

PUBLIC ACCOUNTS COMMITTEE
(1977-78)

(SIXTH LOK SABHA)

SEVENTY-NINTH REPORT

ARREARS OF TAX DEMANDS

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE)

[Paragraph 6 of the Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Civil), Revenue Receipts, Volume II, Direct Taxes, relating to Arrears of Tax Demands]

Presented in Lok Sabha on 28-4-1978

Laid in Rajya Sabha on 28-4-1978



LOK SABHA SECRETARIAT
NEW DELHI

April, 1978/Vaisakha, 1900 (Saka)

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ACCOUNTS COMMITTEE (1977-78) (SIXTH LOK SABHA)
ON ARREARS OF TAX DEMANDS.

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PART II*

Minutes of the sittings of the Public Accounts Committee held on :

30-1-1978 (FN)
31-1-1978 (FN)
4-2-1978 (FN)
26-4-1978 (A.N.)

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PUBLIC ACCOUNTS COMMITTEE

(1977-78)

CHAIRMAN

Shri C. M. Stephen

MEMBERS

Lok Sabha

- *2. Shri Halimuddin Ahmed
3. Shri Balak Ram
4. Shri Brij Raj Singh
5. Shri Tulsidas Dasappa
6. Shri Asoke Krishna Dutt
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14. Shri M. Satyanarayan Rao
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Rajya Sabha

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- **17. Shri Sardar Amjad Ali
18. Shri M. Kadershah
19. Shri Piare Lall Kureel *ur*f Piare Lall Talib
20. Shri S. A. Khaja Mohideen

*Elected with effect from 23 November 1977 *vice* Sarvashree Sheo Narain and Jagdamb Prasad ceased to be Members of the Committee on their appointment as Ministers of State.

**Ceased to be Members of the Committee consequent on retirement from Rajya Sabha w. e. f. 2-4-1978.

(iv)

***21. Shri Bezawada Papireddi

***22. Shri Zawar Hussain

SECRETARIAT

1. Shri B. K. Mukherjee—*Joint Secretary*
2. Shri H. G. Paranjpe—*Chief Financial Committee Officer*
3. Shri Bipin Behari—*Senior Financial Committee Officer*

***Ceased to be Members of the Committee consequent on retirement from Raiya Sabha
w. e. f. 9-4-1978.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Seventy-Ninth Report of the Public Accounts Committee (Sixth Lok Sabha) on paragraph 6 of the Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Civil), Revenue Receipts, Volume II, Direct Taxes, relating to Arrears of Tax Demands.

2. The Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Civil), Revenue Receipts, Volume II, Direct Taxes, was laid on the Table of the House on 13 June, 1977. The Public Accounts Committee (1977-78) examined the paragraph relating to Arrears of Tax Demands at their sittings held on 30 and 31 January and 4 February, 1978. The Public Accounts Committee (1977-78) considered and finalised this Report at their sitting held on 26 April, 1978. The Minutes of the sittings form part II* of the Report.

3. A statement containing conclusions recommendations of the Committee is appended to this Report (Appendix V). For facility of reference these have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the examination of these paragraphs by the Comptroller and Auditor General of India.

5. The Committee would also like to express their thanks to the officers of the Ministry of Finance (Department of Revenue) for the cooperation extended by them in giving information to the Committee.

NEW DELHI;
April 27, 1978
Vaisakha 7, 1900 (S)

C. M. STEPHEN
Chairman,
Public Accounts Committee.

*Not printed. One cyclostyled copy laid on the Table of the House and five cyclostyle copies placed in Parliament Library.

ARREARS OF TAX DEMANDS

Audit Paragraph

(a) *Corporation Tax and Income-tax*

(i) The total demand of tax raised and remaining uncollected as on 31st March, 1976 was Rs. 782.73 crores. This did not include Rs. 211.06 crores, the collection of which had not fallen due on that date.

(ii) The figures of Corporation Tax, Income-tax, interest and penalty comprised in the gross arrears of Rs. 993.79 crores and the years to which they relate are shown below:—

	Corporation Tax	Income tax	Interest	Penalty in crores of rupees)	Total
Arrears of 1964-65 and earlier years	10.53	35.67	2.93	4.62	53.75
1965-66 to 1972-73	39.63	167.07	40.73	31.16	278.59
1973-74	13.56	50.29	19.24	13.08	96.18
1974-75	33.82	92.60	35.73	14.93	177.08
1975-76	94.57	192.84	75.59	25.19	388.19
TOTAL	192.11	538.47	174.23	88.98	993.79

(iii) The table below shows the number of assessees from whom gross arrears of Rs. 993.79 crores are due:—

	Number of assessecs	Total arrears of tax (in crores of rupees)
Upto Rs. 1 lakh in each case	33,06,673	520.36
Over Rs. 1 lakh upto Rs. 5 lakhs in each case	5,266	102.30
Over Rs. 5 lakhs upto Rs. 10 lakhs in each case	832	54.14
Over Rs. 10 lakhs upto Rs. 25 lakhs in each case	508	79.30
Over Rs. 25 lakhs in each case	504	28.69
TOTAL	33,183	993.79

(iv) Tax demand certified to Tax Recovery Officers and State Government officers for recovery and its year-wise particulars to the end of 1975-76 are as under:

Demand Certified

	At the beginning of the year	During the year	Total	Demand recovered	Balance
(in crores of rupees)					
1966-67	158·62	60·09	218·71	55·48	163·24
1967-68	164·28	69·92	234·20	46·51	87·69
1968-69	278·75	151·44	430·19	78·04	352·15
1969-70	359·32	183·55	543·07	116·45	426·62
1970-71	425·25	181·36	606·61	145·37	461·25
1971-72	483·53	208·79	692·33	167·52	524·80
1972-73	530·57	264·98	795·55	189·06	606·40
1973-74	598·15	192·62	790·77	161·93	628·84
1974-75	616·17	188·16	804·23	176·29	627·94
1975-76	616·15	333·92	950·27	290·56	659·71

(v) Demands of income-tax (including Corporation Tax) stayed as on 31 March, 1976 on account of appeals and revision petitions were as under:

(In crores of rupees)

(a) By courts	32·87
(b) By Income-tax authorities:	
(i) Pending disposal of appeals etc. (including amounts under protective assessments)	94·53
(ii) Pending disposal of scaling down petitions	3·04
(iii) For other reasons	10·47

(vi) Arrears of Surtax Demands outstanding as on 31 March, 1976 were as follows:

Relating to demands raised in	Amount outstanding (in lakhs of rupees)
1967-68	0.57
1968-69	1.25
1969-70 . . . . .	.79
1970-71	7.50
1971-72	5.58
1972-73	21.65
1973-74	28.03
1974-75	201.39
1975-76	824.38
TOTAL	1093.14

(vii) The following table shows the position of Annuity Deposits for the last three years:

	As on 31st March 1974	As on 31st March 1975	As on 31st March 1976
	(in lakhs of rupees)		
(i) Arrears out of Advance Annuity Deposits	322.86	257.67	0.72
(ii) Arrears out of self and provisional Annuity Deposits	53.85	41.61	3.07
(iii) Arrears out of Regular Annuity Deposits	2363.74	1993.06	1395.90
TOTAL	2740.45	2292.34	1399.69

(b) *Other Direct Taxes (i.e. Wealth-tax, Gift-tax and Estate Duty)*

(i) The following table shows the year-wise arrears of demands outstanding and the number of cases thereto under the three other

direct taxes, i.e. wealth-tax, gift tax, and estate duty as on 31st March, 1976:—

(In lakhs of rupees)

	Wealth-tax		Gift-tax		Estate Duty	
	Number of cases	Amount Rs.	Number of cases	Amount Rs.	Number of cases	Amount Rs.
1971-72 and earlier years	14,743	422.51	4,692	82.75	3,051	361.17
1972-73	8,881	308.11	2,624	32.15	1,064	149.33
1973-74	13,966	475.71	3,801	38.87	1,351	147.26
1974-75	30,314	4376.05	7,412	163.78	2,276	324.62
1975-76	56,728	2 655.89	17,441	204.48	5761	548.56
TOTAL	1,24,612	8238.27	35,970	522.03	13,501	1530.94

(ii) Demands of tax/duty stayed on appeals and revision petitions for Wealth-tax, Gift-tax and Estate Duty as on 31st March, 1976 were as under:

(in lakhs of rupees)

	Wealth-tax	Gift-tax	Estate Duty
(a) By Courts	184.40	4.52	28.78
(b) By Wealth-tax/Gift tax /Estate Duty authorities			
(i) Pending disposal of appeals etc. (including amounts under protective assessments)	357.33	51.87	225.09
(ii) Pending disposal of settlement petitions	13.62	..	0.58
(iii) For other reasons	115.96	5.17	111.09

[Paragraph 6 of the Report of the Comptroller and Auditor General of India for the year 1975-76, Union Government (Civil), Revenue Receipts, Volume II, Direct Taxes]

MODES OF COLLECTION OF TAX

2. Income-tax is charged under section 4 of the Income-tax Act, 1961, in respect of the total income of the previous year(s) of every person at the rate(s) provided in the Finance Act(s). Tax is

collected before assessment and also on regular assessment. Pre-assessment collection of tax is done by way of deduction of tax at source, advance tax and tax on self-assessment. Section 140A, as amended from 1-4-76 provides that where any tax is payable on the basis of any return required to be furnished under section 139 or Section 148, the assessee is liable to pay such tax before furnishing the return and the return should be accompanied by proof of payment of such tax. In short, the methods of collection laid down in the Income-tax Act, 1961 are:—

- (i) Deduction of Tax at source
- (ii) Advance payment of tax
- (iii) Payment of tax on the basis of self-assessment; and
- (iv) Payment of tax on the basis of regular assessment.

CONSEQUENCES OF NON-PAYMENT

3. Section 156 of the Income-tax Act, 1961 provides that when any tax, interest, penalty, fine or any sum is payable in consequence of any order passed under the Act, a notice of demand in the prescribed form shall be served upon the assessee by the Income-tax Officer. Under Section 220 any amount (otherwise than by way of advance tax), specified as payable in the notice of demand is payable within 35 days of the service of the notice. If the amount is not paid within that period, the assessee is deemed to be in default and is liable to pay simple interest at 12 per cent per annum. Further, Section 221 provides that when an assessee is in default in making payment of tax he shall in addition to the amount of the arrears and the amount of interest, be liable, by way of penalty, to pay such amount as the I.T.O. may direct, so however, that the total amount of penalty does not exceed the amount of tax in arrears. Under Section 222, the I.T.O. would in the case of an assessee in default also issue a certificate of recovery to the Tax Recovery Officer for the recovery of the demand by attachment and sale of the assessee's movable or immovable property, asset of the assessee and his detention in prison, appointing a receiver for the management of the assessee's movable and immovable properties etc. Provision is also made in Section 226 about other modes of recovery e.g. in the case of income-tax chargeable under the head "Salaries", by requiring the drawing officer to deduct arrears of tax from the assessee's dues, requiring any person from whom money is due or may become due to the assessee to make payment to the Income-tax Officer etc.

4. Under Section 227, recovery of tax in any case may be entrusted to a State Government also.

A. SUPERVISORY RESPONSIBILITY OF RECOVERY OF ARREARS

5. It was decided that, from 1 April, 1973, the Central Board of Direct Taxes would watch the recovery of taxes in all cases where arrears of Income-tax exceeded Rs. 10 lakhs. The work of supervision of recovery of arrears of taxes was accordingly allocated as under:

- (i) Arrears exceeding Rs. 1 lakhs but below Rs. 5 lakhs Commissioner of Income-tax
- (ii) Arrears exceeding Rs. 5 lakhs but below Rs. 10 lakhs Director of Inspection (RS&P)
- (iii) Arrears above Rs. 10 lakhs in each case Central Board of Direct Taxes.

The work of supervision of the recovery of taxes, was re-allocated with effect from 1-4-1974 as under:

- (i) Arrears exceeding Rs. 1 lakh but below Rs. 10 lakhs in each case Commissioner of Income-tax
- (ii) Arrears exceeding Rs. 10 lakhs in each case Central Board of Direct Taxes.

6. Clarifying the responsibility of Central Board of Direct Taxes in regard to cases beyond a certain limit, the Secretary, Ministry of Finance, stated in evidence:

“When we say that the Board is responsible for those cases, it is not as if the Members of the Board are directly administering collection of arrears. They have the responsibility for monitoring and watching of those cases.”

7. The Committee pointed out that the responsibility of the Board had sometimes been said to be to “supervise” and at others to “watch” or to “ensure”. Asked what was the exact connotation of these terms or whether these terms meant the same thing, the representative of the Department replied in evidence:

“The span of control exercised by the Board on these bigger cases has been enlarged. Earlier it was over Rs. 25 lakhs; now it is over Rs. 10 lakhs, the statutory responsibility and the direct responsibility for taking action under the various sections of the law rests solely and squarely

on the ITO. The supervisory officers are there to exercise, general supervision and that supervision is exercised in two ways. One is, we get quarterly dossiers. Secondly, whenever members of the Board go to their respective administrative zones, they discuss these cases where the demands exceed Rs. 10 lakhs with the respective Commissioners and make an on the spot appraisal whether the authorities concerned are taking necessary steps from time to time."

8. The Finance Secretary added:

"There is a total and overall responsibility of the Ministry of Finance starting from the Finance Minister. After all the Finance Minister himself in that sense is generally responsible for the due implementation of the laws made and for the collection of arrears. The Finance Minister is responsible in the sense that he is answerable to Parliament. In that sense the overall political and highest executive responsibility lies with the Minister himself. Then there is the Finance Ministry, that is, myself and the Department of Revenue, which I control, is also responsible for the due observance of all the laws of the land and for ensuring that the administrative machinery at our disposal is working effectively. This is our over all responsibility. Then there is the responsibility which is of the Central Board of Direct Taxes which is the highest authority for direct tax administration. We then move to the direct executive responsibility which is stipulated in the enactments as to who issues notices, etc. What Mr. . . . says is that the business of issuing notices, taking executive action, proceeding in these cases etc., lies with those executives, the Income-tax Officers who are handling the cases. This does not for a moment at all dilute our supervisory responsibility. The supervisory responsibility is to ensure that they do it. For one thing and it is common prudence and a very salutary principle of management—you must know what is going on. A good information system has first to be evolved. This is our case and we have placed it before the Committee. At the first stage, the Board is fully informed as to what is being done. These statements are intended to ensure that while we have delegated executive responsibilities to the officers we are not kept in the dark. Everything important is brought to the specific notice of the Board and to the Member of the Board who is able to watch the progress

and issue directions, pull up people when necessary and to appear and give evidence before forums like this. It is in this sense that he remains responsible there is a whole hierarchy it is not as if a Member can issue notices or launch prosecutions."

9. Asked in what manner Board's responsibility to watch the arrears of tax was exercised, the Finance Secretary said:

"I agree that semantic difference between watching and supervising is there. It is really part of the same process."

10. The Committee pointed out that more important than the connotation of the terms used was whether responsibility cast on the Board was being discharged effectively. In reply, the Finance Secretary said:

"We concede the point."

11. Asked whether there was any difference between cases of arrears of Rs. 10 lakhs and above and cases below Rs. 10 lakhs in so far as Board's responsibility was concerned, the Finance Secretary clarified:

"Under the Income-tax Act, there is no distinction at all between Rs. 8 lakhs, 10 lakhs, 26 lakhs or even one rupee. If there is an arrear, it is due to the Government. No such distinction is made by law. The instructions have nothing to do with the Act or the statutory responsibility or legal responsibility. These are administrative instructions for administrative convenience."

12. The Committee pointed out that if the Board was not responsible for cases of arrears above Rs. 10 lakhs, what then was the purpose of laying down levels of responsibility. In reply, the Finance Secretary said:

"If you say... we have taken over direct responsibility it is not correct. I make a distinction between a person who has actually to do it and who has to supervise it."

13. The Committee enquired if the supervision exercised by the Board was a general one, the representative of the Department said in evidence:

"The system of general supervision exercised by the Board in this direction is that we get a quarterly dossier about each assessee from the Commissioner who, of course, gets it

from the ITO because he is the officer who has the statutory responsibility of taking action; the original records are maintained at his level. We get the quarterly dossier, we go through that and wherever necessary, we issue instructions to the Commissioner or call for further information in elucidation of the information already been supplied by him in the dossier."

B. SETTING UP OF SPECIAL CELL

14. In their 87th Report (5th L.S.) the Committee had emphasised the need for an assessee-wise compilation of arrears of substantial amounts (Rs. 1 lakh or more). In their note dated 5th December, 1973, the Ministry had stated that a special cell had been set up in the Central Board of Direct Taxes and arrears of over Rs. 10 lakhs each were being watched by the Board.

15. Dossiers containing comprehensive information regarding year-wise arrear demand, fresh demands created during the quarter, collection in cash or by adjustment, reduction on account of appellate orders or other revisionary action and steps taken for realisation of these demands are sent by the Commissioners of Income-tax at the end of each quarter which are scrutinised in this Cell and suitable instructions/guidelines are issued to them.

16. In a note dated 15th November 1977, the Department of Revenue have stated that the main function of this cell is to review the prescribed quarterly dossiers received from the field officers in such cases and to issue suitable instructions wherever required, apart from taking such general steps as may be considered necessary for reduction of tax arrears in such cases.

17. It is noted from the statement of Demand certified and Demand recovered given the Audit Paragraph that the balance at the end of the year did not tally with the opening balance of the following year. The representative of the Ministry of Finance explained the discrepancies during evidence as follows:

"Taking the discrepancy between the closing balance and the opening balance, it is of a marginal nature except for two years. The closing balance as on 31st March, 1968 was Rs. 187 crores and the opening balance on 1st April, 1968 of the subsequent year was Rs. 278 crores. We found that this was on account of the fact that the Commissioners of Income-tax Assam, Bombay City, Bombay Central and

Orissa furnished figures of demand certified to the TROs and State Government officers only for 1968-69. Upto 1966 the work of tax recovery was entrusted to the State Government authorities. So, the tax recovery certificates were issued to the State Government authorities. From 1966 onwards we have been gradually taking over this work from the State Governments, to be done by our own officers, called Tax Recovery Officers. Then we found we were not able to get the complete records from the State Government authorities. Therefore, some Commissioners were not able to report the figures of the earlier years. The figures in respect of these charges for the earlier years were not available. Accordingly, they had supplied for the first time figures in respect of 1968-69 onwards, which were duly included in the all India figures for the year. This resulted in some difference in figures. There is another big spurt on 1st April, 1971 as compared to 31st March 1971. When we went into the reasons, we found that the Commissioners of Income-tax, Delhi and Kerala furnished figures only from 1971-72 onwards. The figures in respect of these charges were not included in the closing balance of 31st March, 1972 while they were included in the opening balance as on 1st April 1972. This explains the increase in the opening balance this year. The Commissioner of Income-tax, Delhi, has explained that in view of the poor response from the State Government authorities and frequent movement of files, it was not possible to give information for the period prior to 1971-72. The third relevant date is closing balance on 31st March, 1973 and 31st March, 1974 and the opening balances on 1st April, 1973 and 1st April, 1974. We went into the reasons for this also, and we found on reconciliation that *inter alia* in the beginning of the succeeding year, some collections pertaining to previous year came to the notice of the Income-tax officer, they were deducted from the opening balance for the succeeding year, while the closed accounts of the preceding year were not disturbed. This makes for a reduction in the opening balance, as compared to the closing balance of the previous year. At the same time, some Tax Recoveries Officers added to the opening balance of a year the uncollected part of the recovery certificates received on transfer during the year, with the result that the opening balance rose by that amount. These are some of the main reasons for difference between opening and closing balance.... We would

not like to take the stand that there should be at any time a difference the closing and opening balances.”

18. In a note furnished subsequently, the Department of Revenue have intimated that some of the reasons why the figures of ITO do not tally with those of TROs are as under:

- (i) The variations in demand on account of rectifications, revisions, appeals, adjustment of pre-paid taxes etc. are not promptly intimated to the Tax Recovery Officers by the Income-tax Officers in some cases;
- (ii) Collections made by the Income-tax Officers after the issue of recovery certificates are not promptly intimated to the Tax Recovery Officers in some cases;
- (iii) Adjustments of refunds against arrears are not promptly intimated to the Tax Recovery Officers in some cases.

19. Audit have pointed out that despite the setting up of the Special Cell in the Board the number of assessees with arrears of over Rs. 25 lakhs each was given as 238 as on 31.3.1974 and printed as such in the Audit Report 1973-74, was changed in January 1976 to 261 with the figures of total demand outstanding against them going up from Rs. 133.66 crores to Rs. 153.44 crores. In this context, the Committee desired to know if it was a fact that the Special Cell set up in the Board had been merely collecting figures from the Income-tax Commissioners from time to time, without maintaining an assessee-wise account and keeping a close watch on the pursuit and clearance of arrears in such cases. In reply, the Department of Revenue have, in a note, stated *inter alia*:

“The method followed during 1975-76 and 1976-77 was that the Commissioner-wise dossiers were initially scrutinised by an officer of the rank of Income-tax Officer, which were then put up to a Deputy Secretary. In suitable cases, the Deputy Secretary put up the cases to the Member of the Board also. The supervision was not a mere exercise to collect figures or statistics, because the dossiers were periodically reviewed and wherever necessary, suitable instructions were issued to the Commissioners. Besides some general steps are also taken e.g. for expeditious disposal of appeals by the appellate authority.”

C. AUGMENTATION OF STAFF STRENGTH

20. In paragraph 1.54 of their 117th Report (Fourth Lok Sabha) the Committee had observed that the steps taken by Government, besides adding to the numerical strength of the staff had, obviously had no effect on the problem of tax arrears. In reply, the Committee were informed that 4 more posts of Additional Commissioners of Income-tax (Recovery) and 60 posts of Income-tax Officers had been sanctioned or attending to the work of liquidation of arrears. The Committee asked how many more posts of Income-tax Officers and above had been sanctioned for this work in the last 7 years.

21. The Department of Revenue have, in their note, intimated that the following posts were sanctioned for the work of liquidation of arrears and tax recovery work since 1970:

Date of sanctioned	Designation and number of posts created				Purpose for which posts created	
	CIT	Addl. CIT	A.C.	Income-tax Officer		
				Class I		Class II
19-8-70	..	..	..	30	30	For liquidation of arrears.
13-1-71	..	..	..	..	68	For Tax Recovery work.
31-7-71	*5	(—)5	..	..	5	Do.
24-6-72	..	..	..	..	76	Do.
17-11-72	..	..	..	..	13	Do.
8-7-73	..	..	..	..	50	Do.
TOTAL	5	(—)5	..	30	242	

[*created in lieu of 5 posts of Additional C.I.T. which were abolished. Subsequently due to re-organisation in August, 1974, on the basis of the recommendations of the Wanchoo Committee, these Commissioners have been given territorial jurisdiction like other Commissioner of Income-tax, and they are no longer functioning as Tax Recovery Commissioners exclusively.]

22. It has been stated in this connection by the Department that at present there were no separate posts of ITOs (Collection), after the discontinuance of the functional scheme of work with effect

from 1.4.75. Under the unitary system existing now, an ITO looked after not only the assessment work but also the collection work. The Tax Recovery Officers (who belong to the cadre of I.T.Os) were meant exclusively for the recovery of arrears for which tax recovery certificates had been issued by the ITOs.

23. Asked how was it that inspite of creation of additional posts sanctioned specially for tax recovery work, the arrears of tax had gone up, the Department of Revenue have, in a note, stated:

“(i) The gross arrears remained stable around Rs. 800 crores from 31.3.71 to 31.3.74. As on 31.3.75, however, they increased from Rs. 815.60 crores on 31.3.74 to Rs. 935.96 crores on 31.3.75, an increase of Rs. 120 crores. Out of this increase, an increase of about Rs. 88 crores is because of the larger arrears that remained uncollected out of the current demand which was about Rs. 250 crores more during 1974-75 as compared to the immediately preceding year (current demand raised during 1974-75 was Rs. 1121.38 crores while that raised during 1973-74 was Rs. 876.37 crores). Out of the remaining increase of Rs. 30 crores, Rs. 12 crores is accounted for by the higher amounts stayed by courts/appellate authorities. (Amount stayed and or disputed in appeals etc. as on 31.3.74 was Rs. 184 crores against Rs. 196 crores on 31.3.75).

(ii) As on 31-3-76, the gross arrears increased to Rs. 993.79 crores showing an increase of about Rs. 58 crores as compared to the gross arrears as on 31-3-75. Out of this increase Rs. 45 crores are accounted for by the increase in the amount of tax stayed by courts/appellate authorities and the amount of tax which could not be collected due to disputes in appeals (such amount as on 31-3-76 was Rs. 241 crores as compared to Rs. 196 crores as on 31-3-75). Besides, about Rs. 17 crores was the in-

crease in arrears out of current demand raised during 1975-76. (Demand during 1975-76 was Rs. 1239 crores while that raised during 1976-77 was Rs. 1121 crores).

- (iii) As on 31-3-77, the gross arrears went down by Rs. 120 crores to Rs. 874 crores from Rs. 994 crores on 31-3-1976 i.e., by about 12 per cent."

24. The Committee desired to know whether the Board have regular system of performance appraisal in regard to the reduction of tax arrears. Replying in the affirmative, the Department have pointed out that Action Plans containing, *inter alia*, targets of reduction of tax arrears were drawn up. The progress made in the various Commissioners' charges was reviewed by the Board periodically.

D. GRANT OF REWARDS

25. The scheme for the grant of rewards for outstanding performance in tax collections and recovery was introduced with effect from the financial year 1973-74. There are 29 rewards for the Tax Recovery Units and 39 rewards for the Income-tax (Collection) Units for all the Income-tax Charges taken together. These are known as regional rewards. The quantum of a regional reward to be sanctioned to each eligible official is equal to two months' basic pay, subject to the maximum of Rs. 1000 and the minimum of Rs. 200. Besides these 68 regional rewards, there are two All India rewards, which are given to one ITO (Collection) Unit and one T.R.O. Unit, whose performance is adjudged as the best in the whole Income-tax Department. Each official of the Unit winning the All India reward is sanctioned a reward equal to three month's basic pay, subject to the maximum of Rs. 1500 and the minimum of Rs. 300.

26. As regards the reduction of arrears secured by the introduction of the said scheme, the Department of Revenue have stated that the objective behind introducing the scheme was to provide an incentive to the staff to work vigorously towards liquidating the arrears. Under this incentive, the various units would naturally be expected to vie with each other and make special efforts for liquidating the arrears so as to get at the top and win the rewards.

E. GROSS ARREARS OF TAX DEMAND

27. The question of Arrears of Tax Demand is a one over which the Public Accounts Committee have been continuously expressing great concern and giving concrete suggestions [(6th, 21st, 28th,

46th Reports (Third Lok Sabha), 3rd, 17th, 73rd, 76th, 117th Reports (Fourth Lok Sabha), 51st, 87th, 115th, 150th; 186th Reports (Fifth Lok Sabha)]. The last mentioned Report is the Review Report on action taken by Government over the past several years on the recommendations of the Public Accounts Committee. The relevant paragraphs are contained in Chapter XI thereof.

28. Despite assurance held out to the Public Accounts Committee time and again the special drives launched by the Board, the additional posts created at various levels, the incentive scheme and working improvements made to the law, rules and procedures in that regard, there has been no perceptible effect on the growth of the arrears of tax.

29. The gross arrears of tax demands as at the end of each year since 1971-72 were as follows:

Year	Gross arrears
	(in crores of rupees)
1971-72	805.37
1972-73	790.02
1973-74	815.60
1974-75	935.96
1975-76	993.79
1976-77	873.56
1977-78	1047.00 (as on 30-9-77)
	1008.76 (as on 31-12-77)

30. In para 4.6 of their 87th Report (5th Lok Sabha) and para 1.45 of their 115th Report (Fifth Lok Sabha) the Committee had emphasised the importance of ascertaining approximately the amount of tax involved in the pending assessments. The Public Accounts Committee had observed that:

“This is important from the point of view of perspective planning in the sphere of income-tax administration.”

31. The Committee wanted to know if the figures of ‘Gross Arrears’ of tax demand included the taxes locked up in pending

assessments and if not how could these figures be taken as complete. In reply, the Department of Revenue have stated in a note:

"It is true that some extra demands will be raised if the pending assessments are completed. However, unless such assessments are actually completed and the tax demands remain unpaid by the assesseees, they cannot be regarded as the tax arrears."

32. Asked whether the figures of 'gross arrears' included the arrears of advance tax, the Department have clarified:—

"It does not include the arrears of advance tax. Out of the gross arrears of Rs. 993.79 crores as on 31-3-76, a sum of Rs. 7.38 crores has been reported by Commissioners of Income tax as shown outstanding in departmental register although claimed to have been paid by the assesseees, these amounts are awaiting adjustments/verification with reference to relevant challans."

33. Dealing with the concept of 'Gross Arrears' the Finance Secretary said in evidence:—

"This figure of Rs. 993 and odd crores had been referred to as gross arrears; frankly speaking, it is a misnomer because part of it does not constitute arrears at all."

34. The Department of Revenue have explained in a note that out of total demand outstanding as on 31-3-1976, Rs. 390.38 was not legally collectible at that time. The break-up of Rs. 390.38 crores is as under:—

	(in crores of Rs.)
Total demand outstanding as on 31-3-76	993.79
Loss	
(i) amounts not fallen due	211.06
(ii) pre-paid taxes, by way of advance tax, self-assessment tax or tax deducted at source, claimed to have been paid but which are awaiting verification/adjustment	7.38
(iii) amounts in respect of which stay has been granted by various authorities, including courts; and	140.91
(iv) amounts Covered by instalments granted	31.03
	<hr/>
	390.38
	<hr/>
Tax arrears as on 31-3-1976	609.41
	<hr/>

35. When the Committee pointed out that even if Rs. 390.38 crores was not legally recoverable at that point of time, at least the balance amount of Rs. 603.41 representing the net arrears of tax demand was in arrear, the Finance Secretary, said in evidence:

“Even this figure of Rs. 603 crores though it certainly represents the established demands, is itself not immediately recoverable for various reasons. There are amounts pending settlement of double income tax relief and other relief claims. These are not very large, about Rs. 6.18 crores. There are certain amounts which are under consideration for being written off because these are extremely old cases. Then we have amounts due from companies which are under liquidation and that is about Rs. 14.21 crores. Then there are amounts due from persons who have left India and who are not traceable. I concede that these are in fact arrears but from what we can see on the records, these are not all recoverable.”

Concentrated attention on relatively small number of cases involving tax arrears of over Rs. 1 lakh

36. In paragraph 1.25 of their 17th Report (Fourth Lok Sabha), 1.55 of 117th Report (Fourth Lok Sabha), and 4.49 of their 51st Report (Fifth Lok Sabha), the Committee had emphasised the need for concentrated attention to a relatively small number of cases involving tax arrears of over Rs. 1 lakh which accounted for almost 50 per cent of gross arrears of tax and desired that special attention should be paid to these cases.

37. The Table below shows the number of assessees from whom gross arrears were due as on 31-3-1976 and 31-3-1977.

Arrear Demands	As on 31-3-1976		As on 31-3-1977	
	No. of assessees	Total arrears of tax (Rs./crores)	No. of assessees	Total arrears of tax (Rs./crores)
(1) Upto Rs. 1 lakh in each case	33,06,673	529.36	29,80,903	467.60
(2) Over Rs. 1 lakh upto Rs. 5 lakhs in each case	50,266	102.30	4,801	102.79
(3) Over Rs. 5 lakhs upto Rs. 10 lakhs in each case	832	54.14	728	53.42
(4) Over Rs. 10 lakhs upto Rs. 25 lakhs in each case	508	79.30	450	70.26
(5) Over Rs. 25 lakhs in each case	304	228.69	270	179.40
TOTAL	33,13,583	993.79	29,87,152	873.56

38. A statement showing names of 304 assesseees against whom arrears demand over Rs. 25 lakhs in each case was outstanding as on 31-3-1976 furnished by the Department of Revenue is appended (Appendix I).

39. A separate statement showing particulars of 44 assesseees against whom arrear demand exceeded Rs. 1 crore in each case as on 31-3-1976 is also enclosed (Appendix II).

40. A sample study of gist of Dossiers of 63 cases (App. III) made by the Committee has revealed that the Ministry have not indicated that exact manner of collection/reduction i.e., how much was actual collection and how much was reduction in each case and in what manner.

41. Analysis of 304 cases has indicated the following position:

		No. of cases
(i) Arrears remaining constant	65	
(ii) Arrears increased	50	(involving Rs. 11 crores)
(iii) Arrears marginally reduced	65	(amounting to Rs. 8 crores)
(iv) Arrears substantially reduced	124	including cash collection

42. The Committee, after a perusal of 44 Dossiers of cases exceeding Rs. one crore raised certain questions on some individual cases in response to which representative of the Department of Revenue furnished the following information during evidence:

"(1) *A. P. Cheveland*: This case relates to a foreign technician employed by Hindustan Polymer Ltd., Vishakhapatnam. Recovery of arrears relates to assessment year 1973-74 has been stayed by Delhi High Court. In the Dossier for the period 30 June 1977, the Commissioner remarked that the Board was requested on 14 June 1976 to move the Delhi High Court to dispose of the writ petition early. Income Tax Judicial Branch had been asked to take necessary action. Information as to specific steps taken by the Board to enforce recovery before the party obtained the stay order was not available

(2) *Shri Pakhar Singh's case*: In this case the demand relates to 3 assessments years (1962-63, 1967-68 and 1970-71) amounts involved being Rs. 4000, Rs. 75,000 and Rs. 1,87,00,000. The assessments were made *ex-parte* only in 1973 and 1975. The assessee is alleged to be engaged in the racket of "compensatory payments". He was partner with 25 per cent share in the firm M^{rs}. Gurdev Singh Pakhar Singh. The firm was closed on 31-8-1974 leaving no assets.

- (3) *Durga Prasad Private Ltd., and Shri Ram Durga Prasad Fateh Chand*: This Limited Company is a major mica mining organisation of Nagpur area. The liability of the assessee is Rs. 2.97 crores. I.T.O. reported that the assessee had no assets. Zonal Committee had considered a partial write off of Rs. 2 crores. The assessments relate to the year 1953-54 upto 1966-67. The I.A.C. recommended in March 1975 liquidation, action against the directors, arrest, restraint of properties etc. On 31-3-1977, the Commissioner recommended that the assessee should be detained."

43. In this case the Committee desired to know whether the assessee had fraudulently transferred all his assets fraudulently. The Committee also wanted to know if it was a fact that Income-tax Office was housed in building owned by the assessee for which rent was being paid to him. The representative of the Department said:

"We are aware that this case is of a very special nature and that it has some overtones. They have been adopting legal stratagems to avoid income tax. That is why I took this step of sending my Deputy Secretary to Nagpur to study all these files before the Board puts it up and finalise the matter of write off. He was sent in March, 1977."

- (4) *Indian Express Group of Companies*:

- (i) Express Building, Churchgate, Bombay and Express Estates Madras of Newspapers Ltd., Madras attached by Orders dated 5-1-77 and 21-2-77 respectively.
 - (ii) 3 Properties of Indian Express (Madurai) Pvt. Ltd., (133 Ramanad Road Madurai by order dated 17-5-75. Express Building, Bangalore by order dated 24-11-76 and 1, Queens Road, Bangalore by order dated 24-11-76.
 - (iii) Gandhinagar and Purnanandampet, Vijaywada of Andhra Prabha Ltd., attached by order dated 26-5-77.
- (5) *Indian Telephone Industries*: Demand outstanding on 31-3-77 reduced to Rs. 86 lacs has been further reduced to Rs. 32.37 lakh by 30-9-1977. Recovery of Rs. 32.37 lakhs has been stayed.
- (6) *Shri Dharam Teja*: The demand outstanding in the case (including penalty interest etc.) amounts to Rs. 4.87 crores. The only known asset from which recovery could be effected are the shares formerly held by the Jayanti Shipping Company, which were attached by the TRO in

1968-69. These shares were acquired by the Government of India under the Jayanti Shipping Company (Acquisition of Shares) Act, 1971. The compensation of Rs. 3.32 crores payable to Shri Dharam Teja was attached by the I.T.O. in 1971-72 under Section 226 of the Income Tax Act. The Shipping Corporation had also certain dues to recover from Dharam Teja. An administrative arrangement has been arrived at between the CBDT and the Ministry of Shipping and Transport for sharing of compensation.

- (7) *Allenbury*: The assessments for the years 1944-45, 1948-49 to 1952-53 and 1957-58 were made in March, June and September 1970, October, 1972 and March, 1974. When the Committee pointed out that this Company had been a profitable concern but assessments in this case were completed when only the shell was left. Now it had been struck off the Register of Companies. The representative conceded that this observation was "perfectly justified."
- (8) *Modipon*: Only three assessments are outstanding. These are (i) Rs. 2.72 lakhs in respect of assessment year 1970-71 (ii) Rs. 22.67 lakhs in respect of assessment years 1971-72. (iii) Rs. 2.28 crores in respect of assessment years 1973-74. Stay was granted by the Commissioner in this case without taking any security.

44. The number of assessments completed and demand raised month-wise during 1974-75 and 1975-76 is as under:

Month	No. of assessments completed	1974-75 Demand raised (Rs. in crores)	No. of assessment completed	1975-76 Demand raised (Rs. in crores)
April	51,275	10.35	68,816	24.38
May	87,779	14.26	1,05,065	31.52
June	2,03,863	23.91	1,62,375	22.76
July	3,72,738	57.20	2,23,978	47.00
August	3,60,503	48.49	3,72,088	56.85
September	4,07,592	70.85	4,47,814	92.52
October	3,34,537	72.88	3,87,516	84.74
November	3,44,231	69.00	3,93,081	108.82
December	3,96,008	100.29	4,46,110	180.34
January	4,07,833	121.37	4,12,276	113.52
February	3,97,674	170.94	4,25,314	132.85
March	4,76,413	321.27	5,03,211	298.92
	38,40,846	1080.81	40,07,614	1194.22

45. The Committee enquired why it was not possible for the Board to concentrate on bigger cases rather than fritter away their efforts on relatively smaller assesseees. The Committee also wanted to know if it was a fact that the cases of bigger assesseees were taken up only in the last quarter of the year. In reply the representative of the Department said in evidence:

“Efforts are being made to see that the bigger cases are taken up earlier in the year. But the main reason is that in the bigger cases, there are contentious issues involved, by and large it takes longer time to complete the assessments and they drag on towards the last quarter of the year. I know that every effort should be made to see that bigger cases are disposed of earlier in the year. But this is the main reason that in spite of efforts it has not been possible to substantially reduce the number of demands raised in the last quarter compared to the past.”

46. The Committee asked if it would not be better to study the problem of mounting arrears in some depth. In reply, the Secretary, Ministry of Finance, has stated during evidence:—

“In regard to the matter of delays in the disposal of cases and appeals—and the whole procedures which has to be gone through, the first thing which the new Government did was that they appointed the Palkiwala Committee now the Choksi Committee and it was one of the major terms of the reference to look into how best the whole system could be streamlined to avoid delays in the disposal of cases, to appeals and revisions which go on for years together. We have received the first report of the Committee. Certain suggestions have been made there. It is a massive problem. In the last three decades, the whole complex structure has been built up and there is a need for simplification. I do not wish to anticipate the Government's decisions on the Choksi Committee's report.”

F. SPECIAL DRIVES FOR REDUCTION OF ARREARS OF TAX

47. In paragraph 1.54 of their 117th Report (Fourth Lok Sabha) the Public Accounts Committee observed that the steps taken by Government besides adding to the numerative strength of the staff, had obviously no effect. The Committee felt that the Department would have to launch an all out drive if a substantial reduction in tax arrears was to be brought about. The Ministry of Finance stated in reply in December, 1970 that the problem had been discussed in a conference of Commissioners of Income-tax in May, 1970

and a special drive 'RAT' (Reduction of Arrears of Tax) had been launched.

48. The Committee have been informed by the Department that during 1976-77, the Department had placed a "renewed emphasis" on the reduction of tax arrears. It has been stated that particular emphasis was placed on timely collection of current demand so as to prevent accumulation of tax arrears, enforcement of collection of arrears demand, expeditious disposal of appeals involving high demands and the writing off of irrecoverable demand. The Department have claimed that it was as a result of special drive launched during 1976-77 that the tax arrears were reduced from Rs. 993.87 to Rs. 873.59 crores a reduction of Rs. 120.28 crores.

49. On prospects of reduction of Arrears during the current year 1977-78, the Department of Revenue have, in a note stated:—

"For the current year 1977-78, the Department has decided to continue the special drive for reduction of tax arrears. The subject was discussed in great detail at the Commissioners' Conference held in June, 1977 and a working target of reducing the overall tax arerars by 25 per cent has been laid down for the current year. A detailed circular has been issued to the Commissioners of Income-tax on 5-9-1977 highlighting the important measures to be taken for achieving the target of collection/reduction of tax arrears. A copy of this circular is annexed.* It is hoped that as a result of the intensive drive undertaken by the Department in this direction, the trend of improvement brought about in 1976-77 will be maintained during 1977-78."

G. CASH COLLECTIONS

50. The cash collections out of arrear demand during the five years (1972—76) has been indicated as under:—

Arrears on	Cash Collections during the following year		Percentage
	Rs. Crores	Rs. Crores	
31-3-72	805.37	90.56	10.46
31-3-73	790.02	80.27	10.16
31-3-74	815.60	74.13	9.09
31-3-75	935.96	97.74	10.44
31-3-76	993.79	108.69	10.94

*Not printed.

51. Since the average cash collection during each of the last few years was hardly 10.5 per cent, the Committee asked whether it would be far wrong to infer that the Department's inability to recover such huge arrears was a factor coming in the way of a downward rationalisation of the tax structure. In reply the Department of Revenue have, in a Note, stated:—

“Such collections are taken into account while framing the Budget estimates.”

52. During evidence, the representative of the Department claimed that by mounting an “intensive programme” and action at all levels, the Department had been able to bring down number of assessee with arrears of Rs. 25 lakhs in each case from 304 as on 31st March, 1976 to 270 as on 31-3-1977 and the total arrears of this bracket from Rs. 229 crores to Rs. 179 crores. The Committee enquired if this reduction in arrears came about due to reduction in demand, and if so, how could the Department take credit for it. In reply, the Finance Secretary said:—

“If you think that only cash collection represents the efficiency of the Department, it would not be correct. . . . For instance, we may mention that out of Rs. 211 crores, Rs. 93 crores is the amount for which demand has been made in the last quarter and for which 35 days' notice has not lapsed, but for accounting purposes it is shown as gross arrears. It is not in fact legally recoverable on that date. We have been pointing out this to the Audit, but unfortunately we are not able to carry conviction with Audit.”

53. The Committee enquired whether there was any year in the past when the Department was able to collect more arrears than the amount of the current demand. In reply, the Finance Secretary said in evidence:

“There is no single year where we have collected more than the entire current demand placed.”

54. The Committee pointed out that since fresh demands of arrears were also being added up each year, the situation would never improve if the yearly cash collection continued to be so low. In reply, the Department of Revenue have, in a Note, explained:—

“The phenomenon of income-tax arrears is a continuing and inescapable one in the very nature of the assessment procedure and accounting of tax demands and payments.

Even though the demands outstanding at the beginning of a financial year are collected/reduced to a sizable extent by the year-end, the arrears again go up mainly because a part of the fresh tax demand raised during the course of the year (on completion of regular assessments, etc.) is not fully collected by the year-end and, therefore, becomes fresh arrears of tax at the end of the year. Normally, a tax payer is allowed a period of 35 days for payment of tax, as required by law. The tax demand raised during the month of March and the latter half of February remains necessarily in arrears at the end of a financial year. Further, the assessments made by the income-tax Officers are disputed in a number of cases and a substantial amount of tax remains unpaid till the appeals are decided. In suitable cases, the tax-payers are also allowed instalments for paying the tax. Due to these and other reasons, tax demands always remain in arrears as on the last date of a financial year. The following table illustrates the continuing nature of the tax arrears:—

(Amount in crores of Rs.)

	1973-74	1974-75	1975-76
Reduction during the year in the tax arrears outstanding at the beginning of the year.	329.05	321.31	445.51
Demand raised during the year remaining uncollected at the end of the year.	282.50	371.01	388.10

Within the legal framework and the limitations mentioned above, the developmental officers make every effort to collect the outstanding demands and reduce the arrears to the maximum extent possible.”

55. The tax arrears on 31-3-1976 show an increase of about Rs. 58 crores as compared to 31.3.1975. Two main reasons for this increase in the amount of tax arrears are stated to be:—

- (i) The amount of tax stayed by courts/appellate authorities and the amount of tax which could not be collected due to disputes in appeals, etc., increased to about Rs. 241 crores on 31.3.1976 as compared to about Rs. 196 crores as on 31-3-1975, resulting in a net increase of about Rs. 45 crores.
- (ii) The current demand raised during 1975-76 (Rs. 1239 crores) is substantially more than the demands raised during

1974-75 (Rs. 1121 crores) and during 1973-74 (Rs. 876 crores). The amount which remained uncollected on 31-3-1976 out of the current demand was also higher, viz., Rs. 388 crores as compared to Rs. 371 crores and Rs. 283 crores for the preceding two years.

H. RECOVERY OF UNDISPUTED TAX DEMANDS

56. The Public Accounts Committee had in 1969 in their 73rd Report (Fourth Lok Sabha) suggested that appeals should not be admitted without the payment of undisputed amount of the demand. The Committee had also recommended in their 51st Report (Fifth Lok Sabha) about the taxes due being given a lien on the property of the assessee. These recommendations were accepted by Government in 1975 with the amendment of law through the Taxation Laws (Amendment) Act, 1975. The Committee enquired whether the Board had initiated specific action on the basis of these amendments in the law. In reply, the Department of Revenue have intimated that:—

“Section 249 of the Income-tax Act has been amended with effect from 1.10.75 to provide, *inter alia*, that no appeal against any order passed by the I.T.O. (including any order of assessment, imposition of penalty or refusal or cancellation of registration of a firm) shall be admitted by the AAC unless at the time of the filing of the appeal, the assessee has paid the tax due on the income returned. Further, where the assessee has not furnished the return of income he should have paid an amount equal to the amount of advance tax which was payable by him. The AAC has, however, been empowered to waive this requirement in proper cases if he is satisfied that there are good and sufficient reasons for doing so, after recording reasons in writing.

Section 281 has been substituted w.e.f. 1.10.75 with a view to enlarging the scope of the provision. As regards the first amendment regarding admissibility of appeals by the AACs, instructions have been issued (*vide* Instruction No. 1014 dated 8.11.77) requiring the ITOs to bring to the notice of the AACs the position regarding the fulfilment of this requirement. The ITOs have been asked to add the following column in the existing Form ITNS 51 in which

they send a report to the AACs on receipt of grounds of appeal from the AACs:—

“Whether assessee had paid the taxation the income returned by him or an amount equal to the amount of advance tax payable by him if no return has been filed.”

57. As regards the amendment relating to the lien on property under section 281, explanatory instructions have been issued to the ITOs for their guidance *vide* Circular No. 179 dated 30-9-1975.

58. Asked whether Board had studied the effect of these amendments on the accumulated arrears in individual cases and particularly in cases where stays had been granted, the Department have intimated that “such a study has not been made.”

59. Section 231 which lays down the time-limit in this regard reads as under:—

“Section 231. Save in accordance with the provisions of section 173 or sub-section (7) of section 220, no proceedings for the recovery of any sum payable under this Act shall be commenced after the expiration of one year from the last day of the financial year in which the demands is made, or in the case of a person who is deemed is made, or in the case of a person who is deemed to be an assessee in default under any provision of this Act, after the expiration of one year from the last date of the financial year in which the assessee is deemed to be in default.”

Explanation 1: The period of one year referred to above shall be reckoned—

- (i) where an assessee has been treated as not being in default under sub-section (6) of section 220, as long as his appeal is undisposed of, from the last day of the financial year in which the order is withdrawn;
- (ii) where recovery proceedings in any case have been stayed by any order of a court, from the last day of the financial year in which the order is withdrawn;
- (iii) where the date of payment of tax has been extended by an income-tax authority to another date, from the last day of the financial year in which such other date falls;

- (iv) where the sum payable is allowed to be paid by instalments, from the last day of the financial year in which the last of such instalments is due.

Explanation 2: A proceeding for the recovery of any sum shall be deemed to have commenced within the meaning of this section, if some action is taken to recover the whole or any part of the sum within the period herein-before referred to.

60. The Department of Revenue have given the following break-up of the total tax arrears as on 31.3.76, excluding the amounts not fallen due, into disputed and undisputed amounts: :

As on 31-3-76
(In crores of Rs.)

<i>Disputed demands</i>		
1. Amounts claimed to have been paid as advance tax or as deduction of tax at source which are awaiting adjustments/verification.	7.38	
2. Amounts for which stay has been granted:		
(a) by courts	32.37	
(b) by I. T. Authorities:		
(i) Pending disposal of appeals including protective assessments.	94.73	
(ii) Pending disposal of settlement petitions.	3.04	
	10.47	140.91
3. Amounts not covered by item 2 above, for which instalments have been granted:		
(i) pending disposal of appeals.	13.60	
(ii) pending disposal of settlement petitions.	0.93	
(iii) for other reasons.	16.50	31.03
4. Amounts pending settlement of D.I.T or other relief claims. [	6.18	
5. Amounts disputed in appeal references but not stayed or covered by instalments.	100.18	
TOTAL	285.68	

As on 31-3-1976
(In crores of Rs.)

Undisputed demands

1. Amounts pending consideration of write-off/saling down positions.	20.39
2. Amounts due from companies under liquidation.	14.21
3. Amounts due from persons who have left India and/or not traceable and/or who have no known assets and/or whose assets vest with the Custodian of Evacuee Property, Pakistan and/or who are involved in insolvency proceedings (excluding amounts covered by item 1 above.)	24.62
4. Arrears of F.P.T./B.P.T.	8.14
5. Other amounts.	429.69
	497.05

I. RECOVERY OF TAX DEMANDS FROM COMPANIES WHICH ARE FINANCIALLY SOUND

61. In their 76th Report (Fourth Lok Sabha) the Public Accounts Committee had suggested that the Department should expeditiously compile a break-up of arrears due from companies as between those due from companies which had sufficient funds to pay the taxes and those due from companies which did not have sufficient funds so as to pay special attention to the realisation of arrears in the former type of cases so that the taxes withheld were not utilised in their business. In respect of the latter type of cases, the Committee had suggested that the matter should be kept continuously under review so as not to jeopardise chances of recovery. The Committee enquired if these suggestions were being implemented, the Committee were informed on 21.1.70 that it was not possible to compile the information desired by the Committee as to records for that purpose were maintained.

62. Nevertheless, the Department undertook a study in Bombay and Calcutta on the lines suggested by the Committee. This study was in respect of 59 companies and the position as emerging from the study is summed up below:

	Number	Arrears as on 31-3-69
1. Companies which were not at all in a position to pay.	23	9.56 crores
2. Companies which were in a position to pay but in whose cases recovery was stayed, because of disputed nature of demand or pending adjustment of refund or relief.	26	13.62 crores
3. Companies which were not in a position to pay the entire arrears mainly due to temporary financial difficulties and which were allowed to pay in instalments.	10	5.98 crores
TOTAL	59	29.39 crores

J. TAKING OVER OF TAX RECOVERY WORK FROM STATE GOVERNMENTS

63. The Tax recovery work was taken over by the Board from the State Governments with a view to improving the collection of arrears. In para 56 of their 51st Report (Fifth Lok Sabha), the Committee had suggested that Board shall closely watch the impact of taking over of this work on the arrears of tax collection and take necessary measures to improve the system. The Committee desired to know why the demand remaining outstanding with the Tax Recovery Officers was still going up from year to year and had reached Rs. 659.71 crores at the end of 1975-76.

64. In reply, the Department of Revenue have pointed out that the growth in demands certified to the TROs roughly corresponded to the growth of arrear demands from year to year, as will be seen from the following table:

Position as on	Gross demand outstanding	Gross arrear demand i.e. excluding one year old demand	Balance of certified demand
31-3-70	849.76	471.65	426.62
31-3-71	738.77	507.37	361.55
31-3-72	865.37	467.70	524.66
31-3-73	799.02	541.40	666.49
31-3-74	815.66	533.01	628.84
31-3-75	937.06	564.95	671.54
31-3-76	993.70	605.61	659.71

65. Asked whether the Board had really kept a watch over the situation and made a study of the effect of taking over of this work from the State Governments, the Department of Revenue have intimated:—

“Such a study has not been made. However, the recovery of tax arrears is being constantly watched by supervisory officers. Separate Action Plans have been drawn up for the Tax Recovery Officers since 1976-77 and their performance is monitored and reviewed from time to time.”

66. A review of the working of Tax Recovery Officers was made by Audit and results given in paragraph 15 of the Audit Report

194-75. This review had pointed out glaring defects like an utter lack of co-ordination between the Tax Recovery Officers and the assessing officers, inordinate delays in initiating recovery action by the Tax Recovery Officers, etc.

67. The Committee enquired whether Department of Revenue had taken note of the irregularities pointed out by Audit and if so, what steps had been taken in this regard. Department of Revenue have, in a note, replied that:—

“Paragraph 15 of the Audit Report mentioned irregularities in the maintenance of registers, procedures followed, delays in various stages, etc. in several TROs’ offices. Considerable time was spent in getting the facts verified from the Commissioners. Replies from all the Commissioners of Income-tax were received only towards the end of July, 1976. These had to be scrutinised and examined.”

68. The Department of Revenue have intimated that following remedial measures have been taken in this regard:—

- “(i) Instructions already exist in the Office Manual to the effect that with a judicious examination of the arrear demand, the Incometax Officer could spot many cases in which it would be no use waiting till the end of the year, because the assessee in any case would not make the payment. The immediate issue of recovery certificate in such cases would ensure the even flow of work to the T.R.O. who would have ample time to make efforts towards recovery before the close of the year.
- (ii) The Chairman in his D.O. letter No. 236/278/74-A&PAC. II dated 26-11-74 communicated the shortcomings pointed out by in Para 11.5(iii) of the Audit Report 1973-74 and asked the Commissioners to take personal interest in the areas of weaknesses especially those highlighted by the C&AG in his report and to enforce necessary discipline in this regard.
- (iii) In the same D.O. letter, the Chairman brought out, *inter alia*, that the recovery certificates issued were not complete in many cases and did not indicate essential particulars like the complete address of the defaulter, the details of assets of the defaulter etc. with the result that the recovery action got retarded. The Commissioners were asked to ensure that such weaknesses are remedied.

(iv) The Chairman in his D.O. letter F. No. 2/19/75-DOMS dated 17.3.76 impressed upon the Commissioners of Income-tax the need for reducing the infructuous certificates also for taking steps to ensure that the recovery certificates are not issued in a routine manner. In particular, he emphasised that it should be verified—

- (a) whether the ITO has already taken some action for recovery as defined in Explanation 2 to Section 231, or
- (b) the period of limitation has been extended beyond 31st March in view of the provisions contained in Explanation 2 to section 231.

The Commissioners of Income-tax and the IACs were required to exercise close supervision in the matter of issue of recovery certificates at least in the larger demand cases—say, with outstanding demand exceeding Rs. 20,000.

(v) Regarding the failure to charge interest, instructions were issued in November, 1974 and again on 12th June, 1975 vide Instructions No. 805 and 844 reiterating the responsibility of the Income-tax Officers to charge interest. The former brought to the notice of the field officers the failure of the Income-tax Officers to charge interest and include the same in the recovery certificates in accordance with the rule 119 and also to charge interest at the end of each financial year in accordance with rule 118(2). Instruction No. 844 reiterated the provisions of rule 119(3) regarding charging and collection of interest by the Tax Recovery Officers.

(vi) As regarding proper liaison between the TROs and the ITOs—

(a) Instructions were issued vide Board's letter F. No. 404/217/74-ITCC dated 18th November, 1974 asking the Commissioners of Income-tax to introduce the system of half-yearly reconciliation of the certificated demands as per the registers of the TROs with those as per the registers of the ITOs.

(b) In Board's letter F. No. 404/171/75-ITCC dated 14th August 1975, the Cs.I.T. were requested that they or their IACs should periodically meet the charge/range ITOs along with the TROs concerned to reconcile the figures of arrear demand with that of the ITOs.

(c) In the TROs' Action Plan for 1976-77, the results of such reconciliation were required to be intimated in the Monthly Progress Report to be sent by the TROs.

(vii) The Directorate of O&M Services was asked to undertake a study of the working of the TROs. As a result of this study, the norms of judging the performance of TROs were revised and since 1976-77, separate annual Action Plan have been drawn up for the Tax Recovery Officers keeping in view the following objections:—

- (a) maximisation of the final disposal of tax recovery certificates;
- (b) scrutiny of all arrear certificates (i.e., those issued prior to 1st April, 1972) with a view to identifying and determining the correct amount of tax arrears outstanding in those cases; and
- (c) reconciliation of the certificated demands with the Income-tax Officers.

69. The Committee have been assured that the progress achieved by the TROs is monitored and reviewed from time to time.

70. According to the figures, given in para 54 the reduction in old arrears exceeded fresh build-up during the years 1973-74 and 1975-76. If that were so, the overall arrears at the end of these years should have, the Committee pointed out, gone down instead of going up as it actually did.

In reply, the Department of Revenue have clarified:—

“The figures referred to above were furnished in reply to the advance questionnaire of the Public Accounts Committee and were intended to illustrate the continuing nature of tax arrears in that while the demands outstanding at the beginning of a financial year are collected/reduced to a substantial extent by the year end, the arrears go up mainly because a part of the fresh tax demand raised during the course of the year remains uncollected at the year end and this becomes fresh tax arrears. These figures by themselves do not account for the complete arithmetic of the various steps in the chain of opening balance, additions for example, the said figures do not reflect completely effect of additions to the arrears due to demand received on transfers from one charge to another or due to adjustments on verification or appeals/revisions.”

K. RECOVERY OF TAX ON PAYMENTS TO CONTRACTORS AND WINNINGS FROM LOTTERIES

71. Para 1(b) of the Report of the C&AG for the year 1975-76 shows that during 1975-76, Rs. 27.31 crores was deducted at source on payments made to Contractors and Rs. 1.12 crores on Winnings from Lotteries and Cross-word puzzles.

72. The Committee desired to know whether, considering the fact that payments to contractors all over the country are quite substantial and that almost every State in India runs a Lottery, any checks were being exercised to guard against the possibilities of short recoveries and leakage of revenue. In reply, the Department of Revenue have stated:—

- (a) "Every year an annual circular is issued to all concerned explaining the various provisions relating to deduction of tax from winnings from lotteries or crossword puzzles.
- (b) As regards deduction of tax from the payment made to contractors, detailed circulars were issued from time to time for the guidance of the persons responsible for deduction of tax from the payment made to contractors or sub-contractors and for proper enforcement of the provisions in this regard (Board's circular No. 86 dated 29th May 1972, 93 dated 26th September, 1972 and 95 dated 15th November, 1972).
- (c) A brochure was also published in June, 1975 under the "Tax Payers Information Series", explaining the provisions relating to deduction of tax at source out of payments to contractors or sub-contractors in simple language for the benefit of such persons. Instructions were also issued to the Commissioners of Income-tax in this regard (Board's Instruction F. No. 380/3/75 dated 3rd February, 1975 and 3rd 1976).
- (d) For the purpose of exercising effective follow-up action and enforcement of tax deduction at source, necessary instructions have again been issued *vide* DI's letter No. Audit-9/77-78/DIT dated 28th December, 1977 and Board's letter F. No. 275/116/77-IT(B) dated 6th January, 1978.
- (e) It is also proposed to take up the matter regarding tax deduction at source on contract payments suitably with Government Departments."

L. APPEALS AND STAY ORDERS

73. Demands of Income-tax (including Corporation Tax) stayed as on 31st March, 1976 and 31st March, 1977 on account of Appeals and revision petitions were as under:—

(Rs. in Cr. res.)		
	As on 31-3-76	As on 31-3-77
(a) By Courts.	32.87	19.55
(b) By Income-tax authorities.		
(i) Pending disposal of appeals etc. (including amounts under protective assessments)	94.53	71.17
(ii) Pending disposal of scaling down petitions	3.04	4.31
(iii) For other reasons	10.47	13.25

74. According to para 9 (i) of the Audit Report for the year 1975-76 the number of appeals pending with the AAC, was 2,21,619 as on 30th June, 1976 of which as many as 42,579 was over 18 months old. Asked about the amount of tax locked up in these appeals and the measures proposed to reduce this pendency, the Department of Revenue have furnished the following reply:

“In order to clear the backlog of old appeals, the AACs are allowed weightage i.e. appeals prior to two years of the current year are equated to disposal of two ordinary appeals. The Board and the Directorate are constantly watching the disposal of the old appeals and whenever it is found that this is not receiving adequate attention, Commissioners are addressed. This aspect is especially looked into, discussed with AACs and commented upon during the inspections of Commissioner charges.”

75. The Committee were informed in evidence by a representative of the Central Board of Direct Taxes that the Board attached great importance to the disposal of what they called “High Demand Appeal cases” i.e. where the outstanding demands exceed Rs. 25,000 in places other than Bombay and Calcutta and Rs. 50,000 in places in Bombay and Calcutta.

76. The Department of Revenue have, in a note, intimated the following position of pendency and disposal of high demand appeal cases:—

Opening Balance	..	2,278
Institution during year	..	9,209
Disposal during the year	..	8,742
Balance as on 1-4-76	..	2,745

77. As on 1st April 1976, out of pendency of 2,745, the number of high demands appeals over 3 months old was 1,588 and the balance were only 3 months (or less) old. Analysis of age-wise pendency as on 1st April, 1977 made by the Department of Revenue has shown that 1,464 appeals were over 3 months old and the balance of 1,963 appeals was only 3 months (or less) old.

78. In a note furnished after evidence, the Committee have been informed:

“The number of cases in which stay orders were passed by the field authorities is not readily available.”

79. Asked about the grounds on which the field authorities had been granting stays, the Department have intimated the following:

- (i) demand disputed in appeals.
- (ii) demand pending verification of the claims of pre-paid taxes.
- (iii) demand pending disposal of rectification claims.
- (iv) demand involved in protective assessments.
- (v) demand relating to income accruing outside the country laws of which restrict or prohibit the remittance of such income to India.

80. The Committee wanted to know if demands were stayed not only by the Courts but also by the Departmental authorities. The representative of the Deptt. of Revenue stated “Even the Tribunal stay the demands.”

81. Asked whether Department proposed to analyse the reasons for stays granted by the Department, the witness assured:—

“I will undertake a representative sample study of a few cases. That will bring out all these points as to why these demands have been stayed by the Departmental officers.”

82. Asked whether some uniform criteria were followed by the Department, in the matter of stays, the Secretary, Ministry of Finance, stated:

“First of all, I wanted to say that by and large, this has been the approach. Secondly, in respect of norms, the guidelines have been issued by the Board that where the amount in dispute is quite substantial and where important points of law and interpretation arise, in such cases stay ought to be granted. This is the general guideline given. The rest of it is discretionary for the appellate authorities and to the best of our knowledge and this, of course, would again be a matter of statistics, the appellate authorities have been generally granting stays and not refusing them. If you ask in how many cases the stay has been refused, to the best of our knowledge, there will be very few such cases.”

83. In reply to a question whether there had been cases where the Department was of the view that the discretion was not exercised judiciously by an Income-tax authority and, therefore had gone in appeal to get the stay vacated, the Department of Revenue said in evidence:

“Generally, I have not come across any case where the income-tax officer grants a stay and we have tried to question that. In some cases, where the Commissioners, when they review these cases, if they feel that stay should not be given for a long period or it should be reviewed now that the financial position of the assessee has improved, he administratively asks the ITO to revise the stay order suitably.”

84. The Committee wanted to know if there were possibilities of over-pitched assessments in such cases, The witness replied:

“We are sadly conscious of the fact that there are some cases in which the so-called over-pitched assessments are made. That is why the law was amended that where the ITO wants to make an addition of more than Rs. 1 lakh to the returned income, he should submit the draft assessment order to the IAC and then the IAC gives a hearing to the assessee. The idea was that a senior and more seasoned mind should be brought into play while making such huge additions.”

85. Asked to state the steps taken to see that over-pitched assessments were not made, the witness stated:

"Earlier we tried to solve this problem by issuing administrative instructions. As I just now submitted, the whole thing has now been put on a statutory basis that where the addition is more than one lakh, then it should be adjudicated upon by a higher officer who can bring into play a more matured mind and a more independent judgement as to whether the addition is justified and should be made or not."

M. PROSECUTION OF DEFAULTERS

86. Sections relating to prosecutions for various offences under the Incometax Act, 1961 were made more stringent by Parliament w.e.f. 1st October, 1975 by the Taxation Laws (Amendment) Act, 1975 (41 of 1975) which substituted sections 276B, 276CC. Under these sections the penalties prescribed for various offences are as under:

Offence	Penalty
(i) Contravention of order made under sub-section (3) of Section 132.	Rigorous imprisonment which may extend to two years and shall also be liable to fine (Section 275A)
(ii) Failure to comply with the provision of Sub-Section (1) and (3) of Section 178.	Rigorous imprisonment for a term which extend to two years provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgement of the Court, such imprisonment shall not be for less than six months (Section 276A).
(iii) Failure to deduct or pay tax.	In a case where the amendment of tax which he has failed to or pay exceed Rs. 1,00,000 with rigorous imprisonment for a term which shall not be less than six months but which may extend to 7 years and with fine. In any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to 3 years with fine. (Section 276B).
(iv) Willful attempt to evade tax etc.	Do. (Sec. 276C)
(iv) Failure to furnish return of Income	Do. (Sec. 276CC)

87. Central Board of Direct Taxes have issued the following instruction/circulars:--

- (i) Circular No. 179 circulated under Board's F. No. 131(17) | 75-TPL dated 30th September, 1975

- (2) Instruction No. 1083 circulated under Board's F. No. 285/362/77-IT (NV), dated 6th August, 1977.
- (3) Instruction No. 1100 circulated under Board's F. No. 285/373/77-IT (INV.) dated 23rd September, 1977.

88. The Committee pointed out that though various sections relating to prosecutions for offences under the Income Tax Act, 1961 were amended w.e.f. 1st October, 1975, the Central Board of Direct Taxes had addressed the Commissioners of Income-tax only on 5 September, 1977 to find out what action had actually been taken to implement the amended provisions. Asked about the reasons for this inordinate delay, the Department of Revenue have explained:—

“Commissioner of Income-tax is the competent Authority under I. T. Act at whose instance prosecutions under the various sections of the I. T. Act can be launched. Amendments made by Taxation Laws (Amendment) Act, 1975 w.e.f. 1-10-75 in the various Sections relating to prosecutions for various offences under the I T. Act were accordingly explained to Cs. I. T. as soon as the relevant sections came into force vide Board's Circular No. 179 dated 30-9-75 for necessary follow up action. Subsequent circulars dated 6th August, 1977 and 23-9-77 were, therefore, in the nature of reminders exhorting them to resort to the provisions of these new sections in all suitable cases.”

89. The Committee desired to be furnished with a Note on the salient features of the Monitoring System followed by the Board at present and how the aforesaid deficiencies were proposed to be removed to make the system more effective. In reply, the Department of Revenue have intimated that the matter regarding collecting this information on a regular basis is under consideration.

90. It was stated during evidence that the Commissioners were directed to use more vigorously the power to attach the immovable property and to consider sending the assesseees to the jails and the Board has taken a direct responsibility of collecting arrears of Rs. 25 lakhs and above. The Committee desired to know the action that has been taken in the case of each of the defaulting parties against whom a substantial amount has been outstanding. To this the Secretary, Ministry of Finance stated:—

“In fact, action on all fronts was being taken on a continuous basis. I did however concede that the prime objective of the Department was to collect the revenue and to collect

the arrears and not necessarily to put people in jails. If it was found earlier to collect the arrears by other means, then we would prefer to do that. I would like to place before the Committee a detailed account of the action taken in 1975-76 and 1976-77 and these are in respect of 8 major income tax charges. I will mention some of the brief particulars, but we will submit a note to the Committee in writing in full details. Regarding penalty under section 221, there are a number of cases where the assessee exceed Rs. 1 lakh. The number of cases is 387 and the penalty amount was Rs. 1 crore and 38 lakhs. Yesterday, a specific question was asked whether we would levy this penalty at all. I can give you a number of cases and the actual amount which was levied as penalty.

Then, in the case of action under Section 179, this, of course, is an area where the Directors of the companies are involved which are in liquidation. One can proceed against the Directors. There were only two cases reported from the Bombay city. There was one case from Andhra Pradesh. As regards action under section 281, there were 492 cases. This is for fraudulent transfer. Then, we have a break-up of shares and moveable and immoveable property. There were 86 cases where shares were attached of the value of Rs. 45 lakhs. This is in relation to one year. Then there were 2137 cases of the value of Rs. 20 crores and 27 lakhs. This belongs to moveable property. Then in the case of immoveable property, there were 1550 cases of the value of Rs. 120 crores and 73 lakhs. This is also in onyear."

He added:

"This is for attachment of property for the arrears. Under section 132, there were 251 cases of the value of Rs. 8 crores and 38 lakhs. Then action under section 226 is involved where seizure of salary had taken place. There were 527 cases of the value of Rs. 115 lakhs. Then there is action under section 263(d) regarding debt. There were 779 cases of the value of Rs. 10 crores and 17 lakhs. Then there were 49 cases of the value of Rs. 69 lakhs. This is regarding the sale of immoveable property. Then there were 222 cases of the value of Rs. 64 lakhs. The statement is in respect of one year only, that is, 1975-76. I have a statement regarding 1976-77 which would certainly indicate that in all the Commissioners' charges, there had been

action taken on all fronts, particularly in the matter of attachment of property. The statement would indicate that there are continuous activities going on and action is being taken all along the line. This is not a question of one or two cases, some of the cases, as I mentioned, are of the value of Rs. 120 crores and the moveable property of the value of Rs. 120 crores was attached in that particular year. It is quite a sizeable action. In the next year, I find the figure is of the value of Rs. 118 crores regarding immovable property."

91. Asked what was the actual number of cases in which prosecutions under the amended provision of the Income-tax Act have been launched so far since 1.10.1975, the Department of Revenue have in a note furnished after evidence intimated:—

"The information is being collected from the Cs. I.T. and will be furnished as soon as possible."

92. The Committee wanted to know if prosecutions were launched in any case where arrears of tax demand exceeded Rs. 20 lakhs. In reply, the Committee have been informed that:—

"No prosecution has so far been launched under amended Section 276-C (2) in any case where arrears of tax demand exceed Rs. 25 lakhs. However, as mentioned earlier, as a result of scrutiny already made of arrear demand of tax exceeding Rs. 5 lakhs in the aggregate as on 1.8.77, a few cases have been noticed which *prima facie* come within the mischief of Section 276C (2), which are being processed for launching prosecution in consultation with Prosecution Counsel Ministry of Law."

93. Under Section 220 any amount (other than by way of advance tax), specified in the notice of demand is payable within 35 days of the service of the notice. If the amount is not paid within that period, the assessee is deemed to be in default and is liable to pay simple interest at 12 per cent per annum. Considering the fact that the rate of interest charged is only 12 per cent simple interest whereas in the market it is difficult to get loan at this rate, the Committee enquired whether big assesseees would not feel tempted to let arrears go on for years together. In reply the Secretary, Ministry of Finance stated:—

"Some businessmen might have been using it deliberately as a working capital. For this reason, we will have to have a

fresh look at the interest rate. As regards the penalty, it is a part of the whole process and some judicious decisions have to be taken there."

94. On being pointed out that in the case of big assesseees, the rate of penalty should have been much higher because they are in a position to pay, the Secretary, Ministry of Finance has stated during evidence:—

"What you say is correct that the Department is charging a higher rate of penalty on small assesseees."

95. In a note furnished after evidence, the Department of Revenue have informed that:—

"The matter regarding adequacy of the rate of interest u/s 220(2) is receiving consideration."

96. The Committee desired to know in how many cases were the outstanding amount exceeded Rs. one lakh, prosecution had been launched. The representative of the Ministry of Finance stated during evidence:

"Recently after the amendment of Section 276-C(1), where the assesseees have been deliberately defaulting, it is possible to prosecute them now."

97. In reply to query as to when this amendment was made, the witness stated:—

"I took effect from 1.10.75. We requested all the Commissioners of Income-tax to review all the cases where the demands outstanding exceeded Rs. 1 lakh. We have received the reports from all the Commissioners. Unfortunately, there is always a certain amount of time-lag between passing an amendment and taking action by the Department. I submit that there has been a time-lag in this particular case. We wrote to them in September, 1977 to find out what action they took."

98. When the Committee pointed out that it had taken two years for the Board to find out what action the Commissioner took, the witness conceded:—

"I admit this mistake on our part."

99. In this connection, the representative of the Ministry of Finance has further stated:—

“It is a fact that no form has been devised to find out all these things. We asked for what action had been taken, but we asked for the information in September, 1976.”

The witness added:—

“I would submit that we did not call for details about the actual prosecution earlier under this particular section.”

As regards reviewing prosecution cases, the witness said:—

“We get a quarterly statement and all cases are under constant examination; where prosecution is necessary, where attachment is made, it is constantly under review.”

100. Asked whether there was anything in writing that the power was not adequately used by the Commissioners, the representative of the Board stated during evidence:

“It is true that we have not been monitoring so far the cases in which actually action has been taken either for provisional attachment under section 281(B) or where prosecution has been launched under section 276(C). We will do it hereafter. . . . it is quite probable that action might have been taken in some cases. For example, I am personally aware of a case where attachment has been made very recently where the amount involved runs into a few crores. But as has been suggested very rightly by the Hon. Member, we will monitor them in future and submit the relevant statistics to the Committee, if required.”

101. The number of assesses where the arrears are about one crore is 44 and these cases are supposed to be actively supervised by the Board. It was stated during evidence that in this bracket of 44 cases, in one year the gross outstandings have gone down from Rs. 112 crores to about Rs. 60 crores and the number of cases has come down from 44 to 25.

When it was pointed out that the details of these cases of big arrears of over Rs. 1 crore should be readily available with the Board, the witness stated:—

“We have to supervise about 800 cases in which demands will be above Rs. 10 lakhs. This Rs. 1 crore sample, is a part

of it. As I was submitting we get quarterly information from the Commissioners about all these aspects and we have compiled certain information and if the Hon. committee desires certain further information, we will be able to collect it from the information available in our office and submit it to you tomorrow or the day after."

102. While referring to this list of high bracket assessee, the Committee pointed out that in no case the Department have taken coercive action except in Haji Mastan's case where the property was under attachment by the competent authority under the COFEPOSA. When asked how it was that no coercive action of the type contemplated under Section 208A was not found to be called for in respect any assessee or was it that big assessee always managed to escape, the Secretary, Ministry of Finance stated:—

"In the statement we have said that coercive action has been taken against a number of people. If you see item 48—Indian Express—immoveable properties have been attached. Similarly, in the case of item 50—Sr. Ram Durga Prasad—his house property in Bombay and Vizag were attached. There are attachment proceedings indicated in this very statement."

103. In reply to a question whether any norms have been fixed to attach properties and to put a person behind the bar, the witness stated:—

"No definite norms have been laid down as such on this point. Decision is always taken on the facts of each case. At any point of time, wherever the Income-tax Officer comes to a feeling that the assessee is not cooperating or that he does not have adequate resources, so as to ensure the safety of the revenue, he attaches the property. Sometimes they attach the movable property of the assessee."

104. When asked who guides the I.T.O. to take these actions the Secretary, Ministry of Finance replied:—

"I do not want to comment on that. Bigger cases are, as I said already, monitored by the Board with a view to this safeguard, so that no individual Income-tax Officer or Commissioner could misuse his discretion in this regard."

105. During evidence, the Committee wanted to know whether coercive measure like rigorous imprisonment etc. in respect of

those who had assets, would not facilitate the recovery of taxes. To this the Secretary, Ministry of Finance stated:—

“The Income-tax Department’s philosophy of collection does not consist in immediately launching prosecution and attaching properties.”

N. WRITE OFFS

106. The Committee pointed that if the Department of Revenue continued to be soft with assesseees who were in default and went on writing off arrears of tax year after year, interest of revenue were bound to suffer. The Committee, therefore, desired to know what amounts of arrears of tax were written off by the Department during the last 7 years. In reply, the following information has been furnished by the Department to the Committee:—

	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
I. Assesses having did leaving behind no assets or have gone in liquidation or become solvent	120.81	147.31	171.26	327.97	223.44	144.69	186.23
II. Assesses being untracable	56.12	19.72	29.24	76.134	9.6	25.63	332.41
III. Assesses having left India	74.64	219.05	35.91	98.99	11.89	5.17	29.16
IV. For other Reasons i.e. (i) Assesses who are alive or have closed their business but have no attachable assets (ii) amounts involved being treaty (iii) scaling down of demand (v) Unenforceable demand due to being duplicate or protective demand	248.59	89.29	30.29	135.89	226.5	356.42	398.38
Amount written off on grounds of Equity or as a matter of international courtesy or where the time and labour involved in usual remedies for realisation are disproportionate to the amount of recovery	0.01	0.06	0.07	0.07	—	—	33.33
	500.17	475.37	266.75	639.07	471.58	531.91	979.64

107. The following is the Bracket-wise analysis of the cases of write off of arrears relating to the years from 1970-71 to 1976-77 as given by the Department of Revenue:—

Financial Year	Range	Amount Written off
1970-71	Upto Rs. 1 lakh	1,35,48,361
	Between Rs. 1 to 5 lakhs:	1,18,13,939
	Between Rs. 5 to 10 lakhs.	1,12,50,796
	Over Rs. 10 lakhs.	1,34,04,202
		<u>5,00,17,298</u>
1971-72	Upto Rs. 1 lakh	2,06,25,299
	Between Rs. to 5 lakhs.	58,30,888
	Between Rs. 5 to 10 lakhs.	29,98,218
	Over Rs. 10 lakhs.	1,80,83,512
		<u>4,75,37,917</u>
1972-73	Upto Rs. 1 lakh	73,98,003
	Between Rs. 1 to 5 lakhs.	29,60,108
	Between Rs. 5 to 10 lakhs	14,77,486
	Over Rs. 10 lakhs.	1,48,40,182
		<u>2,66,75,779</u>
1973-74	Upto Rs. 10 lakhs	3,79,89,704
	Over Rs. 10 lakhs	2,59,17,567
		<u>6,39,07,271</u>
1974-75	Up o Rs. 10 lakhs.	2,72,86,565
	Over Rs. 10 lakhs.	1,98,71,931
		<u>4,71,58,496</u>
1975-76	Upto Rs. 10 lakhs.	3,17,14,444
	Over Rs. 10 lakhs.	2,14,75,287
		<u>5,31,91,731</u>
1976-77	Upto Rs. 10 alakhs.	8,45,83,710
	Ove Rs. 10 lakhs.	1,33,66,136
		<u>9,79,49,846</u>

O. DELAYS IN DEPOSITING CASH SEIZED

108. On 30 November, 1974, the Central Board of Direct Taxes issued the following instructions:—

“Instances have come to the notice of the Board where action has not been taken immediately after the search for depositing the cash seized in the Personal Deposit Account of the Commissioner as required under sub-rule 12 of Rule 112 of the Income-tax Rules, 1962. Board desire that cash seized in the course of the search should invariably be deposited in the Personal Deposit Account of the Commissioner immediately after the search except when it is to be retained for special reasons as discussed in para 3 below.

Similarly, other valuable assets seized in the course, of search should also be deposited with any branch of the Reserve Bank of India or the State Bank of India or of its subsidiaries or Government Treasury as required under sub-rule 12 of Rule 112 of the Income-tax Rules, 1962 immediately after the seizure.

Sometimes it becomes necessary to retain the seized currency without depositing the same in the Personal Deposit Account of the Commissioner concerned to preserve the identify of currency notes from the point of prosecution. For example, in a case where currency notes were seized in the course of a search, the assessee claimed to have obtained the cash on a particular date, whereas the currency notes were found to bear the Reserve Bank of India's stamp which indicated that the notes were actually issued on a date subsequent to the date claimed by the assessee. In a case of this type, the retention of currency notes is necessary as a piece of evidence for launching prosecution to prove the falsity of assessee's claim. In such cases, the Commissioner of Income-tax may, after consultation with the Prosecution Counsel, retain the currency in original form and record his reasons for doing so, if in a case, retention of currency notes in its original form is found necessary, the same may be placed in a package and kept in safe custody of a bank/tresury as specified in the Rules.”

109. Department of Revenue have intimated that since 1972-73, there were 75 cases (28 in Delhi, 46 in Bombay and 1 in Tamil Nadu) where seized cash could not be deposited in the Personal Deposit

Account of the Commissioner of Income-tax within 3 months of the seizure. A list of these cases is enclosed (Appendix IV).

110. The following are among the reasons for the time-lag between the date of seizure of cash and its deposit in the bank in the concerned Commissioner's personal Deposit account:—

- (i) The possibility of the seized cash serving as evidence to establish that it was not accounted for, in some of the cases.
- (ii) Searches being conducted in too large numbers at too short intervals during certain periods and the deployment of all the available staff in these searches with consequent failures in the prompt deposit of the cash.
- (iii) The delay involved in the procedural requirement of the bank for acceptance of the cash and the inadequacy of staff in the commissioner's office to comply with these requirements.

Giving the latest position, the Department of Revenue have intimated:—

“Confirmation has since been obtained from all the Commissioners of Income-tax that no seized cash is kept by anyone of them at present in their strong rooms for more than the minimum period needed to make the deposit in bank in accordance with the existing instructions. It may be added in this connection that cash which is not sent to the bank is kept sealed in the strong room in the Income-tax Offices; and these sealed packets are not opened except in the presence of the concerned assessee unless the cash is in transit to Bank. Particulars of the seized cash kept in the strong room are recorded in registers maintained for the strong room.”

111. The question of Arrears of Tax Demand is a one over which the Public Accounts Committee have been continuously expressing great concern and giving concrete suggestions [(6th, 21st, 28th, 46th, Reports (Third Lok Sabha) 3rd, 17th, 73rd, 76th, 117th Reports (Fourth Lok Sabha), 51st, 87th, 115th, 150th, 186th Reports (Fifth Lok Sabha)]. The last mentioned Report is the Review Report on action taken by Government over the past several years on the recommendations of the Public Accounts Committee. The relevant paragraphs are contained in Chapter XI thereof. The Committee are

distressed to find that despite assurances held out to the Committee in the past the special drives launched by the Central Board of Direct Taxes, the additional posts created at various levels, the Scheme of incentives and rewards and working improvements made to the law, rules and procedures, there has been no perceptible effect on the growth of arrears of Corporation Tax and Income-tax. The 'Gross Arrears' comprising Corporation Tax, Income tax, interest and penalty, which stood at Rs. 790.02 crores at the end of 1972-73, have after registering an increase year after year (except in 1976-77 when the arrears came down to Rs. 873.56 crores, as against Rs. 993.79 crores in 1975-76) have reached an all-time high figure of Rs. 1,008.76 crores as on 31-12-1977. Arrears of tax is the problem which has been engaging the constant attention of the Committee and they have been giving concrete suggestions in many of their past reports to resolve the chronic problem of mounting tax arrears, the action taken by Government on these suggestions was reviewed by the Committee in their 186th Report (Fifth Lok Sabha). It is clear that the steps taken by Government have had an insignificant effect on the growth of tax arrears. The Committee feel that it is high time that Government took a fresh look at the problem of soaring arrears of tax demand and devise more effective steps to minimise and contain the problem.

112. The Committee note that from 1 April, 1973, the work of supervision of recovery of arrears of taxes was allocated amongst various authorities. Supervision of recovery in case of arrears exceeding Rs. 1 lakh but below Rs. 5 lakhs was allocated to the Commissioners of Income-tax and cases of arrears exceeding Rs. 5 lakhs but below Rs 10 lakhs to the Director of Inspection (RSS&P). The supervision of cases of arrears above Rs. 10 lakhs was to be that of Central Board of Taxes itself. In the re-allocation of work made from 1 April, 1974 responsibility for supervision of cases of arrears exceeding Rs. 5 lakhs but below Rs. 10 lakhs was transferred from Director of Inspection to the Commissioners of Income-tax. Explaining the significance of allocation of supervisory responsibility over work of arrears of tax at various levels, the representative of the Department of Revenue stated in evidence that despite such allocation "direct responsibility" for taking action under the various sections of the law rested solely and squarely on the Income Tax Officer and that the Central Board of Direct Taxes exercised only "general supervision" by getting quarterly Dossiers and inspection visits to administrative zones to make on the spot appraisal of cases where tax demands exceed Rs. 10 lakhs. While the Committee agree

that responsibility for completion of assessments and enforcing recovery of tax due in each case must continue to rest with the Income Tax Officer, the Committee feel that the Central Board of Direct Taxes being the highest authority for direct tax administration in the country should not rest content with a passive role but should assume a more active role of giving a positive lead to field officers and see that cases involving tax arrears of Rs. 10 lakhs and above are processed with the expedition they deserve. There are 33.13 lakhs assesseees against whom gross arrears of Rs. 993.79 crores were due as on 31-3-1976. Since the number of assesseees for which the Central Board of Direct Taxes is responsible (i.e., cases in which arrears exceed Rs. 10 lakhs) to supervise the recovery work is hardly 800, it should not, the Committee feel, be difficult for the Board to see that the arrears are recovered in these cases without further loss of time. Concrete steps taken by the Board in this regard and the total amount of tax realised out of these arrears may be reported to the Committee.

113. The Committee made a sample check of Dossiers maintained by the Central Board of Direct Taxes and found to their utter dismay that adequate follow-up on cases for which the Board was responsible, to supervise the recovery of arrears was lacking. To cite only a few instances, in one case, the recovery of arrears relating to the assessment year 1973-74 had been stayed by Delhi High Court and in the Dossier for the period ending 30 June, 1977 the Commissioner had remarked that the Board was requested on 14 June, 1976 to move the Delhi High Court to dispose of the writ petition early. The Dossier did not indicate what further action, if any, was taken on it. In another case, though the arrears of demand related to assessment years 1962-63, 1967-68 and 1970-71, the assessments were made ex parte only in 1973. The Committee were given to understand that the assessee was engaged in the racket of 'compensatory payments'. The assessee was a partner of a firm which was closed on 31-8-1974, leaving no assets. In yet another case, though the Inspecting Assistant Commissioner had recommended in March, 1975 liquidation of a limited company and prosecution of its Directors, the Dossier did not show whether the Board had pursued the matter adequately. An idea of how such delays and indifference by Income tax administration can jeopardise the prospects of recovery of arrears can be had from the details of another case. In this case, the assessments for the years 1944-45, 1948-49 to 1952-53 and 1957-58 were made in March, June and September, 1970, October, 1972 and March, 1974. The Committee learnt

during evidence that this Company had been a profitable concern for a number of years but by the time assessments were completed, only a shell of it was left. In another case, the Commissioner granted stay of recovery of Rs. 2.20 crores in respect of assessment year 1973-74 and that too without taking any security from the assessee. The Committee recommend that the Central Board of Direct Taxes should keep a close watch on developments on each of the cases for which it is responsible and guide the Commissioners of the steps that they should, on the facts and circumstances of each case, take in the best interests of revenue.

114. The Committee are surprised to note that despite setting up a Special Cell in the Central Board of Direct Taxes in 1973 to keep a watch on the work of recovery of arrears of Rs. 10 lakhs each, the number of assessees with arrears of Rs. 25 lakhs each was first given as 238 as on 31-3-74 (which figure was supplied to Audit also vide Audit Report 1973-74). It was later changed in January, 1976 to 261 as on 31-3-1974 with the total demand outstanding going up from Rs. 133.66 crores to Rs. 153.44 crores. Department of Revenue have explained that the method followed during 1975-76 and 1976-77 was that the Commissioner-wise Dossiers were initially scrutinised by an officer of the rank of I.T.O. and thereafter put up to a Deputy Secretary. In suitable cases, the matter was placed before the Member concerned in the Board.

The discrepancy notified reflects adversely on the monitoring being done by the special cell. The Committee recommend that the work procedures in the cell should be reorganised in such a way that it is able at any time to indicate the correct and latest position in regard to any cases of arrear exceeding Rs 10 lakhs and that the monitoring and progressing done by it is close and effective showing concrete results.

115. The Committee also note that since 1970, the Department of Revenue have sanctioned 5 posts of Commissioners of Income Tax (created in lieu of 5 posts of Additional C.I.Ts) and 272 posts of Income Tax Officers (30 in Class I and 242 in Class II) for "liquidation of arrears" and "tax recovery work". The Committee have informed that with the discontinuance of the functional scheme of work w.e.f. 1 April, 1975, there are, it has been stated, no separate posts of I.T.Os (Collection). Due to re-organisation in August, 1974, on the basis of the recommendations of Wanchoo Committee these Commissioners have been given territorial jurisdiction like other Commissioners of Income Tax, and they are no longer functioning

as Tax Recovery Commissioner exclusively. Under the Unitary system existing now, an I.T.O. is looking after not only the assessment work but also the collection work. The Committee are surprised that despite augmentation of staff strength during the course of last 7 years or so, the position of arrears of tax demand has continued to be bad except during 1976-77 when the gross arrears declined from Rs. 993.76 crores as on 31-3-76 to Rs. 874 crores as on 31-3-77. The Committee recommend that Department should so organise the work among the existing staff that the tax recovery work is given as much attention as the work of completion of assessment.

116. The Committee were informed as far back as in December, 1970 that the problem of mounting arrears of tax demand had been discussed in a Conference of Commissioners of Income Tax in May, 1970 and a special drive call "RAT" (Reduction of Arrears of Tax) had been launched. The Committee find that despite this special drive, the gross arrears instead of decreasing remained stable around Rs. 800 crores during the years 1971-72 to 1973-74. Thereafter these increased to Rs. 935.96 in 1974-75 and to Rs. 93 79 crores in 1975-76. However, the special drive launched by the Department, in 1976-77 had some impact in as much as the gross arrears were reduced to Rs. 873.59 crores in that year. Unfortunately the Department has failed to maintain that trend and by 31-12-77, the gross arrears have moved up to Rs. 1008.76 crores. The Committee recommend that reasons for failure of earlier special drives and particularly of the set back during 1977-78 should be analysed and appropriate steps taken to make such drives a more effective.

117. The Committee find that yearly cash collections during each of the years since 1971-72 were, on an average, no more than 10.5 per cent of the total arrears. There has been no year when Department was able to collect more than the current demand. During evidence, the Finance Secretary expressed the view that it would not be correct to say that "only cash collections represent the efficiency of the Department." While the Committee concede that not all demands are recoverable instantly, they feel that the present rate of cash collection is quite low. As far as the Committee can see, at this rate of cash collection, the prospects of liquidation of arrears of tax even in the distant future appear to be very dim. Since cash collections are taken into consideration by Government at the time of preparation of Budget estimates, Department's inability to increase cash collections in the context of the evergrowing need for financial resources has the effect of increasing the inci-

dence of taxation on the people and stands in the way of rationalisation of tax structure. In view of these grave implications, the Committee cannot but stress too strongly the need to prepare a time bound programme for stepping up cash collections in respect of arrears of tax.

118. The Committee recall that their suggestion made in paragraph 1.80 of their 73rd Report (Fourth Lok Sabha) regarding the amendment of the Income-tax Act to provide for tax on undisputed income being paid before an appeal was admitted, was not accepted by Government in November, 1969. The Committee reiterated the suggestion in paragraph 1.56 of their 117th Report (Fourth Lok Sabha) and paragraph 3.22 of their 51st Report (Fifth Lok Sabha). In 1975 the Government met this point by amending Section 249 of the Income-tax Act through the Taxation Laws (Amendment) Act, 1975 w.e.f. 1-10-75. The Committee are convinced that with this change in law, it should not be too difficult for the Department of Revenue to reduce the arrears because they found that of the total tax arrears as on 31-3-76 undisputed demands amounted to Rs. 497.05 crores. The Committee would watch the results through future Audit Reports.

119. The Committee are surprised to find that during 1975-76, only a sum of Rs. 27.31 crores was deducted at source on payments made to contractors all over India and Rs. 1.12 crores realised as tax on winnings from Lotteries and Crossword puzzles. The Committee apprehend that considering the fact that payments to contractors all over the country are quite substantial and almost every State in India ran a Lottery, tax deduction from these sources is not being given the attention that it deserves. The Committee have been informed that every year a circular is issued by the Central Board of Direct Taxes explaining various provisions relating to deduction of tax from winnings from lotteries or crossword puzzles. As regards tax on payments made to contractors, apart from issuing circulars, the Board had issued a Brochure in June 1975 under the "Tax Payers Information Service" explaining the provisions relating to deduction of tax at source out of payments to contractors or sub-contractors in simple language for the benefit of such persons. Suitable instructions were also issued to the Commissioners on 28-12-77 and 6-1-78. The Committee recommend that the Board should take up this matter with the Government Departments, particularly CPWD and State PWDs and devise procedures to obviate the possibility of leakage of revenue on this account.

120. The Committee find that while the demands of Income-tax (including Corporation tax) as on 31 March, 1977 stayed by Courts amounted to Rs. 19.55 crores only, the demands stayed by Income-tax authorities themselves aggregated Rs. 88.73 crores. This gives the impression as if Income-tax authorities have been quite liberal in the matter of grant of stay orders, thereby contributing to accumulation of Gross arrears of tax. The Committee would impress upon the Departmental officers the need to exercise due restraint and caution in taking decisions in these matters.

121. The Committee also view with concern that despite the Central Board of Direct Taxes attaching "great importance" to the disposal of 'High Demand Appeal Cases' (i.e. cases where the outstanding demands exceed Rs. 25,000 in places other than Bombay and Calcutta and Rs. 50,000 in places in Bombay and Calcutta), the number of such cases has increased from 2,278 as on 1-4-1975 to 2,745 as on 1-4-1976, and 3,427 as on 1-4-1977. The Committee recommend that reasons for this adverse trend should be gone into and remedial measures taken to reverse it.

122. The Committee are perturbed to find that though various sections relating to prosecution for offences under the Income-tax Act, 1961 were amended by Taxation Laws (Amendment) Act, 1975 (effective from 1-10-1975) and made more stringent, the Department of Revenue have continued to follow a soft line. The Finance Secretary stated in evidence that the Income-tax Department's "philosophy of collection does not consist in immediately launching prosecution and attaching properties." There is not a single case of arrears of tax demand exceeding Rs. 25 lakhs where Department has launched prosecution under amended Section 276CS(2) of the Act. A few cases of arrears of tax demand exceeding Rs 5 lakhs are stated to have come to the notice of the Department which prima facie came within the mischief of Section 276C(2). These cases, the Committee, have been assured are being processed. The Committee disapprove of the approach of the Department to soft model offences and are of the view that after the Parliament had made the law more stringent, the Department of Revenue and the Central Board of Direct Taxes should have seen to it that the amended provisions were followed by the Commissioners in letter and spirit. The Committee recommend that Commissioners of Income-tax may be instructed suitably.

123. The Committee note that under section 220, any amount (other than by way of advance tax) specified as payable in the notice of demand is payable within 35 days of the service of notice. If the amount is not paid within that period, the assessee is deemed to be in default and is liable to simple interest at 12 per cent per annum. The Committee feel that this rate of interest is so low as against the prevailing rate of interest for loans raised in the open market that an assessee would be easily tempted to delay payments of arrears. The Committee recommend that the adequacy of rate of interest on unpaid tax should be examined by the Department.

124. The Committee find that during the last 7 years (1970-71 to 1976-77), the Department of Revenue had written off arrears of tax to the tune of Rs. 38.64 crores. The Committee have been informed that these arrears related to (i) assesseees who had died leaving behind no assets or who had gone in liquidation or become solvent, (ii) assesseees being untraceable, (iii) assesseees having left India (iv) assesseees who are alive but have either closed their business or have no attachable assets; amounts involved being unenforceable due to being duplicate or protective demand, (v) amounts written off on grounds of equity or as a matter of international courtesy or where the time and labour involved in usual remedies for realisation were considered to be disproportionate to the amounts of recovery. The Committee would like to be assured that arrears of tax in these cases were written off by the Department only after exhausting all remedies available under the Income-tax Act for non-payment and fully satisfying themselves that arrears proposed to be written off were really irrecoverable.

125. The Committee view with grave concern the fact that even though the instructions were issued by the Central Board of Direct Taxes in November 1973 that, as required under Rule 112(12) of the Income Tax Rules, 1962, cash seized in the course of a search should invariably be deposited in the Personal Deposit Account of the Commissioner "immediately" after the search is over, there were as many as 75 cases (28 in Delhi, 46 in Bombay and 1 in Tamil Nadu) where seized cash was not deposited in the PDA of the Commissioner within 3 months of the seizure. In some cases the delays ranged from 2 to 3 years and the cash seized ran into lakhs of rupees. The Department of Revenue have attributed these delays to large numbers of searches conducted at too short intervals and paucity of staff in the Commissioner's offices to comply with the

rules governing depositing of seized cash. The Committee recommend that a firm time limit should be laid down in the Income-tax Rules and any violation thereof should render the official concerned liable to disciplinary action.

NEW DELHI;
April 27, 1978
Vaisakha 7, 1900 (S)

C. M. STEPHEN,
Chairman,
Public Accounts Committee.

APPENDIX I

(Vide Para 38)

Statement showing particulars of 304 Assesseees, against whom arrears, demand over Rs. 25 lakhs in each case was outstanding as on 31-3-1976

Sl. No.	Name of the Assesseees	C.I.T. Charge	Demand as on 31-3-76	Demand created during 76-77	Total	Period during which demand created	Demand in dispute as on 31-3-77	Case Coll-ec-tion during 76-77	Reduc-tion at appell-ate stage	Amount writ-ten off & reasons thereof during 76-77	Total of Col.s. 9 to 11	Balance as on 31-3-77	Gross	Net
1	2	3	4	5	6	7	8	9	10	11	12	13	14	14
1	M/s. A. P. State Road Transport Corpn. Ltd.	AP-I	124.73	—	124.83	19-1-76 to 9-2-76	—	—	115.61	—	115.61	9.22	—	—
2	Mr. B. N. Wickland	AP-III	86.14	—	86.14	18-3-64	86.14	—	—	—	—	86.14	—	—
3	B. J. Gamble	AP-III	96.77	—	96.77	6-3-74	96.80	—	5.97	—	5.97	90.80	—	—
4	E. J. Cleveland	Do.	178.01	—	178.01	Do.	172.64	—	5.37	—	5.37	172.64	—	—
5	J. M. Lam	Do.	29.02	—	29.02	Do.	27.23	—	1.79	—	1.79	27.23	—	—
6	Hyderabad Asbestos Cement Products Ltd.	AP-I	80.18	5.48	125.66	29-3-75 to 23-10-76	—	1.85	116.54	—	118.79	6.87	—	—
7	Kanthama Ramanama	Do.	31.29	—	31.29	9-10-74 to 25-3-75	31.29	—	—	—	—	31.29	—	—

1	2	3	4	5	6	7	8	9	10	11	12	13	14
8	Navab Pir Barkat Ali Khan Bahadur	AP-I	49·00	—	49·00	30-5-74 to 24-12-76	42·71	—	—	—	—	49·00	—
9	S. A. Fobba	AP-III	80·23	—	80·29	6-3-74	75·00	—	·95	—	8·95	75·34	—
10	Sirpur Paper Mills	AP-I	47·30	23·33	70·63	31-1-74 to 21-10-76	—	10·00	60·65	—	70·63	—	—
11	M/s. Viskhatnam Port Trust	AP-I	31·67	33·80	65·47	11/75 to 7/76	—	—	65·47	—	65·47	—	—
12	M/s. Sarvaraya Sugars Ltd.	AP-II	43·58	—	43·58	21-1-76 to 27-3-76	—	—	43·58	—	43·58	—	—
13	M/s. Panyam Cement & Minerals Indu Ltd.	AP-III	121·57	—	121·57	31-12-75	—	—	111·89	—	111·89	9·68	—
14	Pt. L. K. Jha, Executor to the Estate of late Ganeshwar Singh	Bihar-I	32·86	—	32·86	—	—	19·77	13·09	—	32·86	—	—
15	M/s. M. George and Bros. group of cases.	Kerala-I	37·39	16·34	53·73	23-3-74 to 16-3-77	—	1·42	29·98	—	31·40	22·33	22·23
16	P. Krishna Warier	Kerala-II	52·62	1·53	54·15	10-9-75 to 25-3-77	12·79	14·24	4·52	—	18·76	35·39	12·79
17	Smt. Mahim Kallatra	Kerala-II	34·69	3·18	37·87	27-3-75 to 29-11-76	34·69	—	—	—	—	37·87	3·17

18	Nilambur Konilakom Forests	Do.	26·81	—	26·81	—	—	—	26·81	—	26·81	—	—
19	A. Thangalkunju Musalior	Kerala-I	44·63	—	44·63	31-3-58 to 24-3-72	—	2·40	—	—	2·40	42·23	—
20	Late Narsing das Per Tumsar	Nagpur	35·24	0·03	35·27	30-3-64 to 30-12-76	—	—	0·83	—	0·83	34·44	34·44
21	M/s. R. B. Shreeram Durgaprasad & Fatechand Narsinghdas (Export) Firm	Do.	337·86	3·29	341·15	15-3-66 to Sept., 76	243·82	0·33	33·74	—	34·07	307·08	4·65
22	M/s. R. B. Shreeram Durgaprasad Pvt. Ltd., Tumsar	Do.]	287·60	0·42	288·02	13-7-66 to 21-9-76	—	0·48	52·99	—	53·47	234·55	234·55
23	M/s. Rambilas Gulabdas	Do.]	35·77	—	35·77	10-11-65 to 16-3-77	—	—	0·23	—	0·23	35·54	35·54
24	Shri Ramnarayan Mor, Tumsar	Do.]	29·19	—	29·19	8-3-66 to 30-12-76	—	0·44	0·89	—	1·33	27·86	27·86
25	M/s. Ramkrishna Ramnath (RF) Kamptee	Do.]	28·18	0·02	28·20	11-3-66 to 25-3-74	—	—	—	—	—	28·20	28·20
26	M/s. Lakshmi Wire & Metal Industries	Do.]	50·94	3·40	54·34	30-12-75 to 7-12-76	—	0·10	—	—	0·10	54·24	54·24
27	Carborandum Universal Ltd.	TA-I	50·27	24·01	74·28	28-2-73 to 29-3-77	—	—	46·72	—	46·72	27·56	8·61

1	2	3	4	5	6	7	8	9	10	11	12	13	14
28	M/s. Chesebrough Ponds Inc.	TA-I	44'39	72'46	116'85	29-3-75 to 10-3-77	11'86	4'83	26'89	—	33'72	83'13	83'13
29	Smt. Pushpa Naraindas	Do.	29'84+ 2'31 AD	—	29'84+ 2'31 AD	11-2-68 to 14-3-74	—	—	—	—	—	32'15	32'15
30	M/s. Chattinand Corpn. (P) Ltd.	Tamil Nadu-III	27'63	1'40	29'03	21-1-71 to 27-3-77	23'30	0'33	4'93	—	5'26	23'77	—
31	M/s. English Electric Co. of India	Do.	27'49	0'56	28'05	31-3-76 to 18-5-76	—	—	28'05	—	28'05	—	—
32	Smt. K. Kalpana	Do.	42'44	1'15	43'59	29-3-72 to Feb. 77	40'09	—	0'38	—	0'38	43'21	2'28
33	M/s. Kathiresan Spg. Mills	Do.	32'61	33'26	65'87	26-2-75 to March, 77	28'45	1'56	4'35	—	5'91	59'96	28'44
34	Shri K. Natarajan	Do.	25'55	7'95	33'50	26-10-70 to 17-3-77	—	—	—	—	—	33'50	25'56
35	M/s. Krishna Tiles & Potteries Ltd.	Do.	41'94	3'03	44'97	25-3-74 to 18-9-76	10'70	3'95	15'34	—	19'29	25'68	—
36	M/s. Mettur Chemicals & Industrial Corpn. Ltd.	Do.	58'81	25'84	84'65	31-3-75 to 17-8-76	23'75	18'00	42'90	—	60'90	23'75	23'75

37	M/s. Sahasayee Paper Boards Ltd.	Do.	60.91	30.04	90.23	31-3-75 to 17-8-76	—	5.72	84.51	—	90.23	—	—
38	M/s. Thanvi Trust, Madras (Central).	Madras (Central)	44.06	1.12	45.18	28-3-73 to 31-3-73	39.11	—	—	—	—	45.18	—
39	M/s. T. D. Murthy & Co.	Tamil Nadu -III	46.69+ 0.71A.D.	—	46.69 +0.71AD	68-69 to 31-3-75	—	—	11.46	—	11.46	33.23 +0.71AD	35.23 +0.71AD
40	Shri A. C. Paul	TN.-IV	81.00	—	81.00	4-3-59 to 16-1-76	76.38	—	3.19	—	3.19	77.81	75.62
41	Shri E. V. Ramaswamy Naicker	Do.	26.05	1.22	27.27	23-3-68 to 12/76	7.52	—	0.22	—	0.22	27.05	—
42	Periyar Self Respect Propaganda Institute	Do.	31.75	1.80	33.55	23-3-68 to 12/76	—	0.46	—	—	0.46	33.09	—
43	Anglo French Textile Ltd.	T.N. V	54.37	2.20	56.57	16-3-71 to 16-9-76	—	—	55.71	—	55.71	0.86	—
44	M/s. Excess Newspapers (P) Ltd.	Madras (Central)	92.98	1.88	94.86	22-3-75 to 10-2-77	64.50	0.70	26.48	—	27.18	67.68	67.78
45	Shri Gopaldas Chhaganlal	Do.	26.49	.07	26.56	30-11-67 to 10-2-77	7.74	—	—	—	—	26.56	26.56
46	Indian Express (M) Pvt. Ltd.	Madras (Central)	178.957	2.94	181.51	29-3-72 to 28-4-76	128.83	—	40.02	—	—	141.49	110.36

1	2	3	4	5	6	7	8	9	10	11	12	13	14
47	Shri K. Shanmugam	Madras (Central)	48.19	9.45	57.64	2-3-72 to 28-2-77	83.27	0.06	24.15	—	24.21	33.43	—
48	Smt. K. Saraswathi Ammal	Do.	50.83	—	50.83	14-3-72 to 23-3-76	19.43	0.12	2.58	—	2.70	48.13	48.13
49	Shri L. Rajesh Alias Lal Chand	Do.	31.89	—	31.89	28-3-72 to 10-3-76	—	—	—	—	—	31.89	31.89
50	M. R. Pratap	Do.	27.87	5.72	33.59	30-3-70 to 30-3-77	27.87	—	—	—	—	33.59	21.49
51	The Rayala Corpn. Ltd.	Do.	37.38	14.23	51.61	30-7-70 to 30-3-77	33.22	2.25	2.62	—	4.87	46.74	16.89
52	M/s. Pattu Padmanabiah Chetty & Sons	Do.	38.88	0.45	39.33	10-3-69 to 23-3-77	8.25	0.16	10.95	—	11.11	28.22	28.22
53	Shri Ramnath Goenka	Do.	27.05	7.50	34.55	9-3-73 to 23-8-76	9.94	4.80	18.78	—	23.58	10.97	10.97
54	Sh. U. Krishnaji	Madras (Central)	58.90	1.29	60.19	30-3-70 to 21-2-77	47.20	..	—	..	..	60.19	59.96
55	M/s. Dhanan Distributors (P) Ltd.	Karnataka —1	42.76	..	42.76	..	..	..	42.76	..	42.76	..	..
56	M/s. Bharat Electronics Ltd. .	Do.	44.37	..	44.37	..	..	30.87	13.50	..	44.37	..	..

57	M/s. Karnataka Exports Ltd.	Do.	40.14	--	40.14	7-3-74 to 12-3-76	--	--	40.08	--	40.08	0.08	0.08
58	Sh. M. S. Ramaiah	Do.	43.45 +0.81 AD	5.64	49.09 +0.81 AD	30.4.68 to 9-3-77	5.64	..	14.00	--	14.00	35.09 +0.81 AD	32.65 +0.81 AD
59	M/s. Thushan Enterprises.	Do.	116.84	71.86	188.70	..	..	--	188.70	--	188.70	..	..
60	M/s. Yashodhan Industrial Investment Co. Ltd.	Do.	92.77	--	92.77	20-3-72 to 25-3-75	19.57	1.55	68.06	--	69.61	23.16	..
61	M/s. Indian Telephone Industries Ltd.	Karnataka-II	116.14	86.66	02.80	Feb. 77	..	35.32	80.82	..	116.14	86.66	..
62	Shri Hiranayakashi Sahakari Sakhre Karkhane Nivamit	Karnataka II	62.13	13.50	75.63	Jan., March., 77	--	66.00	--	--	66.00	9.63	--
63	M/s. Parsons and Whitmore France	Do.	94.81	8.54	103.35	4-3-76 to 9-5-76	..	..	..	--	..	103.35	103.35
64	Shri M. R. Anthoniswamy	Do.	32.87	5.50	38.37	18-3-75 to 23-2-77	38.37	..	--	--	--	38.37	38.37
65	Shri P. D. Meda	M.P. II	26.66	2.92	29.58	23-1-61 to 22-3-77	..	..	--	--	--	29.58	27.41
66	Shri Mangalchand Hukam Chand	M.P.I. Transferred to Bombay	25.91	0.10	26.01	N.A.	--	--	--	--	--	26.01	26.01
67	Sh. CBJ Seth & CBJ Seth Executors of the will of late Shri R. C. Lall, Indore.	M.P.E.	69.65	99.87	169.52	19-10-74 to 31-3-77	..	0.29	..	..	0.29	169.23	69.9

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
68	M/s. Ganga Prasad Bachu Lal	M.P.I.	27.17	0.10	27.27	28.3.69 to 1-9-76	..	..	..	18.23	..	18.23	9.04	8.94 As on 30-3-76
69	M/s. Duduwala & Co.	Rajasthan	26.15	1.41	27.56	9-1-64 to 18-10-76	24.27	..	..	..	..	..	27.56	3.28
70	M/s. Golcha Properties P. Ltd.	Rajasthan —I	45.17	1.42	45.17	29-4-66	32.24	..	8.35	..	..	8.35	36.82	2.38
71	H. H. Gej Singh	Rajasthan —II	48.67	15.46	64.13	25-3-75 to 90-11-76	43.95	5.00	12.97	..	..	17.97	46.16	23.56
72	M/s. Syed A. M. Vairallu	Poona —I	70.99	..	70.99	46-47 to 57-58	..	..	..	..	..	..	70.99	70.99
73	Sh. K. S. Abdullah	Poona-II	41.99	63.69	105.68	31-3-75 to 16-7-76	103.63	..	2.05	..	..	2.05	103.63	..
74	Sh. Asa Ram Verma	Delhi-I	31.58	1.72	33.30	24-10-72 to March '77	..	..	..	..	..	..	33.90	18.94
75	Hindustan Insecticides Ltd.	"	48.37	0.28	48.65	31-12-75 to March '77	4.58	7.62	36.45	..	..	44.07	4.58	4.58
76	Dr. J. Dharma Teje	"	486.22	265.12	731.34	23-3-69 to 23-3-76	324.35	..	264.10	..	..	264.10	487.24	487.24

77.	Madan Kartar Singh	36.32	3.95	40.27	31-3-73 to 9-8-76	9.22	..	31.05	..	31.05	9.22	9.22 on 31-12-76
78.	Sh. M. R. Dhawan	66.37	1.55	67.92	17-3-60 to March 77	65.43	..	0.32	..	0.32	67.60	66.88
79.	M/s. M. M. Trading Corp. of India	84.64	62.09	146.73	28-2-77	..	84.64	..	..	84.64	62.09	Nil.
80.	Punjab National Bank Ltd.	96.76	2.76	99.52	25-9-75 to 2-9-77	65.71	0.25	30.80	..	31.06	68.47	7.61
81.	M/s. Pearl Cycle Industries Co. C/o Official Liquidator.	93.06	7.19	100.25	2-6-70 to 25-8-76	1.77	..	30.09	..	30.09	70.16	70.61
82.	M/s. Raunq & Co. (P) Ltd.	43.30	16.33	59.63	..	..	..	59.63	..	59.63	..	..
83.	Shri S. P. Chibber	25.98	11.42	37.40	24-3-75	22.98	..	14.42	..	14.42	22.98	22.98
84.	M/s. Bharat Sevak Samaj.	102.24	..	102.24	30-9-74 to 17-10-74	63.99	1.38	..	..	1.38	100.86	100.86
85.	Ethopian Airlines.	38.33	20.51	58.84	19-3-77	46.62	..	38.33	..	38.33	20.51	Nil.
86.	M/s. Sumitome Shoji Kaisha Ltd. (Japan).	42.85	76.38	119.23	30-3-75	46.62	..	72.61	..	72.61	46.62	..
87.	M/s. A.B. C. Finance (P) Ltd Delhi II	27.84	..	27.84	29-8-69 to 22-2-74	..	..	..	..	..	27.84	27.84

	2	3	4	5	6	7	8	9	10	11	12	13	14
88. Shri Sahdai, Prop. M/s. Ishwar Dass Gauri Shankar		Delhi IV	77.61	2.32	79.93	3.73	--	--	79.84	--	79.84	0.09	0.09
89. M/s. Alkonberry & Co. (P) Ltd.		Delhi V	189.17	--	189.17	19-6-70 to 31-3-74	189.17	--	--	--	--	189.17	189.17
90. M/s. Bharat Union Agencies (P) Ltd.		"	45.10	--	45.10	28-2-56 to March 71	34.75	--	--	--	--	45.10	10.35
91. M/s. Dalmia Jain Airways Ltd.		"	78.28	--	78.28	10-3-58 to 31-3-77	78.28	--	--	--	--	78.28	78.28
92. Shri R. Dalmia, J. Dalmia & S.P. Jain		"	786.69	--	786.69	21-4-75 to 19-9-75	786.69	--	--	--	--	786.69	786.69
93. Sh. R. Dalmia		"	326.82	--	326.82	31-3-65 to 16-3-76	316.40	--	8.73	--	8.73	318.09	266.51
94. M/s. Auto Pins (India)		Delhi (Central)	26.01	10.49	36.50	29-9-76	--	--	26.01	--	26.01	10.49	0.09
95. Seth B. D. Gupta C/o M/s. Delhi Jaswant Sugar Mills Ltd. (Central) Meerut													
96. M/s. Charan Lal & Bros.		Do.	56.90	0.09	56.93	25-3-70 to March, 71	--	--	8.96	--	8.96	47.97	47.97

97.	M/s. Chaman Estates (P) Ltd.	Do.	43.88	0.54	44.42	30-1-77 to March, 77	--	5.61	--	5.61	38.81	38.81
98.	M/s. Dalmia Dairy Industries (Dalmia Cement Ltd.)	Do.]	42.85	0.84	43.69	22-3-69 to 24-3-77	30.11	0.86	--	0.86	42.83	--
99.	Late Sh. G. L. Jain P/o M/s. Girjal Mamchand & Co. Gaziabad	Do..	89.97	--	89.97	3-4-75 to 12-3-76	89.94	0.13	--	0.13	89.84	89.84
100.	M/s. Girjal Mamchand & Co.	Delhi (Central)	124.70	...	124.70	3-4-75 to 31-3-76	100.19	24.43	--	24.43	100.27	100.27
101.	M/s. Jawant Sugar Mills Ltd.	Do.}]	150.35	--	150.35	30-3-74 to 20-3-76	--	149.07	--	149.07	1.28	--
102.	M/s. Kundan Sugar Mills (D. P.)	Do.}]	64.38	--	64.38	15-3-75 to 26-3-76	--	58.58	--	58.58	5.80	--
103.	M/s. Modipan Ltd.	Delhi (Central)	126.37	256.68	383.05	31-3-55 to 9-11-76	115.09	--	--	--	383.05	2762.3
104.	M/s. Modi Sgp. & Wvg. Mills Co..	..]	32.34	71.91	104.25	23-3-76 to 8-3-77	71.20	0.33	21.05	..	21.43	82.82
105.	Shri M. L. Narang	..	37.26	1.97	39.23	15-3-73 to 29-12-76	28.88	..	0.02	--	0.02	39.21

1	2	3	4	5	6	7	8	9	10	11	12	13	14
106.	Shri Puran Mal	Delhi (Central)	88·17	..	88·17	..	..	..	88·17	88·17	..	..	..
107.	M/s. R.M. Motors & Genl. Finance . . . . .	.. █	29·73	..	29·73	..	..	..	29·73	..	29·73	..	..
108.	M/s. Pathak Bros. . . . .	.. █	47·69	..	47·69	15·5·73 to 22-1-76	47·69	..	..	..	..	47·69	47·69
109.	Shri R.L. Narang . . . .	..	25·16	5·86	31·02	28-3-66 to 18-3-76	15·48	..	0·10	..	0·10	30·92	30·64
110.	M/s. S.B. Sugar Mills . . . .	.. █	36·05	..	36·05	..	..	..	36·05	..	36·05	..	..
111.	M/s. Sahib Singh Agencies (P) Ltd. . . . .	..	34·46	8·91	43·37	3-7-76 to 30-12-76	..	..	42·88	..	42·88	0·49	0·49
112.	M/s. Sahib Singh Mfg. Co (P) Ltd. . . . .	..	52·36	10·91	63·27	..	..	..	63·27	..	63·27	..	..
113.	M/s. Steel (1957) Pvt. Ltd.	Delhi (Central)	79·60	..	79·60	14-6-70 to 21-2-74	..	..	45·08	..	45·08	34·52	34·52
114.	M/s. Westinghouse Electric Co. International Co. . . . .	..	98·81	11·50	110·31	31-3-77	..	..	98·81	..	98·81	11·50	nil
115.	Sh. Bhanabhai Khala Bhai	Gujarat I	42·31	126·30	168·61	5-2-68 to 4-3-77	37·31	..	0·07	..	0·07	168·54	47·64

116	Karamchand (P) Ltd.	Prem Chand	116.59	267.48	384.07	29.3.74 to 28-3-77	92.44	21.83	266.11	..	287.94	96.13	39.37
117	Shri Manibhai Bhana Patel	Bhai	33.20	..	33.20	25.10-72 to 12-3-76	32.45	..	..	..	..	33.20	33.20
118	M/s. New Commercial Mills Ltd.		27.20	..	27.20	28-2-75 to 31-3-76	..	..	27.20	..	27.20	..	..
119	M/s. Rajnikant N. Nadiad	Shroff	93.21	90.57	183.78	12-3-74 to 17-1-77	..	..	0.25	..	0.25	183.53	183.53
120	Sahird Geigy Ltd.		35.20	8.44	43.64	18-12-74 to 16-12-76	27.67	0.05	13.15	..	13.20	30.44	2.77
121	Rajnikant N. Sharoff A'bad	Gujarat I	43.45	2.34	45.79	21-3-75 to 17-1-77	..	..	39.36	..	39.36	6.43	6.43
122	Polyteels (India) Ltd.		64.07	..	64.07	25-11-75	..	..	19.20	..	19.20	44.87	44.87
123	Sh. Juku Alias Suja Abdulla- kats		36.24	..	36.24	9-3-76	..	0.22	..	..	0.22	36.02	36.02
124	M/s. Amulgamated Electric Co. Ltd.	Bombay City	34.53	40.23	74.76	10-3-75	45.18	9.11	..	54.29	..	20.47	19.32
125	M/s. B. R. Sons Ltd. (in liquidation)		48.48	..	48.48	16-4-53 to 74-75	8.86	10.60	2.50	3.10	45.38	..	45.38
126	M/s. Balapur Sugar & allied Industries Ltd.		33.59	22.13	55.72	75.75	11.92	17.33	21.28	..	38.61	17.11	nil

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
187 M/s. Blase Advertising Pvt. Ltd.			Bombay City	32.55	9.74	42.39	30-3-76 to 31-3-77	..	9.62	0.60	..	10.22	32.17	14.35
188 M/s. Dhun Investors (P) Ltd.			"	33.24	..	33.24	26-2-66 to 27-3-76	..	..	..	..	..	33.24	33.24
189 M/s. Edward Textiles (P) Ltd.			"	71.81	21.87	93.68	N.A.	55.65	..	4.28	..	4.28	89.40	83.61
190 Shri H. S. Rawail			"	28.20	..	28.50	15-3-70 to 30-3-74	..	..	..	..	..	28.20	28.20
191 Shri K. M. Modi (Decd)			Bombay City-I	38.46	..	38.46	1-10-60 to 30-11-70	..	..	..	..	..	38.46	38.46
192 M/s. Morarji Gokul das spg. & Wvg. Mills.			"	68.26	13.11	81.37	27-11-76 to 28-10-77	10.84	3.88	66.22	..	70.10	11.27	-
193 M/s. Poona Elec. & Industrial Co. Ltd.			"	72.13	2.76	84.89	71-72 to 75-76	..	..	24.99	..	24.99	49.90	-
194 Sholapur Spg. & Wvg. Mills Co. Ltd.			"	49.56	..	49.56	47-41-42 to 76-77	..	..	..	..	..	49.56	49.56

135	Sh. Changleo Sugar Mills Ltd.	..	35'28	2'79	38'07	30-9-76	7'77	22'82	..	..	22'82	15'25	6'34
136	M/s. Swadeshi Mills Ltd.	..	51'01	15'73	66'74	24-10-75	..	0'10	66'54	..	66'64	0'10	0'10
137	M/s. Tata Iron & Steel Co. Ltd.	..	61'29	..	61'29	5-4-73	44'67	..	16'62	..	16'62	44'67	44'67
138	Tata Chemicals Ltd.	..	27'35	..	27'35	..	..	0'08	27'27	..	27'35	..	..
139	M/s. Voltas Ltd. Co.	..	38'02	50'83	88'85	23-3-75 to 31-3-77	30'82	2'83	46'95	..	49'78	39'07	..
140	M/s. Great Eastern Spg. Co. Ltd.	.. II	57'63	1'99	59'62	28-2-77	..	0'34	58'61	..	58'95	0'67	..
141	M/s. Hindustan Petroleum Corp. Ltd.	..	120'04	0'93	120'97	31-3-69 to 25-3-77	120'04	..	0'93	..	0'93	120'04	..
142	M/s. Jayanti Shipping Co. Ltd.	Bombay City II	284'36	1'90	286'26	..	..	..	286'26	..	286'26	..	..
143	M/s. J. R. Pillani	..	27'88	..	27'88	E.P.T.	..	..	..	..	..	27'88	27'88
144	M/s. Koniklijke Nodi-loyd.	..	47'39	..	47'39	..	..	..	47'39	..	47'39	..	..
145	M/s. Nirlon Synthetic Fibres & Chemical Ltd.	..	315'67	3'55	319'22	..	..	..	319'22	..	319'22	..	..
146	M/s. Phalton Sugar Works Ltd.	..	29'12	3'30	32'24	5-8-76 to 28-2-77	..	3'43	0'16	..	3'59	28'83	25'96
147	M/s. Garware Nylon Ltd.	Bombay City III	92'31	0'03	92'34	..	..	0'03	92'31	..	92'34	..	..
148	M/s. General Electric Co.	..	133'24	38'87	172'11	29-3-76 to 30-3-77	..	..	..	..	..	172'11	..

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
149	M/s. New India Assurance Co. Ltd.		Bombay City I	55.37	..	55.37	..	--	--	55.37	..	55.37	..	..
150	L/Hs. of Late Shri Govindam G. Sekaria		"	47.06	..	47.06	15-2-63	..	..	..	..	..	47.06	47.06
151	M/s. Mohindra and Mohindra Ltd.		"	44.60	3.47	48.16	18-2-75 to 76-77	46.78	0.09	..	..	0.09	48.07	..
152	M/s. Synthetic and Chemicals Ltd.		Bombay City IV	38.19	134.78	172.97	..	..	--	172.97	..	172.97	..	..
153	M/s. Associated Bearing Co. Ltd.		Bombay City V	132.26	0.41	132.67	..	..	9.58	123.09	--	132.67	..	..
154	Shr D.N. Shroff		"	26.51	..	26.51	17-3-53 to 24-3-72	..	--	..	..	..	26.51	26.51
155	M/s. Glaxo Laboratories India Ltd.		"	27.24	4.13	31.37	4-11-75 to 31-3-77	--	4.45	0.93	..	5.38	25.99	..
156	M/s. Lubrizol India Ltd.		"	45.66	..	45.66	..	--	45.66	--	..	45.66	..	..
157	M/s. Shanta Bros.		"	31.78	0.05	31.83	31-3-70 to 30-6-76	..	..	..	..	..	31.83	31.83
158	Sh. Abdul Hussain Culamally		Bombay City VI	46.00	0.15	46.15	..	..	--	..	..	..	44.34	44.34

159	M/s. Chemicals Fibres of India Ltd.	186.70	5.50	192.20	..	0.03	192.17	..	192.20	..	..
160	M/s. Ganeshnaryan Onkar-mal	47.84	..	47.84	59-60 to 65-66	0.35	..	..	0.35	47.49	47.49
161	Shri G.H. Rahim	32.54	..	32.54	25-3-56 to 19-3-57	..	..	..	..	32.54	32.54
162	Sh. Hariram Ramnand	28.17	..	28.17	44-45 to 66-67	..	..	..	..	28.17	28.17
163	L/H. of Late Sri K.S. Khushlani	36.29	..	36.29	31-3-62 to 5-3-76	..	..	..	..	36.29	..
164	Mr. M.M. Kulkundia	36.70	..	36.70	28-11-72 to 1-11-75	..	..	..	..	36.70	36.70
165	M/s. Ibrahim Abdul Latiff & Ors.	XI - 326.87	..	326.87	..	..	326.87	..	326.87	..	..
166	Sh. B.G. Bhandari	28.79 + 3.00 A.D.	..	31.79	27-3-72 to 15-3-74	..	..	..	..	31.79	31.79
167	Shri B.P. Patel	182.61	..	182.61	26-3-68 to 22-11-75	..	..	..	..	182.61	182.61
168	Shri Chiranjilal S. Goenka	64.81	..	64.81	..	..	64.81	..	64.81	..	..

1	2	3	4	5	6	7	8	9	10	11	12	13	14
169	Sh. Haji Mastan Mirza	Bombay Central	212.80	4.55	217.35	9-3-71 to March 77	217.04	..	..	..	..	217.35	213.15
170	BHU of Late Sir JM. Scindia of Gwalior	..	28.99	28.18	57.17	March, 1973 to 30-3-77	16.73	..	13.89	..	13.89	43.28	2.77
171	Shri J.K. Katakia	..	57.89	1.10	58.99	1-4-64 to June 1976	32.44	..	0.08	..	0.08	58.91	..
172	M/s. Kamani Engg. Pvt. Ltd.	Comp.	89.14	0.14	89.28	28-3-74 to June 1976	85.66	3.62	..	..	3.62	85.66	..
173	M/s. Loknath Tolaram	..	83.54	0.15	83.69	15-2-60 to Feb., 77	0.24	0.14	80.86	..	81.00	2.69	..
174	Sh. Mohd. Usman	..	45.36	..	45.36	31-3-73 to 15-3-74	..	..	..	..	..	45.36	45.36
175	M/s. Maganlal Chagan Pvt. Ltd.	Lal	44.05	61.63	105.68	28-3-72 to 29-3-77	16.48	3.51	54.17	..	57.68	48.00	..
176	M/s. Madhusudan Das & Co.	Gordhan	117.32	7.56	124.88	15-3-76 to July 1976	123.90	..	0.95	..	0.95	123.93	..

177	Sh. Madhavrao Scindia of Gwalior	60.87	27.74	88.61	22.73 to 21-3-77	43.86	43.62	..	43.62	44.99	3.76
178	Shri P.M. Shah	44.85	5.02	49.87	27.3.69 to 31-3-77	..	6.98	5.87	..	12.85	37.02
179	M/s. Prakash Cotton Mills	54.92	1.80	56.72	3-3-73 to March 1977	20.34	10.07	18.90	..	28.97	27.75
180	Sh. R.K. Thakkar	37.53	1.44	38.97	30-3-76 to 31-3-77	..	..	23.11	..	23.11	15.86
181	M/s. Reliable Traders	54.90	14.89	69.79	30-3-74 to 15-3-77	..	0.15	..	..	0.15	69.64
182	M/s. Shivsagar Estates.	33.16	8.81	41.97	31-3-77 to 25-1-77	..	0.63	27.22	..	27.85	14.12
183	M/s. Shree Nirmal Com- mercial Ltd.	40.79	1.16	41.95	27-3-74 to 14-3-77	9.31	..	25.15	..	25.15	16.80
184	M/s. Seth Industries(P) Ltd.	41.83	4.30	46.13	18-3-74 to 25-9-76	3.63	3.97	36.87	..	40.84	5.29
185	Shri T. K. Katakia	57.39	2.05	59.44	25-4-67 to 23-3-77	99.56	..	0.25	..	0.25	59.19

1	2	3	4	5	6	7	8	9	10	11	12	13	14
186	Shri Y.A. Patel	Bombay Central	49'51	0'01	49'52	28-3-70 to Sept., 76	47'37	..	..	..	..	49'52	49'52
187	M/s. British India Corpn. Ltd.	Kanpur	158'62	89'43	248'05	21-10-75 to 24-7-76	..	3'00	245'05	..	248'05	..	..
188	Champanan Sugar Mills Co, (P) Ltd.	..	31'96	23'01	54'997	28-11-75 to 28-3-77	..	0'15	32'47	..	32'62	22'35	..
189	M/s. Gangadhar Baijnath	Kanpur	31'90	0'09	31'99	18-10-72 to 31-3-77	..	..	0'07	..	0'07	31'92	31'92
190	M/s. J.K. Synthetics Ltd. .	..	110'29	1'18	1111'47	3-2-75 to 30-3-76	360'27	30'00	721'20	..	751'20	360'27	..
191	M/s. Kanpur Sugar Works Ltd. . . . .	..	55'63	51'42	107'05	6-3-76 to 23-2-77	..	..	55'63	..	55'63	51'42	..
192	M/s. M.P. Udyog Ltd. .	..	45'98	..	45'98	26-3-75 to 11-3-76	..	..	45'98	..	45'98	..	—
193	M/s. Motilal Ramkishan .	..	28'71	0'04	28'75	15-1-72 to 1-2-77	..	..	0'11	..	0'81	27'94	27'94
194	M/s. Mannoolal Kedar Nath	..	32'53	20'45	52'98	7-3-75 to 28-2-77	10'98	0'02	22'88	..	22'90	30'06	13'70

195	John M/s. Mills & Co.	Agra	26.11	..	26.11	30-6-45 to 27-1-56	..	..	..	..	26.11	26.11
196	Shri Mannilal	Lucknow	133.24	..	133.24	6-3-75 to 10-4-2-76	53.16	..	..	..	133.24	133.24
197	Shri Manilal (Ind.)	"	52.69	8.70	61.39	17-3-68 to 29-5-76	..	12.33	..	12.33	49.06	49.06
198	Shri Sheo Saranlal Gupta	"	53.04	8.78	61.82	29-3-67 to 22-1-77	20.68	..	29.38	..	32.44	32.44
199	M/s. U.P. State Sugar Corpn. Ltd.	"	40.26	..	40.26	8-2-74	29.59	..	10.67	..	29.59	..
200	Haji Abdual Hamid	Allahabad	38.82	..	38.82	..	..	..	38.82	..	..	..
201	Shri Barkat Habib	"	35.39	2.94	38.33	19-2-72 to 31-12-76	15.10	..	0.28	..	38.05	38.05
202	M/s. Ranchand & Sons Sugar Mills (P.) Ltd.	"	29.32	0.42	29.74	29-3-68 to 30-6-76	..	..	..	..	29.74	..
203	Shri Madan Gopal Modi Patiala	Patiala	27.85	..	27.85	28-3-70	..	..	27.85	..	..	..
204	M/s. Panipat Wollen & Gen- ral Mills Ltd.	"	45.77	14.01	59.78	2-3-72 to 26-3-77	16.16	..	8.05	..	51.73	45.77
205	M/s. Calcutta Electric Supply Corpn. Ltd.	West Bengal-I	29.97	..	29.97	..	..	..	29.97	..	..	..
206	M/s. Indian Iron and Steel Co. Ltd.	"	386.84	..	386.84	..	..	..	386.84	..	..	..

1	2	3	4	5	6	7	8	9	10	11	12	13	14
207	Mr. N. Soindra . . .	West Bengal-I	89.83	113.76	203.59	..	..	17.14	186.45	..	203.59	..	..
208	M/s. Paris Service (India) Pvt. Ltd.	"	33.41	..	33.41	25-3-69 to 5-2-74	1.33	..	..	..	..	33.41	33.41
209	Mr. R. Barbara . . .	"	33.32	4.07	37.39	..	..	13.05	24.34	..	37.39	..	..
210	M/s. Raymon Engg. Works Ltd.	"	27.37	..	27.37	16-3-68 to 20-2-78	..	..	..	..	27.37	27.37	27.37
211	Mr. R. Colma . . .	"	30.11	80.89	111.00	..	..	16.98	94.02	..	111.00	..	..
212	Shri S. P. Jethia & M/s. Chama lal Jethia L/R Champalal Jethia (Decd.)	"	28.46	..	28.46	27-3-51 to 28-3-60	..	..	..	..	28.46	28.46	28.46
213	Shri Thakur Prasad . . .	"	68.92	..	68.92	9-1-68 to 7-6-75	21.89	..	47.03	..	47.03	21.89	21.89
214	M/s. Assam Bengal Cement Co. Ltd. (in liquidation)	West Bengal-II	47.68	0.48	48.16	4-3-55 to 13-2-68	..	..	..	..	..	48.16	48.16
215	M/s. Basumati (P) Ltd. . .	"	184.62	..	184.62	6-9-70 to 30-10-75	..	..	134.00	..	134.00	50.62	50.62
216	M/s. General Dealers (P) Ltd. (in liquidation)	"	26.26	..	26.26	23-2-59 to 10-3-68	..	..	..	..	..	26.26	26.26
217	M/s. M. B. Sarkar & Sons Ltd.	"	26.23	..	26.23	31-1-56 to 23-12-61	..	..	..	..	..	26.23	26.23

218	M/s. R. S. Moore Ltd.	..	31' 08	..	21' 08	22-10-55 to 20-1-61	..	..	..	..	31' 08	31' 08
219	M/s. S. B. Trading Co. (P) Ltd. (in liquidn.)	..	38' 44	..	38' 44	31-3-49 to 10-12-61	..	..	..	..	38' 44	38' 44
220	M/s. S. B. Industrial Dev. Co. Ltd.	..	79' 08	..	79' 08	21-3-56 to 25-3-68	..	..	..	..	79' 08	79' 08
221	M/s. Bengal Textile Agency (P) Ltd.	W.B. III	53' 47	..	53' 47	10-11-48 to 18-4-69	..	..	..	..	53' 47	53' 47
222	Carew & Co. Ltd.	Do.	77' 31	..	77' 31	29-3-67 to 25-3-72	..	1' 02	1' 02	76' 29	76' 29
223	Late Rai Bahadur Hardutrai Motilal Chamaria	Do.	51' 79 CPTC. 0' 14	..	51' 79 BPT 0' 14	26-3-57 to 24-3-72	16' 44	..	..	..	51' 79 BPT 0' 14	51' 79 BPT 0' 14
224	M/s. Indian Oxygen Limited	Do.	25' 06	..	25' 06	26-11-75	..	10' 52	10' 52	14' 54	14' 54
225	M/s. Ladha Singh Bedi & Sons	Do.	30' 09	..	30' 09	26-3-47 to 26-2-54	..	..	..	..	30' 09	30' 09
226	Shri M. M. P. De'souza	Do.	84' 96	..	84' 96	31-1-75 to 26-2-76	74' 98	..	9' 34	..	9' 34	75' 62	41' 45
227	Mrs. R. V. De'souza	Do.	27' 80	0' 02	27' 82	28-2-74 to Mar., 77	22' 85	..	4' 97	..	4' 97	22' 85	..
228	Late Shri Atul Krishna Dutta	W.B. IV	36' 19	..	36' 19	20-11-64 to 22-3-75	..	..	..	..	36' 19	36' 19

1	2	3	4	5	6	7	8	9	10	11	12	13	14
229	M/s. Assam Sillimanite Ltd. .	W.B. IV	66.48	..	66.48	31-1-73 to 24-1-76	..	..	4.56	..	4.56	61.92	61.92
230	M/s. Amalgamated Coal field Ltd.	Do.	30.57	2.22	32.79	20-1-74 to 24-9-76	..	..	24.59	..	24.59	8.20 (as on 31-12-76)	8.20
231	M/s. Burrakar Coal Co. Ltd.	Do.	33.91	..	33.91	..	..	..	30.99	..	30.99	2.92	2.92
232	M/s. Coal Products (P) Ltd.	Do.	136.03	..	136.03	61-62 to 71-72	..	..	..	..	..	136.03	136.03
233	M/s. Clevedon Tea Co. Ltd. .	Do.	26.10	..	26.10	22-12-61 to 27-3-67	..	..	..	..	..	26.10	26.10
234	M/s. Dewracheria Tea Co. Ltd.	Do.	40.76	..	40.76	15-11-64 to 31-1-76	..	..	..	..	..	40.76	40.76
235	M/s. Hindustan Copper Ltd. Successor to Indian Copper Corpn. Ltd.	Do.	35.92	106.60	142.52	30-9-72 to 27-8-76	120.86	1.66	20.00	..	21.66	120.86	120.86
236	M/s. Hindustan Copper Ltd.	Do.	64.22	..	64.22	..	..	..	64.22	..	64.22	..	..
237	M/s. Lackatoorah Tea Co. Ltd	Do.	28.90	..	28.90	..	..	..	24.64	..	24.64	4.26	4.26
238	M/s. Madnani Engg. Works (P) Ltd.	W.B. IV	29.01	0.66	29.67	16-3-72 to 31-3-77	..	..	..	..	..	29.67	0.66

239	Patrakola Tea Co. Ltd.	Do.	108.51	0.32	108.83	25-1-63 to 31-3-77	..	37.90	..	37.90	70.93	6.34
240	M/s. Snow-white Food Products Co. Ltd.	Do.	26.10	..	26.10	10-2-71 to 3-3-76	..	4.34	..	4.34	21.76	21.76
241	Shri V. X. Menon	Do.	58.64	..	58.64	2-12-51 to 12-3-62	..	..	..	58.64	58.64	586
242	M/s. Auckland Jute Co. Ltd.	W.B.V.	31.59	3.22	34.81	24-3-69 to 30-9-76	..	6.56	..	6.56	28.25	581
243	M/s. Chajor & Co. (P) Ltd.	Do.	27.89	1.22	29.11	12-6-68 to 30-9-76	..	2.22	..	2.22	27.89	27.89
244	M/s. Clive Mills Ltd. (in liquidation)	Do.	26.89	..	26.89	4-4-68 to 13-12-74	0.27	0.36	..	0.36	26.53	..
245	M/s. Christain Mica Industries Ltd.	Do.	31.48	3.21	34.69	5-1-52 to 30-9-76	..	11.83	..	11.83	22.86	22.86
246	M/s. Dhaniram Gupta & Co.	Do.	33.92	..	33.92	31-3-70 to 30-12-75	..	33.24	..	33.24	0.68	0.45
247	Sh. Dhaniram Gupta	Do.	34.34	..	34.34	31-3-70 to 30-12-75	..	34.34	..	34.34	..	..
248	M/s. Hindustan Gen. Agencies	Do.	30.37	..	30.37	23-3-64 to 13-3-70	..	0.51	..	0.51	29.86	29.86

1	2	3	4	5	6	7	8	9	10	11	12	13	14
249	M/s. Hungerford Investment Trust Ltd. (as on 30-6-75)	W.B.V.	25'08	..	25'08	27-9-74	25'08	..	..	..	..	..	..
											Due to stay granted by Calcutta High Court demand notice could not be served. Hence no demand is outstanding.		
250	M/s. Indian Rubber Mfg. Ltd. (as on 30-9-75)	Do.	29'54	0'37	29'91	60-61 to 67-68	..	..	5'04	..	5'04	24'87	24'87
251	M/s. Reliance Jute & Industries Ltd.	Do.	44'80	..	44'80	74-75	..	..	34'73	..	34'73	10'07	10'07
252	M/s. Victoria Jute Co. Ltd.	Do.	29'48	0'26	29'74	3-10-75 to 31-3-77	..	..	..	..	..	29'74	..
253	Hanutmal Banthia & Sushila Devi Rampuria.	W.B. VI	59'92	..	59'92	57-58 to 73-74	..	..	26'44	..	26'44	33'48	33'48
254	M/s. Kerodimal Dhariwala & Co.	Do.	149'88	..	149'88	11-3-62 to 11-11-66	..	1'72	0'61	..	2'33	147'55	147'55
255	Sri Krishanlal Gupta L/H of late Ramprasad Shaw	Do.	30'05	..	30'05	21-3-65 to 25-2-74	..	..	..	..	..	30'05	30'05
256	M/s. Sreeram & Sons	West Bengal VI	35'11	..	35'11	22-3-66 to 28-3-74	..	..	..	..	..	35'11	35'11
257	Smt. Manasi Roy & Ors. L/H of late M. C. Roy.	West Bengal VIII:	39'55	..	39'55	9-6-63 to 31-3-63	..	..	..	..	..	39'55	39'55

258	Nawab Musharaff Hussain & Ors.	Do.	136.78	..	136.78	25-3-71 to 23-8-75	..	..	..	..	..	136.78	136.78
259	M/s. Bengal Jute Mills Co. . .	West Bengal IX	41.24	4.03	45.27	25-3-63 to 31-3-77	..	3.48	7.74	..	11.22	34.05	33.03
260	M/s. Chitavalsah Jute Mills Co. Ltd.	Do.	33.12	28.32	61.44	24-6-76 to 21-3-77	25.34	..	33.12	..	33.12	28.32	3.95
261	Ghanshyamdas Loyalka (Decd.)	Do.	48.38	..	48.38	..	....	..	48.38	..	48.38	..	..
262	M/s. North Bengal Sugar Mills Co. Ltd.	Do.	85.76	..	85.76	25-4-55 to 20-3-76	0.08	..	0.63	..	0.63	85.13	85.11
263	M/s. Soorajmull Nagarmal .	Do.	154.95	..	154.95	46-47 to 65-66	79.18	1.86	74.11	..	75.77	79.18	79.18
264	M/s. Sushil Kumar Santosh Kumar.	Do.	494.72	..	494.72	31-3-76	..	..	463.51	..	463.51	31.21	31.21
265	Shri Gangadas Binani .	West Bengal X	31.84	..	31.84	12-3-51 to 29-3-68	..	..	..	..	..	31.84	31.84
266	M/s. Mangilal Bhikam Chand	Do.	29.78	5.88	35.66	18-3-68 to 17-3-77	..	..	..	..	..	35.66	35.66
267	M/s Sundarlal Golcha .	West Bengal IX	68.99	..	68.99	..	..	..	68.99	..	68.99	..	.. (as on 31-12-76)
268	Shri Gwaldas Mundra. .	Do. XI	31.05	..	30.05	25-2-55 to 15-3-74	..	..	..	..	..	31.05	31.05

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
269	Kumar Jagdish Chandra Sinha		West Bengal XI	32.00	1.04	33.04	19-3-69 to 10-3-77	11.64	0.20	0.15	..	0.35	32.69	32.69
270	Late Ram Nath Bajoria		Do.	116.53	..	116.53	16-3-49 to 20-8-66	..	..	..	..	..	116.53	116.53
271	H.H. Srimat Sardanadji		West Bengal XIII	26.05	..	26.05	..	..	..	..	*25.55	25.55	0.50	0.50
272	Shri B. N. Bhattacharjee		Calcutta (Central)	59.35 + 3.23 A.D.	57.95	117.30	28-3-73 to 28-3-77	..	0.37	..	..	0.37	116.93 + 3.23 A.D.	58.98
273	M/s. Brahma Putra Tea Co. Limited.		Do.	114.90	6.63	121.53	4-9-45 to 30-6-76	..	..	..	..	..	121.53	121.53
274	Smt. Bhagwati Devi Agarwala & Ors. for and on behalf of Y.L. Agarwala & Ors		Calcutta (C-1)	30.65	4.18	34.83	5-1-66 to 31-3-77	30.65	..	..	..	..	34.89	..
275	M/S. Bansidhar Bajinath		Do.	46.13	..	46.13	..	..	..	46.13	..	46.13	..	..
276	Shri Haridas Mundra		Do.	571.90	31.18	603.08	30-11-54 to 18-3-77	..	..	..	..	..	603.08	603.08
277	M/s. Hindustan Aluminium Corp. Ltd.		Do.	101.44	0.72	102.16	12-1-76	49.70	33.75	18.71	..	52.46	49.70	..

278	M/s India Refractories Limited	Do.	28.04	0.05	28.09	7-2-72 to 5-2-75	8.65	..	19.44	..	19.44	8.65	8.65
279	M/s. Jiyajeroa Cotton Mills Ltd.	Do.	94.70	17.43	112.13	15-7-71 to 3-3-77	4.14	26.60	64.85	..	91.45	20.68	0.46
280	M/s Lodna Colliery Co. (1920) Ltd.	Do.	95.79	..	95.79	21-2-72 to 15-3-76	..	..	..	..	..	95.79	95.79
281	M/s Manmohan Corpn. (I) Ltd.	Do.	51.13	0.47	51.60	15-3-67 to 17-5-76	..	..	..	..	..	51.60	51.60
282	Mahabir Prasad Poddar (HUF)	Do.	46.86	15.21	62.07	28-2-67 to 29-3-67	..	0.01	16.79	..	16.80	45.27	..
283	Shri Shanti Prasad Jain	Calcutta (C-1)	29.03	..	29.03	..	..	..	29.03	..	29.03	..	..
284	M/s Turner Morrison and Co.	Do	31.57	52.66	84.23	29-3-67 to 31-12-76	18.15	2.08	52.70	..	54.78	29.45	14.15
285	Western Bengal Coal Fields Co.	Do	25.62	1.54	27.22	2-9-76 to 11-3-77	..	..	8.08	..	8.08	19.14	19.14
286	M/s S.V. Industries(P) Limited.	Do	55.43	1.88	57.31	22-1-64 to 30-6-76	..	..	..	..	..	57.31	57.31
297	Shri Biju Patnaik	Calcutta (Central-II)	37.20	8.45	46.15	71-72 to 76-77	12.24	..	34.01	..	34.01	12.24	..

* The assessee was a sardhu. He had left for some unknown destination. There were no known assets. Therefore, the demand of Rs. 25.55 lakhs has been written off.

1	2	3	4	5	6	7	8	9	10	11	12	13	14
288	M/s Becker Gray & Co. Co.	Do.	35' 22	0' 07	35' 39	27-3-72 to 30-9-76	..	..	0' 07	..	0' 07	35' 22	35' 22
289	Burnah Shell Oil Storage & Distribution & Co. of India	Do.	1036' 32	77' 97	114' 29	18-6-76 to 31-3-77	..	7' 00	1036' 32	..	1043' 32	70' 97	Nil
290	M/s. Jagdamba Ltd.	Do.	39' 95	4' 60	44' 55	19-3-65 to 31-3-77	8' 18	..	20' 94	..	20' 94	23' 61	19' 01
291	M/s. Kalimpong Properties Ltd.	Do.	44' 44	..	44' 44	12-12-61 to 28-2-76	..	..	..	..	..	44' 44	44' 44
292	M/s. Padma Limited.	Do.	26' 93	12' 24	39' 07	29-3-68 to 18-3-77	..	..	6' 52	..	6' 52	32' 65	32' 65
293	M/s. Sky Scrapper Limited.	Do.	33' 66	0' 38	34' 04	27-2-71 to 15-3-77	..	..	7' 00	..	7' 00	27' 04	27' 04
294	M/s. Sriram Jhabamal	Do.	56' 84	11' 53	68' 37	..	..	..	67' 37	..	68' 37	..	..
295	M/s Sonajute Tea & Industries	Do.	39' 34	17' 69	57' 43	..	..	..	57' 43	..	57' 43	..	..
296	M/s. Searsole Coal Co. Ltd.	Do.	39' 96	16' 25	56' 21	23-12-68 to 30-3-77	..	..	..	..	..	56' 21	39' 96
297	Shri Avtar Singh, Hoshiarpur	Amritsar	48' 84	..	48' 84	..	..	..	48' 84	..	48' 84	..	..

APPENDIX

(Vide I.2.1a)

Statement showing the particulars of 44 assesses against whom arrear demand exceeded

Sl. No.	Name of the Assessee	Demand outstanding on 31-3-1976	Additions during 76-77	Total (3×4)	Collection/reduction 1976-77	
					Cash collection	Reduction due to appeals etc.
1	2	3	4	5	6	7
1.	M/s A.P. State Road Transport Corpn. Ltd.;	124·82	..	124·82	..	115·61
2.	Mr. E.J. Cleveland . . .	178·01	..	178·01	..	5·37
3.	M/s Panyam Cement and Minerals Industries Ltd..	121·57	..	121·57	..	111·88
4.	M/s R.B. Shreeram Durga Prasad (P) Ltd. . . .	287·60	..	287·60	..	53·05
5.	M/s R.B. Shreeram Durga Prasad and Fatehchand Narsinghdas (Export) Firm	337·86	3·29	341·15	0·48	33·59
6.	M/s Indian Express (P) Limited	178·57	2·94	181·51	..	40·01
7.	Thulsan Enterprises . . .	116·84	71·86	188·70	..	188·70
8.	M/s Indian Telephone Industries Limited . . .	116·14	86·66	202·80	25·32	80·82
9.	Dr. Jayanti Dhram Teja	486·22	265·12	751·34	..	264·10
10.	M/s Bharat Sewak Samaj . .	102·24	0·98	103·22	1·38	0·98
11.	M/s Allenberry & Co. (P) Limited.	189·17	..	189·17	..	..
12.	Shri R. Dalmia, J. Dalmia and S.P. Jain	786·69	..	786·69	..	..

IX II

39

Rs. 1 Crore in each case as on 31-3-1976.

during write-off	Total	Balance on 31-3-77 (5-9)	Period over which demands were raised	Demand pending in disputes			Facts 10-12(c)
				With whom (a)	Since when (b)	Amount pending (c)	
8	9	10	11	12			13
..	115.61	9.21	..	..	..	..	9.21
..	5.37	172.64	6-3-74	Delhi H.C.	19-3-74	172.64	..
..	111.88	9.69	..	..	..	..	9.69
..	53.05	234.55	13-7-66 to 28-1-73	..	..	..	234.55
..	34.07	307.08	15-3-66 to 21-3-76	ITAT	N.A.	243.82	63.26
..	40.01	141.50	29-3-72 to 14-5-76	AAC ITAT	16-4-73 & 26-4-75 18-3-74	117.41 1.42 118.83	22.67
..	188.70	..	..	..	..	..	..
..	116.14	86.66	17-2-77 to 29-2-77	..	..	..	86.66
..	264.10	487.24	23-3-69 to 23-3-76	C.I.T. (Revision petition)	4-3-77	324.35	162.89
..	2.36	100.86	30-9-74 to 17-10-76	ITAT	22-5-76	63.98	36.88
..	..	189.17	19-6-70 to 31-3-74	ITAT	N.A.	189.17	..
..	..	786.69	21-4-75 to 19-9-75	AAC	N.A.	786.69	..

1	2	3	4	5	6	7
13.	Shri R. Dalmia	326.82	..	326.82	2.89	5.84
14.	M/S Girilal Machand & Co.	124.70	..	124.70	..	24.43
15.	M/S Jaswant Sugar Mills Limited	150.35	..	150.35	..	149.07
16.	M/S Modipon Limited	126.37	256.67	383.05	..	..
17.	M/S Karamchand Prem- chand	116.59	267.48	384.07	167.99	119.95
18.	M/S. Jayanti Shipping Co. Limited	284.36	1.90	286.26	..	286.26
19.	M/S Hindustan Petroleum Corpn. Ltd.	120.04	..	120.04	..	..
20.	M/S Nirlon Synthetics Fibres & Chemicals Limited.	315.67	3.55	319.22	..	319.22
21.	M/S General Elec. Co.	133.24	38.87	172.11	..	..
22.	M/S Associated bearing Co. Ltd.	132.26	0.41	132.67	9.58	123.09
23.	M/S Chemicals & Fibres of India Limited	186.70	5.50	192.20	0.03	192.17
24.	M/S Ibrahim Abdul Latif and others	326.87	..	326.87	..	326.87
25.	Shri B.P. Patel	177.95	4.66	182.61	..	..
26.	Shri Hazi Mastan Mirza	212.80	4.55	217.35	..	..
27.	M/S Madhusudan Gor- dhan das and Co.	117.32	7.56	124.88	..	0.95
28.	M/S British India Corpn. Limited	158.62	89.23	247.85	3.00	244.85
29.	M/S J. K. Synthetics Limitd	1110.29	1.18	1111.47	32.06	719.14

8	9	10	11		12		13
..	8.73	318.09	31-3-65 to 30-3-76	AAC ITAT Delhi	N.A. N.A. HC.NA.	198.93 75.88 41.59	1.69
						316.40	
..	24.43	100.27	3-4-75 2-2-76	to ACC ITAT	19-3-76 N.A.	72.19 28.00	0.08
						100.19	
..	149.07	1.28	..	..	..	..	1.28
..	..	383.05	31-3-75	AAC AAC ITAT	1-5-75 30-4-75 N.A.	53.05 44.42 17.62	267.96
						115.09	
..	287.94	96.13	27-7-76 to 28-3-77	AAC ITAT	26-8-76 N.A.	43.07 49.37	3.69
						92.44	
..	286.26	..	..	..	..	..	..
..	..	120.04	31-3-69 to 25-3-77	AAC ITAT H.C.	71-72 24-4-68 69-70	3.23 63.68 53.13	
						120.04	
..	319.22	..	..	..	..	..	..
..	..	172.11	29-3-76 to 3-3-77	..	..	..	172.11
..	132.67	..	..	..	..	..	..
..	192.20	..	..	..	..	..	..
..	326.87	..	..	..	..	..	..
..	..	182.61	26-3-67 to 30-3-70	..	..	..	182.61
..	..	217.35	9-3-71 to 31-3-77	AAC	6-3-75 onwards	217.02	0.31
..	0.95	123.93	15-3-67 to 27-4-77	ACC ITAT	5-2-74 1-1-71 onwards	16.87 107.03	0.03
						123.90	
..	247.85	..	..	..	..	..	..
..	751.20	360.27	3-2-75	AAC	1-3-75	360.27	..

1	2	3	4	5	6	7
30.	Shri Munnilal (HUF) .	133·24	..	133·24	..	..
31.	Indian Iron & Steel Co. Ltd.	386·84	..	386·84	386·84	..
32.	Basumati (P) Ltd. .	184·62	..	184·62	..	134·00
33.	Coal Products (P) Ltd..	137·03	..	136·03	..	..
34.	M/s. Karodimal Lohari- wala	149·88	..	149·88	1·72	..
35.	Nawab Musharruff Hussain and Others	136·78	..	136·78	..	..
36.	M/s. Soorajmal Nagarmal	154·95	..	154·95	3·35	72·42
37.	M/s. Sushil Kumar Santosh Kumar	494·72	..	494·72	..	463·51
38.	Late Ramnath Bajoria (Decd.)	116·53	..	116·53	..	..
39.	Brahmaputra Tea Co. .	114·90	6·63	121·53	..	..
40.	Shri Haridas Mundra .	571·90	31·18	603·08	..	..
41.	Hindustan Aluminium Corp. Ltd.	101·44	0·72	102·16	33·75	18·71
42.	Burmah Shell Oil Storage & Distributing Co. of India Ltd.	1036·32	77·97	1114·29	7·00	1036·32
43.	Shri Pakhar Singh . .	188·65	..	188·65	..	..
44.	Patrakola Tea Co. Ltd.	108·51	0·32	108·83	..	37·90
		<u>11161·99</u>	<u>1229·24</u>	<u>12291·23</u>	<u>685·39</u>	<u>5169·42</u>

8	9	10	11	(a)	12 (b)	13 (c)	
..	..	133' 24	6-3-76 to 4-2-76	AAC	25-4-75 & 17-11-75	53' 16	80' 08
..	386' 84	..	..	..	..	..	..
..	134' 00	50' 62	69-70 to 21-2-76	..	..	..	50' 62
..	..	136' 03	29-3-74 onwards	..	..	..	136' 03
..	1' 72	147' 55	7-1-56 to 11-11-66	..	..	..	147' 55 (Under
..	..	136' 78	25-3-71 to 23-8-75	..	..	..	136' 78
..	75' 77	79' 18	1946-47 to 65-66	AAC	NA	79' 18	..
..	463' 51	31' 21	31-3-76	..	..	..	31' 21
..	..	116' 53	16-3-49 to 20-8-66	..	..	..	116' 53
..	..	121' 53	4-9-45 to 20-2-76	..	..	..	121' 53
..	..	603' 08	30-11-54 to 18-3-77	..	..	..	603' 08
..	52' 46	49' 70	12-1-76	ITAT	N.A.	49' 70	..
..	1043' 32	70' 97	18-6-76 to 30-3-77	..	..	..	70' 97
..	..	188' 65	22-3-73 to 30-3-76	..	..	..	188' 65
..	37' 90	70' 93	25-1-63 to 15-12-76	..	..	..	70' 93
..	5854' 81	6536' 42			3526' 89		3009' 53

APPENDIX III

(Vide Para 40)

Statement showing gist of Dossiers of 68 Cases

Serial Reference No. in the list of 302 cases	Name of the Assessee	Demand outstanding on 31-3-1975	Remarks
1	Pt. L. K. Jha	58.95	The entire demand has since been collected/reduced.
2	M/s. Shree Changde Sugar Mills Ltd.	70.83	The demand outstanding as on 31-3-75 has since been collected/reduced.
3	Sitaram D. Morarka	59.85	The demand outstanding on 31-3-1977 is Rs. 15.25 lakhs. Out of this, an amount of Rs. 1.14 lakhs has not fallen due on 31-3-77 and an amount of Rs. 7.77 lakhs had been stayed on account of appeal.
4	M/s. Tata Iron & Steel Co. Ltd.	46.79	The arrears were reduced to less than Rs. 10 lakhs by 30-9-1975. A demand of Rs. 2.12 lakhs relating to the assessment years 1970-71 and 1971-72 was reduced subsequently as a result of giving effect to the AAC's orders.

The remaining amount of Rs. 44.66 lakhs was still outstanding on 31-3-77. The Bombay High Court has stayed the demand of Rs. 26.76 lakhs relating to the assessment year 1961-62. The Solicitor to the Deptt. has been asked to request the High Court for early disposal of the matter.

The remaining amount relating to the assessment year 1962-63 has been stayed by the IAC as the point involved is similar to that which is pending before the High Court in relation to the assessment year 1961-62.

5	17	M/s. I.sso Standard Ref. Co. Ltd.	120.04	The amount was still outstanding on 31-3-77, as a stay has been granted by the High Court. The Departmental Solicitor has been asked to request the High Court for early disposal of the matter.
6	18	Great Eastern Shipping Co. Ltd.	38.77	The demand which was outstanding on 31-3-75 has since been reduced/collected. The demand outstanding on 31-3-1977 is only Rs. 67,000 on account of interest under section 220(2).
7	19	M/s. Jayanti Shipping Co. Ltd.	745.51	No. demand is outstanding as on 31-3-1977.
8	22	Shri Madhavrao Scindia of Gwalior	50.28	The demand as on 31-3-77 was Rs. 44.99 lakhs out of which demand to the extent of Rs. 43.86 lakhs is disputed in appeals before the AAC. An amount of Rs. 41.26 lakhs have been stayed. The AAC has been requested to expedite the disposal of appeals.
9	23	M/s. Nirlon Fibres & Chemicals Ltd.	63.74	No demand is outstanding as on 31-3-1977.
10	25	M/s. First National City Bank of New York Limited.	32.97	The demand outstanding as on 31-3-75 has since been collected/reduced. The amount outstanding on 31-3-77 was Rs. 21.45 lakhs, this demand was raised on 30-3-1977.
11	33	M/s. Mohindra & Mohindra Limited	57.57	The arrears outstanding as on 31-3-75 have been reduced by Rs. 13.22 lakhs through collection/reduction. The demand outstanding on 31-3-77 is Rs. 48.07 lakhs including fresh demands created. Appeals are pending against the assessments and the Appellate Assistant Commissioner has been requested to take up the appeals on priority basis.
12	35	M/s. Synthetics & Chemicals Limited	73.94	No demand is outstanding as on 31-3-1977.
13	45	Shri B. P. Patel	182.60	The same demand was outstanding as on 31-3-77. The assessee has been adjudged as an insolvent. The question of writing off the demand is under consideration.

1	2	3	4	5
14	46	M/s. Bhagwandas Sant Prakash	102.16	The demand has been reduced to Rs. 'NIL' by 31-12-75.
15	49	Chiranji Lal S. Goenka	193.66	No demand was outstanding as on 31-3-77.
16	50	Shri D. N. Shah	160.02	The arrears were reduced to less than Rs. 10 lakhs by 31-3-1976.
17	51	Shri Haji Mastan Mirza	226.94	The demand outstanding as on 31-3-77 is Rs. 217.35 lakhs. The assessee is believed to be a smuggler. He was under detention under COFEPOSA. His properties are under attachment by the Tax Recovery Officer. The Competent Authority under the SAFEM (FOP) Act, 1976 has also passed orders under section 19 of the said Act forfeiting his properties.
18	52	M/s. Ibrahim Abdul Latif & others	326.71	No demand was outstanding as on 31-3-1977.
19	55	M/s. Kamani Engg. Corpn. Ltd.	108.22	An amount of Rs. 85.66 lakhs was outstanding as on 31-3-77. The demands are disputed in appeal. Collection is being made in instalments.
20	57	M/s. Lok Nath Tolaram	174.74	The arrears have gone down to less than Rs. 10 lakhs as on 13-3-1977.
21	59	M/s. Magan Lal Chagan Lal Pvt. Ltd.	118.93	The outstanding demand on 31-3-1977 is Rs. 48 lakhs. Out of this demand of Rs. 15.78 lakhs had not fallen due on that date and an amount of Rs. 16.48 lakhs was disputed in appeals. The remaining tax is being recovered in instalments.
22	77	Karam Chand Prem Chand Private Ltd.	128.39	The demand as on 31-3-1977 was Rs 96.13 lakhs, including demand of Rs 3.69 lakhs which had not fallen due by 31-3-77. Demand amount to Rs 43.07 lakhs has been stayed by the ITO till the AAC's decision. Demand amounting to Rs.49.37 lakhs is disputed in appeals before the I T A T.
23	35	M/s Cochin Refi Ltd	138.42	The outstanding demand as on 31-3-1977 was nil

24	91	Shri E. J. Cleaveland	178.01	The demand has since been reduced by Rs 5.37 lakhs. The employer (viz, M/s Hindustan Polymers Ltd Visakhapatnam) has been asked to pay the demand since it did not deduct tax at source. However, they have filed a suit petition in the Delhi High Court and the demand has been stayed by the High Court.
25	95	M/s Hyderabad Asbestos Cement Products Ltd.	102.01	The demand has gone below Rs. 10 lakhs as on 31-3-1977
26	97	Mir Barat Ali Khan	55.15	The outstanding demand has been reduced to Rs 48.99 lakhs as on 31-3-77. All the immovable properties of the assessee have been attached
27	101	State Bank of Hyderabad Employees Pension Fund.	441.53	The arrears have been reduced/collected by 31-12-75. The amount outstanding on 31-3-1977 is nil
28	103	M/s. Bharat Sewak Samaj	102.24	The income-tax arrears as on 31-3-77 were Rs. 96.66 lakhs. Action has been taken under section 236(3). Demand of Rs. 93.99 lakhs is disputed in appeal before the I T A T
29	105	Delhi Cloth & General Mills Co Ltd	102.49	The arrears have been reduced to 'nil' by 31-12-1975
30	106	Dr. Dharam J. Teja	476.89	The amount outstanding as on 31-3-77 is Rs 487.24 lakhs The Department has attached the compensation payable by the Government to the assessee in respect of the shares of M/s Jayanti Shipping Co. Ltd.
31	109	M. M. T C of India;	78.87	The amount outstanding as on 31-3-75 was reduced to Rs 'nil' by 30-9-75.
32	116	M/s Allenberry & Co	180.17	The arrears have remained the same as on 31-3-75. The Company has no assets. The demand are disputed in appeals which are pending with the I T A T
33	121	Chamar (Estate) Pvt Ltd	42.08	The arrears as on 31-3-77 were reduced to Rs 38.81 lakhs There are no known assets with the company Revision petitions filed by the assessee in this group of cases are under consideration.

1	2	3	4	5
34	122	M/s. Dalmia Cement Ltd.	38.61	The outstanding demand as on 31-3-77 was Rs 42.83 lakhs. The demand was disputed in a reference application pending before the High Court and related to the income arising in Pakistan. The demand is not enforceable as provision of sec. 220(7) are applicable
25	123	M/s Dalmia Jain Airways	78.28	The arrears have remained the same as on 31-3-77. The Company is in liquidation. The Department pressed its claim towards recovery of the taxes against M/s Asia Udyog Pvt Ltd., with which the assessee Company was amalgamated. The amalgamating company contested the claim of the Deptt. before the High Court and a single Judge has upheld the company's claim. Departmental appeal before the Division Bench is pending.
36	124	M/s, Jaswant Sugar Mills Limited	118.02	The demand has been reduced to Rs 1.28 lakhs on 31-3-1977. This also has been stayed by the I T A T.
37	129	M/s, Modipon Limited	181.43	A reduction of Rs. 53.48 lakhs has been effected out of the demand outstanding as on 31-3-75. The demand outstanding on 31-3-77, amounted to Rs. 383.05 lakhs which included Rs. 230.05 lakhs representing additional demand created after 31-3-75. An amount of Rs 2.46 lakhs out of the above had not fallen due as on 31-3-1977. The balance demand was also disputed in appeals.
38	132	Shri Pooran Mal	30.24	The demand outstanding on 31-3-1977 is Rs. 'Nil'
39	135	R. Dalmia	107.86	The arrears as on 31-3-1977 amounted to Rs. 318.09 lakhs. All the demands are disputed before AAC/IIAT/High Court. The High Court has stayed the collection of Rs. 41.58 lakhs in respect of appeals pending before it.
40	138	M/s, Steel (1957) Pvt Ltd.	79.36	The arrears as on 31-3-77 were reduced to Rs. 34.52 lakhs. There are no known assets with the company. Revision petitions filed by the assessee in this group are under consideration.

41	139	M/s Dalmia Jain Airways & Allonberry co. Pvt. Ltd.,	35.23	The demand has gone below Rs. 10 lakhs as on 31-3-1977.
42	141	M/s. J. K. Synthetics Ltd.	395.20	The amount outstanding on 31-3-1977 is Rs. 360.27 lakhs. This is disputed in appeal before AAC. The CIT has stayed the demand till the decision of the appeal.
43	149	M/s Gwalior Rayon Silk Mfg. & Wvg. Mills Ltd.	37.28	The demand has gone below Rs. 10 lakhs by 31-12-75.
44	158	M/s Panipat Woollen & Genl. Mills Co. Ltd.	47.01	This is a sick Mill. All the assets of the company have been attached by the TRO. The mill was taken over by the Central Government under the sick Textile Undertakings Act, 1972. The assessee is disputing the take over before the Supreme Court.
45	172	M/s South India Shipping Corpn. Limited	117.61	The demand was reduced to 'nil' by 31-3-76.
46	178	M/s Agricultural Farms Limited	130.90	The arrears were reduced to less than Rs. 10 lakhs as on 31-12-1975.
47	181	Express Newspapers Pvt. Ltd.	391.59	The demand outstanding as on 31-3-77 was Rs. 67.68 lakhs, which included an amount of Rs. 35.68 lakhs raised after 31-3-75. A sum of Rs. 64.51 lakhs is disputed in appeals. The assessee's immovable properties at Madras, Bangalore and Bombay have been attached.
48	182	M/s Indian Express (M) (P) Ltd.	91.70	The arrears as on 31-3-77 were Rs. 141.49 lakhs. Out of demand outstanding on 31-3-75, Rs. 16.85 lakh were collected/reduced upto 31-3-75. All the demands are disputed in appeals. The assessee's immovable properties at Bangalore and Madurai have been attached.
49	183	Shri J.K.K. Natarajan M/s Sundram Spg. Industries	32.52	An amount of Rs. 13.92 has since been collected/reduced, leaving a balance of Rs. 18.60 lakhs as on 31-3-77. Quarterly instalments of Rs. 1 lakh have been allowed.
50	200	M/s R. B. Shreeram Durgaprasad (P) Ltd.	305.14	The demand has been reduced to Rs. 234.55 lakhs as on 31-3-77. The assessee does not own any asset and as such recovery could not be enforced. A proposal for partial write-off is under consideration in this case.

1	2	3	4	5
51	201 M/s R. B. Shreeram Durga Prasad & Fatehchand Marsinghdas (Export), Tumsar	270.62	Out of the demand of Rs. 259.01 lakhs as on 31-3-75, an amount of Rs. 37.91 lakhs has been collected/reduced upto 31-3-77. The house properties owned by the defalter at Bombay & Visakhapatnam have been attached. The Deptt. has also filed its claim before the Commissioner of payments, Calcutta for the compensation of Rs. 8.21 lakhs payable by the Coal Mines Authority. Appeals against penalties imposed u/s 271(1)(c) totalling Rs. 2.54 crores are pending before ITAT/The assessee has filed petition before the settlement Commission which is under consideration.	
52	205 Raahtriya Swayam Sewak Sangh	97.92	The demand outstanding as on 31-3-77 is 'nil'.	
53	210 Pakhar Singh	188.60	The arrears outstanding on 31-3-77 are the same. A number of criminal cases on various charges of smuggling and violation of Foreign Exchange Regulation Act are pending against the assessee, who is absconding.	
54	212 S/Shri Shiv Prakash Seth, Raj Kumar Seth, Ramesh Janak Rai Seth, Dharam Pal Seth.	143.47	The demand outstanding on 31-3-77 is 'nil'.	
55	214 M/s Indian Iron & Steel Co. Ltd.	154.67	The demand outstanding on 31-3-77 is 'nil'.	
56	217 Mr. N. Sciandra C/o The Fertilizer Corpn. of India Ltd., Sindri	101.88	The amount outstanding on 31-3-77 is 'nil'.	
57	223 M/s Basumati Pvt. Ltd.	173.42	The outstanding demand has been reduced to Rs. 50.62 lakhs as on 31-3-1977. The business of the company has been taken over by the West Bengal Govt. under Basumati Pvt. Ltd. (Acquisition) of undertaking Act, 74. The Govt. of West Bengal has not made any appointment of Commissioner of payment for the determination of amount payable to the creditors before whom the departmental claim would be preferred.	

58	235	M/s Sooraj Mal Nagarmal	124.20	As on 31-3-75, a demand of Rs. 1.06 crores was disputed in appeals before the AAC and the Appellate Tribunal. The demand outstanding as on 31-3-77 was Rs. 79.18 lakhs; this is disputed in appeals.
59	260	M/s Karodimal Lohariwalla (decd.) L/R of Shri Premchand Gupta	149.27	A sum of Rs. 1.72 lakhs has been recovered by sale of certain properties in Raigarh by the TRO. Other available assets, which are subject to dispute in the Calcutta High Court amongst the heirs of the assessee, are under attachment but would not be adequate for realisation of the arrears. A proposal for partial write-off is under consideration.
60	263	M/s Sushil Kumar Santosh Kumar Prop. Sri Hariram Aggarwalla	317.01	The demands outstanding as on 31-3-75 relating to assessment years 1967-68 to 1969-70 were protective in nature and have been reduced to 'nil' as on 31-3-77. A demand of Rs. 34.21 lakhs, outstanding on 31-3-67 relates to the protective assessment for the assessment year 1973-74.
61	266	Shri S. P. Jethia & Mrs. Champalal Jethia L/R of Champalal Jethia (Decd.)	28.46	The same amount was outstanding as on 31-3-77 also. No tangible assets are available to effect recovery.
62	267	M/s Sunder Lal Golcha	68.99	The arrears as on 31-3-75 have since been reduced to 'nil.'
63	268	Late Ram Nath Bajoria	116.53	The assessee is dead, leaving behind only movable properties. The TRO's attachment of the properties was challenged unsuccessfully before the Civil Court, Alipore. Meanwhile, a suit was also filed in the Calcutta High Court which has been decided in the Deptt.'s favour. However, the assessee's legal heirs have filed on appeal in the High Court and have obtained a stay against the attachment of the property. Hence, no recoveries could be made. The Department Solicitor has been requested to move the High Court for early hearing.
64	274	Burmah Shell Oil Storage & Distributing Company of India Ltd.	45.45	The entire demand was collected/reduced by 30-6-75.
65	276	Shri B. N. Bhattacharjee	64.43	The arrears outstanding in this case as on 31-3-77 were Rs. 116.93 lakhs, out of which a demand of Rs. 57.95 lakhs had not fallen due on 31-3-77. The Deptt. has attached the known assets of the assessee. Action u/s 226(g) had been taken and a sum of Rs. 37,000 recovered.

1	2	4	4	5
66	200 Shri Biju Pattnaik		37.69	The demand as on 31-3-77 was Rs. 12.25 lakhs. This demand is stayed pending disposal of appeals.
67	286 Shri Haridas Mundhra		319.70	The demand as on 31-3-77 was Rs. 603.08 lakhs. The assessee has been declared involvement by the Calcutta High Court in a creditor's suit and all his assets and liabilities are vested in the Official assignee, before whom proper claims have been filed. The increase in demand as on 31-3-77 is due to creation of fresh demands after 31-3-76.
68	291 M/s Oil India Limited}		137.12	The arrears as on 31-3-75 were reduced to 'nil' by the end of June, 1975. Fresh demands to the extent of Rs. 19.60 lakhs were created in the quarter ending 31-3-76. The amount outstanding on 31-3-77 is less than Rs. 10 lakhs.

APPENDIX IV

Statement showing the details of the cases where seized cash could not be deposited in the Personal Deposit Account of the Commissioner of Income tax within 3 months of the seizure.

S. No.	Date of seizure	Name of the party	Amount (Rs.)	Date of depositing in R.B.I.
1	2	3	4	5
DELHI				
1.	10-4-72	Sh. & Smt. Giri Lal Jain	14,000	6-12-74
2.	10-4-72	Sh. & Smt. Giri Lal Jain	10,000	6-12-74
3.	20-12-72	S. Amat Singh Manmohan Singh	6,712	16-12-74
4.	2-9-73	Shri Krishan Chander	2,00,000	4-12-74
5.	7-9-73	Shri Bipin Chander	2,60,000	4-12-74
6.	7-9-73	Shri Ramesh Chander	2,50,000	4-12-74
7.	23-10-72	Sobhagia Wati Sanghi	2,48,900	6-12-74
8.	5-3-74	Jadu Ram Gupta	2,00,000	5-12-74
9.	15-4-74	M/s. Lok Vastra	86,108	6-12-74
10.	6-6-74	Shri Om Prakash	75,000	6-12-74
11.	6-6-74	Shri Bishambar Dayal	35,788	5-12-74
12.	6-6-74	M/s. Jotindra Steel Tubes	53,000	5-12-74
13.	6-6-74	Shri Bishambar Dayal	1,15,710	5-12-74
14.	6-6-74	Sh. Sita Ram Jinda	21,816	6-12-74
15.	6-6-74	Shri Om Prakash Pvt. Ltd.	35,749	6-12-74
16.	6-6-74	M/s. Jindal Pipes Pvt. Ltd.	93,988	5-12-74
		88,350		
		5,638		
		<u>93,988</u>		
17.	6-6-74	Shri Sita Ram Surekha	15,984	6-12-74
18.	6-6-74	Shri K. C. Seth	70,000	5-12-74
19.	7-6-74	Shri Ramesh Das Gupta	40,000	6-12-74

1	2	3	4	5
20.	7-6-74	Shri Bishan Dayal	18,684	5-12-74
21.	7-6-64	Shri Jai Kishan Agarwal	35,000	6-12-74
22.	7-6-74	Shri D.S. Jindal	7,60,070	4-12-74
23.	1-7-75	Shri Om Prakash Seth	8,000	6-12-74
24.	1-7-74	Ramesh Seth & Neelam Seth	1,357	6-12-74
25.	6-6-74	Smt. Kamla Devi	13,000	5-12-74
26.	11-9-74	Sh. Ramesh Kumar	10,000	6-12-74
27.	11-9-74	Sh. Jai Kishan (Nathu Sweet)	15,000	6-12-74
28.	11-9-74	Shri I.S. Jain, 7 Curzon Road	91,585	7-12-74
BOMBAY				
1.	9-5-73	Shri Shakti Samant	58,547	22-8-75
2.	9-5-72	Do.	30,700	22-8-75
3.	10-5-72	Do.	3,18,601	22-8-75
4.	14-6-72	Shri Misrimal Malaji	7,000	18-3-75
5.	22-6-72	Shri D.A. Thakersey	31,185,80	25-4-75
6.	20-7-72	Shri Mangalal J. Dosh	15,040	6-1-75
7.	1-8-72	Shri Paranjitsingh H. Bhalla	15,000	24-3-75
8.	25-8-72	Shri Ahmedali Ishaq	55,000	27-3-75
9.	25-8-72	Do.	18,500	Do.
10.	3-10-72	Shri Gordhandas Chaganlal Hirani	12,075	25-4-75
11.	7-10-72	Shri Pramod Chakraworthy	12,000	28-7-75
12.	10-10-72	Shri R. Anwekar	5,903	19-3-75
13.	7-12-72	Mrs. Bibi Almas	1,140	19-3-75
14.	10-12-72	Shri Ramaniklal L. Bhansali	39,300	25-3-75
15.	11-1-73	Shri Ranglal H. Jai	17,340	24-3-35
16.	18-1-73	M/s. Laxmi Metal Industries	23,383	..
17.	22-1-73	Shri Amrit Lal	7,000	25-3-75
18.	30-1-73	Shri Nandlal H. Hansarajani	3,179	[24-3-75
19.	16-3-73	Shri Prabhakar D. Sharma	56,000	22-11-75
20.	20-3-73	M/s. W.H. Brady & Co.	1,99,980	14-11-73
21.	29-6-73	Shri Mohan Lal S. Mithaiwalla	15,500	[25-3-75
22.	6-7-73	Shri Parmeshwari Dipechand Haseji	16,000	[19-3-75

1	2	3	4	5
23.	13-7-73	M/s. Mont Blank Notels P. Ltd.	24,187	25-4-75
24.	21-4-73	M/s. Lalji H. Thacker & Co.	34,582	25-4-75
25.	27-7-73	Shri M.P. Munot	16,100	24-3-75
26.	26-9-73	Shri Ambalal D. Shah	11,894	19-3-75
27.	10-10-73	Shri R. Sawailal	31,039	22-11-75
28.	20-10-73	Shri Bhaiwantra B. Jindal	35,000	19-5-76
29.	22-10-73	Shri B.R. Jindal	47,390	23-12-75
30.	16-11-73	Shri M.C. Shal	2,206	27-3-75
31.	25-5-74	Shri Anant Shantilal Shah (Prop. M/s. Miltes Services)	56,980	22-11-75
32.	25-5-74	Do.	9,200	19-8-75
33.	24-6-74	Shri Mohamed Hanif Hussein Saheb	3,50,000	29-11-75
34.	24-6-74	M/s. Damani Bros.	25,231	19-3-75
35.	13-9-74	Shri Bhupendra L. Malani	3,63,215	22-11-75
36.	20-9-74	Shri P.K. Madhavan	43,476	30-1-75
37.	24-9-74	M/s. Shah Bros	1,59,600	23-12-75
38.	25-9-74	Shri Hitesh Shah	2,51,228	10-2-76
39.	25-9-74	Shri M.R. Patel	22,000	23-12-74
40.	8-10-74	Shri D.N. Tanna	30,000	24-3-75
BOMBAY CENTRAL				
1.	10-8-72	M/s. Kalol Bone Mills Group		
	10-8-72	(a) Shri Feroz Esmail Charania	50,000	24-12-74
		(b) Shri Esmail Charania	10,000	3-1-76
2.	23-9-72	Shri Kantilal A. Bussa	4,948	8-1-73
3.	26-9-73	M/s. Bharat Pharma Distributors	16,875	24-12-74
4.	10-10-73	M/s. Imperial Motor Stores	43,792	1-11-76
5.	26-7-74	Smt. Lilaben M. Patel	9,50,013	20-12-74
6.	25-4-74	Shri K.T. Aboobakar	2,48,600	19-8-74
TAMIL NADU-II				
1.	11-1-73	R.S. Pichaikara Kaundar	70,000	24-10-73

APPENDIX V

Statement of Conclusions/Recommendations

S. No.	Para No.	Ministry/Department	Conclusions/Recommendations
1	2	3	4
I	III	Ministry of Finance (Deptt. of Revenue)	<p>The question of Arrears of Tax Demand is a one over which the Public Accounts Committee have been continuously expressing great concern and giving concrete suggestions [6th, 21st, 28th, 46th Reports (Third Lok Sabha), 3rd, 17th, 73rd, 76th, 117th Reports (Fourth Lok Sabha), 51st, 87th, 115th, 150th, 186th Reports (Fifth Lok Sabha)]. The last mentioned Report is the Review Report on action taken by Government over the past several years on the recommendations of the Public Accounts Committee. The relevant paragraphs are contained in Chapter XI thereof. The Committee are distressed to find that despite assurances held out to the Committee in the past, the special drives launched by the Central Board of Direct Taxes, the additional posts created at various levels, the Scheme of incentives and rewards and working improvements made to the law, rules and procedures, there has been no perceptible effect on the growth of arrears of Corporation Tax and Income-tax. The 'Gross Arrears' comprising Corporation Tax, Income-tax, interest and penalty, which stood at Rs 790.02 crores at the end of 1972-73, have after registering an increase year after year (except in 1976-77 when the</p>

arrears came down to Rs. 873.56 crores as against Rs. 993.79 crores in 1975-76) have reached an all-time high figure of Rs. 1,008.76 crores as on 31st December, 1977. Arrears of tax is the problem which has been engaging the constant attention of the Committee and they have been giving concrete suggestions in many of their past reports to resolve the chronic problem of mounting tax arrears. The action taken by Government on these suggestions was reviewed by the Committee in their 186th Report (Fifth Lok Sabha). It is clear that the steps taken by Government have had an insignificant effect on the growth of tax arrears. The Committee feel that it is high time that Government took a fresh look at the problem of soaring arrears of tax demand and devise more effective steps to minimise and contain the problem.

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The Committee note that from 1 April, 1973, the work of supervision of recovery of arrears of taxes was allocated amongst various authorities. Supervision of recovery in cases of arrears exceeding Rs. 1 lakh but below Rs. 5 lakhs was allocated to the Commissioners of Income-tax and cases of arrears exceeding Rs. 3 lakhs but below Rs. 10 lakhs to the Director of Inspection (RSS&P). The supervision of cases of arrears above Rs. 10 lakhs was to be that of the Central Board of Direct Taxes itself. In the re-allocation of work made from 1 April, 1974 responsibility for supervision of cases of arrears exceeding Rs. 5 lakhs but below Rs. 10 lakhs was transferred from Director of Inspection to the Commissioner's of Income-tax. Explaining the significance of allocation of supervisory responsibility over work of

arrears of tax at various levels, the representative of the Department of Revenue stated in evidence that despite such allocation "direct responsibility for taking action under the various sections of the law rested solely and squarely on the Income Tax Officer and that the Central Board of Direct Taxes exercised only "general supervision" by getting quarterly Dossiers and inspection visits to administrative zones to make on the spot appraisal of cases where tax demands exceed Rs. 10 lakhs. While the Committee agree that responsibility for completion of assessments and enforcing recovery of tax due in each case must continue to rest with the Income Tax Officer, the Committee feel that the Central Board of Direct Taxes being the highest authority for direct tax administration in the country should not rest content with a passive role but should assume a more active role of giving a positive lead to field officers and see that cases involving tax arrears of Rs. 10 lakhs and above are processed with the expedition they deserve. There are 33.13 lakhs assessees against whom gross arrears of Rs. 993.79 crores were due as on 31st March, 1976. Since the number of assessees for which the Central Board of Direct Taxes is responsible (i.e. cases in which arrears exceed Rs. 10 lakhs) to supervise the recovery work is hardly 800, it should not, the Committee feel, be difficult for the Board to see that the arrears are recovered in these cases without further loss of time. Concrete steps taken by the Board in this regard and the total amount of tax realised out of these arrears may be reported to the Committee.

The Committee made a sample check of Dossiers maintained by the Central Board of Direct Taxes and found to their utter dismay that adequate follow-up on cases for which the Board was responsible, to supervise the recovery of arrears was lacking. To cite only a few instances, in one case, the recovery of arrears relating to the assessment year 1973-74 had been stayed by Delhi High Court and in the Dossier for the period ending 30 June, 1977 the Commissioner had remarked that the Board was requested on 14 June, 1976 to move the Delhi High Court to dispose of the writ petition early. The Dossier did not indicate what further action, in any, was taken on it. In another case, though the arrears of demand related to assessment years 1962-63, 1967-68 and 1970-71, the assessments were made *ex-parte* only in 1973. The Committee were given to understand that the assessee was engaged in the racket of 'compensatory payments'. The assessee was a partner of a firm which was closed on 31st August, 1974, leaving no assets. In yet another case, though the Inspecting Assistant Commissioner had recommended in March, 1975 liquidation of a limited company and prosecution of its Directors, the Dossier did not show whether the Board had pursued the matter adequately. An idea of how such delays and indifference by Income tax administration can jeopardise the prospects of recovery of arrears can be had from the details of another case. In this case, the assessments for the years 1944-45, 1948-49 to 1952-53 and 1957-58 were made in which, June and September, 1970, October, 1972 and March, 1974. The Committee learnt during evidence that this Company had been a profitable concern for a number of years but by the time assessments

were completed, only a shell of it was left. In another case, the Commissioner granted stay of recovery of Rs. 2.20 crores in respect of assessment yet 1973-74 and that too without taking any security from the assessee. The Committee recommend that the Central Board of Direct Taxes should keep a close watch on developments on each of the cases for which it is responsible and guide the Commissioners of the steps that they should, on the facts and circumstances of each case, take in the best interests of revenue.

4 114

Ministry of Finance
(Deptt. of Revenue)

The Committee are surprised to note that despite setting up a Special Cell in the Central Board of Direct Taxes in 1973 to keep a watch on the work of recovery of arrears of Rs. 10 lakhs each, the number of assessees with arrears of Rs. 25 lakhs each was first given as 238 as on 31st March, 1974 (which figure was supplied to Audit also vide Audit Report 1973-74). It was later changed in January, 1976 to 261 as on 31st March, 1974 with the total demand outstanding going up from Rs. 133.66 crores to Rs. 153.44 crores. Department of Revenue have explained that the method followed during 1975-76 and 1976-77 was that the Commissioner-wise Dossiers were initially scrutinised by an officer of the rank of I.T.O. and thereafter put up to a Deputy Secretary. In suitable cases, the matter was placed before the Member concerned in the Board.

The discrepancy noticed reflects adversely on the monitoring being done by the special cell. The Committee recommend that the work

procedures in the cell should be reorganised in such a way that it is able at any time to indicate the correct and latest position in regard to any cases of arrear exceeding Rs. 10 lakhs and that the monitoring and progressing done by it is close and effective showing concrete results.

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The Committee also note that since 1970, the Department of Revenue have sanctioned 5 posts of Commissioners of Income Tax (created in lieu of 5 posts of Additional C.I.Ts) and 272 posts of Income Tax Officers (30 in Class I and 242 in Class II) for "liquidation of arrears" and "tax recovery work". The Committee have been informed that with the discontinuance of the functional scheme of work *w.e.f.* 1 April, 1975, there are, it has been stated, no separate posts of I.T.Os (Collection). Due to re-organisation in August, 1974, on the basis of the recommendations of Wanchoo Committee these Commissioners have been given territorial jurisdiction like other Commissioners of Income Tax, and they are no longer functioning as Tax Recovery Commissioner exclusively. Under the Unitary system existing now, an I.T.O. is looking after not only the assessment work but also the collection work. The Committee are surprised that despite augmentation of staff strength during the course of last 7 years or so, the position of arrears of tax demand has continued to be bad except during 1976-77 when the gross arrears declined from Rs. 993.76 crores as on 31st March, 1976 to Rs. 874 crores as on 31st March, 1977. The Committee recommend that Department should so organise the work among the existing staff that the tax recovery work is given as much attention as the work of completion of assessment.

6. 116

Ministry of Finance
(Deptt. of Revenue)

The Committee were informed as far back as in December, 1970 that the problem of mounting arrears of tax demand had been discussed in a Conference of Commissioners of Income Tax in May, 1970 and a special drive called "RAT" (Reduction of Arrears of Tax) had been launched. The Committee find that despite this special drive, the gross arrears instead of decreasing remained stable around Rs. 800 crores during the years 1971-72 to 1973-74. Thereafter these increased to Rs. 935.96 crores in 1974-75 and to Rs. 993.79 crores in 1975-76. However, the special drive launched by the Department, in 1976-77 had some impact in as much as the gross arrears were reduced to Rs. 873.59 crores in that year. Unfortunately the Department has failed to maintain that trend and by 31st December, 1977, the gross arrears have moved up to Rs. 1008.76 crores. The Committee recommend that reasons for failure of earlier special drives and particularly of the setback during 1977-78 should be analysed and appropriate steps taken to make such drives a more effective.

7. 117

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The Committee find that early cash collections during each of the years since 1971-72 were, on an average, no more than 10.5 per cent of the total arrears. There has been no year when Department was able to collect more than the current demand. During evidence, the Finance Secretary expressed the view that it would not be correct to say that "only cash collections represent the efficiency of the Department." While the Committee concede that not

all demands are recoverable instantly, feel that the present rate of cash collection is quite low. As far as the Committee can see, at this rate of cash collection, the prospects of liquidation of arrears of tax even in the distant future appear to be very dim. Since cash collections are taken into consideration by Government at the time of preparation of Budget estimates, Department's inability to increase cash collections in the context of the evergrowing need for financial resources has the effect of increasing the incidence of taxation on the people and stands in the way of rationalisation of structure. In view of these grave implications, the Committee cannot but stress too strongly the need to prepare a time bound Programme for stepping up cash collections in respect of arrears of tax.

8. 118

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The Committee recall that their suggestion made in paragraph 1.80 of their 73rd Report (Fourth Lok Sabha) regarding the amendment of the Income-tax Act to provide for tax on undisputed income being paid before an appeal was admitted, was not accepted by Government in November, 1969. The Committee reiterated the suggestion in paragraph 1.56 of their 117th Report (Fourth Lok Sabha) and paragraph 3.22 of their 51st Report (Fifth Lok Sabha). In 1975 the Government met this point by amending Section 249 of the Income-tax Act through the Taxation Laws (Amendment) Act, 1975 w.e.f. 1-10-75. The Committee are convinced that with this change in law, it should not be too difficult for the Department of Revenue to reduce the arrears because they found that of the total tax arrears as on 31-3-76, undisputed demands amounted to Rs. 497.05

10 120 Do.

The Committee find that while the demands of Income-tax (including Corporation tax) as on 31 March, 1977 stayed by Courts amounted to Rs. 19.55 crores only, the demands stayed by Income-tax authorities themselves aggregated Rs. 88.73 crores. This gives the impression as if Income-tax authorities have been quite liberal in the matter of grant of stay orders, thereby contributing to accumulation of Gross arrears of tax. The Committee would impress upon the Departmental officers the need to exercise due restraint and caution in taking decisions in these matters.

11 121 Do.

The Committee also view with concern that despite the Central Board of Direct Taxes attaching "great importance" to the disposal of 'High Demand Appeal Cases' (i.e. cases where the outstanding demands exceed Rs. 25,000 in places other than Bombay and Calcutta and Rs. 50,000 in places in Bombay and Calcutta), the number of such cases has increased from 2,278 as on 1-4-1975 to 2,745 as on 1-4-1976, and 3,427 as on 1-4-1977. The Committee recommend that reasons for this adverse trend should be gone into and remedial measures taken to reverse it.

12 122 Do.

The Committee are perturbed to find that though various sections relating to prosecution for offences under the Income-tax, 1961 were amended by Taxation Laws (Amendment) Act, 1975 (effective from 1-10-1975) and made more stringent, the Department of Revenue have continued to follow a soft line. The Finance Secretary

stated in evidence that the Income-tax Department's "philosophy of collection does not consist in immediately launching prosecution and attaching properties." There is not a single case of arrears of tax demand exceeding Rs. 25 lakhs where Department has launched prosecution under amended Section 276C(2) of the Act. A few cases of arrears of tax demand exceeding Rs. 5 lakhs are stated to have come to the notice of the Department which prima facie came within the mischief of Section 276C(2). These cases, the Committee, have been assured are being processed. The Committee disapprove of the approach of the Department to soft penal offences and are of the view that after the Parliament had made the law more stringent, the Department of Revenue and the Central Board of Direct Taxes should have seen to it that the amended provisions were followed by the Commissioners in letter and spirit. The Committee recommend that Commissioners of Income-tax may be instructed suitably.

The Committee note that under section 220, any amount (other than by way of advance tax) specified as payable in the notice of demand is payable within 35 days of the service of notice. If the amount is not paid within that period, the assessee is deemed to be in default and is liable to simple interest at 12 per cent per annum. The Committee feel that this rate of interest is so low as against the prevailing rate of interest for loans raised in the open

market that an assessee would be easily tempted to delay payments of arrears. The Committee recommend that the adequacy of rate of interest on unpaid tax should be examined by the Department.

14 124 D.

The Committee find that during the last 7 years (1970-71 to 1976-77), the Department of Revenue had written off arrears of tax to the tune of Rs. 38.64 crores. The Committee have been informed that these arrears related to (i) assesseees who had died leaving behind no assets or who had gone in liquidation or become solvent, (ii) assesseees being untraceable, (iii) assesseees having left India, (iv) assesseees who are alive but have either closed their business or have no attachable assets; amount involved being unenforceable due to being duplicate or protective demand, (v) amounts written off on grounds of equity or as matter of international courtesy or where the time and labour involved in usual remedies for realisation were considered to be disproportionate to the amounts of recovery. The Committee would like to be assured that arrears of tax in these cases were written off by the Department only after exhausting all remedies available under the Income-tax Act for non-payment and fully satisfying themselves that arrears proposed to be written off were really irrecoverable.

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The Committee view with grave concern the fact that even though the instructions were issued by the Central Board of Direct Taxes in November 1973 that, as required under Rule 112(12) of the Income Tax Rules, 1962, cash seized in the course of a search should invariably be deposited in the Personal Deposit Account of

the Commissioner "immediately" after the search in over, there were as many as 75 cases (28 in Delhi, 46 in Bombay and 1 in Tamil Nadu) where seized cash was not deposited in the PDA of the Commissioner within 3 months of the seizure. In some cases the delays ranged from 2 to 3 years and the cash seized ran into lakhs of rupees. The Department of Revenue have attributed these delays to large numbers of searches conducted at too short intervals and paucity of staff in the Commissioner's offices to comply with the rules governing depositing of seized cash. The Committee recommend that a firm time limit should be laid down in the Income-tax Rules and any violation thereof should render the official concerned liable to disciplinary action.

