

**ESTIMATES COMMITTEE
(1962-63)**

TWENTY-FIFTH REPORT

(THIRD LOK SABHA)

MINISTRY OF FINANCE

**Action taken by the Government on the Recommendations
contained in the Forty-ninth Report (Second Lok
Sabha) of the Estimates Committee on the
Ministry of Finance—Organisation of the
Department of Revenue**

CENTRAL BOARD OF REVENUE



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

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ESTIMATES COMMITTEE

1962-63

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* Elected w. e. f. 15th November, 1962 *vice* late Shri B. J. Singh

**Elected w. e. f. 18th August, 1962 *vice* Shri Shivram Rango Rane resigned.

INTRODUCTION

1. the Chairman, Estimates Committee, having been authorised by the Committee present this Twenty-fifth Report on action taken by Government on the recommendations contained in the Forty-ninth Report (Second Lok Sabha) on the Ministry of Finance—Organisation of the Department of Revenue—Central Board of Revenue.

2. The Forty-ninth Report of the Estimates Committee was presented to Lok Sabha on the 20th April, 1959. Government furnished their replies indicating action taken or proposed on all the recommendations between the 31st July, 1961 and the 11th October, 1961. These replies were considered by the Study Group 'G' of the Estimates Committee (1961-62) on the 12th December, 1961. Further information was called on certain points arising out of the replies to recommendation Nos. 7, 8, 10, 11, 14, 15, 16, 22 and 24 and the same was received between the 5th May, 1962 and 6th August, 1962. These replies were considered by the Study Group 'E' of the Estimates Committee (1962-63) on the 30th August, 1962, who desired that further information might be called from Government in respect of recommendation Nos. 7 and 8. Government furnished this information on the 18th October, 1962 which was considered by the Study Group 'E' on the 23rd November, 1962. The draft Report on action taken on the recommendations contained in the Forty-ninth Report was considered by the Study Group 'E' on the 11th December, 1962 and adopted by the Committee on the 30th January, 1963.

3. The Report has been divided into the following four Chapters:—

I. Report.

II. Recommendations that have been accepted by the Government.

III. Replies of Government that have been accepted by the Committee.

IV. Replies of Government that have not been accepted by the Committee.

4. An analysis of the action taken on the recommendations contained in the Forty-ninth Report is given in the Appendix. It would be observed therefrom that out of 28 recommendations made in the Report, 11 recommendations *i.e.* 39·36 per cent have been accepted by Government. Of the rest replies of Government in respect of 9 recommendations *i.e.* 32·1 per cent have been accepted by the Committee while replies in respect of 8 recommendations *i.e.* 28·6 per cent have not been accepted by the Committee.

H. C. DASAPPA,
Chairman,
Estimates Committee.

NEW DELHI-1.
February 15, 1963.

Magha 26, 1884 (Saka)

CHAPTER I.

REPORT

The Estimates Committee had observed in para 13 of their 49th Report (Second Lok Sabha) on the Ministry of Finance (Organisation of the Department of Revenue—Central Board of Revenue) that the post of Chairman, Central Board of Revenue, underwent five changes within ten years from 1948 to 1958. The Committee had expressed the feeling that such changes were not conducive to sound administration and had recommended that Government might work out a sound pattern of organisation for the Department and adhere to that pattern. *While the Committee appreciate that the Government have accepted their recommendation to work out a sound pattern of organisation for the Department, they hope that in deciding the pattern, Government would keep in mind the fact that at one time the Chairman, Central Board of Revenue, was also the ex-officio Secretary of the Department of Revenue and therefore, there may not be any need for having a separate post of Secretary, Department of Revenue over and above the post of Chairman, Central Board of Revenue.*

2. In paras. 26-28 of their 49th Report the Committee had criticised the appointment of O.S.Ds. in the Central Board of Revenue. Since the appointment of O.S.Ds. implied departure from normal rules, the Committee had felt that the practice of appointing them needed to be reviewed. The Committee note from the reply of the Government that there are at present 5 posts of O.S.Ds. in the Ministry of Finance (Department of Revenue). The Committee have examined the matter with reference to details of duties which are being performed by these O.S.Ds. and have the following observations to make:

(i) One post of Officer on Special Duty (Scale 1800-100-2000) has been in existence for more than 6 years for the purpose of revision of the Sea Customs Act. They recommend that the post be given up as soon as the revised Sea Customs Act is placed on the Statute Book.

(ii) As regards the second post of Officer on Special Duty (Scale 1100-1600), the Committee are constrained to note that it has been continuing for over 12 years. It is obviously a misnomer to designate the Officer as on Special Duty when the work entrusted to him, namely, judicial matters relating to Income Tax Department, is of a regular and continuous nature.

(iii) As regard one post of Officer on Special Duty (Scale 400-1250) in existence since 1955, and two posts of Officers on Special

Duty (Scale 350-900) in existence since 1957, the Committee note that they are being continued "for the purpose of Tax, Planning and Legislation work on the Income-Tax side."

The Committee see no reason why the above work, which is of a continuous and regular nature, should not be performed by the existing officers of the Central Board of Revenue. At any rate they do not see any justification for designating these Officers as on Special Duty and granting them special pay when their work even according to the Ministry's own reply has ceased to be of Ad Hoc nature.

CHAPTER II
RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

S. No. as in Appendix 5 of the Report	Reference to paragraph No of the Report	Summary of conclusion/ recommendation	R. ply of the Govt. of India
1	2	3	4
5	15	<p>The Committee are surprised at the changes in the membership of the Board which was raised from four in 1954 to eight in 1955 and has since been reduced to five. They cannot help feeling that in this case also as in the case of the post of Chairman (C.B.R.) the number of Members required for the Board is not determined on any rational basis.</p>	<p>At one time the Directors on both the direct and indirect Taxes side were called ex-officio Members of the Board for some convenience of work. That practice has now been stopped. Also in the past, an additional post of Member was created for a specific item of work. This has also been stopped. The number of Members including the Chairman is normally 4 to 5.</p>

(Ministry of Finance O.M. No. 7/42/60-Co-ord. dated the 11th October, 1961).

9

The Committee feel that since the C.B.R. is a co-ordinating agency for all the Revenue Departments, it would be desirable to have persons with first hand knowledge of the working of the different departments under the C.B.R. at all levels in the Board. They, therefore, recommend that there should be provision for periodical exchange of officers and staff between the C.B.R. and field Offices.

The policy of short deputation of Officers and staff from the field to the Department of Revenue at appropriate levels and wherever necessary, is already being followed. (Ministry of Finance O.M. No. 7/42/60- Co-ord. dated 31st July, 1961).

40

The Committee urge that early steps should be taken to set up a Tax Research Bureau as recommended by Taxation Enquiry Commission in the Department of Revenue for advising the Government on fiscal matters.

(A Tax Research Bureau has already been set up under the Department of Economic Affairs which functions in close co-operation with the Department of Revenue). A Tax Planning Section is already functioning in the Department of Revenue for planning and research on direct taxes. Another unit to deal with indirect taxes has also been set up recently.

(Ministry of Finance O.M. No. 7/42/60- Co-ord. dated 31st July, 1961).

The Committee suggest that steps may be taken to review all the existing revenue laws with a view to consider the desirability of revising them to suit the present circumstances in the country and also to codify them as well as to simplify them as much as possible.

The review of the revenue laws is a continuous process and is being undertaken by various sections of the C.B.R. from time to time to suit the circumstances of the situation in the country. A consolidated and revised Income-tax Bill is already before the Parliament. Consolidated and Revised Customs Act is proposed to be introduced in the August session of the Parliament.

(Ministry of Finance O.M. No. 7/42/60-Co-ord. dated 31st July, 1961).

In regard to the distribution of stamps by the C.B.R., the Committee were informed, that it was being done for historical reasons. The Committee feel that the working of the Department of Revenue should be reviewed from time to time and individual historical anachronisms, if any, eliminated.

This suggestion is accepted and the anachronism if any will be eliminated.

(Ministry of Finance O.M. No. 7/42/60-Co-ord. dated 31st July, 1961).

The Committee feel that under the existing arrangement where there is little or no direct liaison between the Central Board of Revenue and the tax-paying public, cases of lack of uniformity might not come to the notice of the Board. The Committee feel that if Advisory Committee

The suggestion for better liaison between the C.B.R. and the tax paying public through Advisory Councils is already being implemented.

(Ministry of Finance O.M. No. 7/42/60-Co-ord. dated 31st July, 1961).

recommended in para 47 were to be constituted, it would go a long way to improve the position in this respect.

20

56

The Committee suggest the action taken by the C.B.R. on the suggestions etc. made by the various Chambers of Commerce, Trade Associations etc. during their discussions with the Members on their tours or otherwise should invariably be communicated to the concerned Ministries, and also published in the proposed bulletin wherever possible.

21

57

The Committee feel that it would be desirable for the Members of C.B.R. to visit various Centres for holding discussion, etc., more regularly and frequently, than at present particularly keeping in view the purpose with which the Board was set up initially so that the public might have adequate opportunity to represent their grievances.

23

61

The Committee would suggest that a comprehensive list of all the Chambers of Commerce and other trade

Action is generally taken to communicate the decisions on the spot. On matters which require detailed examination, replies are sent subsequently.

(Ministry of Finance O.M. No. 7/42/60-Co-ord. dated 31st July, 1961).

This recommendation is accepted.

(Ministry of Finance O.M. No. 7/42/60-Co-ord. dated 31st July, 1961).

A comprehensive list of all the Chambers of Commerce and other trade bodies in the different parts of the

bodies in the different parts of the country to whom notifications, orders etc. should be sent by the C.B.R. and Collectors, Commissioners etc. should be drawn up and reviewed from time to time.

country already exist and notifications, orders, etc. are being sent to them as and when they are issued by the C.B.R.

(Ministry of Finance O.M. No. 7/42/66-Co-ord. dated 31st July, 1961).

In pursuance of the recommendations made by the Estimates Committee in para 61 of their 49th Report (1958-59) copies of Notifications and Circulars issued by the Government of India/Central Board of Revenue are being sent direct to the Chambers of Commerce and Trade Associations. Roughly on an average 250 copies are made out for this purpose.

In the context of the present national emergency and need for utmost economy in the use of paper this Ministry feels that the present practice of sending copies to such bodies may be discontinued forthwith. The Chambers and Trade Associations can come to know of our Notifications and Circulars from—

(i) The Indian Trade Journal which is a weekly publication, important items of rules, regulations, notifications, interpretations and instructions relating to customs

and Central Excise are being sent to the Director General, Commercial Intelligence and Statistics, Calcutta, for inclusion in the Indian Trade Journal.

(ii) The Gazette of India, which is also a weekly publication. All Notifications issued under the Central Excises and Salt Act and rules made thereunder are published in the Gazette.

(iii) From the Trade Notices published by the Collectorates, copies of which are supplied free to the various Chambers and Associations by the area collectorates.

(iv) Press notes are also issued in some cases of importance.

(v) Trade notices are also pasted on the Notice Boards in the Central Excise Range Offices for the information of the public.

It is felt that the trade will not be very much inconvenienced if we do not send them copies direct. The Federations will, however, be supplied with one or two copies so that

The Committee suggest that the C.B.R. might bring out monthly or quarterly bulletins embodying various rules, regulations, notifications, interpretations and instructions issued during a period for the use of the public and these rules and orders might further be consolidated annually by bringing out revised editions of the Manuals.

(Further information called for by the Committee)

The result of examination of the feasibility of publishing bulletins for income-tax may be stated.

(L.S.S. O.M. No. 20/60-EC. I dated 4th December, 1961).

they could keep their members informed in an appropriate manner.

(Ministry of Finance O.M. No. 3-21-62-CXII dated 3rd December, 1962).

This recommendation is accepted. The Directorates have been publishing quarterly bulletins for departmental use. It has also been decided to publish quarterly bulletins about the rules and regulations relating to Customs and Central Excise for the use of the Public. The feasibility of publishing bulletins for the Income-tax will be examined.

(Ministry of Finance O.M. No. 7/42/60-Co-ord. dated 31st July, 1961).

This Department have accepted the recommendation and have decided that the Income-tax Department should issue a quarterly, priced publication for bringing to the notice of the tax-paying public the amendments to the Income-tax Law Rules, Notifications, regulations and public circulars etc. issued by the Central Board of Revenue.

(Ministry of Finance O.M. No. 7/64/62-Co-ord. (297) dated the 9th June, 1962).

28

The Committee recommend that suitable steps might be taken to expedite disposal of appeals and revision cases and to clear the outstanding cases quickly.

The recommendation is accepted. Steps have been taken to expedite disposal of appeals and revision petitions.

(Ministry of Finance O.M. No. 7/42/60-
Co-ord. dated 31st July, 1961).

CHAPTER III

REPLIES OF GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Reply of the Govt. of India

Summary of conclusion/recommendation

S. No. as
in Appendix
5 of the 49th
Report

Reference
to paragraph
No. of the
Report

1

2

3

4

The Committee feel that in combining the Secretariat functions of the Department of Revenue and administrative functions of the C.B.R. in the same persons (in India) the purpose of C.B.R. Act has been largely defeated. The Committee, therefore, recommend that the existing position may be reviewed ensuring, at the same time, that any reorganisation does not result in increasing the establishment.

No useful purpose is likely to be served by separating the two functions and setting up two distinct organisations. On the other hand it may lead to duplication of posts and also delay as there will have to be frequent correspondence between Govt. and the Board. It is also an advantage for the Board to be in direct and constant touch with Govt. which is secured by the present arrangement. Both on grounds of practical convenience and economy, the present set-up appears to be most suitable.

[Ministry of Finance O.M. No. 7/42/60-Co-ord. dated the 11th October, 1961.]

2 The Committee feel that arrangements under which the posts of Secretaries of Department of Revenue and Department of Economic Affairs are combined and held by the same person is a good one and recommend that the same arrangement may continue even in future.

As the work of the Department of Economic Affairs has grown, particularly in view of the shortage of foreign exchange, and that of the Revenue Department in view of the large amount to be realised by additional taxation during the Third Five Year Plan, it is not possible to combine the Secretaryship of the Departments of Economic Affairs and Revenue.

4 The Committee understand that the functions of Chairman (C.B.R.) are

Both Departments have a number of problems which call for close personal study by the Secretaries concerned in addition to the normal work of running a large Department. Revenue Department has very heavy administrative work. Close liaison is however secured by their frequent discussions.

(Ministry of Finance O.M. No. 7/42/60-Co-ord. dated the 11th October, 1961.)

There is no Chairman of the Central Board of Revenue at present. The

to co-ordinate among the Members of C.B.R. and to deal with Revenue Petitions. If the recommendations in respect of review of appellate functions of C.B.R. are accepted, the functions of Chairman might be reduced. They, therefore, recommend that the feasibility of the Chairman also dealing with a Department directly and consequently of reducing the post of a Member might be considered.

6

17

The Committee recommend that a tenure may be fixed for the appointment of the Members of the C.B.R. leaving if necessary a margin for administrative convenience, so as to provide an opportunity for introducing new blood and fresh outlook in the C.B.R. from time to time.

Senior Member who functions as the Chairman has the Department of Income Tax directly in his charge. Moreover, it is not possible to transfer appellate work to a Tribunal.

[Ministry of Finance O.M. No. 7/42/60-Co-ord. dated the 11th October, 1961.]

As the work of the Central Board of Revenue is highly technical, it is not possible to fill the posts of Members of the Board except by Officers who have long experience in the Department. There is no scope for bringing in Officers from outside. In view of this it is not possible to introduce a tenure system. In view of the powers vested in the Members of the Board by the Central Board of Revenue Act, it is necessary to appoint suitable senior most Officers to these posts. A tenure system is therefore not workable.

[Ministry of Finance O.M. No. 7/42/60-Co-ord. dated the 11th October, 1961.]

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The Committee observe that the number of references from subordinate offices to the C.B.R. has been rising. The Committee cannot help feeling that the magnitude of references received from subordinate offices is possibly a result of lack of adequate decentralisation and delegation of authority from the Central Board of Revenue to its subordinate organisations. They, therefore, recommend that the question of delegation of power to subordinate authorities i.e. Commissioners, Collectors and also to Officers working under them be reviewed with reference to the present circumstances so as to facilitate the smooth working of the Revenue machinery.

22

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The Committee consider it desirable that a separate record should be kept of all references received by the C.B.R. seeking interpretation of and decisions under the statutes and the rules. The record might be reviewed periodically with a view to examine firstly, whether they indicate any general defect in the sys-

All possible delegations have been made to the Subordinate authorities. The increase in the number of references to the Board is mainly attributable to the references from the public on which enquiries are made.

[Ministry of Finance O.M. No. 7/42/60-Co-ord. dated the 31st July, 1961.]

A separate record is already maintained. The recommendation regarding the periodical review of the interpretations and the decisions under the statutes and the rules will be examined.

[Ministry of Finance O.M. No. 7/42/60-Co-ord. dated the 31st July, 1961.]

tem of law and secondly, whether the interpretations of all decisions given from time to time on individual decisions, references fit into the general schemes and purpose of the law. Such a periodical review could facilitate recodification wherever necessary and prevent conflicting decisions.

(Further information called for by the Committee.)

Please state if the examination of the recommendation regarding periodical review etc. has since been undertaken and the results thereof.

(L.S.S. O.M. No. 20/60-EC. I dated 4th December, 1961.)

The recommendations of the Committee regarding periodical review of the interpretations and the decisions under the statutes and the rules has been examined carefully. It is felt that the present arrangements provide adequately for such a periodical review of the interpretations and decisions taken in all the three wings of the CBR, viz. Income-tax, Central Excise and Customs. The review is undertaken from time to time and wherever necessary, amendments of the Act or of the rules made thereunder are undertaken. It is felt that no further provision is necessary in this behalf.

[Ministry of Finance O.M. No. 7/64/62-Co-ord. dated the 9th June, 1962.]

25

The Committee recommend that greater opportunity be given to the public to express their views on the proposed legislation or rules.

64

A number of Revenue Laws already contain statutory provisions allowing a period to the Public to give their opinions on Rules proposed for promulgation by the Government or by the Board. Legislation whether by a Bill or through notifications in certain matters such as those affecting the applicable rates of duty or rules regarding the classification of commodities for the purpose of assessment cannot be published before hand for eliciting public opinion on the grounds of secrecy and in the interests of preventing speculation or manipulation of stocks.

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The Committee observe that the number of revision petitions, bears a high proportion to the number of appeals received in the C.B.R. They feel that this seems to suggest that Appellants are not generally satisfied with the decision given on appeals. They, therefore consider

66

[Ministry of Finance O.M. No. 7/42/60-Co-ord. dated 31st July, 1961.]

The suggestion cannot be accepted as the proposed method of disposal of appeals is hardly likely to give a higher degree of satisfaction to Appellants than they get at present. The proposal will be more time consuming and lead to delays in deciding appeals without the advantage

that it would be desirable if the appeals are considered in the Board by a bench of two or more members instead of by individual members.

of the decision being considered any better by the appellant. There has been a growing tendency for those who do not get what they seek to approach the highest possible authority as a matter of routine particularly when the cost involved is small. Apart from this, the numbers of revision petitions given in Appendix IV do not relate to such petitions from decisions given by the Board in appeal. These petitions are from the Appellate decisions of collectors and Deputy Collectors of Customs and Central Excise.

[Ministry of Finance O.M. No. 7/42/
60-Co-ord. dated 31st July, 1961.]

The Committee recommend that the feasibility of setting up of a separate Tribunal to deal with Revision petitions independently of C.B.R. as suggested by the Taxation Enquiry Commission might be considered.

This recommendation has been carefully considered several times but it has not been found possible to accept it.

[Ministry of Finance O.M. No. 7/42/
60-Co-ord. dated 11th October,
1961.]

CHAPTER IV

REPLIES OF THE GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Sl. No. as Reference in Appendix 5 of the Report	Summary of conclusions/recommendations	Reply of the Government of India	Remarks	
1	2	3	4	5
3	<p>The post of Chairman, C.B.R. underwent five changes within ten years from 1948 to 1958. The Committee are not aware whether these changes were made on organisational considerations or on personal considerations. Nevertheless, they feel that such changes are not conducive to sound administration. The Committee, therefore, recommend that Government might work out a sound pattern of organisation for the Department and adhere to that pattern so that the benefits of that organisation might be derived.</p>	<p>The Government accepts this recommendation. Subject to exigencies of service this principle will be adhered to.</p>	<p>Please see Para 1 of Chapter I.</p>	
7	<p>The Committee recommend that Members of the Board should function jointly at least while taking important decisions such as those involving an interpretation of</p>	<p>The Board meets every month or at shorter intervals to consider common problems relating to administration. A joint meeting of the Board to consider technical matters will be</p>	<p>The Committee would reiterate their recommendation that a list of functions of the Central Board of Revenue</p>	

fiscal statutes, decisions on appeals filed by assesses etc. They recommended that a list of functions of the C.B.R. where the Members would function jointly and individually may be drawn up separately and adhered to.

(Further information called for by the Committee.)

Please intimate the result of examination of the question of defining the functions of the Central Board of Revenue when it would function jointly.

[L.S.S. O.M. No. 20-ECI/60 dated 4th December, 1961]

- (i) What are the functions required to be performed by the Chairman and each Member of the Board and Secretary, Department of Revenue?

of no practical use as the problems of different Acts vary a great deal. The question of defining the functions of the C.B.R. where Board would function jointly is under examination.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 7/42/60-Co-ord. dated 11th October, 1961].

The matter is still under consideration.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 7/64/61—Co-ord. (210) dated 5th May, 1962.]

The post of Chairman had been in abeyance for some time and has been revived only recently. Apart from looking after all administrative and policy matters relating to direct taxes, other than Estate Duty Act, he coordinates the working of the Board. The other Members—Member (Central Excise) Member (Customs) and Member (Inspection & Estate Duty) are in-charge of the departments allocated to them.

where the Members would function jointly and individually may be drawn up, so that there is no ambiguity in the matter.

They also hear appeals. The Secretary is in the overall charge of the Department of Revenue.

(ii) It may stated whether Government have issued any instructions about matters which should be considered by the Board jointly? If so, a copy of such instructions may be furnished. If no such instructions have been issued, the nature of matters which are at present considered by the Board as a whole may be intimated.

[L.S.S. O.M. No. 20-ECI/60 dated 14th September, 1962]

Although specific instructions have not been issued in writing, the policy in the past has been that all common administrative matters relating to Income-tax, Central Excise and Customs and all matters involving a change in the policy as a whole are considered jointly by the Board in its meeting. These meetings are held generally once in a month.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 7/50/62 Co-ord. (538) dated 18th October, 1962.]

28 The Committee observe that there are 5 O. S. Ds in the C. B. R. while one of the posts has been in existence for long time. They doubt whether it was necessary to create ad hoc posts and to appoint O.S.Ds thereto for the work they are doing. Since the appointment of

In the past O.S.Ds have been appointed only when considered necessary. Steps to reduce the number of O.S.Ds are already being taken.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 7/42/60-Co-ord. dated the 31st July, 1961.]

Please see part 2 of Chapter I.

O.S. Ds implied departure from normal rules, the Committee feel that the practice of appointing them needs to be reviewed.

(Further information called for by the Committee).

Information regarding the results achieved consequent to the steps taken to reduce the number of Officers on Special Duty may please be furnished.

[L.S.S. O.M. No. 20-ECI/60 dated 4th December, 1961]

(i) When were the six posts of Officers on Special Duty sanctioned? What is their scale of pay?

Out of 6 posts of Officers on Special Duty sanctioned for the year 1961-62 only two have been filled.

[Ministry of Finance (Deptt. of Revenue) O.M. No. 7/64/61—Co-ord. (210) dated 5th May, 1962.]

At present there are 5 posts of OSD in this Ministry (Dept. of Revenue), brief details in respect of which are:—

- (1) One post in the scale of pay of Collector of Central Excise sanctioned in 1956. The post is presently held by a Collector of Customs/Central Excise Grade I (offg.) whose scale of pay is Rs. 1800—100—2000.
- (2) One post in the scale of pay of Assistant Commissioner of Income-tax plus S.P. of Rs. 150/- p.m. sanctioned in 1949. The revised scale of pay of Asstt. Commissioner is Rs. 1100—1600.

- (3) One post in the scale of Income-tax Officer, Class I plus S.P. of Rs. 100/- p.m. sanctioned in 1955. The scale of pay of I.T.O. Class I presently is Rs. 400—1250.
- (4) Two posts in the scale of income-tax Officers Class II plus S.P. of Rs. 100/- sanctioned in 1957. The scale of pay of I.T.O. Class II is presently Rs. 350—900.

(ii) What was the justification for the creation and continuance of these posts? (Information may be furnished post-wise and year-wise).

(L.S.S. O.M. No. 20-ECI/60 dated 14th September, 1962).

The post at S. No. (1) was created by conversion of one post of Deputy Secretary for revision of the Sea Customs Act which is at present at the Select Committee stage.

The post at S. No. (2) was initially created for the examination of the recommendations of the report of the Income-tax Investigation Commission, but has later on been continued for the work connected with judicial matters relating to I. T. Deptt. e.g. I. T. appeals to Appellate Tribunals, High Courts and Supreme Court, Writ petition relating to the I. T. Deptt. etc.

The Committee observe that the strength of the Secretariat of the C.B.R. has increased considerably since 1954. They were informed that part of this increase was due to the introduction of new taxes and duties. They fail to understand, however, how the new taxes and duties could be responsible for such increases of staff in lower categories. They feel that the C.B.R. is organised and functions like any other Ministry, and this arrangement is hardly likely to be conducive to efficient functioning of a body like the C.B.R. where

The posts at S. No. (3) were created for examination of the report of the Taxation Enquiry Commission. The posts at S. No. (4) were created for work connected with the evolution of an integrated tax structure. The three posts at S. Nos. (3-4) have been continued mainly for the purpose of Tax, Planning and Legislation work on the Income-tax side.

[Ministry of Finance (Department of Revenue) O.M. No. 7/50/62 Co-ord. (538) dated 18th October, 1962.]

The decision in the matter may be expedited and the Committee informed of the recommendations of S.R.U. team and Government's decisions thereon.

The SRU have already studied the organisation, distribution of work and work-load of officers and staff in the C.B.R. This recommendation will be examined with reference to the report that the SRU may finally submit.

[Ministry of Finance (Department of Revenue) O.M. No. 7/42/60-Co-ord. dated 31st July, 1961.]

quick decisions have to be taken on a variety of important administrative, executive and judicial problems, which would arise in the execution of Revenue Laws of the country.

The Committee consider that the organisation, the distribution of work and the work load of officers and staff in various categories, the procedure of disposal of work etc. in the C.B.R. should be comprehensively revised.

(Further information called for by the Committee).

The latest position in the matter may please be furnished.
(L.S.S. O.M. No. 20-ECI/60 dated 4th December, 1961).

The SRU have already looked into the organisation, distribution of work and work-load of officers and staff in the C.B.R. This recommendation will be examined with reference to the report that the SRU may finally submit.

[Ministry of Finance (Department of Revenue) O.M. No. 7/42/60-Co-ord. dated 31st July, 1961.]

The S.R.U. intends to make a further study of the working of this Department.

[Ministry of Finance (Department of Revenue) O.M. No. 7/64/61-Co-ord. (210) dated the 5th May, 1962.]

A Central Advisory Committee has already been constituted and is functioning for the Customs and

S. Nos. 14—16.
The Committee note that a Direct Taxes Advisory

11 35

10-11 33-35

14 41-43

Committee consider this recommendation as very important and are surprised that Government have not considered it with that urgency which it merited.

Central Excise. On the basis of the recommendation of the Direct Taxes Administration Enquiry Committee it has been decided to set up a Central Committee for all the direct taxes also.

Committee has been constituted at the Centre. They would urge the Government to expedite decision on the question of constituting regional advisory committees at the headquarters of each Commissioner of Income-Tax.

[Ministry of Finance (Department of Revenue) O.M. No. 7/42/60-Coord., dated 31st July, 1961.]

15 46 The Committee while welcoming the steps taken so far to associate the public in revenue administration by means of Advisory Committees set up at Collectorates of Central Excise and Customs and the proposed customs Advisory Council at the Centre cannot but feel that these measures are being adopted on an *ad hoc* basis and it is necessary to have a common policy for all the taxes in this respect.

Covered by reply to S. No. 14.

[Ministry of Finance (Department of Revenue) O.M. No. 7/42/60-Coord., dated 31st July, 1961.]

16 47 The Committee welcome the proposal for setting up the Customs Advisory Council at the Centre and hope that the Council will start functioning without further delay. They also recommend that similar central advisory councils may be set up to advise the Government in regard to other taxes and duties.

Covered by our reply to S. No. 14.

[Ministry of Finance (Department of Revenue) O.M. No. 7/42/60-Coord., dated 31st July, 1961.]

Further information called for by the Committee:

14 41-42 Information regarding composition and functions of the Central Advisory Committees constituted so far may please be furnished.

15 & 16 46 & 47 Please state whether Government have decided to have a common policy for the constitution of advisory Committees at different levels for all taxes, particularly at the level analogous to that of Collectorate of Central Excise and Customs.

A direct Taxes Advisory Committee has since been constituted.*

(Ministry of Finance (Department of Revenue) O.M. No. 7/64/61-Co-ord., (210) dated the 5th May, 1962).

(L.S.S. O.M. No. 20-ECI/60 dated 4th December, 1961).

*See Government of India Gazette Part I, Section 1 dated the 5th August, 1961.

New Delhi—1,
15th February, 1963/Magha 26, 1884 (Saka;

H. C. DASAPPA,
Chairman,
Estimates Committee.

APPENDIX

Analysis of the action taken by Government on the recommendations contained in the Forty-ninth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Finance — Central Board of Revenue.

I. Total number of recommendations made	28
II. Recommendations accepted by Government (vide recommendations included in Chapter II)—	
Number	11
Percentage to total	39.3%
III. Recommendations not accepted by Government but replies to which have been accepted by the Committee (vide recommendations included in Chapter III)—	
Number	9
Percentage to total	32.1%
IV. Recommendations replies to which have not been accepted by the Committee (vide recommendations included in Chapter IV)—	
Number	8
Percentage to total	28.6%

