levy and collection of entertainment, betting and luxury tax** with financial implication of Rs.14.50 crore highlighting important observations are given in the following paragraphs.

3.2 Review on assessment, levy and collection of entertainment, betting and luxury tax

Highlights

- The department took no steps to ascertain the actual number of subscribers availing cable television services. In an area of NCT Delhi, there was understatement of subscribers by 103.47 per cent, which resulted in short realisation of entertainment tax of Rs.53.60 lakh.

(Paragraph 3.2.7.1)

- Rent/hire charges for banquet/conference halls received by 21 out of 41 such hotels test checked in audit were not being included as receipt of the hotels for the purpose of levy of luxury tax. This resulted in short levy of luxury tax of Rs.13.74 crore.

(Paragraph 3.2.7.3)

- There were delays ranging from one to three years in 45 assessments pertaining to 30 hotels involving an additional demand of Rs.26.33 lakh. Such delayed assessments resulted in deferring the receipt of Government dues into the public exchequer and its retention by the hoteliers. In addition, interest of Rs.2.26 lakh payable for late deposit of the additional demand was also not levied.

(Paragraph 3.2.7.4)

- The department failed to pursue arrears of luxury tax of Rs.54.62 lakh which remained outstanding for periods ranging upto five years despite provisions enabling recovery of such outstanding dues as arrears of land revenue.

(Paragraph 3.2.8)

- System of internal control and monitoring was weak and inadequate. The department did not have any definitive mechanism for monitoring and pursuance of tax dues which resulted in non adherence to the statutory provisions and significantly compromised the ability of the department to take meaningful action against defaulters. No internal audit had been conducted during the five years from 2000-01 to 2004-05.

(Paragraph 3.2.9)

Recommendations

- *There is a need to strengthen mechanism to monitor adherence to statutory provisions. Maintenance of records and quality of documentation also need to be improved and internal audit conducted atleast on an annual basis,*
- *The department should institute procedures to cross check atleast on a representative test check basis the validity and correctness of the returns submitted by the assesseees so as to secure their compliance with statutory provisions,*
- *Action should be ensured to effectively pursue the arrears of tax in accordance with the provisions of the Acts. Responsibility should be fixed for any inaction or delay on the part of departmental officials in effectively pursuing recovery of long pending arrears.*

3.2.1 Introduction

The Delhi Entertainments and Betting Tax (DEBT) Act 1996 provide for the levy of entertainment, totalizator and betting tax in the NCT of Delhi. Entertainment tax is leviable on admission to cinema shows, entertainment programs and for cable and video services. Totalizator and betting tax is levied on stakes and bets placed within the NCT of Delhi on horse races. The Act read with the rules made thereunder provide for submission of prescribed forms and for imposition of penalties for non compliance with provisions. It also provides for recovery of tax as arrears of land revenue.

The Delhi Luxuries Tax (DLT) Act, 1996 and rules made thereunder provide for levy of luxury tax on the turnover of receipts of a hotelier at a rate not exceeding 15 *per cent* to be notified by Government from time to time. Where the charges are levied otherwise than on daily basis or as per room, then the charges for determining the tax liability shall be computed proportionately for a day and per room based on the total period of occupation of the accommodation for which the charges are made. Luxury tax is not leviable in respect of turnover of receipts for food and drinks on the sale of which the hotelier is liable to pay sales tax. The Act read with the rules also provide a time frame for payment of the tax dues and for imposition of fines for contravention of the rules.

3.2.2 Organisational set up

The administration of both the DEBT Act and the DLT Act is entrusted to the Entertainment, Betting and Luxury Tax Department headed by the Principal

Secretary (Finance). He is assisted by the Commissioner of Entertainment, Betting & Luxury Tax, one deputy commissioner, three entertainment and luxury tax officers, two additional entertainment and luxury tax officers and three superintendents. The work is distributed district wise amongst the above officers.

3.2.3 Audit objectives

A review was conducted to evaluate the efficiency and effectiveness of the tax collection machinery and to assess whether all the tax dues were being remitted to the public exchequer. The review also covered an assessment of the efficacy of the internal control systems operating in the department. The primary objectives were to ascertain whether:

- entertainment, luxury and betting tax including penalty and interest was being properly assessed, collected and remitted into Government account in accordance with the Acts and the rules made thereunder;
- adequate steps have been taken for realisation of arrears;
- there were any lacunae in the Acts and rules or in implementation thereof resulting in leakage of revenue; and
- adequate systems and procedures of internal controls existed within the department.

3.2.4 Scope of audit

The review was conducted during the period from March 2006 to June 2006 in the offices of the Commissioner of Entertainment, Betting and Luxury Tax and covered the period from 2000-01 to 2004-05. In case of luxury tax, the period has been covered up to March 2006. The audit exercise covered the entire gamut of activities of the department relating to assessment and levy of tax from cinema halls, cable service providers, hoteliers and from betting activities.

3.2.5 Audit methodology

Statistical sampling methods were employed to select specific units or cases for detailed scrutiny in audit. Based on random sampling methods coupled with a risk analysis and ensuring necessary geographical coverage, 14 out of 56 cinema halls, 364 out of 1,456 cable operators and 179 out of 716 hotel establishments were selected for detailed audit scrutiny. The audit methodology included scrutiny of the forms and returns submitted by the selected assessees and check of the amount of tax deposited by them into Government account. In addition, records relating to 225 tax paid programs and 36 cases of exemption from payment of entertainment tax were also scrutinised.

3.2.6 Budget estimates and revenue head

Unrealistic framing of budget estimates

Proper fixation of budget estimates and targets for collection of revenue is a sine qua non for effective and meaningful monitoring of progress of collection of revenues. Rule 45 of the General Financial Rules stipulates that detailed estimates of receipt are to be prepared by the estimating authority separately for each head of tax and the estimating authority will give breakup of estimates along with actuals of past three years. The objective of the stipulation is that the budget estimates should be related to actual revenues collected during the previous years and the anticipated increase or decrease.

The budget estimates, revised estimates and revenue collected during the years 2000-01 to 2004-05 of entertainment and betting tax and 2000-01 to 2005-06 of luxury tax as well as the average of actual revenue collected during the previous three years was as follows:

(Rupees in crore)

Year	Average of last 3 years receipts	Budget estimates	Revised estimates	Actual receipts	Percentage variation of actuals with	
					BEs	REs
Entertainment tax						
2000-01	42.45	47.50	49.50	44.44	(-) 6.44	(-)10.22
2001-02	44.71	53.00	55.00	46.65	(-) 11.98	(-) 15.18
2002-03	45.88	58.00	45.00	41.94	(-) 27.69	(-) 6.80
2003-04	44.34	60.00	35.00	27.37	(-) 54.38	(-) 21.80
2004-05	38.65	45.00	35.00	35.22	(-) 21.73	(+) 0.62
Betting tax						
2000-01	3.57	2.50	4.00	2.74	(+) 9.60	(-) 31.50
2001-02	2.79	5.00	3.00	2.87	(-) 42.60	(-) 4.33
2002-03	2.79	5.00	5.00	2.91	(-) 41.80	(-) 41.80
2003-04	2.84	6.00	3.00	3.02	(-) 49.67	(+) 0.67
2004-05	2.93	3.50	3.00	2.88	(-) 17.71	(-) 4.00
Luxury tax						
2000-01	120.11	125.00	85.00	73.32	(-) 41.34	(-) 13.74
2001-02	102.96	110.00	80.00	78.06	(-) 29.03	(-) 2.43
2002-03	88.67	86.00	60.00	72.10	(-) 16.16	(+) 20.17
2003-04	74.49	88.00	88.00	97.51	(+) 10.81	(+) 10.81
2004-05	82.56	123.00	123.00	159.15	(+) 29.39	(+) 29.39
2005-06	109.59	140.00	170.00	245.89	(+) 75.64	(+)44.64

There were wide variations between the receipts collected and both the budget estimates as well as the revised estimates. The receipts of entertainment tax fell short of the budget estimates by 6.44 to 54.38 per cent during the period 2000-01 to 2004-05. While the actual receipts under betting tax exceeded the budget estimates by 9.6 per cent during 2000-01, it fell short by 17.71 to 49.67 per cent during 2001-02 to 2004-05. Luxury tax indicated a shortfall ranging from 16.16 to 41.34 per cent during the period 2000-01 to 2002-03 while it registered an increase by 10.81 per cent and 75.64 per cent during 2003-04 to 2005-06 respectively as compared to the budget estimates. There was similar wide variation between the actuals and the REs ranging from a shortfall of

41.80 *per cent* to exceeding the REs by 44.64 *per cent*. Moreover, the budget estimates themselves did not bear any correspondence to the collections of the previous three years. It was evident that neither the BEs nor the REs were being framed realistically or accurately taking due cognizance of previous performance. Consequently, the revenue collection targets set did not correspond to what was actually achieved or achievable by the tax collecting machinery and thus did not constitute a valid benchmark for the purpose of monitoring or assessing performance.

Government stated in August 2006 that special attention would be paid to the audit observation during preparation of budget estimates in future.

3.2.7 Assessment, levy and collection of tax

An appraisal of the assessment, levy and collection of entertainment tax revealed inadequate action by the department to assess the tax recoverable from the assesseees and to recover the tax dues as well as failure to enforce adherence to the rules relating to submission of returns by the assesseees which resulted in non recovery of tax revenue as well as delay in receipts as outlined in the succeeding paragraphs.

3.2.7.1 Short collection of tax from cable operators

DEBT Act provides that the proprietor of a cable television network shall be liable to pay entertainment tax at such rates not exceeding Rs.600 for every subscriber for every year as Government may from time to time notify in this behalf. Government of Delhi notified in December 1999 a rate of Rs.20 per subscriber per month. The Act also provides for inspections to be conducted by the Commissioner of the premises and records of the cable operators for the purpose of securing compliance with the provisions of the Act or the rules made thereunder.

Audit appraisal revealed that there were 1,456 cable operators registered with the Commissioner who had declared a total of 3,06,024 connections as of January 2006 for the entire NCT of Delhi which has a population of over 1.37 crore. In May 2005, the department conducted a sample survey in Vasant Kunj area to ascertain the number of subscribers provided cable connections by the cable operators registered with the Entertainment Tax Department. The survey disclosed that against 8,784 subscribers found, the cable operators exhibited only 4,317 subscribers representing understatement of 103.47 *per cent*. Based on this, there was short realisation of entertainment tax of Rs.53.60 lakh during 2000-01 to 2004-05 in the area surveyed.

Despite the obvious improbability of the number of subscribers declared by the cable operators and the results of the sample survey available with it, the department took no steps to either inspect the records or premises of the cable operators to physically verify the number of actual subscribers or take any other steps to ensure that the total entertainment tax due from the cable operators was accruing to the public exchequer.

Based on the average percentage of subscribers deflated by the cable operators in the survey conducted by the department and the rate of tax notified by Government, there was a short collection of at least Rs.38 crore of entertainment tax during the period from 2000-01 to 2004-05 on account of about 3,16,429 subscribers not declared by the cable operators.

Government stated (August 2006) that the survey cited by audit was conducted in response to a complaint filed by one of the cable operators and its results should not be extrapolated for the previous financial years. It added that due to manpower constraints, it was not possible for them to conduct such surveys throughout the NCT and they were now thinking of modifying their approach and levying the tax through Multi System Operators rather than pursuing individual cable operators. Further, the problem of under reporting would largely be taken care of after introduction of the Conditional Access System (CAS) in Delhi.

The reply is not tenable as it is incumbent upon any revenue earning department to take steps to ascertain to the extent possible the actual number of assesseees and ensure that the tax due under the provisions of the Act is levied and collected. Even a rudimentary check would have indicated that the tax being collected from cable operators was not commensurate with the population and socio-economic profile of Delhi. If not for the entire NCT, the department could have considered sample surveys in selected areas or even out sourced the survey to ascertain the correctness of the declarations of number of subscribers made by the cable operators. The department, however, took no steps to ensure that the tax due was actually being collected. The survey was only illustrative and indicative of the extent of under reporting by cable operators.

3.2.7.2 Non realisation of penalty from cable operators

The Delhi Entertainment and Betting Rules, 1997 stipulate that each cable operator shall file a monthly return in form 10 showing details of number of subscribers, their names and addresses, amounts collected and amount of tax deposited. The rate of tax is notified by Government from time to time. DEBT Act further provides for imposition of a fine not exceeding Rs.2,000 for any contravention of the provisions of the Act or the rules. The Rules also provide that a proprietor of a cable television network liable to pay entertainment tax shall deposit the tax due into Government account and the challan should be

furnished to the assessing authority within seven days from the end of the month for which tax is due.

Audit appraisal of the system of receipt and recording of challans revealed 201 out of selected 364 operators neither filed returns nor were there any challans as proof of payment of tax during the period from 2000-01 to 2004-05, for which penalty to the tune of Rs.20.10 lakh was not levied. Further, in absence of returns and challans, the department was not in a position to verify as to whether entertainment tax of Rs.3.19 crore due from the cable operators was actually deposited.

After this was pointed out, Government stated in August 2006 that the filing of the monthly returns was being monitored since July 2005 and steps had been initiated to both educate the cable operators as to the requirements of the Act and to computerise the process. They were also considering shifting the incidence of tax from the cable operators to Multi System Operations (MSOs) for better monitoring and implementation. Government further stated that it had ordered assessment of the 364 cases mentioned by audit for the financial years 2000-01 to 2004-05 alongwith the assessment for the year 2005-06. The cable operators would be given credit for only those challans that were verified from records.

3.2.7.3 Non levy of luxury tax on banquet halls

DLT Act stipulates that luxury tax shall be levied on the turnover of receipts of a hotel at the notified rate not exceeding 15 *per cent*. Where charges are levied otherwise than on daily basis, then charges for determining the tax liability shall be computed proportionately for a day and per room based on the total period of occupation of accommodation.

Audit appraisal revealed that rent/hire charges for banquet/conference halls received by the hotels were not included as receipt of the hotels for the purpose of levy of luxury tax. This resulted in short collection of tax of Rs.13.74 crore in 21 out of 41 hotels that had banquet/conference halls as detailed in Annexure-I.

Government stated (August 2006) that luxury tax was leviable on rooms provided in a hotel for residential purposes. Banquet/conference halls are not rented out for residential purposes and therefore their rent/hire charges received by the hotels were not “luxury provided in a hotel” for the purpose of luxury tax and as such luxury tax was not leviable on them. It added that the issue had come up before the Delhi High Court which had upheld in January 2002 a determination of the Commissioner (Luxury Tax) that luxury tax will not be chargeable where a room has been let out for any activity other than for residential usage.

The reply is not tenable as the Act provides for levy of luxury tax proportionately per room based on the total period of occupation of the accommodation. The Act defines “luxury provided in a hotel” as meaning “accommodation and other

services provided in a hotel". The judgment of Hon. High Court cited by the department relates to levy of luxury tax on service charges and not on levy of luxury tax on account of rent/hire of banquet/conference halls. The departmental representatives agreed in the exit conference that the matter would be reexamined in consultation with the Law Department.

3.2.7.4 Delay in assessments

The Rules stipulate¹ that a hotelier shall pay the tax due from him into Government treasury on or before the dates prescribed for submission of his return. The tax due is thus paid on monthly basis by major hoteliers and on quarterly basis by others. It is deposited into Government treasury in the same financial year in which it accrues. The DLT Act stipulates² that the amount of tax due from a hotelier shall be assessed separately for each year during which he is so liable. If the commissioner is satisfied that the returns filed by the hotelier are correct and complete, he shall assess the amount of tax on the basis of the returns filed by him. Additional demands, if any, raised as a result of such assessment are to be paid into Government treasury within a period of 30 days from the date of the assessment order³. In case the additional demand is not paid within the stipulated period of 30 days, simple interest at the rate of two per cent of the amount of tax for each month after the last day by which he should have paid the tax is levied.⁴ All assessments are normally completed within the financial year following the assessment year. However, no order of assessment shall be made after the expiry of three years from the end of the said year. In such a case, the returns filed by the hotelier shall be deemed to have been accepted as correct and complete for assessing the tax due from the hotelier.

Audit appraisal of assessment records relating to the 179 selected hotels revealed delays ranging from one to three years in 45 assessments pertaining to 30 hotels that involved an additional demand of Rs.26.33 lakh. Such delayed assessments resulted in deferring the receipt of Government dues into the public exchequer and its retention by the hoteliers. In addition, additional demand raised was not paid within the stipulated 30 days in 19 out of the 45 cases. However, interest amounting to over Rs.2.26 lakh was not levied.

Government stated (August 2006) that assessments were being done within a period of one to three years. If some additional demand is created during the assessment, then the interest is levied till the date of assessment. Interest is also levied if the admitted tax is not deposited in time. In case the additional demand has not been paid with interest within the 30 days, the department will

¹ Rule 15 of the Delhi Tax on Luxuries Rules, 1996

² Section 13

³ Section 18(4)(a)(ii)

⁴ Section 16(2) of the Delhi Tax on Luxuries Act, 1996

review the same and interest will be levied in case of delay in depositing the additional demand.

3.2.8 Non recovery of arrears of luxury tax

DLT Act⁵ stipulates that luxury tax shall be paid by hoteliers on a quarterly basis along with their returns except in case of major hotels which are required to pay on monthly basis. Section 20 of the DLT Act provides for recovery of luxury tax as arrears of land revenue.

Audit appraisal of the records of the department relating to recovery of luxury tax revealed that Rs.54.62 lakh was pending recovery from 17 hoteliers of which Rs.49.67 lakh relating to 15 hoteliers were outstanding from 2000-01. The remaining two cases involving Rs.4.95 lakh were outstanding from 2001-02. Out of the 17 cases, 15 cases were referred to the sub divisional magistrates for recovery as arrears of land revenue only in 2004-05 i.e. after delay of over four years while two cases were pending in appeal with the Commissioner for over one year. No reasons were available on record as to why the cases were still pending with the sub divisional magistrates or the Commissioner for periods ranging up to five years. It was evident that the department had failed to actively monitor or pursue the cases despite clear enabling provisions in the Act and the rules.

Government stated (August 2006) that vigorous efforts are being made after 2004-05 to follow up the recoveries.

3.2.9 Inadequate internal control procedures and mechanisms

3.2.9.1 Lack of mechanism to monitor adherence to statutory provisions

The department did not have any definitive procedure or mechanism for monitoring and pursuance of tax dues. In respect of entertainment tax, default cases were being pursued through their respective case files and there was no consolidated record that could facilitate timely monitoring and effective pursuance. This resulted in non adherence to the statutory provisions and significantly compromised the ability of the department to take meaningful action against defaulters as discussed below:

- The DEBT Act provides for deposit of security by every cable service provider. The security to be deposited is to be equal to one months' tax. The amount of security is to be revised in case the amount of tax due increases on account of increase in number of subscribers, revision of rate of tax, etc. The commissioner may, if necessary, deduct arrears of tax from

⁵ Section 18.

the security deposit or cause its forfeit for contravention of the provisions of the Act or the rules.

Audit scrutiny revealed that the department had not carried out any review of the security deposited by 181 out of the 364 cable operators selected for audit scrutiny. Fixed deposit receipts totaling Rs.5.96 lakh deposited by the cable operators expired between May 1999 and February 2006. The security in these cases was also short deposited by Rs.2.05 lakh based on the number of subscribers declared by the cable operators. Failure of the department to enforce the provisions of the Act undermined the potential for deterrence as well as one of the avenues for recovery in case of default available to the commissioner and defeated the very purpose of obtaining security.

Government stated (August 2006) that all the security deposits would be reviewed and revised security will be obtained wherever it was found to be insufficient.

- DEBT Rules stipulate that the proprietor of a cinema hall shall submit a weekly return in the prescribed form as well as a monthly consolidated return depicting the details of the shows held, the number of tickets sold, the break up of the amounts collected, etc. Audit appraisal revealed that the department did not cross check or verify the details furnished by the proprietors of cinema halls with reference to the entertainment tax actually due and deposited by them. The return submitted by the proprietors of cinema halls viz. form no.7 provides for signature of the Inspector of Entertainment Tax as token of verification of the details furnished by the proprietors.

Test check of the returns from 14 cinema halls revealed that no such verification was being done. In the absence of verification on even test check basis, the correctness of entertainment tax of Rs.163.68 crore deposited by the proprietors of 56 cinema halls between 2000-01 and 2004-05 could not be assured.

Government stated (August 2006) that verification of the tax collected from cinema halls was being done on weekly basis in a random manner. However, proper documentation was not maintained as it required lot of time and manpower. However, it had now been decided to obtain form 7 through electronic means and maintain a roster for the signature of these returns.

- DEBT Act provides for inspections by the Commissioner or any officer authorised by him to secure compliance with the provisions of the Act. Audit appraisal revealed that regular or systematic inspections were not being carried out by the department. The department informed in June 2006 that no norms had been fixed for carrying out of such inspections under the Act. However, regular inspections were being carried out in case of each

programme approved by the department under the tax paid category* and on a test check basis under the invitee category**. Inspections were also being carried out at the premises of cinema halls and in case of betting tax. Insofar as cable operators were concerned, inspections were carried out whenever a complaint is received. However, no records were being maintained of such inspections or their results. In the absence of any such supporting records or documentation, the efficacy or adequacy of inspections with reference to the objectives of the Act could not be established in audit.

Government in August 2006 stated that a separate inspection register is being introduced now.

3.2.9.2 Internal audit

The department had no internal audit mechanism of its own. The Director of Audit under the Finance Department of Government of Delhi is entrusted with internal audit of all the offices/departments of Government of Delhi including the Entertainment, Betting and Luxury Tax department. However, no internal audit had ever been conducted during 2000-01 to 2004-05. Hence, deficiencies in maintenance of records and non adherence to prescribed codal provisions remained unchecked.

3.2.10 Acknowledgment

The audit findings were communicated to the department for confirmation of facts and comments in June 2006. An exit conference was held on 25 August 2006 with the Commissioner of Entertainment, Betting and Luxury Tax as well as representatives of the Finance Department to discuss the audit findings and draft audit recommendations. The views and comments of Government/department as expressed at the meeting and formally communicated thereafter in August 2006 have been incorporated in the Audit Report.

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- * Tax paid category: where entry to any entertainment is allowed on purchase of tickets only
 - ** Invitee category: Where entry to any entertainment is allowed on the basis of invitations only and entertainment tax is chargeable on the money received from the sponsor in the form of donation etc.
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Annexure-I

Sl. No.	Name of the Hotel	Assessment years	Rent/Hire charges (Rupees)	Tax @ 12.5% (Rupees)
1.	Hotel Taj Mahal (Indian Hotel Co. Ltd.)	2001-2002	33,28,455	4,16,057
		2002-2003	61,86,195	7,73,274
		2003-2004	1,05,29,695	13,16,211
		2004-2005	1,38,76,000	17,34,500
		2005-2006	3,33,60,000	41,70,000
2.	Hotel Intercontinental	2002-2003	73,04,848	9,13,106
		2003-2004	60,80,828	7,60,103
		2004-2005	10,16,59,615	1,27,07,452
		2005-2006	14,25,67,678	1,78,20,959
3.	Hotel Le-Meridian (C.J. Intercontinental)	2001-2002	37,23,835	4,65,479
		2002-2003	7,33,000	91,625
		2003-2004	5,71,000	71,375
		2004-2005	26,50,084	3,31,261
		2005-2006	29,83,513	3,72,939
4.	Hotel Taj Palace	2001-2002	4,01,20,767	50,15,096
		2002-2003	4,11,82,907	51,47,863
		2003-2004	4,39,24,072	54,90,509
5.	Hotel Grand Hyatt (Unisons Hotel Ltd.)	2001-2002	55,43,068	6,92,883
6.	Krishna Continental	2001-2002	25,22,500	3,15,312
		2002-2003	7,66,000	95,750
7.	Hotel Intercontinental Eros	2004-2005	29,79,000	3,72,375
		2005-2006	31,18,000	3,89,750
8.	Hotel Oberoi	2004-2005	1,04,02,226	13,00,278
		2005-2006	92,89,228	11,61,153
9.	Hotel Vikram	2004-2005	85,13,000	10,64,125
		2005-2006	1,00,70,000	12,58,750
10.	Tivoli Garden Resort	2004-2005	6,05,08,936	75,63,617
		2005-2006	7,76,06,680	97,00,835
11.	Centaur Hotel	2004-2005	62,96,328	7,87,041
		2005-2006	83,68,098	10,46,012
12.	Qutab Hotel	2004-2005	1,17,68,047	14,71,006
		2005-2006	2,79,81,582	34,97,697
13.	Broadway	2004-2005	6,99,014	87,377
		2005-2006	2,91,690	36,461
14.	Jaypee Vasant Continental	2004-2005	3,05,72,173	38,21,522
		2005-2006	3,91,09,420	48,88,677
15.	Jaypee Siddarth	2004-2005	4,91,26,638	61,40,830
		2005-2006	4,97,24,251	62,15,531
16.	Marriot Welcome Hotel	2004-2005	1,80,000	22,500
		2005-2006	4,68,600	58,525
17.	Jukaso Inn	2004-2005	2,54,950	31,868
		2005-2006	1,78,000	22,250
18.	Hyatt Regency	2004-2005	7,51,15,772	93,89,471
		2005-2006	6,94,55,521	86,81,940
19.	Grand	2004-2005	86,63,628	10,82,954
		2005-2006	2,51,34,443	31,41,805
20.	Maidens Hotel	2004-2005	1,45,61,277	18,20,160
		2005-2006	1,68,29,271	21,03,658
21.	Maurya Sheraton	2004-2005	75,15,490	9,39,436
		2005-2006	44,77,110	5,59,638
Total			1,09,88,72,433	13,73,58,996

3.3 Loss of revenue due to incorrect adoption of exdistillary price

Licences for sale of Indian made foreign liquor (IMFL) are issued by the Excise Department every year. The lowest ex distillery price (EDP) net of all duties/fees, discounts/commissions of whatsoever nature allowed in respect of any market in India forms the basis for fixation of wholesale price for IMFL in NCT of Delhi. In event of default in payment, interest at the rate of 18 *per cent* per annum is payable from the date when payment becomes due to the Government till the date of actual payment/recovery.

Test check of records of the Commissioner of State Excise relating to price fixation of Gilbey's Green Label Whisky for excise year 2004-05 between February 2006 and March 2006 revealed that the minimum EDP was Rs.499 for all sizes i.e., quarts, pints and nips. The department while fixing the retail price adopted Rs.499 per case as EDP for quarts but incorrectly adopted EDP of Rs.511 and Rs.523 per case for pints and nips respectively. Incorrect adoption of EDP for nips and pints resulted in short realisation of Government revenue amounting to Rs.25.46 lakh, besides interest of Rs.4.58 lakh.

After this was pointed out, the department informed in July 2006 that the price of pints and nips had been incorrectly fixed and that a demand notice for depositing the differential amount of Rs.30.04 lakh had been issued to the party. Recovery of the differential amount was awaited (August 2006).