

THIRTY FIFTH REPORT
STANDING COMMITTEE ON FINANCE
(2002)

(THIRTEENTH LOK SABHA)

MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

DEMANDS FOR GRANTS
(2002-2003)

*[Action taken by the Government on the recommendations contained in the
Twenty Eighth Report of the Standing Committee on Finance on Demands
for Grants (2002-2003) of Ministry of Finance (Department of Revenue)]*

*Presented to Lok Sabha on 19 December, 2002
Laid in Rajya Sabha on 19 December, 2002*



LOK SABHA SECRETARIAT
NEW DELHI

December, 2002/Agrahayana, 1924 (Saka)

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COMPOSITION OF STANDING COMMITTEE
ON FINANCE (2002)

Shri N. Janardhana Reddy—*Chairman*

MEMBERS

Lok Sabha

2. Shri Ramsinh Rathwa
3. Shri Rattan Lal Kataria
4. Shri Kirit Somaiya
5. Shri Kharebela Swain
6. Shri Raj Narain Passi
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12. Shri Rupchand Pal
13. Shri Varkala Radhakrishnan
14. Dr. Daggubati Ramanaidu
15. Shri Chada Suresh Reddy
16. Shri Prakash Paranjpe
17. Shri Raashid Alvi
18. Shri T.M. Selvaganapathi
19. Shri Trilochan Kanungo
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21. Shri Sharad Pawar
22. Shri Abdul Rashid Shaheen
23. Capt. Jai Narain Prasad Nishad
24. Shri Prabodh Panda
25. Shri Amir Alam Khan
- **26. Dr. M.V.V.S. Murthy
- ***27. Shri Jyotiraditya Madhavrao Scindia
- §28. Shri Surender Singh Barwala
- §§29. Shri Nagmani
- *30. Smt. Renuka Chowdhury

(iv)

Rajya Sabha

31. Dr. Manmohan Singh
32. Shri S.S. Ahluwalia
- *33. Shri Dina Nath Mishra
34. Shri Prameshwar Kumar Agarwalla
35. Dr. Biplab Dasgupta
36. Shri P. Prabhakar Reddy
37. Prof. M. Sankaralingam
- **38. Shri Raj Kumar Dhoot
39. Shri Palden Tsering Gyamtso
- @40. Shri Prithviraj Dajisaheb Chavan
- @@41. Shri Praful Patel
- @@@42. Shri Murli Deora
- \$\$43. Shri Prem Chand Gupta
- #44. Dr. T. Subbarami Reddy
45. Vacant

SECRETARIAT

1. Shri P.D.T. Achary — *Additional Secretary*
2. Dr. (Smt.) P.K. Sandhu — *Joint Secretary*
3. Shri R.K. Jain — *Deputy Secretary*
4. Shri S.B. Arora — *Under Secretary*
5. Smt. Saroj Sharma — *Committee Officer*

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- * Nominated *vice* Sh. Narendra Mohan *W.e.f.* 4.1.2002
** Nominated *w.e.f.* 18.1.2002
*** Nominated *w.e.f.* 11.3.2002
@ Nominated *w.e.f.* 8.4.2002
@@ Nominated *w.e.f.* 8.4.2002
@@@ Nominated *w.e.f.* 10.4.2002
\$ Nominated *w.e.f.* 19.4.2002
\$\$ Nominated *w.e.f.* 22.4.2002
* Nominated *w.e.f.* 22.4.2002
Nominated *vice* Shri Sanjay Nirupam *w.e.f.* 8.5.2002
\$\$\$ Nominated *w.e.f.* 5.7.2002
^ Nominated *w.e.f.* 2.9.2002

INTRODUCTION

1. I, the Chairman, Standing Committee on Finance, having been authorised by the Committee to submit the Report on their behalf present this Thirty Fifth Report on action taken by Government on the recommendations contained in the Twenty Eighth Report of the Committee (Thirteenth Lok Sabha) on Demands for Grants (2002-2003) of the Ministry of Finance (Department of Revenue).

2. The Twenty Eighth Report was presented to Lok Sabha on 23 April, 2002 and laid in Rajya Sabha on 24 April, 2002. The Government furnished the replies indicating action taken on all the recommendations on 22 and 26 November, 2002. The Draft Action Taken Report was considered and adopted by the Standing Committee on Finance at their sitting held on 17 December, 2002.

3. An analysis of action taken by the Government on recommendations contained in the Twenty Eighth Report (Thirteenth Lok Sabha) of the Committee is given in the Appendix.

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

NEW DELHI;
18 December, 2002
27 Agrahayana, 1924 (Saka)

N. JANARDHANA REDDY,
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 contained in their Twenty Eighth Report (Thirteenth Lok Sabha) on Demands for Grants (2002-2003) of Ministry of Finance (Department of Revenue) which was presented to Lok Sabha on 23 April, 2002.

2. Action Taken Notes have been received from the Government in respect of all the 10 recommendations contained in the Report. These have been categorised as follows:—

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

Rec. Sl. Nos. 2, 3, 5, 6, 8 and 9

(Chapter II-Total 6)

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

Rec. Sl. Nos. 4 and 10

(Chapter III-Total 2)

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

Rec. Sl. Nos. 1 and 7

(Chapter IV-Total 2)

- (iv) Recommendation/Observation in respect of which final reply of the Government is still awaited:

Rec. Sl. Nos. Nil

(Chapter V-Total Nil)

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

4. The Committee wish to point out that after presentation of their Twenty Eighth Report to Lok Sabha, the Government were asked to furnish their action taken replies within 3 months. However, it took more than six months for the Government to furnish the action taken replies. The Committee take a very serious view of the inordinate delay in furnishing the action taken replies and desire that henceforth the Ministry of Finance (Department of Revenue) should ensure that replies/information called for by the Committee is furnished to them within the prescribed time.

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

A. Shortfall in Revenue Collection

Sl. No. 1, (Para Nos. 10, 11 & 13)

6. The Committee while expressing concern in their Twenty Eighth Report at the continuous shortfall of Direct and Indirect Tax collections had observed *inter alia* as under:—

“The Committee express concern at the continuous shortfall over BE and REs of Direct and Indirect Tax collections since 1996-97 except at the RE stage of Indirect Taxes during 1999-2000. They are of the view that the persistent shortfalls despite steep downward revision of Budgetary Estimates at RE stage in majority of years confirm the fact that the Ministry of Finance have been myopic in its assumptions and the parameters have been selected without weighing the pros and cons of the existing economic scenario in detail and assessing the levels of tax buoyancy. Such continuous shortfall in actual receipts over the Budget Estimates reduces the credibility of Budget preparing institution in particular and the Finance Ministry in general. The Committee also find that the department upto now has not evolved any structural mechanism to identify Income tax officers who have repeatedly been resorting to under assessment and have been contributing to the shortfalls.

The Committee while disagreeing with the contention of the Ministry regarding the shifting of Customs traffic from one Commissionerate to another and subsequently leading to shortfall in revenue collections Commissionerate-wise, are of the view that the said shifting contributes more revenues in other Commissionerate and hence should not lead to overall shortfall as deposited before the Committee. In the light of above they seriously view the repeated shortfall of collections in the Customs Commissionerates of Mumbai, Aurangabad, Ahmedabad-I, Surat-II, Vishakhapatnam, Calcutta, Chennai Zone and the Excise Commissionerates of Mumbai since 1997-98 and the failure of the department for fixing the responsibility for the said shortfalls.

...They also recommend that responsibility for the repeated shortfall in revenue collections Commissionerate-wise should be fixed to ensure that direct and indirect taxes are collected as per the envisaged action plan."

7. The Ministry of Finance (Deptt. of Revenue) in their action taken reply stated *inter alia* as follows:—

"The Revised Estimates (RE) are prepared on the basis of the trend of collection upto November of the Financial year under reference and the likely growth of revenue during the remaining part of the financial year. Budget Estimates (BE) for the next financial year are prepared on the basis of several indicators which include growth in actual revenue collection during the current year, projected growth in manufacturing sector and inflation during the next financial year, and the additional resource mobilisation, if any, proposed in the budget for the next financial year. Differences between BE/RE occur if any one or more assumptions made at the stage of preparation of BE and RE is/are not met. However, the comments/observations of the Committee for making more realistic estimates have been noted.

The Department does have a structural mechanism to identify repeated under assessments by an Income Tax Officer. It involves inspection of the work of the officer by senior officers, including vigilance inspection, monitoring of important assessments and audit of the assessment by both internal and receipt audit teams. Necessary disciplinary action is taken against officers who are found to have committed deliberate acts of omission and commission.

The performance of the Commissionerate is judged on the basis of the performance in various key areas of the Customs work, including the collection of the Customs revenue. The Board monitors the performance of the Commissioners based on the performance in these areas of Customs work and the same is taken.

It has not been found feasible to fix responsibility on any particular officer for the shortfall of revenue collection as collection of revenue depends upon various factors, which include industrial growth, inflation rate and fluctuation in the process of commodities.

...The Department, at the level of the Board, has a system of monitoring the performance of the Commissionerates in respect of revenue collection as well as that in the other key areas of customs work. All efforts are made to fix targets to realistic levels and to ensure that the targets are met as per the envisaged action plan.

The performance of the Commissioners of Central Excise is judged with regard to various key result areas of Central Excise, including revenue collection. Further the reasons for shortfall in revenue collection *vis-a-vis* targets are analysed and necessary action taken to make good the shortfall if the same is within the control of the departmental officers. Administrative measures such as transfer of the officers (non-performance) etc. are also taken."

8. The Committee are deeply pained to observe that the Department of Revenue has deliberately been evasive and equivocal in its action taken reply and has not taken serious measures to contain the continuous slippages of revenue collections in various Commissionerates of Customs and Excise. The reply of the Department that it has not been found feasible to fix responsibility on any officer for the shortfall of revenue collection amply highlights its reluctance to inculcate the sense of accountability within the Excise and Customs Commissionerates. The Committee seriously view the inability of the Department in fixing the responsibility for the continuous revenue shortfall year after year and they are of the firm view that such absence of any sort of accountability does not augur well and ridicules the entire exercise of fixing yearly revenue targets commissionerate-wise by the Department and monitoring the performance of the Commissionerates at the level of Central Board of Excise and Customs (CBEC). The Committee are also deeply perturbed over the fact that the Department has not initiated/detailed

out definite measures to contain the continuous shortfall of Direct Taxes.

9. In view of the above, the Committee feel that the Department should initiate earnest measures in accordance with the original recommendation of the Committee and put in place a procedure to fix responsibility to check the repeated revenue shortfalls. They are also of the opinion that initiating adhoc administrative measures such as transferring the officers for non-performance will not serve any purpose rather it will harm the system and may bring the operations of the Department to a grinding halt. Hence, the Committee while reiterating their earlier recommendation desire that monitoring of revenue collections commissionerate-wise at regular intervals by the Secretary, Revenue and the CBEC along-with the desired devolvement of authority to the field formations to achieve the entrusted revenue targets be pursued in the right earnest.

B. Programme of Comprehensive Computerisation of Income Tax Operation

Sl. No. 7 (Para Nos. 52, 53 & 54)

10. The Committee were deeply pained to note that the Programme of Comprehensive Computerisation of Income Tax Operations which was envisioned in 1994-95 for setting up of national, regional computer centres, networking all the offices with uniform and integrated application of software, creation of regional databases and processing the captured data with decentralised input and output facilities had been bogged down with inordinate delays. The funds earmarked to procure the required hardware and software were being underutilised year after year since 1996-97 onwards except in 1997-98. The under utilisation of funds had ranged from Rs. 5 lakhs to Rs. 18.28 crore during these years. The reasons adduced for under utilisation were that the vendors in majority of cases had not submitted their acceptance reports within the close of the respective financial years.

11. The Committee also found that the nagging problems pertaining to accounting rules and software of the Tax Accounting System (TAS) had been impeding the transfer of refunds expeditiously through the Electronic Clearing Service (ECS) Scheme in Bangalore, Pune and Chennai. Further, the Committee were deeply perturbed to observe that the revenue outgo paid towards the interest payment on refund claims had burdened the exchequer to the tune of Rs. 622.13 crore,

Rs. 878.87 crore, Rs. 1727 crore and Rs. 1144.39 crore during the financial year of 1996-97, 1997-98, 1998-99 and 1999-2000, respectively. The backlogs in the allotment of PAN which were more than 21 lakh had been depriving the Department to collate the data of high value financial transactions which are crucial in combating tax evasion. The proposed elimination of interface of the assesseees with the tax officials was not complete. The department was yet to train more than 29 thousand employees of its workforce.

12. In the light of above bottlenecks and the perspective plan of phase III which was at a rudimentary stage, the Committee felt that the situation called for a continuous and close monitoring by a high powered committee under the aegis of the Secretary, Revenue at regular intervals and utmost priority for expeditious disposal of refund claims should be accorded and concerted endeavours be made to reduce the pending refund claims. They therefore, desired that the comprehensive computerisation of Income Tax operations should be accorded the status of a fast track project and the pace of implementation of the project be accelerated.

13. The Ministry of Finance (Deptt. of Revenue) in their action taken reply have detailed out as under:

"Comprehensive Computerisation Plan envisaged setting up an All India network so as to create All India databases using integrated applications software. This required large computer infrastructure, viz. PCs for the officers spread over 478 cities throughout the country, large server systems at Regional Computer Centres, Networking of these through leased lines with the Income Tax Offices, and development of application software to automate the departmental processes. We are dependent for a crucial part of this infrastructure, viz. reliable telephone lines with adequate bandwidth & power, on outside agencies. The networking was planned in 3 phases. Phase I & II covering 60 major cities is complete. We also needed to set up a Tax payers identification system to identify taxpayers by a unique number instead of name. For this PAN had to be implemented before computerisation of other processes could proceed. So far more than 2.14 crore tax payers have been allotted PAN.

A major part of this infrastructure has been set up. Over 7800 PCs have been provided. Besides nearly 900 PCs were purchased by different CCSIT locally after taking NOCs from the Directorate. A National Computer Centre and 36 other centres are in place. Nine application software, for all major processes of the department,

have been developed and deployed. Phase I & II involving networking of 60 cities has been completed in the year 2002. The remaining 418 cities have to be taken up in the III phase. A detailed perspective plan for the phase III of the computerisation has been approved recently.

The application systems relating to allotment of PAN, Accounting of Taxes (TAS), Manpower Management (MMS), Assessment System (AST), and Judicial Referencing (JRS) have stabilised. The assessment system (AST) could not be implemented earlier due to opposition from staff associations. Major progress has been made during 01-02, particularly at Mumbai and over 10 lakh returns were processed on computers. However, two major application systems *viz.* TDS & CIB remain to be implemented, as these involve huge data entry work and corresponding by large Computing Power of Servers. The perspective Plan for Phase-III also includes upgrading the Servers at the Regional Computer Centres.

Computerisation in Income Tax department is a path breaking effort. It involves establishing large infrastructure besides the changes in work processes. The tax base is currently 2.5 crore and is poised to double by the year 2005. Income tax offices are spread over 478 locations. The Income Tax Act itself is a complicated piece of legislation, which undergoes changes every year for various reasons. The functions are diverse *e.g.* accounting tax collections, processing of returns, issuing refunds, collecting/matching large volume of information. The department's core competence is in tax collection. Information Technology is a new area. The progress needs to be viewed in this backdrop.

The information relating to funds earmarked at Budget Estimates and Revised Estimates stages and actual expenditure is as under:—

Financial Year	Budget Estimate (In Rupees)	Revised Estimate (final) (In Rupees)	Expenditure incurred (In Rupees)	Under Utilisation (In Rupees)
1	2	3	4	5
1996-97	50,000,000	100,000,000	94,468,959	5,31,041
1997-98	50,000,000	402,050,000	402,050,000	0

1	2	3	4	5
1998-99	150,000,000	389,450,000	206,628,325	182,821,675
1999-00	200,000,000	410,000,000	399,850,753	10,149,247
2000-01	250,000,000	221,400,000	171,781,000	49,619,000

Reasons for under utilisation

Financial Year 1996-97

As per contracts 10% of the payment relating to purchase price of hardware was to be paid after installation/commissioning of the hardware at the respective sites in the various Income-Tax offices throughout the country, and receipt of acceptance from vendor. Since the vendors could not submit acceptance reports in many cases, the balance payment could not be released as per the contract.

Financial Year 1998-99

Though token provision was made for the computerisation project additional funds were made available at RE (Revised Estimates) stage within the overall grants of CBDT/Deptt. depending upon the progress of work. Actual expenditure *vis-a-vis* RE (Revised Estimates) in almost same except during 1998-99 when an amount of Rs. 18.28 crore had to be surrendered since the same could not be utilised as the Personal Computers ordered, on start of supplies, were found not to be meeting the specifications. As such, no payments were made. Supplies as per specifications were received and payments were made during 1999-2000.

Financial Year 1999-2000 and 2000-2001

The sanctioned funds for financial year 1999-2000 and 2000-2001 also remained under utilised for the same reasons as given in respect of Financial Year 1996-97.

The Department, has developed a Perspective Plan for phase III of computerisation, taking into consideration the growth needs upto 2005. This includes additional PCs required for new officers

& staff of Assessing Officers, networking of all remaining Income Tax offices and security tools for managing a large network of 15000 PCs.

The Department is introducing scheme (called Suvidha) under which certain eligible categories of salaried taxpayers will be able to file their returns through their employers. This will remove the interface of these tax payers with the department to a very large extent and make filing of returns easier & simpler. Pilot project for on-line transmission of tax payment/refund data between the department and designated banks will also be taken up. Implementation of Electronic Clearance Scheme of RBI has been accepted in principle. A Committee is working to resolve the issue relating to changes in Accounting Rules etc. The form of Return of Income has already been modified to call the information needed for implementing ECS from the taxpayers. Software for this purpose has been prepared.

Special projects have been taken up to re-engineer business processes in major areas of our functioning. These include mass processing of returns at Mumbai, automated selection cases and data matching for widening of tax bases. A major project for setting up a data bank of high value financial transactions where quoting of PAN or deduction of tax is mandatory is also being set up.

PAN has been allotted to over 2.10 crore of 2.31 crore applicants—though some localised problems remain at some centers. If nine lakh cases of core deficiency are excluded, the pendency is about 12 lakh i.e. about 6% of total applicants received. Legal frame work for mandatory quoting of PAN has been put in place. Nearly 2.5 crore challans have been processed on computers during 2001-02. Entire accounting of tax payments & refunds is being made on computer throughout the country. PAN Grievance redressal fortnights are held at all stations in April-May 2002. Pan data will be made available to other user departments through leased lines and to taxpayers through internet with necessary security/privacy safeguard. Major publicity campaign will be undertaken to make the public aware of the legal requirement to quote PAN on challans, returns, TDS Certificates, TDS returns and in specified transactions.

Out of manpower of about 42,000 (excluding group 'D') training has been imparted to 29,400 personnel. Basic infrastructure for computer training has been set up. Special training in data entry

was given to over 5000 LDCs. Self-learning training material on computerised assessment was developed and distributed on CDs. Training is proposed to be given to another 5000 officials in next 3 month at stations which have come on the network. Training Calender for year round imparting of training to staff members has been developed by the NADT and RTIs. Training is being imparted in phased manner to staff posted at stations, which are connected to network.

Perspective Plan for Phase III of Computerisation in Income Tax Department (2002-2005) involving major augmentation of departmental computer resources has already been finalised in January, 2002. This includes consolidation/enhancements of Service resource, provision of new PCs, expansion of network of remaining 418 sources, provision of security and management related facilities etc. A decision for setting up a high-powered committee under aegis of Secretary, Revenue for regular monitoring of the implementation of the computerisation of the Income Tax Department has been taken."

14. The Committee observe that despite the claims of the department that a breakthrough has been achieved by networking 60 major cities during phase I & II of the Comprehensive Computerisation Plan 418 cities are yet to be integrated with All India network so as to create All India data bases. To major applications systems namely TDS and CIB are not even put in to operation due to the dearth of large computing power servers. Further, the Committee while assessing the broad scope and multiple objectives of the perspectives plan for phase III feel that the situation calls for earnest endeavour and commitment to implement the envisaged action plan and any complacent attitude over the ongoing initiatives would derail the progress so far achieved in computerisation. Similarly, although the Department of Revenue has been repeatedly mentioning about reducing the interface between the tax payers and the Department by introducing a Scheme 'Suvidha', the Committee find that such a Scheme is yet to become operational. The pilot project for on-line transmission of tax payment/refund data between the department and designated banks has also yet to be taken up.

15. With a view to reduce the grievances of the associations of staff to the barest minimum, the Committee desire that while

stabilising and implementing the software systems and the modules, the department should strive to take immediate steps of bringing the associations across the table to arrive at a consensus decision. The task of installing large computing power servers, networking of all remaining Income Tax offices, security tools for managing a large network of 15000 pcs and setting up of adequate bandwidth and power with the help of outside agencies should be taken up expeditiously. Reiterating their earlier recommendation, the Committee further feel that the department should favourably consider holding the PAN Grievance redressal fortnights at all stations on quarterly basis.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 2, Para No. 22)

The Committee are unhappy to observe that the on going tax reforms during the past decade which *inter alia* reduce the peak and general Customs rates and rationalised the Central Excise rates, have led to the fall/stagnancy in gross tax to GDP ratio. The enhancement of the Direct tax to GDP ratio has been out weighed by the decline in the Indirect tax to GDP is an undesirable phenomenon in the light of rapid expansion of Service sector. The Committee are of the opinion that to induce requisite levels of aggregate tax buoyancy and augment the tax GDP ratio there is an urgent and imperative need to enlarge the scope of taxation of services. They therefore recommend that the Ministry should press in Central Information Branches (CIBs) to conduct statistical enumeration within one year of the presentation of this report to further assess the feasibility of brining lawyers, doctors and such other professionals rendering services within the tax net.

Reply of the Government

The Government agrees that it is imperative to enlarge the scope of taxation of services so as to augment the tax-GDP ratio. To achieve this objective, ten more services have been brought under the service tax net in the Budget for 2002-2003. This is in addition to 41 services already subjected to service tax.

2. Regarding the feasibility of brining lawyers, doctors and such other professionals rending services within the tax net and pressing in Central Information Branches (CIBs) to conduct statistical enumeration within one year, the recommendation has been noted for further action.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

Recommendation (Sl. No. 2, Para No. 23)

The Committee with a view to address the concerns expressed regarding the falling rates of indirect taxes, low effective rate of income tax and incidence of large scale tax evasion, are in agreement with the Secretary, Revenue regarding the need to widen and deepen the tax base. They, therefore desire that sincere efforts be made to undertake informed surveys which can be instrumental in bringing more people with income level of Rs. 10 Lakhs and more within the tax net and should beef up the existing mechanism to identify the tax evaders.

Reply of the Government

In order to combat black money and to widen and deepen the tax base, the Government has been adopting a two-pronged strategy of encouraging voluntary compliance as also intensifying various enforcement measures.

2. The measures for encouraging voluntary compliance include progressive rationalization of tax rates; simplification of tax laws including presumptive taxation Schemes for contractors and transporters; emphasis on widening of tax base by extending the one-by-six scheme to 4989 urban centers; deletion of provisions regarding pre-emptive purchase of property and introduction of a number of other tax-payer friendly measures such as reduction in the number of cases for scrutiny; doing away with *prima facie* adjustments in processing of returns and reduction of time limit for processing of returns and for reopening of assessments. The enforcement measures include Search and Seizure operations and surveys, wherever necessary, to unearth unaccounted money; compulsory quoting of Permanent Account Number in respect of certain high value transactions and monitoring thereof; restrictions on cash transactions; compulsory maintenance and audit of Accounts in specified cases and computerization of the functioning of Income Tax Department.

3. A databank of high value financial transactions is being created by the Income Tax Department for collecting information regarding significant transactions undertaken by the assesseees. The information would be utilised for making non-intrusive investigations. The information available in the proposed databank would also be utilised for undertaking survey operations in appropriate cases. Information is also being collected regarding acquisition of luxury cars by the

assesseees. In some of the charges, such information has already been collected and sent to the concerned Assessing Officers for taking further necessary action.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

Recommendation (Sl. No. 3, Para No. 28)

The Committee are deeply perturbed to observe that the burgeoning outstanding tax demands of Corporations tax, Income tax, Central Excise and Customs have reached an astronomical figure of more than Rs. 74143 crore during 2000-01 and a substantial portion of tax demands have been locked in the cases pending before appellate bodies within the department, High Courts and Supreme Court. They also find that there has been a quantum jump in the tax arrears of direct taxes from Rs. 4706 crore in 2000-01 to Rs. 28744 crore in 2001-02.

Reply of the Government

The Government is aware of the mounting taxes in arrears in general and taxes under litigation in particular. Steps have been taken to reduce the time taken in the disposal of appeals filed before Commissioner (Appeals) and I.T.A.T. The number of posts of Commissioner (Appeals) has been substantially increased last year for faster disposal of appeals. The ITAT has been statutorily mandated to dispose of appeals within 6 months in cases where stay of demand has been granted by it. Similarly, the powers of the Commissioner (Appeals) to set aside on appeal have been withdrawn. The Government has attached importance to reduction of litigation by prescribing higher monetary thresholds in respect of tax-effect of issues on which appeals can be filed.

2. So far as indirect taxes are concerned, the assesseees do not pay the tax arrears until they have exhausted all the legal remedies right upto the Apex Court. When the assesseees go in appeal against the adjudication order, stay petition is also filed against the recovery of tax arrears before the Commissioner (Appeals) or CEGAT or even the High Court/Supreme Court. Coercive measures are not taken against the assesseees so long as the stay application is pending before the Commissioner (Appeals). In a number of cases, the recovery is stayed by the appellate/judicial authorities, subject to part payments and

further recovery remains pending till the final decision. Efforts are being made by jurisdictional officers to realise the dues by taking persuasive action at the first instance and if these do not yield results, coercive and certificate action is also being resorted to, if there is no stay from appellate forums/courts. Special measures are also being taken to get the stays vacated by filing urgent hearing petitions in Supreme Court, High Courts and Appellate Tribunal (CEGAT) or for deciding the cases on priority. CBEC and senior supervisory officers in the field monitor the cases involving substantial revenue.

3. In some cases, where the units are declared sick, the matter is referred to the BIFR and recovery of dues remains pending till the final settlement of the case. In a number of cases of arrears against Public Sector Undertakings (PSUs), the recovery remains pending till the Committee of Disputes (COD) decides the petition for permitting the Department to appeal to the CEGAT/Court.

[Ministry of Finance (Department of Revenue—Parliament Cell)
E. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

Recommendation (Sl. No. 3, Para No. 29)

The Committee in the light of increased number of Income Tax Appellate Tribunal (ITAT) from 38 to 55 and proposed augmentation of Commissioners of Appeals from 190 to 289 after restructuring, feel that the structural changes initiated at appellate levels can bring down the pendency of cases to satisfactory levels in the years to come. They are, however, of the opinion that unless the tax laws are simplified with an aim to reduce the levels of disagreement between the assessee and the assessing officers, the orders will be repeatedly challenged at various levels of appellate bodies. Hence, they desire that sincere efforts also need to be made to simplify the tax laws in the right earnest and assessing officers should be advised to evince due care while passing the orders to avoid unnecessary litigation and locking up huge tax demands in court cases.

Reply of the Government

The tax laws are simplified every year through the annual Budget exercise and these simplifications are reflected in the Finance Act every year. Moreover, the Ministry of Finance and Company Affairs has set up a Task Force on Direct Taxes to rationalise and simplify the direct

tax laws so as to encourage voluntary compliance and reduce compliance cost.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

Recommendation (Sl. No. 5, Para No. 41)

The Committee observe that despite gross underutilisation of funds since 1995-96 onwards the department has been pegging up a higher budgetary outlays compared to the previous year at BE stage under the head particularly, during 1998-99, 2000-01 and 2002-03. The reasons forwarded for under-utilisation of the outlays are non-finalisation/non-completion of (i) payment of escalation cost to the CPWD for construction of 116 staff quarters, (ii) entrusted work as well as new projects by the CPWD, (iii) instruments to be purchased for modernization of CRCL/R&D Labs of Govt. Opium & Alkaloid Works, and (iv) purchase of ready-built flats for the employees of the Enforcement Directorate. In view of the above the Committee feel that the estimates are prepared in a casual way and adequate steps have not been taken for the completion of new projects within the stipulated time which have led to the payment of escalated cost by the Department. They, therefore, recommend that strict scrutiny of new proposals, granting prior sanctions and close monitoring of the projects initiated at regular time intervals should be diligently followed to avoid persistent underutilisation under this head.

Reply of the Government

The recommendations of the Committee have been noted for strict compliance in future. It may be added that the projects are being monitored at regular intervals to avoid time and cost over-run.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

Recommendation (Sl. No. 6, Para No. 45)

The Committee observe that though the department resorted to steep upward revision of Budget Estimates at RE stage during 1995-96, 1996-97, 1997-98 and 2000-01 and downward revision of BE at RE stage during 1998-99 and 1999-2000 the actual expenditure was less than the targeted figures except an overutilisation of outlays during

1997-98. The underutilisation was huge particularly during 1996-97, 1998-99 and 2000-01 which spanned to the tune of Rs. 11.18 crores, Rs. 25.31 crores and Rs. 19.9 crores. The reasons forwarded by the department that the said underutilisation was mainly on account of less expenditure incurred on purchase of opium and chemicals and imports of Codeine Phosphate are unacceptable to the Committee. In the light of the fact that the crop of poppy cultivation matures in the month of March and the department has ample time to reformulate their estimates at RE stage which are finalised during October-November every year, the Committee feel that persistent gross underutilisation under this head amply reflects the lack of seriousness on the part of the department in projecting realistic estimates year after year. They, therefore, desire that the sincere efforts should invariably be made at every level to ensure that the Budgetary and Revised Estimates are projected closer in the realistic levels.

Reply of the Government

Under the head 'Supplies & Material', the major component of expenditure is on the purchase of opium and import of Codeine Phosphate.

- (i) As regards the purchase of opium, the Budget Estimates for the ensuing financial year are prepared in the month of September of the previous year. These are based on the licensed area brought under opium poppy cultivation during the year. However, payment of opium depends on the actual opium harvested and received in the month of April/May of the subject financial year. Opium poppy is an agricultural produce and susceptible to weather conditions and prone to damage due to plant diseases, hailstorm and cold weather. The yield of opium also depends on the availability of sufficient water for irrigation. Thus, the production of opium depends on a number of factors like prevailing agro-climatic conditions which are very difficult to predict in advance. It is, therefore, difficult to project precise estimate of opium produce which will accrue in April/May of the next financial year.
- (ii) There has been under-utilisation of funds during 1996-97, 1998-99 and 2000-01 on account of purchase of import of Codeine Phosphate also. Revised Estimates for the financial

year 1996-97 were based on the 12000 kgs. of quantity estimated to be imported but the actual imports were only 10000 kgs. This resulted in the under-utilisation of funds. In the year 1998-99 also, 14000 kgs. of import of Codeine Phosphate was estimated against which only 12300 kgs. were actually imported. Further, out of the 12300 kgs., only 7000 kgs. were imported under payment basis and remaining 5300 kgs. were imported on barter basis for which no payment is involved. During the year 2000-01, a provision was made for the purchase of 800 kgs. of Codeine Phosphate BP and 400 kgs. of Di-hydro Codeine Tartrate BP. Against which, only 150 kgs. of Codeine Phosphate BP was imported resulting in under-utilisation of funds.

Notwithstanding above, the directions of the Committee have been noted and efforts are being made to expedite the process of testing in the laboratories for ascertaining the consistency and grade of opium tendered by the farmers. This will help in projecting estimates at Revised Estimate stage on a realistic basis so as to minimize under-utilisation of funds. Necessary instructions have been issued by the Narcotics Commissioner, Gwalior to his field officers to make provisions in the Budget Estimates on more realistic basis.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

Recommendation (Sl. No. 8, Para No. 58)

The Committee are perturbed to find that there has been significant decline in the cases referred to Valuation Cells during the period 1994-95 to 1998-99 and 56 to 79 percent capacity of Valuation Cells has remained unutilised. Delay in finalisation of valuation cases has also been noticed which ranged from one month to 43 months despite 1/3rd workload in the Valuation Cells. The reply of the Department that the shortfall in reaching the targeted quota of number of cases is attributed to factors like the nature of cases being complicated requiring additional time, lack of infrastructure facilities, lack of co-operation on the part of assesseees in providing details etc. highlight apathetic attitude of the department in according importance for the efficient functioning of Valuation Cells.

Reply of the Government

The Department is taking all possible steps to make the functioning of the Valuation Cells efficient. Constant monitoring will be undertaken to ensure that the various officials finalise their targeted quota of cases within the stipulated time period.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

Recommendation (Sl. No. 8, Para No. 59)

They strongly recommend that the valuation cases should be expedited by implementing new output norms which are currently under implementation. They also desire that accountability should be fixed for the inordinate delays and sincere endeavours be made to fine tune the entire operations of Valuation Cells so that they become effective end tools for detecting and preventing tax evasion.

Reply of the Government

The above recommendations have been noted for compliance.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

Recommendation (Sl. No. 9, Para No. 63)

The Committee are deeply constrained to note that the department has been locking huge budgetary outlays under this head and the same are grossly being underutilised year after year since 1996-1997. It has also been observed that the department has not spent any fund during 1997-1998. The reason advanced by the Ministry for underutilization of funds was that some of the proposals could not fructify as they failed to fulfil one or more requirements laid down is unpalatable to the Committee and reflect the casual approach followed in selecting and clearing the investment proposals meant for purchase of ready-built office premises. Hence, they recommend that the proposals that suitably cater to the requirements of the department should be selected with due care after taking into consideration requirements like cost reasonableness, structural soundness and standard specifications and keen interest should be evinced to ensure that the procedure followed to purchase ready built accommodation is

complete with within the close of the respective financial year. Necessary guidelines in this regard should be issued to field formations to instill required fiscal prudence into budgetary preparations of the department.

Reply of the Government

The reasons for underutilization of funds under the head 'Acquisition of Ready Built Office Accommodation' is that the proposals have to undergo a detailed scrutiny covering areas like cost reasonableness, structural soundness, standard specifications, negotiations on the price, approval by the Committee on Non-Plan Expenditure and approval of the Cabinet if the monetary limits exceed Rs. 50 crores. Also, the procedure followed in 'Acquisition of Ready Built Office Accommodation' is required to conform to the CVC guidelines. As a result of all these stipulations some of the proposals fail on one or more criteria mentioned above resulting in underutilization of funds.

2. With a view to ensure proper utilization, a checklist for proposals has been circulated to all the field formations and it is expected that the same will enable submission of proposals in the desired time frame leading to avoidance of under utilization of funds. It may also be pertinent to mention that recently a Directorate of Infrastructure has been set up in the CBDT, which will concentrate on the expeditious consideration of such proposals and also educate the field units in framing the proposals by following proper procedure.

3. The above steps will ensure proper utilization of funds.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Sl. No. 4, Para No. 35)

"The Committee are concerned to observed that the persistent shortfall in disposing the auditable cases by the Internal Audit Wing of Income-tax Department since 1997-98 onwards and the majority of observations of Internal Audit pending settlement by the assessing officers show the functioning of the entire vigilance mechanism meant to detect and address the mistakes committed by the assessing officers at assessment stage in poor light. They are also perturbed to find that the Central Excise and Customs Department do not conduct any annual review on the performance of internal audit and the ACR forms of Group 'A' Indian Customs & Central Excise Service Officers do not have a separate column to assess their quality of assessments by Commissioner (Appeals)."

Reply of the Government

The audit work of the department is supervised by the DG (Audit), and the internal audit branches of the Customs & Central Excise formations are primarily integral parts of it. The head of these formations undertakes performance review and appraisal of internal audit branches like any other branch of the formation. At present, DG (Audit) is a small organisation having shortage of infrastructure and manpower. Nevertheless, it undertakes performance review of Central Excise audit formations by analyzing statistical reports received from them as well as by conducting selective inspection. With the restructuring of the Department and expansion of the organisation, it would be possible to evolve a system of review and performance appraisal of individual audit formations on annual basis.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

Recommendation (Sl. No. 4, Para No. 36)

The Committee are aware that though the restructuring of Income-tax Department would address some of the concerns expressed above, they are however, of the opinion that a lot depends on the ingenuity of the department and its sincere efforts in ensuring that the internal audit wings adequately cope with the enhanced work load of auditable cases in the light of enhanced number of new assesseees through 1/6 scheme and new service providers under the service tax net. With a view to inculcate quality assessments they desire that earnest steps should be taken up to include a separate column in the ACR form of Group 'A' Central Excise & Customs Service Officers and the preparation of annual review on the performance of Internal Audit of Central Excise & Customs Department should be given a serious thought.

Reply of the Government

The assessment in the Customs Department is initiated by the Appraiser and subsequently audited by the concurrent audit section before the assessment is finalized by the Assistant Commissioner/ Deputy Commissioner. The Group 'A' officers at the level of Joint Commissioner and above are not directly responsible for assessment work. Therefore, the practice of assessment differs from that of direct tax where the Group 'A' officers are directly responsible for assessment based on value limit. Hence, the proposed change in ACR forms, as recommended by the Committee, is not needed.

2. In the wake of restructuring of the Income-tax Department, a system of 'Chain Audit' has been introduced in the Department under which officers of one Range would audit the cases of another Range. The structure and organisation of the Internal Audit has been accordingly changed. The restructured Internal Audit System is expected to cope with the volume of work generated in the post restructuring phase.

{Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002}

Recommendation (Sl. No. 10, Para No. 70)

The Committee are astonished to observe that on one hand the Secretary, Revenue desires that more funds need to allocated to

modernise the fleet and other key gadgets/equipments used in the preventive operations whereas on the other hand gross underutilisation of outlays have been noticed under the heads meant to modernise and equip the organisation in combating the menace of smuggling. They also find that during the past 8 years the outlays have been significantly brought down. The Committee are constrained to arrive at an objective conclusion in this regard and hence, desire that henceforth the department should prioritise its requirements clearly before approaching the Committee for guidance. They also desire that the sincere endeavours should be made to utilise the earmarked allocations to the fullest extent by the end of respective financial years.

Reply of the Government

Efforts have been made in the last two Financial years i.e. 2000-01 and 2001-02 to utilise the earmarked allocations to the fullest extent. The Revised Estimates have been projected for the actual expenditure to be incurred in these two years. The directions of the Committee that henceforth the Department should prioritise its requirements clearly before approaching the Committee for guidance and also that sincere endeavours should be made to utilise the earmarked allocations to the fullest extent by the end of the respective Financial Years have been noted and will be adhered to.

Complete sanctioned money could not be utilised due to slippage of the project of acquisition of 3 numbers of 45 Knots Speed Boats which could not be finalised during 1996-97. The Budgetary provisions for subsequent years were substantially reduced under this head due to non-finalisation of procurement proposal of various other crafts and vessels which had not been anticipated while making the Budget Estimates. During 2001-02 procurement of spares for retrofitted Customs Patrol Crafts amounting to Rs. 60 lakhs could not materialise. Also, earnest money earmarked for mobilisation of acquisition of new crafts under Customs Marine Perspective Plan for procurement of vessels in lieu of vessels already condemned could not be utilised since the proposal is still under consideration of the Steering Committee constituted by the Government. Sincere efforts will be made by the Department to utilise the earmarked allocation of fund by the end of each Financial Year.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev.) dated 21 November, 2002]

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 1, Para No. 10)

The Committee express concern at the continuous shortfall over BE and REs of Direct and Indirect Tax collections since 1996-97 except at the RE stage of Indirect Taxes during 1999-2000. They are of the view that the persistent shortfalls despite steep downward revision of Budgetary Estimates at RE stage in majority of years confirm the fact that the Ministry of Finance have been myopic in its assumptions and the parameters have been selected without weighing the pros and cons of the existing economic scenario in detail and assessing the levels of tax buoyancy. Such continuous shortfall in actual receipts over the Budget Estimates reduces the credibility of Budget preparing institution in particular and the Finance Ministry in general. The Committee also find that the department uptill now has not evolved any structural mechanism to identify Income tax officers who have repeatedly been resorting to under assessment and have been contributing to the shortfalls.

Reply of the Government

The Revised Estimates (RE) are prepared on the basis of the trend of collection upto November of the financial year under reference and the likely growth of revenue during the remaining part of the financial year. Budget Estimates (BE) for the next financial year are prepared on the basis of several indicators which include growth in actual revenue collection during the current year, projected growth in manufacturing sector and inflation during the next financial year, and the additional resource mobilisation, if any, proposed in the budget for the next financial year. Differences between BE/RE occur if any one of more assumptions made at the stage of preparation of BE and RE is/are not met. However, the comments/observations of the Committee for making more realistic estimates have been noted.

2. The Department does have a structural mechanism to identify repeated under-assessments by an Income Tax officer. It involves inspection of the work of the officer by senior officers, including vigilance inspection, monitoring of important assessment and audit of the assessments by both internal and receipt audit teams. Necessary disciplinary action is taken against officers who are found to have committed deliberate acts of omission and commission.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev), dated 21 November, 2002]

Recommendation (Sl. No. 1, Para No. 11)

The Committee while disagreeing with the contention of the Ministry regarding the shifting of Customs traffic from one Commissionerate to another and subsequently leading to shortfall in revenue collections Commissionerate-wise, are of the view that the said shifting contributes more revenues in other Commissionerates and hence should not lead to overall shortfall as deposed before the Committee. In the light of above they seriously view the repeated shortfall of collections in the Customs Commissionerates of Mumbai, Aurangabad, Ahmedabad-I, Surat-II, Vishakhapatnam, Calcutta, Chennai Zone and the Excise Commissionerate of Mumbai since 1997-98 and the failure of the department for fixing the responsibility for the said shortfalls.

Reply of the Government

The performance of the Commissionerate is judged on the basis of the performance in various key areas of the Customs work, including the collection of the Custom revenue. The Board monitors the performance of the Commissioners based on the performance in these areas of Customs work, and the same is taken into consideration while appraising their performance. In case of non-performers, necessary corrective administrative measures, such as transfer of non-performers, etc., are taken.

2. It has been found feasible to fix responsibility on any particular officer for the shortfall of revenue collection as collection of revenue depends upon various factors, which include industrial growth, inflation rate and fluctuation in the prices of commodities.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev), dated 21 November, 2002]

revenue collection, productivity and taxpayers service would certainly outweigh the enhanced cost of tax administration, if any. In fact, the restructuring of the Income Tax Department has put no additional burden on the exchequer. A total number of 2,752 posts have been surrendered under the restructuring scheme, which works out to be 4.75% of the total strength of the pre-restructured set-up of the Department. The restructuring scheme rather envisages a reduction in cost of Rs. 3.05 crore.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev), dated 21 November, 2002]

Recommendation (Sl. No. 1, Para No. 13)

The Committee in view of the above feels that the Ministry should analyse the economic parameters meant for projecting the realistic estimates in greater detail taking into consideration the relevant economic scenario of the domestic and international arena. They also recommend that responsibility for the repeated shortfall in revenue collections Commissionerate-wise should be fixed to ensure that direct and indirect taxes are collected as per the envisaged action plan.

Reply of the Government

As far as projecting the economic parameters are concerned, all efforts are being made to make them realistic.

2. The Department, at the level of the Board, has a system of monitoring the performance of the Commissionerates in respect of revenue collection as well as that in the other key areas of Customs work. All efforts are made to fix targets to realistic levels and to ensure that the targets are met as per the envisaged action plan.

3. The performance of the Commissioners of Central Excise is judged with regard to various key result areas of Central Excise, including revenue collection. Further the reasons for shortfall in revenue collection *vis-a-vis* targets are analyzed and necessary action taken to make good the shortfall if the same is within the control of departmental officers. Administrative measures such as transfer of the officers (non-performance) etc. are also taken.

[Ministry of Finance (Department of Revenue—Parliament Cell)
F. No. 30/6/2002-Parl. (Rev), dated 21 November, 2002]

CHAPTER V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
FINAL REPLY OF THE GOVERNMENT IS STILL AWAITED**

-Nil-

NEW DELHI:
18 December, 2002
27 Agrahayana, 1924 (Saka)

N. JANARDHANA REDDY,
Chairman,
Standing Committee on Finance.

MINUTES OF THE TWENTY THIRD SITTING OF STANDING
COMMITTEE ON FINANCE

The Committee sat on Tuesday, 17 December, 2002 from 1500 hrs.
to 1600 hours.

PRESENT

Shri N. Janardhana Reddy—*Chairman*

MEMBERS

Lok Sabha

2. Shri Ramsinh Rathwa
3. Shri Rattan Lal Kataria
4. Shri Pravin Rashtrapal
5. Shri Sudarsana E.M. Natchiappan
6. Shri Rupchand Pal
7. Dr. Daggubati Ramanaidu
8. Shri Abdul Rashid Shaheen
9. Capt. Jai Narain Prasad Nishad
10. Shri Prabodh Panda
11. Smt. Renuka Chowdhury

Rajya Sabha

12. Dr. Manmohan Singh
13. Shri Dina Nath Mishra
14. Shri Parmeshwar Kumar Agarwalla
15. Prof. M. Sankaralingam
16. Shri Raj Kumar Dhoot
17. Shri Palden Tsering Gyamtso
18. Shri Prithviraj Dajisaheb Chavan
19. Shri Murlidhar Deora
20. Dr. T. Subbarami Reddy

SECRETARIAT

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

2.	**	**	**	**
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3.	**	**	**	**
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4.	**	**	**	**
	**	**	**	**

5. The Committee, thereafter, took up the following draft action taken reports for consideration and adopted the same without any modification/amendment:—

- | | | | | |
|-------|--|----|----|----|
| (i) | ** | ** | ** | ** |
| (ii) | draft action taken report on the Recommendations contained in the Twenty Eighth Report (13th Lok Sabha) of the Standing Committee on Finance on Demands for Grants (2002-2003) of the Ministry of Finance (Department of Revenue); | | | |
| (iii) | ** | ** | ** | ** |
| (iv) | ** | ** | ** | ** |
| (v) | ** | ** | ** | ** |

6. The Committee then authorised the Chairman to finalise the Reports in the light of the amendments suggested and also to make verbal and other consequential changes and present the reports to both the Houses of Parliament.

The Committee then adjourned.

APPENDIX

(Vice Para 3 of the Introduction)

**ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE TWENTY EIGHTH
REPORT OF THE STANDING COMMITTEE ON FINANCE
(THIRTEENTH LOK SABHA) ON DEMANDS FOR GRANTS
(2002-2003) OF THE MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)**

	Total	% of Total
(i) Total number of recommendations	10	
(ii) Recommendations/observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 2, 3, 5, 6, 8 and 9)	6	60
(iii) Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies (Vide Recommendations Sl. Nos. 4 and 10)	2	20
(iv) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations Sl. Nos. 1 and 7)	2	20
(v) Recommendation/observation in respect of which final reply of the Government is still awaited (Sl. No. Nil)	Nil	Nil