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**STANDING COMMITTEE ON FINANCE
(2009-10)**

FIFTEENTH LOK SABHA

**MINISTRY OF FINANCE
(Department of Revenue)**

***[Action taken by the Government on the recommendations contained in the
Second Report on Demands for Grants (2009-10) of the Ministry of Finance
(Department of Revenue)]***

SEVENTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2010/ Chaitra, 1932 (Saka)

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(FIFTEENTH LOK SABHA)

**MINISTRY OF FINANCE
(Department of Revenue)**

*(Action taken by the Government on the recommendations contained in the
Second Report on Demands for Grants (2009-10) of the Ministry of Finance
(Department of Revenue)*

*Presented to Lok Sabha on 19 April, 2010
Laid in Rajya Sabha on 19 April, 2010*



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 2010/ Chaitra, 1932 (Saka)

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COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2009-2010

Dr. Murli Manohar Joshi - Chairman

MEMBERS

LOK SABHA

2. Dr. Baliram (Lalganj)
3. Shri Sudip Bandyopadhyay
4. Shri C.M. Chang
5. Shri Harishchandra Chavan
6. Shri Bhakta Charan Das
7. Shri Gurudas Dasgupta
8. Shri Khagen Das
9. Shri Nishikant Dubey
10. Smt. Jayaprada
11. Shri Bhartruhari Mahtab
12. Shri Mangani Lal Mandal
13. Shri Rayapati Sambasiva Rao
14. Shri Magunta Sreenivasulu Reddy
15. Shri Y.S. Jagan Mohan Reddy
16. Shri N. Dharam Singh
17. Shri Sarvey Sathyanarayana
18. Shri Manicka Tagore
19. Dr. M. Thambidurai
20. Shri Anjankumar M. Yadav
21. Shri G.M. Siddeshwara*

RAJYA SABHA

22. Shri Raashid Alvi
23. Dr. K.V.P. Ramachandra Rao
24. Shri Vijay Jawaharlal Darda
25. Shri S.S. Ahluwalia
26. Shri Moinul Hassan
27. Shri Mahendra Mohan
28. Shri S. Anbalagan
29. Dr. Mahendra Prasad
30. Shri Y.P. Trivedi
31. Shri Rajeev Chandrasekhar

SECRETARIAT

- | | | |
|---------------------------------|---|---------------------|
| 1. Shri A.K. Singh | - | Joint Secretary |
| 2. Shri T.G. Chandrasekhar | - | Additional Director |
| 3. Shri Ramkumar Suryanarayanan | - | Deputy Secretary |

* Nominated to this Committee w.e.f. 09.03.2010 vice Shri Gopinath Munde, MP

INTRODUCTION

I, the Chairman of the Standing Committee on Finance, having been authorised by the Committee, present this Seventeenth Report on action taken by Government on the recommendations contained in the Second Report of the Committee (Fifteenth Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Finance (Department of Revenue).

2. The Second Report (15th Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 2 December, 2009. Replies indicating action taken on all the recommendations contained in the Report were furnished by the Government on 31 December, 2009.

3. The Committee considered and adopted this report at their sitting held on 15 April, 2010.

4. An analysis of action taken by Government on the recommendations contained in the Seventeenth Report of the Committee is given in the Appendix.

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

New Delhi;
15 April, 2010
25 Chaitra 1932 (Saka)

DR. MURLI MANOHAR JOSHI,
Chairman,
Standing Committee on Finance.

CHAPTER – I

REPORT

This Report of the Standing Committee on Finance deals with action taken by Government on the recommendations/observations contained in their Second Report (Fifteenth Lok Sabha) on Demands for Grants (2009-2010) of the Ministry of Finance (Deptt. of Revenue) which was presented to Lok Sabha / Laid in Rajya Sabha on 2nd December, 2009.

2. The Action Taken Notes have been received from the Government in respect of all the 21 recommendations contained in the Report. These have been analyzed and categorized as follows:

- (i) Recommendations/Observations that have been accepted by the Government:

Recommendation Nos. 1,2,3,4,5,7,8,10,11,13,14,16,18,19,20 and
21
(Chapter II) (Total 16)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Recommendation No. 9&12
(Chapter III) (Total 2)

- (iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee:

Recommendation No. 15&17
(Chapter IV) (Total 2)

- (iv) Recommendations/Observations in respect of which final replies by the Government are still awaited:

Recommendation Nos. 6
(Chapter V) (Total 1)

3. The Committee desire that the replies to the recommendations contained in Chapter I and Chapter V may be furnished to them expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

From the scrutiny of Action Taken Notes furnished by the Ministry of Finance (Deptt. of Revenue), the Committee find that in response to a number of recommendations, the Ministry have stated that they have noted the Committee's recommendations for compliance. The Committee however believe that the actual implementation of these recommendations, would depend on the follow-up action to be initiated by the Ministry and their field formations and its effective monitoring. The Committee would therefore expect that the requisite follow-up action in respect of all these recommendations be completed in a time-bound manner. The Committee would like to be apprised of the latest position in this regard within a period of one month.

Implementation of VAT Scheme

(Recommendation Para No. 2)

While noticing the trend of substantial under-utilisation of funds allocated under the Head 'Implementation of VAT Scheme- Other Charges', the Committee had recommended that the Ministry should undertake a comprehensive analysis of the trend of expenditure incurred under this Head during the past three years with a view to rectifying and improving upon the existing system of assessing requirement of funds and its correlation with its deployment and utilization.

The Govt. in their action taken reply have stated as follows :

"A system for closer monitoring of project activities has recently been put up in place. The first review under the new monitoring system of the project was made in Guwahati in November, 2009. The second and much more detailed review off the project activities under the new monitoring system is planned in January, 2010.

The Committee note that in pursuance of the Committee's recommendation, the Ministry has put in place a system for closer monitoring of project activities. The first review in this regard has been made by the Ministry in November, 2009 and second was planned in January,2010. The reply is however, silent about the outcome of such reviews. Since under-utilisation of budgeted funds is a recurrent feature under this head, the Committee, expect the Ministry to furnish outcome of both the reviews undertaken in November 2009 and January 2010 and the steps taken thereon by the Ministry so as to avoid under-utilisation of budgeted amount under this head in future.

Tax Arrears and recovery

(Recommendation Para No. 12)

While noticing that no case-wise data on the tax arrears and recovery thereof has been centrally maintained by the Deptt., the Committee had recommended that in keeping with principles of 'good governance' information should be available easily almost on 'Push of a button.' The Committee had also emphasized that the Deptt. of revenue and Central Board of Direct Taxes should take immediate steps to put in place a Management Information System (MIS) within three months for collecting and retrieving data concerning appeals, pendency, disposal, recovery etc. They should also analyse and segregate this into different categories, depending on the issue / problem involved so that respective cases can be pursued and followed up for early results.

In their action taken reply, the Ministry have stated as follows :

"The appellate procedure is a dynamic and ever changing field with new issues being thrown up almost on a daily basis. A new mechanism of Dispute Resolution Panel has been inserted by Finance (No.2) Act 2009 w.r.e.f.1-4.09. In an ideal situation if all the data by all the officers are entered then information on all the cases will be available on the touch of a button but as has been mentioned earlier due to acute manpower shortage especially at the level of Stenographers, and huge workload, all the data cannot be entered. With the cadre review which is under consideration, the situation will improve.

The recommendations of the Committee on taking immediate steps to put in place a Management Information System (MIS) has been noted and is under consideration. However it will not be possible within three months as it is largely dependent on the exercise of cadre review, availability of more manpower and changes in the software, business processes etc. Therefore it is requested that time till April 2011 may be given for the same."

The Ministry have informed that installation of a Management Information System (MIS), as suggested by the Committee, is currently under consideration and the same will be operationalised by April, 2011. The Committee would like to be kept apprised about the progress in the matter.

Refund cases and interest paid on refunds

(Recommendation Para No. 14)

The Committee upon noticing the delay in income tax refunds had desired the Income Tax Deptt. to pay special attention to prompt settlement of refund claims, which has been an area causing needless hardship to common assesses.

In their Action Taken reply, the Ministry have stated as follows :

“The Department has put in place a scheme referred to as ‘Refund Banker Scheme’ for bulk handling of refunds by the designated banker SBI. It deals with the Refund Banker which picks up the refunds from Assessment information System (AST) database after the processing of I.T. return. After the refunds are picked up, these are dispatched through paper mode in T+3days & through ECS mode in T+1day. Refund Banker facility has been extended in phases and is now available at 15 stations (Bangalore, Chennai, Patna, Mumbai, Kolkata, Delhi, Allahabad, Ahmedabad, Bhubneshwar, Kochi, Trivendrum, Pune, Hyderabad, Chandigarh, Kanpur) for non-corporate assesses.. The Refund Banker Scheme though has limited coverage but the scheme has handled close to 18.6 % of total refunds issued in FY 2008-09.”

The Committee note that the Government have put in place a “Refund Banker Scheme’ for bulk handling of refunds which is now available at 15 stations for non-corporate assesses. However, as the coverage of the scheme is stated to be only about 18.6% of total refunds issued in (2008-09), the Committee would expect the Ministry to extend the scope of the Scheme to all such stations, where delays beyond four months in issue of refunds is a regular feature. The Committee would like to be apprised of the efficacy of this scheme in ensuring prompt receipt of refunds.

(Recommendation Para No. 15)

Further, with regard to the revenue loss occurring due to avoidable payment of interest on refunds, the Committee had recommended that the culpability of the Income Tax Officials should be fixed unhesistatingly in the matter.

In their action taken reply, the Ministry inter-alia submitted as follows :

“Processing of returns and issuance of refund (if due) is a continuous process in the Income Tax Department. According to the Income Tax Act 1961, the returns can be processed till one year from the end of the financial year in which the returns are made. Therefore, the returns received during the financial year 2008-09 can be processed upto March 2010. As per the Income Tax Act, the due date u/s 139(1) for filing of returns for individuals is 31st July of the Assessment year & for corporates and any other person whose accounts are required to be audited is 30th September of the Assessment year.

Assessee is entitled to refund from the 1st day of April of the Assessment year to the date on which refund is granted. Whenever the return is filed, Assessing officer is bound to take some time to process it and for returns filed during the year interest from 1st April automatically follows, till the date of processing.

Hence, payment of interest on refunds is inbuilt in the statutory provision of the Act and cannot be avoided. Assessing officer is bound to make payment of interest on refund as per statutory provisions of the Act. However, the shortage of manpower has affected the expeditious processing of returns.”

The Committee regret to point out that the Action Taken reply is completely silent about the issue of fixing culpability of the Income Tax Officials for the revenue loss occurring due to avoidable payment of interest on refunds. Due to inordinate delays in issuing refunds, the assessee suffers on two counts, first when there is incorrect assessment and again when refunds due to him are delayed for no fault of his. The culpability of the tax officials as also the misery of the tax payers thus gets compounded whenever refunds get delayed. The Ministry’s reply that the

payment of interest on refunds is inbuilt in the statutory provision and thus cannot be avoided is a specious argument, which only seeks to skirt the crux of the issue raised by the Committee with regard to huge outgo of interest and revenue loss due to avoidable delays in issuing refunds. The Committee while deprecating the Ministry on this count, reiterate that responsibility should be fixed on the negligent officials for their laxity in issuing refunds causing loss of revenue to government on the one hand and hardship to tax-payer on the other. In this context, the Committee would also like to be apprised about the number of cases of refunds issued beyond the stipulated period and the quantum of interest involved therein since January 2010.

Productivity per assessing officer
(Recommendation Para No. 17)

While observing that disposal of Income Tax Scrutiny assessment cases was not commensurate with the increasing workload, the Committee had expected the Income Tax Deptt. to arrest this trend, if necessary, by increasing the number of Assessing officers, while also simultaneously enhancing the disposal target for each officer to make them more productive.

“The Ministry in their Action taken reply have stated that the selection of cases for scrutiny and the assessment of the scrutiny cases are ongoing processes. Even as some scrutiny cases are disposed of, others are picked up as per the guidelines of the Computer Assisted Scrutiny System(CASS) and manual selection. Therefore, there is always some pendency of scrutiny cases.

In order to tackle the issue of deployment of more manpower, a number of steps have been taken.

(i) The Cadre review of the Indian Revenue Service has been initiated.”

They have further informed that for enhancing the Scrutiny disposal, the infrastructure at the assessing officer / field formation level has been recently augmented by way of Comprehensive Computerization and networking of the offices with a Centralised TAXNET Project.

The reply of the Government is silent on Committee’s specific recommendation on enhancing the disposal target for each officer to make them more productive. The Government have, however, not furnished the targets for disposal of scrutiny cases by each Assessing Officer. The Committee believe that productivity per assessing officer can be more accurately measured only in terms of scrutiny assessments completed by an assessing officer in a year. The Committee, therefore, while reiterating

their earlier recommendation, desire that the Ministry should not hesitate to set targets for scrutiny assessments, as it will help increase productivity of the income tax department.

CHAPTER – II

Recommendations / Observations that have been accepted by the Government

Recommendation No. 1

Implementation of VAT Scheme

1. The Committee are constrained to observe that there had always been substantial under-utilization of funds allocated under the Head 'Implementation of VAT Scheme – Other Charges' meant for state Value Added Tax (VAT) related support activities undertaken by the Department of Revenue. The reasons for less utilization of funds relate mainly to less expenditure on training and maintenance during 2005-06, partial release of consultancy charges to National Institute for Smart Government (NISG) and delays in development of inter-operability module and in procurement of additional hardware in 2006-07 and delay in development of additional application software in 2007-08. The Committee are at a loss to understand as to why there was delay in development of inter-operability module, procurement of additional hardware and in development of additional application software, when huge allocations were made at BE stage, which were revised upwards at the RE stage for the past two years, but were substantially underutilized to the extent of Rs. 1.70 crore in 2007-08 and Rs. 1.42 crore in 2008-09. The Ministry's reply in this regard does not satisfactorily explain the persistent shortfall in utilization. The reasons given by them are not commensurate with the extent of under-utilisation.

Reply of the Government

The Department would take all steps to ensure that the divisions act in time to complete all formalities and spend the provisions given to them to avoid unnecessary savings.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 2

The Committee are also not inclined to accept the view point of the Ministry that during 2007-08 and 2008-09, budgetary allocations were revised upwards to meet the enhanced requirements indicated by the project implementing agency and participant States towards Annual Maintenance Charges (AMC), upgradation of application software and cost of new components under North Eastern Value Added Tax (NEVAT) computerization project. In view of the fact that the amount allocated has persistently remained underutilized in the past several years, the Committee, while strongly disapproving the Ministry's half-hearted approach in implementing the scheme, recommend that the Ministry should at least now undertake a comprehensive analysis of the trend of expenditure incurred under this Head during the past three years with a view to rectifying and improving upon the existing system of assessing requirement of funds and its correlation with its deployment and utilization.

Reply of the Government

The recommendation of the Committee regarding undertaking a comprehensive analysis of trend of expenditure incurred under this Head during the past three years, with a view to rectifying and amending the existing system of assessing requirement of funds has been accepted in letter and spirit by the Department. A system for closer monitoring of project activities has recently been put up in place. The first review under the new monitoring system of the project was made in Guwahati in November, 2009. The second and much more detailed review of the project activities under the new monitoring system is planned in January, 2010. The Department assures the Committee that all efforts would be made to ensure that correct assessment of the requirement of funds is made so that there is no under-utilization of the budgeted amount.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 3 (i)

Other Fiscal Services – Regulation of Foreign Exchange

The Committee's examination of this Head has revealed that out of the Revised Estimate of Rs.24.66 crore and 37.74 crore during the years 2007-08 and 2008-09 respectively, the Ministry spent Rs.19.76 crore and Rs.28.46 crore only, thus leaving unspent provisions during these years. The reasons for these unspent provisions are stated to be non-withdrawal of fund in certain sensitive sectors and non-utilisation of amount under the object Head 'Information Technology', as approvals of the competent authority could not be obtained. Funds also remained unutilized due to delay in receiving the actual requirement of funds from the Zonal/Sub Zonal offices. The representative of the Ministry admitted during evidence that the reasons of unspent provisions were different for different zones. In the opinion of the Committee, the recurrent unspent provisions under this Head could have been avoided, if the Ministry had effectively taken up the matter with the heads of the Zonal/Sub-Zonal offices for timely finalisation of their requirements. Such a trend seems to clearly suggest that the headquarter organisation is not monitoring the activities at the field level. The Committee would, therefore, like the Ministry to have the entire requirement of funds realistically assessed after collecting timely all the information of their demand from the Zonal/Sub-Zonal Offices.

Reply of the Government

The Committee's recommendations have been noted for compliance by the Enforcement Directorate, which will be more cautious and realistic in its approach to framing budget proposals. It has been decided to have a time frame for all Zonal and Sub-Zonal offices of the Directorate to furnish details on the amount spent during the previous year, projects in hand and projects likely to be taken up during the next fiscal year. These details shall be subjected to in-depth study at the Headquarters for projecting budget linked to expenditure done and expected to be incurred. While demanding Budget under any Head, amount spent during the previous years, projects in hand and projects likely to be taken up during the next fiscal year will be taken into consideration.

Recommendation No. 3 (ii)

In this context, the Committee believe that non-drawal of funds not only reflects poorly on the functioning of the Enforcement Directorate under the Ministry but also eventually impacts on revenue collection due to inefficient collection of information. In this connection, the Committee would like to be apprised about the correlation between revenue generated and the amount spent on gathering information etc.

Reply of the Government

It is submitted that the Enforcement Directorate is not a revenue generating agency. It is a law enforcement agency. Hence, no correlation can be established between revenue generated and the amount spent on generating the information.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 4

Setting up of Tax Information Exchange System (TINXSYS)

The examination of this Head has revealed that there was persistent substantial under-utilisation of sanctioned provisions during the last four years. The reasons adduced by the Ministry for such large scale unspent provisions are, non-consideration of proposal for expanding the scope of Tax Information Exchange System (TINXSYS) through dematerialisation of Central Sales Tax (CST) forms and additional time taken in getting the project for computerization of Value Added Tax (VAT) administrations of Himachal Pradesh and Jammu and Kashmir sanctioned. The Committee are of the firm opinion that had the Ministry made coordinated efforts with the State Governments in sanctioning the projects for computerization of VAT, the position of utilization of funds would have definitely improved. What appears all the more surprising is that the Ministry have been seeking upward budgetary allocations under this Head year after year, despite these allocations having remained unspent in the preceding years. The Committee cannot but express their anguish over the lackadaisical approach of the Ministry as the funds, idly parked year after year, could have been gainfully

utilized for other fund-starved projects. The Committee would like to be apprised of the corrective action taken in the matter by the Ministry. The Committee further hope that hindrances in computerization/networking will be ironed out early for smooth transition to the proposed Goods and Services Tax (GST) regime.

Reply of the Government

The Project of computerization of VAT Administrations of Himachal Pradesh and Jammu & Kashmir has been sanctioned by the Department in July 2009. Out of the total Central share of Rs.25.33 crore, an amount of Rs.9.79 crore is proposed to be released during the current financial year. With the sanction of this project, it is expected that the funds budgeted under this Head will be fully utilized as planned. The Department assures the Committee that regular review of the project activities would be done to ensure that project activities are implemented as per the scheduled envisaged. The Department is making efforts to iron-out the problems related to computerization of VAT administrations and networking. It has now been agreed that the inter-State supplies in the GST regime will be handled through IGST model, wherein a centralized agency will act as a clearing house to settle accounts with the States on a periodic basis. All inter-State sellers and purchasers under this model, would be required to file returns electronically. The possibility of using the system developed under TINXSYS for meeting the requirement of IT infrastructure for the purpose is being examined. A decision in this regard would be taken by the Department as soon as this feasibility analysis is completed.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 5

Grants to States for VAT related expenditure

The Committee are perturbed to find that despite the budgetary provisions of Rs. 145 crore obtained during the years 2007-08 and 2008-09, not a rupee was spent under this head. Regardless, there was substantial upward revision of BE to Rs. 418.50 crore during the year 2009-10, which was more than eight times of the previous year's BE. The Ministry have not adduced the reasons for not utilizing the funds allocated under this important scheme for two years consecutively. It is thus evident that budgetary requirements are being projected by the Ministry more on the basis of theoretical anticipation rather than on the trend of expenditure and actual requirement. The Ministry's reply indicates that they are not at all sure about incurring this expenditure even this year. Considering their unsatisfactory track record, it is quite possible that the Ministry may not be able to utilize the fund this year as well, the Committee get an impression that the Ministry is not very serious about the activities to be undertaken under this Head. The Committee desire that the Ministry should regularly monitor the utilisation of this Head at higher levels, particularly so, as it relates to capacity building of state machinery for an integrated tax regime.

Reply of the Government

The funds budgeted under this Head are primarily to be used for computerization of commercial taxes administrations of the State Governments. The Department is attaching very high priority to the sanction of Mission Mode Project for Computerization of Commercial Tax Administrations. The proposal, having an overall cost of Rs.1133 crore, has been appraised by the Committee on Non-Plan Expenditure (CNE), headed by the Secretary (Expenditure) in September 2009. The CNE, after proper appraisal, has recommended the project for sanction. The proposal to obtain the approval of the Cabinet has almost been finalized and is likely to be placed before the Cabinet for consideration and approval shortly. An Empowered Committee headed by Revenue Secretary will be set up under the project to consider and sanction individual State projects. The meetings of the Empowered Committee will be organized as soon as the approval

of the Cabinet on the project proposal is obtained. To ensure that the State project reports are ready in all respect for sanction before the first meeting of this Empowered Committee is held, it has been decided to organize regional level workshops in Delhi, Mumbai, Chennai and Kolkata. The Workshops for Northern States in Delhi and for Eastern and North-Eastern States at Kolkata have already been organized in December 2009. The retro-funding of the expenditure incurred by the States from 1.4.2007 onwards on project activities is being envisaged under the project. Since States have already incurred substantial amount of funds from 1.4.2007 on computerization of their commercial taxes administration, they will be required to be provided financial assistance early. However, as the proposal is yet to be approved by the Cabinet, the budget allocation made under this Head has been reduced from Rs.418.50crore to Rs.149crore at the RE stage 2009-10.

The approval for upgradation of the Centre for Taxation Studies, Kerala into Gulati Institute of Finance & Taxation (GIFT) has also been approved. However, the first instalment of Central share of assistance could not be released to the Institute as the land required for construction of the new building could not be taken over due to some legal hurdles. It has now been confirmed on 10th December that the land required for construction of new building has been taken over by the Institute. This will enable the start of activities envisaged under this project. It is expected that the funds budgeted for the purpose will be fully utilized.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 7

It is a matter of anguish for the Committee that substantial variations have been occurring between the sanctioned provisions and the actual expenditure incurred by the Ministry of Finance (Department of Revenue) under several heads of the Grants operated by them during the last four years or so. Obviously, these instances betray absence of a sound budgetary mechanism for assessing the actual requirements of funds and the casual and routine manner in which the Budget Estimates are being prepared by the Ministry. The Secretary, Department of Revenue candidly stated during evidence that although they are

trying to improve the systems, there is no possibility of a positive change in the near future. The Committee, while accepting that systemic improvements may take time, urge the Ministry to accord priority to this exercise. The Committee believe that financial indiscipline will not be shed, unless the Ministry impress upon their budget controlling authorities to undertake the task of budget preparation with utmost seriousness, care and prudence, after taking into consideration factors like past trends of expenditure, status of formulation/implementation of various schemes/projects for which funds are sought etc. The Committee, therefore, recommend that the Ministry should address this issue seriously and devise a fool proof mechanism to overcome the deficiencies in their existing system of assessing the requirement of funds. The Committee would like to be apprised of the precise steps taken by the Ministry in this regard.

Reply of the Government

It is stated that the budget in respect of all the three Grants of Department of Revenue (Grant No.41 – Department of Revenue, Grant No.42 – Direct Taxes and Grant No.43 – Indirect Taxes) is prepared at the Headquarters after collecting and collating information from all the budgetary authorities spread over the country. While calling the Budget proposals from the budgetary authorities, it is stressed upon them that due care should be taken by them to project exact requirement of funds depending upon the trend of expenditure in the past. These authorities prepare their estimates for the ensuing year in the month of September i.e. around seven months in advance of the actual occurrence of expenditure. At this stage, actual expenditure of only five months of the current financial year is available with them. While due care is taken to assess the forthcoming liabilities, estimation particularly under Revenue Section is kept on the lower side with a view to restrict the Government expenditure to the barest minimum, keeping in view the economy instructions of the Department of Expenditure. The Department estimates the expenditure requirement of the next year's budget and the current year's Revised Estimates based on the realistic trend of expenditure. However, it depends upon various factors like uncertainty

of events likely to take place, meeting out the norms and procedural requirements etc.

At present, the progress of implementation of various programmes and expenditure is reviewed every month and submitted to the Revenue Secretary. A quarterly Report in this regard is also submitted to the Secretary (Expenditure). The deficiencies noticed during the review are noted and communicated to the implementing agencies for taking corrective action. The actual requirement of funds under various programmes is also reviewed at the Final Requirement stage and re-appropriation of funds within the grant, as permissible under the rules, is made and excess funds surrendered before 31st March of the financial year.

Instructions are also issued to all the budgetary authorities from time to time relating to the various formalities and instructions to be kept in view while formulating the budget proposals. However, as recommended by the Committee, all the Budgetary Authorities under the three Grants of the Department are again being instructed that while preparing the budget proposals, utmost seriousness, care and prudence must be taken and the Budget proposals should be prepared after taking into consideration factors like past trends of expenditure, status of formulation/ implementation of various schemes/projects for which funds are sought etc.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

OTHER ISSUES RELATING TO FUNCTIONING OF DEPARTMENT

Recommendation No. 8

Unaccounted Money

Parallel economy and generation and sustenance of unaccounted money/wealth has been a bane afflicting this country for long. However, what is most damaging about this phenomenon is its innate relationship with tax evasion as also lax tax enforcement. The disquieting fact that the Ministry of Finance (Department of Revenue) have no assessment available with them on the extent of unaccounted income/wealth, can only compound the problem further. They have instead tried to turn away from their responsibility by pleading that since

most of the transactions generating black money are unrecorded, the credibility of any estimate of black money is doubtful. When pressed on the issue, they cited a 1999 study by Shri Arun Kumar, Professor of JNU in his book 'Black Economy in India' wherein the quantum of black money has been estimated as Rs.4,87,185 crores i.e., 40% of the GDP. The Department have further maintained that keeping in view the nature of Indian economy and also the fact that a large number of transactions are entered in cash, it is not possible to arrive at the correct assessment of the quantum of unaccounted money in this country. Neither is there any proposal under consideration of the Ministry for getting any fresh study conducted on the quantum of unaccounted money in the country. Such an indifferent response of the Ministry is not acceptable to the Committee. It has become imperative that the Ministry conducts a thorough assessment/survey on unaccounted income/wealth, particularly bringing out the nature of activities engendering money laundering both inside and outside the country with its ramifications on national security.

Reply of the Government

CBDT

The recommendations of the Standing Committee is under consideration of the Department of Revenue.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 10

As regards the quantum of illegal money of Indian citizens outside the country in secret bank accounts, the Ministry have informed that there is no credible information regarding the countries/transactions where the illegal money is kept in bank accounts. They have sought to assure the Committee that once new Agreements for Exchange of Information and Assistance in collection of Taxes are brought into force and the existing tax treaties are renegotiated, it would be possible to obtain information on overseas bank accounts in specific cases. The Committee would expect the Government to remain proactive on this front and ensure concerted action for detection of undisclosed/unaccounted

money stashed away in foreign shores. Apart from vigorous diplomatic pressure, the Government should finalise agreements for information and cooperation with the concerned countries at the earliest. The Committee would like to be kept apprised of the concrete steps initiated towards this end.

In the context of the top 25 tax defaulters and the action initiated against them, when the Committee specifically desired to know as to how huge tax dues were pending against certain assesees who had little assets to pay from, Revenue Secretary deposed that these transactions actually originated from outside the country. The Committee would expect the Department of Revenue to pursue vigorously such cases involving unaccounted funds laundered abroad and apprise the Committee of the outcome thereof

In this connection, the Committee would also like to point out that all the agencies under the Department of Revenue viz., Income Tax, Central Excise, Customs, Service Tax as also the State Sales Tax Department should coordinate with each other and share data/intelligence about suspicious transactions.

Reply of the Government

CBDT & CBEC

The Government is taking all necessary steps for early finalization of agreements for information and cooperation with the concerned countries. Concrete actions taken by the Finance Ministry for detection of undisclosed/unaccounted money stashed away in foreign shores is as given below:-

- (1) Amendment to the Income-tax Act, 1961: Government has substituted section 90 of the Income-tax Act 1961 through Finance (No.2) Act, 2009 with a new formulation which will enable the Central Government to enter into tax agreements with non-sovereign jurisdictions. Since many of the offshore centers (generally perceived as tax havens) are non-sovereign jurisdictions, this provision will enable Government of India to enter into Agreement for the Exchange of Information and Assistance in Collection of Taxes (AEI&ACT) with these jurisdictions.
- (2) Steps taken to initiate negotiations for entering into Agreements for the Exchange of Information and Assistance in Collection of Taxes (AEI&ACT): Department of Revenue has written to Ministry of External Affairs (MEA), with respect to 19 prioritized countries/jurisdictions, for taking up the matter with these countries/jurisdictions for entering into

AEI&ACT with them. A copy of our draft AEI&ACT has also been provided. Responses from some of the countries/jurisdictions have been received and matter is further being pursued for finalization of these agreements. Once agreements with these countries/jurisdictions are negotiated and enter into force, India will be able to obtain information, including bank related information in specific cases from such countries/jurisdiction.

- (3) Renegotiation of Tax Treaty with Switzerland: Our existing tax treaty with Switzerland does not provide for exchange of bank related information as well as information which is required for Indian domestic purpose only. Switzerland was approached in April, 2009 through MEA for renegotiation of the Article concerning Exchange of Information in our existing tax treaty so that we can have access to bank related information. Switzerland had agreed for renegotiation of this Article as well as other articles of the existing treaty. The first round of negotiation was held on 10th Nov to 12th Nov, 2009. The matter is further pursued for early finalization of the new treaty. Once the protocol amending tax treaty with Switzerland is notified, India will be able to obtain bank related information in specific cases from Switzerland.
- (4) Renegotiation of remaining Tax Treaties: Some of our other tax treaties in force also do not specifically provide for exchange of bank related information as well as information which is required for Indian domestic purpose only. MEA has already been approached for renegotiation of all such tax treaties so that we can have access to bank related information with respect to these countries. Some of the countries have already responded to our requests and the matter is being actively pursued with them.
- (5) India a part of Global efforts to take action against Non-Cooperative Jurisdictions: India has been actively taking part in building global consensus for taking action against those jurisdictions/countries who are not transparent or co-operative in exchanging information with other countries. In the latest initiative in this regard, Indian Finance Minister participated in recent G 20 Finance Ministers meetings at London on 4-5 September 2009 and at St. Andrews on 7th November, 2009. Similarly our Prime Minister also participated in The Pittsburg Summit (Sept 24-25, 2009). India played active role in finalizing the Declarations at these events which included an action of delivering an effective programme of peer review, capacity building and countermeasures to tackle non-cooperative jurisdictions that fail to meet regulatory standards, Anti-Money Laundering/CFT and tax information exchange standards. Commitment has been given that countries stand ready to use countermeasures against tax havens from March 2010. India has also been elected, in September 2009, as Vice-Chair of the Peer Review Group set up by Global Forum which shall play an important role in reviewing various

jurisdictions in terms of compliance with international standards on transparency and exchange of information

The Investigation Directorates have been directed to keep a close watch on the High Net worth Individuals (HNIs) and the agents of foreign banks, to collect further information about their secret bank accounts opened outside the country. The Investigation Directorates have also been directed that if any secret foreign bank accounts is found in the course of search and seizure operations, it should be immediately informed to the Board for further necessary action in case of such bank accounts. It is further stated that certain information has been received in CBDT regarding deposits in foreign bank accounts relating to Indian nationals. Necessary action under the Direct Tax Laws has been initiated to verify the information and bring to tax the undisclosed income / asset.

As regards coordination amongst the various investigating agencies of Department of Revenue, it is stated that regular meetings of nodal officers of Investigation Directorates, Enforcement Directorate, DRI, Central Excise, Customs, Income Tax and Sales Tax takes place under the Regional Economic Intelligence Councils (REICs) where the intelligence and other inputs are shared among the agencies. The REICs function under the supervision of Central Economic Intelligence Bureau (CEIB).

At the Centre, the Economic Intelligence Council (EIC) headed by the Union Finance Minister holds regular meetings with the heads of investigating agencies to monitor inter-alia sharing of information between various investigating / enforcement agencies. Working Group on Intelligence Apparatus, headed by Revenue Secretary sets the agenda for the meeting of the EIC.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 11

Fall in collection of Corporate Tax

In a press report titled “Revenue Secretary hints at plugging tax leakage” (The Financial Express dated 30 September, 2009), the Revenue Secretary is reported to have stated that out of 4.50 lakh registered Corporate Bodies, only

50,000 pay taxes and that loss of revenue from various tax sops given to Corporates is no mean amount. Tax incentives are stated to have cost the exchequer Rs.68,914 crore revenue in 2008-09 alone. In this connection, the Committee would like to be apprised about the loss of revenue arising out of (a) non-payment of tax due to exemptions given and tax avoidance thereof (b) non-payment of tax due to evasion, so that a clear picture emerges on the extent of avoidance as well as evasion of tax. The Committee would also like the Department to evaluate the extent of tax gains registered from different categories/classes of tax payers and formulate their exemptions policy accordingly.

Reply of the Government

CBDT

The number of companies who did not pay taxes either due to reported losses or due to deductions available under the Income Tax Act, 1961 in F.Y. 2008-09 was 1,75,761 out of 4,10,451 as per the Revenue foregone Statement (Table 1 of Annexure-12 to the Receipts Budget, 2009-10)*. The tax revenue foregone owing to exemptions and deductions under various provisions of the Income Tax Act was projected at Rs. 68,914 crore for F.Y. 2008-09 for corporate (Table 5 of Annexure-12 Revenue Foregone Statement)*. The Government has been moving toward pruning tax deductions and exemptions and also capping them in the case of corporate through the Minimum Alternate Tax on profits of companies so that they pay a minimum amount of tax based on the book profits reported to their shareholders.

As regards estimated revenue loss due to tax evasion it is stated that detection of tax evasion is a continuous process. The Department takes several measures for curbing tax evasion which include Search and Seizure action, Survey action, Scrutiny proceedings, penalty and prosecution. The results of investigations conducted in a case are utilized in the assessment proceedings to bring to tax the undisclosed income. The findings of assessment proceedings are subject to appeal before various Appellate Authorities and Courts. The final amount of tax evasion in a particular case can only be quantified after conclusion

of all pending appeals, which may take considerable time. Therefore, estimating revenue loss on the account of tax evasion in a particular year becomes difficult. Moreover, the recommendation of the Standing Committee to conduct a thorough assessment / survey of unaccounted income/ wealth is under consideration of the Government.

* Part of the Budget Document

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 13

Appeals

While justifying the large number of appeals pending with the Commissioner of Income Tax (Appeals), the Ministry have stated the reasons for the same being the number of posts of Commissioner (Appeals) having been reduced from 282 in financial year 2006-07 to 248 in financial year 2008-09. They have also cited statistics to highlight that though the disposal per Commissioner of Appeals has shown improvement of over 12.13 per cent, the actual pendency has increased on account of filing of large number of appeals. The Committee are particularly concerned about the huge pile-up of cases pending for adjudication with the Commissioner of Income Tax (Appeals), which is the first appellate level in the Income Tax Department. The Committee would expect the Department to look into this matter and ensure that prompt administrative measures are initiated to clear the backlog and expedite adjudication of tax cases.

Reply of the Government

CBDT

The Committee has remarked that it would expect the Department to look into this matter and to ensure that prompt administrative measures are initiated to clear the backlog.

In this regard measures have already been taken by the Department to effect maximum disposal of appeals. These include -

- i) Issuance of a Central Action Plan at the beginning of the financial year laying targets for disposal of appeals which is to be duly complied with all CITs appeal.
- ii) Monitoring of pendency and disposal by administrative CCITs.
- iii) Monitoring of pendency and disposal by Zonal Member, CBDT.
- iv) Issue of directions by Member, CBDT, CCITs from time to time and discussions on the pendency and disposal through video conferencing, regional/local seminars etc.
- v) Rationalisation, re-distribution of work load and transfer of appeals.

Further, the Cadre review of the Indian Revenue Service has been initiated and the necessity (or otherwise) of an increase in the number of posts of CIT(Appeals) is also being examined.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 14

Refund cases and interest paid on refunds

As per the extant stipulation, Income Tax refunds are to be issued within 4 months of filing of returns. When enquired whether this stipulation is being adhered to, the Ministry conceded that there have been delays beyond four months in issue of refunds in e-filed returns during the financial year 2008-09. The Committee are however, given to understand that no database of cases where Income Tax refunds are delayed was available with the Department, as the Income Tax offices were not networked and the database were not consolidated at a single source. The Committee strongly deprecate the Department for violating the statutory requirement with regard to income tax refunds. The Department has been obviously neglecting prompt issue of refunds, causing avoidable harassment to ordinary tax payers. Although, the Ministry have sought to assure the Committee that they will issue all the refunds within the statutory time limit, with their capacity enhancing by way of the upcoming Centralised Processing Center (CPC) at Bangalore, the Committee, nevertheless, would like the Income Tax Department to pay special attention to prompt settlement of refund claims, which has been an area causing needless hardship to common assesseees.

Reply of the Government

CBDT

Refunds are worked out after an Assessing Officer processes returns of income. As per Income Tax Statute, the processing is to be completed within one year. Therefore, all returns with refunds are processed within stipulated time. The 'Citizen's Charter' has prescribed time frame of nine months for determination of refunds and 30 days for issue of refunds after the same is determined.

The Department has put in place a scheme referred to as 'Refund Banker Scheme' for bulk handling of refunds by the designated banker SBI. It deals with the Refund Banker which picks up the refunds from Assessment information System (AST) database after the processing of I.T. return. After the refunds are picked up, these are dispatched through paper mode in T+3days & through ECS mode in T+1day. Refund Banker facility has been extended in phases and is now available at 15 stations (Bangalore, Chennai, Patna, Mumbai, Kolkata, Delhi, Allahabad, Ahmedabad, Bhubneshwar, Kochi, Trivendrum, Pune, Hyderabad, Chandigarh, Kanpur) for non-corporate assesses.. The Refund Banker Scheme though has limited coverage but the scheme has handled close to 18.6 % of total refunds issued in FY 2008-09.

Dealing with Stop filers

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 16

As regards question of stop filers of returns brought back to Income Tax net during the last three years and the quantum of additional revenue realized from them, the Department stated that the requisite data is not maintained by them, neither do they have any information regarding amount of tax evaded by the stop filers. The Department have further pleaded that due to increase in workload coupled with the shortage of staff and officers which has reached alarming proportion, they are finding it difficult to focus on the action to be taken regarding stop filers. The Committee would like the Department to fill up all their

posts so that their assessment work does not suffer due to shortage of staff etc. If required, additional posts may also be created for this purpose. The Department should also put in place a centralized database to trace stop filers of returns and to recover tax payable from them. They should also devise a simple form and mechanism under which asseesees can intimate to the Department about the death of a person or closure of an account.

Reply of the Government

CBDT

The CBDT has submitted an elaborate reply to the committee about the issue of “stop filers”. It was communicated that in the absence of integrated database prior to 2008, it is not possible to collect information about stop filers brought back to tax net during the last three years and additional revenue realized from them. Moreover, the constraint arising out of shortage of staff and officers at various levels, which is quiet alarming, has also been brought out. Due to various other reasons such as discontinuance of business of the taxpayer, increase in exemption limit, death of a taxpayer etc and that in some cases even if action is initiated, it is likely that it will not yield any tax revenue, it was submitted that based on the specific information available with the department in select cases, action has been taken by the department where it may yield revenue.

Though, the situation mentioned above has not undergone a change since submission of replies to the Committee, however, in the light of the observations made in para 16, that the department should also put in place a centralized database to trace stop filers of return and recover tax payable from them, the matter has been further analyzed. The Centralized processing Application Database i.e. AST is enabled to capture details of stop filers. This functionality exists in AST and Assessing officers can make use of the same to generate notices to stop filers, if the relevant data about earlier years is in the System. However, till 2008, the data was not integrated. The Project for consolidation of all Regional databases to one single centralized database was completed on 02.06.2009.

As, the department could integrate the systems from 2009 therefore, for the earlier years, tracing of all the stop-filers is not practically possible. However, some headway can be made only where the data is readily available on the system, more particularly for the e-filed returns and those cases where data is seamlessly available on the system. To give a fillip to this task, the CCITs (CCA) have been asked to actively take the aspect of stop filers into consideration and they have been requested to direct the Assessing Officers to:

- i) issue notice u/s 142(1) for Assessment Year 2008-09 to those taxpayers who had reported taxable income for AY 2007-08, but have not filed their returns for AY 2008-09.
- ii) Similarly, all corporates, and also non-corporate taxpayers, who are required to get their account audited u/s 44AB, should be served with notice u/s 142(1) for AY 2008-09.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 18

New Assesseees registered after restructuring

Although the Department of Revenue have been gloating over an increasing trend of Income Tax collections and tax buoyancy resulting in a higher tax – GDP ratio over the years, the Committee’s examination reveals a contrary situation, wherein there was actually a decrease in the number of new assesseees registered during the year 2007-08. For the subsequent year, that is 2008-09, the number of new assesseees added was lower than 2006-07 and 2005-06. Predictably, the Department does not consider this as a negative development, suggesting a regressive and skewed tax regime. The Committee would, however, like the Department to make efforts to augment the number of new assesseees, so that the tax base remains wide and dispersed, reflecting truly the increase in per capita income as also the diversified nature of our economy. The Department should also maintain data in this regard slab-wise in a centralized manner, which should provide both horizontal as well as vertical information on the new assesseees brought on board.

Reply of the Government

CBDT

The endeavour of the department has always been to bring more and more assesseees into the tax net. For this purpose, the department has already taken certain steps such as collection of information about large value transactions in the form of Annual Information Reports (AIR) from third parties, collection of information about tax deductees through the TDS returns filed by tax deductors, mandatory intimation of PAN to the tax deductors failing which the rate of tax deduction shall be higher than normal etc. Keeping into consideration the constraints of manpower and of structural nature relating to the lack of integrated database prior to the year 2008, Income Tax Department intends bring new taxpayers into the tax net.

The recommendations of the Standing Committee may require suitable legislative amendments/changes in IT Rules and software modifications to capture the relevant data. These are under consideration.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 19

Tax arrears and recovery (Indirect Tax)

Burgeoning revenue arrears pending for realization in respect of Indirect Taxes, is another cause of serious concern for the Committee. The Committee find to their dismay that a whopping Rs. 34,779.07 crore is pending for realization as indirect tax arrears. The Committee have been informed that out of this huge amount, only a meagre Rs.393.16 crore has been recovered during the year 2009-10 (Upto 31 May, 2009). Furthermore, the position with regard to adjudication of cases also appear to be rather grim as 33,887 cases in Central Excise, Customs and Service Tax are pending for adjudication with departmental officers for more than one year as on 31 March, 2009, involving a large revenue amount of Rs.5016.44 crore. The Committee would expect the Department of Revenue and the Central Board of Excise and Customs to specially monitor these pending cases with a view to disposing them in a specified time frame.

The Committee may be apprised about the status of pendency of adjudication cases within a period of three months. The Department of Revenue should also initiate dedicated measures to realize revenue arrears in a time-bound manner by pursuing cases vigorously with Tribunals/Courts.

Reply of the Government

CBEC

The position of outstanding tax arrears and the realisation of arrears as on 31.10.2009 is as under:

	Outstanding arrears as on 30.04.09 (Rs. In crore)	Arrears realized as on 31.05.09 (Rs. in crore)	Outstanding arrears as on 31.10.09 (Rs. In crore)	Arrears Realized April to October,2009(Rs. in crore)
Central Excise	22,990.51	132.12	24789.72	524.72
Customs	7,089.05	76.00	8029.87	454.44
Service Tax	4,699.51	185.04	6689.48	1022.74
Total	34,779.07	393.16	39689.06	2001.90

The following steps are being taken to realize the arrears of revenue :-

(a) Sensitization at the level of Commissioners/Chief Commissioners by holding meeting at Nodal/Zonal Level.

(b) Filing of applications for vacation of stay / early hearing in Court/ CESTAT:

Arrears amounting to Rs.15896.90 crore as on 31.10.2009 are locked up in various courts/ CESTAT as stayed arrears. The field formations have been sensitized to file application for vacation of stay / early hearing in such cases.

(c) Follow up of cases pending in BIFR/DRT/OL/COD:

Arrears amounting to Rs.13573.31 crore as on 31.10.2009 are locked up in BIFR/DRT/OL/COD proceedings which is another area of concern. Steps have been taken for closely monitoring and proper defence of such cases before the BIFR/DRT/OL/COD authorities.

(d) Quick implementation of favourable orders of CESTAT/ Courts:-

Close monitoring is done of all the cases of favourable orders from CESTAT, High Courts, and the Supreme Court. The field formations have been directed to implement the favourable orders of CESTAT/ various courts quickly and all possible steps should be taken to realize the arrears of revenue in such cases.

(e) Defaulters on CBEC Website:- The list of defaulters against whom Section 142 notices have been issued and those which have not been stayed by the Courts have been displayed on CBEC website. All the Commissioners have been directed to take necessary action for recovery of arrears from such cases at their end.

(f) In cases where defaulters are not traceable / factory closed, necessary action for recovery of arrears from such assesseees are being taken by giving media exposure/ reward to informers, who provide information about such defaulters.

(g) Write-off of irrecoverable cases of arrears:

As regards irrecoverable arrears which are being carried forward from year to year without any possibility of realization of arrears, all the Chief Commissioners/ Commissioners have been directed to initiate action towards write-off in those cases where they are of the considered view that the arrears are not recoverable even after taking all possible steps.

Taking note of high pendency in adjudication, CBEC has created a Special Cell in the Directorate General of Inspection (DGI) to monitor high value cases as well as the cases pending over one year on a regular basis. Pendency of adjudication cases pending for over one year is closely monitored by the Chief Commissioners and the Commissioners. The Special Cell in DGI receives the zone-wise pendency details on a monthly basis. The reports are analyzed, and followed up with the Chief Commissioners of zones showing high pendencies to undertake special drive to liquidate the pendency. The DGI also monitors the progress in the liquidation of pendency. Inspections of the field formations on pending adjudication cases are also carried out. A concerted drive is on in order to reduce the pendency. The Board also reviews the pendency regularly. Instructions have been issued to formulate time bound programme to liquidate pendency.

Further, while analyzing adjudication pendency, the zones are identified having least / maximum pendencies of over one year old cases. In this regard, communications have been addressed to the Chief Commissioners having high pendencies and have already been requested for quick disposal of the cases in a time-bound manner.

As a consequence of regular monitoring, disposals of adjudication cases pending for more than a year have increased:

- a) On Central Excise side: - from 871 during April – October 2008-09 to 1085 during April – October 2009-10
- b) On Customs side: - from 31 during April – October 2008-09 to 218 during April – October 2009-10

It is, however, pointed out while old cases are disposed off, new cases are constantly added Adjudication proceedings being quasi-judicial in nature, have to follow the principles of natural justice such as granting opportunity of hearing to the parties, cross examination of witnesses etc. Pendency position is however continuously monitored.

In respect of Service Tax cases as well, the department has directed the Chief Commissioners where there is large pendency of adjudication to re-allocate the cases amongst other officers so as to expeditiously clear the pendency. Two officers of the rank of Commissioner, one each at Mumbai and Delhi have been posted in June 2009, exclusively for the purpose of adjudication of pending Service Tax cases.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 20

Appeals (Indirect Taxes)

On the Indirect Taxes front, the Committee are concerned that the maximum number of appeals are pending with Customs, Excise and Service Tax Appellate Tribunal. The Committee are concerned about such high rate of pendency in the Tribunal and therefore, would like the Department to take effective steps to clear pendency of cases and dispose them within a specified time frame with a view to safeguarding revenue. In this regard, the Committee find the reply of the Ministry to be rather routine and casual. They would thus expect the Ministry to shed their lethargy and initiate concrete and time bound measures to get the cases settled by activating their Directorates for this purpose.

Reply of the Government

CBEC

(I) The matter relating to high rate of pendency in the Tribunal was taken up with Registry of the Tribunal and the Registry has taken up following positive steps for speedy disposal of cases viz:

- (i) subject-wise grouping of all pending appeals and taking up the same subject appeals for hearing ;
- (ii) hearing of Larger Bench cases on priority as following the issuance of orders in Larger Bench cases, many appeals are expected to be disposed of automatically;
- (iii) introduction of the procedure of monthly roster as against weekly roster;
- (iv) starting of a new procedure for listing the short matters on Mondays and Fridays and regular matters on Tuesdays, Wednesdays and Thursdays,
- (v) preparation of the Cause list of final hearing matters subject-wise so that matters are decided in chronological orders.

(II) On account of non-availability of suitable candidates, lengthy processing of proposals etc, delay occurs in filling up of vacant posts of Member. It is being ensured that all efforts are made by the Department to fill up the vacancies of Members in CESTAT expeditiously.

(III) The office of the Chief Departmental Representative is ensuring that adequate number of Departmental Representatives are made available for representing the department on the dates fixed.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 21

Enforcement of Service Tax

The Committee have also been worried over instances of service tax evasion and related offences. The Ministry have tried to downplay the issue by stating rather generally that development of intelligence, receipt of specific complaints and audit verification are the major sources of detection of evasion and wherever such instances are noticed, these offences are coupled with the offences of tax evasion. When pressed on the issue, the Ministry have revealed details of investigations undertaken in respect of cases where Service Tax being collected by service providers were not actually deposited with the exchequer.

The Committee are alarmed to note that the revenue involved in this not-so-predictable yet serious offence amounts to as much as Rs.48 crore. The Committee apprehend that this could be only tip of the ice-berg, and the extent of non-compliance could be much wider. The Committee would expect the Department to initiate penal measures in all these cases and realize forthwith the dues along with penalty from the delinquent service providers. As Service Tax is now a well-entrenched levy, the Committee believe that the Department should not remain in a fostering or promotional mode any longer vis-à-vis collection of service tax. Instead, orientation must now shift to anti-evasion and enforcement aspects, particularly in view of large number of offences reported. The online systems should also be geared up to identify such offences and to enable pre-emptive action.

Reply of the Government

CBEC

Cases where amounts are collected by the service providers as service tax, but are not paid to the exchequer are viewed seriously. In such cases notices are issued for imposition of penalty, in addition to recovery of the amount so collected.

The suggestions of the Committee for laying greater emphasis on anti-evasion and enforcement aspect have been noted for compliance. The department is already introducing a system where the service tax payment can be viewed by officers on the computer. This would assist the officer in better monitoring of the tax payment by an assessee.

Further, the system of audit would be strengthened by building up a strong risk assessment system based on information gathered from independent sources. Another important project being undertaken is to develop 'service profile' of service providers, where-under the business process followed by various types of service providers would be documented. This would help in identifying the vulnerable points in the business process.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

CHAPTER-III

Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies

Recommendation No. 9

The Committee have been informed that the Income Tax Department takes continuous measures to identify the sectors and areas of generation and circulation of unaccounted money. Information regarding suspicious transactions and large cash transactions, as disseminated by the Financial Intelligence Unit (FIU-IND), is also investigated by the Income Tax Department. Information collected from various sources is also stated to be collated electronically to create a 360 degree profile of high networth assesseees so as to detect unaccounted income/assets. The Committee are further given to understand that the Directors General of Income Tax (Investigation) have been asked to identify the sectors in which generation of unaccounted money is more rampant. It is not clear whether efforts made by Department, thus far, have yielded the desired results, as there are still distinct well recognized areas of the economy like real estate transactions, under-invoicing of imports, over-invoicing of exports etc. which have evaded tax surveillance and enforcement. The Income Tax Department, therefore, requires to brace itself for targeted action in evasion-prone sectors. In this context, the Committee would like to point out that effective linkage also needs to be established by integrating PAN with large cash transactions and linking them with the main monitoring system. This will facilitate better tracking of large cash transactions.

Reply of the Government

CBDT

It is submitted that quoting of PAN is mandatory as per Rule 114B of the Income Tax Rules, while entering into certain specified financial transactions, above the prescribed monetary limit. The specified transactions include *inter alia* certain cash transactions viz:- (i) Cash deposits aggregating Rs.50,000/- or more with a Bank; and (ii) Cash purchase of bank draft / pay order / bankers cheque

for amounts aggregating Rs.50,000/- or more during a single day; (iii) Cash payment in connection with foreign travel exceeding Rs.25,000/-.

The Central Information Branch (CIB) of Income tax Department also collects information of cash transactions from the following agencies:

I. Banks, including banking company:

In respect of cash purchase of Bank draft of more than Rs 50,000/-, and cash deposit of more than Rs 50,000/-

II. Travel Agents/ Airlines:

In respect of cash expenditure of more than Rs 25,000/- on foreign travel.

Furthermore, as per Section 285BA of the Income Tax Act, 1961 certain specified persons / entities are required to furnish details of specified financial transactions above the prescribed monetary limit, recorded or registered with them during any particular financial year, with the Income Tax Department by way of filing Annual Information Returns (AIR). The specified financial transactions include cash deposits aggregating Rs.10,00,000/- or more in a year in a Savings Bank account, which is required to be reported by the bank in the AIR.

It is further submitted that information about large cash transactions are also received by CBDT from the Financial Intelligence Unit of India (FIU-IND) as per the reporting obligations in respect of certain financial intermediaries under the provisions of Prevention of Money Laundering Act (PMLA).

The information about large cash transactions collected from the various sources as mentioned above is uploaded into the ITD system in cases where PAN is available and later utilized for Computer Assisted Scrutiny Scheme (CASS). The transactions where no PAN is recorded, necessary enquiry with the reporting agency is conducted by the CIB Wing of Income Tax Department and after ascertaining PAN, the information is further processed. In appropriate cases further investigations are also conducted by Investigation Directorates and results of enquiry are utilized in scrutiny proceedings to bring to tax the undisclosed income / assets.

The sector wise trends of tax evasions and modus operandi are also being monitored by CBDT. The sectoral analysis reports are compiled and circulated to field formations for their guidance. It is relevant to mention that similar sector wise and region wise trend analysis is regularly conducted by the Central Economic Intelligence Bureau (CEIB) at an all India level.

In view of the above the machinery to identify evasion prone sectors of economy and to track the large cash transactions by integrating PAN is already in place.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 12

Tax arrears and recovery

While informing that the total amount of income tax arrears outstanding against assesseees as on 31st March, 2009 was Rs. 2,01,276 crore, the Department have stated that the exact number of such assesseees is not centrally maintained and it will thus, not be viable to collect case-wise information on the arrears and recovery thereof. The Department have also informed that out of the afore-said amount, only an amount of Rs.13,701 crore is free of problem and is collectable demand. The balance is difficult to recover due to various reasons. Further, the demands on Income Tax outstanding for adjudication by the Income Tax Department before the Commissioner of Income Tax (Appeals) is also a huge Rs.49,388 crore as on 31st March, 2009. Even here, the Department have expressed their inability to give case-wise information, as the number of cases is not being centrally maintained by them. The Committee are unable to comprehend as to how the Department monitors the pendency and disposal of cases in the absence of centralized data. The Committee while strongly deprecating the Income Tax Department for neglecting such a crucial area of their functioning, recommend that in keeping with principles of 'good governance', information should be available easily for decision making, almost on 'push of a button'. Needless to emphasize that the Department of Revenue and the Central Board of Direct Taxes should take immediate steps to put in

place a Management Information System (MIS) within three months for collating and retrieving data concerning appeals, pendency disposal, recovery etc. They should also analyse and segregate this into different categories, depending on the issue/problem involved so that respective cases can be pursued and followed up for early results.

Reply of the Government

CBDT

The recovery from the tax arrears is being monitored by various supervisory authorities at different levels on the basis of the quantum of tax arrears, the details of which are as follows:

Quantum of tax arrear		Monitored by
Lower limit	Upper limit	
	Rs. 10 Lacs	Additional/ Joint CIT
Rs. 10 Lacs	Rs. 1 Crore	Commissioner of Income tax
Rs. 1 Crore	Rs. 10 Crores	Chief CIT
Rs. 10 Crores	Rs. 25 Crores	DIT(Recovery)
Rs. 25 Crores		Member(Revenue), CBDT

At all these supervisory levels, the details of individual cases, nature of additions, quantum of demand raised, arrears outstanding in the case along with the status of appeal are available. The recoveries of tax out of these arrears are also being monitored. A reporting mechanism is also in place for the purpose of monitoring as follows:

- Reports on monthly basis are being sent for arrears between Rs 10 Lacs and Rs 1 Crore to the Commissioners for monitoring
- Reports on quarterly basis are being sent for arrears between Rs 1Crore and Rs 10 Crore to the Chief Commissioners for monitoring
- Reports on quarterly basis are being sent for arrears between Rs 10 Crore and Rs. 25 Crores to DIT(Recovery) for monitoring
- Reports on quarterly basis are being sent for arrears above Rs 25 Crore to Member(Revenue), CBDT for monitoring on behalf of Board

The appellate procedure is a dynamic and ever changing field with new issues being thrown up almost on a daily basis. A new mechanism of Dispute Resolution Panel has been inserted by Finance (No.2) Act 2009 w.r.e.f.1-4.09. In an ideal situation if all the data by all the officers are entered then information on

all the cases will be available on the touch of a button but as has been mentioned earlier due to acute manpower shortage especially at the level of Stenographers, and huge workload, all the data cannot be entered. With the cadre review which is under consideration, the situation will improve.

The committee has raised an issue about how the department monitors the pendency and disposal of cases for appeals before Commissioners of Income tax in absence of Centralized data. It is hereby submitted that detailed monthly reports of CIT (Appeals) are being compiled by statistical wing of DG (L & R) and circulated to the Board on a monthly basis. This includes the figures of pendency of appeal with CIT (Appeal), the age wise analysis of pendency, the quantum of demand locked up in appeal, besides the high demand appeal as well as non high demand appeal. Further to monitor the disposal of appeals by each CIT (Appeal) statistics pertaining to pendency and disposal of cases by CIT (Appeals) is also maintained by the CSA. However case wise information indicating the appellate status of a particular case i.e. upheld, deleted, partly allowed etc. is not being maintained, being not relevant from the perspective of CIT (A). In any case, the utility of the current monitoring mechanism is time tested and Department has recovered sizeable amount from arrear demand.

The recommendations of the Committee on taking immediate steps to put in place a Management Information System (MIS) has been noted and is under consideration. However it will not be possible within three months as it is largely dependent on the exercise of cadre review, availability of more manpower and changes in the software, business processes etc. Therefore it is requested that time till April 2011 may be given for the same.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

CHAPTER-IV

Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee

Refund cases and interest paid on refunds

Recommendation No. 15

According to the Ministry, the returns received in financial year 2007-08 have been processed by 31 March, 2009 and thus the earliest case(s) pending for refund claim processing related to returns received from 1st April, 2008 onwards. The Committee observe that the long delay in issuing refunds resulted in huge outgo of revenue by way of interest paid on refunds, amounting to as much as Rs. 4410 crore in the year 2007-08, constituting almost 11% of the total refunds. The quantum of interest paid on refunds for the year 2008-09 could not be made available by the Department. In the opinion of the Committee, the responsibility for the revenue loss occurring due to avoidable payment of interest on refunds must rest squarely on the Income Tax Department, particularly, the officials entrusted with the task of issuing refunds. The culpability of the Income Tax officials thus needs to be fixed unhesitatingly in the matter.

Reply of the Government

CBDT

Processing of returns and issuance of refund (if due) is a continuous process in the Income Tax Department. According to the Income Tax Act 1961, the returns can be processed till one year from the end of the financial year in which the returns are made. Therefore, the returns received during the financial year 2008-09 can be processed upto March 2010. As per the Income Tax Act, the due date u/s 139(1) for filing of returns for individuals is 31st July of the Assessment year & for corporates and any other person whose accounts are required to be audited is 30th September of the Assessment year.

Assessee is entitled to refund from the 1st day of April of the Assessment year to the date on which refund is granted. Whenever the return is filed, Assessing officer is bound to take some time to process it and for returns filed during the year interest from 1st April automatically follows, till the date of processing.

Hence, payment of interest on refunds is inbuilt in the statutory provision of the Act and cannot be avoided. Assessing officer is bound to make payment of interest on refund as per statutory provisions of the Act. However, the shortage of manpower has affected the expeditious processing of returns.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

Recommendation No. 17

Productivity per assessing officer

Another shortcoming the Committee noticed in the functioning of the Income Tax Department was that the disposal of Income Tax scrutiny assessment cases was not commensurate with the increasing workload. It is seen from the data made available to the Committee that in the year 2008-09, the disposal of scrutiny assessment cases was 5,53,060 as compared to the workload of 9,20,028, thereby showing a disposal rate of a mere 60 per cent. This cannot but be seen as an index of a lower efficiency curve operating in the Department. The Committee would expect the Income Tax Department to arrest this trend, if necessary, by increasing the number of Assessing Officers, while also simultaneously enhancing the disposal target for each officer to make them more productive. The Committee expect the capacity for scrutiny and disposal of cases to increase, particularly with computerization and modernization being implemented in the Department. This would also warrant the Income Tax Department to complete their long pending computerization and networking programme at the earliest.

Reply of the Government

CBDT

The selection of cases for scrutiny and the assessment of the scrutiny cases are ongoing processes. Even as some scrutiny cases are disposed of, others are picked up as per the guidelines of the Computer Assisted Scrutiny System(CASS) and manual selection. Therefore, there is always some pendency of scrutiny cases.

In order to tackle the issue of deployment of more manpower, a number of steps have been taken.

(i) The Cadre review of the Indian Revenue Service has been initiated.

(ii) Optimization of Direct Recruitment:-

DOPT O.M. No. 2/8/2001-PIC dated 16th May, 2001 relating to optimization of direct recruitment to civilian posts prescribed that all requirements of recruitment will be scrutinized to ensure that fresh recruitment is limited to 1% of total civilian staff strength. Accordingly, the Ministry/Departments were to draw up Annual Direct Recruitment Plans for filling up direct recruitment vacancies. CBDT had requested for waiver of this requirement but was not agreed to by the Cabinet. As a result, CBDT had to abolish 9508 posts during the period 2001-02 to 2008-09. This has reduced intake of direct recruits. With effect from 2009-10, this system has been discontinued. CBDT will now be able to hold recruitment to fill up all vacant posts. This will bring down the level of vacancies.

(iii) Creation of new posts:-

Considering that the workload had increased exponentially over the years, a comprehensive proposal for additional manpower was submitted by CBDT to the Committee of Secretaries. The Committee of Secretaries at the meeting held in September, 2006 permitted creation of 7051 posts. These posts have since been filled up.

(iv) Filling up of Direct recruitment posts:-

Status of Group A posts:-

JCIT: The Deputy Commissioners who have become eligible for promotion as JCIT w.e.f. 01.01.2009 have since been promoted. The proposal for holding DPC in respect of officers becoming eligible for promotion w.e.f. 01.01.2010 has been initiated.

Considering the large scale vacancies in the grade of JCIT, due to non-availability of sufficient number of eligible officers in the feeder category, a proposal was initiated for seeking approval for one time

relaxation of the eligibility conditions. DoPT has since given their approval and UPSC is considering the proposal.

DCIT: Officers, who were eligible on 01.01.2009, have been promoted. In respect of officers who become eligible from 01.01.2010, action has been initiated

ACIT: Orders have been issued promoting ITOs as ACIT for the vacancy years 2007-08 and 2008-09 on 27.10.2008. Necessary action, such as finalization of Seniority List, collection of AC%Rs etc., has been initiated for holding DPC for the vacancy year 2009-10.

(v) Status of other posts:-

The details of filling up of posts at the grade of Inspector (ITI), Tax Assistants(TA) and stenographers (Grade-III) through Staff Selection Commission and Surplus Pool of DPT are as given below:-.

Posts filled up in the Grade of ITI, TA and Steno Grade-III in CBDT			
Grade	2007-08	2008-09	2009-10*
Income-tax Inspector	49	815	192
Tax Assistant	3330	228	333
Stenographer Grade-III	02	0	0

*Note: In addition to the above, allocation from Staff Selection Commission is expected shortly for Grades as under:-

Income-tax Inspector	Graduate Level Exam 2008	116
Tax Assistants	Tax Assistants Exam 2008	657
Stenographer Grade-III	Matric Level Exam, 2008	1728

Reasons for Vacancies of Assessing officers are as under:

(i) Probationers:-

At any point of time, there are two batches of approximately 300 probationer each undergoing training at NADT, Nagpur. Even though these are recruited against vacancies in the sanctioned strength of Assistant Commissioners, but as there is no training reserve, these are reflected as vacancies in the field.

(ii) Deputation/Study Leave:-

The number of officers who are on deputation at any point of time is around 200 and also about 30 officers are on Study Leave/Long Leave. Since

there is no deputation/leave reserve equal number of posts remains unfilled and gets reflected as vacancies at field level.

For enhancing the scrutiny disposal, the infrastructure at the assessing officer/field formation level has been recently augmented by way of comprehensive computerization and networking of the offices with a centralized TAXNET project.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

CHAPTER-V

Recommendations/Observations in respect of which final replies by the Government are still awaited

Recommendation No. 6

Acquisition of Anti-Smuggling equipments

The Committee's examination of this Head has revealed that the Ministry had obtained Rs.26.51 crore as RE and had spent only Rs.0.50 crore, thus registering unspent provisions of Rs.26.01 crore due to non-acquisition of land for installation of the scanners, re-tendering of procurement of mobile scanners, non-approval of site preparation work estimates for mobile scanners etc. The Committee are constrained to observe that in spite of the Committee's earlier recommendation made in para 13 of the 74th Report (Action Taken on Demands for Grants 2008-09 - 14th Lok Sabha), the anti-smuggling equipments have not been procured so far. It is rather astonishing that the Ministry could not finalise acquisition of the equipments so far, even though the Finance Minister had approved the same one year back i.e. on 12 November, 2008 and the tender evaluation committee held its meeting about eight months back on 27 March, 2009. The reasons given by the Ministry now regarding non-availability of land etc. seems to be at variance with that furnished to the Committee earlier, which related to technological problems. While expressing their serious concern on the Ministry's inept handling of this matter, the Committee desire that the Ministry should take immediate steps to procure and install the requisite anti-smuggling equipment without any further delay. Procedural or operational hurdles, if any, should be resolved expeditiously at the highest level of the Department.

Reply of the Government

CBEC

For procurement of 3 mobile scanners, re-tendering was approved by Finance Minister on 12.11.2008 and global tender for the same was issued on 12.01.2009. The pre-bid meeting was held on 04.02.2009. The technical bids were opened on 03.03.2009. Meeting of the Tender Evaluation Committee (TEC) was held on 06.03.2009 to consider the technical bids. As four bidders

were foreigners, necessary security clearance had been obtained from IB. On receipt of the required clearance, meeting of the TEC was held on 30.09.2009 to consider the technical evaluation of the eligible bidders. The price bids in respect of two technically qualified bidders have been opened on 07.12.2009. Upon examination of recommendations of the TEC, utmost efforts will be made for placement of order towards selected bidder within the stipulated time frame.

For procurement of 4 fixed scanners, global tender was floated on 16.11.2008. The pre-bid meeting was held on 22.01.2009. The tender was opened on 23.03.2009. Meeting of the Tender Evaluation Committee (TEC) was held on 27.03.2009 to consider the technical bids. Security clearance in respect of five foreign bidders has been obtained from IB. Some technical clarifications sought from bidders have been received and are under examination in consultation with BARC. Final recommendations of the TEC are expected to be received shortly.

(OM No.H-11013/24/2009-Parl. dated 31st December, 2009)

New Delhi;
15 April, 2010
25 Chaitra, 1932 (Saka)

DR. MURLI MANOHAR JOSHI,
Chairman,
Standing Committee on Finance

Minutes of the Seventeenth sitting of the Standing Committee on Finance

The Committee sat on Thursday, the 15th April, 2010 from 1530 hrs. to 1700 hrs.

PRESENT

Dr. Murli Manohar Joshi - Chairman

MEMBERS

LOK SABHA

2. Shri Harischandra Chavan
3. Shri Khagen Das
4. Shri Nishikant Dubey
5. Shri Bhartruhari Mahtab
6. Shri Rayapati Sambasiva Rao
7. Dr. M. Thambidurai

RAJYA SABHA

8. Shri S.S. Ahluwalia
9. Shri Mahendra Mohan
10. Dr. Mahendra Prasad
11. Shri Rajeev Chandrasekhar

SECRETARIAT

- | | | |
|-----------------------------|---|---------------------|
| 1. Shri A.K. Singh | - | Joint Secretary |
| 2. Shri T.G. Chandrasekhar | - | Additional Director |
| 3. Shri R.K. Suryanarayanan | - | Deputy Secretary |
| 4. Smt. B. Visala | - | Deputy Secretary |

2. The Committee took up the following draft Reports for consideration and adoption:-

- (i) Draft Report on Securities and Exchange Board of India (Amendment) Bill, 2009;
- (ii) Draft Report on Demands for Grants (2010-11) of the Ministry of Finance (Departments of Economic Affairs, Financial Services, Expenditure and Disinvestment);
- (iii) Draft Report on Demands for Grants (2010-11) of the Ministry of Finance (Department of Revenue);

- (iv) Draft Report on Demands for Grants (2010-11) of the Ministry of Planning;
- (v) Draft Report on Demands for Grants (2010-11) of the Ministry of Statistics and Programme Implementation;
- (vi) Draft Reports on Demands for Grants (2010-11) of the Ministry of Corporate Affairs;
- (vii) Draft Report on action taken by the Government on the recommendations contained in the First Report (15th Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Finance (Departments of Economic Affairs, Financial Services, Expenditure and Disinvestment);
- (viii) Draft Report on action taken by the Government on the recommendations contained in the Second Report (15th Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Finance (Department of Revenue);
- (ix) Draft Report on action taken by the Government on the recommendations contained in the Third Report (15th Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Planning;
- (x) Draft Report on action taken by the Government on the recommendations contained in the Fourth Report (15th Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Statistics and Programme Implementation; and
- (xi) Draft Report on action taken by the Government on the recommendations contained in the Fifth Report (15th Lok Sabha) on Demands for Grants (2009-10) of the Ministry of Corporate Affairs.

3. The Committee adopted the draft reports at (i), (ii) and (iii) above with few modifications/amendments as indicated in Annexures I, II and III. The Committee adopted the remaining draft reports without any change. The Committee authorized the Chairman to present all the reports to Parliament in the current session.

The Committee adjourned at 1700 hours.

ANNEXURE

(Vide Para 3 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SECOND REPORT OF THE STANDING COMMITTEE ON FINANCE (FIFTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2009-2010) OF THE MINISTRY OF FINANCE (DEPARTMENT OF REVENUE)

	Total	% of Total
(i) Total number of Recommendations	21	
(ii) Recommendations/observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 1,2,3,4,5, 7,8,10,11,13,14,16,18,19,20 and 21)	16	76.19
(iii) Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies (Vide Recommendations at Sl. No. 9 and 12)	02	9.52
(iv) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations at Sl. No. 15 and 17)	02	9.52
(v) Recommendation/observation in respect of which final reply of the Government is still awaited (Vide Recommendation at Sl. No. 6)	01	4.77