



**COMMITTEE ON PUBLIC ACCOUNTS
(2018-2021)**

HUNDRED AND FIFTY SIXTH REPORT

(FOURTEENTH ASSEMBLY)

**Report of the Committee on Public Accounts, Assam Legislative
Assembly on the Report of the Comptroller and Auditor
General of India on Revenue Sectors
for the year 2015-16 relating to
Excise Department,
Government of Assam.**

Presented to the House on 28th November, 2019

**Assam Legislative Assembly Secretariat,
Dispur, Guwahati-6.**

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COMPOSITION OF THE COMMITTEE

Chairman :

1. **Shri Rajdeep Goala**

Members :

2. **Shri Prasanta Phukan**
3. **Shri Padma Hazarika**
4. **Shri Bir Bhadra Hagjer**
5. **Shri Ritu Parna Baruah**
6. **Smti. Angoorlata Deka**
7. **Smti. Suman Haripriya**
8. **Shri Ramendra Narayan Kalita**
9. **Shri Utpal Dutta**
10. **Shri Rabiram Narzary**
11. **Shri Wazed Ali Choudhury**
12. **Shri Rekibuddin Ahmed**
13. **Hafiz Bashir Ahmed**

Secretariat

1. **Shri M.K. Deka, Principal Secretary**
2. **Shri M.K. Sarma, Deputy Secretary**
3. **Smti. Bhashwatie Borah Rajguru, Under Secretary**

(ii)

PREFATORY REMARKS

I, Shri Rajdeep Goala, Chairman, Committee on Public Accounts, Assam Legislative Assembly having been authorized to submit the Report on its behalf present this HUNDRED AND FIFTY SIXTH Report of the Committee on Public Accounts on the Audit paras contained in the Report of the C & AG of India on Revenue Sectors for the year 2015-2016 pertaining to Excise Department, Government of Assam.

2. The Report of the C & AG of India on Revenue Sectors for the years 2015-2016 was laid before the House on 10th March, 2017.

3. The Report mentioned above relating to the Excise Department was considered by the Committee in its sitting held on 11.07.2019.

4. The 156th Report of the Committee on Public Accounts was finalized and approved by the Committee in its sitting held on 19-11-2019.

5. The Committee has appreciated the valuable assistance rendered by the Accountant General (Audit), Assam and his Junior Officers and staff during the examination of the Department.

6. The Committee thanked to the Departmental witnesses as well as Finance Department for their kind Co- operation. The Committee also pleased to offer thanks to the Principal Secretary, Assam Legislative Assembly along with his officers and staff of the Committee on Public Accounts Branch for their valuable services rendered to the Committee.

7. The Committee earnestly hope that the Government would implement the recommendations made in this Report.

Dispur :
The 21st November, 2019.

SHRI RAJDEEP GOALA,
Chairman
Committee on Public Accounts,
Assam Legislative Assembly.

The Report
Excise Department

**Revenue of Rs.1.02 crore was not realised against damaged stock allowed for destruction
(Audit para 3.4/C & AG(R/R) /2015-2016)-P-49-50)**

1.1 The audit has observed that after scrutiny the records of M/s Radiant manufacturers Pvt. Ltd. Bokajan in the Superintendent of Excise Office, the Audit has observed that the CE, Assam allowed (March 2015) destruction of 8,316 cases of India Made Foreign Liquor (IMFL) and 12,581 cases Beer involving excise duty of Rs. 72.79 lakh which were found to be unfit for human consumption due to prolonged storage. Accordingly the stock of IMFL/Beer was destroyed under supervision of the SE, Diphu and excluded from the stock in March 2015. This resulted in revenue of Rs. 72.79 lakh not being realised. During scrutiny of records of M/s Borgohain Enterprise Pvt. Ltd., Under the Superintendent of Excise , Jorhat Office, it was observed that the CE, Assam allowed (February 2015) destruction of 30,567.61 LPL of IMFL and 34,172.25 BL of Beer involving excise duty of Rs. 28.81 lakh which were found to be unfit for human consumption due to prolonged storage. Accordingly the stock of IMFL/Beer was destroyed and excluded from the stock in March 2015. This resulted in revenue of Rs. 28.81 lakh not being realised. On this being pointed out, the SE, Jorhat (August 2016) stated that the licensee (M/s Borgohain Enterprise Pvt. Ltd.) had filed a prayer petition for exemption of Excise duty on the destroyed quantity. Report on further developments has been awaited (January 2017). However, in the case of the above two licences it was noticed that though the Rule 32 of ABW Rules specifically states that the State Government shall not be responsible for any damage/destruction of IMFL/Beer, neither did the licensees pay the excise duty involved nor was any demand raised by the excise authorities for recovery of the same. The cases were reported to the Department/Government between May and June 2015 and followed up in April 2016, their replies have not been received (January 2017).

1.2 The department by their written reply has stated that Excise duty / Advalorem levy involved in the instant case was remitted vide CE's letter No.III-130/2014-2015/82 dtd.30/08/2016 as stated by the Superintendent of Excise, Jorhat. The Superintendent of Excise, Karbi Anglong stated that the quantities of total 8316 cases of IMFL and 12581 cases of Beer which were unfit for human consumption were destroyed as per CE's letter No. III-177/2013-2014/51 dtd. 02/03/2015. M/s Radiant Manufacturers Pvt. Ltd. Bonded warehouse, Khatkhati prayed for exemption of Excise duty of Rs. 72,78,875.00 against the aforesaid destroyed quantity of IMFL/Beer and accordingly, then Commissioner of Excise vide order No.III-177/2013-2014/83 dtd. 07-08-2015 exempted the same.

Observations/Recommendations

1.3 After threadbare discussion and listening to the submission from the departmental representatives, the August Committee expressed its dissatisfaction and recommended that dues should be recovered from both the parties as the cases are similar. Hence, it must be treated as same manner. Further, the August Committee recommended that a strong and final reminder should be issued to the Licencees for early recovery of the due excise duty stating a specific date. Otherwise, a Legal action should be initiated on time. The para is kept pending until levied realized. Action taken in this regard may be intimated to the Committee within 30 days from the date of the presentation of this Report before the House.

Revenue of Rs.70.70 lakh involved in stock of IMFL damaged in fire was not recovered despite specific orders of the CE (Audit para 3.5/C & AG(R/R) /2015-2016)-P50)

1.4 The audit has observed that after scrutiny as per Rule 28 of the ABW Rules, 1965, a licensee of a bonded warehouse, who has imported or transported spirit under a bond for payment of duty, shall pay to the Government, excise duty at the prescribed rates on the quantity of spirits received in the warehouse and also for absence of the quantity of the spirit detected at the time when the spirit is measured, gauged and proved for removal. Rule 37 of the Rules ibid states that the licensee shall pay the duty as aforesaid in lieu of the duty payable unless he is able to account for the absence in respect of spirits in bottles and also subject to the allowances provided in respect of spirit . Further, Rule 32 of the ABW Rules absolves the State Government of any responsibility for the destruction , loss or damage of any spirits stored in warehouse by fire or by gauging or by any other cause, whatsoever. During audit of M/s Zarang India Pvt Ltd, a bonded warehouse under the above SE, in February 2014 it was observed that the licensee had a closing stock of 90,547.08 LPL IMFL and 11,879.25 BL Beer as on 31 January 2014. In view of the stock being depicted in the books of accounts, SE was requested by audit to carry out a physical verification of the stock to ensure that it tallied with the book balance. During the subsequent audit of the above SE Office in August 2015 it was observed that the Deputy Superintendent of Excise of the district had carried out a physical verification of the stock on 20 March 2014 and submitted a report certifying the stock to be tallying with the book balance. Thereafter on 26 April 2014 the licensee reported that a fire broke out in the warehouse damaging most of the stock. Further scrutiny of the records revealed that the CE directed (July 2014) the SE to work out and recover the excise duty pertaining to the stock destroyed in fire within seven days. The SE accordingly worked out the excise duty as Rs. 70.70 lakh and directed (20 August 2014) the licensee to deposit the same within seven days. However, till the date of audit (August 2015) neither the licensee had deposited the revenue demanded

nor was any action taken by the SE/CE to recover the same. This resulted in revenue of Rs. 70.70 lakh remaining unrealised.

1.5 The Department in their reply has stated that the concerned Supdt. Of Excise, Dibrugarh informed that M/s Zarang India Pvt. Ltd Bonded warehouse was directed to deposit Advalorem levy of Rs. 70.70 lakh against damaged quantity of IMFL due to fire incident, but licensee failed to deposit the amount after repeated reminders. However, the bonded warehouse is a defunct bond and has not been functioning business since 11/01/2014.

Observations/Recommendations

1.6 After threadbare discussion and listening to the submission from the departmental representatives , the August Committee expressed its displeasure and recommended that a strong and final reminder should be issued to the Licensees for early recovery of the dues stating a specific date, otherwise, a Legal action should be initiated without delay. The para is kept pending. Action taken in this regard may be intimated to the Committee within 30 days from the date of presentation of this Report before the House.

**Three bonded warehouses, one bottling unit, two retail 'OFF' and three 'ON' bar licencees did not pay the annual licence fees resulting in licence fees of Rs. 34.17 lakh not being realised.
(Audit para 3.6/C & AG(R/R) /2015-2016)-P-51-52)**

1.7 The audit has observed that after scrutiny that Rule 243 and 244 of the Assam Excise (AE) Rules, 1945 provide that the licencees of whole sale bonded warehouses and retail licencees are required to pay annual licence fees and wholesale licence fees (for bonded warehouses), in advance, before the commencement of the financial year. From 30 September 2010, the licence fees for retail 'OFF' and 'ON'/Bar licencees are Rs. 1 lakh and Rs. 50,000 per annum respectively. The bonded warehouses are required to pay licence fees depending upon the bond limits as shown in the inset. Besides, the bonded warehouses are also required to pay wholesale licence fees at Rs. 2 lakh per annum and the bottling units are liable to pay licence fees for compounding and blending, reduction and bottling, additional bottling fees, bonded warehouse and wholesale licence fees at prescribed rates.

Bond limit	Licence Fees
Upto Rs. 25 lakh	Rs. 1 lakh
From Rs. 25 lakh to Rs. 50 Lakh	Rs. 1.50 lakh
From Rs. 50 lakh to Rs. 1 crore	Rs. 2.50 lakh
Rs. 1 crore and above	Rs. 5 lakh and Rs. 10 lakh (from June 2015)

During scrutiny of the records in the above SE Offices, it was observed that though the licence fees are to be paid in advance before the commencement of the year, three bonded warehouse, one bottling unit, two 'OFF' retail licencees and three bar licencees did not pay the licence fees for the years falling between 2014-2015 and 2015-2016. Though the amounts were not paid by the licencees as prescribed, no demand notice was issued by the concerned SE to recover the outstanding amounts from the licencees. This resulted in revenue of Rs. 34.17 lakh not being realised. Details are shown in the following table :

Name of the licensee	Name of SE	Type of licence	year	Category	Licence fees remaining unpaid (Rs. In lakh)	
M/s N.K.Bonded Warehouse	SE, Diphu	Bonded warehouse	2015-16	Bond renewal licence fees & Wholesale licence fees	1.50 2.00	
M/s Sara Distillery		Bottling & Bonded warehouse		Reduction and importing Fee Importing Bonded warehouse	Bond renewal licence fees wholesale licence fees compounding & blending fee	2.50 2.00 1.50
					Retail licence fee	1.50
					-do-	2.50
					-do-	1.00
Shri Ajit Teron		'OFF'			Bar licence fees	0.50
Shri Jeevraj Singh	-do-			1.00		
Shri Ratan Dey	'ON'					
M/s Zarrang India Pvt Ltd Bonded Warehouse	SE, Dibrugarh	Bonded Warehouse and wholesale	2015-16	Bond renewal licence fees & wholesale licence fees	9.17 2.00	
M/s Sonitpur Bonded Warehouse	SE, Sonitpur	Bonded warehouse:	2014-15	Renewal licence fees & Wholesale licence fees	1.50 1.50	
			2015-16	Renewal licence fees & Wholesale licence fees	1.50 1.50	
Shri Deepak Tamang		'ON'	2015-16	Bar licence fees	0.50	
N.Bar		-do-	2015-16	-do-	0.50	
Total					34.17	

On being pointed out, the SE, Diphu reported that the licensee Shri Ajit Teron had deposited the unpaid licence fee of Rs. One lakh for the year 2015-16. However replies in respect of remaining licensees had not been received (January 2017.) The cases were reported to the Department/Government between June and September 2015 and followed up in April 2016 ; their replies have not been received.

1.8 The department by their written reply has stated that the Superintendent of Excise, Sonitpur stated the following points :

- (a) M/s Sonitpur Bonded warehouse, Tezpur is not functioning and hence the amount of Rs. 3,00,000/- the renewal licence fees & Wholesale Licence fees for the period 2014-2015 & 2015-2016 could not be realized. No communication of the bonded Warehouse with this office has been experienced to till date.
- (b) In respect of Shri Deepak Tamang, IMFL "ON" Wine Bar Licence fees of Rs. 50,000/- for the period 2015-16 has been deposited through Treasury Challan vide No. 2015/12/3590 dtd. 08/12/2015
- (c) In respect of N. Bar, Napam, Licence renewal fees of Rs. 50,000/- for the period 2015-16 has been deposited through Treasury Challan vide No. 2015/06/5397 dtd. 19/06/2015. The Supdt. of Excise, Dibrugarh informed that M/s Zarrang India Pvt. Ltd Bonded warehouse is a defunct bond and has no business since 11/01/2014. However, the party concerned was asked to deposit pending dues, though they were unable to pay the required renewal licence fee. The Superintendent of Excise, Karbi Anglong stated that the IMFL OFF/ON/Bonded warehouse/Bottling units as pointed by audit are not in operation and remained closed from the period of Audit i.e. 2015-16 to till date. However, notices were issued by SE, Karbi Anglong to all concerned licensees for payment of renewal fee except Jeevraj Singh, licensee, IMFL "OFF" as the said licensee was expired in the year 2015-16.

Observations/Recommendations

1.9 After threadbare discussion and listening to the submission from the departmental representatives , the August Committee decided to drop the cases of Shri Deepak Tamang and N.Bar Napam as the Licence renewal fees have been deposited respectively. However, the August Committee recommended that a strong and final reminder notice should be issued to the Licensees for early recovery of the dues stating a specific date, otherwise, a Legal action should be initiated immediately.

**Short realisation of excise duty of Rs. 31.90 lakh on IMFL/Wine/Beer
issued to the retailers by two bonded warehouses
(Audit para 3.7/C & AG(R/R) /2015-2016)-P-53)**

1.10 The audit has observed that after scrutiny the records of M/s Mid Assam Bonded Warehouse and M/s Mohit Enterprise under Tezpur and Tinsukia Superintendent of Excise offices it was observed that the officers-in-charge allowed lifting of 1,03,880.81 BL IMFL, 11,382 BL Beer and 54 BL Wine during the month of March 2015 in respect of M/s Mid-Assam Bonded Warehouse and 15,114.76 BL IMFL pertaining to Luxury Brand in respect of the other licensee. As per the applicable rate of excise duty prescribed by the State Government in September 2010, revenue of Rs. 70.10 lakh and Rs. 10.48 lakh respectively was realizable from the licensees on the aforesaid volume of IMFL/Beer/Wine. However, scrutiny of the revenue statement of the bonded warehouses revealed that during the same month revenue aggregating Rs. 46.52 lakh and Rs. 2.16 lakh respectively was realised by the bonded warehouses. This resulted in short realization of revenue of Rs. 31.90 lakh. Though the monthly statement was sent to the CE through the district SE the short realization was not addressed.

1.11 The department by their written reply has stated that as informed by the Superintendent of Excise, Sonitpur, the licensee of M/s Mid Assam Bonded Wholesale Warehouse, Tezpur has been asked to submit the required amount of Revenue as per audit objection and the monthly statement is enquired and as soon as the report is received, it will be intimated to C.E. Assam regarding short realization of monthly statement. The Supdt. of Excise ensured that follow up action taken would be done in future regularly. Further, the Supdt. of Excise, Sonitpur issued notice to the M/s Mid Assam Bonded Warehouse, Tezpur to take necessary action as per audit instruction accordingly. The Supdt. of Excise, Tinsukia stated that M/s Mohit Enterprise Bonded Warehouse Tinsukia deposited Rs.8,31,719/- only vide T.C. No. 4070 dtd. 20th November, 2015 and VAT Rs. 2,49,516 on 13/11/2015.

Observations/Recommendations

1.12 After threadbare discussion and listening to the submission from the departmental representatives, the August Committee decided to drop the cases relating to M/S Mohit Enterprise Bonded Warehouse, Tinsukia as the dues has been deposited vide T.C. dated 20th November, 2015 with due VAT. However, the August Committee recommended that until the rest dues relating to M/S Mid Assam Bonded Wholesale Warehouse, Tezpur is not realized, that portion of the audit para 3.7 remain as pending. Action taken in this regard may be intimated to the Committee within 30 days from the date of presentation of this Report before the House.

**Stock of IMFL/Beer/Wine was irregularly deducted from
the stock register resulting in evasion of revenue of Rs. 29.56 lakh
(Audit para 3.8/C & AG(R/R) /2015-2016)-P-53-54)**

1.13 The audit has observed that during scrutiny of the records of M/s Dynasty Bonded Warehouse under Nagaon, Superintendent of Excise office it was observed that on the request of the licensee, the CE directed (July 2015) for destruction of 73,363.68 BL IMFL/Beer on the ground that the same were not fit for human consumption. Accordingly, the spirits were destroyed and reduced from the stock register in September 2015. Scrutiny of the records relating to the destruction revealed that out of the total volume allowed for destruction, IMFL totalled 50,706.81 LPL pertaining to General, Luxury, Premium and Classic premium brands and as claimed by the licensee the stock was lying idle for various periods falling between June 2002 and December 2012. Verification of the stock register maintained by the officer-in-charge revealed that as of March 2014, the licensee had only 19,841.59 LPL of IMFL pertaining to brands destroyed. Analysis of the stock position of the brands as of March 2014 with those claimed to have been destroyed in September 2015 revealed that 30,980.44 LPL and 1,017.45 LPL of IMFL pertaining to Luxury and Premium brands respectively were shown to have been destroyed in excess of the stock available in March 2014. Thus, it is evident that the balance of 30,980.44 LPL and 1,017.45 LPL of IMFL was irregularly reduced from the stock as evident from the physical verification of the excise authorities which found the book and actual balance to be tallying after the reduction. This resulted in evasion of excise duty of Rs. 29.56 lakh.

1.14 The department by their written reply has stated that the objection of discrepancy in stock i.e. excess deduction of stock raised by audit from the closing stock in the month of March/2014 is obvious but the stock deducted in the month of September, 2015 having stock as per reported by the Supdt. Of Excise, Nagaon. The objection raised by audit regarding stock is due to time factor. Audit shows the stock of March/2014, but the stock relates to July, 2015 as stated by the concerned Supdt. of Excise. The stock destroyed had batch nos. and dates were between 2002-2012. But it is seen that the physical stock accumulated from March, 2014 to July, 2015. A declaration from the Officer-in-charge and the Bonder of M/s Dynasty Bonded Warehouse, Nagaon.

Observations/Recommendations

1.15 After threadbare discussion and listening to the submission from the departmental representatives, the August Committee expressed dissatisfaction and hence, the para could not consider to be dropped due to non submission of the copy of the declaration made by the Officer-in-charge, so posted to monitor the stock through stock register. The August Committee suggest that the concern department should have mindful/attentive prior coming to appear before a House Committee in future. Action taken in this regard may be intimated to the Committee within 30 days from the date of presentation of this Report before the House.

**Irregular allowance of godown wastage leading to
revenue of Rs. 23.38 lakh not being realised.
(Audit para 3.9/C & AG(R/R) /2015-2016)-P-54-55)**

1.16 The audit has observed that during test check of records of the Superintendent of Excise, Karbi Anglong, Diphu it was observed that a licensee M/s ANR Bonded Warehouse claimed godown wastage of 14,978.64 BL IMFL during the quarters ending January 2014 to March 2015. However, it was observed that during the same period there was no transaction (purchase/sales) and thus, the godown wastage involving revenue of Rs. 9.47 lakh claimed by the licensee was inadmissible and escaped the notice of the excise authorities. The Irregular / Inadmissible godown wastage resulted in revenue of Rs. 9.47 lakh not being realised. During test check of records of the Superintendent of Excise Sonitpur Office, it was observed that during the quarter endings March 2014 and June 2014, M/s Mid Assam Bonded Warehouse claimed godown wastage of 22,705.66 BL against the admissible wastage of 2,270.56 BL calculated at one percent of the closing stock of 2,27,056.55 BL. The excess and inadmissible wastage of 20,435.1 BL or 2,322

cases of IMFL pertaining to Luxury brand claimed by the licensee escaped notice of the Departmental Officer. The excess deduction of godown wastage led to non-realisation of revenue of Rs. 13.91 lakh calculated at the prevalent rate of excise duty i.e. Rs.598.90 per case applicable to Luxury brand.

1.17 The department by their written reply has stated that the Superintendent of Excise, Sonitpur demand notice issued to M/s Mid Assam Bonded Warehouse to deposit of outstanding Govt. dues of excess claim of godown wastage amounting to Rs. 13.91 lakh vide his letter No. SEX.5/2012-14/595 dtd 15/10/2016 as per C.E.s Assam intimation letter No. III-18/2016-2017/93 Dtd. 30/09/2016. But no reply has yet been received from M/s Mid Assam Bonded Warehouse till date. Re-demand notice has been served to the licensee to deposit the entire amount. However, a reminder served to concerned Supdt. of Excise, Sonitpur vide this office letter No.III-152/2018-2019/40 dtd.21/12/2018. The Superintendent of Excise, Karbi Anglong stated that the godown wastage had been endorsed by both the then Officer-in-charge and the Superintendent of Excise since it is not possible to conclude that godown wastages would not occur in absence of dispatch. Notice has been issued by the SE, Karbi Anglong to the bonded warehouse. However, the said bonded warehouse remained non functioning since April 2015 and accordingly the licence is also cancelled by the Govt. as informed by the SE concerned.

Observations/Recommendations

1.18 After listening to the submissions from the departmental representatives, the August Committee expressed dissatisfaction and recommended that the department should take necessary steps for recovery of the Excess dues at an earliest possible time. So, whatever course of action for recovering the excess dues should be done and if not recovered in normal process, action should be taken as per legal process as per rule. The para is kept pending. Action taken in this regard may be intimated to the Committee within 30 days from the date of presentation of this Report before the House.

Five consignments of IMFL were not accounted for by two bonded warehouses on which demand was not raised by the SsE resulting in revenue of Rs. 14.21 lakh remaining unrealised.

(Audit para 3.10/C & AG(R/R) /2015-2016)-P-55-56)

1.19 The audit has observed that after scrutiny the records of M/s Friend Distillery and Bottling Industries Bonded Warehouse, Khatkhati and M/s Eastern Wines under the Karbi Anglong Superintendent of Excise offices it was observed that five permits issued by the CE for lifting 1,100 cases of IMFL/11,444.40 BL IMFL from three bottling units M/s Saaran Industries, M/s Seven Sisters and M/s Aroma India Pvt Ltd were not accounted for in the stock register of the bonded warehouses. Though monthly reports were sent to the CE through the concerned SE Offices, the matter remained unnoticed. Consequently, demand for recovery of revenue involved in the unaccounted volume of IMFL was not raised resulting in revenue of Rs. 14.21 lakh remaining unrealised. On being pointed out, the SE Diphu stated (December 2016) that steps had been taken for realization of demand of Rs. 6.59 lakh in respect of M/s Friend Distillery and Bottling Industries Bonded Warehouse, Khatkhati. Report on recovery had not been received (January 2017). Reply in case of other dealer have not been received (January 2017).

1.20 The department by their written reply has stated that the Superintendent of Excise, Karbi Anglong informed that the licensee M/s Friends Distillery and Bottling Industries Bonded Warehouse, Khatkhati had been directed several times to pay an amount of Rs. 6,58,790/- against 1100 cases IMFL which were not accounted in the stock of IMFL. However, Supdt. of Excise, Karbi Anglong has been directed to take action on the matter vide this office letter No.III-152/2018-2019/30 dtd. 21/12/2018. Matter will be intimated on receipt of Treasury challans of amount so deposited is received. As reported by the Supdt. of Excise, Tinsukia pertaining to the outstanding para, the Officer-in-charge furnished reply stating that all the consignments were duly entered in the stock register.

Observations/Recommendations

1.21 After listening to the submissions from the departmental representatives, the August Committee expressed dissatisfaction and recommended that the department should take necessary steps for recovering the Govt. dues at an earliest possible time. So, whatever course of action for recovery was taken the Govt. dues should be done and if not recovered in normal process, then action should be taken as per legal procedure. The para is kept pending. Action taken in this regard may be intimated to the Committee within 30 days from the date of presentation of this Report before the House.

**Non-monitoring of stock of IMFL held by a bonded warehouse and enhancement of bond limit without realizing the balance licence fees resulted in short realization of licence fees of Rs. 7.50 lakh
(Audit para 3.11/C & AG(R/R) /2015-2016)-P-56-57)**

1.22 The audit has observed that after scrutiny of records of M/s Mid Assam Bonded warehouse under Tezpur, Superintendent of Excise office, it was observed that the bond limit of the licensee was fixed as Rs. 1 crore. The annual licence fees of Rs. 2.50 lakh per annum was accordingly paid by the licensee for the years 2013-14 and 2014-15. However, scrutiny of the stock register and monthly reports submitted to the CE by the licensee revealed that the stock of IMFL/Beer held by the licensee on various dates during the above years had crossed the bond limit fixed by the CE which made the licensee liable to payment of licence fees at rates higher than that paid by it. The differential licence fees were neither paid by the licensee of the bonded warehouse nor did the concerned Officer-in-charge/SE detect the excise duty involvement in IMFL/Beer in stock crossing the bond limit fixed by the CE. Consequently, there was a short realization of licence fees of Rs. 5 lakh. Details are shown in the following table.

Name of the licence /bond limit fixed by CE	Year/Licence fees paid (Rs. In lakh)	Instances of duty involved in stock crossing over the bond limit		Licence fees payable (Rs. In lakh)	Licence fees short realised (col 5- col 2) (Rs. In lakh)
		Month	Excise duty involved in the stock held (Rs. In Lakh)		
1	2	3	4	5	6
M/s Mid Assam Bonded Warehouse/ Rs. 1 crore	2013-14/2.50	January 2014	188.13	5.00	2.50
		February 2014	177.58		
		March 2014	177.74		
	2014-15/2.50	January 2015	215.99	5.00	2.50
		February 2015	237.25		
		March 2015	154.44		
Total					5.00

Similarly, during scrutiny of records of another licensee M/s Luit Valley Bonded Warehouse , it was observed that the bond limit was enhanced by the CE (September 2014) from Rs. 80 lakh to Rs. 2.50 crore and the SE, Sonitpur Tezpur was instructed to recover the balance licence fees of Rs. 2.50 lakh from the licensee. However, neither did the licensee pay the balance fees nor was any demand raised by the SE, Sonitpur Tezpur for recovery of the balance amount. Thus, there was short realization of revenue of Rs. 7.50 lakh from two bonded warehouses.

1.23 The department by their written reply has stated that as reported by the Superintendent of Excise, Sonitpur, M/s Mid Assam Bonded warehouse, Sonitpur, Tezpur for the term 2013-2014 Rs. 2.50 and 2014-2015 of Rs. 2.5 lakh amounting of gross Rs. 5.00 lakhs has been deposited as outstanding Licence fees vide Treasury challan No. 2016/05/5119 Dtd. 18/05/2016 & 2016/05/5172 Dtd. 18/05/2016.

Observations/Recommendations

1.24 After listening to the submissions from the departmental representatives on the para 3.11, the August Committee recommended that the department should take necessary steps for recovering the pending licence fee within a time period. Though a portion of the para is dropped, the whole para could not be considered as drop. Further, the August Committee has expressed its grave concern about the failure on the part of department on realization of Government dues in time. The department is asked to initiate appropriate processes for recovering the Govt. dues within a prescribed time bound period and after that the department may go for Legal course, if felt obligatory so that the outflow of Government exchequer can be impeded. Action taken in this regard may be intimated to the Committee within 30 days from the date of presentation of this Report before the House.