

CHAPTER-III - STATE EXCISE DEPARTMENT

3.1 Results of audit

Test check of records of State excise offices conducted in audit during the year 2004-05 revealed non/short levy of duties and fees amounting to Rs.48.59 crore in 146 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	Number of cases	Amount
1.	Non levy of interest	08	1.76
2.	Non realisation of licence fee	31	4.86
3.	Less recovery of alcohol from molasses	23	6.88
4.	Irrational fixation of MGQ	12	11.84
5.	Excess transit / storage wastage	02	0.11
6.	Loss of excise duty due to non lifting of MGQ of country liquor	09	1.51
7.	Other irregularities	61	21.63
	Total	146	48.59

During the year 2004-05 the Department accepted under assessment etc. of Rs.42.64 lakh involved in two cases.

A few illustrative cases involving financial effect of Rs.50.13 lakh are given in the succeeding paragraphs:

3.2 Non realisation of difference rate of excise duty

Under the Uttar Pradesh Excise (Settlement of licenses for retail sale of country liquor) Rule, 2002 and notification dated 14 March 2002, entire quantity of country liquor lifted by the licensee during the year shall have to be sold during the validity of his licence and the licensee shall not be permitted to sell it after expiry of the licence. In case the licence is renewed the unsold stock is to be retained by him and he is to pay the difference of excise duty, if any. The rate of excise duty of country liquor was fixed as Rs.79 per bulk litre (BL) for the year 2003-04. Prior to that it was Rs.69 per BL.

Test check of records of district excise officer (DEO), Jyotiba Phule Nagar revealed in May 2003 that licensees who were required to return the balance stock of 1,65,255.55 BL of country liquor for the year 2002-03 did not return it to the wholesalers after the expiry of their licences. As such they were liable to pay difference of excise duty for the year 2003-04 at the rate of Rs.10 per BL. This resulted in non realisation of excise duty amounting to Rs.16.53 lakh.

The matter was reported to the Department and Government in May 2003; their replies have not been received (August 2005).

3.3 Non levy of interest on belated payment of excise revenue

Under the provision of the Uttar Pradesh State Excise Act, 1910, where any excise revenue is not paid within three months from the date on which it becomes payable, interest at the rate of 18 *per cent* annum is recoverable from the date such excise revenue becomes payable.

Test check of records of DEO, Aligarh for the period April 2003 to November 2004 revealed in November 2004 that excise revenue of Rs.14.91 lakh pertaining to the period 1990-91 was deposited by a licensee in October 2003

i.e. a delay of 150 months. However interest amounting to Rs.33.60 lakh on the belated payment was not levied by the Department.

After this was pointed out in audit in January 2005, the Department raised demand of Rs.33.60 lakh. The position of recovery was still awaited (August 2005).

The matter was reported to Government in March 2005, their reply was awaited (August 2005).