

**17**

**STANDING COMMITTEE  
ON FINANCE  
(2004-2005)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)**

**DEMANDS FOR GRANTS  
(2005-2006)**

**SEVENTEENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 2005 / Chaitra, 1927 (Saka)*

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(2004-2005)

(FOURTEENTH LOK SABHA)

MINISTRY OF FINANCE  
(DEPARTMENT OF REVENUE)

DEMANDS FOR GRANTS  
(2005-2006)

*Presented to Lok Sabha on 20.4.2005*

*Laid in Rajya Sabha on 20.4.2005*



LOK SABHA SECRETARIAT  
NEW DELHI

*April, 2005/Chaitra, 1927 (Saka)*

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COMPOSITION OF STANDING COMMITTEE ON  
FINANCE 2004-2005

Maj. Gen. (Retd.) B.C. Khanduri — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Dasgupta
4. Shri Bhartruhari Mahtab
5. Shri Shyama Charan Gupt
6. Shri Gurudas Kamat
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8. Shri Bir Singh Mahato
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22. Shri Murli Deora
23. Shri R.P. Goenka
24. Shri Jairam Ramesh
25. Shri M. Venkaiah Naidu
26. Shri Yashwant Sinha

(iv)

27. Shri Chittabrata Mazumdar
28. Shri S.P.M. Syed Khan
29. Shri Amar Singh
30. Shri C. Ramachandraiah
31. Shri Mangani Lal Mandal

SECRETARIAT

- |                            |   |                          |
|----------------------------|---|--------------------------|
| 1. Shri P.D.T. Achary      | — | <i>Secretary</i>         |
| 2. Dr. (Smt.) P.K. Sandhu  | — | <i>Joint Secretary</i>   |
| 3. Shri R.K. Jain          | — | <i>Deputy Secretary</i>  |
| 4. Shri T.G. Chandrasekhar | — | <i>Under Secretary</i>   |
| 5. Shri M.L.K. Raja        | — | <i>Committee Officer</i> |

## INTRODUCTION

I, the Chairman of the Standing Committee on Finance having been authorised by the Committee to submit the Report on their behalf, present this Seventeenth Report on Demands for Grants (2005-2006) of the Ministry of Finance (Department of Revenue).

2. The Demands for Grants of the Ministry of Finance were laid on the Table of the House on 21 March, 2005. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Finance are required to consider the Demands for Grants of the Ministries/Departments under their jurisdiction and make Reports on the same to both the Houses of Parliament.

3. The Committee took oral evidence of the representatives of the Ministry of Finance (Department of Revenue) at their sitting held on 30 March, 2005 in connection with examination of the Demands for Grants.

4. The Members at the sitting held on 07 April, 2005 expressed their views on the subjects/topics that could be covered in the Report. The Committee considered and adopted the draft Report at their sitting held on 12 April, 2005.

5. The Committee wish to express their thanks to the officers of the Ministry of Finance for the co-operation extended by them in furnishing written replies and for placing their considered views and perceptions before the Committee.

6. For facility of reference, the observations/recommendations of the Committee have been printed in thick type.

NEW DELHI;  
19 April, 2005  

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29 Chaitra, 1927 (Saka)

MAJ. GEN. (RETD.) B.C. KHANDURI,  
*Chairman,*  
*Standing Committee on Finance.*

## REPORT

### INTRODUCTORY

#### Ministry of Finance — Department of Revenue

The report reviews the performance of the Ministry of Finance (Department of Revenue) during the year 2004-2005. The Department of Revenue functions under the overall direction and control of the Secretary (Revenue). It exercises control in respect of matters relating to all the Direct and Indirect Union Taxes through two statutory Boards namely, the Central Board of Direct Taxes (CBDT) and the Central Board of Customs and Central Excise (CBEC). Each Board is headed by a Chairman who is also *ex-officio* Special Secretary to the Government of India. Matters relating to the levy and collection of all Direct taxes are looked after by the CBDT whereas those relating to levy and collection of Customs and Central Excise duties and other Indirect taxes fall within the purview of the CBEC.

The Department of revenue administers the following Acts:—

1. Income Tax Act, 1961;
2. Wealth Tax Act, 1958;
3. Expenditure Tax Act, 1987;
4. Benami Transactions (Prohibition) Act, 1988;
5. Super Profits Act, 1963;
6. Companies (Profits) Sur-tax Act, 1964;
7. Compulsory Deposit (Income Tax Payers) Scheme Act, 1974;
8. Chapter VII of Finance (No.2) Act, 2004 (relating to Levy of Securities Transactions Tax);
9. Chapter V of Finance Act, 1994 (relating to Service Tax);
10. Central Excise Act, 1944 and related matters;
11. Customs Act, 1962 and related matters;
12. Medicinal and Toilet Preparations (Excise Duties) Act, 1955;



13. Central Sales Tax Act, 1956;
14. Narcotic Drugs and Psychotropic Substances Act, 1985;
15. Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988;
16. Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976;
17. Indian Stamp Act, 1899 (to the extent falling within jurisdiction of the Union);
18. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974;
19. Foreign Exchange Management Act, 1999; and
20. Prevention of Money Laundering Act, 2002.

2. Department looks after the matters relating to the above-mentioned Acts through the following attached/subordinate offices:—

1. Commissionerates/Directorates under Central Board of Excise and Customs;
2. Commissionerates/Directorates under Central Board of Direct Taxes;
3. Central Economic Intelligence Bureau;
4. Directorate of Enforcement;
5. Central Bureau of Narcotics;
6. Chief Controller of Factories;
7. Appellate Tribunal for Forfeited Property;
8. Income Tax Settlement Commission;
9. Customs and Central Excise Settlement Commission;
10. Customs, Excise and Service Tax Appellate Tribunal;
11. Authority for Advance Rulings for Income Tax;
12. Authority for Advance Rulings for Customs and Central Excise;

13. National Committee for Promotion of Social and Economic Welfare;
14. Competent Authorities appointed under Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 and Narcotic Drugs and Psychotropic Substances Act, 1985; and
15. Financial Intelligence Unit, India (FIU-IND)

3. The detailed Demands for Grants of the Ministry of Finance was presented in Lok Sabha on March 21, 2005. The details of the demands of Department of Revenue are as under :—

(In thousands of Rupees)			
Demand No. 42: Deptt. of Revenue	Revenue	Capital	Total
<b>Voted:</b>	<b>5,374,19,00</b>	<b>5,05,00</b>	<b>5,379,24,00</b>
Demand No. 43: Direct Taxes	Revenue	Capital	Total
<b>Voted:</b>	<b>1,165,98,00</b>	<b>84,00,00</b>	<b>1,249,98,00</b>
Demand No. 44: Indirect Taxes	Revenue	Capital	Total
<b>Voted:</b>	<b>1,458,67,00</b>	<b>188,73,00</b>	<b>1,647,40,00</b>

In the present Report, the Committee have examined the following issues:—

1. Demand No. 43 — Information Technology
2. Demand No. 44 — Investments
3. Revenue Targets
4. Vigilance Mechanism
5. Settlement Commissions
6. Computerisation
7. Arrears of Revenue
8. Appeals
9. Central Economic Intelligence Bureau and Financial Intelligence Unit – India

**Demand No. 43**  
**Department of Revenue**  
**Direct Taxes**  
**Major Head: 2020**  
**Minor Head: 01.01**  
**Detailed Head: 01.99.03**

**1. INFORMATION TECHNOLOGY—OFFICE EXPENDITURE**

4. This head is meant for meeting the expenditure for implementing the Phase-III of the Comprehensive Computerisation Programme (Perspective Plan) of the Income Tax Department. The Programme envisages setting up of All India Income Tax Network, connecting all Income Tax Offices in 510 cities in a single database. This will enable the Department to process the returns on computers.

(Rs. in thousands)

Year	BE	RE	Actuals
2003-04	-	-	63,54
2004-05	110,00,00	80,00,00	-
2005-06	48,00,00	-	-

5. The reasons stated by the Government on the upward revision in the BE for the year 2004-05 *vis-a-vis* the actuals for the year 2004-05 is as under:

“CCEA approved the Comprehensive Computerisation Programme (Perspective Plan) of the Income Tax Department, to be implemented at a cost of Rs. 251.56 crores over a period of three years as under:—

Year	Amount (Rupees in crores)
2002-2003	165.96
2003-2004	68.47
2004-2005	17.13
Total	251.56

After approval of the Cabinet was granted in November 2002, only period of slightly over 4 months was left in the financial

year 2002-2003. As per the prevalent practice, generally followed in purchases of high end servers, the Technical Evaluation of various systems takes 6-8 weeks. Besides, the delivery schedule is another 8 to 12 weeks. Therefore, it was felt that this process may go well beyond the financial year 2003-2004. In view of the same, the phasing of expenditure was revised as under:

Year	Amount (Rupees in crores)
2002-2003	78.19
2003-2004	156.24
2004-2005	17.13
Total	251.56

However, an Empowered Committee to oversee the implementation of the computerization program was set up with the approval of FM on 15.7.2003. The first meeting of the Empowered Committee was held on 04.08.2003. In view of the delay in finalisation of an agency for implementation of perspective plan, the actual expenditure during the year 2003-2004 was only Rs. 63.54 lakhs.

Therefore, expenditure planned for Financial year 2003-2004 had to be included in the BE for the Financial year 2004-05 resulting in the above increase. Present position of allocation for 2004-05 and 2005-06 and items of expenditure are indicated below.

(Figures in crores)

S.No.	Year	BE	RE	Actual
1.	2003-04	156.23	60.00	0.64
2.	2004-05	110.00	80.00	-
3.	2005-06	48.00	-	-

6. The reason as stated by the Government for the reduction in the BE for the year 2005-06 over the RE for the year 2004-05 is as follows:

“The decrease in the BE for the year 2005-2006 over the RE for the year 2004-2005 is on account of the fact that a major portion of the expenditure on implementation of Perspective Plan was expected to be incurred during the year 2004-2005.”

7. The Committee note with serious concern that within a period of one year, the allocation of funds have been revised on three occasions for the "three year plan for implementation of the Comprehensive Computerisation Programme (perspective plan)". They observe that this has happened because of reasons such as belated approval of the project by the cabinet, delay in formation of the Empowered Committee to oversee the implementation of the computerisation programme, and further delay in finalisation of an agency for implementation of perspective plan.

8. The Committee have, on earlier occasions too, advised the Government to obtain necessary approval and keep everything in order before going in for demand for grants. The Committee are of the opinion that this would avoid delays in implementation of the project and ensure that funds are not blocked unnecessarily.

**Demand No.44**  
**Indirect Taxes**  
**Major Head : 4047**  
**Detailed Head : 01.02.54**

**2. INVESTMENTS**

9. This head is meant for making provisions for procurement of Container Scanners for the Customs Department.

(Rs. in thousands)

Year	BE	RE	Actuals
2003-2004	-	-	15,14,37
2004-2005	79,50,00	26,35,00	-
2005-2006	1,00,00,00	-	-

10. The reason stated by the Government as to why there has been substantial reduction in the RE for the year 2004-2005 is as under:

“The RE 2004-05 has been reduced substantially since the proposal for procurement of more scanners during year could not be finalized.”

11. To a question raised by the Committee as to the reasons for the steep hike in the BE for the year 2005-06 *vis-a-vis* RE for the year 2004-2005, the Government replied as follows:

“There is proposal for procurement of more scanners for different Customs Commissionerates which is likely to be sanctioned in 2005-06.”

12. When the Committee wanted to know as to whether any study has been conducted as to the quality, suitability of the scanners before going in for the tender and purchase, the Government in their written reply have stated as under:

“The Committee of Secretaries in its meeting held on 30th October, 2002 nominated M/s. ECIL, a Public Sector Undertaking as the lead agency and entrusted it and M/s. BEL, another Public Sector Undertaking under the Ministry of Defence, with the task of collecting information on the technical and commercial aspects of electronic cargo scanning machines and come up with techno-

commercial proposals for the best options/combination of options. As per the requirement forwarded by Customs, M/s. ECIL in March 2003 forwarded a techno-commercial proposal towards implementation of the pilot project at JNPT, Nhava Sheva recommending a combination of one 9 MeV relocatable X-ray system (Rapiscan System 2213 R) and Mobile Gamma System (Rapiscan System 4200 GaRDs. In its project report M/s. ECIL discussed the various vendors and technologies pertaining to these scanners.

The Mobile scanner is gamma ray based system and has inherent technical limitations which make it suitable only for scanning of empty or lightly loaded containers. M/s. ECIL has recommended combination of mobile & relocatable systems for JNPT. Since it was their first experience there were teething problem after installation of the mobile system which has stabilized now. As regards the relocatable system the outcome is still not available as the project has been delayed owing to the fact that the civil work for installation of this scanner has spread over a period of more than a year. As per the information gathered from ECIL, factors such as the location of the site, the stringent radiation norms of Atomic Energy Regulatory Board lead to the delay."

13. To a particular point raised by the Committee as to whether the department has gone in for a demonstration of the scanners before being ordered for, the Government have replied in the affirmative and replied as follows:

"Yes. In December 2002 a team of officers went to UAE for demonstration of Chinese system installed there."

14. The Committee wanted to know as to why the scanners were bought on a "single tender basis" and not by floating global tender, the Government's reply in this regard as under:

"The Committee of Secretariat nominated only ECIL as the lead agency which submitted the techno economic report and accordingly the scanners were bought on 'single tender basis'."

15. The role of the Committee of Secretaries in the whole affair, as stated by the Government, is as follows:

"In the third & fourth meetings during June 2002 to January 2003, the Committee of Secretaries made following decisions:—

- (a) Nominated M/s. ECIL as lead agency which would take the requisite initiative to obtain such collaboration and support as may be forth coming from BEL.

- (b) Customs, Narcotics Bureau, Intelligence Bureau and Ministry of Civil Aviation could identify their requirements within a week and send them to ECIL. ECIL would finalise specification based on these requirements within 15 days thereafter.
- (c) Three pilot projects – one at Delhi Airport, one at JNPT and one at a location to be selected by IB may be chosen to start with. The nodal agency for collecting user requirements would be Ministry of Civil Aviation for Delhi Airport and the Customs for JNPT.
- (d) All concerned were requested to adhere to the time schedule and quickly install the equipment at JNPT and Delhi Airport. Based on the experience, container scanners were to be installed in many more locations.”

16. When the Committee wanted to know whether the Committee of Secretaries is still involved in the process, the Government replied as under:

“No, Committee of Secretaries has not held any meeting after 20th January, 2003.”

17. The following reasons were stated by the Government for the delay in the civil work for installation of the scanner:—

“The reason for delay of civil work for installation of scanner as gathered from ECIL are as under:—

- (a) Delay by M/s ECIL and their consultant M/s. TCS Consultant Engineers in finalization of drawings.
- (b) Delay in construction by the contractor of CWC.
- (c) The location of the site for Re-locatable and the stringent radiation norms of Atomic Energy Regulatory Board compel them to adopt such a type of design of construction.
- (d) Incremental weather conditions during monsoons.
- (e) Very soft soil at the chosen site of installation.



18. The Committee observe that lack of co-ordination among the different agencies involved in ensuring the quality of the scanners required and taking care of the formalities involved in the entire process of procurement and installation of scanners has resulted in obtaining "deficient scanners" and delay in executing the civil works for installation of scanners.

19. The whole affair, the Committee are of the opinion, has been done on a trial and error method which has caused wasteful expenditure. The Committee take serious view of it and require the Government to furnish an explanatory note on the whole affair, detailing the nature of mistakes committed by each authority/person involved and penal action, if any, taken on the erring officials/authority.

### 3. REVENUE TARGETS

#### Direct Taxes

20. The details regarding the revenue collection from the Direct Taxes from 2000-01 to 2003-2004 are as follows:

Fin. Year	Budget Estimates				Revised Estimates				Actual Collections				Shortfall From R.E.		Shortfall from B.E	
	Corp. Tax (crore)	Income Tax (crore)	Other Direct Taxes (crore)	Total (crore)	Corp. Tax (crore)	Income Tax (crore)	Other Direct Taxes (crore)	Total (crore)	Corp. Tax (crore)	Income Tax (crore)	Other Direct Taxes (crore)	Total (crore)	(Crore)	%	(Crore)	%
2000-01	40040	31590	475	72105	38721	35271	475	74467	35696	31764	845	68305	-6162	-8.27%	-3800	-5.27%
2001-02	4420	40600	475	85275	39059	34438	445	73942	36609	32004	585	69198	-4744	-6.42%	-16077	-18.85%
2002-03	48616	42524	445	91585	44700	37300	445	82445	46172	36866	50	83088	643	0.78%	-8497	-9.28%
2003-04	51499	44070	145	95714	62986	40269	145	103400	63561	41386	141	105088	1688	1.63%	9374	9.79%

21. Reasoning out for the variations between the Budget Estimates, Revised Estimates and Actuals, the Government stated:

“As can be seen from the table enclosed, Revised Estimates were exceeded in 2002-03 and 2003-04 and in the other years the shortfall from Revised Estimates have been in the range of 6% to 8%, which is reasonable in view of the fact that the Budget Estimates and the Revised Estimates are finalized quite early in the financial year and so certain amount of variation in the actual collections is unavoidable. Direct Tax collections depend upon a number of economic and non-economic factors including the growth of GDP, economic policies of the Government, international economic conditions, domestic and international political conditions, etc. Some of these factors are difficult to be predicted and so the actual collections remained short of the prognosis of the Government in the earlier years.”

22. The statement of the Government in so far as the zonal targets and action taken on the Co-ordinating zonal Chief Commissioners of Income Tax when there was shortfall of targets is as follows:

Since Direct Tax collections are extremely sensitive to a number of economic and non-economic factors, strict administrative action is not taken against the Chief Commissioners merely on the grounds of failure to achieve the targets. However, in cases where any act of omission or commission is found to have been committed by the Chief Commissioner or Commissioner or there has been repeated failure to achieve the targets of revenue collection, suitable administrative actions are taken against the officer concerned.

23. The analysis of collections of Corporate Tax and Income Tax CCIT region-wise against target are enclosed in the *Annexure - I*

#### **Indirect Taxes**

24. The details regarding the revenue collection from the Indirect Taxes from 2000-01 to 2003-04 are as follows:

#### **Year-wise BE, RE and Actuals since 1998-99 from Customs, Excise and Service Tax**

		(Rs. crore)			
Heads		2000-01	2001-02	2002-03	2003-04
1		2	3	4	5
<b>CUSTOMS</b>					
1.	BE	53572	54822	45193	49350
2.	RE	49781	43170	45500	49350

	1	2	3	4	5
3. Actuals		47616	40097	44912	48613
4. Gain/Shortfall over BE		-5956	-14725	-281	-737
5. %age Gain/Shortfall over BE		-11.1%	-26.9%	-0.6%	-1.5%
6. Gain/Shortfall over RE		-2165	-3073	-588	-737
7. %age Gain/Shortfall over RE		-4.3%	-7.1%	-1.3%	-1.5%
<b>UNION EXCISE*</b>					
1. BE		70967	81448	91141	96396
2. RE		70399	74222	86993	91850
3. Actuals		68636	72419	82254	90907
4. Shortfall over BE		-2331	-9029	-8887	-5489
5. %age Gain/Shortfall over BE		-3.3%	-11.1%	-9.8%	-5.7%
6. Gain/Shortfall over RE		-1763	-1803	-4739	-943
7. %age Gain/Shortfall over RE		-2.5%	-2.4%	-5.4%	-1.0%
<b>SERVICE TAX</b>					
1. BE		2200	3600	6026	8000
2. RE		2200	3600	5000	8300
3. Actuals		2613	3302	4122	7891
4. Gain/Shortfall over BE		413	-298	-1904	-109
5. %age Gain/Shortfall over BE		18.8%	-8.3%	-31.6%	-1.4%
6. Gain/Shortfall over RE		413	-298	-878	-409
7. %age Gain/Shortfall over RE		18.8%	-8.3%	-17.6%	-4.9%

\* Exclusive of cess administered by other departments.

Note: The above figures are as per departmental records.

25. The analysis of collections of Customs and Central Excise, Commissionerate-wise against the target fixed for the years 2000-01, 2002-2003, and 2003-2004 are as per **Annexure II**.

For the year 2002-03, the Government have stated that it has not been possible to give Commissionerate-wise comparison as the jurisdictions of many Commissionerates were changed in November, 2002."

26. Reasons for the shortfall in the revenue collection as stated by the Government in their written reply are as follows:

“One reason behind the declining trend in customs revenue is that the number of major basic *ad valorem* rates, which were 4 during 2000-01, were gradually reduced to 3 during 2003-04. The peak basic *ad valorem* rate was also reduced to 20% during 2003-04 from 35% during 2000-01. Further, it has been reduced to 15% in Budget 2005-06. Besides, there are significant amounts in duty foregone under various export promotion schemes and drawbacks. These are Rs. 20927 crore, Rs. 26836 crore, Rs. 39571 crore and Rs. 41226 crore during the financial years 2000-01, 2001-02, 2002-03, and 2003-04 respectively, which affected the customs revenue significantly in above years.

As regards excise duties, one reason for slow growth in excise revenue is the reduction in the number of basic *ad valorem* rates, which was ‘16% CENVAT + 3 SED rates’ during 2000-01, was reduced to single rate of 16% CENVAT + 1 SED rates during 2001-02. The peak basic *ad valorem* rate was also reduced to 16% CENVAT + 8% SED during 2003-04 from 16% CENVAT + 24% SED during 2000-01. As such the tariff measures didn’t result in short term growth in buoyancy.

Excise revenue comes mainly from manufacturing sector, which comprises of Non-SSI and SSI sectors. Increase in the SSI output does not result in proportionate increase in excise revenue because of the excise duty exemption available to SSI units. The share of SSI sector in excise revenue actually declined from 3.4% in 2000-01 to 2.3% in 2003-04. This was mainly due to the reason that the turnover limit for full excise exemption for SSI units was raised from Rs. 30 lakhs to Rs. 50 lakhs in 1998-99 and again to Rs. One crore in 2000-01. In view of these changes, the increase in production in the SSI sector did not result in increase in excise revenue.

However, it is expected that in future there would be appropriate growth, due to enhancement in tax base and in levels of tax compliance in excise sector.

Actual collection of revenue *vis-a-vis* the estimates/targets depends upon various factors. Revenue collection is a function of industrial growth, volume of imports, inflation rate, fluctuation in the prices of commodities and exchange rate. It is not always feasible to

identify any specific reason for shortfall in the collection of revenue. The estimates are based upon certain parameters which, if not achieved in the economy, may result in not achieving the estimates."

27. The Secretary (Revenue) during the oral evidence tendered before the Committee stated the following about the revenue collections:

"...during the past few years, the CBDT and CBEC have made some progress in respect of revenue collection and reduction of arrears. On the direct tax side, total revenues have increased, in absolute terms, from about Rs.58,000 crore in 1999-2000 to an expected Rs.134,000 crore during the current year. During the years 2002-03, 2003-04 and 2004-05, we have recorded rates of growth of direct taxes in excess of 20 per cent. Indeed, during the last financial year and the current year, the rate of growth has been in excess of 26 per cent. In indirect taxes, our collection has gone up from about Rs.112,000 crore in 1999-2000 to an expected Rs.171,000 crore in the current year. The growth rate of indirect taxes during the last three years, including the current year has been 13.5 per cent, 12.19 per cent and 16.18 per cent respectively and the tax-GDP ratio of 5.4 per cent, 5.4 per cent and 5.3 per cent during the past three years, including the current year."

28. In response to the doubts raised by the Committee on the achievability of the revenue targets fixed for the year 2005-06. The Secretary (Revenue) during the oral evidence stated the following:

"...we make our assessments of likely collection on the basis of factors that prevail at that particular point of time. We have generally found that it does not go too far off the mark. But there can be individual factors. For example, this year, the oil industry did not do that well. The Banking industry did not do that well. As a consequence, that impacted on the projected tax collection. Likewise, in respect of excise duties, we changed the duty rates on steel. Again, in the oil sector, we reduced the duties which had an impact on the collection. These factors will arise from time to time. But this cannot be predicted at this point of time. What we are doing is that we are making a forecast based on current conditions. We feel that the figures of revenue give the overall structure of taxes that we have built up. The estimates for the next year are achievable."

29. To a question on the process of fixation of Budget Estimates of revenue collections, the Government in their post evidence reply stated as under:

“The Budget Estimates of direct tax collections are worked out during the annual Budget exercise. Firstly, a baseline projection of the estimated revenues is made on the basis of the historical trends of collections, expected conditions of the economy for the year and other relevant factors. The baseline projection assumes that the historical growth rates, buoyancy of collections tax-GDP ratio, etc., would be followed in the year under reference also without much deviation. The amount estimated to be collected on account of amendments introduced through the Finance Bill, technically referred to as Additional Resource Mobilization (A.R.M.), is thereafter added to the baseline projections to arrive at the Budget Estimates for the year.”

30. The Committee notice that though it is a positive direction that the revenue collections from the direct taxes have taken in the year 2003-04, the actual collections of the Personal Income Tax has been lower as compared to the Budget Estimates. In so far as revenue collections from the Indirect Taxes are concerned, they observe that the actual collections continue to be negative. The Committee are of the opinion that apart from some uncontrollable factors, the tendency of the Government to alter the rate of tax/duty structure intermittently causes unexpected downfalls in revenue collections. The Committee advise the Government to restrain from giving tax breaks too often and restrict them to once in a specific period, say once a year. They further observe that the BE fixed for the tax collections for the year 2005-06 is too ambitious. Though it is indicative of a positive outlook, there are apprehensions about the achievability, particularly after seeing the track record of the Government, who are finding it difficult to match the revenue collections to that of the growth in the GDP. In this regard, the Committee are of the opinion that unrealistic revenue targets should not be made. This apart, the Committee's apprehension is that the tendency to hardpress the assesseees, particularly under indirect taxes, to not to utilise cenvat credit, but to pay the taxes through cash payments, might increase.

31. Repeated failures to achieve the targets of revenue collection are noticed in a number of Chief Commissionerates under the Income Tax Department and in Commissionerates both under the Customs and Central Excise Departments. The Committee desire to know the specific reasons for such repeated failures and the administrative actions taken against the officers concerned. They further want the Government to analyse the reasons for the shortfalls and rectify them so as to reverse the trend in the revenue collections.

#### 4. VIGILANCE MECHANISM

##### CENTRAL BOARD OF DIRECT TAXES

32. The Government in their written reply furnished to the Committee have stated as under in regard to existing Vigilance Mechanism in various tax departments:

“The vigilance set up in the Income-tax department is headed by the Director General of Income-tax who is also the Chief Vigilance Officer of the Department. He is an officer of the rank of Chief Commissioner of Income-tax. The Directorate General of Income-tax (Vigilance) function from its office at New Delhi. Besides DGIT, there are officers i.e. C.I.T.(OSD)(Vig.) and three Addl. Directors of Income-tax (Vig.) and five Dy. Directors/Asstt. Directors of Income-tax. The office of the DGIT deals mainly with vigilance matters pertaining to Group ‘A’ officers of the Department.

At the regional level there are four Directorates of Income-tax vigilance at Delhi, Kolkata, Mumbai and Chennai each headed by a Director of Income-tax (Vigilance) who is an officer of the rank of Commissioner of Income-tax. He is also Dy. CVO of the region and deals with Group ‘B’ officials. He is also assisted by Addl. Director of Income-tax (Vig.) and Dy. Directors/Asstt. Directors.

There are sufficient safeguards in the internal vigilance set up of the Department to keep objectivity and allow the vigilance staff to work without fear or favour. The incumbents who are appointed to work in the vigilance set up are selected after screening and verification of their antecedents. The CVO is appointed with the approval/concurrence of the CVC. There is also a proposal that the Director of Income-tax(Vigilance) and Dy. CVOs should be appointed after the concurrence of the CVC. The objectivity of the vigilance set up is maintained as the CVO has to report to CVC in all matters relating to Group ‘A’ officers of the Department. The work and procedure followed in the CVO’s office is subject to periodical review and also the vigilance audit by CVC. The CVC has also issued guidelines for a tenure of three years for officers posted in the vigilance set up.

The CVC has issued instructions that officers working in the vigilance set up may not be posted under those officers against whom vigilance proceedings were under process during their tenure in the vigilance set up.



All the staff and officers posted in the office of the Director General of Income Tax (Vigilance) and CVO and the four regional Directorates are from the Income Tax Department.

The outside agency involved in vigilance on the Department is the CBI. However, in some of the cases the Anti-Corruption Bureau of the State Governments have also registered trap cases in respect of Income Tax officials/officers.

There is no proposal to outsource the vigilance work, since it is technical in nature and only officers from the Income Tax Department can examine the technical aspects of the decision making process. This work is supervised by the Central Vigilance Commission (CVC) which is a statutory body. Wherever required, consultation with the Union Public Service Commission is also undertaken. Further, independence in the functioning of vigilance staff is ensured by deploying officers who enjoy a high reputation for personal and professional integrity."

33. The number of vigilance cases registered against officers at various levels, as stated by the Government, are as follows:

"At present, there are 162 DP cases pending in respect of Group A officers and 54 in respect of Group B officers. The number of cases in respect of Group C officers cannot be furnished at present since these are taken up at the level of CCIT(CCA) and as soon as the figure is received, the same will be furnished. As regards the action taken, it may be stated that the cases are being investigated and have reached different levels of completion. During the period 1.1.04 to 31.12.04, 28 cases pertaining to Group A officers were finalized."

34. The major causes for initiating the vigilance cases, as stated by the Government, are as under:

The major causes for initiation of vigilance cases are acts of omission and commission while carrying out duties conferring of undue benefit to assesseees, showing favours to assesseees with *malafide* intentions and actions which are detrimental to the interest of revenue. Vigilance cases are also initiated on charges of corruption, acquisition of assets disproportionate to known sources of income and in cases where officers/officials have been trapped while demanding and accepting bribes.

35. The vigilance mechanism under the CBEC is a three-tier structure:

There is a dedicated Section which deals with the processing of disciplinary matters against Group 'A' Officers is part of the CBEC and functions under the CVO. The CVO is an IRS (CCE) Officer of the rank of Chief Commissioner. The Section is headed by an officer of the rank of Dy. Secretary who is from Central Secretariat Service. Apart from him, there is one Under Secretary, two Section Officers, one Sr. PS, one P.A., three Assistants, one UDC, two LDCs and one Daftry.

35A. Directorate of Vigilance, Customs & Central Excise, which functions under the Central Board of Excise & Customs and handles the vigilance investigations against the officers/staff, is headed by a Director General who is drawn from IRS (CCE). The posts in the headquarters of the Directorate of Vigilance and its four Zonal Units are manned at the Group 'A' level by officers drawn from IRS (CCE). These officers work at the level of Addl. Director General, Addl./Jt. Commissioners and Dy./Asstt. Commissioners. At the Group 'B' level, officers in the grade of Supdts., Appraisers, A.O., Sr. PS and PS are posted. The Group 'C' level posts are manned by Inspectors, Sr. Technical Assistants, DOS, Tech. Assistants, Stenographers, Record Keeper and Drivers, etc. There are also Group 'D' posts comprising Head Hawaldar, Hawaldar, Sepoy, Gestenor Operator, Daftry, Peon and Farash/Safaiwala etc.

36. Commissionerates in the field also have their vigilance sections which are generally headed by an officer of the rank of Addl./Jt. Commissioner. Depending upon the work load, these units have a suitable component of other staff, the strength of which may differ from Commissionerate to Commissionerate.

37. The DG(Vig.)/CVO is appointed with the concurrence of the Central Vigilance Commission and he is usually appointed for a fixed tenure and cannot be shifted without the concurrence of Central Vigilance Commission. This provides security of tenure to him and also ensures objectivity as well as independence in his dealing of the vigilance matters. The Group A & Group B Officers are also selected on the basis of their good service record and reputation. As per instructions and laid down procedures, decisions on the investigations, initiation of disciplinary proceedings and imposition of penalties are taken in consultation with/on the advice of Central Vigilance Commission which imparts objectivity to decision making and ensures

the vigilance staff works without fear or favour. This also contributes to the independence of the vigilance staff in their functioning. The consultations with the Union Public Service Commission as per prescribed instructions and procedures also imparts objectivity to the functioning of the vigilance mechanism.

38. The staff posted in the Section referred to earlier are not from the Customs & Central Excise Department except the CVO. The staff posted in the Directorate of Vigilance and the Vigilance Ad.V sections of the Commissionerates are from the Department.

39. The outside agencies keeping vigilance on the department are Central Vigilance Commission and the Central Bureau of Investigation.

40. There is no proposal to outsource the vigilance work. The vigilance work in Customs and Central Excise requires technical expertise on highly complicated classification/valuation matters, knowledge of Customs, Central Excise and Service Tax laws, rules, regulations and procedures as well as actual experience of working on the job. It, therefore, becomes imperative that the officers of the department who alone have this kind of expertise, knowledge and experience handle the vigilance work to ensure that the vigilance investigations are carried out in an effective way. This also ensures that excesses or injustice is not done to the officers and staff that may otherwise arise as a consequence of lack of knowledge, expertise and experience resulting in incorrect appreciation of the decisions taken by the officers and staff while discharging their duties. However, independence in the functioning of vigilance staff is ensured through selection of officers who have reputation for integrity and independence as well as the mechanism of scrutiny of their work by the Central Vigilance Commission and its superintendence of the functioning of the CVO/DG(Vig.). Consultation with Union Public Service Commission also imparts objectivity to the decisions processed by the vigilance mechanism of the Department."

41. The number of vigilance cases registered against officers at various levels, as stated by the Government, are as follows:

"During the period 2001-02 to 2003-04, 942 chargesheets were issued against Group A, B & C officers of Customs & Central Excise out of which as many as 422 cases have already been decided imposing penalty in 325 cases. In 520 cases inquiries are pending. During the period 2004-05 (upto Dec., 2004), 350 chargesheets were issued against the Group A, B & C officers out of which 23 cases have been decided imposing penalty in 12 cases. The rest of the cases (327 cases) are pending inquiry."

42. The major causes for initiating the vigilance cases, as stated by the Government, are as under:

“The major causes for initiating vigilance cases against officers are their involvement in corruption as brought out by trap cases booked by the CBI, detection of cases involving demand and acceptance of bribe and possession of disproportionate assets booked and investigated by the CBI, omissions or commissions on the part of officers in cases of import and export frauds, improper availment of Cenvat credit, clandestine removal of excisable goods and any other irregularity in which the officers are found to have connived or been grossly negligent at the cost of revenue interest and also any other misconduct showing that they have not properly discharged their administrative or technical functions as required under the Customs Act, Central Excise Act or allied acts and the rules made thereunder.”

**43. The Committee feel that strict vigilance action against corrupt officials not only discourages corruption, but also encourages uprightness and gives moral courage to the honest officers. The extent of the efficiency of the vigilance mechanism decides the relative extent of evasion of tax. One of the major causes for corruption in tax departments relates to connivance of the corrupt officials with the evaders. The Committee are constrained to notice that there are many vigilance cases that are pending as on date and advise the Government to speed up disposal of the cases by making special efforts.**

## 5. SETTLEMENT COMMISSIONS

### INCOME TAX SETTLEMENT COMMISSION

44. The Settlement Commission was constituted with effect from 01.04.1976 under Chapter XIX-A of the Income-Tax Act, 1961 and Chapter V-A of Wealth-Tax Act, 1957 for settlement of income tax and wealth tax cases.

45. There are four Benches of the Settlement Commission as under:

1. Principal Bench at New Delhi
2. Additional Bench at Mumbai
3. Additional Bench at Kolkata
4. Additional Bench at Chennai

46. The Principal Bench consists of one Chairman and two Members. The Additional Benches consist of one Vice-Chairman and two Members each. The Chairman is the presiding officer of the Principal Bench and the Vice-Chairmen are the presiding officers of their respective Benches.

47. Each settlement application involves computation on income/wealth for a number of assessment years: A majority of the cases settled, pertained to search and seizure operations and involved complex investigations. In normal course, these cases would have involved protracted litigation, possibly up to the Supreme Court level.

48. The number of cases received, disposed of and duly realised, since the year of inception, including the year 2004-05 (upto February, 2005), region-wise are as follows:

Financial year	No. of cases pending for admission at the beginning of financial year i.e. 1st April	Total No. of cases pending at the beginning of financial year i.e. 1st April	Total No. of cases pending at the beginning of financial year i.e. 1st April	No. of applications received during the year	Addition due to High Court or Settlement Commission Order	Total for disposal (2@+3)	Cases admitted 245 D(1)/2 2D(1)	Disposal during the year cases rejected	Disposal during the year admitted cases disposed of	Total pendency reduced [5(b)+5(c)]	Balance pending at the end of financial year Admitted cases pending for admission	Balance pending at the end of financial year	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	2(a)	(2b)	2(c)	3	3(a)	4	5(a)	5(b)	5(c)	6	7(a)	7(b)	7(c)
1990-91	716	1367	2083	455	-	2538	353	171	445	616	641	1281	1922
1991-92	641	1281	1922	568	+3	2493	318	93	530	623	798	1072	1870
1992-93	798	1072	1870	665	-	2535	550	48	393	441	865	1229	2094
1993-94	865	1229	2094	730	-	2824	670	100	355	455	825	1544	2369
1994-95	825	1544	2369	570	-	2939	561	119	390	509	715	1715	2430
1995-96	715	1715	2430	557	-	2987	496	113	470	583	663	1741	2404
1996-97	663	1741	2404	520	-	2924	551	113	468	581	519	1824	2343
1997-98	519	1817	2336	385	-	2721	503	70	482	552	331	1838	2169

1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998-99	336	1838	2174	274	1	2448	354	45	512	557	211	1681	1892
1999-00	211	1681	1892	423	2	2317	278	27	465	492	329	1496	1825
2000-01	329	1496	1825	469	-	2294	444	22	330	352	330	1608	1938
2001-02	330	1608	1938	671	-	2609	365	17	323	340	593	1650	2243
2002-03	593	1650	2243	560	-	2803	521	55	218	273	577	1953	2530
2003-04	577	1953	2530	491	-	3021	328	33	155	188	707	2126*	2833
2004-05 (upto 1.3.2005)	707	2119	2826	401	-	3227	273	155	185	340	680	2207	2887

(\*After physical verification, this figure comes to 2119)

49. The difficulties faced in the functioning of the Commission and steps taken to solve them, as stated by the Government are as under:

- “(a) There has been a shortage at the level of Members in the Commission. As on date, the post of Chairman, ITSC is lying vacant since 14.2.2005. In the event of appointment of one of the Vice-Chairman to the post of Chairman, there will be consequential vacancy of one Member, which needs to be filled up urgently.

The vacancies in the posts of Chairman/Members are filled up by the Ministry of Law. They would be asked to fill up these vacancies immediately.

- (b) The shortage at the level of Additional/Joint Director of Investigation continues in the Principal Bench and Additional Bench at Kolkata. This is seriously hampering the functioning of the Benches and is adversely affecting the performance in terms of disposal of the cases.

These are cadre posts and have to be filled by the CBDT. The CBDT would be asked to fill up these posts expeditiously.

The Ministry will also be writing to Chairman, CBDT for filling up the posts.

- (c) The shortage at the level of Administrative Officer also continues in the Principal bench, New Delhi for a period of more than two years now and no headway has been made in this regard inspite of a series of reminders and DO letter addressed by the Chairman to the Secretary (Revenue).

This post is to be filled by the Ministry on deputation basis. The applications received have been processed and sent to UPSC. The UPSC wanted certain clarifications, which have been provided to them. The matter is presently pending with UPSC.

- (d) It has been noticed that there has been undue delay in the submission of reports by the CIT under Rule 6 of the ITSC Rules at the stage of admission of the settlement applications. There has also been undue delay in submission of reports under Rule 9 of the said rules by the CITs, which are required for final disposal of various cases. This has



seriously been hampering the performance of various benches of the Commission in terms of disposal of petitions for admission as also final disposal of cases. The matter has been brought to the notice of the CBDT for issuing suitable directions to the field formations for quick submissions of reports.

CBDT would be asked to take necessary action in this respect immediately."

50. To a point raised by the Committee as to how long certain positions in the Commission are lying vacant and why no action had been initiated to fill up the vacancies till now, the Government in their written reply stated as follows:

It has been reported by the Settlement Commission that two posts of Joint/Additional Directors of Investigation have been lying vacant in the Settlement Commission for more than 5 years. The past practice has been that the postings of Joint/Additional Directors of Investigation are made by the Central Board of Direct Taxes by placing the officers at the disposal and strength of the Chief Commissioners of Income Tax. The Chief Commissioners in turn used to post these officers to the Settlement Commission. However, recently, the posting of one Joint Director of Investigation has been made to the Commission directly by the Central Board of Direct Taxes. However, the vacancy of two officers at this level still continues. The Commission is in constant touch with the CBDT for filling up these vacancies. The Department of Revenue (Hqrs.) has also written to the CBDT to provide adequate staff to the Settlement Commission. Now the CBDT have also requested the Chief Commissioners of Income Tax at Kolkata and Delhi to take necessary action in this regard.

51. The written reply of the Government *vis-a-vis* the directions issued to the CITs on adhering to the Rule 6 and Rule 9 of the ITSE Rules is as under:

"CBDT had issued instructions *vide* Member (A&J)'s D.O letter No.270-DS(J)/2004-ITJ dated 04.10.2004, stating therein that after admission of application by Settlement Commission, the Commissioners should extend all possible cooperation so that the applications are processed within a period of three months, thus enabling the Commission to pass final orders under section 254D(4) of the Income Tax Act."

### Customs and Central Excise Settlement Commission

52. The Central Government have constituted the Customs & Central Excise Settlement Commission under section 32 of the Central Excise Act, 1944 *vide* notification No. 40/99-CX (NT), dated 9.6.1999. The Commission consists of Chairman, Vice-Chairman and Members and functions within the Department of Revenue. The Principal Bench of the Commission is located at Delhi and Additional Benches at Mumbai, Chennai and Kolkata.

53. The Customs & Central Excise Settlement Commission is a forum for quick resolution of tax disputes and it is purely voluntary for the eligible persons to subject to its jurisdiction, thereby avoiding protracted litigation. The time, cost and energy saved both by the department and assessee can be utilised instead of involving in long drawn litigation. Revenue, as legally due is also realised quickly. The legal provisions are contained in Chapter V of the Central Excise Act, 1944 and Chapter XIVA of the Customs Act, 1962. The Commission is empowered to grant immunities, from payment of penalty, fine and interest under the respective acts and is also empowered to grant immunity from prosecution under the above mentioned acts and any other Central Act. The applicant is, however, required to make full and true disclosure of duty liability to be entitled to the immunities. The order of settlement is conclusive.

54. Chart showing cases received, disposed of and duly realized since inception of the Settlement Commission till 2004-05 (upto February 2005):

	Principal Bench	Mumbai	Kolkata	Chennai	Total
Cases (applications received)	377 (803)	661 (1594)	47 (102)	465 (90)	1550 (3408)
Cases (applications disposed)	298 (643)	512 (1236)	23 (45)	327 (669)	1160 (2593)
Duty realised in respect of settled cases (Rs. in crore)	157.23	194.93	2.79	98.20	453.15

\*The figure shown in bracket is the number of applications whereas the figure shown outside the bracket is the number of cases corresponding to the application.

- (i) The field formations depute junior level officers to represent the Revenue before the Commission. This delays the process as these officers will have to go back to the Commissioner to get necessary approval.

In this regard, the Member, CBEC has already written to the field formations to depute officers not below the rank of Asstt. Commissioners/Dy. Commissioners, who are also authorised to take a stand at the time of hearing so that avoidable delays/adjournments are not necessitated.

- (ii) Non-finalisation of Recruitment Rules(RRs) for various posts in the Commission results in considerable delay in obtaining suitable candidates for these posts and for extending their deputation period and their repatriation after the tenure, which leads to unfilled vacancies.

The draft RRs for various Groups 'A', 'B' 'C' and 'D' have been prepared and are being finalised in consultation with DoP&T.

- (iii) The pay scales for the posts of Superintendent and Inspectors have been revised to Rs. 7500-12000 and Rs. 6500-10500 respectively in the Customs and Central Excise Department *w.e.f.* 21.4.2004. However, the Senior Investigating Officers (SIOs) and Junior Investigating Officers (JIOs) of the Settlement Commission, who are drawn from the rank of Superintendents and Inspectors are continuing in the pay scales of Rs.6500-10500 and Rs.5500-9000 respectively. The non-revision of the pay scales for the SIOs and JIOs is affecting the morale of these officers and they may not be willing to continue to work on deputation in the Commission.

The matter is under consideration of the Department of Expenditure.

- (iv) The officers/Staff working on deputation are drawing deputation allowance whereas the officers/staff taken on loan basis from the Customs and Central Excise Department do not have any monetary benefits which may create resentment.

This proposal will be examined in consultation with CBEC and the Department of Expenditure.

55. The Committee understand that the Settlement Commissions have been created to avoid complex and lengthy process of litigation and the cost involved in pursuing the cases, both for the assessee as well as the Government. The extent of belief of the assesses to approach the system with a positive attitude is dependent on the extent to which these commissions are able to function efficiently and effectively. It is observed that presently there are vacancies in the Income Tax Settlement Commission, which have not been filled for years. This has happened because of the absence of clear-cut policy as to how these posts are to be filled in, and lack of serious efforts by various Government agencies involved. Hence the Committee urge the Government to come out with clear-cut policy/ instructions in so far as the filling up of the vacancies in the Settlement Tribunals is concerned.

56. The Committee note with serious concern that there has been a tendency of non-cooperation by the Commissioners of Income Tax in furnishing the necessary reports under certain provisions of the Income Tax Settlement Commission rules. This denotes the attitude of the field officers in supporting the functioning of the Commission. The Committee want the Government to take a serious view of such defaults and initiate suitable action in this regard.

57. The Committee note that the non-finalisation of the recruitment rules in time, non-revision of the pay scales of certain officers and lack of certain basic monetary benefits to the officials posted in the Customs and Central Excise Settlement Commission, are taking their toll, which might affect the very efficiency of the functioning of the Commission. They observe that the performance of the Commissions, particularly that of the Income Tax Settlement Commission, indicates marked decline in disposal of the cases, which is not at all to the Committee's expectations. They are of the opinion that the shortcomings observed above are the main reasons for the dismal shortfalls in the performance of the Settlement Commissions. Though the Government have initiated some remedial measures, the Committee advise the Government to pursue the matters in a time bound frame and solve them expeditiously. They are of the opinion that the Government have not been serious enough to ensure the smooth functioning of both the Commissions. Hence, the Committee urge the Government to undertake a thorough review of the functioning of the Settlement Commissions and remove all the obstacles in the functioning on a war footing. The Committee desire that the Government shall submit a status report in this regard within three months.

## 6. COMPUTERISATION

58. The Government in their written reply have stated the following on the Computerisation efforts:

In the Revenue Headquarters (Hqrs.), a fair degree of computerization has been achieved. However, there is a need to strengthen the availability of computers at lower levels. Internet access through Local Area Network (LAN) is available on all these computers, which is maintained by the National Informatics Centre (NIC). However, there is a need to not only integrate the computers of Revenue Hqrs. Administration, senior functionaries of CBDT and CBEC, but also to vertically integrate the computerization in field formations with the decision making levels in CBDT and CBEC.

An Empowered Committee for computerization of the field level functionaries of CBDT is already functioning. This Committee has been mandated to provide 161 computers to the Revenue Hqrs., which are still required at lower levels. The conceptual framework of providing an intranet between Revenue Hqrs. Administration, CBDT and CBEC is also being finalised.

A Computerisation Cell has also been created in the Department of Revenue (Hqrs.), which is presently engaged in the work relating to updating of the website of the Department.

### CENTRAL BOARD OF DIRECT TAXES

59. The computerisation program in Income Tax Department has three major components—

- (1) e-delivery of taxpayer services
- (2) Augmentation of departmental computer infrastructure
- (3) Setting up of Tax Information Network (TIN)

#### **e-delivery of taxpayer services:**

60. **Dissemination of tax information on web:** Department's website [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) provides information on tax law, procedures, etc. as also downloading of forms, challans and return preparation software etc. Average number of visitors per month exceeds 40 lakh.

**61. PAN related services:** Part process relating to receipt of PAN applications and printing/ dispatch of PAN cards has been outsourced. Following PAN related services are available on internet—

- |                                                       |                                                                                                 |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| (i) Online filing of PAN application                  | Providing facility for online filing of PAN applications on internet.                           |
| (ii) Web Tracking of status of PAN applications       | Providing online access to taxpayers to ascertain status of PAN applications.                   |
| (iii) PAN grievance handling with Call centre support | E-filing of PAN grievances, their monitoring, tracking and redressal.                           |
| (iv) "Tatkal" allotment of PAN                        | On line filing of PAN applications, payment by credit card, and intimation on e-mail in 5 days. |

**63.73 lakh PANs have been allotted during current year** as against 44.60 lakh in Financial Year 2003-04. Total **3.82 crore PANs** have been allotted up to 30.3.05. Average time for allotment of PAN has come down to about 15 working days.

**62. Online preparation of returns of income:** Free software for preparation of returns of income by taxpayers not having business income has been provided on the website.

**63. e-filing of returns of income:** Notifications have been issued on 30.9.04 for electronic filing of returns of income through intermediaries. Registration of e-intermediaries has started.

**e-payment of tax-** Following facilities are available through internet—

Blank challans with preprinted PAN	Facility to download preprinted Challans with name address and PAN/TAN
View of tax paid in banks	Facility to verify tax payment on internet
e-payment of tax	Facility for tax payment through internet banking

**64. Faster processing of returns and issue of refunds:** A decision has been taken to process all returns on computers within 4 months of filing.

Financial Year	No. of returns processed on computers	Refund cheques issued (in lakh)	Amount refunded (in crore)
2001-02	14,83,872	26.72	17,300
2002-03	1,71,49,300	39.87	22,676
2003-04	2,03,93,676	56.66	25,836
2004-05 (28.02.05)*	1,98,63,490	33.47	24,319

Faster processing of returns and refund has resulted in improved better taxpayer service, and lower interest outgo on refunds. Computerised processing of returns has enabled, creation of databases for selection of cases for scrutiny, identification of stop filers and supporting data for decision making on tax policy issues.

**65. Electronic credit of refunds:** Facility for electronic credit of refunds to the bank account of taxpayers has been introduced in 12 cities for salaried taxpayers in March 2004.

**66. Electronic filing of TDS returns:** Scheme for mandatory electronic filing of TDS returns by corporate deductors has been notified in September, 2003. Free TDS return preparation software has been provided for generating e-TDS returns. Particulars of e-TDS returns received are as under—

TDS Returns for Financial Year	Facilitation Centres	e-TDS returns received	Transactions included in e-TDS returns
2002-03	638 in 231 cities	1,26,450	68,07,516
2003-04		3,17,238	11,42,90,246

#### **Augmentation of departmental computer infrastructure**

**Consolidation of 36 regional databases into single national database—**This will enable following functionalities—

- a. Any time anywhere computing;
- b. Jurisdiction free filing /processing;
- c. All India data matching;
- d. Centralised MIS reporting

**National Data Centre** with appropriate Business Continuity and Disaster Recovery site is being set up to house the single national Database.

**All India Virtual Private Network (VPN)** is being set up to link all income tax offices across the country. Scheduled date for completion of these projects is 31.12.05.

**Supply of PCs** -8800 PCs have been provided to all Officers and Staff.

### **Setting up Tax Information Network**

67. Tax Information Network (TIN) has been set up outside the Department. This is being hosted by National Securities Depository Limited (NSDL) as a repository of information relating to—

- (i) Tax payments — coming online from banks under Online Tax Accounting System (OLTAS)
- (ii) Tax deductions coming from TDS returns — filed electronically as well as filed on paper and digitized at TIN.
- (iii) High value financial transactions coming through Annual Information Returns

68. **Online Tax Accounting System (OLTAS)**– Online tax accounting system has become functional from 01.06.2004. Under this nearly 11,900 branches of 32 designated banks authorised to collect direct taxes are transmitting information of tax payments online to the Department through TIN on T+3 basis. The procedure for payment has been simplified. The number of challans has been reduced from 7 to 3.

69. **Computerisation of TDS functions:** TIN is providing facility for e-filing of TDS return and digitization of paper TDS returns. The information in respect of deductees available in TDS returns is being used for widening of taxbase using PAN as the key identifier. In Phase-II facilities for Dematerialisation of TDS certificate will be set up through TIN. Necessary amendments to Income Tax Act have been made by Finance Act, 2004 from 01.04.05.

70. **Annual Information Returns:** Notification of Annual Information Returns of high value financial transactions has been made. These will be filed in electronic format with TIN using PAN as the key identifier from August 2005. Information available in these returns will be used for widening of tax base, computerized selection of cases for scrutiny on intelligent criteria, and deepening of tax base.

### **Time lines**

71. A detailed chart outlining the objectives of various projects, the target dates of completion, periodical achievements and present status of various projects and reasons for delay is enclosed.



### Money spent

72. Sanction of the Cabinet for augmentation of departmental computer infrastructure in phase III of computerisation program (head: 01.99.13) was accorded in November 2002. An Empowered Committee to oversee the implementation was constituted on 31.07.03. A Project Consultant was appointed in November 2003. The implementation could start only after that. The Empowered Committee decided on single national data base which resulted in change of technology architecture. This impacted time lines in respect of tender process for all India network and National Data Centre resulting in lower utilisation of funds in 2004-05. Utilisation of funds under the above head was Rs.9.9 crore in F.Y. 2003-04 and Rs. 52.74 crore in F.Y. 2004-05.

73. The Secretary, Revenue during the oral evidence has stated on the computerisation plan in so far as income tax department is concerned as under:

“The Income Tax Department has undertaken a programme of Comprehensive Computerisation (Perspective Plan) envisaging setting up of All India Income Tax Network connecting all Income Tax Offices in 510 cities on a single database at National Computer Centre, Delhi. The setting up of Network and a single database would enable the Department to process all the income tax returns on computers through customised Income Tax Application Software. This programme was sanctioned by the Cabinet at a cost of Rs. 251.56 crore and is expected to be completed by 2005-06.”

74. When the Committee desired to know the status of various computerisation projects that are being undertaken, the Director (Systems) Income tax Department had stated the following:

“We are currently in the third phase of computerisation in the Income Tax Department. This basically comprises of three main areas. One area is of networking all offices of Income Tax Department. Second is setting up of Common National Data Base, which is Single National Data Base. Third one is upgradation of software. For this, we had sought the approval of the Cabinet for a total expenditure of Rs.256 crore that would spread over for three years. This sanction was given in November, 2002 for the financial years, 2002-03, 2003-04 and 2004-05. An Empowered Committee was appointed in July, 2003 for implementation of this programme. However, the actual implementation started later on. Therefore, we could not spend the money allotted to us in the

Budgetary Grants of 2003-04. For the current year, that is, 2004-05, we had a sanctioned budget of more than Rs.110 crore. In the RE, we had reduced it to Rs.80 crore because our proposal for networking of Income Tax Office all over India required an approval of the Government which is still awaited. That is the reason why we had to reduce our estimates at RE stage. As far as the total expenditure on computerization is concerned, it is 4.1 per cent of the total expenditure allotted to the Department."

75. To a particular question as to why the RE has been revised downwards in the year 2004-2005, the Director (Systems), Income Tax stated:

"It was that we had made three major proposals in the Budget estimates. Providing PCs, setting up network and National Data Centres was one of them. Two tenders relating to National Network and National Data Centres could not be completed during the year. Therefore, it had to be reduced."

76. To an apprehension by the Committee about the possibility of spending the Budget Estimates for the year 2005-06, keeping in mind the track record of the Government in this regard, the Director(Systems), Income Tax has stated the following:

"The revised schedule is that we will complete it by December, 2005. What has happened in between is that the payment model has changed. We went for an approval. We had taken the capital procurement model. We would have purchased, and made payments. But the Empowered Committee decided on an outsourced model with quarterly payment services will be a better model. So, now payment model would be based on quarterly basis. It would be for five years term, and not three years term. For capital procurement, overall, there will be some changes."

77. Further stating about the target dates, the Director (Systems) said:—

"December, 2005 is the revised schedule for completion of this phase of computerisation, which is Phase-III.

Setting up of all infrastructure including networking and national data centre would be completed by December, 2005. The payments would go on even after that."

**CENTRAL BOARD OF EXCISE & CUSTOMS****Customs Projects**

78. The CBEC has undertaken automation on a large scale. The first attempt at computerization of the Customs operations was made in 1986, when the processing of documents at six major Custom Houses was automated. Automation lead to trade facilitation, quicker clearances, simplification and standardization of procedures, reduced discretion, less interface, faster decision-making, all of which immensely helped both the Department and the trade and industry. As an automated System with an electronic workflow, the Indian Customs EDI System (ICES) started as a pilot exercise at Delhi Air Cargo in May 1995. The main Customs Computerization projects undertaken by CBEC are as follows:

**Indian Customs EDI System (ICES)****(A) Objectives**

79. The Indian Customs EDI System (ICES) has been conceived and designed to be a comprehensive, paperless, automated customs clearance system. It is operational at 32 major customs locations handling nearly 80% of India's International trade in terms of import and export consignments. It has the following important objectives:

- Electronic filing of Goods declarations and manifests
- Paperless processing of the electronically filed declaration in a manner that is transparent and accountable.
- Electronic messaging with the banks for the collection of duties and disbursement of duty drawback.
- Real-time electronic messaging with licensing, regulatory and quota agencies
- Real-time messaging with air, ocean and rail transport sectors handling movement of international cargo.
- Real time electronic messaging in support of cargo logistics operations of the custodians.
- Single point of interface of trade with Customs.

**(B) Periodical Achievements, Present Position and Future Plans**

80. ICES, was started as a pilot project at Delhi Air Cargo Complex in May 1995. This system featured online assessment, duty payment and clearance procedures as well as EDI connectivity with clearing agents. After successful implementation of the pilot and obtaining CNE approval, from August 1997 onwards the coverage was extended to other custom offices. By the year 2001, 23 customs locations were automated. The coverage of the software was gradually expanded to cover different types of imports and export promotion schemes and has since been kept up to date to take into account periodical budgetary changes and changes in EXIM Policy. The software now covers almost all types of import and export.

81. In the current financial year, ICES was extended to 9 additional locations, and presently it is operational at 32 locations and is being extended to 3 more locations increasing the number of automated locations from 32 to 35 by 30-04-2005. This will cover about 90% of the International Trade transactions of the country.

82. Under the Consolidation Project recently approved by the CCEA, an additional 35 locations are proposed to be brought under automation, thus bringing a total 70 custom station into the ambit of the ICES. The timelines for this is — eighteen months from the availability of funds.

**Indian Customs & Excise Gateway (ICEGATE)**

**(A) Objectives**

83. The Electronic Data Interchange is taking place between Customs and the community partners. E-filing has been facilitated through the customs e-commerce gateway (ICEGATE) using the Internet. A host of services are being delivered through the ICEGATE facility, which are as under:

- a. Import and export declarations are being filed by the Importers, Exporters or their Agents using their own facility from their own premises over the Internet. Assessment and Duty payment particulars are sent to Importers or their agents.
- b. Main manifests and console cargo manifests for import and export are being filed from the airlines and console agent's facility.

- c. Further, on this facility:
  - i. Import-export trade statistics are being transmitted to DGCIS.
  - ii. Access is provided to DRI of “live” customs data for carrying out enforcement related work.
  - iii. Valuation information is provided to Directorate of Valuation, which in turn provides advisories—a process that is critical for protecting revenue by preventing under-valuation.
  - iv. The Customs Houses receive information from DGFT regarding new importers, exporters and up-to-date information regarding currently registered importers and exporters. DGFT receives export data to be used for generating licenses.
  - v. The data is provided to Ministry (Tax Research Unit) for tax planning.
  - vi. A Web based Document Tracking System provides live up-to-date information on Bills of Entry and Shipping bills filed at all automated customs locations.
  - vii. Export data is provided to RBI for monitoring export remittances.
- d. ICEGATE is also used to transmit EDI files such as the Advanced Release Advise pertaining to licenses and Trans-shipment Manifest between Custom Houses.

**(B) Periodical Achievements, Present Position and Future Plans**

84. ICEGATE started with the approval of the project in February 2001. Infrastructure was established by the end of 2001 and gradually the activities were taken-up. It is now operational at 23 customs locations with regular filing at 17 major locations. About 60% of Import/Export declarations are being filed using ICEGATE.

85. To keep remote filing attractive, user fee is not being charged and training sessions are being conducted for the trade. Free software for remote filing has been made available to the trade. Remote filing has now been made mandatory for the big importers and Custom House Agents.

86. In the next financial year, remote filing will be extended to 12 new locations. Under the Consolidation Project recently approved by the CCEA, all filing to customs will be remote filing.

**(C) Constraints in Implementation**

- (i) Frequent changes in Message Formats due to changes in legal requirements.
- (ii) Non-availability of trained manpower for operating the facility.
- (iii) Lack of preparedness and capacities on the part of the Trade.

**Message Exchange with Trading Partners**

**(A) Objectives**

87. Message Exchange between Customs and different trading partners like Port, Airport, CONCOR, has been implemented at nine ports, seven air cargo complexes and two inland container depots. The exchange between Customs and Custodians (like seaport, airports and CONCOR) involves messages relating to Import and export manifest, Bill of Entry and Shipping Bill information, etc. This exchange enables sharing of data on live cargo under clearance and thereby obviating the need for Trade to provide the same information repeatedly to different agencies concerned with cargo clearance.

88. Message Exchange with banks is also in operation and information relating to duty payment and credit of drawback is exchanged at 20 locations.

**(B) Periodical Achievements, Present Position and Future Plans**

89. Message Exchange started in the year 2000 with the publication of EDI Message Handbook covering the inter-agency scenarios pertaining to data interchange and syntax and content of data exchange. Over 140 electronic messages were designed. Gradually, one by one, the electronic interchange of these messages has been implemented and integrated into the systems of Customs and Trading partners. It is an ongoing project.

### **(C) Constraints in Implementation**

- (i) Frequent changes in Message Formats due to changes in legal requirements.
- (ii) Lack of preparedness of trading partners.

### **4. Certifying Authority**

□90The project was undertaken in the year 2001 as part of the Gateway project and to ensure e-filing in a secure manner over the internet using the PKI technology. CBEC has set up a Certificate Authority (CA) for issue of digital signature certificates. The functioning of the Certificate Authority is governed by provisions of the Information Technology Act, 2000.

91. In the execution of the project, a specialized infrastructure as per the guidelines laid down by the Controller of Certifying Authorities, an independent body under the IT Act, 2000 under the Ministry of Information and Communication Technology, was set up. CBEC prepared a "Certification Practice Statement" duly vetted by the Ministry of Law, which lays down the modalities of functioning of the Certifying Authority.

□92The CA infrastructure has been audited by an external auditor appointed by the Controller of Certification Authorities (CCA), and a regular license for a five year period has been granted to CBEC by CCA in December 2004.

□93The department is preparing a roll out plan including a series of workshops and seminars to educate the trade and the departmental personnel in the use of digital signature certificates. For implementation of this project, five Registration Authorities at Mumbai, Kolkata, Chennai, Bangalore and Delhi have been set up. The next stage milestone involves issuance of 5000 certificates to the staff and trading partners of the CBEC in the financial year 2005-2006.

### **5. CBEC Website**

□94In August 2000, the official website of CBEC [www.cbec.gov.in](http://www.cbec.gov.in) was set up. The website contains over 25000 pages on Customs, Excise, Service Tax and other matter relating to CBEC. All relevant acts, tariffs,

rules & regulations, forms, notifications and circulars are posted on the website. Specific issues of interest to travellers, couriers consignments, import of gifts, custom bonded warehouses etc. are also available. Procedures in areas of Customs, Excise and Services Tax are also posted on the site.

### **Computerization in Central Excise**

#### **(A) Objectives**

- (i) Capture of assessee's profile.
- (ii) Capture of data furnished in monthly returns by the assessee.
- (iii) Electronic filing of Central Excise & Service Tax returns.
- (iv) Reconciliation of Revenue receipts.
- (v) Selection of assessee for audit based on risk assessment.
- (vi) Generation of Revenue reports for CBEC.
- (vii) Communication platform for Central Excise formations (EDECS).

#### **(B) Periodical Achievements, Present Position and Future Plans**

95. In 1991, Software Called SERMON (System for Monitoring Excise Revenue) was introduced in most Central Excise Commissionerates. It is intended to build up database of production, clearance and revenue and to ensure uniformity of assessment, classification and valuation. It also provides the facility of monitoring Revenue for taking policy decisions — detailed analysis like commodity-wise, rate-wise, notification-wise etc. is possible. Focus has been on achieving 100% capture of assessee profile and monthly returns.

96. Emphasis is now on the utilization of data for selective audit based on risk analysis. *Assessee profile, monthly returns and audit data base are the basic data elements needed for developing Risk—Assessment Module for Selective Audit.*

97. Provision of registration of Central Excise assessee through a central server has also been made recently. Electronic filing of Central Excise and Service Tax returns has been made operational.



### Future Plans

98. The specific steps proposed to be taken for automation of CBEC are as under:

Sl. No.	Areas for action under Customs Computerization Projects	Timeline for implementation
1	2	3
1.	<b>Self-assessment based on Risk Management System</b> Introduction of Self-assessment based on Risk Management System and Post Audit in Customs clearance to promote faster clearance of cargo, to facilitate low risk importers/exporters and to provide effective enforcement in high-risk cases. <b>Money Spent</b> Total cost of the project is 3.49 crores of Rs. 1.49 crores have been spent.	31.5.2005
2.	<b>Tracking of arrears of revenue</b> Through automated mechanism to enable recovery of arrears and to contribute to revenue generation. The software has been implemented and Custom Houses have been directed to populate the database with the arrears information for raising alerts, whenever defaulters transact on the system.	30.04.2005
3.	<b>Certifying Authority</b> CBEC has acquired a five years license to act as Certifying Authority for implementation of Digital Signatures Certificates in Customs clearance to ensure authenticity of transactions over internet. The process of issuing Digital Certificates has been started.	31.3.2006

1	2	3
	<p>For the Financial Year 2005-06, the aim is to issue about 5000 certificates. The constraint in this case is that of man power. A staff requirement of 36 has been projected for the work (currently the project is being run by 4 people). The number of certificates issued may not be achieved in the absence of the required personnel.</p>	
4.	<p><b>Consolidation of application and infrastructure of CBEC</b>  The Umbrella Project called "Consolidation of application and infrastructure of CBEC". The Cabinet note for the proposal has been approved by the CCEA, though the minutes are awaited. The deliverables under this Umbrella Project are :</p> <ul style="list-style-type: none"> <li>(i) Consolidation of the existing and proposed IT infrastructure.</li> <li>(ii) Comprehensive networking linking all offices of CBEC.</li> <li>(iii) Development of Web-based application for Customs, Central Excise and Service Tax covering all major activities of CBEC. The work has been awarded to the selected vendor.</li> <li>(iv) Setting up of Data Warehouse for meeting information and analytic needs of the CBEC and Ministry of Finance. A consultant has been appointed to conduct the study.</li> </ul>	<ul style="list-style-type: none"> <li>(i) Installation of the hardware/network and migration of application: One year</li> <li>(ii) Customs software, Version 2: Eighteen months</li> <li>(iii) Central Excise EV 09 Project: One year</li> <li>(iv) Data Warehousing : One year</li> <li>(v) Corporate intranet: One year</li> </ul>

1	2	3
	<p>(v) Setting up of intranet service for CBEC and its officers to enable communication and interchange of information.</p> <p>Total project duration: Eighteen months from the date funds are made available.</p> <p>Note : The above timeline are subject to availability of the required manpower, timely approvals and release of funds.</p> <p><b>Money spent/sanctioned</b></p> <p>Rs. 167 crores allocated by CCEA for the Project.</p>	
Sl. No.	Areas for action under Central Excise Computerization Projects	Timeline for implementation
1	2	3
1.	<p><b>Electronic Accounting System in Excise and Service Tax ( EASIEST)</b></p> <p>Another project which has just been launched is the Electronic Accounting System in Excise and Service Tax (EASIEST) which envisages direct capture of duty payment particulars from the banks to the central server through M/s NSDL who are the coordinating agency between the department and the banks. Once this system in full fledged operation, returns data from the field formations will be integrated with the duty payment particulars received from</p>	<p>Project estimate Rs. 20 lakhs</p> <p>Completion Date July 2005</p>

1	2	3
	<p>the banks and the problem of reconciliation will disappear. This will also enable reporting of duty collections to the Government on a T+2 basis, <i>i.e.</i> not later than the second day from the date of actual payment of duty. The pilot was launched in Chennai on 17/1/05 and the coverage of the pilot was 39 branches of 8 banks under the jurisdiction of PAO Chennai. The system has been found to be working satisfactorily over the last ten weeks and it is intended to scale up the pilot to cover all bank branches in Chennai (350 in number) by 18/4/05.</p>	
2.	<p><b>Workflow based application development for Central Excise &amp; Service Tax Computerization Projects</b></p>	<p><b>5. Target date of Completion:</b></p>
	<p>A software development project for Central Excise and Service tax has been initiated with the selection of M/s Wipro Ltd. as the Vendor. This would be the second-generation software, which would build upon the earlier efforts of NIC. The software developed by NIC was essentially to capture information related to returns and registration, which have given us a sound database to assist in risk based scrutiny of returns. The current software under development is a workflow based application that would cover the following areas of work in the Department:</p> <p>(i) Electronic Registration of Assesseees in Central Excise &amp; Service Tax.</p>	<p>The Software is expected to be ready for testing on the 1st of October 2005 for all the modules.</p>

1	2	3
	<ul style="list-style-type: none"> <li>(ii) Electronic filing of Central Excise &amp; Service Tax returns,</li> <li>(iii) Electronic filing of claims, permissions, intimations submitted by assesseees in the course of business with the Department.</li> <li>(iv) Examination of Central Excise returns and their risk based selection for scrutiny.</li> <li>(v) Processing of claims, permissions, intimations filed by the assessee.</li> <li>(vi) Tracking of Show Cause Notices, adjudication orders, Appellate decisions and the related workflow involved.</li> <li>(vii) Revenue Reconciliation. (Receipt of information from PrCCA/Banks; using the information for reconciliation with the return submitted by the assessee)</li> <li>(viii) Automated Report Generation.</li> <li>(ix) Audit Module involving selection of units based on risk parameters and tracking of audit results.</li> <li>(x) Central Excise processes related to Export.</li> <li>(xi) Examination of Service Tax returns and their risk based selection for scrutiny.</li> </ul>	

**1. Objectives of the Project:**

- To facilitate delivery of Services to the assesseees for tax compliance.
- To reduce the cost of compliance.
- To reduce physical interface between the assesseees and the Department.
- To improve identification and targeting of non compliant assesseees.

**2. Periodical Achievements:**

In the first phase roll out of the software will be done in all Commissionerates of Delhi, Mumbai, Chennai and Bangalore by 1st August 2005.

In the second phase, by 1st October 2005, locations throughout the country will be covered.

**3. Present Position:**

Contract was signed on the 31st of March 2005 while the actual stage of System Requirement study had begun on 27th of December 2004 itself. From 1st April onwards the System Requirement Study would be finalized and the design and development of the software would be undertaken.

**4. Money spent:**

An amount of Rs. 2,45,65,320 (Rupees two crores forty five lakhs sixty five thousand three hundred and twenty only) has been given to M/s Wipro Ltd. as advance for development of software. Total Project cost is Rs. 4.72 crores.

**Synergy between Customs & Central Excise and other tax collecting departments**

The purpose of effecting synergy between customs, excise and service tax

Dte of Systems is entrusted with the work of supervising and coordinating implementation of

1	2	3
	<p>on the one hand and income tax on the other, the CBEC and CBDT have already aligned their tax identification numbers. Income Tax and corporate Tax assesseees are identified by a 10-digit PAN number while Customs, Excise and Service Tax assesseees are identified through a PAN-based 15 digit identifier (the first ten digits being the PAN number of the assessee). Adoption of a common base for the tax identification number by the two tax systems will therefore enable correlation of their tax returns and transactions. Synergy between the databases maintained by the direct and indirect tax systems on the basis of the PAN-based identifiers will be achievable once the consolidated systems referred to at Para 1 above are put in place.</p> <p>Synergy between state VAT and CENVAT and customs will require common tax identification numbers and common commodity classification code. In this regard, DG (Systems), CBEC has recommended a PAN-based identifier for VAT along the lines of the PAN-based assessee codes for Customs, Central Excise and Service Tax. Additionally, adoption of the Harmonized Systems of Nomenclature (HSN) for commodity classification for Value Added Tax will also help achieve synergy between indirect taxes levied by the Centre and the States. HSN is the international standard for classification of goods being followed for Customs and Central Excise. Implementation of computerized</p>	<p>VAT in North Eastern States. Integral computerized VAT system at all North Eastern States commissioned from 01.04 2005. Dt. of Systems will provide Holding support for one year.</p> <p>Approximate cost of implementation is Rs. 12.6 Crores.</p>

1	2	3
	systems for synergy between VAT and customs and central excise will depend on automation of VAT systems by the States.	

99. Amount of money spent on computerization projects of CBEC under taken by Directorate of Systems.

(Rs. in Thousands)

Year	Allocation amount	Expenditure
2001-2002	18,736	17,817
2002-2003	1,00,014	96,940
2003-2004	83,090	83,090
2004-2005	13,9238	43,748 upto 28th Feb. 2005 (the balance amt. will be spent in a month of March 2005)

100. Explaining about the allocation made towards the computerisation, the Secretary, Revenue during the oral evidence has stated the following:

“There is substantial increase in the provisions under Information Technology as the Cabinet Committee on Economic Affairs has approved a major Project of Customs, Central Excise and Service Tax Business Processes Re-Engineering Project costing Rs. 162.20 crore on 17th February, 2005 to be implemented over a period of 18 months. A provision of Rs. 70.00 crore has therefore been made in 2005-06.”

101. The Director General (Systems), CBEC, during the oral evidence had stated the following:

“We have been running a system on customs side for the last ten years and it has been very satisfactorily but we are attempting a



paradigm shift and for this we have got a sanction of Rs. 167 crore on account of consolidation. Our attempt is to establish synergy in all these systems. So, customs would talk to excise so that we could reach a source-supply chain management from the manufacturing stage to the clearance whether it related to imports of exports of goods, whether it is clearance out of customs or out of excise."

102. To a specific point raised by the Committee as to when the departments like Customs and Central Excise will start interchanging information through the network, the DG (Systems), CBEC, stated the following:

"It would take some time. By December, we would be able to establish a network connectivity and centralised server. Now, we have multiple servers. From there, we would have a centralized server and the common business identifier, as an hon. Member has pointed out, would be PAN."

**103. The Committee understand that Computerisation of all the Government formations involved in the policy making on taxation and its implementation is expected to bring higher efficiency in the functioning of the tax machinery and result in faster assessments and collection of taxes, less interface between the tax officials and the public and more transparency in tax administration. Further it also facilitates widening and deepening of tax base and discourages tax evasion. The Committee express their disappointment that inspite of India's acknowledged prowess in IT planning and Software, IT application in both the CBDT and the CBEC has lagged behind and still suffers from lack of clarity and co-ordination.**

**104. The Committee observe that the efforts of the Government towards Computerisation of the entire tax administration machinery seem to be undertaken in a piecemeal and casual manner which causes delays. Further, they observe that there has been no co-ordination between different tax departments.**

**105. The Committee note and appreciate that in so far as computerisation in the Income Tax Department is concerned, the efforts like e-filing of returns, e-payment of tax, faster processing of returns and issue of refunds and consolidation of regional data bases into single rational data base are progressing in the right direction, which will enhance the efficiency of the department. They observe that on some of these decisions a timeframe for their implementation have been mentioned. They desire that the Government should make all out efforts in completing the projects in time.**

106. The Committee observe that delays in according sanctions to the projects, their implementation and delays in completion of tenders have resulted in either not spending the money allotted or reducing the RE drastically.

107. The Committee desire that a dedicated machinery be created for planning, co-ordinating and helping in timely implementation of various computerisation projects. It shall obtain all the necessary sanctions well in time before coming out with the relevant demands. It shall also ensure timely and proper execution of tenders and implementation of the projects in time.

108. The Committee observe that insufficiency of the manpower in the certifying authority under Indirect taxes has been indicated to be a matter of concern. They want the Government to look into the matter expeditiously.

109. The Committee had, in one of their earlier reports, recommended that Computerisation was to be done in such a manner that all the departments involved in tax collections will be able to interchange information between them and further recommended to devise a unique identification number not only for various taxation proposes but also for all the financial transactions in the economy. The Committee, once more, reiterate their recommendation and desire that the Government should view the process of Computerisation in a holistic manner with a centralised supervisor to monitor formulation and execution of various computerisation projects being undertaken at present as well as in the future and bring them under one single umbrella. This should be done within a specified time-frame. The Committee would like to be apprised of the decision of the Government and further progress in this regard.

110. They further desire that, keeping in mind the critical importance of Computerisation of all the tax departments, a consolidated demand and expenditure be introduced in the demands for grants for the computerisation efforts. The Committee desire that the Government come out quickly with a "White Paper" on Information Technology in Tax Administration that will provide a comprehensive overview of what is being done and what is proposed to be done to use IT to widen the tax base and increase tax collections, covering CBDT, CBEC and VAT as well. The Committee are of the opinion that with the computerisation of the tax administration, the Government should seriously look into the possibility of maximising the scrutiny of tax returns.

## 7. ARREARS OF REVENUE

### CENTRAL BOARD OF DIRECT TAXES

111. The details of target fixed for realization of arrears of direct taxes for 2004-05 and the amount realised upto 28th February 2005 are as under:

Head of Tax	Target for collection out of Arrears for 2004-05 (Rs. in crores)	Amount collected up to 28th February 2005 (Rs. in crores)	% of target achieved
Corporate Income Tax	4,900	4,778	97.51
Personal Income Tax	2,100	1,114	53.04
Total Direct Taxes	7,000	5,922	84.60

112. The Government in their written reply have stated that the figures of collections out of arrears for the month of March 2005 were not yet available.

113. The Secretary (Revenue) stated the following on the target of collection of arrears of revenue so far as the Direct Taxes are concerned as follows:

“As far as income tax is concerned, the hon. Finance Minister had mentioned about it in his Budget Speech for the year 2004-2005. We had laid down a target of Rs. 7000 crore for collection. Till 28 February, 2005, we had collected a sum of Rs. 5,922 crore as arrears.”

### CENTRAL BOARD OF EXCISE AND CUSTOMS

114. The target fixed for realization of arrears of revenue of Central Excise and Customs duty, the amount realized upto 31st March, 2005 and the percentage of the realized amount *vis-a-vis* the targets is as under:

Head of Tax	Target for 2004-05	Amount realisation 2004-05*	% of target achieved
Corporate Income Tax	2250	1799.38	80%
Personal Income Tax	750	843.49	112%
Total Direct Taxes	3000	2642.87	88%

\*Inclusive of recoveries made by DGCEI/DGRI.

## SERVICE TAX

115. No target has been fixed for the realisation of the arrears of the Service Tax up to now. During the Financial Year 2004-05, total realisation of Service Tax arrears up to 31st January, 2005 is Rs. 1714.04 lakhs in comparison to Rs. 333.51 lakhs realised during the same period in the last Financial Year.

116. The Secretary (Revenue) during the oral evidence has stated the following on the arrears of revenue and its recovery as under:

“Special attention has been given during the current year to the recovery of arrears both in respect of direct taxes and indirect taxes. In respect of direct taxes, a Task Force on Arrears was constituted and an amount of Rs. 5,296 crore was collected until January 2005 as compared with Rs. 4,477 crore and Rs. 3,768 crore in the corresponding periods during the last two years. A similar Task Force was created in respect of indirect taxes, and, as a result of recovery of arrears up to February 2005 was Rs. 1,994 crore as compared to Rs. 866 crore last year.”

117. Replying to a question raised by the Committee during the oral evidence on whether there are any target fixed for the year 2005-06, the Secretary (Revenue) stated:

“We have not fixed any specific target but we will be laying down internal target. The system will continue.”

118. Further, to a query whether the Government are abandoning the concept of fixing it targets, the Secretary (Revenue) stated as under:

“We will certainly impose a target internally. We are also holding a meeting with our Chief Commissioners on 4th and 5th. The Finance Minister is attending. We will be laying down target.”

**119. The Committee observe that the Government had, in the last year’s budget, mentioned that collection of arrears of tax revenue would be one of the main source of increase in tax revenue and also fixed a target in regard thereto.**

120. They note with concern that the extent of realisation of arrears of the personal income tax component of Direct Taxes upto February, 2005 raises doubts about the achievability of the balance targets and that there is also considerable deficiency in regard to realisation from the Indirect taxes too. They find this to be a serious failure as the target fixed was to the realised out of such tax arrears that were not contested and were not under any process of litigation. They seek specific reasons for the same from the Government.

121. They further note that though the targets for the year 2005-2006 have not been announced publicly, internal targets have been set. The Committee are not in agreement with the changed policy of setting internal targets and urge the Government to come out publicly with the targets fixed for collecting uncontested revenue arrears.

**8. APPEALS****CENTRAL BOARD OF DIRECT TAXES□□**

122. The details of the number of appeals filed and pending during the last three years are as follows:

Particulars	As on March 2002	As on March 2003	As on March 2004
1	2	3	4
INCOME TAX APPELLATE TRIBUNAL (DEPARTMENT)			
Appeals filed upto Quarter ending March of FY concerned	14,740	32,569	33,440
Appeals pending* for disposal at the end of Quarter ending March of FY concerned	68,926	71,303	71,814
HIGH COURT (DEPARTMENT):			
Appeals filed upto Quarter ending March of FY concerned	3,273	3,492	4,320
Appeals pending* for disposal at the end of Quarter ending March of FY concerned	21,686	22,273	23,395
SUPREME COURT (DEPARTMENT):			
Appeals filed upto Quarter ending March of FY concerned	94	328	392
Appeals pending* for disposal at the end of Quarter ending March of FY concerned	3,830	4,009	4,120

\* Cumulative pendency as at the end of the Financial Year concerned.

123. The details of total number of cases, total arrears of revenue locked up in various stages of appeals for the year 2001-2002-2003 and 2003-2004 is as follows :

Particulars	31/3/2002	31/3/2003	31/3/2004
1	2	3	4
1. Commissioner of Income Tax (Appeals) (Disputed demand)	1,55,861 (Rs. 2508025 lacs)	1,01,223 (Rs. 3058599 lacs)	82,147 (Rs. 2490253 lacs)

	1	2	3	4
2. *Income Tax Appellate Tribunal (Disputed Demand) (*of Deptt only)		68,926 (Rs756937 lacs)	71,303 (Rs1045245 lacs)	71,814 (Rs2784411 lacs)
3. High Court & Supreme Court (Disputed demand)		28,095 4,443 (Rs212695 lacs)	28,044 4,620 (Rs182119 lacs)	29,334 4,696 (Rs239212 lacs)

The pendency (in nos.) of appeals *for more than a year* is as follows:

Particulars	31/3/2002	31/3/2003	31/3/2004
1. Commissioner of Income Tax (Appeals)	77429	42275	26042
2. *Income Tax Appellate Tribunal (*of Deptt only)	46228	44112	42219
3. High Court & Supreme Court	17367 3420	17294 3253	16860 2579

#### Direct Taxes:

124. To a specific point raised on the Instruction Nos. 1979 dated 27/3/2000, 1985 dated 29/6/2000 and 6/2003 dated 17/7/2003 issued by the Income Tax Department, the Government replied as under:

“The Central Board of Direct Taxes has laid certain parameters / monetary limits *vide* Instruction No. 1979 dated 27/3/2000 to the effect that appeals will be filed only in cases where the revenue effect exceeds the monetary limits given as follows (excluding writ matters):

(a) Appeal before the Appellate Tribunal	Rs 1 lakh
(b) Appeal u/sec. 260A /reference under sec. 256(2) before High Court	Rs 2 lakh
(c) Appeal in Supreme Court	Rs 5 lakh

125. Apart from aforesaid limits, the adverse judgments are contested irrespective of revenue effect in cases:

- (i) where Revenue Audit objection has been accepted by the Revenue;
- (ii) where Boards Order, notification, Instruction or Circular is subject of an adverse order;
- (iii) where the constitutional validity of the provisions are under challenge.

126. The stipulation of filing appeals where in prosecution proceedings are contemplated against the assessee as per para 3(iii) of Instruction No. 1979 dated 27/3/2000 has been deleted by the Central Board of Direct Taxes *vide* Instruction No. 5/2004 dated 27th May 2004 in order to ensure that appeals are filed on merits of the case involved, in accordance with law.

127. By virtue of aforesaid parameters, Central Board of Direct Taxes has endeavoured to reduce litigation by focusing on issues, which are substantial and having cascading revenue implications. However, it is not realistically possible to attain a direct corelationship in reduction in absolute number of appeals filed by the Revenue before Income Tax Appellate Tribunal /High Court/ Supreme Court as the same is determined by the complex factual-legal aspect of the matter involved on a case to case basis which may require technical interpretation of the provisions of the Direct Taxes and allied enactments by filing appeals to the next appellate authority."

128. The instructions issued by the CBDT as mentioned above are enclosed as per the *Annexure-III*.

129. The Government in their written reply have stated the following on the pendency of cases with the Income Tax Appellate tribunal.

"The Income Tax Appellate Tribunal functions under the Ministry of Law and hence no reasons can be tendered by Ministry of Finance, Department of Revenue for justifying the pendency of such huge number of cases in the ITAT."

130. The reply of the Government on the issue of giving stay beyond 180 days by the ITAT is as follows:

"This is a legal issue. Certain Benches of the ITAT have interpreted that section 254 (2A) of the Income-tax Act, 1961 does not bar the ITAT from granting a second stay. The Department has filed appeals in the High Courts against such orders in appropriate cases. However, decision of any High Court on the issue is yet to be received. "



## CENTRAL BOARD OF EXCISE AND CUSTOMS

**a. Central Excise and Customs**

131. The total number of Appeals, filed both by the Department and the Parties in respect of Central Excise and Customs cases in the Supreme Court, High Court, CESTAT and Commissioner (Appeals) as on 31.12.2004 was 44,097 and revenue involved was Rs. 19,473.524 crore.

132. A Summary statement showing break up of number of cases and amount involved in different fora is furnished below:

As on 31.12.2004 (Rs. in Crore)

Appellate Forum	Total Number of Appeals*	Total Amount Involved*
Supreme Court	2031	3453.239
High Courts	8562	3527.277
CESTAT	22765	11071.92
Commissioner (Appeal)	10739	1421.088

\*The above figures include details of Departmental appeals as well as Party's appeals.

**b. Service Tax**

133. A Summary statement showing break up of number of cases and amount involved in different forums is furnished below :

(Rs in Crores)

Appellate Forum	2002-03		2003-04		2004-05 ( up to 31st January, 2005)	
	No.	Amount	No.	Amount	No.	Amount
Supreme Court	3	1.28	5	0.57	21	8.52
High Courts	28	2.46	34	4.35	140	8.19
CESTAT	58	25.20	122	27.61	302	105.05
Commissioner (Appeal)	134	10.15	437	39.56	734	237.69

134. The Government in their written reply on the Pendency of cases before the Tribunal stated the following:

"The large number of cases pending before CESTAT is due to the heavy annual institution of cases before CESTAT."

135. In the post evidence reply on the steps that have been taken to expedite the disposal of pending appeals, the Government stated as under:

“In an effort to reduce litigation, letters have been addressed by the Hon’ble Finance Minister to the Chief Justice of India and of other High Courts, which were personally delivered by Cadre Controlling Chief Commissioners of Income Tax to the CJ requesting the Hon’ble Courts to adjudicate tax disputes on priority basis;

All Cadre Controlling Chief Commissioners of Income Tax have called on the Members/President of the Income Tax Appellate Tribunal, in an effort to resolve high demand appeals on priority basis;

In an effort to minimize litigation, the Central Board of Direct Taxes has issued Instructions fixing monetary limits as regards filing of appeals before the Income Tax Appellate Tribunal / High Court/ Supreme Court;

(iv) Sec. 260A of the Income Tax Act amended vide Finance Act (No. 2) Act, 1998 now provides that appeal to High Court shall be filed only on issues involving “substantial question of law”.

The Board has issued D.O. to all Chief Commissioners of Income Tax/Directors General of Income Tax (Investigation) to ensure that Commissioner of Income Tax (Appeals) call for remand report in minimal cases in order to expedite the adjudication process;

The Board has issued Instructions to all Chief Commissioners of Income Tax/Directors General of Income Tax (Investigation) to request for priority hearing of appeals before ITAT involving disputed demand of Rs 10 Crores and above.

Apart from the above, Appellate Commissioners were asked to hold camps in some areas for disposing appeals. This has impacted positively on reducing the pendency of appeals.

136. To a point raised by a Committee during the oral evidence on the taxes due from Public Sector Undertakings, the Government have stated in a written reply as follows:

“In April, 2004 arrears of Rs 6821 Crore were outstanding against 42 PSUs. As on 30th March 2005, the arrears have been reduced

to Rs 1313 Crore and the number of cases to 15. Out of the total reduction of Rs 5508 Crore, Rs 983 Crore is by cash collection. Balance reduction is by disposal of appeals.

Out of the balance arrears of Rs 1313 Crore an amount of Rs 713 Crore is stayed being covered by issues decided by appellate authorities in favour of the assessee; Rs 194 Crore is stayed by the ITAT or the High Court; Rs 173 Crore is pending decision by the Committee on Disputes (COD); Rs 97 Crore is protective demand which cannot be recovered; and Rs 68 Crore is stayed on a request by the Ministry of Shipping pending financial restructuring of the PSU. Total demand stayed for all the above mentioned reasons amounts to Rs 1243 Crore. Thus, only an amount of Rs 70 Crore is technically in default. “

137. The Central Board of Excise & Customs furnished a note on Committee on Disputes (COD) as under:

“The COD came into existence pursuant to the judgement passed by the Hon’ble Supreme Court of India dated 11.10.91 in the matter of M/s ONGC vs Collector of Central Excise in CA No. 2058-59 of 1988, wherein it has observed that the Government of India shall set up a committee to ensure that no litigation between one Government Department and another or between Government Departments and a Public Sector Undertaking of the Government of India comes to the Court or a Tribunal without the matter having being first examined by the Committee and its clearance for litigation obtained. The Court has further observed that this Committee will function under the ultimate control of the Cabinet Secretary, and that it would be obligation of every Court and every Tribunal where such a dispute is raised hereafter to demand a clearance from the Committee in case it has not been so pleaded, and in the absence of the clearance, the proceedings would not be proceeded with. A further clarificatory order dated 7.1.94 was also pronounced by the Court. On the basis of the said order, the Committee was constituted *vide* Cabinet Secretariat order dated 31.12.1991.

The said observation of the Supreme Court was circulated to the field formations vide Circular No. 27/27/94-CX dated 2nd March, 1994. Intimating that wherever appeal petition is proposed to be filed by the Department before any court or tribunal in a matter relating to the Public Sector Undertaking the collector concerned

shall send a self contained proposal for the consideration of the committee of Secretary along with the relevant enclosures to Member (L&J) CBEC. The Department has issued circulars in this regard to the field formation for proposals.

The department receives proposals from the field formations in respect of the PSUs for pursuing the appeal in tribunal/court, which are examined and decisions taken whether or not to refer them to the Committee based on the merits of each case. The Committee periodically meet twice a month to discuss all such proposals received from the Government as well as PSUs. Following such discussions, the Committee decides to allow, disallow such appeals filed by the Departments or PSUs for further pursuing before various courts/tribunals. In some cases, decisions are postponed further consideration. As an illustration, the cases examined in the Committee during the year 2004 (1.1.2004-31.12.2004) are enclosed in *Annexures IV* separately for Central Excise, Service Tax and Customs. Postponed matters generally are group matters requiring inter-ministerial discussions with controlling ministry as well as Ministry of Law. An example is the outstanding demands relating to unjust enrichment in pricing of petroleum goods during the APM regime.

It may be seen that during the period 1.1.2004-31.12.2004 as many as 396 matters were discussed, involving a total amount of Rs. 2649.04 crore. Out of these, appeals filed by PSUs were 281 in total, of which 180 appeals involving Rs. 1600.94 crore were allowed, 31 cases involving Rs. 29.95 crore were not allowed, and 70 cases involving Rs. 292.04 crore were postponed. Similarly, in respect of Departmental appeals, a total of 115 cases were considered, out of which 26 cases involving Rs. 250.11 crore were allowed, 56 cases involving Rs. 203.08 crore were not allowed, and 33 cases involving Rs. 272.90 crore were postponed.

It is thus seen that the Committee is actively screening all the proposals after hearing both sides involved in the dispute. The observations of the Committee are then recorded and the reasons for allowing/disallowing are then communicated to the parties concerned. The Committee's finding are binding in nature and the affected parties are required to comply with its directions. This has also been re-iterated by the Apex court in its order in CA No. 3058 of 2004 in the case of MTNL vs CBDT vide its orders dated 7.5.2004, wherein it was again directed by the Hon'ble Court that the clearance of the Committee be invariably obtained to ensure that frivolous disputes do not come before the courts. It was further held that the refusal by the Committee did not affect the right of

the Department/PSU, and even if they did find the order of the Committee unpalatable, discipline required that they abide by it"

138. The Committee observe that the pendency position of appeals both under the Direct taxes as well as the Indirect Taxes are a serious cause of concern. It is observed that a whopping Rs. 55,138 crores and Rs. 19,473 crores, are locked up in disputes at various levels under the Direct Taxes and Indirect taxes respectively. Of this, the locked up revenue with the Tribunals concerning Direct and Indirect Taxes, account for more than half of the total revenue locked up under the Direct and Indirect Taxes. The Committee also desire to be furnished with detailed information on the pendency position of appeals, both under Direct and Indirect taxes inter-alia indicating the length of pendency of the cases and amounts involved. The Committee note that one of the main causes for the delay in disposal of cases by the Income Tax Tribunal is that the Tribunal gives stay beyond the mandatory 180 days provided for in the Income Tax Act.

139. Further, the Government have stated that since the Tribunals function under the Ministry of Law, the Ministry of Finance, Department of Revenue are not in a position to justify the pendency of such huge number of cases in the Tribunals. While appreciating the effort of the Chief Commissioners of Income Tax to call on the Members/President of the Income Tax Appellate Tribunal to resolve high demand appeals on priority basis, the Committee urge the Government to also pursue the matter with the Ministry of Law and find a solution to the problem within a time-frame. They take note of the particular efforts taken by the Income Tax Department in minimising the number of appeals, like requesting the Supreme Courts and High Courts to adjudicate tax disputes on priority basis, fixing monetary limits as regards filing of appeals before the Tribunal/High Court/Supreme Court, filing appeals only on issues involving "substantial question of law" etc. which are in the right direction that the Committee feel that the Central Board of Excise and Customs may try to follow.

140. The Committee further desire that a study may be conducted by the Government regarding the large number of cases pending at various stages of appeal, with specific focus on the reasons for the huge pendency with the Tribunals, and suitable remedial measures be taken to reduce them drastically. Inordinate delays in disposal of cases may indirectly encourage the assesseees to go in for appeal even on a case of no hope. The Committee want the Government to take all these steps in a time bound manner and be intimated about the actions taken in this regard by the Government.

## 9. CENTRAL ECONOMIC INTELLIGENCE BUREAU AND FINANCIAL INTELLIGENCE UNIT—INDIA

### Objective

141. The Central Economic Intelligence Bureau (CEIB) was set up in 1985 for coordinating and strengthening the intelligence gathering activities, and enforcement action by various agencies concerned with investigation into economic offences and enforcement of economic laws. The Bureau was made responsible for maintaining liaison with the concerned Departments and Directorates both at the Central and State Government level and, in addition, was made responsible for the overall direction and control of the regulatory agencies functioning under the administrative control of the Ministry of Finance.

### Structure

142. The CEIB, headed by an officer of the rank of Special Secretary to the Government of India, comprises separate units, headed by officers of the rank of Joint Secretary, to look after areas of Economic Intelligence to act as the Secretariat of the Economic Intelligence Council, coordination of the work of the Regional Economic Intelligence Councils, coordination of economic intelligence and COFEPOSA unit.

### Functions

143. The main functions of the CEIB are –

- To act as the Secretariat for the Economic Intelligence Council (EIC) by providing all necessary support and assistance, including infrastructural support; by organizing meetings at prescribed intervals; coordinating the progress of implementation of all decisions taken by the EIC.;
- To act as nodal agency for ECOINT (Economic Intelligence) and ensure real time monitoring and effective interaction and coordination among the concerned regulatory agencies in the areas of economic offences.
- To ensure prompt dissemination of intelligence having security implications among the National Security Council Secretariat, IB & R&AW.

- To coordinate the functioning of Regional Economic Intelligence Councils (REICs).
- To coordinate with Multi-Agency Centre.

### **Changes**

144. In order to streamline and strengthen the functioning of the CEIB, a Group of Ministers recommended that the charter of the CEIB should be revised to enable it to concentrate on its two roles, with one Wing functioning as the Secretariat for Economic Intelligence Council and the other related to economic intelligence. The Group of Ministers also recommended that besides the usual secretariat functions, the Secretariat Wing of the CEIB should pay special attention to keeping a close watch on the progress of implementation of all decisions taken by the EIC and the REICs. Accordingly, the charter of the CEIB was revised on 12th December 2003.

### **Financial Intelligence Unit – India ( FIU-IND)**

145. The FIU-IND has been set up with a view to coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes. It will be a multi-disciplinary unit with experts from Income Tax, Customs & Central Excise, Law, Commercial Banks, Capital Market, Informational Technology etc., for establishing links between suspicious or unusual financial transactions and underlying criminal activities.

146. The FIU-IND has been set up with a view to coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes.

147. It will be a multi-disciplinary unit headed by its Director of the rank of Joint Secretary to the Government of India, with experts from Income Tax, Customs & Central Excise, Law, Commercial Banks, Capital Market, Informational Technology etc., for establishing links between suspicious or unusual financial transactions and underlying criminal activities.

148. Its main functions are –

- to maintain a national database on Currency Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs);
- to conduct analysis of CTRs/STRs, to screen and process requests from national enforcement agencies and foreign FIUs;
- to disseminate information to relevant national enforcement agencies and foreign FIUs;
- to establish and maintain relationships with domestic law enforcement agencies, supervisory and regulatory agencies, reporting institutions and foreign FIUs;
- to review regulatory and operational issues and to suggest policy changes through technical assistance whenever required, for incorporating best practices to counter money laundering and economic crimes.

149. In terms of section 13 of the Prevention of Money Laundering Act, 2002, the Director (designated as Director, FIU-IND) may, either of his own motion or on an application made by any authority, officer or person, call for records and may make such inquiry or cause such inquiry to be made, as he thinks fit. Further, if the Director, FIU-IND, in the course of any inquiry, finds that a banking company, financial institution or an intermediary or any of its officers has failed to comply with the provisions contained in section 12 of the said Act, then without prejudice to any other action that may be taken under any other provisions of this Act, he may, by an order, levy a fine on such banking company or financial institution or intermediary which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.

**150. The Committee observe that the Central Economic Intelligence Bureau was created to co-ordinate and strengthen the intelligence activities and enforcement action by various agencies concerned with investigation into economic offences and enforcement of economic laws.**



151. The Financial Intelligence Unit—India (FIU-IND) has recently been set up with a view to coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes. It will be a multi-disciplinary unit with experts from Income Tax, Customs & Central Excise, Law, Commercial Banks, Capital Market, Informational Technology etc., for establishing links between suspicious or unusual financial transactions and underlying criminal activities.

152. The Committee also emphasise that the Economic Intelligence Council (EIC), which is provided with the Secretarial assistance by the Central Economic Intelligence Bureau (CEIB), should meet frequently and the functioning of the CEIB should be pro-active in co-ordinating with all the intelligence agencies dealing with economic and financial crimes.

NEW DELHI;  
19 April, 2005  
29 Chaitra, 1927 (Saka)

MAJ. GEN. (RETD.) B. C. KHANDURI  
Chairman,  
Standing Committee on Finance.

STATEMENT OF CONCLUSIONS/RECOMMENDATIONS OF  
THE STANDING COMMITTEE ON FINANCE IN THE  
SEVENTEENTH REPORT

Sl. No.	Para No.	Ministry/Department concerned	Conclusions/ Recommendations
1	2	3	4
1.	7, 8	Ministry of Finance (Department of Revenue)	<p>The Committee note with serious concern that within a period of one year, the allocation of funds have been revised on three occasions for the “three year plan for implementation of the Comprehensive Computerisation Programme (perspective plan)”. They observe that this has happened because of reasons such as belated approval of the project by the cabinet, delay in formation of the Empowered Committee to oversee the implementation of the computerisation programme and further delay in finalisation of an agency for implementation of perspective plan.</p> <p>The Committee have, on earlier occasions too, advised the Government to obtain necessary approval and keep everything in order before going in for</p>

1	2	3	4
			<p>demand for grants. The Committee are of the opinion that this would avoid delays in implementation of the project and ensure that funds are not blocked unnecessarily.</p>
2.	18,19	Ministry of Finance (Department of Revenue)	<p>The Committee observe that lack of co-ordination among the different agencies involved in ensuring the quality of the scanners required and taking care of the formalities involved in the entire process of procurement and installation of scanners has resulted in obtaining "deficient scanners" and delay in executing the civil works for installation of scanners.</p> <p>The whole affair, the Committee are of the opinion, has been done on a trial and error method which has caused wasteful expenditure. The Committee take serious view of it and require the Government to furnish an explanatory note on the whole affair, detailing the nature of mistakes committed by each authority/person involved and penal action, if any, taken on the erring officials/authority.</p>

1	2	3	4
3.	30, 31	Ministry of Finance (Department of Revenue)	<p>The Committee notice that though it is a positive direction that the revenue collections from the direct taxes have taken in the year 2003-04, the actual collections of the Personal Income Tax has been lower as compared to the Budget Estimates. In so far as revenue collections from the Indirect Taxes are concerned, they observe that the actual collections continue to be negative. The Committee are of the opinion that apart from some uncontrollable factors, the tendency of the Government to alter the rate of tax/duty structure intermittently causes unexpected downfalls in revenue collections. The Committee advise the Government to restrain from giving tax breaks too often and restrict them to once in a specific period, say once a year. They further observe that the BE fixed for the tax collections for the year 2005-06 is too ambitious. Though it is indicative of a positive outlook, there are apprehensions about the achievability, particularly after seeing the track record of the Government, who</p>

1	2	3	4
			<p>are finding it difficult to match the revenue collections to that of the growth in the GDP. In this regard, the Committee are of the opinion that unrealistic revenue targets should not be made. This apart, the Committee's apprehension is that the tendency to hardpress the assesseees, particularly under indirect taxes, to not to utilise cenvat credit, but to pay the taxes through cash payments, might increase.</p> <p>Repeated failures to achieve the targets of revenue collection are noticed in a number of Chief Commissionerates under the Income Tax Department and in Commissionerates both under the Customs and Central Excise Departments. The Committee desire to know the specific reasons for such repeated failures and the administrative actions taken against the officers concerned. They further want the Government to analyse the reasons for the shortfalls and rectify them so as to reverse the trend in the revenue collections.</p>

1	2	3	4
4.	43	Ministry of Finance (Department of Revenue)	<p>The Committee feel that strict vigilance action against corrupt officials not only discourages corruption, but also encourages uprightness and gives moral courage to the honest officers. The extent of the efficiency of the vigilance mechanism decides the relative extent of evasion of tax. One of the major causes for corruption in tax departments relates to connivance of the corrupt officials with the evaders. The Committee are constrained to notice that there are many vigilance cases that are pending as on date and advise the Government to speed up disposal of the cases by making special efforts.</p>
5.	55, 56, 57	Ministry of Finance (Department of Revenue)	<p>The Committee understand that the Settlement Commissions have been created to avoid complex and lengthy process of litigation and the cost involved in pursuing the cases, both for the assessee as well as the Government. The extent of belief of the assesseees to approach the system with a positive attitude is dependent on the extent to which these</p>

1	2	3	4
			<p>commissions are able to function efficiently and effectively. It is observed that presently there are vacancies in the Income Tax Settlement Commission, which have not been filled for years. This has happened because of the absence of clear-cut policy as to how these posts are to be filled in, and lack of serious efforts by various Government agencies involved. Hence the Committee urge the Government to come out with clear-cut policy/ instructions in so far as the filling up of the vacancies in the Settlement Tribunals is concerned.</p> <p>The Committee note with serious concern that there has been a tendency of non-cooperation by the Commissioners of Income Tax in furnishing the necessary reports under certain provisions of the Income Tax Settlement Commission rules. This denotes the attitude of the field officers in supporting the functioning of the Commission. The Committee want the Government to take a</p>

1	2	3	4
			<p>serious view of such defaults and initiate suitable action in this regard.</p>
			<p>The Committee note that the non-finalisation of the recruitment rules in time, non-revision of the pay scales of certain officers and lack of certain basic monetary benefits to the officials posted in the Customs and Central Excise Settlement Commission, are taking their toll, which might affect the very efficiency of the functioning of the Commission. They observe that the performance of the Commissions, particularly that of the Income Tax Settlement Commission, indicates marked decline in disposal of the cases, which is not at all to the Committee's expectations. They are of the opinion that the shortcomings observed above are the main reasons for the dismal shortfalls in the performance of the Settlement Commissions. Though the Government have initiated some remedial measures, the Committee advise the Government to pursue the matters in a time bound frame and solve them expeditiously. They are of the opinion that the</p>



1	2	3	4
			<p>Government have not been serious enough to ensure the smooth functioning of both the Commissions. Hence, the Committee urge the Government to undertake a thorough review of the functioning of the Settlement Commissions and remove all the obstacles in the functioning on a war footing. The Committee desire that the Government shall submit a status report in this regard within three months.</p>
6.	103 to 110	Ministry of Finance (Department of Revenue)	<p>The Committee understand that Computerisation of all the Government formations involved in the policy making on taxation and its implementation is expected to bring higher efficiency in the functioning of the tax machinery and result in faster assessments and collection of taxes, less interface between the tax officials and the public and more transparency in tax administration. Further it also facilitates widening and deepening of tax base and discourages tax evasion. The Committee express their disappointment that inspite of India's acknowledged prowess in IT planning and Software, IT application in both the CBDT and the CBEC has</p>

1	2	3	4
			<p>lagged behind and still suffers from lack of clarity and co-ordination.</p> <p>The Committee observe that the efforts of the Government towards Computerisation of the entire tax administration machinery seem to be undertaken in a piecemeal and casual manner which causes delays. Further, they observe that there has been no co-ordination between different tax departments.</p> <p>The Committee note and appreciate that in so far as computerisation in the Income Tax Department is concerned, the efforts like e-filing of returns, e-payment of tax, faster processing of returns and issue of refunds and consolidation of regional data bases into single rational data base are progressing in the right direction, which will enhance the efficiency of the department. They observe that on some of these decisions a timeframe for their implementation have been mentioned. They desire that the Government should make all out efforts in completing the projects in time.</p>

1	2	3	4
			<p>The Committee observe that delays in according sanctions to the projects, their implementation and delays in completion of tenders have resulted in either not spending the money allotted or reducing the RE drastically.</p>
			<p>The Committee desire that a dedicated machinery be created for planning, co-ordinating and helping in timely implementation of various computerisation projects. It shall obtain all the necessary sanctions well in time before coming out with the relevant demands. It shall also ensure timely and proper execution of tenders and implementation of the projects in time.</p>
			<p>The Committee observe that insufficiency of the manpower in the certifying authority under Indirect taxes has been indicated to be a matter of concern. They want the Government to look into the matter expeditiously.</p>
			<p>The Committee had, in one of their earlier reports, recommended that Computerisation was to be done in such a manner that</p>

1	2	3	4
			<p>all the departments involved in tax collections will be able to interchange information between them and further recommended to devise a unique identification number not only for various taxation proposals but also for all the financial transactions in the economy. The Committee, once more, reiterate their recommendation and desire that the Government should view the process of Computerisation in a holistic manner with a centralised supervisor to monitor formulation and execution of various computerisation projects being undertaken at present as well as in the future and bring them under one single umbrella. This should be done within a specified time-frame. The Committee would like to be apprised of the decision of the Government and further progress in this regard.</p> <p>They further desire that, keeping in mind the critical importance of Computerisation of all the tax departments, a consolidated demand and expenditure be introduced</p>

1	2	3	4
			<p>in the demands for grants for the computerisation efforts. The Committee desire that the Government come out quickly with a “White Paper” on Information Technology in Tax Administration that will provide a comprehensive overview of what is being done and what is proposed to be done to use IT to widen the tax base and increase tax collections, covering CBDT, CBEC and VAT as well. The Committee are of the opinion that with the computerisation of the tax administration, the Government should seriously look into the possibility of maximising the scrutiny of tax returns.</p>
7.	119 to 121	Ministry of Finance (Department of Revenue)	<p>The Committee observe that the Government had, in the last year’s budget, mentioned that collection of arrears of tax revenue would be one of the main source of increase in tax revenue and also fixed a target in regard thereto.</p> <p>They note with concern that the extent of realisation of arrears of the personal income tax component of Direct Taxes upto February,</p>

1	2	3	4
			<p>2005 raises doubts about the achievability of the balance targets and that there is also considerable deficiency in regard to realisation from the Indirect taxes too. They find this to be a serious failure as the target fixed was to the realised out of such tax arrears that were not contested and were not under any process of litigation. They seek specific reasons for the same from the Government.</p> <p>They further note that though the targets for the year 2005-2006 have not been announced publicly, internal targets have been set. The Committee are not in agreement with the changed policy of setting internal targets and urge the Government to come out publicly with the targets fixed for collecting uncontested revenue arrears.</p>
8.	138 to 140	Ministry of Finance (Department of Revenue)	<p>The Committee observe that the pendency position of appeals both under the Direct taxes as well as the Indirect Taxes are a serious cause of concern. It is observed that a whopping Rs. 55,138 crores and</p>

1	2	3	4
			<p>Rs. 19,473 crores, are locked up in disputes at various levels under the Direct Taxes and Indirect taxes respectively. Of this, the locked up revenue with the Tribunals concerning Direct and Indirect Taxes, account for more than half of the total revenue locked up under the Direct and Indirect Taxes. The Committee also desire to be furnished with detailed information on the pendency position of appeals, both under Direct and Indirect taxes <i>inter-alia</i> indicating the length of pendency of the cases and amounts involved. The Committee note that one of the main causes for the delay in disposal of cases by the Income Tax Tribunal is that the Tribunal gives stay beyond the mandatory 180 days provided for in the Income Tax Act.</p>
			<p>Further, the Government have stated that since the Tribunals function under the Ministry of Law, the Ministry of Finance, Department of Revenue are not in a position to justify the pendency of such huge number of cases in the Tribunals. While appreciating the effort of the Chief</p>

1	2	3	4
			<p>Commissioners of Income Tax to call on the Members/President of the Income Tax Appellate Tribunal, in effort to resolve high demand appeals on priority basis, the Committee urge the Government to also pursue the matter with the Ministry of Law and find a solution to the problem within a time-frame. They take note of the particular efforts taken by the Income Tax Department in minimising the number of appeals, like requesting the Supreme Courts and High Courts to adjudicate tax disputes on priority basis, fixing monetary limits as regards filing of appeals before the Tribunal/High Court/Supreme Court, filing appeals only on issues involving "substantial question of law" etc. which are in the right direction that the Committee feel that the Central Board of Excise and Customs may try to follow.</p> <p>The Committee further desire that a study may be conducted by the Government regarding the large number of cases pending at various stages of</p>



1	2	3	4
			<p>appeal, with specific focus on the reasons for the huge pendency with the Tribunals, and suitable remedial measures be taken to reduce them drastically. Inordinate delays in disposal of cases may indirectly encourage the assesseees to go in for appeal even on a case of no hope. The Committee want the Government to take all these steps in a time bound manner and be intimated about the actions taken in this regard by the Government.</p>
9.	150 to 152	Ministry of Finance (Department of Revenue)	<p>The Committee observe that the Central Economic Intelligence Bureau was created to co-ordinate and strengthen the intelligence activities and enforcement action by various agencies concerned with investigation into economic offences and enforcement of economic laws.</p> <p>The Financial Intelligence Unit—India (FIU-IND) has recently been set up with a view to coordinate and strengthen collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering</p>

1	2	3	4
			<p>and related crimes. It will be a multi-disciplinary unit with experts from Income Tax, Customs &amp; Central Excise, Law, Commercial Banks, Capital Market, Informational Technology etc., for establishing links between suspicious or unusual financial transactions and underlying criminal activities.</p> <p>The Committee also emphasise that the Economic Intelligence Council (EIC), which is provided with the Secretarial assistance by the Central Economic Intelligence Bureau (CEIB), should meet frequently and the functioning of the CEIB should be pro-active in co-ordinating with all the intelligence agencies dealing with economic and financial crimes.</p>

MINUTES OF THE TWENTIETH SITTING OF STANDING  
COMMITTEE ON FINANCE

The Committee sat on Wednesday, 30 March, 2005 from 1030 hours  
to 1400 hours

PRESENT

Maj. Gen. (Retd.) B.C. Khanduri — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Jaswant Singh Bishnoi
3. Shri Bhartruhari Mahtab
4. Shri Gurudas Kamat
5. Shri A. Krishnaswamy
6. Shri Bir Singh Mahato
7. Dr. Rajesh Kumar Mishra
8. Shri Madhusudan Mistry
9. Shri Rupchand Pal
10. Shri K.S. Rao
11. Shri Jyotiraditya Madhavrao Scindia
12. Shri Lakshman Seth
13. Shri M.A. Kharabela Swain

*Rajya Sabha*

14. Shri Murli Deora
15. Shri Jairam Ramesh
16. Shri M. Venkaiah Naidu
17. Shri Chittabrata Majumdar
18. Shri C. Ramachandraiah
19. Shri Mangani Lal Mandal

SECRETARIAT

1. Shri. P.D.T. Achary — *Secretary*
2. Dr. (Smt.) P.K. Sandhu — *Joint Secretary*
3. Shri R.K. Jain — *Deputy Secretary*
4. Shri T.G. Chandrasekhar — *Under Secretary*

## WITNESSES

**Ministry of Finance (Department of Revenue)**

1. Shri K.M. Chandrasekhar, Revenue Secretary
2. Dr. Parthasarathy Shome, Adviser to FM

**HQ Division (DOR)**

3. Shri K. Mohandas, Additional Secretary (Revenue)
4. Shri R.N. Das, Director (Enforcement)
5. Shri Rakesh Singh, Joint Secretary (Revenue)
6. Smt. Mala Srivastava, Director (Narcotics Control)
7. Shri L.K. Gupta, Director (Sales Tax)
8. Shri Mukul Singhal, Director (HQ)

**Central Board of Excise and Customs (CBEC)**

9. Shri A.K. Singh, Chairman
10. Shri J.N. Nigam, Member (CX)
11. Shri M. Jayaraman, Member (Customs & EP)
12. Shri V.P. Singh, Member (RI & I & ST)
13. Shri R.K. Tewari, Member (P&V/Budget)
14. Shri Jogendra Singh, DG (Vigilance) & CVO
15. Shri A.P. Sudhir, DG (Revenue Intelligence)
16. Shri S.P.S. Pundhir, DG (Central Excise Intelligence)
17. Shri A.K. Raha, DG (Systems)
18. Shri Gautam Ray, Joint Secretary (TRU I)
19. Shri R. Sekar, Joint Secretary (TRU II)
20. Shri P.K. Mohanty, Joint Secretary (Drawback)
21. Ms. Sheila Sangwan, Joint Secretary (Review)

**Central Board of Direct Taxes (CBDT)**

22. Smt. Shobha Majumdar, Chairperson
23. Shri Berjinder Singh, Member (Rev.) (Inv. & I. Tax)
24. Shri M.S. Darda, Member (A&J) & (per.)
25. Shri P.K. Mishra, DGIT (Vigilance)

26. Shri Hriday Narain, DGIT
27. Shri S.S. Khan, DIT (Systems)
28. Shri Arbind Modi, Joint Secretary (TPL II)
29. Shri D.P. Sengupta, Joint Secretary (FT&TR I)
30. Shri A.K. Garg, DIT (Recovery)
31. Shri Harsh Bardhan, DIT (Infrastructure)
32. Smt. Deepa Krishan, DIT (RSP & PR)
33. Shri Pradeep Sen, Joint Secretary (Admn.)

#### **Integrated Finance Unit**

34. Shri Deena Dayalan, JS & Financial Adviser (Finance)
35. Shri Ajesh Kumar, Chief Controller of Factories
36. Shri H.V. Chauhan, Narcotics Controller
37. Smt. Jasdeep V. Singh, Commissioner (Logistics)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Finance (Department of Revenue), to the sitting of the Committee and invited their attention to the provisions contained in direction 55 of the Directions by the Speaker.

3. The Committee then took oral evidence of representatives of the Ministry of Finance (Department of Revenue) on Demands for Grants (2005-06) and other related matters.

4. Thereafter, the Chairman requested the representatives of Ministry of Finance (Department of Revenue) to furnish notes on certain points raised by the Members to which replies were not readily available with them during the discussion.

5. The evidence was concluded.

6. A verbatim record of proceedings has been kept.

The witnesses then withdrew.

*(The Committee then adjourned to meet again on  
31 March, 2005 at 1030 hours)*

MINUTES OF THE TWENTY-THIRD SITTING OF STANDING  
COMMITTEE ON FINANCE

The Committee sat on Thursday, 7th April, 2005 from 1100 hours  
to 1230 hours

PRESENT

Maj. Gen. (Retd.) B.C. Khanduri — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Jaswant Singh Bishnoi
3. Shri Bhartruhari Mahtab
4. Shri Gurudas Kamat
5. Shri Bir Singh Mahato
6. Shri Madhusudan Mistry
7. Shri Rupchand Pal
8. Shri Shriniwas D. Patil
9. Shri Lakshman Seth
10. Shri M.A. Kharabela Swain
11. Shri Magunta Sreenivasulu Reddy

*Rajya Sabha*

12. Shri Jairam Ramesh
13. Shri M. Venkaiah Naidu
14. Shri Yashwant Sinha
15. Shri S.P.M. Syed Khan
16. Shri Mangani Lal Mandal

SECRETARIAT

1. Dr. (Smt.) P.K. Sandhu — *Joint Secretary*
2. Shri R.K. Jain — *Deputy Secretary*
3. Shri T.G. Chandrasekhar — *Under Secretary*

2. At the outset, the Chairman welcomed the members to the sitting of the Committee.

3. The Chairman then requested the Members to give their suggestions on the issues proposed to be taken up for inclusion in the draft reports of the Committee on Demands for Grants (2005-2006) of the Ministries/Departments under their purview.

4. Thereafter, Members expressed their views on the subjects/topics that could be covered in the Reports of the Committee on Demands for Grants (2005-2006) of the Ministries/Departments, which were to be taken up for consideration and adoption at the sittings to be held on 11 and 12 April, 2005.

5. A verbatim record of the proceedings has been kept.

*The Committee then adjourned.*

MINUTES OF THE TWENTY-FIFTH SITTING OF STANDING  
COMMITTEE ON FINANCE

The Committee sat on Tuesday, 12 April, 2005 from 1100 hours  
to 1310 hours.

PRESENT

Maj. Gen. (Retd.) B.C. Khanduri — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Jaswant Singh Bishnoi
3. Shri Gurudas Dasgupta
4. Shri Madhusudan Mistry
5. Shri Rupchand Pal
6. Shri K.S. Rao
7. Shri Lakshman Seth
8. Shri Vijoy Krishna

*Rajya Sabha*

9. Shri R.P. Goenka
10. Shri Jairam Ramesh
11. Shri Yashwant Sinha
12. Shri Chittabrata Majumdar
13. Shri C. Ramachandraiah
14. Shri Mangani Lal Mandal

SECRETARIAT

1. Shri R.K. Jain — *Deputy Secretary*
2. Shri T.G. Chandrasekhar — *Under Secretary*

2. At the outset, the Chairman welcomed the Members to the  
sitting.



3. The Committee then took up for consideration the following draft reports:

- |       |                                                                                                    |    |    |    |
|-------|----------------------------------------------------------------------------------------------------|----|----|----|
| (i)   | Draft report on the Demands for Grants (2005-2006) of Ministry of Finance (Department of Revenue); |    |    |    |
| (ii)  | **                                                                                                 | ** | ** | ** |
| (iii) | **                                                                                                 | ** | ** | ** |
| (iv)  | **                                                                                                 | ** | ** | ** |

4. The Committee adopted the report with the modifications/ amendments shown in *Annexure*.

5. The Committee authorised the Chairman to finalise the Reports in the light of modifications as also to make verbal and other consequential changes arising out of the factual verification and present the same to both the Houses of Parliament.

*The Committee then adjourned.*

ANNEXURE

[MODIFICATIONS/AMENDMENTS MADE BY STANDING COMMITTEE ON FINANCE IN THEIR DRAFT REPORT ON THE DEMANDS FOR GRANTS (2005-2006) OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE)]

Page No.	Para No.	Line No.	Modifications/ Amendments
1	2	3	4
16	30	3	<p><i>For:</i></p> <p>has taken a beating as compared to both the Budget Estimates and the Revised Estimates.</p> <p><i>Substitute:</i></p> <p>has been lower as compared to the Budget Estimates.</p>
16	30	16	<p><i>For:</i></p> <p>The Committee's concerns are that the huge expected increase in the tax revenue should not result in a disappointing negative collection, which may result in increasing the debt burden of the Government.</p> <p><i>Substitute:</i></p> <p>In this regard, the Committee are of the opinion that unrealistic revenue targets should not be made.</p>
22	43	8	<p><i>For:</i></p> <p>finalisation</p> <p><i>Substitute:</i></p> <p>disposal</p>

1	2	3	4
28	57	11	<p><i>For :</i></p> <p>rectificatory action</p> <p><i>Substitute :</i></p> <p>remedial measures</p>
47	103	8	<p><i>After :</i></p> <p>Further it also facilitates widening and deepening of tax base and discourages tax evasion.</p> <p><i>Add :</i></p> <p>The Committee express their disappointment that inspite of India's acknowledged prowess in IT planning and Software, IT application in both the CBDT and the CBEC has lagged behind and still suffers from lack of clarity and co-ordination.</p>
47	107	1	<p><i>For :</i></p> <p>separate ad-hoc</p> <p><i>Substitute :</i></p> <p>dedicated</p>
48	109	12	<p><i>After :</i></p> <p>...bring them under one single umbrella.</p> <p><i>Add :</i></p> <p>This should be done within a specified time-frame. The Committee would like to be apprised of the decision of the Government and further progress in this regard.</p>
48	110	4	<p><i>After :</i></p> <p>..... Grants for the computerisation efforts.</p>

1	2	3	4
			<p><i>Add:</i></p> <p>The Committee desire that the Government come out quickly with a "White Paper" on Information Technology in Tax Administration that will provide a comprehensive overview of what is being done and what is proposed to be done to use IT to widen the tax base and increase tax collections, covering CBDT, CBEC and VAT as well. The Committee are of the opinion that with the computerisation of the tax administration, the Government should seriously look into the possibility of maximising the scrutiny of tax returns.</p>
51	119	3	<p><i>After:</i></p> <p>...the main source of</p> <p><i>Add:</i></p> <p>increase in</p>
51	120	1	<p><i>For:</i></p> <p>They note with concern that the extent of realisation of the tax arrears upto February, 2005 from the Direct taxes, raises serious doubts about the achievability of the balance targets and that there is also considerable deficiency in regard to realisation from the Indirect taxes too.</p> <p><i>Substitute:</i></p> <p>They note with concern that the extent of realisation of arrears of the personal income tax component of Direct Taxes upto February, 2005 raises doubts about the achievability of the balance targets and that there is also considerable</p>

1	2	3	4
			deficiency in regard to realisation from the Indirect taxes too.
51	121	4	<p><i>For:</i></p> <p>They would like to be apprised about the periodical progress of realisation of such arrears.</p> <p><i>Substitute:</i></p> <p>The Committee are not in agreement with the changed policy of setting internal targets and urge the Government to come out publicly with the targets fixed for collecting uncontested revenue arrears.</p>
60	138	3	<p><i>For:</i></p> <p>It is observed that a whopping Rupees Fifty Five Thousand One Hundred and Thirty Eight Crore and Rupees Nineteen Thousand Four Hundred and Seventy Three Crore are locked up in disputes at various levels under the Direct Taxes and Indirect Taxes respectively.</p> <p><i>Substitute:</i></p> <p>It is observed that a whopping Rs. 55,138 crores and Rs. 19,473 crores, are locked up in disputes at various levels under the Direct Taxes and Indirect Taxes respectively.</p>
		9	<p><i>After:</i></p> <p>...under the Direct and Indirect taxes.</p> <p><i>Add:</i></p> <p>The Committee also desire to be furnished with detailed information on the pendency position of appeals, both</p>

1	2	3	4
66	152	<p>under Direct and Indirect taxes <i>inter-alia</i> the indicating length of pendency of the cases and amounts involved.</p> <p><i>Delete:</i></p> <p>In this regard,</p> <p><i>For:</i></p> <p>The Committee are of the opinion that the Central Economic Intelligence Bureau, which has experts drawn from various tax departments and whose objective is to co-ordinate with all the economic intelligence agencies could have been given this additional responsibility instead of setting up a new organisation, namely, FIU-IND. Creating an office within the Central Economic Intelligence Bureau to look after the functions of the newly formed FIU-IND, would have, possibly led to an easier pursuit of the objectives envisaged and avoided the additional costs of creating a new establishment. The Committee desire the Government to consider the possibility of a merger of these two bodies, which may not involve any compromise in achieving the objectives set both for the CEIB and FIU-IND.</p> <p><i>Substitute:</i></p> <p>The Committee also emphasise that the Economic Intelligence Council (EIC), which is provided with the Secretarial assistance by the Central Economic Intelligence Bureau (CEIB), should meet frequently and the functioning of the CEIB should be pro-active in co-ordinating with all the intelligence agencies dealing with economic and financial crimes.</p>	

## ANNEXURE I

## ANALYSIS OF COLLECTION OF CT AND IT AGAINST TARGET UPTO MARCH, 2001

(Rs. In crores)

CCIT Region	Corporation tax			Income Tax			Total (CT+IT)			
	Target upto Mar. 2001	Coll. upto Mar. 2001 (Residual)	Increased/ decrease over Target	Target upto Mar. 2001	Coll. upto Mar. 2001 (Residual)	Increased/ decrease over Target	Target upto Mar. 2001	Coll. upto Mar. 2001 (Residual)	Actual increase/ decrease over Target	%age growth over Target
1	2	3	4	5	6	7	8	9	10	11
Ahmedabad	1051	762.60	-288.4	2135	1946.64	-188.36	3186	2709.24	-476.76	-14.96
Bangalore	1642	1324.85	-317.15	2341	2582.87	241.87	3983	3907.72	-75.28	-1.89
Bhopal	1046	839.03	-206.97	774	789.59	15.59	1820	1628.62	-191.38	-10.52
Mumbai	16016	15477.49	-538.51	7898	7389.24	-508.76	23914	22866.73	-1047.27	-4.38
Calcutta	1895	1414.04	-480.96	1893	1788.65	-104.35	3788	3202.69	-585.31	-15.45
Cochin	401	359.81	-41.19	691	635.23	-55.77	1092	995.04	-96.96	-8.88
Hyderabad	1072	1021.62	-50.38	1472	1429.63	-42.37	2544	2451.25	-92.75	-3.65

1	2	3	4	5	6	7	8	9	10	11
Jaipur	280	118.67	-161.33	691	637.09	-53.91	971	755.76	-215.24	-22.17
Chennai	2600	1840.29	-759.71	2815	2629.01	-185.99	5415	4469.3	-945.7	-17.46
Delhi	7608	5855.69	-1752.31	4107	4190.79	83.79	11715	10046.48	-1668.52	-14.24
Chandigarh	780	689.71	-90.29	1760	1568.75	-191.25	2540	2258.46	-281.54	-11.08
Kanpur	3475	4280.02	805.02	895	857.29	-37.71	4370	5137.31	767.31	17.56
Lucknow	133	52.68	-80.32	769	678.43	-90.57	902	731.11	-170.89	-18.95
Pune	1135	823.91	-311.09	2277	2219.60	-57.4	3412	3043.51	-368.49	-10.80
Patna	20	22.01	2.01	534	572.63	38.63	554	594.64	40.64	7.34
Guwahati	222	197.16	-24.84	308	544.13	236.13	530	741.29	211.29	39.87
Bhubaneswar	664	563.73	-100.27	230	242.91	12.91	894	806.64	-87.36	-9.77
Total	40040	35643.31	-4396.69	31590	30702.48	-887.52	71630	66345.79	-5284.21	-7.38
CTDS	0	12.80	—	—	895.26	—	—	908.05	—	—
G. Total	40040	35656.31	-4383.89	31590	31597.73	7.73	71630	67253.84	-4376.16	-6.11

The collection of Panchkula, Meerut, Ranchi & Raipur regions are included in the regions of Chandigarh, Kanpur, Patna and Bhopal respectively.

Note:—(i) Targets given above are the original targets allocated with reference to BE only.



ANALYSIS OF COLLECTION OF CT AND IT FOR THE MONTH OF NOV.-MARCH, 2002

(Rs. In crores)

CCIT Region	Corporation tax			Income Tax			Total (CT+IT)			
	Target upto Mar. 2002	Coll. upto Mar. 2002 (Residual)	Increase/ decrease over Target	Target upto Mar. 2002	Coll. upto Mar. 2002 (Residual)	Increase/ decrease over Target	Target upto Mar. 2002	Coll. upto Mar. 2002 (Residual)	Actual increase/ decrease over Target	%age growth over Target
1	2	3	4	5	6	7	8	9	10	11
Ahmedabad	1033	897.22	-134.78	2618	1725.21	-892.79	3651	2622.43	-1028.57	-28.17
Bangalore	1549	1518.30	-30.7	3196	2630.38	-565.62	4745	4148.68	-596.32	-12.57
Bhopal	669	790.43	121.43	827	999.36	172.36	1496	1789.79	293.79	19.64
Raipur	432	—	—	177	—	—	609	—	—	—
Mumbai	19357	15370.64	-19357	10164	7049.90	-3114.1	29521	22420.54	-7100.46	-24.05
Calcutta	1789	1513.17	-275.83	2319	1799.22	-519.78	4108	3312.39	-795.61	-19.37
Cochin	437	387.61	-49.39	849	683.76	-165.24	1286	1071.37	-214.63	-16.69
Hyderabad	1153	942.15	-210.85	1830	1627.28	-202.72	2983	2569.43	-413.57	-13.86
Jaipur	212	182.14	-29.86	864	654	-210	1076	836.14	-239.86	-22.29

1	2	3	4	5	6	7	8	9	10	11
Chennai	2341	1725.55	-615.45	3438	2830.79	-607.21	5779	4556.34	-1222.66	-21.16
Delhi	7775	7007.24	-767.76	5717	4022.22	-1694.78	13492	11029.46	-2462.54	-18.25
Chandigarh	581	531.49	-49.51	1339	1221.3	-117.7	1920	1752.79	-167.21	-8.71
Panchkula	206	124.19	-81.81	761	567.97	-193.03	967	692.16	-274.84	-28.42
Kanpur	65	29.37	-35.63	514	414.35	-99.65	579	443.72	-135.28	-23.36
Meerut	5075	3910.68	115.38	568	435.75	32.29	5643	4346.43	-1296.57	-22.98
Lucknow	105	95.65	-9.35	893	677.92	-215.08	998	773.57	-224.43	-22.49
Pune	1106	778.14	-327.86	2913	2194.07	-718.93	4019	2972.21	-1046.79	-26.05
Patna	13	6.14	-6.86	380	731.98	351.98	393	738.12	345.12	87.82
Ranchi	15	—	—	343	—	—	—	—	—	—
Guwahati	242	210.28	-31.72	653	379.65	-273.35	895	589.93	-305.07	-34.09
Bhubaneswar	708	449.29	-258.71	312	351.87	39.87	1020	801.16	-218.84	-21.45
Total	44863	36469.68	8393.32	40675	30996.98	-9678.02	85538	67466.66	-18071.34	-21.13
CTDS	0	10.28	—	—	774.04	—	—	754.32	—	—
G. Total	44863	36479.96	-8383.04	40675	31741.02	-8933.98	85538	68220.98	-17317.02	-20.24

Note:—(i) Targets given above are the original targets allocated with reference to BE only.

TARGET AND ACTUAL COLLECTIONS OF CADRE CONTROLLING CCITs FOR 2002-03

(Rs. In crores)

CCIT Region	Annual Target For CT 2002-2003	Annual Target For IT 2002-2003	Total Target for (CT+IT) 2002-2003	Actual Collection of CT 2002-2003	Actual Collection of IT 2002-2003	Actual Collection of (CT+IT) 2002-2003	%age variation from target CT	%age variation from target IT	%age variation from target CT+IT
1	2	3	4	5	6	7	8	9	10
Ahmedabad	1196	2367	3563	1286.64	1964.06	3250.70	7.67	-17.02	-8.76
Bangalore	2024	3809	5633	2477.88	2928.00	5405.88	22.42	-18.86	-4.03
Bhopal	1054	1371	2425	1259.23	828.56	2087.79	19.50	-39.57	-13.90
Mumbai	20491	9672	30162	19341.78	8613.45	27955.23	-5.61	-10.64	-7.32
Calcutta	2017	2468	4486	1686.65	1950.39	3637.04	-21.34	-20.98	-21.15
Cochin	517	938	1455	573.05	765.24	1338.29	10.90	-18.42	-8.01
Hyderabad	1256	2232	3488	1244.46	1630.26	2874.74	-0.92	-26.96	-17.59
Jaipur	243	897	1140	293.54	681.99	975.53	20.89	-23.99	-14.43
Chennai	2300	3884	6184	2382.27	2935.50	5317.77	3.58	-24.41	-14.01
Delhi	9341	5518	14659	7762.6	6126.86	12889.46	-16.90	-7.09	-13.26

1	2	3	4	5	6	7	8	9	10
Chandigarh	874	2455	3329	895.03	1967.14	2862.17	2.40	-19.86	-14.02
Kanpur	39	568	608	64.03	410.83	474.86	63.55	-27.73	-21.85
Meerut	5213	598	5811	4740.12	555.16	5295.28	-9.08	-7.13	-8.88
Lucknow	128	930	1058	167.8	768.06	935.86	31.60	-17.42	-11.51
Pune	1037	3010	4047	1150.41	2300.26	3450.67	10.90	-23.58	-14.74
Patna	8	1004	1012	29.08	806.60	835.68	255.07	-10.68	-17.45
Guwahati	280	521	801	390.32	437.20	827.52	39.24	-16.06	3.29
Bhubaneswar	599	483	1082	606.18	335.47	941.65	1.21	-30.51	-12.95
Total	48618	42525	91142	46261.09	35005.03	81256.12	-4.87	-17.68	-10.85

Note:—(i) Collections made by way of Central TDS have not been taken into account. Targets given above are the original Targets allocated on the basis of Budget Estimates.

TARGET AND ACTUAL COLLECTIONS OF CADRE CONTROLLING CCITs FOR 2003-04

CCIT Charge	Corporation Tax				Income Tax				Total			
	Target (Crore)	Actual Collection (Crore)	Excess/ Shortfall (Crore)	Excess/ Shortfall (%)	Target (Crore)	Actual Collection (Crore)	Excess/ Shortfall (Crore)	Excess/ Shortfall (%)	Target (Crore)	Actual Collection (Crore)	Excess/ Shortfall (Crore)	Excess/ Shortfall (%)
1	2	3	4	5	6	7	8	9	10	11	12	13
Ahmedabad	1433	1640.77	208	14.50%	2473	2096.40	-377	-15.23%	3906	3737.17	-169	-4.32%
Bangalore	2759	3604.22	845	30.64%	3686	3903.48	217	5.90%	6445	7507.70	1063	16.49%
Bhopal	1402	1510.22	108	7.72%	1043	1002.33	-41	-3.90%	2445	2512.55	68	2.76%
Mumbai	21537	26979.74	5443	25.27%	10844	9218.23	-1626	-14.99%	32381	36197.97	3817	11.79%
Kolkata	1767	2729.08	962	54.45%	2456	1950.00	-506	-20.60%	4223	4679.08	456	10.80%
Cochin	638	963.18	325	50.97%	963	750.14	-213	-22.10%	1601	1713.32	112	7.02%
Hyderabad	1386	1785.12	399	28.80%	2052	2036.98	-15	-0.73%	3438	3822.10	384	11.17%
Jaipur	327	558.80	232	70.89%	859	833.00	-26	-3.03%	1186	1391.80	206	17.35%
Chennai	2653	3100.84	448	16.88%	3696	3208.93	-487	-13.18%	6349	6309.77	-39	-0.62%
Delhi	8644	10417.67	1774	20.52%	6455	5715.46	-740	-11.46%	15099	16133.13	1034	6.85%

1	2	3	4	5	6	7	8	9	10	11	12	13
Chandigarh	997	1157.10	160	16.06%	2477	2377.20	-100	-4.03%	3474	3534.30	60	1.74%
Kanpur	71	110.78	40	56.03	517	462.74	-54	-10.50%	588	573.52	-14	-2.46%
Meerut	5278	5334.77	57	1.08%	699	800.33	101	14.50%	5977	6135.10	158	2.65%
Lucknow	187	155.46	-32	-16.87%	967	891.22	-76	-7.84%	1154	1046.68	-107	-9.30%
Nagpur	318	312.01	-6	-1.88%	497	403.72	-93	-18.77%	815	715.73	-99	-12.18%
Pune	963	1344.49	381	39.61%	2399	2286.29	-133	-5.53%	3362	3610.78	249	7.40%
Patna	32	85.58	54	167.44%	1016	824.23	-192	-18.88%	1048	909.81	-138	-13.19%
Guwahati	435	690.32	255	58.69%	550	590.68	41	7.39%	985	1280.98	296	30.05%
Bhubaneswar	675	1018.94	344	50.95%	422	380.08	-42	-9.93%	1097	1399.02	302	27.53%
Total	51502	63499.09	11997	23.29%	44071	39711.42	-4360	-9.89%	95573	103210.51	7638	7.99%

Note:—(i) Collections made by way of Central TDS have not been taken into account. Targets given above are the original Targets allocated on the basis of Budget Estimates.

## ANNEXURE-II

## CUSTOMS: COMMISSIONERATE-WISE BUDGET ESTIMATE AND ACTUAL REVENUE COLLECTION

(In Rs. Crore)

S.No.	Name of the State	2000-01				2001-02			
		Target	Actual	Gain/ Shortfall	% Gain/ Shortfall	Target	Actual	Gain/ Shortfall	% Gain/ Shortfall
1	2	3	4	5	6	7	8	9	10
<b>1.</b>	<b>Maharashtra</b>								
1.	Mumbai	9660.00	7344.48	-2315.52	-23.97	8649.00	5906.39	-2742.61	-31.71
2.	Sahar Air Port	150.00	119.34	-30.66	-20.44	131.00	111.32	-19.68	-15.02
3.	Sahar Air Cargo	3060.00	3015.61	-44.39	-1.45	3287.00	2688.84	-598.16	-18.20
4.	J.N. Port	5080.00	4320.85	-759.15	-14.94	5149.00	3979.67	-1169.33	-22.71
5.	Mumbai-II	20.00	40.24	20.24	101.20	45.00	46.94	1.94	4.31
6.	Mumbai-III	25.00	9.68	-15.32	-61.28	14.00	12.37	-1.63	-11.64
7.	Mumbai-VII	30.00	28.56	-1.44	-4.80	32.00	11.28	-20.72	-64.75

1	2	3	4	5	6	7	8	9	10
8.	Pune Customs	630.00	642.65	12.65	2.01	728.00	106.28	-621.72	-85.40
9.	Nagpur	45.00	27.91	-17.09	-37.98	32.00	23.54	-8.46	-26.44
10.	Aurangabad	100.00	61.60	-38.40	-38.40	70.00	43.43	-26.57	-37.96
	Total	18800.00	15610.92	-3189.08	-16.96	18137.00	12930.06	-5206.94	-28.71
<b>2.</b>	<b>Goa</b>								
11.	Goa	450.00	301.24	-148.76	-33.06	342.00	254.73	-87.27	-25.52
<b>3.</b>	<b>Gujarat and UT of Dadra, Nagar Haveli &amp; Daman Diu</b>								
12.	Kandla	2250.00	1639.68	-610.32	-27.13	2213.00	2071.5	-141.50	6.39
13.	Ahmedabad (Prev)	2400.00	2753.75	353.75	14.74	3430.00	2320.28	-1109.72	-32.35
14.	Vadodara	720.00	710.75	-9.25	-1.28	711.00	414.3	-296.70	-41.73
15.	Rajkot	2400.00	2438.1	38.10	1.59	2440.00	896.87	-1543.13	-63.24
16.	Ahmedabad-I	5.00	4.31	-0.69	-13.80	5.00	2.75	-2.25	-45.00
17.	Ahmedabad-II	8.00	7.55	-0.45	-5.63	9.00	3.69	-5.31	-59.00



1	2	3	4	5	6	7	8	9	10
18.	Surat-I	20.00	13.11	-6.89	-34.45	13.00	6.34	-6.66	-51.23
19.	Surat-II	12.00	1.74	-10.26	-85.50	2.00	1.39	-0.61	-30.50
	Total	7815.00	7568.99	-246.01	-3.15	8823.00	5717.12	-3105.88	-35.20
<b>4.</b>	<b>Karnataka, Kerala and UT of Lakshadweep</b>								
20.	Bangalore	1560.00	1595.10	35.10	2.25	1738.00	1417.17	-320.83	-18.46
21.	Mangalore	1312.00	1282.53	-29.47	-2.25	1398.00	579.96	-818.04	-58.52
22.	Cochin (Cus)	1105.00	968.27	-136.73	-12.37	1056.00	713.24	-342.76	-32.46
23.	Cochin (I)	70.00	47.72	-22.28	-31.83	67.00	44.58	-22.42	-33.46
24.	Cochin (II)	5.00	4.18	-0.82	-16.40	5.00	3.22	-2.78	-35.60
	Total	4052.00	3897.80	-154.20	-3.81	4264.00	2758.17	-1505.83	-35.31
<b>5.</b>	<b>Andhra Pradesh</b>								
25.	Visakhapatnam (Cus)	1050.00	915.02	-134.98	-12.86	1065.00	748.05	-316.95	-29.76
26.	Visakhapatnam (Ex)	325.00	440.26	115.26	35.46	651.22	663.46	12.24	1.88
	Hyderabad-I								

1	2	3	4	5	6	7	8	9	10
27.	Hyderabad-II	490.00	423.68	-66.32	-13.53	487.39	288.78	-198.61	-40.75
28.	Guntur	140.00	22.89	-117.11	-83.65	26.39	4.8	-21.59	-81.81
	Total	2005.00	1801.85	-203.15	-10.13	2230.00	1705.09	-524.91	-23.54
<b>6.</b>	<b>Tamil Nadu and UT of Pondicherry</b>								
29.	Chennai Port	5440.00	5131.48	-308.52	-5.67	5950.00	4471.36	-1478.64	-24.85
30.	Chennai Air Port Cargo	1640.00	1673.74	-166.26	-9.04	1974.00	1324.74	-649.26	-32.89
31.	Chennai-I	60.00	48.11	-11.89	-19.82	0.00	36.06	35.05	—
32.	Chennai-II	20.00	27.69	7.69	39.45	0.00	18.13	18.13	—
33.	Tiruchirapalli	360.00	491.00	131.00	36.39	650.00	637.38	-12.62	-1.94
34.	Coimbatore	140.00	94.91	-45.09	-32.21	0.00	-72.59	-72.59	—
35.	Madurai	3.00	0.16	-2.84	-94.67	0.00	0.08	0.08	—
	Total	7863.00	7467.09	-395.91	-5.04	8574.00	6415.16	-2158.84	-25.18
<b>7.</b>	<b>Uttar Pradesh, Uttaranchal, Bihar and Jharkhand</b>								
36.	Kanpur	5.00	-7.82	-12.82	-256.40	0.00	-16.37	-16.37	—
37.	Lucknow	890.00	704.44	-185.56	-20.85	790.00	551.65	-238.35	-30.17

1	2	3	4	5	6	7	8	9	10
38.	Patna	90.00	135.77	45.77	50.86	156.00	154.47	-1.53	-0.98
39.	Meerut-I	10.00	16.00	6.00	60.00	18.00	5.72	-12.28	-68.22
40.	Meerut-II	10.00	14.76	4.76	47.60	15.00	-60.96	-75.96	-506.40
41.	Allahabad	5.00	1.20	-3.80	-76.00	0.00	2.37	2.37	—
42.	Jamshedpur	3.00	1.77	-1.23	-41.00	2.00	0.21	-1.79	-89.50
43.	Lucknow [C.C.(P)]	2.00	7.79	5.79	289.50	10.00	6.03	-3.97	-39.70
	Total	1015.00	873.91	-141.09	-13.90	991.00	643.12	-347.88	-35.10
<b>8.</b>	<b>Delhi, H.P, Punjab, Haryana, J &amp; K, UT of Chandigarh</b>								
44.	Delhi	6100.00	5904.78	-195.22	-3.20	6619.00	5845.78	-773.22	-11.68
45.	Amritsar+Chandigarh-I	275.00	197.92	-77.08	-28.03	219.00	155.08	-63.92	-29.19
	Total	6375.00	6102.70	-272.30	-4.27	6838.00	6000.86	-837.14	-12.24
<b>9.</b>	<b>Madhya Pradesh, Chhattisgarh and Rajasthan Jodhpur (Including)</b>								
46.	Jaipur (I & II)	55.00	78.40	23.40	42.55	89.00	27.28	-61.72	-69.35
47.	Indore	115.00	86.77	-28.23	-24.55	98.00	70.34	-27.66	-28.22

1	2	3	4	5	6	7	8	9	10
48.	Bhopal	2.00	1.91	-0.09	-4.50	2.00	9.09	7.09	354.50
	Total	172.00	167.08	-4.92	-2.86	189.00	106.71	-82.29	-43.54
10.	<b>W.B., Orissa, Sikkim, All N-E States and UT of Andaman &amp; Nicobar</b>								
49.	Calcutta	480.00	3694.70	-1105.30	-23.03	4284.79	3393.4	-891.39	-20.80
50.	Bhubaneshwar	220.00	125.10	-94.90	-43.14	144.03	164.91	20.88	14.50
51.	Shillong	5.00	4.39	-0.61	-12.20	5.18	7.17	1.99	38.42
	Total	5025.00	3824.19	-1200.81	-23.90	4434.00	3565.48	-88.52	-19.59
	All India Total	53572.00	47615.77	-5956.23	-11.12	54822.00	40096.50	-14725.50	-26.86

## ANNEXURE-II

## CUSTOMS: COMMISSIONERATE-WISE BUDGET ESTIMATE &amp; ACTUAL REVENUE COLLECTION IN 2002-03

(Rs. in Crore)

S.No.	Commissionerate	Target 2002-2003	S.No.	Commissionerate	Actuals 2002-2003	Gain/ Shortfall	% Gain/ Shortfall
1	2	3	4	5	6	7	8
<b>1.</b>	<b>Maharashtra</b>						
1.	Mumbai	6177.00	1.	Mumbai Custom House	5323.62		
2.	Sahar Air Port	128.00	2.	CFS Mulund	409.81		
3.	Sahar Air Cargo	3400.00	3.	Sahar Air Cargo (Imp.)	117.79		
4.	J.N. Port	4500.00	4.	Sahar Air Cargo (Exp.)	3418.49		
5.	Mumbai-III	53.00	5.	Jawahar Custom House	4861.24		
6.	Mumbai-II	14.00	6.	CSI Airport (Mumbai)	117.79		
7.	Mumbai-VII	13.00	7.	Mumbai (P)	0		
8.	Pune Customs	120.00	8.	Pune	183.95		
9.	Nagpur	26.00	9.	Thane-I	2.2		

1	2	3	4	5	6	7	8
10.	Aurangabad	49.00	10.	Thane-II	2.86		
			11.	Belapur/Mum-VI	0		
			12.	Mumbai-II	93.6		
			13.	Mumbai-III	7.29		
			14.	Raigarh/Mum-VII	6.74		
			15.	Nagpur	46.31		
			16.	Aurangabad	34.09		
			17.	Nasik	2.47		
	Total	14480.00		Total	14510.46	30.46	0.21
2.	<b>Goa</b>						
11.	Goa	286.00	18.	Goa	249.55		
	Total	286.00		Total	249.55	-36.45	-12.74
3.	<b>Gujarat and UT of Dadra, Nagar Haveli &amp; Daman &amp; Diu</b>						
12.	Ahmedabad (Prev.)	2609.00	19.	Ahmedabad	1725.08		

1	2	3	4	5	6	7	8
13.	Kandla	2329.00	20.	Jamnagar (P)	534		
14.	Ahmedabad-I	3.00	21.	Kandla	2347.72		
15.	Ahmedabad-II	4.00	22.	Ahmedabad-I	1.1		
16.	Rajkot	1008.00	23.	Ahmedabad-II	3.5		
17.	Vadodara	466.00	24.	Ahmedabad-III	0.38		
18.	Surat-I	7.00	25.	Rajkot	1947.38		
19.	Surat-II	2.00	26.	Vadodara-I	533.64		
			27.	Vadodara-II	4.44		
			28.	Surat-I	3.56		
			29.	Surat-II	6.05		
			30.	Daman	0		
			31.	Vapi	0.91		
	Total	6428.00		Total	7107.76	679.76	10.57
<b>4.</b>	<b>Karnataka, Kerala and UT of Lakshadweep</b>						
20.	Bangalore	1560.00	32.	Bangalore	1472.1		

1	2	3	4	5	6	7	8
21.	Mangalore	652.00	33.	Mangalore	942.5		
22.	Cochin (Cus)	835.00	34.	Cochin (Port)	1072.98		
23.	Cochin	50.00	35.	Cochin (P)	0		
24.	Calicut	4.00	36.	Cochin	21.75		
			37.	Calicut	4.11		
			38.	Mysore	0		
			39.	Trivandrum	13.53		
	Total	3101.00		Total	3526.97	425.97	13.74
5.	<b>Andhra Pradesh</b>						
25.	Hyderabad-II	325.00	40.	Hyderabad-I	0		
26.	Vishakhapatnam (Cus)	841.00	41.	Hyderabad-II	327.87		
27.	Guntur	5.00	42.	Hyderabad-IV	9.43		
28.	Vishakhapatnam (Ex.)	746.00	43.	Vizag	770.47		
			44.	Guntur	4.75		



1	2	3	4	5	6	7	8
			45.	Vizag-I	439.52		
			46.	Vizag-II	227.99		
			47.	Tirupati	0		
	Total	1917.00		Total	1780.03	-136.97	-7.15
<b>6.</b>	<b>Tamil Nadu and UT of Pondicherry</b>						
29.	Chennai (Airport & Aircargo)	1490.00	48.	Chennai (Airport & Aircargo)	1563.39		
30.	Chennai Port	5028.00	49.	Chennai Seaport (Imp. & Exp.)	4566.34		
31.	Tiruchirapalli	717.00	50.	Tuticorin	251.37		
32.	Chennai-II	40.00	51.	Tiruchirapalli	400.49		
33.	Chennai-III	20.00	52.	Chennai-II	36.97		
34.	Coimbatore	0.00	53.	Chennai-III	30.04		
35.	Madurai	0.00	54.	Chennai-IV	0		
			55.	Pondicherry	0		
			56.	Coimbatore	-46.26		
			57.	Madurai	-2.18		

1	2	3	4	5	6	7	8
			58.	Salem	0		
			59.	Throneveli	0		
			60.	Tiruchirapalli	0		
	Total	7295.00		Total	6800.16	-494.84	-6.7
<b>7.</b>	<b>Uttar Pradesh &amp; Uttaranchal</b>						
36.	Kanpur	0.00	61.	Kanpur	-2.02		
37.	Lucknow	620.00	62.	Lucknow	602.59		
38.	Allahabad	3.00	63.	Allahabad	0		
39.	Meerut-I	6.00	64.	Ghaziabad	3.04		
40.	Meerut-II	0.00	65.	Meerut-I	-2.56		
41.	Lucknow [CC(P)]	7.00	66.	Meerut-II	-28.21		
			67.	Noida	0.02		
			68.	Lucknow (P)	6.55		
	Total	636.00		Total	579.41	-56.59	-8.90

1	2	3	4	5	6	7	8
<b>8.</b>	<b>Bihar &amp; Jharkhand</b>						
42.	Patna	174.00	69.	Patna	129.5		
43.	Jamshedpur	0.00	70.	Jamshedpur	0.29		
			71.	Patna	0		
			72.	Ranchi	0		
	Total	174	Total		129.79	-44.21	-25.41
<b>9.</b>	<b>Delhi, H.P., Punjab and Haryana and UT of Chandigarh</b>						
44.	Delhi	6573.00	73.	Delhi Aircargo (Imp. & Gen.)	700.39		
45.	Amritsar+Chandigarh	174.00	74.	Delhi Aircargo (Exp.)	2511.2		
			75.	Delhi (ICDs)	3096.39		
			76.	Delhi (P)	0.00		
			77.	Amritsar (P)	143.17		
			78.	Delhi-III	0.00		
			79.	Delhi-IV	0.00		

1	2	3	4	5	6	7	8
			80.	Rohtak	0.00		
			81.	Panchkula	0.00		
	Total	6747.00		Total	6451.15	-295.85	-4.38
10.	<b>M.P., Chhattisgarh and Rajasthan</b>						
	Jodhpur	31.00		Jodhpur (Cus)/	70.67		
46.	(Including Jaipur I & II)		82.	Jaipur-I			
47.	Indore	79.00	83.	Jaipur-II	0.00		
48.	Bhopal	10.00	84.	Indore	85.39		
			85.	Bhopal	0.08		
	Total	120		Total	156.14	36.14	30.12
11.	<b>W.B., Orissa, Sikkim, North-Eastern States and UT of Andaman &amp; Nicobar</b>						
49.	Calcutta	3816.00	86.	Kolkata Port	3035.48		
50.	Bhubaneswar	185.00	87.	Kolkata Airport	395.02		
51.	Shillong	8.00	88.	West Bengal (P)	33.4		

1	2	3	4	5	6	7	8
			89.	Bhubaneswar-I	149.51		
			90.	Bhubaneswar-II	0		
			91.	Shillong (P)	7.49		
			92.	Dibrugarh	0		
	Total	4009.00		Total	3620.9	-388.10	-9.68
	All India Total	45193.00		All India Total	44912.32	-280.68	-0.62

Note: Due to change of jurisdiction of Field Formations from November, 2002. Commissionerate-wise comparison is not done.

## ANNEXURE II

## CUSTOMS: COMMISSIONERATE-WISE BUDGET ESTIMATE AND ACTUAL REVENUE COLLECTION IN 2003-04

(Rs. in Crore)

Sl.No.	Name of the Commissionerate	Target 2003-04	Actuals 2003-04	Gain/ Shortfall	% Gain/ Shortfall
1	2	3	4	5	6
<b>1.</b>	<b>Maharashtra</b>				
1.	Mumbai Custom House	5327.00	5438.37	111.37	2.09
2.	CFS Mulund	480.00	369.51	-110.49	-23.02
3.	Sahar Air Cargo (Imp.)	3650.00	3157.24	-492.76	-13.50
4.	Sahar Air Cargo (Exp.)	125.00	304.5	179.50	143.60
5.	Jawahar Custom House	5570.00	6039.09	469.09	8.42
6.	CSI Airport (Mumbai)	120.00	124.09	4.09	3.41
7.	Mumbai (P)	118.00	118.76	0.76	0.64
8.	Pune	212.00	218.68	6.68	3.15
9.	Thane-I	6.25	5.63	-0.62	-9.92

1	2	3	4	5	6
10.	Thane-II	7.75	6.31	-1.44	-18.58
11.	Belapur/Mum-VI	0.28	0.37	0.09	32.14
12.	Mumbai-II		0		
13.	Mumbai-III		0		
14.	Raigarh-Mum-VII	12.72	26.09	13.37	105.11
15.	Nagpur	66.00	92.7	26.70	40.45
16.	Aurangabad	43.00	53.51	10.51	24.44
17.	Nasik	10.00	13.48	3.48	34.80
	Total	15748.00	15968.33	220.33	1.40
<b>2.</b>	<b>Goa</b>				
18.	Goa	274.00	344.2	70.20	25.62
	Total	274.00	344.20	70.20	25.62
<b>3.</b>	<b>Gujarat and UT of Dadra &amp; Nagar Haveli &amp; Daman &amp; Diu</b>				
19.	Ahmedabad	1046.00	1127.42	81.42	7.78

1	2	3	4	5	6
20.	Jamnagar (P)	1613.00	1343.32	-269.68	-16.72
21.	Kandla	2766.00	2360.23	-405.77	-14.67
22.	Ahmedabad-I	0.00	0.00	0.00	
23.	Ahmedabad-II	2.50	1.06	-1.44	-57.60
24.	Ahmedabad-III	1.50	0.02	-1.48	-98.67
25.	Rajkot	2058.00	1833.42	-224.58	-10.91
26.	Vadodara-I	643.00	659.76	16.76	2.81
27.	Vadodara-II	15.00	8.52	-6.48	-43.20
28.	Surat-I	2.00	2.15	0.15	7.50
29.	Surat-II	4.00	4.42	0.42	10.50
30.	Daman	0.00	0.87	0.87	
31.	Vapi	1.00	0.97	-0.03	-3.00
	Total	8152.00	7342.16	-809.84	-9.93



1	2	3	4	5	6
<b>4.</b>	<b>Karnataka, Kerala and UT of Lakshadweep</b>				
32.	Bangalore	1522.00	1625.86	103.86	6.82
33.	Mangalore	1050.00	1107.58	57.58	5.48
34.	Cochin (Port)	1228.00	1192.42	-35.58	-2.90
35.	Cochin (P)	0.00	0.00	0.00	
36.	Cochin	1.00	0.47	-0.53	-53.00
37.	Calicut	5.75	5.98	0.23	4.00
38.	Mysore	0.00	7.55	7.55	
39.	Trivandrum	45.25	44.31	-0.94	-2.08
	Total	3852.00	3984.17	132.17	3.43
<b>5.</b>	<b>Andhra Pradesh</b>				
40.	Hdyerabad-I	0.00	1.83	1.83	
41.	Hyderabad-II	368.00	347.63	-20.37	-5.54
42.	Hyderabad-IV	0.00	0.62	0.62	

1	2	3	4	5	6
43.	Vizag	820.00	912.11	92.11	11.23
44.	Guntur	6.00	6.63	0.63	10.50
45.	Vizag-I	5.00	5.11	0.11	2.20
46.	Vizag-II	760.00	681.62	-78.38	-10.31
47.	Tirupati	9.00	8.99	-0.01	-0.11
	Total	1968.00	1964.54	-3.46	-0.18
<b>6.</b>	<b>Tamil Nadu and UT of Pondicherry</b>				
48.	Chennai (Airport & Aircargo)	1850.00	1742.11	-107.89	-5.83
49.	Chennai Seaport (Imp. & Exp.)	4878.00	5059.45	181.45	3.72
50.	Tuticorin	630.00	657.92	27.92	4.43
51.	Tiruchirapalli	107.00	84.24	-22.76	-21.27
52.	Chennai-II	40.00	36.65	-3.35	-8.38
53.	Chennai-III	33.00	8.8	-24.20	-73.33
54.	Chennai-IV	1.00	0.09	-0.91	-91.00

1	2	3	4	5	6
55.	Pondicherry	0.00	0.16	0.16	
56.	Coimbatore	0.00	-90.62	-90.62	
57.	Madurai	0.00	0.02	0.02	
58.	Salem	0.00	3.36	3.36	
59.	Tirunelveli	0.00	0.96	0.96	
60.	Tiruchirapalli	0.00	0	0.00	
	Total	7539.00	7503.14	-35.86	-0.48
<b>7.</b>	<b>Uttar Pradesh &amp; Uttaranchal</b>				
61.	Kanpur	0.00	8.26	8.26	
62.	Lucknow	707.00	678.39	-28.61	-4.05
63.	Allahabad	0.00	-2.22	-2.22	
64.	Ghaziabad	3.00	2.67	-0.33	-11.00
65.	Meerut-I	1.00	-3.36	-4.36	-436.00
66.	Meerut-II	4.00	8.17	4.17	104.25

1	2	3	4	5	6
67.	Noida	1.00	1.96	0.96	96.00
68.	Lucknow (P)	10.00	12.13	2.13	21.30
	Total	726.00	706.00	-20.00	-2.75
<b>8.</b>	<b>Bihar &amp; Jharkhand</b>				
69.	Patna	143.00	159.24	16.24	11.36
70.	Jamshedpur	0.00	0.36	0.36	
71.	Patna	0.00	0	0.00	
72.	Ranchi	0.00	0	0.00	
	Total	143.00	159.60	16.60	11.61
<b>9.</b>	<b>Delhi, H.P., Punjab and Haryana and UT of Chandigarh</b>				
73.	Delhi Aircargo (Imp. & Gen.)	2949.00	2802.38	-146.62	-4.97
74.	Delhi Aircargo (Exp.)	618.00	647.7	29.70	4.81
75.	Delhi (ICDs)	2697.00	2530.67	-166.33	-6.17
76.	Delhi (P)	0.00	12.89	12.89	

1	2	3	4	5	6
77.	Amritsar (P)	152.00	194.68	42.68	28.08
78.	Delhi-III	491.00	547.62	56.62	11.53
79.	Delhi-IV	139.00	156.22	17.22	12.39
80.	Rohtak	1.00	0	-1.00	-100.00
81.	Panchkula	0.00	0.07	0.07	
	Total	7047.00	6892.23	-154.77	-2.20
<b>10.</b>	<b>M.P., Chhattisgarh and Rajasthan</b>				
82.	Jaipur-I	21.00	16.43	-4.57	-21.76
83.	Jaipur-II	21.00	1.57	-19.43	-92.52
84.	Jodhpur (P)	75.00	35.85	-39.15	-52.20
85.	Indore	105.00	117.29	12.29	11.70
	Total	222.00	171.14	-50.86	-22.91
<b>11.</b>	<b>W.B., Orissa, Sikkim, North-Eastern States and UT of Andaman &amp; Nicobar</b>				
86.	Kolkata Port	3015.00	2937.8	-77.20	-2.56

1	2	3	4	5	6
87.	Kolkata Airport	460.00	423.3	-36.70	-7.98
88.	West Bengal (P)	47.00	54.79	7.79	16.57
89.	Bhubaneshwar-I	146.00	151.87	5.87	4.02
90.	Bhubaneshwar-II	0.00	0	0.00	
91.	Shillong (P)	11.00	9.28	-1.72	-15.64
92.	Dibrugarh	0.00	0	0.00	
	Total	3679.00	3577.04	-101.96	-2.77
	All India Total	49350.00	48612.55	-737.45	-1.49

## ANNEXURE II

## EXCISE: COMMISSIONERATE-WISE BUDGET ESTIMATE AND ACTUAL REVENUE COLLECTION

(In Rs. Crore)

Sl. No.	Name of the Commissionerate	2000-01				2001-02			
		Target	Actual	Gain/ Shortfall	% Gain/ Shortfall	Target	Actual	Gain/ Shortfall	% Gain/ Shortfall
1	2	4	5	6	7	8	9	10	11
<b>1.</b>	<b>Maharashtra</b>								
1.	Mumbai-I	2100.00	2013.38	-86.62	-4.12	2230.00	2169.78	-60.22	-2.70
2.	Mumbai-II	1025.00	1086.65	61.65	6.01	1400.00	1171.22	-228.78	-16.34
3.	Mumbai-III	560.00	486.69	-73.31	-13.09	585.00	500.42	-84.58	-14.46
4.	Mumbai-IV	650.00	538.77	-111.23	-17.11	580.00	490.47	-89.53	-15.44
5.	Mumbai-V	540.00	393.42	-146.58	-27.14	485.00	352.16	-132.84	-27.39
6.	Mumbai-VI	1100.00	921.22	-178.78	-16.25	1100.00	1009.14	-90.86	-8.26
7.	Mumbai-VII	1410.00	1297.14	-112.86	-8.00	1470.00	1169.79	-300.21	-20.42
8.	Pune-I	2725.00	2622.21	-102.79	-3.77	3101.00	2873.83	-227.17	-7.33
9.	Pune-II	815.00	692.73	-122.27	-15.00	820.00	713.5	-106.50	-12.99

1	2	4	5	6	7	8	9	10	11
10.	Aurangabad	2525.00	2344.83	-180.17	-7.14	2769.00	2431.98	-337.02	12.17
11.	Nagpur	820.00	729.77	-90.23	-11.00	869.00	716.9	-152.10	-17.50
	Total	14270.00	13126.81	-1143.19	-8.01	15409.00	13599.19	-1809.81	11.75
<b>2.</b>	<b>Goa</b>								
12.	Goa	605.00	627.19	22.19	3.67	741.00	743.54	2.54	0.34
<b>3.</b>	<b>Gujarat and UT of Dadra, Nagar Haveli and Daman &amp; Diu</b>								
13.	Vadodara	3400.00	3281.15	-118.85	-3.50	3960.00	3672.41	-287.59	-7.26
14.	Surat-I	2500.00	1984.04	-515.96	-20.64	2400.00	2265.21	-134.79	-5.62
15.	Surat-II	1325.00	1408.25	83.25	6.28	1800.00	1657.91	-142.09	-7.89
16.	Ahmedabad-I	975.00	856.46	-118.54	-12.16	950.00	857.61	-92.39	-9.73
17.	Ahmedabad-II	700.00	627.90	-72.10	-10.30	740.00	602.51	-137.49	-18.58
18.	Rajkot	1900.00	2036.26	136.26	7.17	2408.00	2336.08	-69.92	-2.90
	Total	10800.00	10194.06	-605.94	-5.61	12258.00	11393.73	-864.27	-7.05



1	2	4	5	6	7	8	9	10	11
<b>4.</b>	<b>Karnataka, Kerala and UT of Lakshadweep</b>								
19.	Bangalore-I	900.00	905.91	5.91	0.66	1110.00	1108.17	-1.83	-0.16
20.	Bangalore-II	2500.00	2043.42	-456.58	-18.26	2355.00	2169.48	-185.52	-7.88
21.	Bangalore-III	475.00	612.32	137.32	28.91	750.00	649	-101.00	-13.47
22.	Belgaum	585.00	501.73	-83.27	-14.23	670.00	659.7	-10.30	-1.54
23.	Cochin-I	1925.00	1838.43	-86.57	-4.50	2110.00	2015.02	-94.98	-4.50
24.	Cochin-II	285.00	261.39	-23.61	-8.28	310.00	241.24	-68.76	-22.18
25.	Mangalore	690.00	778.58	88.58	12.84	935.00	908.86	-26.14	-2.80
	Total	7360.00	6941.78	-418.22	-5.68	8240.00	7751.47	-488.53	-5.93
<b>5.</b>	<b>Andhra Pradesh</b>								
26.	Hyderabad-I	1180.00	1037.03	-142.97	-12.12	1255.00	1081.74	-173.26	-13.81
27.	Hyderabad-II	335.00	331.22	-3.78	-1.13	395.00	314.47	-80.53	-20.39
28.	Hyderabad-III	1300.00	1208.87	-91.13	-7.01	1525.00	1304.36	-220.64	-14.47
29.	Vizag	1720.00	1759.78	39.78	2.31	2080.00	1990.25	-89.75	-4.31

1	2	4	5	6	7	8	9	10	11
30.	Guntur	760.00	824.02	64.02	8.42	995.00	1015.04	20.04	2.01
	Total	5295.00	5160.92	-134.08	-2.53	5250.00	5705.86	-544.14	-8.71
<b>6.</b>	<b>Tamil Nadu and UT of Pondicherry</b>								
31.	Chennai-I	1700.00	1781.63	81.63	4.80	2049.70	1961.46	-88.24	-4.31
32.	Chennai-II	1085.00	1129.57	44.57	4.11	1303.45	1061.06	-242.39	-18.60
33.	Chennai-III	1030.00	1231.21	201.21	19.53	1420.62	1056.95	-363.67	-25.60
34.	Coimbatore	950.00	953.70	3.71	0.39	1100.47	982.06	-118.41	-10.76
35.	Madurai	710.00	641.06	-65.94	-9.71	739.64	581.57	-158.07	-21.37
36.	Tiruchirapalli	1025.00	1011.71	-13.29	-1.30	1186.12	1085.11	-101.01	-8.52
	Total	6500.00	6748.89	248.89	3.83	7800.00	6728.21	1071.79	-13.74
<b>7.</b>	<b>Uttar Pradesh, Uttaranchal, Bihar and Jharkhand</b>								
37.	Meerut-I	2250.00	1958.00	-292.00	-12.98	2352.00	2151.78	-200.22	-8.51
38.	Meerut-II	1335.00	1324.79	-10.21	-0.76	1591.00	1152.87	-438.13	-27.54

1	2	4	5	6	7	8	9	10	11
39.	Jamshedpur	1910.00	1825.46	-84.54	-4.43	2192.00	1631.36	-560.64	-25.58
40.	Kanpur	675.00	670.93	-4.07	-0.60	793.00	752.83	-40.17	-5.07
41.	Lucknow	895.00	914.74	19.74	2.21	1100.00	1209.23	109.23	9.93
42.	Allahabad	870.00	891.01	21.01	2.41	1069.00	886.54	-182.46	-17.07
43.	Patna	1385.00	1127.18	-257.82	-18.62	1353.00	1254.32	-98.68	-7.29
	Total	9320.00	8712.11	-607.89	-6.52	10450.00	9038.93	-1411.07	-13.50
<b>8.</b>	<b>Delhi, H.P., Punjab, Haryana, J&amp;K, UT of Chandigarh</b>								
44.	Delhi-I	1600.00	1334.26	-265.74	-16.61	1710.00	1597.92	-112.08	-6.56
45.	Delhi-II	610.00	559.10	-50.90	-8.34	672.00	543.02	-128.98	-19.19
46.	Delhi-III	3845.00	4224.11	379.11	9.86	4974.00	4222.39	-751.61	-15.11
47.	Chandigarh-I	1175.00	1155.82	-19.18	-1.63	1374.00	1173.14	-200.86	-14.62
48.	Chandigarh-II	1715.00	1640.98	-74.02	-4.32	2070.00	1950.51	-119.49	-5.77
	Total	8945.00	8914.27	-30.73	-0.34	10800.00	9486.98	-1313.02	-12.16

1	2	4	5	6	7	8	9	10	11
<b>9.</b>	<b>Madhya Pradesh, Chhattisgarh and Rajasthan</b>								
49.	Jaipur-I	685.00	663.92	-21.08	-3.08	765.00	691.37	-73.63	-9.62
50.	Jaipur-II	1220.00	1177.63	-42.37	-3.47	1385.00	1230.07	-154.93	-11.19
51.	Raipur	1775.00	1653.21	-121.79	-6.86	1985.00	1616.92	-368.08	-18.54
52.	Indore	975.00	895.69	-79.31	-8.13	1010.00	879.1	-130.90	-12.96
53.	Bhopal	510.00	480.20	-29.80	-5.84	555.00	472.92	-82.08	-14.79
	Total	5165.00	4870.65	-294.35	-5.70	5700.00	4890.38	-809.62	-14.20
<b>10.</b>	<b>W.B., Orissa, Sikkim, All N-E States and UT of Andaman &amp; Nicobar</b>								
54.	Calcutta-I	725.00	720.87	-4.13	-0.57	873.00	703.53	-169.47	-19.41
55.	Calcutta-II	770.00	869.79	99.79	12.96	1029.00	964.91	-64.09	-6.23
56.	Calcutta-III	782.00	686.87	-95.13	-12.16	781.00	662.37	-118.63	-15.19
57.	Calcutta-IV	270.00	235.05	-34.95	-12.94	250.00	159.74	-90.26	-36.10
58.	Bhubaneshwar-I	395.00	404.91	9.91	2.51	438.00	369.61	-68.39	-15.61
59.	Bhubaneshwar-II	550.00	519.45	-30.55	-5.55	553.00	472.66	-80.34	-14.53

1	2	4	5	6	7	8	9	10	11
60.	Shillong	1230.00	1498.93	268.93	21.86	1735.00	1219.6	-515.40	-29.71
61.	Bolpur	885.00	922.25	37.25	4.21	1141.00	1012.08	-128.92	-11.30
	Total	5607.00	5858.12	251.12	4.48	6800.00	5564.50	-1235.50	-18.17
	Drawback by Cus. comm.	2900.00	2518.80	-381.20	-13.14	3000.00	2484.11	-515.89	-17.20
	<b>All India Total</b>	70967.00	68636.00	-2331.00	-3.28	81448.00	72418.68	-9029.32	-11.09

Note: The above figures are exclusive of cess administered by other departments.

EXCISE: COMMISSIONERATE-WISE BUDGET ESTIMATE & ACTUAL COLLECTION 2002-03

(Rs. in Crore)

Sl.No.	Name of the Commissionerate	Target 2002-2003	Actuals 2002-03 (Apr.-Oct.)	Sl.No.	Name of the Commissionerate	Actuals 2002-2003 (Nov.-Mar.)	Actuals 2002-03	Grain/ Shortfall	% Grain/ Shortfall
1	2	3	4	5	6	7	8	9	10
1.	<b>Maharashtra</b>								
1.	Mumbai-I	3696.00	1947.16	1.	Mumbai-I	1709.85			
2.	Mumbai-II	1400.00	721.66	2.	Mumbai-IV	195.3			
3.	Mumbai-III	400.00	189.07	3.	Mumbai-V	120.06			
4.	Mumbai-IV	520.00	294.58	4.	Thane-I	169.89			
5.	Mumbai-V	300.00	146.31	5.	Thane-II	92.56			
6.	Mumbai-VI	1150.00	603.76	6.	Belapur	494.78			
7.	Mumbai-VII	1350.00	745.58	7.	Mumbai-II	468.65			
8.	Pune-I	3582.00	1646.13	8.	Mumbai-III	171.51			
9.	Pune-II	824.00	360.31	9.	Raigarh	538.96			

1	2	3	4	5	6	7	8	9	10
10.	Aurangabad	3072.00	1446.57	10.	Pune-I	684.34			
11.	Nagpur	828.00	436.13	11.	Pune-II	260.02			
				12.	Pune-III	830.63			
				13.	Nagpur	368.83			
				14.	Aurangabad	308.55			
				15.	Nasik	816.57			
	Total	17122.00	8537.26		Total	7230.50	15767.76	-1354.24	-7.91
<b>2.</b>	<b>Goa</b>								
12.	Goa	925.00	509.10	16.	Goa	402.66			
	Total	925.00	509.10		Total	402.66	911.76	-13.24	-1.43
<b>3.</b>	<b>Gujarat and UT of Dadra, Nagar Haveli &amp; Daman &amp; Diu</b>								
13.	Vadodara	4837.38	2590.44	17.	Vadodara-I	1720.26			
14.	Surat-I	2694.84	1179.93	18.	Vadodara-II	603.99			
15.	Surat-II	1932.05	868.99	19.	Surat-I	663.69			

1	2	3	4	5	6	7	8	9	10
16.	Ahmedabad-I	1144.90	525.11	20.	Surat-II	207.66			
17.	Ahmedabad-II	710.62	341.82	21.	Daman	514.11			
18.	Rajkot	3161.19	1998.98	22.	Valsad	219.97			
				23.	Ahmedabad-I	341.33			
				24.	Ahmedabad-II	130.73			
				25.	Ahmedabad-III	197.59			
				26.	Rajkot	1231.82			
				27.	Bhavnagar	323.75			
	Total	14481.00	7505.27		Total	6154.90	13660.17	-820.83	-5.67
<b>4.</b>	<b>Karnataka, Kerala and UT Lakshadweep</b>								
19.	Bangalore-I	1490.00	617.24	28.	Bangalore-I	287.38			
20.	Bangalore-II	2340.00	1237.31	29.	Bangalore-II	923.84			
21.	Bangalore-III	790.00	381.26	30.	Bangalore-III	268.39			
22.	Belgaum	820.00	421.63	31.	Mangalore	492.91			



1	2	3	4	5	6	7	8	9	10
23.	Cochin	2755.00	1297.5	32.	Belgaum	384.2			
24.	Calicut	275.00	141.63	33.	Mysore	155.37			
25.	Mangalore	1228.00	543.94	34.	Calicut	112.18			
				35.	Cochin	917.42			
				36.	Thiruvananthapuram	18.41			
	Total	9698.00	4640.51		Total	3560.10	8200.61	-1497.39	-15.44
<b>5.</b>	<b>Andhra Pradesh</b>								
26.	Hyderabad-I	1170.00	537.82	37.	Hyderabad-I	293.43			
27.	Hyderabad-II	330.00	177.23	38.	Hyderabad-II	246.7			
28.	Hyderabad-III	1864.00	801.31	39.	Hyderabad-III	481.32			
29.	Vizag	2570.00	1293.61	40.	Hyderabad-IV	132.75			
30.	Guntur	1285.00	671.8	41.	Guntur	480.89			
				42.	Vishakhapatnam-I	853.68			
				43.	Vishakhapatnam-II	283.19			

1	2	3	4	5	6	7	8	9	10
				44.	Tirupati	164.28			
	Total	7219.00	3481.77		Total	2936.24	6418.01	-800.99	-11.10
6.	<b>Tamil Nadu and UT of Pondicherry</b>								
31.	Chennai-I	2570.00	1264.44	45.	Chennai-I	963.5			
32.	Chennai-II	1210.00	643.48	46.	Chennai-II	193.26			
33.	Chennai-III	1322.00	680.54	47.	Chennai-III	459.65			
34.	Coimbatore	1210.00	669.3	48.	Chennai-IV	380.1			
35.	Madurai	700.00	365.62	49.	Pondicherry	222.11			
36.	Tiruchirappalli	1320.00	720.9	50.	Coimbatore	292.51			
				51.	Madurai	169.98			
				52.	Salem	199.25			
				53.	Thirunelveli	148.09			
				54.	Tiruchirappalli	455.67			
	Total	8332.00	4344.28		Total	3484.12	7828.40	-503.60	-6.04

1	2	3	4	5	6	7	8	9	10
<b>7.</b>	<b>Uttar Pradesh &amp; Uttaranchal</b>								
37.	Meerut-I	2499.83	1306.01	55.	Kanpur	392.56			
38.	Meerut-II	1331.32	612.11	56.	Lucknow	792.19			
39.	Kanpur	941.13	425.33	57.	Allahabad	424.42			
40.	Lucknow	1631.80	896.42	58.	Ghaziabad	254.57			
41.	Allahabad	1091.51	496.52	59.	Meerut-I	802.78			
				60.	Meerut-II	159.49			
				61.	Noida	445.56			
	Total	7495.59	3736.39		Total	3271.57	7007.96	-487.63	-6.51
<b>8.</b>	<b>Bihar &amp; Jharkhand</b>								
42.	Jamshedpur	1885.94	940.17	62.	Jamshedpur	566.38			
43.	Patna	1587.47	663.97	63.	Patna	574.66			
				64.	Ranchi	414.13			
	Total	3473.41	1604.14		Total	1555.17	3159.31	-314.10	-9.04

1	2	3	4	5	6	7	8	9	10
<b>9.</b>	<b>Delhi, H.P., Punjab and Haryana and UT of Chandigarh</b>								
44.	Delhi-I	2200.00	1046.15	65.	Delhi-I	225.07			
45.	Delhi-II	775.00	281.96	66.	Delhi-II	480.4			
46.	Delhi-III	5281.00	2258.25	67.	Delhi-III	1136.53			
47.	Chandigarh-I	1400.00	590.52	68.	Delhi-IV	264.35			
48.	Chandigarh-II	2500.00	1302.3	69.	Rohtak	777.64			
				70.	Panchkula	188.26			
				71.	Chandigarh	408.58			
				72.	Jalandhar	494.52			
				73.	Ludhiana	579.39			
	Total	12156.00	5479.18		Total	4554.74	10033.92	-2122.08	-17.46
<b>10.</b>	<b>M.P., Chhattisgarh and Rajasthan</b>								
49.	Jaipur-I	769.00	393.48	74.	Jaipur-I	400.79			
50.	Jaipur-II	1467.00	631.85	75.	Jaipur-II	494.54			

1	2	3	4	5	6	7	8	9	10
51.	Bhopal	547.00	247.77	76.	Bhopal	404.71			
52.	Indore	1058.00	545.83	77.	Indore	435.39			
53.	Raipur	1910.00	963.04	78.	Raipur	682.53			
	Total	5751.00	2781.97		Total	2417.96	5199.93	-551.07	-9.58
11.	<b>W.B., Orissa, Sikkim, North-Eastern States and UT of Andaman &amp; Nicobar</b>								
54.	Kolkata-I	925.00	455.88	79.	Kolkata-I	75.34			
55.	Kolkata-II	1250.00	791.16	80.	Kolkata-II	147.67			
56.	Kolkata-III	795.00	818.97	81.	Kolkata-III	156.19			
57.	Kolkata-IV	185.00	99.6	82.	Kolkata-IV	82.32			
58.	Bolpur	1280.00	575.01	83.	Kolkata-V	53.71			
59.	Bhubaneswar-I	452.00	212.9	84.	Kolkata-VI	299.7			
60.	Bhubaneswar-II	580.00	293.56	85.	Kolkata-VII	132.6			
61.	Shillong	1745.00	879.59	86.	Bolpur	429.02			
				87.	Siliguri	67.84			

1	2	3	4	5	6	7	8	9	10
				88.	Haldia	575.12			
				89.	Bhubaneshwar-I	196.06			
				90.	Bhubaneshwar-II	299.7			
				91.	Dibrugarh	159.93			
				92.	Shillong	452.74			
	Total	7212.00	3726.67		Total	3127.94	6854.61	-357.39	-4.96
	Drawback by Cus. comm.	2724.00	1806.32		Drawback by Cus. comm.	982.11	2788.43	64.43	2.37
	All India Total	91141.00	44540.22		All India Total	37713.79	82254.01	-8886.99	-9.75

Note: (1) Due to change of jurisdiction of Field Formations from November, 2002, Commissionerate-wise comparison is not done.  
(2) Above figures are exclusive of cess administered by other departments.

## ANNEXURE-II

## EXCISE: COMMISSIONERATE-WISE BUDGET ESTIMATE &amp; ACTUAL REVENUE COLLECTION IN 2003-04

(Rs. Crore)

Sl.No.	Name of the Commissionerate	Targets 2003-04	Actuals 2003-04	Gain/ Shortfall	% Gain/ Shortfall
1	2	3	4	5	6
<b>1.</b>	<b>Maharashtra</b>				
1.	Mumbai-I	4148.88	3634.96	-513.92	-12.39
2.	Mumbai-IV	456.56	433.44	-23.12	-5.06
3.	Mumbai-V	272.06	268.33	-3.73	-1.37
4.	Thane-I	389.95	349.19	-40.76	-10.45
5.	Thane-II	181.55	170.05	-11.5	-6.33
6.	Belapur/Mum-VI	1316	1173.01	-142.99	-10.87
7.	Mumbai-II	1150	1033.25	-116.75	-10.15
8.	Mumbai-III	330	355.43	25.43	7.71
9.	Raigarh-Mum-VII	1476	1193	-283	-19.17

1	2	3	4	5	6
10.	Pune-I	1608	1537.12	-70.88	-4.41
11.	Pune-II	606	562.39	-43.61	-7.20
12.	Pune-III	2075	1948.2	-126.8	-6.11
13.	Nagpur	949	932.85	-16.15	-1.70
14.	Aurangabad	809	732.56	-76.44	-9.54
15.	Nasik	2260	2157.39	-102.61	-4.54
	Total	18028	16481.17	-1546.83	-8.58
<b>2.</b>	<b>Goa</b>				
16.	Goa	1032	1086.52	54.52	5.28
	Total	1032	1086.52	54.52	5.28
<b>3.</b>	<b>Gujarat and UT of Dadra, Nagar Haveli &amp; Daman &amp; Diu</b>				
17.	Vadodara-I	3990	4031.13	41.13	1.03
18.	Vadodara-II	1526	1554.28	28.28	1.85
19.	Surat-I	1531	1466.7	-64.3	-4.20



1	2	3	4	5	6
20.	Surat-II	557	541.3	-15.7	-2.82
21.	Daman	915	786.06	-128.94	-14.09
22.	Valsad	883	782.58	-100.42	-11.37
23.	Ahmedabad-I	821	724.93	-96.07	-11.70
24.	Ahmedabad-II	350	320.31	-29.69	-8.48
25.	Ahmedabad-III	635	548.19	-86.81	-13.67
26.	Rajkot	3514	3237.58	-276.42	-7.87
27.	Bhavnagar	960	790.63	-189.37	-17.64
	Total	15682	14783.69	-898.31	-5.73
<b>4.</b>	<b>Karnataka, Kerala and UT of Lakshadweep</b>				
28.	Bangalore-I	671	626.99	-44.01	-6.56
29.	Bangalore-II	2272	2105.76	-166.24	-7.32
30.	Bangalore-III	686	624.51	-61.49	-8.96
31.	Mangalore	1419	1538.02	119.02	8.39

1	2	3	4	5	6
32.	Belgaum	973	982.08	9.08	0.93
33.	Mysore	402	360.12	-41.88	-10.42
34.	Calicut	312.88	250.77	-62.11	-19.85
35.	Cochin	2691	2355.04	-335.96	-12.48
36.	Thiruvananthapuram	59.12	56.01	-3.11	-5.26
	Total	9486	8899.3	-586.7	-6.18
<b>5.</b>	<b>Andhra Pradesh</b>				
37.	Hyderabad-I	629.36	646.07	16.71	2.66
38.	Hyderabad-II	735.7	631.54	-104.16	-14.16
39.	Hyderabad-III	1359.41	1368.23	8.82	0.65
40.	Hyderabad-IV	283.53	275.03	-8.5	-3.00
41.	Guntur	1395.6	1165.24	-230.36	-16.51
42.	Vishakhapatnam-I	2339.8	2217.46	-122.34	-5.23
43.	Vishakhapatnam-II	733.4	704.8	-28.6	-3.90

1	2	3	4	5	6
44.	Tirupati	437.2	427.62	-9.58	-2.19
	Total	7914	7435.99	-478.01	-6.04
<b>6.</b>	<b>Tamil Nadu and UT of Pondicherry</b>				
45.	Chennai-I	2467	2401.38	-65.62	-2.66
46.	Chennai-II	470	415.62	-54.38	-11.57
47.	Chennai-III	1100	1105.49	5.49	0.50
48.	Chennai-IV	880	826.72	-53.28	-6.05
49.	Pondicherry	550	515	-35	-6.36
50.	Coimbatore	860	898.07	38.07	4.43
51.	Madurai	377	367.66	-9.34	-2.48
52.	Salem	421	407.05	-13.95	-3.31
53.	Thiruneveli	383	305.14	-77.86	-20.33
54.	Tiruchirapalli	1174	1172.72	-1.28	-0.11
	Total	8682	8414.85	-267.15	-3.08

1	2	3	4	5	6
<b>7.</b>	<b>Uttar Pradesh &amp; Uttaranchal</b>				
55.	Kanpur	1084	1098.17	14.17	1.31
56.	Lucknow	2329	1874.61	-454.39	-19.51
57.	Allahabad	1117	1080.03	-36.97	-3.31
58.	Ghaziabad	695	618.18	-76.82	-11.05
59.	Meerut-I	2149	1976.44	-172.56	-8.03
60.	Meerut-II	431	381.39	-49.61	-11.51
61.	Noida	1071	932.17	-138.83	-12.96
	Total	8876	7960.99	-915.01	-10.31
<b>8.</b>	<b>Bihar &amp; Jharkhand</b>				
62.	Jamshedpur	1387.26	1383.05	-4.21	-0.30
63.	Patna	1618.10	1396.29	-221.81	-13.71
64.	Ranchi	1118.64	1032.46	-86.18	-7.70
	Total	4124	3811.8	-312.2	-7.57

1	2	3	4	5	6
<b>9.</b>	<b>Delhi, H.P., Punjab and Haryana and UT of Chandigarh</b>				
65.	Delhi-I	400	394.6	-5.4	-1.35
66.	Delhi-II	1400	1366.03	-33.97	-2.43
67.	Delhi-III	1990	2032.52	42.52	2.14
68.	Delhi-IV	600	526.14	-73.86	-12.31
69.	Rohtak	2200	1753.92	-446.08	-20.28
70.	Panchkula	514	492.04	-21.96	-4.21
71.	Chandigarh	900	855.24	-44.76	-4.97
72.	Jalandhar/Chand-II	1370	1231.67	-138.33	-10.10
73.	Ludhiana	1640	1427.11	-212.89	-12.98
	Total	11014	10079.27	-934.73	-8.49
<b>10.</b>	<b>M.P., Chhattisgarh and Rajasthan</b>				
74.	Jaipur-I	965	990.79	25.79	2.67
75.	Jaipur-II	1404	1248.12	-155.88	-11.10

1	2	3	4	5	6
76.	Bhopal	970	919.88	-50.12	-5.17
77.	Indore	1040	1077.36	37.36	3.59
78.	Raipur	1844	1851.63	7.63	0.41
	Total	6223	6087.78	-135.22	-2.17
<b>11.</b>	<b>W.B., Orissa, Sikkim, North-Eastern States and UT of Andaman &amp; Nicobar</b>				
79.	Kolkata-I	40	48.11	8.11	20.28
80.	Kolkata-II	455	366.17	-88.83	-19.52
81.	Kolkata-III	280	238.31	-41.69	-14.89
82.	Kolkata-IV	190	154.48	-35.52	-18.69
83.	Kolkata-V	160	160.31	0.31	0.19
84.	Kolkata-VI	760	723.98	-36.02	-4.74
85.	Kolkata-VII	480	409.04	-70.96	-14.78
86.	Bolpur	1090	1086.87	-3.13	-0.29
87.	Siliguri	190	252.11	62.11	32.69

1	2	3	4	5	6
88.	Haldia	1565	1333.32	-231.68	-14.80
89.	Bhubneshwar-I	420	439.93	19.93	4.75
90.	Bhubneshwar-II	713	759.57	46.57	6.53
91.	Dibrugarh	1245	1076.97	-168.03	-13.50
92.	Shillong	813	894.11	81.11	9.98
	Total	8401.00	7943.28	-457.72	-5.45
	Excise Draw Back Paid by Customs Houses	3066	2077.77	-988.23	-32.23
	All India Total	96396.00	90906.87	-5489.13	-5.69

ANNEXURE-III

INSTRUCTION No. 1979

F.No. 279/126/98-ITJ  
**Government of India**  
**Ministry of Finance**  
**Department of Revenue**  
**Central Board of Direct Taxes**

New Delhi dated the 27th March 2000

To  
All Chief Commissioners of Income-tax/  
Directors General of Income-tax,

Sir,

**Sub:- Revising Monetary limits for filing Departmental appeals/ references before Income-tax Appellate Tribunal, High Courts and Supreme Court—Measures for reducing litigation— regarding.**

Reference is invited to Board's Instructions No. 1903 dated 28th October, 1992 and Instruction No. 1777 dated 4th November, 1987 wherein monetary limits of Rs. 25,000/- for departmental appeals (in Income-tax matters) before the Appellate Tribunal, Rs. 50,000/- for filing reference to the High Court and Rs. 1,50,000/- for filing appeal to the Supreme Court were laid down.

2. In supercession of the above instruction, it has now been decided by the Board that appeals will be field only in cases where the tax effect exceeds the revised monetary limits given here under:—

(Tax effect)

- |       |                                                                 |                |
|-------|-----------------------------------------------------------------|----------------|
| (i)   | Appeal before the Appellate Tribunal<br>(in Income-tax matters) | Rs. 1,00,000/- |
| (ii)  | Appeal u/s 260A/reference u/s 256(2)<br>Before the High Court   | Rs. 2,00,000/- |
| (iii) | Appeal in the Supreme Court                                     | Rs. 5,00,000/- |



The new monetary limits would apply with reference to each case taken singly. In other words, in group, cases, each case should individually satisfy the new monetary limits. The working out of monetary limits will therefore not take into consideration the cumulative revenue effect as envisaged in Board's earlier Instruction referred to above.

3. Adverse judgements relating to the following should be contested irrespective of revenue effect:

- (i) Where Revenue Audit objection in the case has been accepted by the Department.
- (ii) Where Board's order, notification, instruction or circular is the subject matter of an adverse order.
- (iii) Where prosecution proceedings are contemplated against the assessee.
- (iv) Where the constitutional validity of the provisions of the Act are under challenge.

4. Special Leave Petitions under Article 136 of the Constitution are filed before the Supreme Court only in consultation with Ministry of Law. Therefore, where the Chief Commissioner decides to contest an adverse judgment by filing special leave petition before the Supreme Court, they should send the proposal to the Board for further processing.

5. These instructions will apply to litigation under other Direct taxes also e.g. wealth-tax, gift-tax, estate duty etc.

6. These monetary limits will not apply to Writ matters.

7. This Instruction will come into effect from 1.4.2000

Sd/-

(Anuradha Goyal)

**Deputy Secretary to the Government of India.**

Copy to:

- 1. The Chairman, Members and all other officers in CDBT of the rank of Under Secretary and above.
- 2. The DIT (RSP&PR), Mayur Bhavan, New Delhi, for printing in the quarterly tax bulletin and for circulation as per his usual mailing list.

3. The Comptroller & Auditor General of India (40 copies).
4. The DIT (Vigilance), Mayur Bhavan, New Delhi.
5. The Joint Secretary and Legal Adviser, Ministry of law and Justice, New Delhi.
6. All Directors of Income-Tax, New Delhi, and Director IRS (DT), Staff College, Nagpur.
7. ITCC (2 copies).

Sd/-

(Anuradha Goyal)

**Deputy Secretary to the Government of India.**

*INSTRUCTION No. 1985*

**F.No. 279/126/98-ITJ  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes**

New Delhi dated the 29th June, 2000

To

All Chief Commissioners of Income-tax/  
Directors General of Income-tax,

Sir,

**Sub:- Revising Monetary limits for filing Departmental appeals/  
references before various appellate authorities—clarification  
in respect of Instruction No. 1979 dated 27.3.2000—regarding.**

Reference is invited to Board's Instruction No. 1979 dated 27th March, 2000 wherein monetary limits for filing appeals/references before various appellate authorities have been prescribed. Clarification has been sought regarding certain issues discussed in the said instruction.

The Board have considered the issues raised and it is clarified that—

- (1) the monetary limits in the context of "each case taken singly" would mean each assessment year for each assessee considered at one point of time. For example, if filing of appeals were to be considered in the case of XYZ limited for Assessment Year 1995-96 and 1996-97, the monetary limit as prescribed in Instruction No. 1979 would apply taking together the assessment years 1995-96 and 1996-97.
- (2) even if the issues involved in an appeal under consideration are already pending in appeal before the appellate authorities, all subsequent appeals will now be filed for particular assessment year only as indicated in (i) above, if the tax effect exceeds the prescribed monetary limit.

- (3) in para 3 (iii) of the Instruction, it has been stated that the adverse judgements should be contested irrespective of the revenue effect in a case where prosecution proceedings are contemplated against any assessee. However, it is possible that the prosecution proceeding may be contemplated against any assessee on points different from the issues disputed in appeal. For example, case under consideration may relate to assesment order u/s 143(3) whereas the prosecution proceedings may have been initiated on other point like TDS. It is clarified that, the adverse judgement should be contested only if the prosecution proceedings contemplated relates to point under appeal and not on points unrelated to the issues in appeal.
- (4) This may be brought to the notice of all the officers working under your charge.

Sd/-

**(Sandip Pradhan)**

**Under Secretary to the Government of India.**

Copy to:

1. The Chairman, Members and all other officers in CBDT of the rank of Under Secretary and above.
2. The DIT (RSP&PR), Mayur Bhavan, New Delhi, for printing in the quarterly tax bulletin and for circulation as per his usual mailing list.
3. The Comptroller & Auditor General of India (40 copies).
4. The DIT (Vigilance), Mayur Bhavan, New Delhi.
5. The Joint Secretary and Legal Adviser, Ministry of law and Justice, New Delhi.
6. All Directions of Income-tax, New Delhi and Director IRS (DT), Staff College, Nagpur.
7. ITCC (2 copies).

Sd/-

**(Sandip Pradhan)**

**Under Secretary to the Government of India.**

INSTRUCTION No. 6/2003

F.No. 279/Misc.18/2003-ITJ  
**Government of India**  
**Ministry of Finance**  
**Department of Revenue**  
**Central Board of Direct Taxes**

New Delhi dated the 17th July 2003

To

All Chief Commissioners of Income-tax/  
Director General of Income-tax,

Sir,

**Sub:- Clarification as regards the monetary limit for filing appeal  
before SC/HC/ITAT—reducing litigation—regarding.**

Reference is invited to Boards Instruction No. 1979 dt. 27th March 2000, Instruction No. 1985 dt. 29th June 2000 as also to earlier instructions issued to reduce litigation by fixing monetary limit for filing departmental appeals before SC/HC/ITAT.

In order to avoid ambiguity and to adopt uniformity in approach while filing appeals by the field formations, it is hereby clarified by the Board that the word “monetary limit” and “tax effect” in the aforesaid instructions be read as “revenue effect” which denotes the amount of tax, interest, penalty, fine or any other sum involved.

This instruction is clarificatory in nature and will apply to litigation under other Direct Taxes also *e.g.* Wealth tax, Gift Tax, Estate duty etc.

Sd/-

**(Yagyasaini Kakkar)**  
**Deputy Secretary to the Government of India.**

Copy to:

- (1) The Chairman, Members and all other officers in CBDT of the rank of Under Secretary and above.

- (2) The DIT (RSP&PR), Mayur Bhawan, New Delhi for printing in the quarterly tax bulletin and for circulation as per his usual mailing list.
- (3) The Comptroller and Auditor General of India (40 copies).
- (4) The DIT (Vigilance), Mayur Bhawan, New Delhi.
- (5) The Joint Secretary and Legal Adviser, Ministry of Law and Justice, New Delhi.
- (6) All Directions of Income Tax, New Delhi and DG (NADT), Nagpur.
- (7) ITCC (20 Copies).

Sd/-

**(Yagyasaini Kakkar)**

**Deputy Secretary to the Government of India.**

*INSTRUCTION No. 5/2004*

F.No. 279/Misc. 9/2004-ITJ  
**Government of India**  
**Ministry of Finance**  
**Department of Revenue**  
**Central Board of Direct Taxes**

New Delhi dated the 27th May 2004

To

All Chief Commissioners of Income-tax/  
Director Generals of Income-tax (Investigation).

Sub:- Amendment in parameters as regards filing of appeals before  
ITAT/HC/SC—Measures for reducing litigation—regarding.

Reference is invited to Instruction No. 1979 dated 27.3.2000 and  
other Instruction issued by the Board on the aforestated subject.

In partial modification of the Instruction No. 1979 dated 27.3.2000,  
the Board has decided that para 3(iii) be deleted with immediate effect.

2. The contents of this Instruction should be circulated for strict  
compliance.

Sd/-

**(Yagyasaini Kakkar)**  
**Deputy Secretary to the Government of India.**

Copy to:

- (1) The Chairman, Members and all other officers in CBDT of  
the rank of Under Secretary and above.
- (2) The DIT (RSP&PR), Mayur Bhawan, New Delhi for printing  
in the quarterly tax bulletin and for circulation as per the  
usual mailing list.
- (3) The Comptroller and Auditor General of India (40 copies).
- (4) The DIT (Vigilance), Mayur Bhawan, New Delhi.

- (5) The Joint Secretary and Legal Adviser, Ministry of Law and Justice, New Delhi.
- (6) All Directions of Income Tax, New Delhi.
- (7) Director General of Income Tax, NADT, Nagpur.
- (8) ITCC (20 Copies).

Sd/-  
(Yagyasaini Kakkar)  
Deputy Secretary to the Government of India.



## ANNEXURE-IV

## DETAILS OF COD CASES RELATING TO CBEC

Period: 1.1.2004 to 31.12.2004

(Rs. in lakhs)

Sl. No.	COD meeting No. & date	Total no. of cases	Amount	Excise, Service Tax & Customs											
				PSU Appeals						Departmental Appeals					
				Allowed		Not allowed		Postponed		Allowed		Not allowed		Postponed	
				No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1.	Excise	347	231493.8	151	131158.1	25	1846.84	60	26771.27	25	25005.2	53	19421.68	33	27290.73
2.	Service Tax	8	25611.98	5	25075.13	0	0	2	42.78	0	0	1	494.07	0	0
3.	Customs	41	7799.17	24	3861.42	6	1148.64	8	2390.07	1	5.97	2	393.07	0	0
	Total	396	264904.95	180	160094.65	31	2995.48	70	29204.12	26	25011.17	56	20308.82	33	27290.73

# DETAILS OF COD CASES RELATING TO CBEC

Period: 1.1.2004 to 31.12.2004

(Rs. in lakhs)

Sl. No.	COD meeting No. & date	Total No. of cases	Amount	Customs											
				PSU Appeals						Departmental Appeals					
				Allowed		Not allowed		Postponed		Allowed		Not allowed		Postponed	
				No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.	03/04 dt. 13.1.04	2	53.24	1	10.08	0	0	1	43.16	0	0	0	0	0	0
2.	07/04 dt. 29.1.04	4	95.14	3	51.98	0	0	1	43.16	0	0	0	0	0	0
3.	10/04 dt. 12.2.04	1	1419.98	1	1419.98	0	0	0	0	0	0	0	0	0	0
4.	13/04 dt. 26.2.04	2	139.48	1	5.42	0	0	1	134.06	0	0	0	0	0	0
5.	17/04 dt. 18.3.04	2	156.88	2	156.88	0	0	0	0	0	0	0	0	0	0
6.	18/04 dt. 18.3.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7.	20/04 dt. 25.3.04	3	312.99	1	13.29	1	49.75	1	249.95	0	0	0	0	0	0

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
8.	27/04 dt. 15.4.04	1	104.86	1	104.86	0	0	0	0	0	0	0	0	0	0
9.	31/04 dt. 29.4.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	33/04 dt. 13.5.04	2	750.95	1	725.14	1	25.81	0	0	0	0	0	0	0	0
11.	36/04 dt. 27.5.04	1	5.77	1	5.77	0	0	0	0	0	0	0	0	0	0
12.	39/04 dt. 10.6.04	2	148.68	1	19.09	1	129.59	0	0	0	0	0	0	0	0
13.	41/04 dt. 24.6.04	2	14.26	1	8.29	0	0	0	0	1	5.97	0	0	0	0
14.	44/04 dt. 15.7.04	1	716.83	1	716.83	0	0	0	0	0	0	0	0	0	0
15.	46/04 dt. 29.7.04	1	2.95	0	0	1	2.95	0	0	0	0	0	0	0	0
16.	48/04 dt. 19.8.04	2	959.87	0	0	0	0	2	959.87	0	0	0	0	0	0
17.	50/04 dt. 26.8.04	3	1052.3	1	92.43	0	0	2	959.87	0	0	0	0	0	0
18.	51/04 dt. 2.9.04	2	945.51	1	69.83	1	875.68	0	0	0	0	0	0	0	0
19.	53/04 dt. 16.9.04	1	3.5	1	3.5	0	0	0	0	0	0	0	0	0	0

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
20.	55/04 dt. 14.10.04	2	121.52	0	0	1	64.86	0	0	0	0	1	56.66	0	0
21.	58/04 dt. 28.10.04	6	458.05	6	458.05	0	0	0	0	0	0	0	0	0	0
22.	61/04 dt. 10.11.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.	63/04 dt. 2.12.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24.	65/04 dt. 16.12.04	1	336.41	0	0	0	0	0	0	0	0	1	336.41	0	0
Total		41	7799.17	24	3861.42	6	1148.64	8	2390.07	1	5.97	2	393.07	0	0

# DETAILS OF COD CASES RELATING TO CBEC

Period: 1.1.2004 to 31.12.2004

(Rs. in lakhs)

Sl. No.	COD meeting No. & date	Total no. of cases	Amount	Excise											
				PSU Appeals						Departmental Appeals					
				Allowed		Not allowed		Postponed		Allowed		Not allowed		Postponed	
				No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.	03/04 dt. 13.1.04	4	786.84	3	246.32	0	0	0	0	0	0	0	0	1	540.52
2.	07/04 dt. 29.1.04	16	10137.93	4	1306.98	2	536.76	5	1963.69	1	2144.15	1	1.12	3	4185.23
3.	10/04 dt. 12.2.04	14	2510.73	6	2323.66	3	96.59	0	0	0	0	0	0	5	90.48
4.	13/04 dt. 26.2.04	6	12994.39	3	5251.26	0	0	1	189.13	1	7494.55	0	0	1	50.45
5.	17/04 dt. 18.3.04	10	1900.34	7	1799.74	1	0.82	2	99.78	0	0	0	0	0	0
6.	18/04 dt. 18.3.04	3	7909.29	0	0	0	0	0	0	0	0	3	7909.29	0	0
7.	20/04 dt. 25.3.04	11	1759.25	2	193.52	2	759.79	7	805.94	0	0	0	0	0	0

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
8.	27/04 dt. 15.4.04	14	68985.32	6	67534.96	1	3.38	3	707.92	0	0	0	0	4	739.06
9.	31/04 dt. 29.4.04	11	11927.85	8	11792.04	2	18.74	1	117.07	0	0	0	0	0	0
10.	33/04 dt. 13.5.04	15	3174.72	4	1471.51	1	2.34	10	1700.87	0	0	0	0	0	0
11.	36/04 dt. 27.5.04	14	7199.01	10	7093.15	2	13.57	2	92.29	0	0	0	0	0	0
12.	39/04 dt. 10.6.04	13	1141.38	4	910.07	0	0	2	56.64	1	53.91	3	8.01	3	112.75
13.	41/04 dt. 24.6.04	21	8078.45	4	2773.03	1	7.68	15	5257.44	1	40.3	0	0	0	0
14.	44/04 dt. 15.7.04	16	10016.67	8	9697.02	2	194	4	77.2	0	0	0	0	2	48.45
15.	46/04 dt. 29.7.04	14	11454.48	9	282.9	1	2	3	11157.81	0	0	1	11.77	0	0
16.	48/04 dt. 19.8.04	22	22144.21	8	3168.41	1	3.38	0	0	2	282.59	5	283.16	6	18406.67
17.	50/04 dt. 26.8.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.	51/04 dt. 2.9.04	11	7174.32	5	111.76	0	0	0	0	2	7001.13	3	54.85	1	6.58
19.	53/04 dt. 16.9.04	32	14160.32	6	8155.95	0	0	1	4.59	5	90.28	18	3251.06	2	2658.44
20.	55/04 dt. 14.10.04	22	2963.73	5	39.98	1	4.59	0	0	2	1406.62	9	1069.44	5	443.1

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
21.	58/04 dt. 28.10.04	8	586.67	7	432.25	1	154.42	0	0	0	0	0	0	0	0
22.	61/04 dt. 10.11.04	20	2576.63	10	440.76	0	0	0	0	5	66.8	5	2069.07	0	0
23.	63/04 dt. 2.12.04	27	13539.74	20	4681.19	2	10.35	3	4469.4	0	0	2	4378.8	0	0
24.	65/04 dt. 16.12.04	23	8371.5	12	1451.61	2	38.43	1	71.5	5	6424.85	3	385.11	0	0
Total		347	231493.8	151	131158.1	25	1846.84	60	26771.27	25	25005.2	53	19421.68	33	27290.73

# DETAILS OF COD CASES RELATING TO CBEC

Period: 1.1.2004 to 31.12.2004

(Rs. in lakhs)

Sl. No.	COD meeting No. & date	Total no. of cases	Amount	Service Tax											
				PSU Appeals						Departmental Appeals					
				Allowed		Not allowed		Postponed		Allowed		Not allowed		Postponed	
				No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.	03/04 dt. 13.1.04	1	6.72	1	6.72	0	0	0	0	0	0	0	0	0	0
2.	07/04 dt. 29.1.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3.	10/04 dt. 12.2.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4.	13/04 dt. 26.2.04	1	30.55	1	30.55	0	0	0	0	0	0	0	0	0	0
5.	17/04 dt. 18.3.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6.	18/04 dt. 18.3.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7.	20/04 dt. 25.3.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
8.	27/04 dt. 15.4.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9.	31/04 dt. 29.4.04	1	4.81	0	0	0	0	1	4.81	0	0	0	0	0	0
10.	33/04 dt. 13.5.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.	36/04 dt. 27.5.04	1	37.97	0	0	0	0	1	37.97	0	0	0	0	0	0
12.	39/04 dt. 10.6.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13.	41/04 dt. 24.6.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14.	44/04 dt. 15.7.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15.	46/04 dt. 29.7.04	1	30.55	1	30.55	0	0	0	0	0	0	0	0	0	0
16.	48/04 dt. 19.8.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17.	50/04 dt. 26.8.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18.	51/04 dt. 2.9.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19.	53/04 dt. 16.9.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20.	55/04 dt. 14.10.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
21.	58/04 dt. 28.10.04	2	25007.31	2	25007.31	0	0	0	0	0	0	0	0	0	0
22.	61/04 dt. 10.11.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.	63/04 dt. 2.12.04	1	494.07	0	0	0	0	0	0	0	0	1	494.07	0	0
24.	65/04 dt. 16.12.04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		8	25611.98	5	25075.13	0	0	2	42.78	0	0	1	494.07	0	0

## CORRIGENDA

Page No. 52, Para 114 (in the Table showing the targets)

For

Head of Tax	Target for 2004-05	Actual realization in 2004-05*	% of target achieved
Corporate Income Tax	2250	1799.38	80%
Personal Income Tax	750	843.49	112%
Total Direct Taxes	3000	2642.87	88%

\* Inclusive of recoveries made by DGCEI/DGRI

Substitute

Head of Tax	Target for 2004-05	Actual realization in 2004-05*	% of target achieved
Central Excise	2250	1799.38	80%
Customs	750	843.49	112%
Total	3000	2642.87	88%

\* Inclusive of recoveries made by DGCEI/DGRI